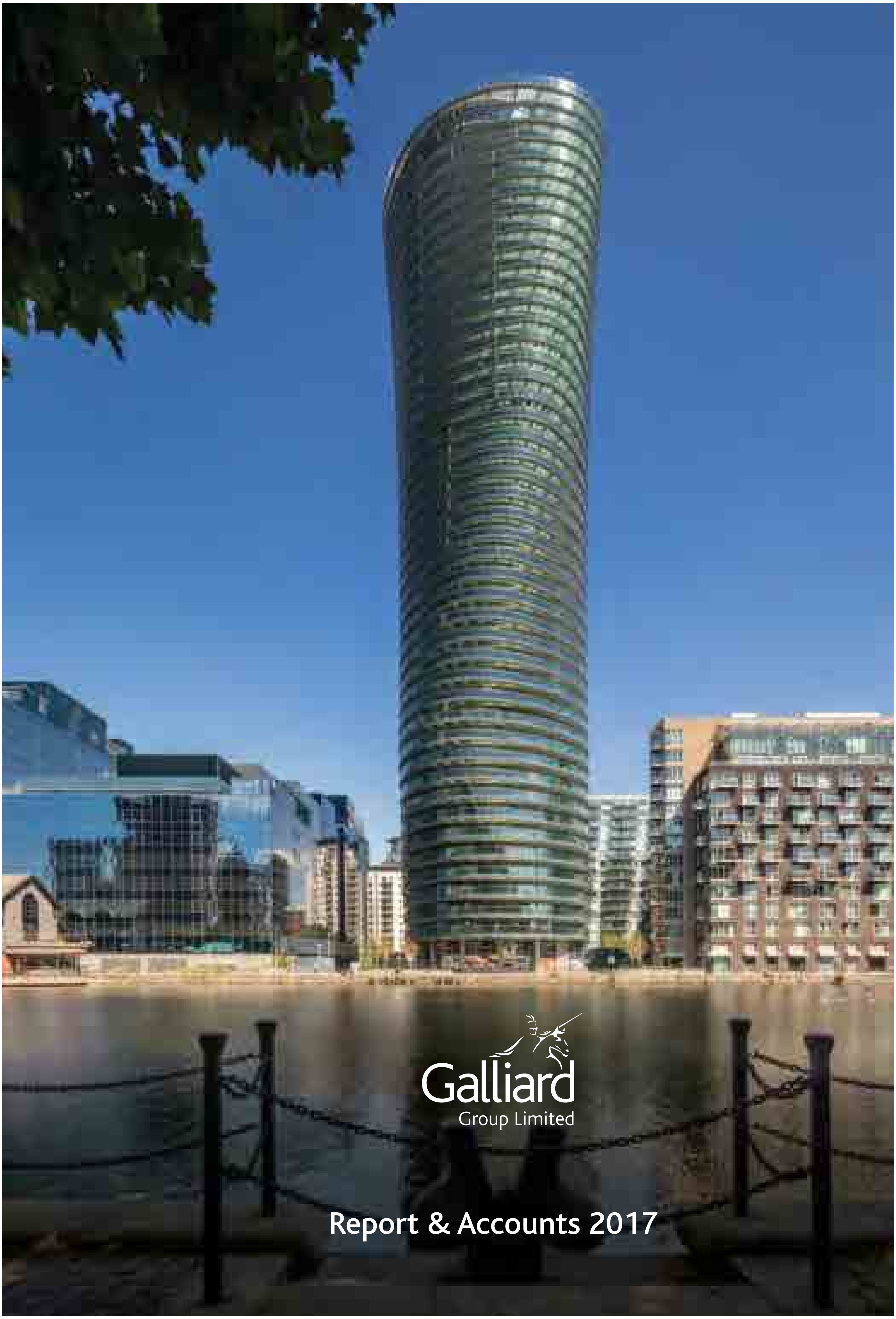


Galliard Group Limited

Report & Accounts 2017

Cover:
Baltimore Tower,
Crossharbour, E14

Inside Cover:
Under construction
February 2015.

Galliard

London's largest privately owned residential developer

A family business founded on family values

An organisation that has grown to become market leader in high profile urban regeneration

... yet has retained a personal discipline to serve every buyer's individual needs

Galliard
Group Limited

Residents' private lobby gallery at The Chilterns, showcasing David Bailey's 'Marylebone Collection'.

Welcome to the 2017 annual report of Galliard Group Limited

The strategic report explains the group's strategy, business model and risk management processes and also provides an overview of current performance and outlook. The corporate governance section covers the role and activities of the board in running the business. The detailed annual financial statements, accompanied by a report from the group's auditors, complete the annual report.

The opulent reception foyer and
concierge desk at The Chilterns, Marylebone W1

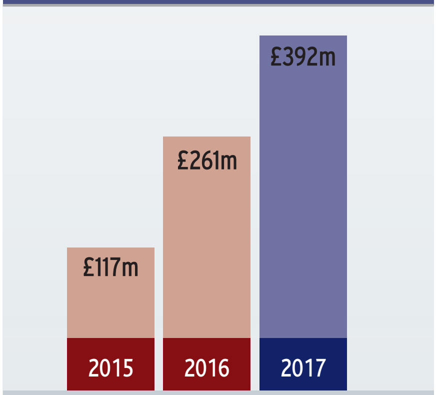
Contents

Galliard Group Limited

PERFORMANCE HIGHLIGHTS 2017

Financial Highlights

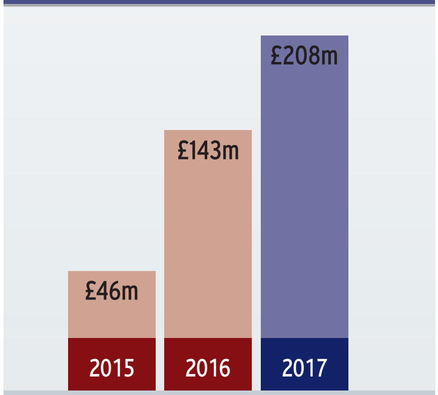
TURNOVER



£392m
+50%

Turnover is an income statement performance measure and reflects sales of owned portfolio properties and contracted construction work. Joint venture and associate sales are excluded from this measure.

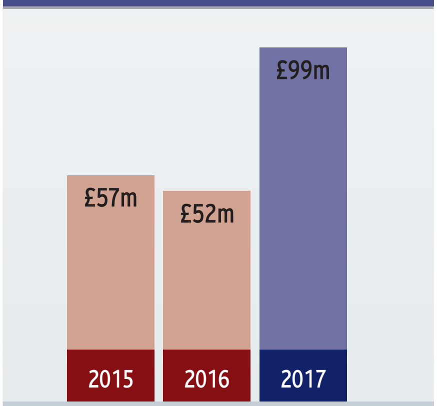
NET ASSETS



£208m
+45%

This balance sheet measure reflects the value of shareholder's interests in the net assets of the group.

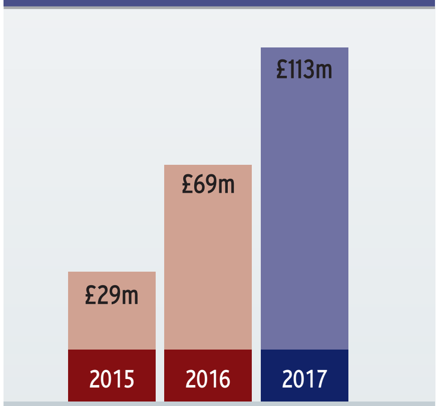
OPERATING PROFIT



£99m
+90%

This measure of profitability reflects our return from the sale of homes and contracted construction services, before the impact of associate and joint venture contributions to profit.

PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS

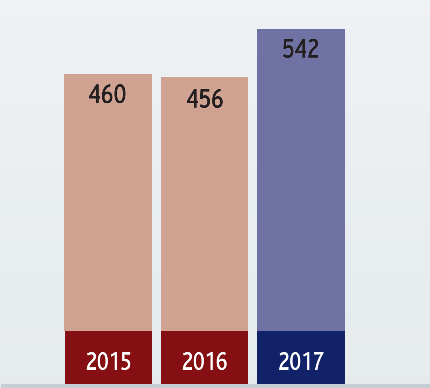


£113m
+64%

Profit before tax and exceptional items is our principal measure of performance. It reflects our full return including our share of associate and joint venture returns, excluding the effect of a one off imputed finance charge in 2017. The adjustment for such non-recurring items provides a more meaningful comparison.

Operational Highlights

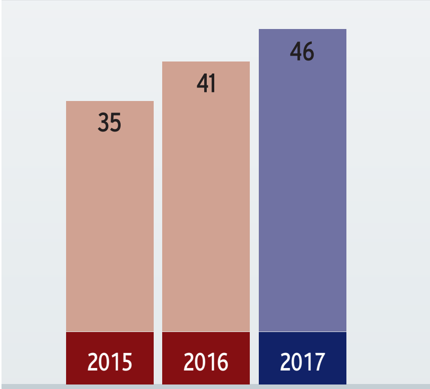
OUR PEOPLE



542
+19%

This non- financial performance measure reflects our people investment through the number of directly employed staff. It does not include people employed through our joint venture, associate or sub- contracted workforce.

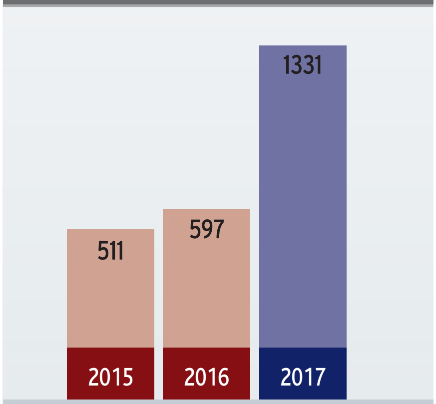
SITES UNDER DEVELOPMENT



46
+12%

This operational performance measure reflects the number of sites at year-end where the group is involved in the development of new homes.

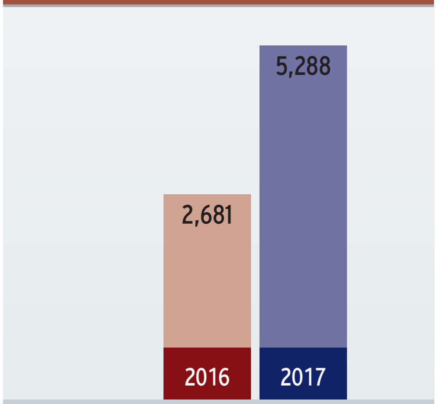
HOMES COMPLETED



1,331
+123%

Homes completed during the year reflects our performance towards delivering new homes.

FUTURE OUTLOOK



5,288
+97%

Looking to the future and the invested value in our planning and development pipeline, this measure reflects the number of new homes in the process of planning at year end.

OUR VISION

From the onset we have created, and will continue to create, opportunity. Whether that be opportunity for a person to buy their first home or their first investment, or to purchase a property so that their children may go to university, or new and exciting projects so that our loyal team of employees may better fulfil their potential.

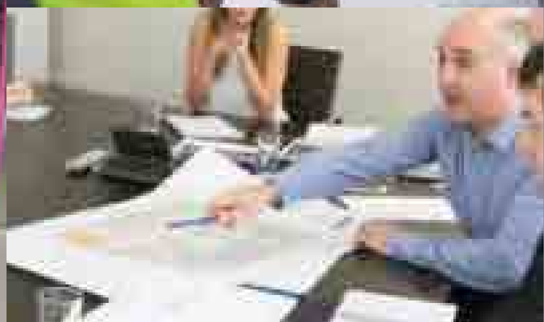
This concept of opportunity is central to all that we do.

For almost 25 years we have implemented – and shall continue to implement – innovative new products and solutions that aim to enhance the returns for our joint venture partners and stakeholders, and the buying experience for our customers.

Galliard people are dynamic, committed and creative. We are always willing to talk with and learn from our customers with whom we are happy to share our specialist property knowledge, something they consistently find to be of great benefit.

Our aim is to generate long term value, both for individuals and for whole communities, by creating functional, sustainable homes, workplaces, retail and leisure spaces within which they can live, work and play in harmony with each other and their surroundings.

Professional in our approach, entrepreneurial in our thinking and loyal in our relationships, Galliard is all about mutual benefit. A family business run with family values.




Galliard

OUR STRATEGY

Galliard is London's largest privately owned residential developer and one of the largest home builders in the capital. Since we began, our objective has been to build market-leading new homes in locations ready for regeneration - where people would want to buy, either to live or invest, at highly competitive prices.

The group focuses on building high quality residential and mixed use developments with the philosophy of providing affordable homes for owner-occupiers, investors and parents buying for their adult children to allow them to study, work and live in the capital.

We are leaders in urban regeneration and have established an enviable reputation for our highly affordable, value for money developments in undervalued locations which are set to benefit from inward investment in the form of new transport infrastructure, homes, shops and leisure facilities.

As an area benefits from inward investment it becomes more popular and property prices rise, enhancing capital values for our customers.

In order to deliver this strategy, the skills and commitment of our workforce are paramount. We therefore strive to create a working environment that enables all staff to realise their potential and work towards our common vision.

Everyone at Galliard works together to deliver this strategy within the framework of our vision. By giving a clear direction across all disciplines within the group our staff are empowered and motivated to contribute to the ongoing success of the business.

Regeneration

THE CATALYST FOR CAPITAL GROWTH

AN INDUSTRY BEST FROM GALLIARD


ROYAL GATEWAY, CANNING TOWN
336
APARTMENTS
£133 MILLION
GROSS DEVELOPMENT VALUE

OUR BUSINESS MODEL

Whatever our customers' property requirements - private or business, residential or commercial, for acquisition, management or disposal - the Galliard group prides itself on delivering a professional service aimed at responding to individual needs, maximising return on investment and ensuring peace of mind.

Our business model is based around five principal activities, which focus on delivering value throughout the property development chain, creating sustainable returns and long-term value to all our stakeholders, and making a positive difference in the communities in which we operate. We use our experience and specialist skills to deliver desirable, sustainable homes and communities and to help us grow our business.

"Serving our customers' needs through a wide range of property and allied services

Land acquisition	See pages 14 - 19
Planning & design	See page 20
Home building	See page 21
Marketing & sales	See pages 24 - 37
Property management	See pages 38 - 41

Land acquisition

Acquiring land and properties with a suitable potential for development is in the foundation that underpins our ongoing growth and success. Our experienced land-buying team has developed a wide resource network that provides a pipeline of opportunities that fit our investment strategy and return criteria.

In an extremely competitive market we have focused on securing off market transactions, usually pre-planning, that offer the best potential to add value. As a privately owned and funded company the greatest advantage we have over our competitors is our ability to make decisions and finalise contracts swiftly. This has become something that we are recognised for in the market and which in itself generates further opportunity.

Of further benefit to the group is its flexibility and adaptability to market changes. It is a distinct advantage that Galliard is not constrained or restricted to a particular niche or sector of the residential market and can therefore redirect its focus to wherever returns can be maximised at any particular time. As an example, many of our latest acquisitions have been “permitted development” office to residential conversion opportunities which benefit from recent changes streamlining the planning process for such developments. This has allowed us to respond to the significant market demand at present for smaller apartments with affordable asking prices. The team has broadened its area of search to outer London and beyond to find the right opportunities especially as the central London market

Westgate House, Hanger Lane W5

Site acquired in August 2016 with planning application pending for 419 apartments.

has experienced a recent cooling down brought on in part by increases in stamp duty land tax ("SDLT") on more expensive property and the second home surcharge.

Unlike traditional home builders Galliard does not hold or seek to acquire a significant land bank. This ensures that capital is focused on projects that yield returns soonest. It does not prevent us, however, from acquiring income producing properties with medium term development potential that become available as this is a more efficient way to land bank. Examples of this strategy can be seen with acquisitions of Westgate House in Ealing, St Edwards Court and Neopost House in Romford and Oxford House in Aylesbury.

In addition to inviting new investors to participate in our joint ventures we also actively seek land owners keen to work with us and benefit from our expertise in order to maximise the value of their asset. In March 2017 a joint venture was signed with Aviva, owners of Cantium Retail Park in Southwark, with the aim of securing planning consent for over 900 apartments together with commercial accommodation. This follows on from other similar joint ventures, most notably with Investream and Angelo Gordon on their Trinity Square office building in Hounslow, which Galliard is currently converting to residential homes.

Greenview Court, Southall UB2

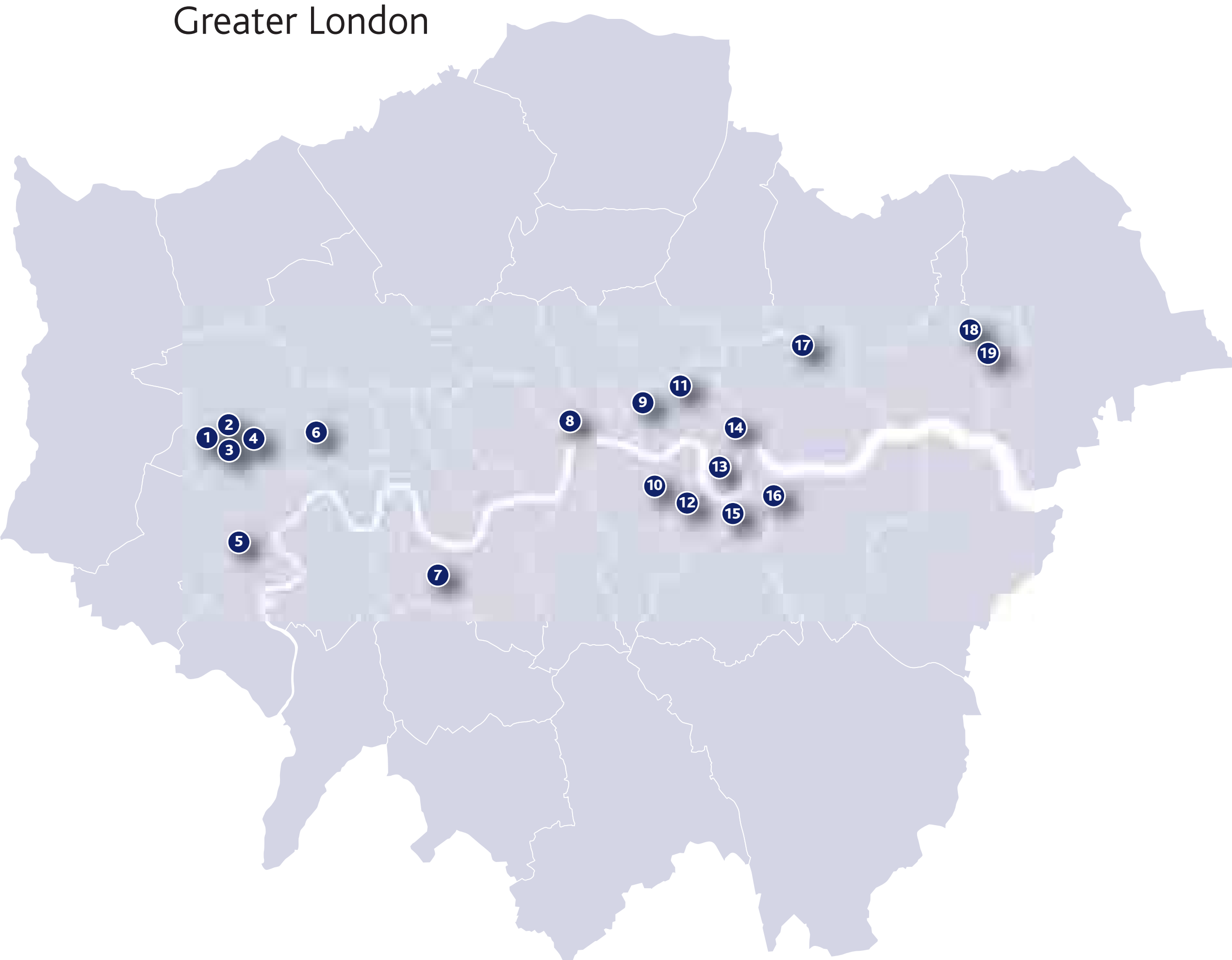
Site acquired for new build development of 170 apartments.

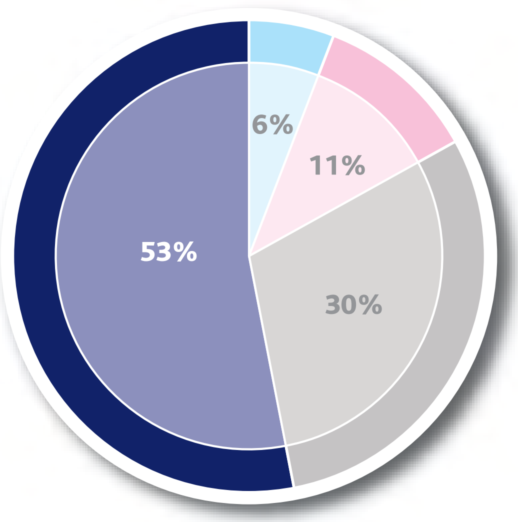

Shown as finished scheme

Land acquisition

Our strong development pipeline is underpinned by a dynamic land acquisition strategy. During the year, in conjunction with our joint venture partners, we procured 37 new locations across London and southern parts of England, for the creation of over 6,000 new homes, as well as a range of student accommodation, commercial, sport, leisure and recreational facilities.

Greater London





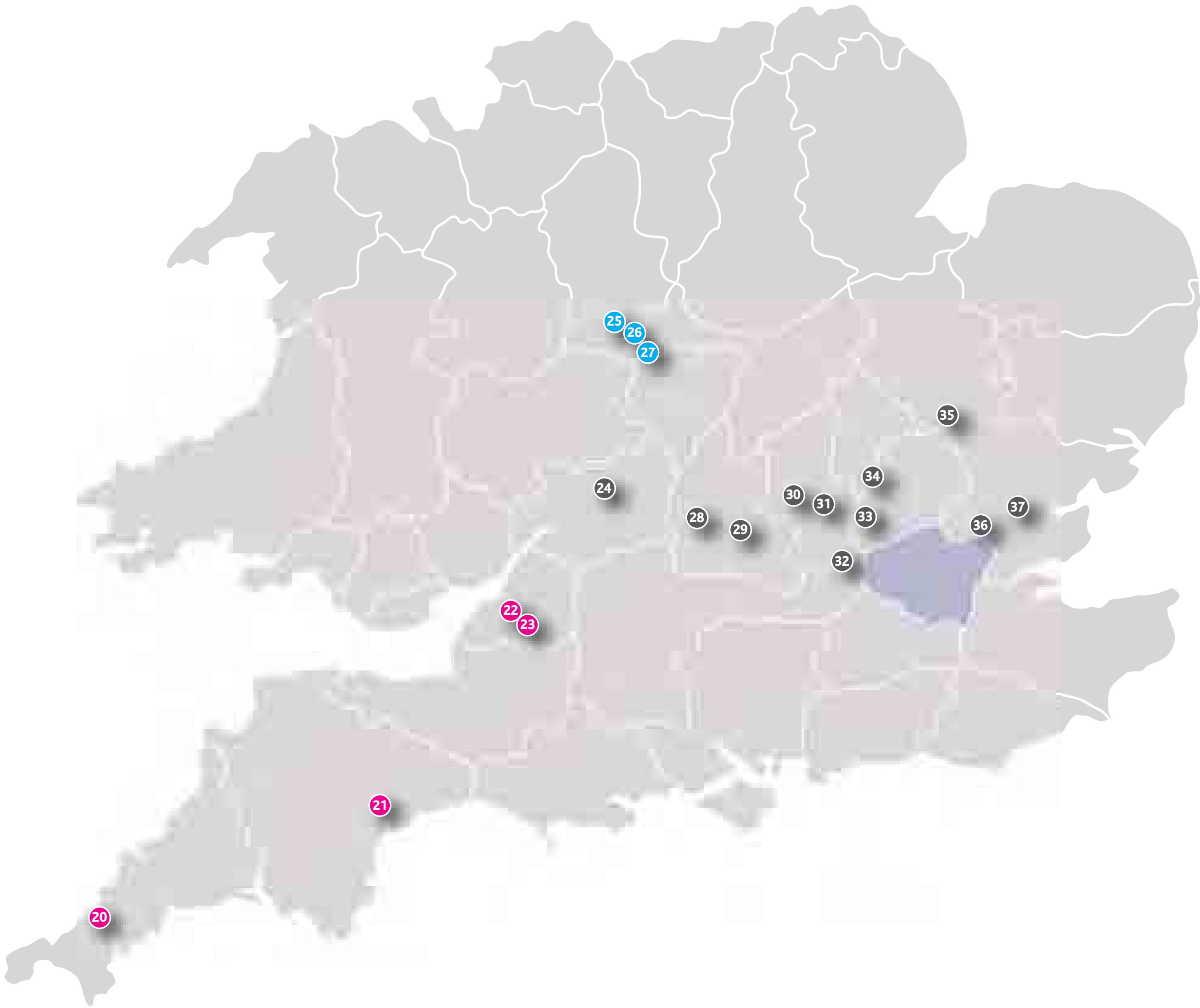
Map of Greater London showing 19 of 37 sites acquired across the UK since April 2016.

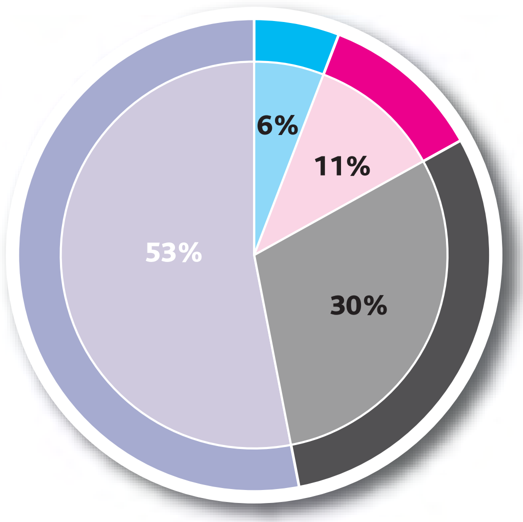
- Greater London
- The South
- The South West
- The Midlands

	DEVELOPMENT	COMPLETION DATE	DESCRIPTION
1	Arches, Merrick Road (Block D) Southall	Apr -18	New build development site with planning to be submitted for circa 520 residential units.
2	Arches, Merrick Road (Block A, B, C) Southall	Nov -17	New build development site with planning to be submitted for circa 520 residential units.
3	Honey Monster Southall	May -17	The freehold acquisition of the Honey Monster factory in Southall, measuring approximately 3.2 hectares (7.9 acres) and zoned for industrial use. This site adjoins the previous purchase (Chancery Gate) and the planners will now look to seek a residential consent.
4	Chancery Gate Southall	Aug -17	Cleared 7.64 acre site. Land surrounding the Honey Monster factory which is currently zoned for industrial use. The land is very close to the area earmarked for conversion from commercial to residential use in the Southall opportunities area framework. Galliard to prepare a full planning application for a residential led scheme.
5	Yates Hounslow	Jun -16	An existing freehold pub let to Yates with adjoining land. Galliard to prepare and submit a full planning application for a graduate co-living concept.
6	Westgate House Ealing	Aug -16	Existing landmark office building located on the north west corner of Hanger Lane gyratory in West London. Eight storey building comprising circa150,000 sq ft of office accommodation and over 180 parking spaces. A permitted development application was submitted in Q2 2017 to convert the existing offices to 342 residential units. An additional new build full planning application is to be submitted for two extra floors on top of the existing building and leisure area together with a small new build block in the current car park.
7	Wimbledon Greyhound Stadium Wimbledon	Dec -17	Galliard obtained planning permission for a new build 20,000 seat football stadium, 1,000 sq m retail space, 1,730 sq m squash and fitness club, 602 residential units, basement parking for 350 cars in addition to a new public street and public realm.
8	Mortimer House Fitzrovia	Jun -16	1930's Portland stone building comprising approximately 24,000 sq ft of net internal area with planning consent to deliver a mixed use scheme comprising of flexible work space, a member's lounge / social space, a restaurant and a bar.
9	Eagle Wharf Road Hackney	Sep -16	Commercial/warehouse buildings ranging from two to three storeys in height. Galliard obtained full planning approval for the partial demolition of existing buildings, retention of 3 storey building and former industrial chimney and redevelopment of the site to provide a mixed use scheme comprising blocks of 2 to 7 storeys and accommodating 5,644 sq m of commercial floor space, 50 residential units as well as 127 sq m cafe.
10	Cantium Retail Park Southwark	Mar -17	A framework agreement was entered into in March 2017 with the landowner Aviva Investors. Galliard are to submit an application for circa 1,200 residential units (35% affordable) within 12 months.
11	Tallack Road / Church Road Leyton	Jan -17	An undeveloped brownfield site covered by vegetation with some areas of hard standing measuring approximately 0.56 acres. Galliard obtained planning permission in August 2016 for the construction of 50 units over 3-5 stories with a 20% affordable provision.
12	Creekside Deptford	Jun -17	Vacant freehold site. Galliard to submit a full planning application for circa 350 units.
13	Indescon Millharbour	Dec -16	Acquired the joint venture partner's share of ground rents and remaining commercial use properties. (mixed use 11,150 sq ft)
14	Orchard Wharf Service Station Poplar	May -17	Operational petrol station in Poplar covering 0.9 acres. Galliard obtained planning permission in December 2016 for the construction of 338 new residential dwellings (use class C3) in a mix of unit sizes (30% affordable - 102 units), 412 sq m of flexible non-residential use and a cafe.
15	New Capital Quay Greenwich	Dec -16	Acquired joint venture partner's share of the remaining commercial units (28,000 sq ft mixed use) and freehold ground rents.
16	Westminster Industrial Estate Charlton	STP*	Existing commercial buildings. Entered into a development agreement with the intention of obtaining planning for circa 330 residential units and 60,000 sq ft of commercial space (mix of conversion and new build).
17	Bourne Court Woodford Green	Jul -17	Fully let freehold commercial investment office building. Permitted development application to be submitted for the conversion of the building into 137 residential units.
18	Neopost House Romford	Aug -16	Existing freehold six storey 1970's office building of 46,658 sq ft. Galliard obtained permitted development consent to convert the existing building into 120 residential units. A full new build planning application is to be submitted in 2017 for a new building on the car park land for up to a maximum of 150 residential units.
19	St Edwards Court Romford	Sep -16	44,711 sq ft freehold office with 114 car parking spaces. Galliard obtained permitted development approval to convert the existing office space into 97 residential units. Additionally, full planning was submitted in April 2017 for the provision of 9 extra residential units within the ground floor undercroft areas.

* Subject to planning.

The Midlands, South West and South of England





Map showing location of 18 sites acquired across the UK since April 2016.

- Greater London
- The South
- The South West
- The Midlands

	DEVELOPMENT	COMPLETION DATE	DESCRIPTION
20	**Ponsmere Hotel** Perranporth	May -16	An existing hotel with 72 en-suite bedrooms set on a headland that overlooks Perranporth beach. Bought with full planning for the demolition of the existing hotel, erection of 28 residential apartments, 11 houses, 2 flats over garages, restaurant, car parking and associated infrastructure.
21	**Honiton Inn** Exeter	May -17	Vacant pub site with full planning permission for the demolition of the former Honiton Inn to build a mixed use development scheme comprising of a ground floor cafe bar for public use (class A4 use) with 107 bed space student accommodation above including common room, gym, cinema, laundry, office and bike stores. Six floors and a mezzanine.
22	**The Tempus** Bristol	Jul -16	Site with planning permission for a new build scheme including 14 private residential units and a 4,750 sq ft Marks & Spencer food store.
23	**Anchor Road** Bristol	Jun -17	Circa 1 acre (0.4 hectares) brownfield site on the former Canon's Marsh gasworks between Anchor Road and the floating harbour on the River Avon. Galliard obtained full planning in April 2017 for the construction of 60 residential units over three blocks.
24	**Bouncers Lane** Chelthenham	Oct -16	The existing buildings (class B2 use) comprise a broad range of industrial / manufacturing buildings with integrated training and office facilities, car parking areas, delivery yard and external storage area. The site and buildings (112,563 sq ft) are currently vacant. Galliard are to submit an outline planning application in Q3 2017 for 58 houses.
25	**Soho Loop** Birmingham	Jun -17	12.4 acres of land next to Birmingham City Hospital. Previous use was industrial. There is now outline planning permission for 504 residential units and a data centre. Galliard plan to submit a revised fully residential planning application.
26	**AE Harris** Birmingham	STP*	Planning consent in place for circa 150 residential units. A revised application is to be submitted to increase the number of residential units.
27	**Gooch Estate** Birmingham	STP*	Subject to planning acquisition of a car park site with development potential for approximately 227,500 sq ft of residential.
28	**Thorney Leys** Witney	Jul -17	Freehold commercial investment of a well performing business park located in an affluent Oxfordshire market town on the edge of the Cotswolds. Multi-let comprising 16 semi detached or terraced units extending to 53,522 sq ft. Site cover of 34% and an on site car parking ratio of 1:287 sq ft (231 spaces).
29	**Oxford Stadium** Oxford	Sep -16	Acquired the existing freehold Greyhound stadium with a long term strategy being to obtain a planning consent for a residential led development.
30	**Oxford House** Aylesbury	Oct -17	Multi-let freehold office extending to 120,205 sq ft over four floors on approximately 3.28 hectares. Permitted development approved for the conversion of the building to 190 apartments. Galliard to re-submit a permitted development application to increase the number of units within the same footprint. Galliard will seek to submit a full planning application for the construction of new build houses on the surrounding land.
31	**Chiltern Court** Chesham	Jul -17	Freehold commercial investment of six detached modern office buildings comprising 28 units, extending to 31,249 sq ft. On site car parking ratio of 1:208 sq ft (150 spaces). The overall site area extends to 1.8 acres providing a site cover of 43%.
32	**Atria** Slough	Jul -16	Existing vacant freehold office building arranged over ground and first floor. Galliard obtained permitted development consent to convert the building to 120 residential units. A full application for a new build block within the surrounding land/parking area is to be prepared and submitted in 2017.
33	**Pinnacle House** Kings Langley	May -16	Existing freehold vacant office building totaling 44,000 sq ft. Situated on 1.45 acres with 140 parking spaces. Permitted development consent was obtained for the full conversion of the building to 91 residential units.
34	**Carlton House** Luton	Jul -16	Existing freehold office development comprising a modern five storey office building totaling 39,624 sq ft of office accommodation and an adjacent two storey office/storage building totaling 9,632 sq ft. The property occupies a site area of 2.377 acres and has 150 parking spaces. Galliard obtained permitted development consent to convert the buildings to 111 residential units. A new build full planning application is to be submitted in 2017 for additional residential units.
35	**Heathfield House** Cambridge	Mar -17	55,000 sq ft freehold vacant warehouse acquired from receivers. The site is approximately 10 miles south of Cambridge city centre, close to the M11/A505 Junction, opposite the Duxford imperial war museum site. Galliard to refurbish the existing building and secure an anchor tenant.
36	**Essex House** Brentwood	May -16	Existing freehold office building. Galliard obtained permitted development approval for the conversion of the office floors to 24 units. In addition, full planning was obtained for an extra 9 one bed units to be constructed on a new mansard floor. The ground floor contains six retail units which are all let.
37	**Rosebery House** Chelmsford	Jul -16	Existing freehold mixed office and retail development located in Chelmsford town centre. It contains 25,258 sq ft of office accommodation arranged over ground and three/five upper floors. Additionally, there are five ground floor retail units extending to 5,983 sq ft. Galliard obtained permitted development approval for the conversion of the office space to 66 residential units.

* Subject to planning.

Planning and design

Quality planning and design is at the heart of sustainable development. Our team of in-house planning and technical experts work with consultants, local and regional authorities and communities to create bespoke regeneration and mixed-use developments that provide much needed housing; exemplified by quality design, enhanced public realm, sustainability, transport links and access to jobs and amenities.

Starting in the 1990's, our experience of regenerating sites in emerging locations within the capital has given us an edge in expertise and understanding of urban redevelopment. Such, that we are now currently delivering over 11,000 homes through the planning system across London and neighbouring urban locations. For each site we appoint a unique project team best suited for the condition and constraints of a site, creating bespoke developments every time. Since the introduction of the prior approval legislation to convert office-to-residential, we have become the largest provider of affordable private units. Our in-house professional expertise has ensured a 100% application success rate for every site we have acquired that benefitted from the office-to-residential legislation.

The team's specialist knowledge can be seen in some of the recent projects we have delivered. These include seven dwellings (including one underground) on a site constrained by adjacent Grade II listed buildings set within a conservation area; the redevelopment of a multi-storey car park into luxury apartments just off the Marylebone Road (part of our platinum collection); enabling the return of Wimbledon FC to Plough Lane with a mixed use development comprising a 20,000 seater stadium, 602 residential units with community and retail spaces; through to a large mixed-use development comprising 1,500 units, 3 schools, theatre, employment and retail centres in the Docklands.

We pride ourselves on our ability to proactively and constructively engage with the authorities and their officers to ensure the optimum development potential of each site is reached, with a scheme that positively contributes to its local environment and wider community.

Home building

Galliard Construction was established in 2004 to provide a full range of construction services to the group. Today the division employs the majority of the group's workforce and supports the employment of a further 5,000 construction staff across our various sites and offices. Galliard Construction has built its success on a philosophy of delivering quality, value for money and environmentally friendly properties on time and within budget. Our current portfolio of projects under construction has a combined gross development value in excess of £4 billion.

A substantial part of our success can be attributed to a flexible, decisive and disciplined workforce, structured to adhere to deadline schedules and build programmes regardless of project size. The construction team is underpinned by long standing relationships with materials suppliers and a loyal sub-contractor supply chain.

Central contracting of these external resources ensures that our cost base is effectively managed and continuity of supply is maintained.

In conjunction with our joint venture partners we currently have approximately 7,000 homes in the process of development at 46 sites across London and surrounding counties. In addition a further 640,000 sq ft of commercial space are being developed to serve and support the communities that we build.

The largest project currently under construction is the £260 million Harbour Central contract, a 901 apartment development in London Docklands being built on behalf of our Galliard Developments joint venture.

Building sustainable homes

We pride ourselves in the quality and sustainability of our homes. Our target is to recycle 100% of the waste on our constructions sites whilst achieving a minimum EPC energy grade of B. We use current and proven technology in materials and techniques in the construction of our homes to ensure the highest level quality and sustainability at affordable value to our customers.

PROJECTS UNDER CONSTRUCTION HAVE A COMBINED GROSS DEVELOPMENT VALUE IN EXCESS OF

£4 BILLION

LARGEST SINGLE PROJECT UNDER CONSTRUCTION WITH CONTRACT VALUE OF

£260 MILLION

Computer generated image of
Harbour Central - a landmark mixed use scheme which is now
under construction and extending over 2.65 acres.

Marketing and sales

We have always recognised the importance of a strong sales and marketing function and have built a formidable and respected team that consistently delivers a strong and cost effective sales performance.

Over 25 years we have built a brand that has become synonymous with the provision of a quality product at excellent value. Our preferred approach is to mount large scale traditional and online media campaigns that direct potential buyers to an early sales release of off-plan units. Sales releases can take place both in the UK, usually either at or close to the locality of the development site, or abroad, principally in the Far East where we have a strong customer base.

We will assemble a broad range of skill sets from our team who are able to answer any questions that potential customers may have regarding the development, as well as a choice of lawyers and financial advisors who are able to act for and advise the customers should they wish to proceed to an exchange of contracts on the day.

This tried and trusted approach has proved to be effective and is always very well received by both buyers and funders alike.

During periods between sales releases we utilise many advertising and marketing techniques, both traditional and cutting edge, to maintain our profile and ensure that our efforts are directed accurately to reach as many potential customers as possible.

"Our aim is to ensure that our customers experience a service that has no equal in our industry today.

Sales release queues 2016-17

Marketing and sales

Carlow House, Camden NW1

Residents' private four storey glazed atrium

GALLIARD GROUP - PRIVATE RESIDENTIAL COMPLETIONS

Development	Location	Units	Sales £'000	Sq ft '000	£ per sq ft
Baltimore Tower	Docklands	212	107,393	137.4	782
Lincoln Plaza	Docklands	195	98,825	132.6	745
Royal Gateway	Canning Town	229	85,959	155.4	553
The Chilterns	Marylebone	13	55,047	21.0	2,622
Carlow House	Camden	66	41,332	34.0	1,218
Central House	Hounslow	161	36,804	69.1	533
The Printworks	Clapham	98	34,418	34.6	995
Wapping Riverside	Wapping	33	33,352	31.4	1,064
Trident House	Hayes	98	20,161	30.5	660
Parkside	Bow	52	18,850	31.9	590
Crescent House	Clapham	20	16,009	14.8	1,081
King Edwards House	Waltham Cross	57	10,888	26.7	408
The Fusion	Shoreditch	14	10,175	10.0	1,018
St Luke's Square	Canning Town	17	7,335	14.1	520
Riverdale House	Lewisham	23	6,294	10.2	619
Newspaper House	Southwark	4	5,115	5.6	906
The White House	Hayward's Heath	21	4,001	8.2	487
Waterside	Hayes	13	3,884	6.9	561
Capital Towers	Stratford	2	865	1.6	523
Seagers Distillery	Deptford	2	849	1.5	582
Merryweather Place	Greenwich	1	600	0.7	855
Total Private Completions 2017		**1,331**	**598,156**	**778.2**	**769**

TOTAL PRIVATE RESIDENTIAL COMPLETIONS BY UNIT TYPE - ALL DEVELOPMENTS

Type	Units	% total units	Sales £'000	sq ft '000	Ave Sq ft	Ave price (£)	£ Ave per sq ft
Studio	436	32.8%	117,955	151.4	347	270,541	779
1 Bed	413	31.0%	143,275	215.2	521	346,913	666
1 Bed + Study	18	1.4%	8,091	10.3	575	449,532	782
2 Bed	322	24.2%	192,042	249.0	773	596,404	771
2 Bed Duplex	9	0.7%	7,365	8.6	957	818,333	856
2 Bed + Study	1	0.1%	1,230	11.4	1,424	1,230,000	864
3 Bed	126	9.5%	120,313	134.5	1,067	954,870	895
3 Bed Duplex	6	0.5%	7,885	7.8	1,299	1,314,167	1,011
Total	**1,331**	**100.0%**	**598,156**	**778.2**	**585**	**449,405**	**769**

TOTAL PRIVATE COMPLETIONS BY UNIT TYPE - Excluding Platinum Collection*

Type	Units	% total units	Sales £'000	Sq ft '000	Ave sq ft	Ave price (£)	£ Ave per sq ft
Studio	356	35.4%	88,976	121.3	341	249,932	734
1 Bed	319	31.7%	99,050	164.0	514	310,502	604
1 Bed + Study	14	1.4%	5,545	8.1	582	396,041	680
2 Bed	209	20.8%	95,539	156.5	749	457,127	611
2 Bed Duplex	8	0.8%	4,805	7.4	924	600,625	650
2 Bed + Study	1	0.1%	1,230	1.4	1,424	1,230,000	864
3 Bed	95	9.4%	62,829	90.5	653	661,357	694
3 Bed Duplex	5	0.5%	3,060	5.3	1,059	612,000	578
Total	**1,007**	**100.0%**	**361,034**	**554.5**	**551**	**358,524**	**651**

**Platinum Collection includes: Baltimore Tower, The Chilterns, Carlow House, Riverside*

The above analysis includes developments undertaken through joint venture arrangements.

Marketing and sales

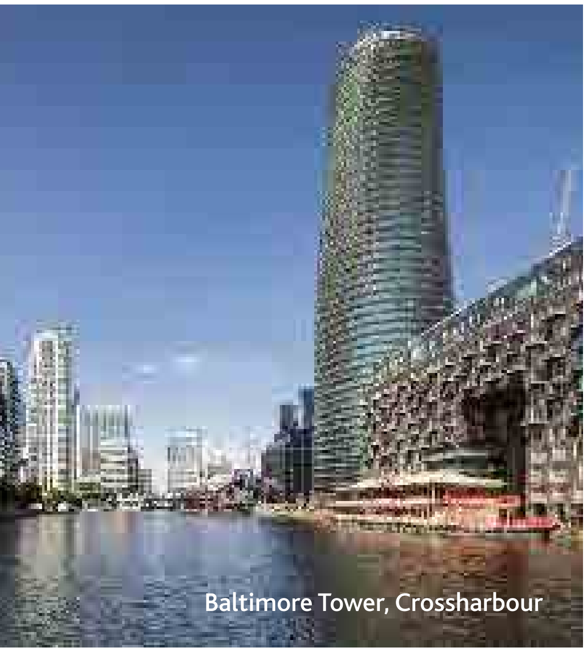
The Chilterns Marylebone W1
Award winning apartment

In February 2017, The Chilterns was entered into the London Evening Standard New Homes awards. It won the accolade of 'Best Apartment 2017'.

Marketing and sales

Riverdale House, Lewisham

The Fusion, Shoreditch



Baltimore Tower, Crossharbour

Distillery Crescent, Deptford

Crescent House, Clapham

Carlow House, Camden

Completions summary

Total number of private completions

1,331

Gross development value

£598m

Average psf achieved 2016/17

£769

436 studios sold accounting for 32.8% of all sales with a value of

£118m

Royal Gateway
Canning Town E16

Marketing and sales

Lincoln Plaza
Millharbour E14

Marketing and sales

Sales releases 2016-2017

The Landmark, Luton

RELEASED APRIL 2016

119 Luxury studio and 1 & 2 bed starter apartments seeing virtually sell out success during launch weekend. Galliard subsequently received planning consent for a further 12 split level units on new upper levels.

Skyline Apartments, Slough

RELEASED JUNE 2016

A town centre high street permitted development* scheme comprising 90 studio and 1 & 2 bed apartments within close proximity of forthcoming Crossrail services.

Craneshaw House, Hounslow

RELEASED JULY 2016

Craneshaw House comprised 34 units and was sold to a bulk purchaser in 2016.

Essex House, Brentwood

RELEASED JULY 2016

Essex House, also a permitted development* scheme, has planning for 28 luxury units with further consent for an additional third floor, providing 9 new build apartments. The majority of apartments at Essex House sold off plan within 2 months of release.

Pinnacle House, Kings Langley
RELEASED SEPTEMBER 2016

One of Galliard's prime commuter belt permitted development* conversions, Pinnacle House comprises 91 starter units located adjacent the Grand Union Canal with a commute time of 27 minutes into Euston.

Carlton House, Luton
RELEASED OCTOBER 2016

Another permitted development* launch, bringing 111 starter units to the market with on-going sales underpinned by a starting price of £139,995 for a fully furnished designer studio.

Atria Apartments, Slough
RELEASED NOVEMBER 2016

120 apartments located minutes from motorway and mainline connections, which from 2019 will be transformed by Crossrail entering service at Slough. The town has seen a 60% increase in property values once Crossrail was announced in 2010.

Rosebery House, Chelmsford
RELEASED MARCH 2017

This permitted development* acquisition offers 66 apartments located 2 minutes walk from the £120 million re-development of Bond Street, anchored by John Lewis in the heart of the City Centre.

* Permitted development rights derive from a general planning permission granted, not by the local authority but by parliament, which allows certain types of work to be undertaken without the need to go through the normal planning application process.

Digital marketing

One of Galliard's early developments, Spice Quay in Bermondsey, with its world famous views of Tower Bridge, was sold with the aid of marketing material that contained pioneering images of the views from the balconies of apartments yet to be constructed. The views were, in fact, actual photographs taken from a crane on the site but in the mid-1990s were the nearest thing that then existed to a "virtual" image.

Today we fully embrace all available technology in order to enhance our customer experience and ensure they have the best possible appreciation of how each apartment will look when completed. That is only a small part of the remit of the digital marketing department which has to handle all aspects of our brand's online presence.

Our specialist in-house team is responsible for the production of our industry-leading website through to search engine optimisation, pay per click monitoring and programmatic advertising, as well as portal and social media engagement. Our aim is to ensure that we continue to satisfy the ever increasing need of our customers to engage with us online.

Marketing analysis

Web visits - 923,732
across all Galliard websites and microsites
up 18% from the previous financial year.

18%

Facebook followers - 1,240
up 63% from the previous financial year.

63%

Twitter followers - 5,560
up 47% from the previous financial year.

47%

LinkedIn followers - 8,587
up 39% from the previous financial year.

39%

Instagram followers - 2,399
introduced late in the financial year, followers have risen from 184 in March 2017 to this current number.

Database interactions - 60,529
53 marketing campaign electronic direct mails were sent out during the financial year resulting in 60,529 interactions with our internal database.

Property management

Our property management expertise fulfils two important functions within the group. Firstly to maximise returns from our own substantial residential and commercial investment portfolios and, secondly, to provide our customers with a complete lettings and management service to support and extend our comprehensive after-sales commitment. This has proved an invaluable service for both our residential and commercial investor landlords and helps strengthen our business relationships and reputation as well as optimising returns for our customers.

Investment portfolio management

Galliard retains a commercial property portfolio, seeking both new development, as well as investment opportunities. Our asset management team uses its wealth of industry knowledge and experience accumulated over many years, to further grow our business. Our strategy involves the acquisition of commercial properties and maximising value by increasing rental streams, as well as finding opportunities to reduce costs and improve quality and efficiencies. This philosophy is at the heart of our approach to every asset in the portfolio, across a broad spectrum of sectors. The asset management team has professional experience of office, retail and leisure, industrial and storage, hotel and residential property management and seek to cultivate added value while mitigating risks to the group.

The portfolio management function is underpinned by our discerning land bank strategy, where we seek to secure projects that yield earlier returns, including the selective acquisition of income producing properties with medium term development potential. The acquisition of Westgate House in Ealing, St Edwards Court and Neopost House in Romford and Oxford House in Aylesbury during this year, perfectly demonstrates our collaborative approach in this regard, optimising our available capital to increase returns and minimise costly long term land banking.

Example apartments sold with complimentary furniture packs for immediate rental investment.

Property lettings and management services

Our comprehensive aftersales commitment is more than simply an opportunity to extend and maximise our relationship with our customers. It provides a critical service to our investment customers, building trust and loyalty through our daily activities.

Estate management

A home will always be a major purchase, whether for self-occupation or to let as an investment. Our property management service offering provides a comprehensive facility for our customers, looking after both individual property blocks and estates,

ensuring they are maintained to a high standard and kept secure. We provide a facilities management service for all shared equipment and amenities within a development and, where appropriate, a dedicated concierge service giving peace of mind to residents. In conjunction with our colleagues in construction and sales, we strive to make the experience of owning a Galliard home less demanding and more rewarding through this added value service.

We currently manage 21 residential estates comprising more than 4,000 residential units. Our target is for this number to double over the next three years.

LiFE Residential ("LiFE")

LiFE Residential is one of London's biggest home letting and management agencies with 13 offices across London and 2 international offices. A 50% joint venture with founders Jonathan Werth and Jason Dienaar, our strategy is to partner up with major London developers as preferred lettings agent in order to gain referrals and expand our portfolio.

We aim to provide an unparalleled "one stop" service to our residential investment customers.

Over the past twelve months:

- Our customer portfolio grew by a further 600 units to a record 3,483 homes under management, mainly due to introductions from within our group.
- We have opened a new branch in Royal Wharf, E16.
- We have seen a 15% growth in staff numbers to 172 employees.

LiFE also continues to advance its progressive position in the property technology (Proptech) world though its continued mentorship at the prestigious Property Innovation Labs (Pi-labs) accelerator, a venture capital platform focussing exclusively on early stage property technology ventures.

LiFE Residential

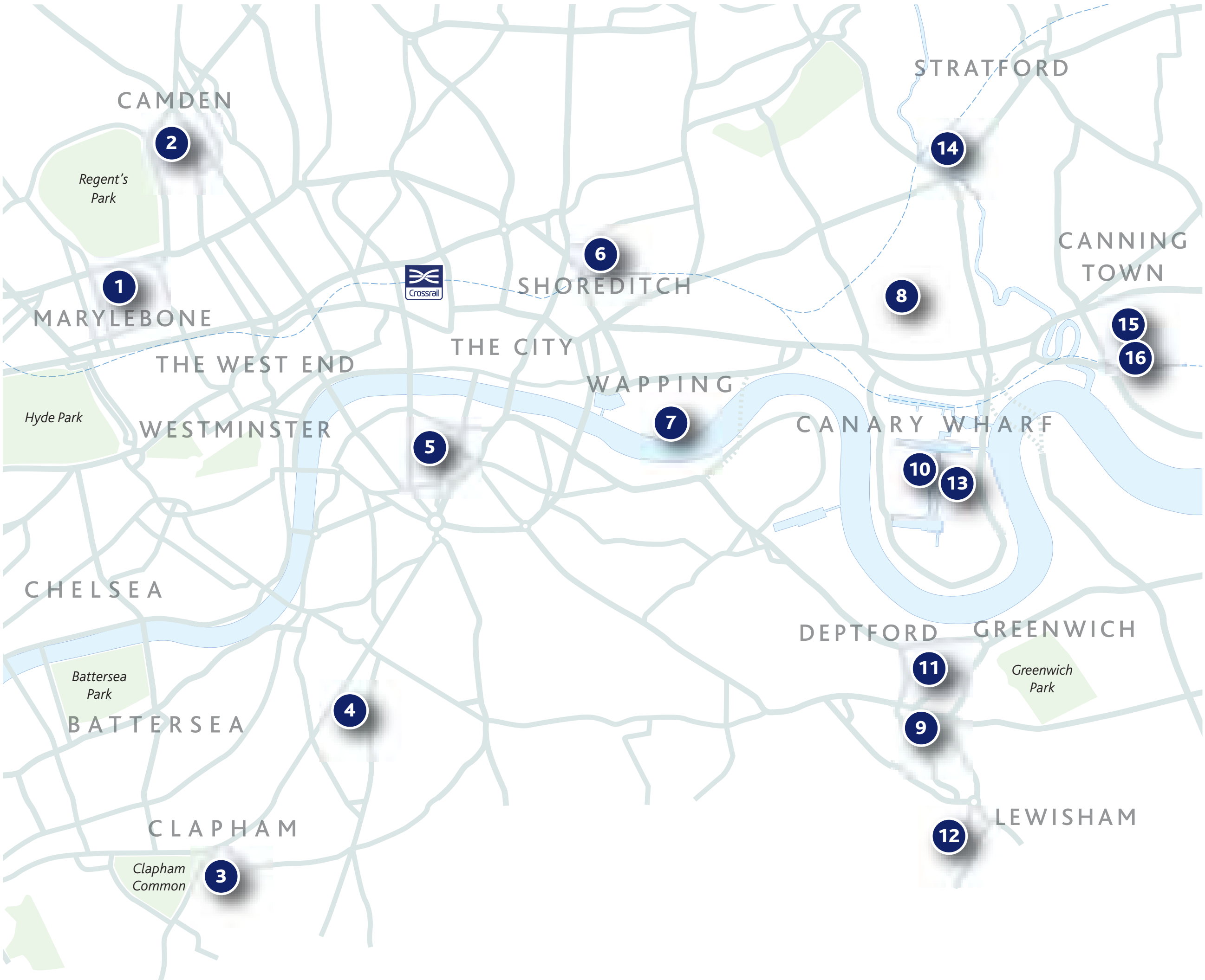
GALLIARD HOMES'
OFFICIAL LETTING AND
MANAGING AGENTS


NCQ
NCQ

OUR MARKETS

We focus on London and surrounding areas, a market that we know and understand, where underlying demand for housing is fundamentally strong.

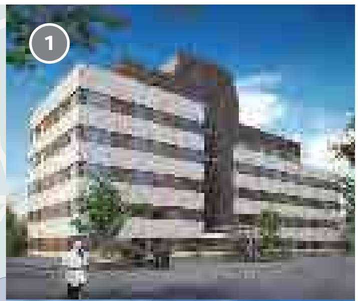
Location of completions - London

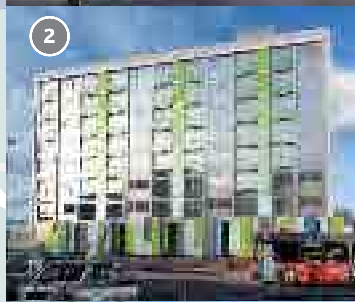


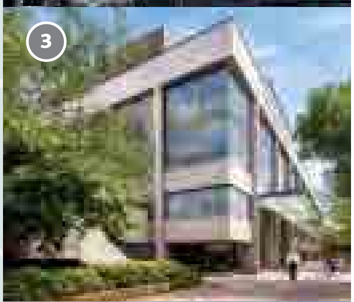
Developments contributing to gross sales during the financial year

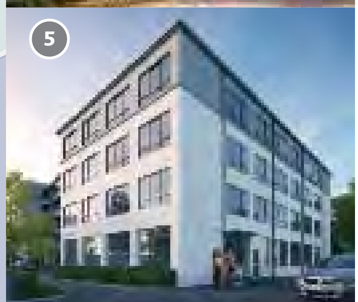
1. The Chilterns
   MARYLEBONE W1
2. Carlow House
   CAMDEN NW1
3. Crescent House
   CLAPHAM SW4
4. The Printworks
   CLAPHAM SW9
5. Newspaper House
   SOUTHWARK SE1
6. The Fusion
   SHOREDITCH E1
7. Wapping Riverside
   WAPPING E1
8. Parkside
   BOW E3
9. Seagers Distillery
   DEPTFORD SE8
10. Lincoln Plaza
    CANARY WHARF E14
11. Merryweather House
    GREENWICH SE10
12. Riverdale House
    LEWISHAM SE13
13. Baltimore Tower
    CROSSHARBOUR E14
14. Capital Towers
    STRATFORD E15
15. St Luke's Square
    CANNING TOWN E16
16. Royal Gateway
    CANNING TOWN E16

Outer London and home counties









1 Waterside
HAYES UB3

2 Trident House
HAYES UB3

3 Central House
HOUNSLOW TW3

4 King Edward House
WALTHAM CROSS EN8

5 The White House
HAYWARDS HEATH RH16

The economy and housing market

Despite the UK's decision to leave the European Union ("Brexit") and wider global economic uncertainty, the UK property market fundamentals remain positive.

The UK housing market has continued to show strength with residential housing prices in London and England showing an annual increase of 7.3% and 6.5% respectively for 2017 (source: HM Land Registry).

The market for new homes remains strong across Britain with the housing market as a whole continuing to be characterised by demand outstripping supply of homes.

Housing supply and prices

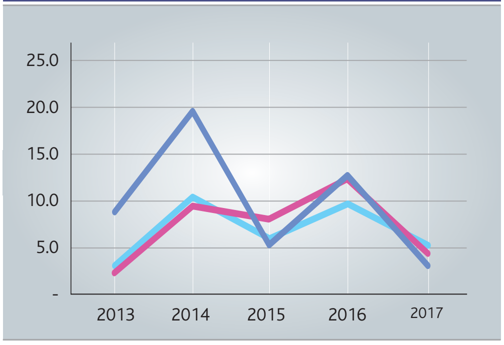
The supply of new housing has increased slightly by 2% on the prior year, although housing completions were up 6% on the previous year to 139,030 (2015: 131,510). (source: Department for Communities and Local Government (DCLG))

Whilst this represents a positive move, new housing starts remain significantly lower than that required to meet demand. DCLG projects that 210,000 homes need to be built in England, per year, through the period 2014 – 2039. The shortfall in the supply of housing stock and a continued availability of mortgage finance at low interest rates meant that house prices rose in the year.

The Office of National Statistics (ONS) house price index rose by an average of 5.8% per annum across the UK in the year to February 2017. The regions where Galliard operate showed stable growth, with the ONS house price index reflecting annual increases of 3.7% in London, 10.3% in the East of England and 5.4% in the South East respectively.

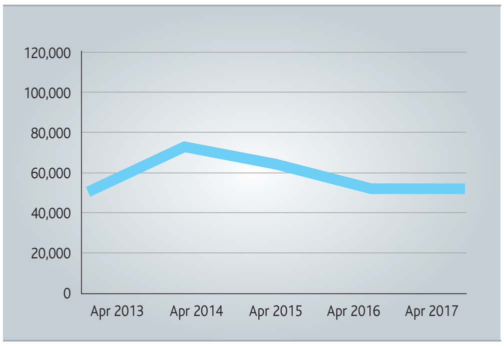
We continue to see a distinct connection between demand and the capital value of our homes, with more customers interested to invest in our studio and one bedroom apartments. This trend is expected to continue as average house prices remain at record highs in the capital and surrounds.

Annual price change for England, London and South East 2013 to 2017



(Source: HM Land Registry)

Sales volumes for England 2013 to 2017



(Source: HM Land Registry)

England London South East

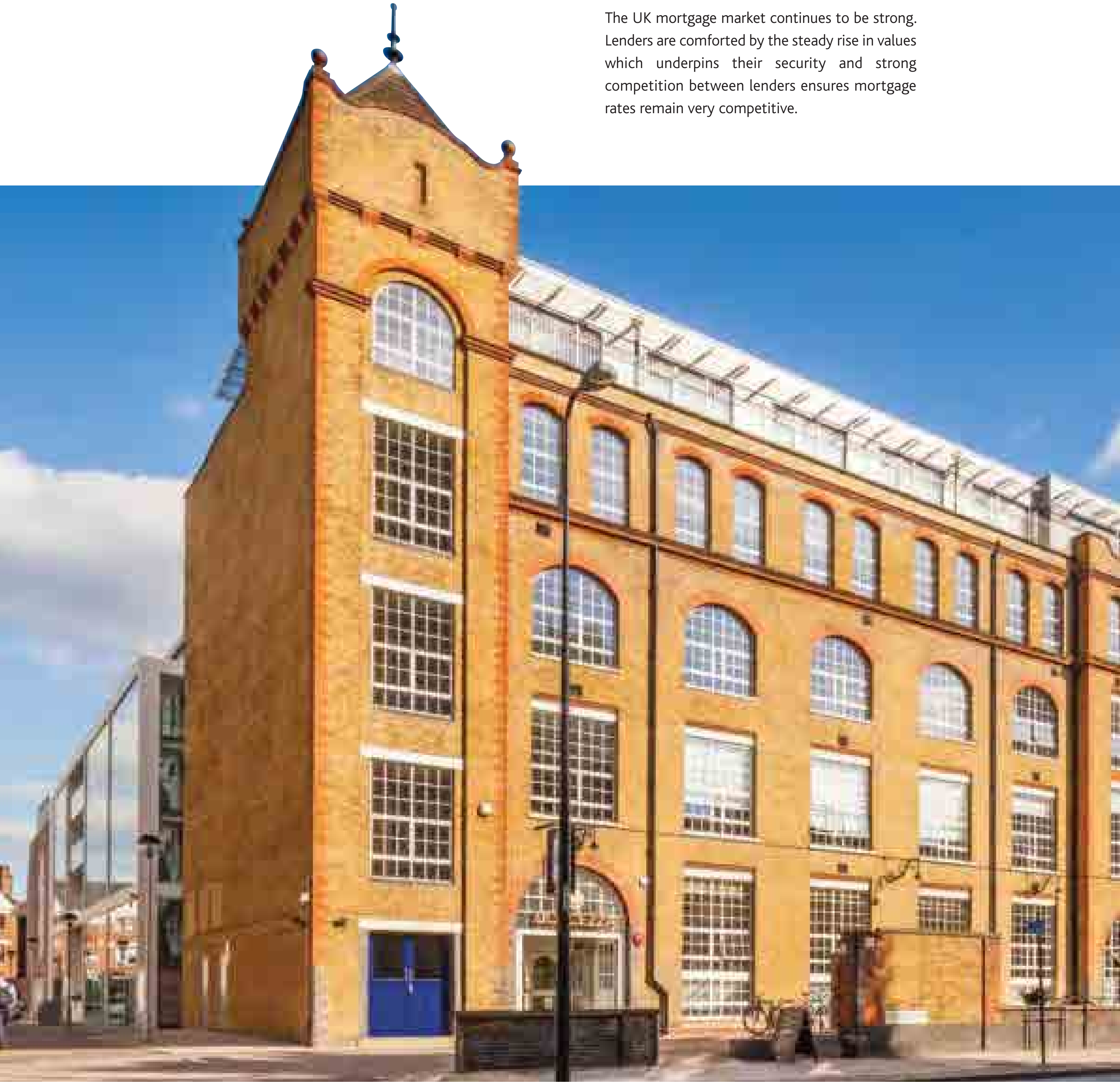

Galliard

Mortgage availability

Mortgage availability and affordability in the UK is a key driver for our industry and house purchasers. The UK housing market is underpinned by a competitive mortgage market, where access to a wide variety of competitive mortgages remained a positive feature for local home buyers.

Low interest rates have been a major factor in driving the domestic property market in recent years and informed opinion is that we shall stay in a low interest environment for some considerable time. This is evidenced by the number of long dated fixed rate terms currently available. The current fall in the value of sterling has also started to reinvigorate overseas interest.

The UK mortgage market continues to be strong. Lenders are comforted by the steady rise in values which underpins their security and strong competition between lenders ensures mortgage rates remain very competitive.



Housing outlook

The underlying demand for new housing is expected to remain strong as supply is unlikely to meet demand in the medium term. The publication of the Housing White Paper in February 2017 recognises the importance of housing to the UK and the Government's commitment to increase new housing supply.

Following the EU referendum, we are mindful that the immediate outlook for the UK economy is less clear. Risks lie around the short term impact on buyer sentiment and any longer term negative impact on the wider economy. We have noticed early signs of stability and resilience of the market following the EU referendum which is encouraging, and positive indications such as that seen in mortgage interest rates. Whilst Brexit will continue to make the future uncertain for some time to come, we remain cautiously optimistic and committed to help address the existing undersupply in the market.

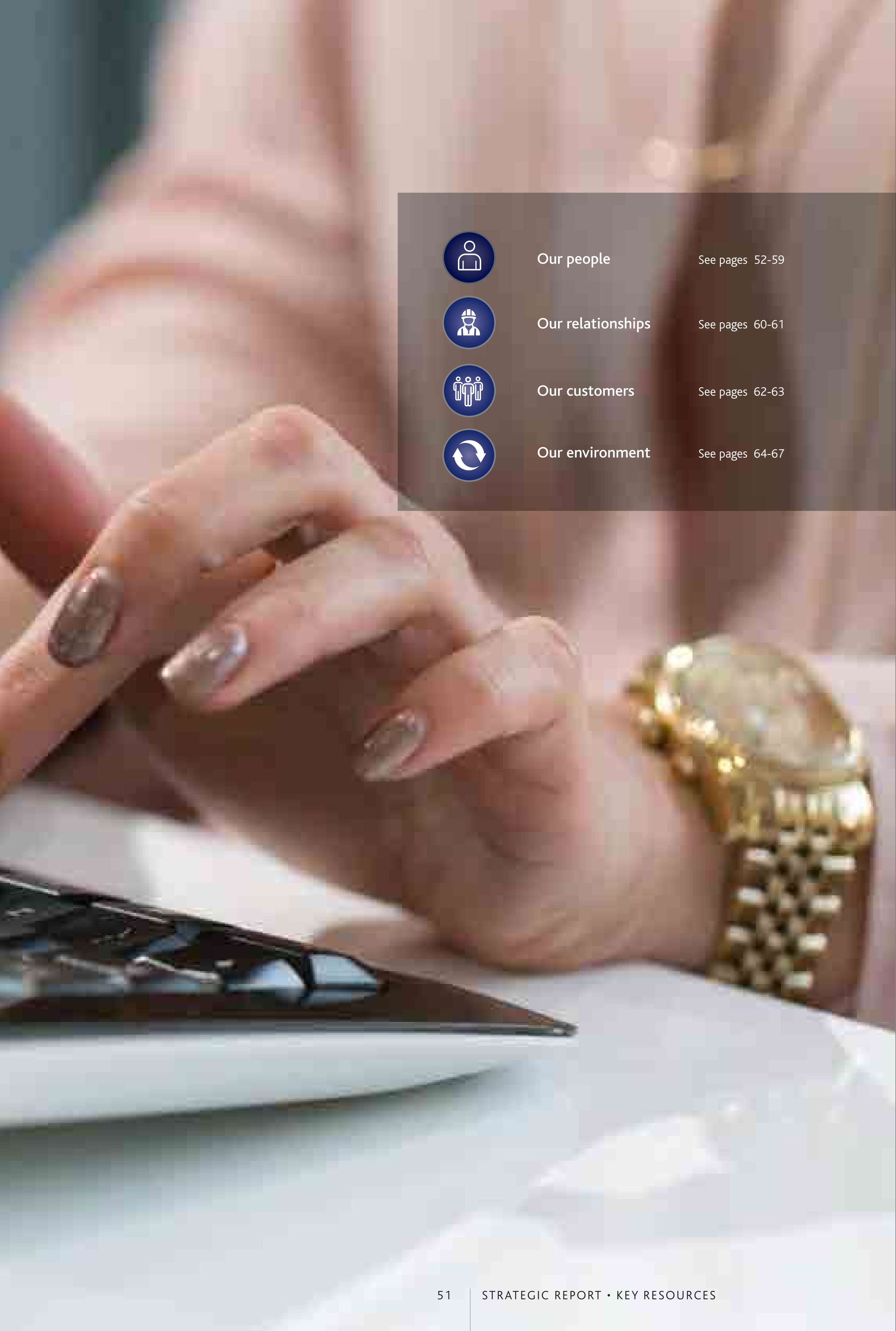
The real challenge is to continue to provide homes across the spectrum, including investment, ownership and affordable housing, to meet the needs and where people want to live. We look forward to working with government and within our industry, and making a valuable contribution towards building a London for the future.

Printworks, Clapham Road SW9

Taking its name from being a former printworks dating back well over 100 years, and now the signature façade fronting 365 conversion and new build apartments.

KEY RESOURCES

Our business strategy relies on a number of key resources and relationships. We firmly believe that the success of our business and the creation of value for all our stakeholders and communities are largely influenced by these. In addition to our normal business priorities, our business model encapsulate a focus on the following key areas: our people, our relationships, our customers and our environment.



Our people

Our employees are our greatest asset. We are fortunate in having a workforce of such high quality and training as this undoubtedly improves our business success and is key to achieving our goals.

Attracting new talent

As our business has grown in stature, so has our workforce. In the calendar year we recruited 178 new employees across the group and already in the first 6 months of 2017 we have made in excess of 100 further appointments. Managing our recruitment in-house has not only delivered savings of over £250,000 but has also resulted in closer links with the communities in which we work and a more personal experience for our applicants. At Galliard we pride ourselves on being able to offer not only a competitive and comprehensive remuneration package but also the opportunity to design and build iconic spaces for the future, leaving a lasting legacy for future generations. Working in partnership with the Construction Industry Training Board, the Chartered Institute of Building and the Home Builders Federation, we are committed to promoting the opportunities the construction industry affords and to supporting schools, colleges and universities to address the science, technology, engineering and maths shortages our sector is facing.

During the year we provided paid work experience placements for 16 young people between the ages of 14-18 in order to enable them to gain an insight to the world of work. The summer of 2017 will see us welcome a further 20 students into our organisation.

Elevate, our graduate scheme launched in 2017, will allow a number of graduates across multiple disciplines the opportunity to start laying the foundations to a successful career within our business. Support from a mentor, a rotational programme and a number of additional learning interventions will allow us to develop our future leaders.

We are also committed to further developing our apprenticeship programmes in partnership with national training agencies and local colleges to enable us to grow talent from within.

Managing and retaining our talent

We aim to attract and retain the best people by engaging with our employees and investing in training, development and rewards

During the year employee turnover remained constant at 15%, in line with the national average. There are significant pressures on us from elsewhere in the industry because of the many opportunities for skilled employees that are available. Our focus is on keeping our staff challenged and engaged through the numerous learning opportunities and programmes offered. We continue to direct our efforts towards developing our own talent and succession planning to ensure that we have the necessary skills and expertise within our business to continue to deliver a quality product. We will also continue to monitor closely our remuneration and benefits packages to ensure retention measures are effective.

We are also extremely proud of the number of vacancies we continue to fill within our organisation, both through internal sourcing of employees searching for new challenges or skillsets, and promotions. During this financial year, we were once again proud to witness the promotion of six of our employees to management positions, with new responsibilities ranging from site managers to managing surveyors and senior project managers. These are a true measure and testament of our ability to successfully retain sought after expertise in our industry.

MANAGING IN HOUSE STAFF RECRUITMENT
HAS SAVED THE GROUP OVER
£250,000
WITH OVER 280 NEW APPOINTMENTS

Learning and development

Operating in a sector that is continually changing, our workforce must be equipped to respond as necessary. Our learning academy launched in the autumn of 2016 recognises that different people learn in different ways and at different rates and so offers pragmatic and practical solutions to address skills gaps and learning needs. Built on our values and incorporating our competency matrix, programmes which range from supervisory development modules, coaching and mentoring workshops and health and well-being e-learning sessions enable our employees to expand their knowledge and help us promote an environment of continuous improvement and a culture of high performance.

Our performance review process encourages open and honest feedback and supports our talent management and succession planning initiatives. Spending in excess of £140,000 in the past year on supporting employees to achieve professional accreditation, we have also delivered over 7,500 hours of training at a cost of £100,000 over the same period. We have 20 employees currently enrolled on a higher education programme and are supporting the development of our apprentices. We believe investing in our people is investing in our future. At Galliard we really are 'building your success on ours'.

CURRENT WORKFORCE IS NOW **536 EMPLOYEES** ACROSS THE GROUP

OVER **£140,000** SPENT ON SUPPORTING EMPLOYEES TO ACHIEVE **PROFESSIONAL ACCREDITATION**

£100,000 SPENT ON STAFF TRAINING EQUATING TO OVER **7,500 HOURS** OF TUITION

20 EMPLOYEES CURRENTLY WITHIN A **HIGHER EDUCATION** PROGRAMME

Supporting a diverse workforce

We pride ourselves in maintaining an inclusive work environment. All employees have equal opportunities for employment and advancement solely on the basis of ability, qualifications and relevant skills and experience for the work. We remain committed to an environment where there is no discrimination on any grounds including age, gender, racial or national origin, religious belief, sexual orientation or disability, and to providing an inclusive working environment where everyone feels valued and respected. We are committed to employ a diverse workforce that reflects the communities in which we operate, delivering excellence for our customers and business by drawing on a diverse range of talents, skills and experience.

Of the 536 employees across the group, 21% are female and 79% are male. Their ages range from 16 – 78 years old and we embrace our differences and capitalise on the variety of perspectives that such a dynamic workforce brings. We take pride in the diversity of our employees with our ethnic mix being largely representative of the community in which we operate. With 36 different nationalities, our people truly reflect the many different cultures that contribute to a supportive and collaborative work environment. 4% of our employees work flexibly, confirming our acknowledgement that work life balance is important, and 83% of our employees are happy with their work life balance.

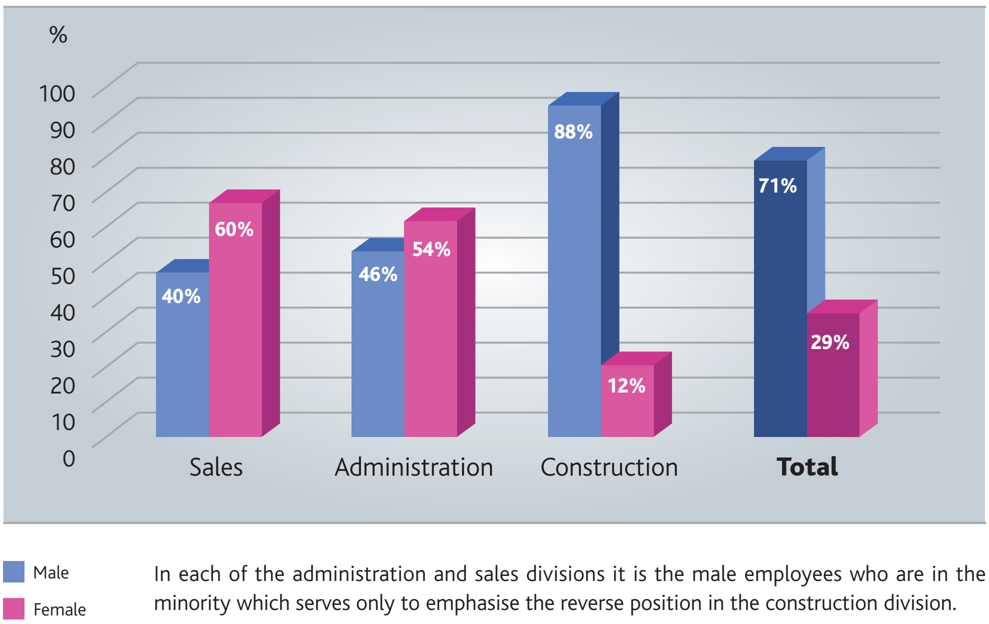

Education
Presentation
Teaching

Women at Galliard

This is the first time that we have reported on our gender pay gap which is now a requirement for all employers with over 250 employees. It is part of a government initiative to address inequality between the pay of men and women. The gender pay gap is expressed numerically by using two types of averages, the "mean" and the "median". Each employee's pay is converted to an hourly rate in order to make the comparison. The "mean" hourly rate is a simple average that is calculated by totalling the individual pay rates and dividing by the number of employees. The "median" is calculated as the middle of all the hourly rates listed in order of size. The two averages are calculated for all male employees and all female employees and are then expressed as a percentage of the figure for male employees.

At Galliard we believe that pay should be directly related to performance, skill and application. Factors such as gender, ethnicity and disability have no relevance. In considering our gender pay gap performance there is one important factor that cannot be ignored – the construction industry is traditionally male-dominated and, as much as we would like to employ a higher proportion of female workers, the supply is very limited. Thus, in our construction division, female employees account for only 12% of the total workforce.

PROPORTION OF MALE AND FEMALE WORKERS BY DIVISION



In each of the administration and sales divisions it is the male employees who are in the minority which serves only to emphasise the reverse position in the construction division.

With such a large disparity between the numbers of male and female workers it is inevitable that the rate of pay of the male workforce will be greater than that of the female workforce. The more senior the employee the more likely they are to be male rather than female and hence the larger the gender pay gap becomes.

	2017	2016
Mean gender pay gap	35.8%	30.0%
Median gender pay gap	30.3%	33.2%

GALLIARD GROUP GENDER PAY GAP

The result above indicates that (for 2017) the mean rate of pay for male employees is 35.8% higher than the mean rate of pay for female employees, and the median rate of pay for male employees is 30.3% higher than the median rate of pay for female employees.

Clearly these figures exceed the national average of around 18%, for the reasons stated above, but they cannot be used to demonstrate that males and females are paid disproportionately for doing the same work. A woman working at Galliard will be paid exactly the same as a man for doing the same job.

At the most senior levels in the group the only female representation is in administration and sales. Within the construction division, female representation tends to be limited to the design function or surveying. With larger bonuses going to the more senior staff, therefore, it is not surprising that there is also a gender pay gap in relation to bonuses.

	2017	2016
Mean bonus gender pay gap	54.6%	14.3%
Median bonus gender pay gap	16.7%	-10.0%

GALLIARD GROUP BONUS GENDER PAY GAP

Clearly the median bonus gender pay gap is considerably lower indicating that bonuses are much more evenly distributed.

Indeed in 2016 women had a higher median bonus then men. The group operates a discretionary bonus scheme that pays a bonus once a year, in December.

	2017	2016
Proportion of males receiving a bonus	90.4%	83.6%
Proportion of females receiving a bonus	85.0%	84.9%

PERCENTAGE OF EMPLOYEES RECEIVING A BONUS

The vast majority of employees will receive a bonus. The reason these figures are not higher is that they include staff who joined in the first three months of the year and therefore would not receive their first bonus until the following December.

The quartile analysis below emphasises the proportion of female employees who earn at a lower rate because they occupy less senior positions.

	2017		2016	
	Male	Female	Male	Female
Lower quartile	47.4%	52.6%	49.3%	50.7%
Lower middle quartile	66.7%	33.3%	75.0%	25.0%
Upper middle quartile	82.5%	17.5%	88.4%	11.6%
Upper quartile	88.5%	11.5%	87.9%	12.1%

Clearly if the intake of female construction employees at a more junior level is low it is more difficult to achieve a higher proportion at a more senior level. Where vacancies arise we will always give preference to existing employees, where there are suitable candidates, to aid career progression and motivate staff, but if the pool of potential candidates is predominantly male it is likely that the successful applicant will also be male. Unless there is a shift in social attitudes toward girls training for construction trades such as plumbers, electricians and carpenters this situation is unlikely to change dramatically.

Where practicable we will continue to take action to address any inequality between the amounts our male and female employees are paid within the parameters and constraints of gender distribution of our industry.

Our people

Health and safety of our people

In common with many others in our industry, increased activity levels combined with a diverse workforce with varied levels of experience and skills, contribute to an increasing need to develop ever more strategies working towards zero accidents at work. We seek to maintain stringent safety standards and have a continuous commitment to uphold our excellent health and safety record. Getting the basics right - good leadership, awareness and commitment to health and safety - by all levels of management is what delivers such a good health and safety performance in our business.

Our health and safety management systems are subject to continuous review and improvement, with ongoing compliance being monitored by a programme of internal and external verification reviews.

Our aim is to have a safe, injury free working environment and whilst we believe that all injuries are avoidable, our target is to maintain a zero reportable injuries record. Five reportable injuries have been recorded in 2017, compared to a remarkable zero reportable injuries during the prior year. While this still represents an incidence rate of only 2.1%, significantly below the Health and Safety Executive construction industry average of 3.1%, we will not cease in our efforts towards achieving and maintaining a zero reportable injury workplace.

Safety initiatives for the first quarter of 2017 have majored on fire prevention and work at height with the onsite tuition being supported with a training programme involving staff at all levels, including our directors, covering both aspects during the period.

Our training programme continues and includes scaffold inspection, Prefabricated Access Suppliers & Manufacturers Association training, the Site Manager Safety Training Scheme and First Aid at Work. In addition, our site managers must each work towards a National Examination Board in Occupational Safety and Health construction certificate.

Modern Slavery

Galliard is committed to working with its partners and suppliers to ensure our business and supply chains are slavery free.

The group has introduced a modern slavery policy during the year. Further details on our modern slavery statement can be accessed through our website on www.galliardhomes.com.

Our relationships

Joint ventures

Galliard Homes is the brand used by the group to interface with the public. Through this brand all of our developments are advertised and marketed.

Each development site is owned by a unique special purpose vehicle. The flexibility of structuring each deal in this way facilitates our business model which emphasises the spreading of risk by working with joint venture partners. Over the years we have built many strong relationships with a wide variety of strategic partners from land owners to banks, funds, high net worth individuals and other developers. This risk management strategy not only reduces our risk exposure on each individual project but also spreads our risk over a greater number of projects as equity is freed up for investment in more deals. In this way the business has been allowed to grow in a controlled manner. Having shared in our success, our partners have consistently reinvested in further projects which has enhanced the group's reputation, attracting other investors and providing a pool of equity for further investment.

Our single largest joint venture partner is currently Cain International (formerly Cain Hoy Enterprises) with whom the group jointly owns Galliard Developments Ltd that currently has 23 projects on its books. This 50:50 joint venture has grown into a business with over £250 million of gross assets in less than 3 years.

With over 150 projects in progress that bear the Galliard brand there can be no better endorsement of the maxim that success breeds success.

MAJOR JOINT VENTURE PARTNERS INCLUDE:

Commercial relationships

Home building is a long term business and the development of sustained commercial relationships with landowners, suppliers and sub-contractors is one of its critical elements.

We work closely with private landowners and their agents to identify land suitable for development and our land acquisition and legal teams, through their professional and efficient approach, help to ensure that we are widely regarded as the preferred bidder with whom to do business.

We are proud of our reputation for supporting our supply chain and have strengthened our links with both materials suppliers and subcontractors throughout the year. We recognise their value to our business and continue to invest in our relationship with them. We regularly meet with as many of them as possible to review our ongoing business relationships and we are delighted to be able to sponsor a number of industry events to increase our profile in the trade. We also share with them our knowledge of new technologies as well as environmental and safety advances in a spirit of mutual co-operation and benefit.

Communities

Clearly, home building has a significant and direct impact upon local communities. That is why we prioritise an active engagement with the local communities at each of our development sites throughout the entire build process. Our aim is always to ensure that each of our developments create a positive legacy in its locality with a focus on the social and economic benefits we can deliver. In addition, the building of homes creates substantial amounts of local economic activity and contributes to a great many new jobs in these communities, both directly and indirectly, during the construction period and subsequently.

Because engagement with local communities is such an important aspect of our business we hold regular public consultations at which we invite local residents, community groups and elected representatives to talk to our specialist planners and architects about their concerns and aspirations regarding our developments. This is done through a series of public exhibitions, briefings, meetings and supporting digital communications. We believe that a genuinely collaborative approach is imperative to the success of our developments as it helps our understanding of the local environment and the unique challenges faced at each locality. We also continue to support and promote a wide range of charitable giving and community volunteering initiatives that best reflect the needs of the local communities and the issues that impact upon their residents.

We work closely with local planning authorities to deliver the necessary social infrastructure. Where possible we also aim to provide additional, supporting infrastructure including schools, leisure facilities, technology, affordable homes and community buildings. Our developments are designed to support sustainable lifestyles. They will typically have low carbon footprints and provide facilities for growing food and gardening, walking and cycling and children's play and sport. Creating successful communities means making them accessible to all, embracing diverse cultures, promoting economic growth locally and across regions and ensuring homes are affordable and meet people's needs.




Donations to charities amounted to £496,000, up £58,000 on the previous year.

Our customers

Our aim is to deliver the best possible experience to all our customers who rightly expect a professional and efficient service throughout the buying process. From the moment a customer enquires about a property through to occupation and beyond, we pride ourselves in providing the highest quality sales, aftercare and property management service.

We have a continual training programme to maintain the quality of our customer interface that focuses on basic communication skills, product knowledge and process understanding so that we can deliver on our promise of the best possible customer service. We also closely monitor the changes in our customers' requirements to ensure they always get what they want when they want it.

As an example, by listening to our customers' needs it is clear that commuter links are high on their list of priorities. Where possible therefore we aim to secure sites that are well located with good access to public transport. We then look to introduce additional initiatives such as car clubs, cycle lanes, vouchers for public transport and travel information packs as part of a comprehensive offering.

I have dealt with Galliard Homes on a number of occasions and have always found the quality of their builds, their local area knowledge and their professional approach to selling new-builds to be exceptional ... I would highly recommend Galliard Homes if you are looking for a sound investment.

I am a buy-to-let investor and always on the hunt for new properties in growth areas. I came across Eltham, and realised that Galliard were building flats right in the heart of this regeneration area ... I ended up reserving and buying two units off-plan ...The buying experience with Galliard was incredibly easy ... I look forward to collecting the keys at the start of 2018.

As first time buyers, we were a bit unsure about the process of purchasing a property. After looking for many months, we came across a very well priced property by Galliard. It was great that they offered flats with the Help To Buy scheme too (not to mention the furniture incentive!).

In 2016 we decided to make an investment in London. We started to do some research about the market and the firms. Galliard seemed like the biggest of all with the best and attentive sales assistants.

KEY RESOURCES

In terms of repeat buying, I felt valued that Galliard offered a repeat purchase discount and this showed a willingness to want my custom as opposed to other developers that I have bought directly from before.

The Galliard follow-up with aftercare guarantees is second to none and have made the initial years of ownership hassle-free. It has allowed me to expand in the knowledge that I am dealing with professionals who are at the top of their game.

The Galliard team have been exceptional in dealing with the purchase of Marc Brunel house. They have been proactive and efficient and extremely helpful with all aspects of the purchase. A delight to deal with.

I have always found the Galliard brand to be excellent, reflected in the high quality of their developments and I feel very fortunate that shortly I will own one of their apartments. *The location, the design, the facilities tick all boxes for what I need … I'm very delighted that I will soon be moving into my new home and will continue to follow the Galliard brand on Facebook and Instagram, as I find the posts very informative about areas they're building and the advice regarding properties whether it be on purchasing or interior design ideas.*

Our environment

Every organisation needs to be aware of the impact of its operations on the environment. At Galliard we are acutely aware of the need to use scarce resources as efficiently as possible, to minimise waste and to acknowledge our responsibility to limit harmful emissions wherever and whenever we can. Our goal is to achieve the highest possible standard of sustainability within our industry.

Equally we want our finished product to maintain the sustainability standards we have set during its construction in terms of the efficiency with which it continues to consume energy in the future. This is achieved through innovative design, intelligent employment of technology and the use of energy efficient materials throughout the construction process.

Reducing waste

We have introduced a number of initiatives to actively manage and reduce the impact of waste on our construction sites. Our ultimate aim is to recycle all waste from all our sites. Since January 2014 we have consistently achieved a recycle rate of 98% which, in itself, is an excellent accomplishment. In order to achieve this we segregate all waste into offcuts of plasterboard, metal, concrete, cardboard, plastics, wood and green waste, all of which is then channelled through recycling plants.

98%
OF ALL SITE WASTE IS NOW RECYCLED
WITH TARGET FOCUS ON
100%

Building energy efficient homes, and using sustainable materials

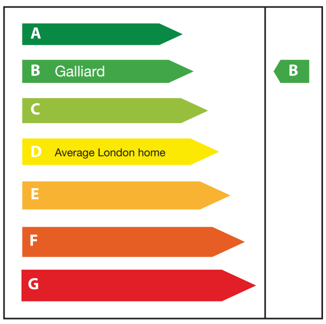
There are many critical features that our customers look for when choosing their new home; price, design, location, standard of finish, but one of the most important is its energy efficiency and the use of sustainable materials in its construction. These factors are therefore at the forefront of the minds of our design and build teams who work hard to ensure that the sustainability and energy efficiency of our product meets the exacting standards our customers expect.

Wherever possible we will therefore use Forest Stewardship Council certified wood, LED lighting, reduced water flow taps and thermal insulation products using the latest technologies and designs amongst a multitude of other products and initiatives.

As an illustration of our success in this area and using a sample selection of 1,042 apartments completed over the last 12 months, 96.6% achieved an EPC Energy Efficiency Rating of 'B', one level below the best ('A') performance level on the EPC 'A' to 'G' rating scale for new homes.

96.6% OF APARTMENTS COMPLETED WITHIN THE LAST YEAR ACHIEVED
AN EPC ENERGY EFFICIENCY RATING OF 'B'
ONE LEVEL BELOW THE HIGHEST ATTAINABLE

The rating of 'A' can only be achieved in exceptional environmental circumstances rarely seen in residential new build.



Considerate constructors

We take our responsibilities towards our staff and our neighbours seriously which is why all Galliard construction sites are registered with the Considerate Constructors Scheme ("CCS")

The CCS is a national initiative set up by the construction industry to improve its image. Construction sites that register with the scheme are monitored against a code of considerate practice designed to encourage best practice beyond statutory requirements. It is concerned about any area of construction activity that may have a direct or indirect impact on the image of the industry as a whole, the main areas of concern being: the general public, the workforce and the environment. In summary the code aims to ensure that constructors:

- Ensure sites appear professional and well managed
- Give utmost consideration to their impact on neighbours and the public
- Protect and enhance the environment
- Attain the highest levels of safety performance
- Provide a supportive and caring working environment

We positively engage with our neighbours to ensure we keep them informed of our plans and clearly provide contact details for specific named Galliard staff on each site so that any concerns can be raised directly and resolved quickly.

Our development plans always incorporate ecological and biodiversification considerations and the developments themselves are characterised by the generous open spaces created where both residents and members of the public can relax. We will also seek to minimise the impact of noise and air pollution whilst maximising the environmental benefit for our communities by planting or retaining trees and shrubs.

Wapping Riverside
London E1

Our environment

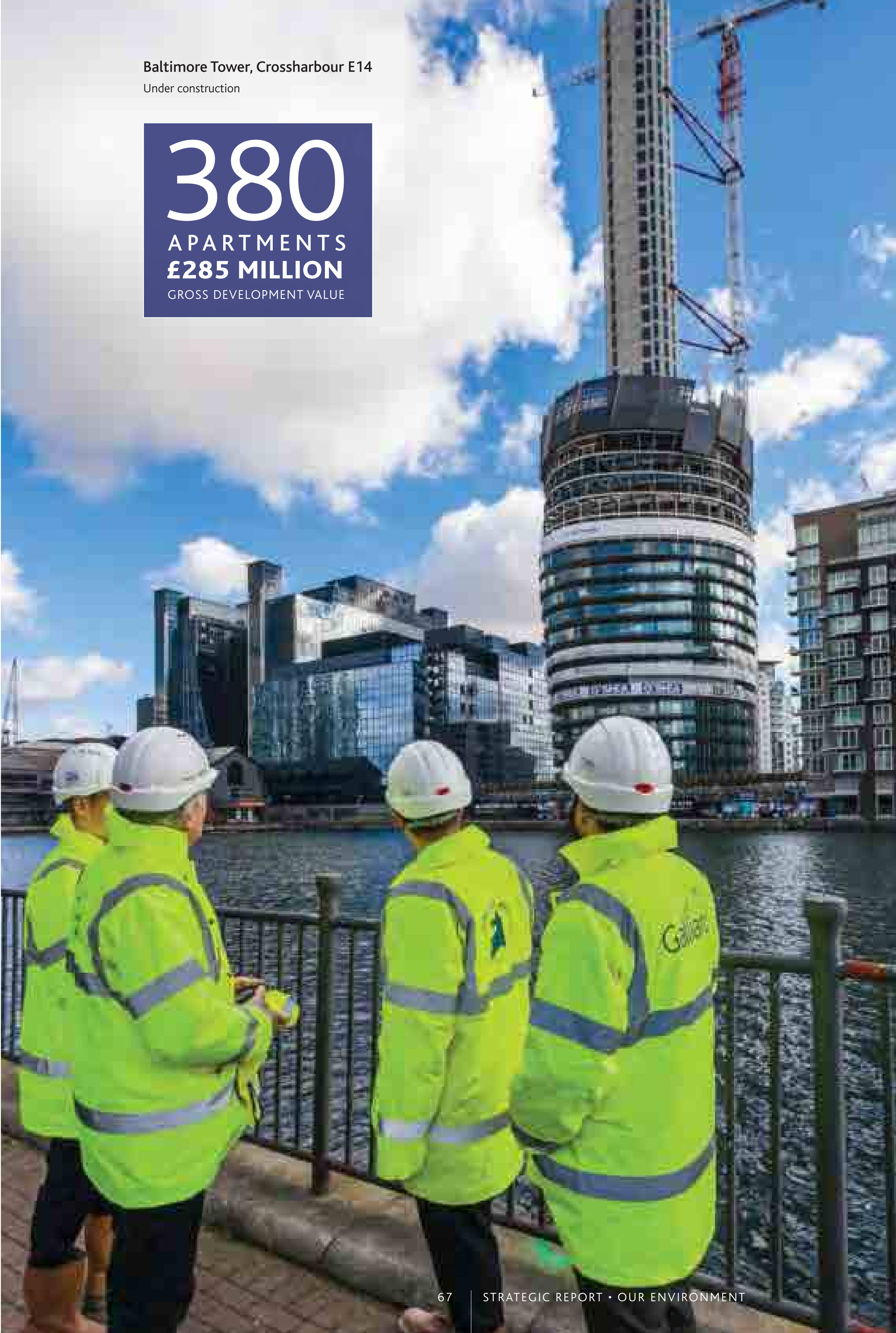
Responsible developer, responsible business...

Our undertakings and obligations regarding sustainability and partnership have been described elsewhere in this document but business responsibility goes further even than these important commitments.

We have a sincere desire to create a better London and to improve the standard of living of those whose lives are affected by us, either directly or indirectly. We endeavour to act responsibly, operate ethically and champion integrity in all of our dealings. As the largest private developer in London it is important that we are seen to be promoting employability and educational advancement in the capital and making genuine efforts to contribute to the wellbeing of the communities affected by our economic activities. We want our impact to be positive and enduring for all.

We support a variety of community-based employability initiatives with local schools, colleges and universities. We provide paid work experience programmes and work with training partners, suppliers and sub-contractors to deliver our apprenticeship scheme. "Elevate", our graduate programme, provides opportunities to those seeking real challenge from their employment together with an accelerated development schedule.

As a corporate sponsor of Women into Construction we fund training initiatives in conjunction with local authorities to support women who, for whatever reason, have experienced difficulties in securing employment in the past. They are given the chance to gain a qualification and ultimately a position within our organisation. We also support a number of charitable bodies, both financially and through donating our time and recognise the commitment and dedication of our employees to these.



Baltimore Tower, Crossharbour E14

Under construction

380

APARTMENTS

£285 MILLION

GROSS DEVELOPMENT VALUE

CHAIRMAN'S STATEMENT

Lincoln Plaza
Millharbour E14

Stephen Conway
EXECUTIVE CHAIRMAN

Chairman's statement

I am delighted to introduce our first integrated annual report. As our ambitions for this business grow so does the need and desire for us to share more about how and why the company operates as it does and what is the motivation behind the Galliard name. We are extremely proud of what we produce, how we produce it and the contribution we make at both microeconomic and macroeconomic levels but we seldom get the chance to publicise our achievements. This report is aimed at sharing some valuable insight into our group and I trust that you will find it useful, both in understanding our business better and learning more about our aspirations and values.

Our people

Without doubt, our people are our biggest asset and I would first of all like to thank, on behalf of the board, each and every employee for their hard work during the year. The outstanding progress we have made in that time would not have been possible without the commitment and enthusiasm of our dedicated employees. The superb operational and financial performance in the year to 31 March 2017 is testament to the exceptional team of people that we have working at Galliard.

This year our directly employed workforce has increased by 19% to 542 as a result of the sustained growth of our business. Taking into consideration people employed through our joint venture arrangements our total workforce is now in excess of 700.

Our business performance

I am pleased to report another year of strong financial and operational performance. Group turnover of £392 million (2016 - £291 million) was 50% higher than the previous year and pre-tax profits before exceptional items of £113 million (2016 - £69 million) were achieved as a result of completing over 1,300 new homes during the year.

Unlike our publicly quoted competitors whose focus is on sustained year-on-year profit growth, as a privately owned group we concentrate on increasing value in our business. A key indicator of this is net asset value. Five years ago the group was reorganised and started from a base of negligible net assets. By 31 March 2017 net assets had risen to nearly £208 million, a considerable achievement in such a short time.

We are particularly pleased with the continued strength of our development pipeline which underpins both the current balance sheet and medium-term profits to come. Demand for our product also remains strong with development sales consistently exceeding 70% before construction is complete. In addition the average price of an apartment built by the group and sold during the 2017 financial year approached £450,000 indicating the continued strength of the market. Robust demand and a resilient market are good indicators of our future prospects.

The strong relationships we enjoy with our joint venture partners remain a key feature of our business model. They give us greater flexibility and create capacity to respond quickly to opportunities as they arise. We place great value on these relationships and our joint ventures with Cain International, CJ O'Shea and Frogmore, in particular, have all contributed substantially to our success this year.

Our management

Whilst continuity and succession planning remains an important component of our long term business plan we have, of late, enjoyed a greater degree of stability in the composition of our executive board and senior management team. In recognition of the need to enhance our corporate governance and internal review capabilities however, the board was enhanced by the appointment of three further non-executive directors during 2016. With the pool of experience and talent now available to us and a strong and stable leadership, I am confident that our business will continue to prosper.

On 22 June 2017 the board appointed Richard Conway and Gary Conway as executive directors of the company. Both individuals have been part of the senior management team for many years and we welcome the addition of their extensive experience and expertise in enhancing our board.

Our governance

At Galliard we believe that a positive approach to corporate governance will facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company.

Corporate governance must be distinguished from the day to day management of the business. It operates at a higher level and determines the system by which companies are directed and controlled. It sets the values by which the company operates.

We are continually striving to improve our transparency and accountability by adapting and upgrading our systems to ensure that all stakeholders receive accurate and timely information that reflects an honest and ethical culture across every aspect of our business.

Our future outlook

The initial uncertainty that followed the UK's decision to leave the European Union ("Brexit") will continue to dominate market sentiment and have a negative influence on the wider economy in the medium term. In contrast UK Government policy will continue to focus on addressing the housing shortage which will create further opportunities.

Despite the softening in the market we have a strong balance sheet and an excellent pipeline of sites with over 7,500 units currently in the process of development. These factors together with an outstanding workforce give me great optimism for the future. The geographical focus of our operations remains in London and our strategy of sustainable growth and adding value throughout the business is sound and achievable. We are looking forward to the challenges and opportunities that the future will bring and to working together with all our stakeholders to the mutual benefit of all.

Stephen Conway
Chairman

4 October 2017

OPERATING REVIEW

Don O'Sullivan
CHIEF EXECUTIVE OFFICER

Crescent House
Clapham SW4

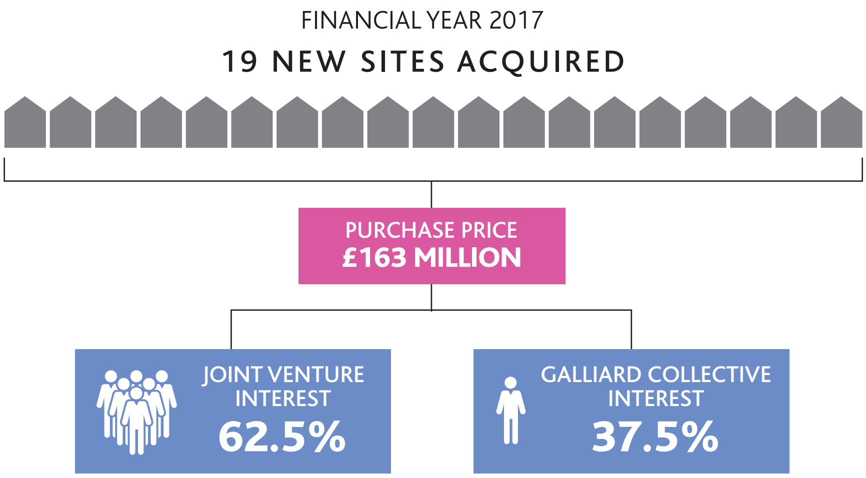
> *I am very pleased to report another successful year for the group. We have once again delivered a set of outstanding results that reflects the hard work and dedication of our staff during an eventful and turbulent year. Turnover and operating profit both showed significant increases reinforcing a solid, all round performance.*

Operational performance

Land acquisition

Galliard Homes operates in a highly competitive market and there has been much publicity in recent years on the subject of "land banking". The charge is that developers are deliberately holding back on building out new homes in a manner that is restricting the supply to the market to keep property prices higher than they would otherwise be. This is not our way. Galliard has built a successful business choosing to programme the delivery of sites as soon as practicable following achievement of deliverable planning. Our caution regarding the cyclical nature of the home building industry causes us to hedge our risk by pre-selling off plan at the earliest opportunity and with complex city centre sites forming most of our portfolio, it is common for projects to take between three and five years from acquisition, through planning and construction to final sales completions. That means we have stability of production and forward sales that give us rolling business visibility for at least the next four years.

Over the course of the last financial year we have acquired 19 new sites with an aggregate purchase price of £163 million. This has been made possible by our continued use of joint venture structures which enable us to buy more as well as share the risk. Across these 19 projects the group retained a blended interest of 37.5%. In August 2016 we acquired Westgate House on Hangar Lane. This is a 150,000 sq ft office building for which a planning application for a hybrid conversion and new build programme to create 419 apartments has recently been submitted. Other notable acquisitions were 8 acres of land on Bridge Road in Southall which was followed shortly after the year end with the acquisition of the adjoining former Honey Monster factory which creates a combined site of over 16 acres in close proximity to the new Crossrail station that boasts journey times of under 20 minutes to the west end of London.



Planning

London has in the past and will continue to be in the future, Galliard's principal area of operation. We have however in recent years made significant moves to strategic towns and cities in the home counties. London housing demand remains strong, and we continue to invest, in a disciplined way, to increase housing production with considered schemes that reflects the optimum use of our sites. This, coupled with London's ever-improving transport network, has highlighted opportunities to convert office buildings to residential use, and thereby delivering homes accessible to first time buyers.

We have had some noteworthy planning successes during the year. In London, our latest project in Shoreditch, The Stage, was re-planned to increase the number of apartments to 412. Our Millharbour Village project in London's Docklands achieved planning for 1,513 apartments in a mixed use development with retail, office and other commercial space plus a new primary school. Outside of London, we were also successful and received planning permission to create residential conversions in Brentwood, Hounslow, Kings Langley, Luton, Slough, Rickmansworth and Romford. With a further 7,731 homes in submitted planning applications, we remain confident in the London housing market, and committed to continue our contribution to address the housing shortage in London and surrounding areas.

Building

The current number of developments under construction stands at 47 - these include 6,940 new homes as well as 640,000 sq ft of commercial space.

In terms of costs, we have experienced a rise in construction costs this year which we attribute in part to the fall in value of sterling since the Brexit referendum. Imported materials account for approximately 25% of our overall construction costs. A definite advantage that has aided in countering the rising costs, has been the continued delivery of the majority of our sites through Galliard Construction. In a market where there is currently limited choice of contractors capable of taking on large residential projects, and therefore limited competitive scope, possessing substantial construction capabilities in-house has given us the ability to build a robust and loyal supply chain of outstanding sub-contractors. Despite the many published stories of contractors increasing payment terms to 60, 75 or even 90 days, we have consistently held payment terms for our supply chain at 28 days. This commitment has delivered security and certainty for our sub-contractors which in return has rewarded us with remarkable loyalty and excellent value service.

Customers

We believe that no other London home builder offers as wide a range of services as Galliard which gives us a distinct advantage over our competitors. However, we recognise that our customers' expectations are rising and that we must continue to meet those demands in order to maintain that advantage. The flexibility inherent in our business model enables us to adapt the services we offer to our customers to meet their requirements and deliver a bespoke product to suit their individual needs.

The quality of service is most evident with our aftercare service. A dedicated team ensures that our customers can report any issues easily and directly to be dealt with swiftly by our qualified tradespersons. On initial occupation it is customary for us to explain and walk through a new home's systems and controls with our customers. Of course we may sometimes overlook something, and when that happens we always endeavour to address the problem without delay. Our digital records facilitate a detailed audit trail of all reported matters and how they were dealt with to the customers' satisfaction. We are particularly proud of the positive feedback we often receive from our customers in this regard.

People

We have an outstanding team of people at Galliard with an energy and enthusiasm that proliferates throughout the business. I sincerely believe that this is the key ingredient to our success that will continue to drive our business forward in the future. I would therefore like to reiterate our chairman's comments with a heartfelt word of thanks to all employees across our business for making this a wonderful organisation to work for. Our commitment to training and development to help our employees grow and achieve their personal career ambitions remains firm.

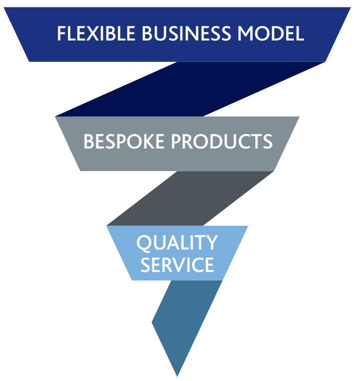
We also recognise and act on our obligation to maintain an inclusive work environment with equal opportunities. We are proud of our progress in this area and continue our efforts to increase our proportion of female workers in what is traditionally a male dominated industry.

The health and safety of our workforce is also one of our main priorities. Whilst we continue to strive to operate injury free, our consistently low injury incident rate of 2.1% during 2017 (2016: 0%) reflects another year of remarkable safety on our sites and remains considerably lower than the constructions industry average.

We continue to engineer and introduce initiatives to work towards developing the Galliard team for the future. This year, in collaboration with a number of schools, colleges and universities in the communities where we operate, our initiatives included:

- a large summer work experience programme for secondary school students;
- industry approved graduate training schemes; and
- a comprehensive apprenticeship programme.

The enthusiasm of our participants are infectious and makes me excited about the future of our business.



"

The flexibility inherent in our business model enables us to adapt the services we offer to our customers to meet their requirements and deliver a bespoke product to suit their individual needs.

Sustainability

We are and will remain a responsible homebuilder. There is no doubt that this helps in the creation of sustainable homes and communities which will ultimately ensure a stronger business in the long term.

We continue to play an active role in addressing major challenges like climate change, and are extremely proud of to have achieved a 'B' EPC energy efficiency rating on 97% of our homes completed during the past year. This positions us well to achieve our target of 100% of homes at a minimum B rating in the near future.

Our procurement and planning processes are regularly reviewed and challenged to ensure that we optimise our efforts in acquiring sustainable sites and materials and adopt methodologies that will lead to the development of living spaces that remain "happy" long into the future.

Current trading conditions and outlook

The UK's decision to leave the European Union and the general election in June continues to dominate market sentiment and is expected to influence market volatility for some time to come. We will continue to actively monitor the progress made by the newly elected government towards economic stability and do all in our power to encourage an attractive investment environment for our customers and stakeholders.

The market remains supported by the under-supply of new homes and the current financial year has started well with a number of exciting projects nearing completion. We are also encouraged by an optimistic level of demand across our whole product range.

The recent tragic events at Grenfell Tower in Kensington are expected to have significant implications to building standards and regulations. We continue to monitor closely the progress of the ongoing investigations in order to respond swiftly to any consequential implications on our homes and wider business. We remain uncompromising in our commitment to provide high quality, safe living spaces.

With a clear, proven strategy and a firm focus on value, we are confident that we can adapt to all market conditions. We remain optimistic about the London housing market and our ability to sustain growth in our business by maximising efficiency throughout our operations. We remain committed to providing quality homes and creating communities in which people want to work and live, and we are confident that 2017/18 will be another outstanding year for our business.

The strategic report was approved by the board and is signed on its behalf by:

Don O'Sullivan
Chief Executive Officer

4 October 2017

FINANCIAL REVIEW

Allan Porter

GROUP FINANCE DIRECTOR

The Chilterns
Marylebone W1

Operating performance

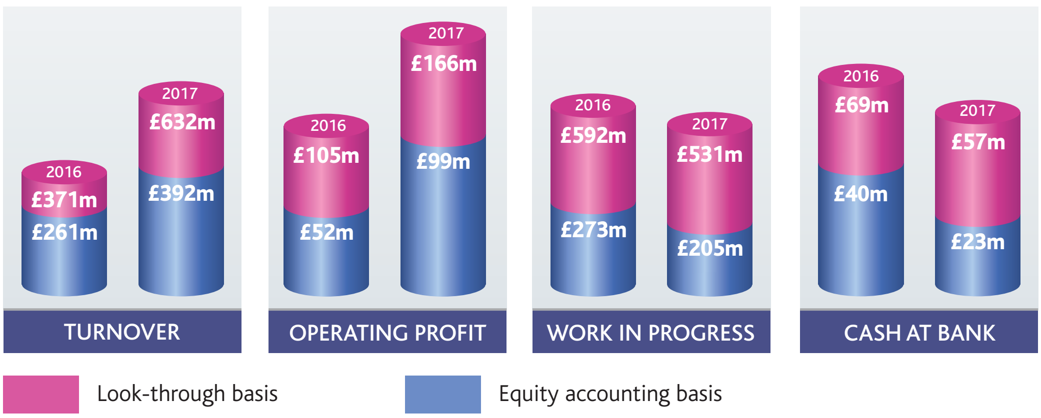
The group has delivered another excellent trading performance during the year ended 31 March 2017. In order to analyse the extent of this achievement, however, it is important to understand how the accounts have been constructed.

The consolidated accounts include the results of around 200 companies or partnerships. The share structure combined with the degree of control that the group is able to exercise over each of these entities determines whether they are categorised as subsidiaries, associates or joint ventures which, in turn, determines how their results are included in the group accounts. Subsidiaries are fully consolidated whereas joint ventures and associates are equity accounted. The main difference between the two is that, under equity accounting, a single figure is included in both the income statement and balance sheet to reflect the movement in the net assets of the invested entity and the closing net asset position, unlike the fully consolidated subsidiaries whose assets, liabilities and trading results are included individually, line by line in the consolidated balance sheet and income statement.

Galliard Developments Limited is a good example of the impact of this accounting treatment on the group's financial statements. A number of the group's larger development projects, such as Harbour Central, are undertaken through this 50:50 joint venture with Cain International. As a joint venture it is included in the group's financial statements using the equity accounting method. At 31 March 2017 Galliard Developments had work in progress of over £150 million but this figure is not included in the group's work in progress because only its net assets are included as an investment in the consolidated balance sheet. Similarly it had a turnover for the year to 31 March 2017 of over £50 million but, under the rules of equity accounting, that turnover is not included as part of the group's turnover. Thus a significant amount of information that would be useful to readers of the financial statements is hidden from view.

In order to provide a more representative view of the group's performance, a note has been added at the end of the financial statements (page 137) that consolidates the group's share of the equity accounted entities as if they were subsidiaries. Because this is not an accepted accounting treatment, this presentation is not part of the group's audited financial statements albeit we believe it does provide context in appreciating and better understanding the true commercial situation of the group.

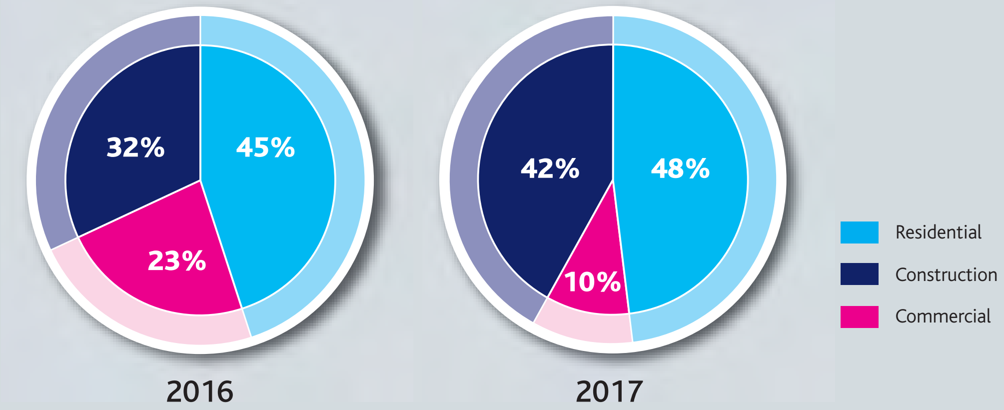
The following diagrams illustrate the considerable difference between the two methods of presentation in respect of some key financial indicators:



Whilst we believe the look-through basis gives a clearer indication of the group's size and financial performance we have to acknowledge that the audited financial statements are the accepted benchmark for their measurement. A large part of the remaining analysis in this report will, therefore, focus on the audited consolidated financial statements.

Group revenue has increased by 50% to £391.9 million (2016: £261.3 million). Residential property sales remain the single largest component accounting for 48% (2016: 45%) of the total with third party sales by our construction division being the next largest contributor at 42% (2016: 32%).

TURNOVER ANALYSIS



Gross profit was £92 million compared with £44 million in 2016 as a consequence of the higher revenue and our continued efforts to capitalise on efficiencies in our supply chain.

Net finance costs for the year were £25.9 million (2016: £23.4 million). Interest on banking and other facilities was £15.2 million compared to £21.7 million in 2016. The reduction results from the lower average net debt position over the two years. Unwinding of issue costs added £3.3 million (2016: £1.7 million) to the total charge and the reversal of fair value adjustments on joint developer profit share arrangements increased the charge by a further £5.2 million (2016: credit of £2.2 million). The preference share dividend remained unchanged from 2016 at £2.2 million.

To comply with accounting standards, at the time of the group's reorganisation in April 2012 all assets and liabilities had to be restated at fair value. One such liability was a bank loan relating to a development site that was in financial difficulty at the time. The value of the site was written down and, as a consequence, the associated debt which was ring-fenced was also revalued downwards. Through careful management the site has recovered in value and so the loan must now also be written back up to its original level. This has resulted in an exceptional finance charge of £38.7 million (2016: £nil) in this year's income statement.

Under FRS102 an analysis of the overall tax charge in the accounts becomes more difficult because the element relating to the joint ventures and associates is no longer shown as part of the group's tax charge but netted off against the share of their profits. These profits must therefore be excluded from any tax analysis calculation. A further complication in the group's 2017 accounts is the existence of the exceptional item mentioned above which is not tax allowable and that, therefore, also needs to be excluded. Thus total corporation tax payable on the profits for the year of £16.2 million represents an effective rate of 21.6% (2016: 20.1%) on profits before exceptional items and the profits of equity accounted entities.

As a result of the adoption of FRS102 in preparing the accounts for the year to 31 March 2016, a large deferred tax credit (£19.5 million) was created in respect of past business combinations (largely from the restructuring of the group in April 2012). As developments are completed this deferred tax credit is being released to the consolidated income statement and in the current year a deferred tax credit of £10.9 million, whose main component relates to these business combinations, has reduced the overall tax charge to £8.1 million (2016: £3.4 million).

Profit after tax was virtually identical to the previous year at £66 million.

Joint ventures

A central feature of our business model is the utilisation of joint ventures to mitigate risk and maximise investment opportunity. As already explained, accounting standards dictate that these arrangements must be treated differently in the consolidated financial statements to the way in which the underlying transactions would have been treated had such a structure not been used. This tends to distort the impression given by the accounts of the group's level of economic activity. With more than half our developments now accounted for under these rules many of the traditional performance indicators in our accounts appear understated as they do not reflect the contributions these entities have made.

Net profit for the year includes a contribution from entities that are not controlled by Galliard of £37.9 million (2016: £45.1 million). It also includes a contribution from joint venture operations of £1.1 million (2016: profit share payable of £6.9 million).

Dividends

The group declared ordinary dividends totalling £1.5 million (2016: £1.5 million) during the year. This represented a 4p (2016: 3.9p) per share dividend for 2017.

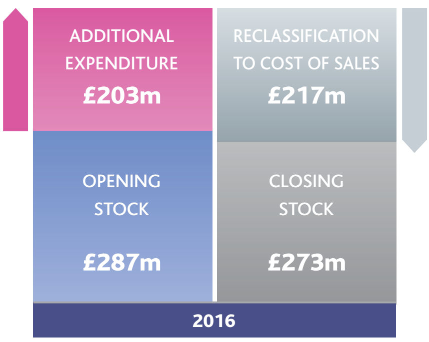
Financial position

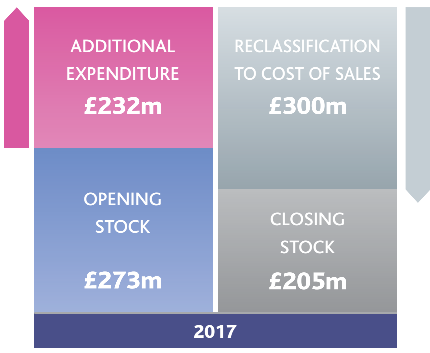
Net assets increased over the course of the year by £64.6 million to £207.5 million, an increase of 45% compared to the 2016 position of £142.9 million.

Stocks

Stock of development land and work in progress totalled £205.1 million (2016: £272.7 million), a decrease of 25% from 2016. There are two main reasons for this reduction. Firstly, as the diagram below illustrates, the increase in turnover this year has resulted in a large reclassification of stock to cost of sales. This masks the fact that expenditure on new sites and development activity increased year-on-year by over 14%.

The second reason for the apparent drop in stocks is that a greater proportion of the group's developments are being carried out in joint ventures whose stock and work in progress is included as part of the investments figure in fixed assets rather than the stock figure as explained above. If, instead, more developments had been carried out through entities controlled by the group then the stock figure in the balance sheet would have been correspondingly higher.





Debtors

Debtors increased by £51.9 million to £155.7 million at 31 March 2017 compared to last year. Again, this movement is largely caused by the accounting treatment of joint ventures. There are two main contributory factors. Firstly, where construction work is carried out on behalf of a joint venture the proportion of this work that relates to the non-Galliard partners is treated as external work. Any outstanding construction invoices at the year-end for this work are, therefore, treated as trade debtors and as the number and size of the developments being conducted through these joint ventures is increasing, so is the size of the receivable at the end of the year. Secondly the group's loans to its Galliard Developments joint venture, which are shown in related company debtors, has increased significantly during the year, again because of the size and number of the developments being undertaken.

Payables

Trade and other creditors and accruals at 31 March 2017 totalled £187.7 million (2016: £210.0 million). The reduction is due largely to the number of developments that have been completed during the year. This has resulted in the repayment of funding loans to our joint developers as well as the release of a large number of deposits where sales have completed. In addition, as explained above there has been a significant release of the deferred tax credit relating to business combinations.

Cash flow

Having started the year with net cash of £38.0 million, the group generated a net cash outflow of £21.5 million (2016: inflow £15.7 million). Income generated from operations has increased, as has cash received from joint ventures where developments are completing, but this has been offset by much higher bank debt repayments. In addition there was a large equity injection in July 2015 that boosted cash balances in the prior year.

The group's cash inflow from operations was £67.9 million (2016: £39.4 million). Taxation payments amounted to £8.2 million (2016: £6.1 million).

Net cash generated from investing activities totalled £32.3 million (2016: net expenditure £43.1 million), mainly from developments undertaken by joint ventures and associated undertakings.

Net cash outflow on financing activities reached £101.0 million (2016: cash inflow of £47.3 million). £83.4 million (2016: £14.3 million) related to bank loan repayments, dividends paid were £0.8 million (2016 £0.9 million) and net profit share payments plus return of equity to joint developers were £16.8 million (2016: net funding contributed of £12.5 million).

Net debt and financing

Net debt at 31 March 2017 was £145.5 million (2016: £229.9 million) reflecting the significant bank loan repayments made during the year.

Financial risk and treasury management

As a UK based housebuilder involved in a number of high value projects we are reliant upon external funding to operate at our current level of activity. As a result we look to concentrate our financial risk management in the areas of liquidity and interest rates.

Liquidity

We employ rolling cash flow forecasts in conjunction with the maintenance of appropriate committed banking facilities to manage liquidity risks and ensure adequate headroom and covenant compliance.

Joint venture structures are also used to control our exposure to liquidity risk and we are fortunate to be able to access an extensive pool of equity funding provided by a wide range of joint venture partners, both individuals and corporates.

Debt facilities are kept under regular review and we maintain excellent relationships with all our bankers and other debt providers. The group continues to source senior, stretched senior and mezzanine debt finance on an individual project basis from a wide range of banks and corporate debt providers. Loans are structured to suit the individual needs of the projects as well as the wider group cash flow. Generally, pricing has been stable or even slightly reduced over the period of the last financial year whilst competition from an increasing number of providers has seen gearing ratios in terms of loan to value and loan to cost increase with little or no impact on pricing.

Interest rate risk

The group is exposed to interest rate risk as it borrows money at floating rates. Our treasury strategy includes the utilisation of simple risk management products which are limited to those that are sterling denominated.

Where considered appropriate, interest rate swaps may be employed to assist in managing this risk but such products are not used for speculative or trading purposes.

Tax strategy and compliance

In accordance with the regulations governing the relationship between larger corporates and HM Revenue & Customs, Galliard now comes within the requirement to appoint a Senior Accounting Officer ("SAO"). It is the duty of the SAO to take reasonable steps to ensure that the group establishes and maintains appropriate tax accounting arrangements. We have always recognised our obligations to pay the correct amount of tax in a timely manner and I therefore welcome the opportunity to assume this role.

We have recently undergone a full review of all applicable tax accounting processes in order to evaluate and assess the level of risk associated with each and are satisfied that our existing systems enable us to identify, quantify and pay all relevant taxes within the appropriate statutory time limit. These processes will be monitored and reviewed on a regular basis to ensure that we remain within the spirit as well as the letter of the law.

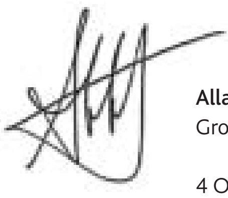
The group's tax strategy is to minimise tax cost whilst remaining within both legal requirements and accepted ethical standards.

We manage our tax affairs in a proactive manner that seeks to maximise stakeholder value. We do not, however, enter into artificial arrangements that lack commercial purpose in order to secure a tax advantage. If a position is uncertain we will obtain third-party advice in order to gain clarity or support for a particular stance or approach. Our aim is to ensure full compliance with all statutory obligations whilst minimising risk wherever possible.

Our approach is supported by an open, honest and positive working relationship with HM Revenue & Customs. Should any dispute arise with regard to the interpretation and application of tax law, we are committed to addressing the matter promptly and resolving it in as open and constructive a manner as possible.

Financial reporting standards

The consolidated financial statements have been prepared in accordance with Financial Reporting Standard 102. There have been no changes to the group's accounting policies during the year.



Allan Porter
Group Finance Director

4 October 2017

RISK MANAGEMENT

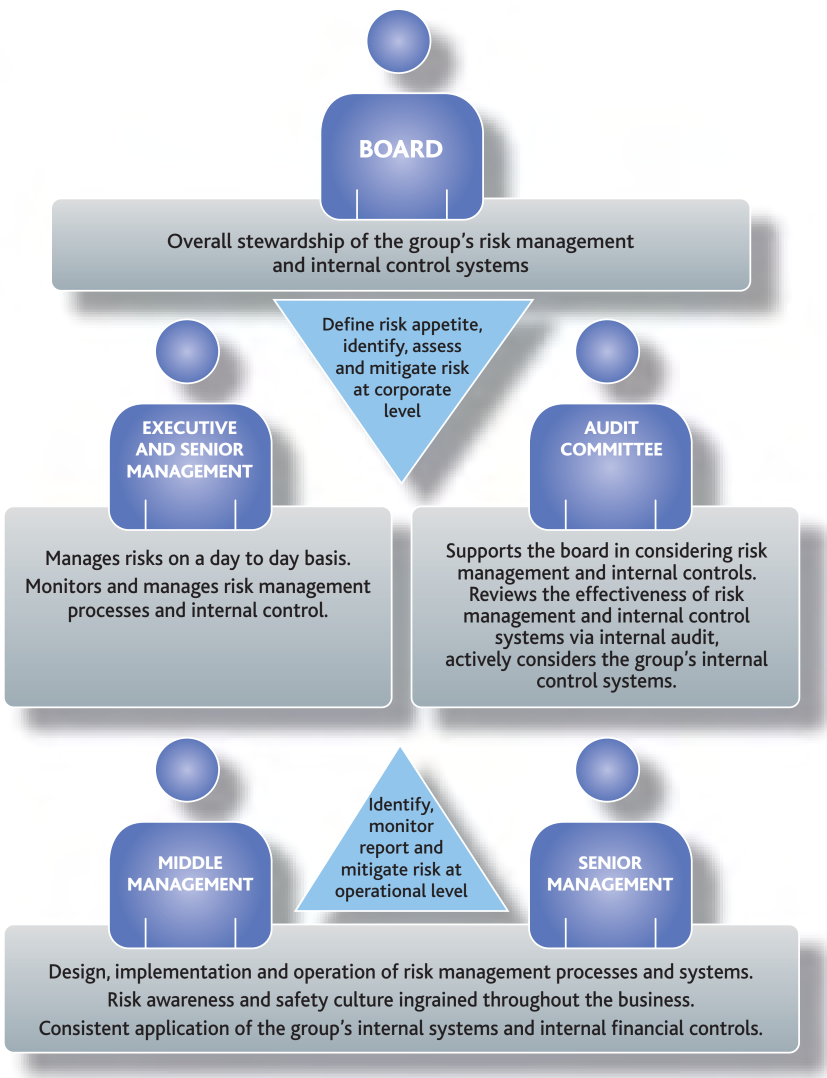
As with any business, we encounter a number of risks and uncertainties that could have a material impact on our performance. Effective risk management is fundamental to the achievement of our strategic objectives. We continually assess our exposure to risk to ensure that any effect is appropriately mitigated and that we are able to respond promptly where risk is indicated.

RISK MANAGEMENT

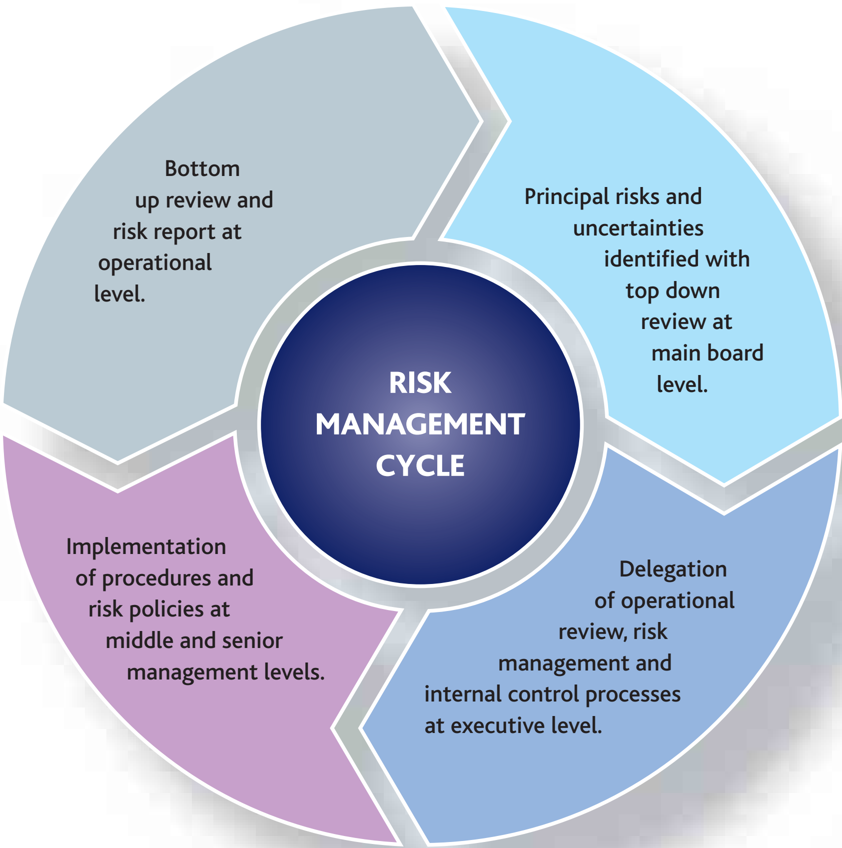
Risk management process

The Board has overall responsibility for the effectiveness of our system of risk management and internal control. It has undertaken a robust assessment of the principal risks in our business, has established the appropriate level of risk that is acceptable in the pursuit of our strategic objectives and has set appropriate policies to govern this. The risk register is reviewed and updated annually. Our risk management framework includes delegated authority levels to provide a structure for assessing risks and ensuring that they are escalated to the appropriate levels of management, including the board, for consideration and approval. Accordingly, our approach combines a top down review of risk by the board coupled with a bottom up review and reporting of risk by each business function.

Risk management framework




RISK
MANAGEMENT
Regulations
Quality
Health & Safety
I.T.
Liquidity


RISK MANAGEMENT CYCLE
Principal risks and uncertainties identified with top down review at main board level.
Delegation of operational review, risk management and internal control processes at executive level.
Implementation of procedures and risk policies at middle and senior management levels.
Bottom up review and risk report at operational level.

Principal risks summary

	Description	Impact	Mitigation
ECONOMIC ENVIRONMENT	As a home builder our business is sensitive to changes in the wider macro-economic environment. Demand in our market is heavily influenced by changes in economic conditions including buyer confidence, interest rates, exchange rates, unemployment, mortgage availability and inflation.	Changes to economic conditions may lead to a reduction in demand for housing and house prices may fall, which could impact on profitability, net asset position, and ultimately our ability to deliver our business strategy.	Close monitoring of the market by the board and senior management. Regular analysis and review of sales. Critical reviews of product ranges and marketing strategies to ensure relevance in changing markets.
GOVERNMENT POLICY AND PLANNING REGULATIONS	Changes to government policy in areas such as taxation, housing, the environment and the increasingly complex planning regulatory framework could influence the housing market and encumber statutory compliance.	Failure to comply with laws and regulations could expose Galliard to penalties and reputational damage, and our ability to achieve our strategic objectives and operate profitably.	Effects of government policy and regulatory changes are closely monitored by the board and senior management. Our geographic focus on London limits our risk when considering the impact of new planning regulations. We have extensive technical and planning expertise in our planning team who apply design and quality standards meticulously.
LAND AVAILABILITY/ PROCUREMENT	Our ability to procure land suitable for development at the right price and the timing of future land purchases to secure continuity in our development pipeline are fundamental to our future performance.	Unsuitable or poor quality land, poor timing of land purchases or undesirable prices would impact on our profitability and ability to achieve our business strategy.	Our highly experienced planning and development teams have a thorough knowledge of the London property market and clear strategy on selecting and appraising land and ensuring the financial viability of each site. The strength of our balance sheet, combined with our flexibility and ability to act swiftly, further enables us to secure preferred sites and maintain a competitive edge in the market.
QUALITY STAFF RETENTION	The loss of key employees and failure to attract and retain a sufficient pool of high quality talent and skills are critical in our ability to execute our business strategy successfully.	Extended vacancies in crucial functions or high staff turnover could result in a loss of knowledge and expertise. Ultimately this could cause quality issues, delays in delivering homes, reduced sales levels, poor customer service and a reduction in overall profitability.	As a key resource and business priority, in addition to closely monitoring staff turnover we have a number of systems and initiatives in place to ensure that we retain and develop high quality talent in our business. Our training programmes and apprenticeships are reviewed regularly to ensure they remain relevant, remuneration packages are reviewed and benchmarked to ensure they remain competitive and leaver interviews are conducted to identify areas of improvement. We encourage our people to participate in our corporate social responsibility initiatives.

	Description	Impact	Mitigation
BUILDING QUALITY AND SUPPLY CHAIN	The quality and costs of our homes are affected by the availability of skilled subcontractors and workers and of suitable materials. As our production increases, so does the associated risk of securing and retaining sufficient materials and skills to avoid having to compromise on quality and our ability to build efficiently.	Our ability to manage our build process in an efficient and cost effective manner is based on availability of materials and skilled subcontractors and workers. Shortages could result in build programme and completion delays and unexpected cost increases.	Our procurement process includes rigorous scrutiny and continuous monitoring of our suppliers and subcontractors to ensure that we engage reputable suppliers with the required experience and reliability. Our procurement team also maintain regular contact and relationships with our preferred suppliers to discuss requirements, volumes and prices.
HEALTH & SAFETY	As a construction group, we are inherently exposed to health and safety risks at all of our workplaces but particularly at our site.	Health and safety breaches and unsafe behaviour are dangerous and can potentially result in serious injury or death. Wider implication may include delays in construction, increased costs, reputational damage and litigation.	Health and safety awareness is embedded throughout our business. Our rigorous systems and procedures are regularly reviewed and updated and compliance monitored to ensure that we provide a safe working environment. We invest significant time in training our employees on health and safety matters to promote a healthy and safe environment for all our workforce.
LIQUIDITY	As a capital intensive business we require appropriate facilities for that short-term liquidity and long-term funding needs to operate and grow our business.	Availability of sufficient finance facilities and ongoing working capital to execute our business plan is critical to the business and our ability to achieve our performance and strategic objectives.	Robust cash flow forecast and budget management procedures ensure that we monitor and plan our current and future cash requirements on an ongoing basis. Our capital structure and borrowing facilities are regularly reviewed to ensure compliance with covenants and funding objectives.
IT ENVIRONMENT	Like any other business, we depend extensively on information technology throughout all spheres of our operations including communications, reporting, control and management. The integrity and security of our systems are critical to our entire business and the risk of a failure in our IT environment through loss of data, cyber-attacks or theft is therefore obvious.	Failure of our information technology platform, whether due to corruption or other causes such as cyber-attacks, could result in significant damage to our business, both financial and operational.	Our IT systems are centrally managed and designed to safeguard the integrity and continuity of our electronic data flow through all business functions. Our systems and data are subject to constant review and monitoring by a highly skilled technology team, proactively challenging potential threats posed and seeking to manage and reduce risks that could adversely impact operations and performance. A rigorous disaster recovery programme is also in place.

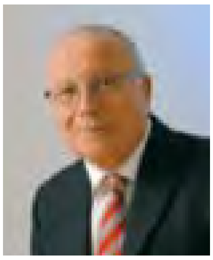
CORPORATE GOVERNANCE

Governance framework

Being a privately owned business, our governance arrangements are largely voluntary and are commensurate with our size and our desire to conduct our business responsibly. We are proud of our initiatives towards enhancing our governance framework and this area will continue to be a focus of the board as we seek to embrace good management practice and promote a culture of good governance throughout our daily activities.

Board of directors

Executive directors



STEPHEN CONWAY
Executive Chairman

Co-founder of the group in 1992. A banker by training, Stephen moved his focus to property in the 1980s running his own successful company that was eventually acquired by Frogmore Estates plc, for whom he then worked until he teamed up with John Black in the early '90s to form Galliard Homes.

DON O'SULLIVAN
Chief Executive Officer

Don is a chartered civil engineer and joined Galliard in 2001. With 10 years of major UK contracting experience preceding his Galliard career, he initially worked in the construction part of the business, he was appointed managing director in 2012 and subsequently to the position of CEO in 2017. Don represents the business on external industry bodies and serves as a board director of Barretstown - part of the global charity the Serious Fun Childrens' Network.

JONATHAN MORGAN
Director of Investment & Developments

Jonathan, a property valuation and law MA graduate, joined Galliard in 2005 to strengthen the group's property investment team. Jonathan has amassed a wealth of experience in this field and has a key role in sourcing, appraising and negotiating the group's site acquisitions whilst also procuring finance for all group projects.

MIKE WATSON
Planning Director

Mike is a member of both the Chartered Institute of Architectural Technologists and the Chartered Institute of Building and has had overall responsibility for the design of all the group's major projects since joining the group in 1997. His previous experience spanned regional architectural practices and local authority architectural departments before he became technical manager of Rialto Homes (now part of Fairview Homes) in 1979.

DAVID CONWAY
Executive Director

David has worked at Galliard since it commenced trading. He leads our overseas sales and marketing division and has been organising our regular Far East sales events for the past two decades. Here he has launched over 100 developments to the market and sold well in excess of 5,000 apartments.

GARY CONWAY
Executive Director

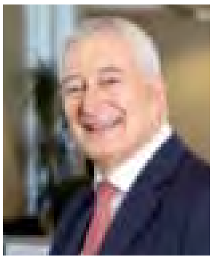
Gary has been working within the property sector and beyond for over twenty five years. A graduate in Law from Leeds University in the mid-1990s he worked initially in marketing and site acquisition for the group. During this time he also co-founded and ran a very successful and market leading insurance services company. This valuable experience in cost-per-response and direct marketing, coupled with his diverse property experience, made Gary the ideal choice to head up the marketing team for the Galliard group. Gary was appointed to the board on 22 June 2017.

RICHARD CONWAY
Executive Director

Richard spent a number of years working in the London estate agency market before joining Galliard in the mid-1990s working in a team taking projects from acquisition all the way through to market. His all-round market and development knowledge has cemented his place as an invaluable member of the acquisitions team and a valued contributor towards many of the other disciplines within Galliard's ambit. Richard's understanding of property investment, trading and the management of real estate portfolios has also been recognised in his appointment as a director of Life At Ltd, the group's residential management agency. Richard was appointed to the board on 22 June 2017.

Board of directors

Non-executive directors



PAUL WHITE
Independent non-executive director

A fellow of the Royal Institution of Chartered Surveyors and a member of the Investment Property Forum, Paul brings 51 years of UK real estate experience to Galliard. Paul joined UK real estate fund managers, Frogmore, in 1995 as managing director, and currently serves as executive chairman of the company. Over the past 21 years, Paul has been responsible for setting Frogmore's vision and successfully delivered its sustained performance. He spearheaded the raise of close to £1 billion in equity capital globally across three closed-end funds, and has been involved in the origination, underwriting and financing of over £7 billion in transactions at Frogmore. Paul is a strong supporter of the Willow Foundation, a charity for seriously ill young adults, and in 2016, he was awarded the MBE for his services to charity and, in particular, the Willow Foundation.

PAUL HUBERMAN
Independent non-executive director

With over 30 years' experience in the property and finance sector. Paul was previously finance director at quoted property companies Grantchester Holdings plc and Asda Property Holdings plc and managed pubs group Regent Inns plc. Paul has extensive experience as a non-executive director in the real estate sector, including Town Centre Securities plc, a leading quoted UK property investment and development company and at a privately-owned property group. Until its MBO in August 2017, Paul was a non-executive director at JCRA Group Ltd, the holding company of J C Rathbone Associates Ltd, the independent advisers on interest rate risk management, debt finance and foreign exchange exposure. Paul is also a director of Life At Ltd, the group's residential management agency.

LUKE JOHNSON
Independent non-executive director

A leading figure in private equity and the restaurant industry, Luke is the pioneer behind several instantly recognisable high-street brands including PizzaExpress, The Ivy, and Strada. During his time as the chairman of Channel 4 Television (2004 – 2010) the organisation enjoyed record ratings and revenues. Luke is the chairman of Risk Capital Partners, a private equity firm he co-founded in 2001, as well as chairman and part owner of Gail's bakeries, Neilson Active Holidays and Patisserie Holdings PLC. He also serves on the board of Brompton Bicycles and is chairman of the Gaucho restaurant business. As well as being the chairman of the Institute of Cancer Research and the Almeida Theatre, Luke writes weekly for The Sunday Times.

C K CHING
Non-executive director

Mr Ching Chiat Kwong is the executive chairman and CEO of the Oxley Group. He is responsible for the overall performance, as well as for the formulation of corporate strategies and the future direction of the group. Under his leadership, the Oxley Group completed the then largest initial public offering on the Catalist of the Singapore Exchange in 2010. Prior to establishing the Oxley Group, Mr Ching has invested in, developed, and successfully launched numerous residential property projects in various parts of Singapore. Mr Ching graduated with a Bachelor of Arts degree and a Bachelor of Social Sciences (Hons) degree from the National University of Singapore in 1989 and 1990 respectively.

S C LOW
Non-executive director

Mr Low See Ching was appointed as deputy CEO and executive director of the Oxley Group on 1 February 2014. He is responsible for business development, as well as supporting the CEO in the formulation of corporate strategies and future direction of the Oxley Group. Prior to this appointment, Mr Low was the executive director and CEO of Hafary Holdings Limited. He was responsible for the overall management, operations and charting of Hafary's corporate and strategic direction, including sales, marketing and procurement strategies. Mr Low graduated with a Bachelor of Accountancy degree from the Nanyang Technological University, Singapore in 1999.

Distillery Tower,
Deptford SE8

Senior management team

ALLAN PORTER
Finance Director and Company Secretary

Allan qualified as a chartered accountant in 1980 and spent ten years in the profession before joining a major quoted company where he progressed onto the main board. There followed a period of management consultancy before Allan joined Galliard in 1995 firstly as a consultant and latterly as finance director and company secretary.

DAVID GALMAN
Sales Director

David joined Galliard at its start in 1992 and has been selling real estate for over 35 years. He believes in knowing his product, knowing his market and knowing his customers and has built up an impressive portfolio of repeat buyers over the years.

AMANDA DIJK
Group Financial Controller

Amanda is a chartered accountant by training having received an LLB in law from Cardiff University. Her career has seen her work in practice followed by a period of time conducting Sarbanes-Oxley audits before taking up a position at the Old Vic theatre. Amanda joined Galliard in May 2016 as group financial controller after 9 years as director of finance at London City Airport, playing a part in the successful sale of the airport for c£2bn.

JOHN AUGUST
Projects Director

An architect by training, John has spent the majority of his working life in architectural practice, ultimately as a partner for 12 years. In a long and distinguished career John has worked on many landmark planning projects such as the Brent Cross Shopping Centre, the Brighton Conference Centre and the Labour Party Headquarters in London.

DAVID HIRSCHFIELD
Legal Director

David joined Galliard Homes in 2014 as legal director and leads all transactions from a legal and structural perspective. David was recently awarded the rising star award at the European Counsel Awards 2016 for in-house lawyers. Having obtained a history degree from the University of Birmingham and University of California, Los Angeles, David went on to study law at the College of Law, London. David trained and qualified as a corporate real estate lawyer at leading international magic circle firm Linklaters LLP before moving to Nabarro LLP .

ROBIN HAWKINS
Managing Director of Galliard Construction

During his 40 years in the industry Robin has accumulated a wealth of experience in a diverse range of building contracts. A civil engineer by training he has worked on the construction of power stations, bridges, hospitals, universities, schools, student accommodation and luxury hotels as well as major residential projects. Robin has been with Galliard for 14 years and has helped to develop a dedicated and loyal team within Galliard Construction where he currently serves as managing director.

MICHAEL J WATSON
Architectural & Technical Director

Michael Watson joined Galliard Homes in 2005. Prior to this he has been involved with the delivery of Galliard projects since 1998. Michael has led a variety of major projects from inception to completion, encompassing both new build and refurbishment. He has extensive experience of working on bespoke residential buildings, particularly brownfield sites within the London area. He is skilled in the organisation and co-ordination of project teams, is highly versatile and enjoys the challenges of handling large projects on constrained sites with complex design and logistical issues.

DARREN MAGUIRE
Construction Director

With over 28 years' experience Darren has overseen a diverse portfolio of projects in Ireland, UK and the United States, ranging from large scale high rise residential developments, luxury hotels and bank headquarters to shopping and commercial centres. Prior to joining Galliard in 2014 Darren managed the construction activities for a number of leading contractors and private developers.

VICTORIA ANTHONY
Human Resources Director

A fellow of the Chartered Institute of Personnel and Development and Institute of Recruitment Professionals, and Specialist Paralegal practitioner with over 18 years in the profession, Victoria has worked across a range of different sectors for organisations including British Steel, Parker Hannifin, Nissan Motor Company, The Guardian Newspaper and Land Securities before joining Galliard in 2014. Passionate about improving the performance and capabilities of both people and organisations, Victoria has extensive experience of leading teams through business transformation and change management projects and is committed to working in partnership with both businesses and community stakeholders to drive forward education and employability initiatives.

Corporate Governance Report

The board as a whole is responsible for the long-term success of the group. It sets the group's strategic aims and ensures that the necessary resources are in place to meet its objectives. It comprises both executive and non-executive directors ensuring external input, facilitating a balanced overview of issues and preventing any individual from dominating the board's decision making.

The roles are clearly defined with executive directors managing the business on a day to day basis and the non-executive directors providing an appropriate level of independent and constructive scrutiny, challenge and support.

Other responsibilities of the board are the monitoring and assessment of the risk profile of the group, reviewing performance, ensuring adequate funding, and communicating with the shareholders. The board oversees the senior management team which has responsibility for the day-to-day operation of the business and the development of operational strategy.

The directors recognise the importance of establishing protocols to evaluate the effectiveness of internal controls, review the financial statements before submission to the board, monitor the appointment and remuneration of the auditors and assess the nature, scope and results of the audit. Until a formal audit comittee is established, these responsibilities are being overseen by Paul Huberman who also monitors the objectivity and independence of the group's auditors.

Generally, the auditors' non-audit services are restricted to taxation advice and compliance. Any proposed additional work is considered on an ad hoc basis.

Independence and balance

In selecting directors the group looks for individuals who provide business experience, strong personal skills and independence of thought and perspective to complement the existing board and to better enable it to discharge its duties and responsibilities effectively. The non-executive directors have a sound understanding of the group's operations and affairs, enabling them to properly evaluate information and responses provided by management. They provide an objective challenge to management by being prepared to constructively question assumptions and provide alternative perspectives in the interest of our business.

Performance and evaluation

The performance of the board and its committee has been evaluated during the year taking into consideration the size of the group and resources available. The conclusions of this review were that the number of board meetings and information presented at those meetings allowed proper and continual monitoring of the group's progress and informed decision making throughout the year. The committee also operated satisfactorily throughout the year and was able to attend to issues within its remit in an informed and timely manner.

Internal controls

The board has overall responsibility for the group's internal control systems. It should be recognised that any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The board confirms that it has carried out a review of the effectiveness of the group's internal controls as operated during the year. The board places reliance on the internal controls operated by associated undertakings and the obligations upon their boards relating to the effectiveness of their systems.

Processes to assess and manage the business risks are reviewed and enhanced as necessary.

The objective is to enable our operational teams to achieve their objectives without being hindered by circumstances that could have been reasonably foreseen whilst, at the same time, not adversely constricting them with unnecessary bureaucracy.

The group continues to review its internal control systems to ensure compliance with best practice whilst also having regard to its size and the resources available. In this context, the board has concluded that the introduction of a dedicated internal audit function is not appropriate at this stage.

The principal elements of the systems, which are designed to recognise the specific requirements of our group, include:

- ➜ An organisational structure with defined levels of responsibility and delegation of authority, which is subject to the overall group control procedures;
- ➜ Review of significant risks;
- ➜ Monthly reporting of results that are compared to budget and revised forecasts;
- ➜ Detailed monthly progress report on ongoing developments.
- ➜ Regular meetings of the various business operations to review the current and forecast performance of each business; and
- ➜ Central control over key areas such as financial reporting, insurance and funding facilities.

Statutory, regulatory and other information

The following section contains the remaining matters on which the directors are required to report each year which do not appear elsewhere in this report.

Dividends proposed and paid

The total comprehensive income from continuing activities for the year ended 31 March 2017 was £66.2 million (2016 : £66.9 million).

An interim dividend of 4 pence per share (2016 – 3.9 pence per share) was paid on 16 December 2016 to shareholders on the register at 14 December 2016. The total dividend paid was £1,500,000 (2016 - £1,462,500).

In order to conserve financial resources and to comply with banking covenants the directors do not recommend the payment of a final dividend in respect of the financial year ended 31 March 2017.

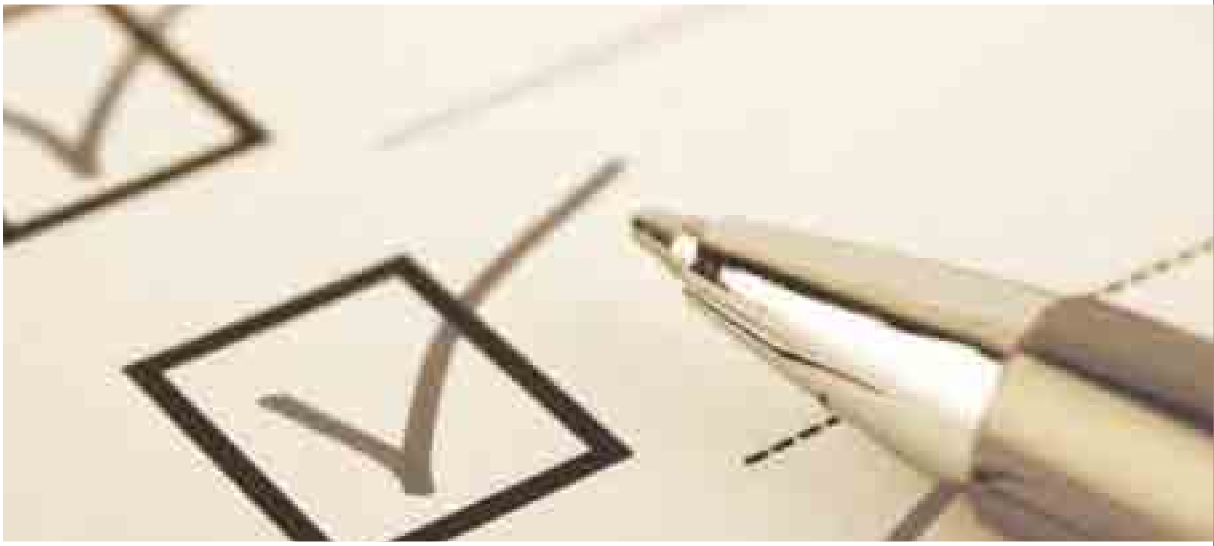
Disclosure of information

So far as each of the directors is aware, there is no relevant audit information (that is, information needed by the group's auditor in connection with preparing its report) of which the group's auditor is not aware.

Each director has taken all reasonable steps that they ought to have taken in accordance with their duty as a director to make themselves aware of any relevant audit information and to ensure that the group's auditor is aware of that information.

Donations

Donations to charities during the year amounted to £496,000 (2016 - £438,000). The group made no political donations during the year (2016 - £nil).



Events subsequent to the reporting date

There were no material events subsequent to the reporting date that have a bearing on the understanding of the financial statements for the year to 31 March 2017.

Share capital and changes

Details of the company's issued share capital are shown in Note 22 to the financial statements on page 132. There have been no movements in the company's issued share capital during the year. The company has a single class of share capital which is divided into ordinary shares of 0.01 pence each. All issued shares are in registered form and are fully paid.

Going concern

The financial statements have been prepared on the basis that the company and group continues to be a going concern, as set out on page 117.

Statement of responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent financial statements in accordance with United Kingdom accounting standards (United Kingdom generally accepted accounting practice) and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report of the directors was approved by the board of directors on 4 October 2017.

On behalf of the board
A W Porter
Company secretary

4 October 2017

Capital Towers
Stratford E15

FINANCIAL STATEMENTS

The financial statements that follow are extracted from the group and company audited accounts.

Independent auditor's report to the members of Galliard Group Limited (formerly known as Galliard (Group) Limited)

We have audited the financial statements of Galliard Group Limited (formerly known as Galliard (Group) Limited) for the year ended 31 March 2017 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared are consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Thomas Edward Goodworth (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
United Kingdom

Date 4 October 2017

BDO LLP is a limited liability partnership registered in England and Wales
(with registered number OC305127).

Consolidated income statement

for the year ended 31 March 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Turnover	3		391,913		261,325
Cost of sales			(300,017)		(217,263)
Gross profit			91,896		44,062
Administrative expenses			(17,712)		(10,055)
Other operating income	6		17,659		12,376
Gains from fair value changes in investment properties	12		6,675		5,882
Group operating profit			98,518		52,265
Share of profit/(loss) in:					
- joint ventures	13	40,660		43,896	
- associated undertakings	13	(2,806)		1,195	
		37,854		45,091	
Amortisation and impairment of goodwill		-		1,613	
			37,854		46,704
Other interest receivable and similar income	8		1,132		654
Interest payable and similar charges	9		(25,906)		(23,358)
Joint developers' share of profit			1,074		(6,876)
Profit on ordinary activities before taxation and exceptional interest charges			112,672		69,389
Exceptional interest charges	9		(38,662)		-
Profit on ordinary activities before taxation			74,010		69,389
Tax on profit on ordinary activities	10		(8,067)		(3,399)
Profit for the financial year			65,943		65,990

All amounts relate to continuing operations.

The notes on pages 117 -136 form part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2017

	2017 £'000	2016 £'000
Profit for the financial year	65,943	65,990
Revaluation surplus of owner occupied properties	272	1,152
Deferred taxation in respect of items of other comprehensive income	(46)	(207)
Other comprehensive income for the year	226	945
Total comprehensive income for the year	66,169	66,935
Profit for the financial year attributable to:		
Owners of the parent company	60,896	65,990
Non-controlling interest	5,047	-
	65,943	65,990
Total comprehensive income attributable to:		
Owners of the parent company	61,122	66,935
Non-controlling interest	5,047	-
	66,169	66,935

The notes on pages 117 -136 form part of these financial statements.

Consolidated balance sheet

as at 31 March 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Intangible assets – negative goodwill	11		(20,560)		(32,810)
Intangible assets – website	11		115		-
Tangible assets	12		42,334		38,252
Investments	13		164,274		192,194
Current assets					
Investments	14	404		444	
Stocks	15	205,095		272,725	
Debtors	16	155,705		103,813	
Cash at bank and in hand		22,554		39,568	
		383,758		416,550	
Creditors: amounts falling due within one year	17	(288,771)		(327,243)	
Net current assets			94,987		89,307
Total assets less current liabilities			281,150		286,943
Creditors: amounts falling due after more than one year	18		(44,354)		(112,574)
Provisions for liabilities	20		(29,253)		(31,495)
Net assets			207,543		142,874
Capital and reserves					
Called up share capital	22		4		4
Revaluation reserve			10,895		3,994
Share premium account			49,999		49,999
Profit and loss account			141,598		88,877
Equity attributable to owners of the parent company			202,496		142,874
Non-controlling interest			5,047		-
Shareholders' funds			207,543		142,874

The financial statements were approved by the board and authorised for issue on 4 October 2017.

S S Conway
Director

The notes on pages 117 -136 form part of these financial statements.

Company balance sheet

as at 31 March 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Investments	13		113,345		113,345
Current assets					
Debtors	16	3,696		5,673	
Cash at bank and in hand		49		32	
		3,745		5,705	
Creditors: amounts falling due within one year	17	(52,223)		(3,125)	
Net current (liabilities)/assets			(48,478)		2,580
Total assets less current liabilities			64,867		115,925
Creditors: amounts falling due after more than one year	18		-		(46,993)
Net assets			64,867		68,932
Capital and reserves					
Called up share capital	22		4		4
Share premium account			49,999		49,999
Merger reserve			5,403		9,824
Profit and loss account			9,461		9,105
Shareholders' funds			64,867		68,932

As permitted by the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss after taxation for the year amounted to £2,564,439 (2016 - £2,665,000).

The financial statements were approved by the board and authorised for issue on 4 October 2017.

S S Conway
Director

Company Registration No: 07947946

The notes on pages 117 -136 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2017

	Share capital £'000	Revaluation reserve account £'000	Share premium account £'000	Profit and loss account £'000	Equity attributable to the owners of the parent company £'000	Non-controlling interest £'000	Total £'000
Balance at 1 April 2015	**3**	**394**	**-**	**27,004**	**27,401**	**-**	**27,401**
Comprehensive income for the year	**-**	**-**	**-**	**65,990**	**65,990**	**-**	**65,990**
Revaluation surplus of owner occupied property	-	1,152	-	-	1,152	-	1,152
Tax in respect of other comprehensive income	-	(207)	-	-	(207)	-	(207)
Other comprehensive income for the year	**-**	**945**	**-**	**-**	**945**	**-**	**945**
Total comprehensive income for the year	**-**	**945**	**-**	**65,990**	**66,935**	**-**	**66,935**
Contributions by and distributions to owners							
Transfer to revaluation reserve	-	2,655	-	(2,655)	-	-	-
Shares issued during year	1	-	49,999	-	50,000	-	50,000
Dividends paid	-	-	-	(1,462)	(1,462)	-	(1,462)
Total contributions by and distributions to owners	**1**	**2,655**	**49,999**	**(4,117)**	**48,538**	**-**	**48,538**
Balance at 31 March 2016	**4**	**3,994**	**49,999**	**88,877**	**142,874**	**-**	**142,874**
Comprehensive income for the year	**-**	**-**	**-**	**60,896**	**60,896**	**5,047**	**65,943**
Revaluation surplus of owner occupied property	-	272	-	-	272	-	272
Tax in respect of other comprehensive income	-	(46)	-	-	(46)	-	(46)
Other comprehensive income for the year	**-**	**226**	**-**	**-**	**226**	**-**	**226**
Total comprehensive income for the year	**-**	**226**	**-**	**60,896**	**61,122**	**5,047**	**66,169**
Contributions by and distributions to owners							
Transfer to revaluation reserve	-	6,675	-	(6,675)	-	-	-
Dividends paid	-	-	-	(1,500)	(1,500)	-	(1,500)
Total contributions by and distributions to owners	**-**	**6,675**	**-**	**(8,175)**	**(1,500)**	**-**	**(1,500)**
Balance at 31 March 2017	**4**	**10,895**	**49,999**	**141,598**	**202,496**	**5,047**	**207,543**

The notes on pages 117 -136 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 March 2017

	Share capital £'000	Merger reserve £'000	Profit and loss account £'000	Share premium account £'000	Total £'000
Balance at 1 April 2015	3	14,378	8,678	-	23,059
Comprehensive income for the year	-	-	(2,665)	-	(2,665)
Total comprehensive income for the year	-	-	(2,665)	-	(2,665)
Contributions by and distributions to owners					
Merger reserve release	-	(4,554)	4,554	-	-
Shares isssued during year	1	-	-	49,999	50,000
Dividends paid	-	-	(1,462)	-	(1,462)
Total contributions by and distributions to owners	1	(4,554)	3,092	49,999	48,538
Balance at 31 March 2016	4	9,824	9,105	49,999	68,932
Comprehensive income for the year	-	-	(2,565)	-	(2,565)
Total comprehensive income for the year	-	-	(2,565)	-	(2,565)
Contributions by and distributions to owners					
Merger reserve release	-	(4,421)	4,421	-	-
Dividends paid	-	-	(1,500)	-	(1,500)
Total contributions by and distributions to owners	-	(4,421)	2,921	-	(1,500)
Balance at 31 March 2017	4	5,403	9,461	49,999	64,867

The notes on pages 117 -136 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Profit for the financial year		65,943	65,990
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets and goodwill	7	(7,612)	(22,228)
Share of profit for the year of equity accounted investments	13	(37,854)	(45,091)
Net fair value (gains) recognised in profit or loss		(6,675)	(5,882)
Net interest payable		63,436	24,383
Taxation expense	10	8,067	3,399
(Increase)/decrease in trade and other debtors		(51,892)	17,507
Decrease in stocks	15	67,630	7,171
Decrease in trade and other creditors		(30,878)	(5,260)
Decrease in provisions	20	(2,242)	(603)
Profit on disposal		-	(28)
Cash from operations		67,923	39,358
Interest paid		(12,402)	(21,707)
Taxation paid		(8,245)	(6,053)
Net cash generated from operating activities		47,276	11,598
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		-	143
Purchases of intangible assets	11	(115)	-
Purchases of tangible fixed assets	12	(2,822)	(610)
Interest received		204	654
Dividends received on fixed and current asset investments		21,303	15,720
Capital repayments from fixed and current investments	13	42,235	-
Investment in fixed asset investments		(28,393)	(58,600)
Purchase of current asset investments	14	(154)	(440)
Net cash generated from/(used in) investing activities		32,258	(43,133)
Cash flows from financing activities			
Share capital received		-	50,000
Equity dividends paid		(780)	(868)
Bank loans repaid		(83,392)	(14,334)
Net funds (to)/from joint developers		(16,822)	12,485
Net cash (used in)/generated from financing activities		(100,994)	47,283
Net (decrease)/increase in cash and cash equivalents		(21,460)	15,748
Cash and cash equivalents at beginning of the year		38,047	22,299
Cash and cash equivalents at end of the year		16,587	38,047
Cash and cash equivalents comprise:			
Cash at bank and in hand		22,554	39,568
Bank overdrafts		(5,967)	(1,521)
		16,587	38,047

The notes on pages 117 -136 form part of these financial statements.

Notes forming part of the financial statements

for the year ended 31 March 2017

1 Accounting policies

Galliard Group Limited (formerly known as Galliard (Group) Limited) is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on page 138 and the nature of the group's operations are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis, as modified by the revaluation of investment properties, owner occupied properties held as fixed assets, and the modification to a fair value basis of certain financial obligations as specified in the accounting policies below.

The group financial statements consolidate the financial statements of Galliard Group Limited (formerly known as Galliard (Group) Limited) and all its subsidiary undertakings drawn up to 31 March each year.

The financial statements are presented in sterling (£), which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest thousand.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies. Judgements and estimates made by directors can be found in Note 2.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as the equivalent disclosure has been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Going concern

The financial statements have been prepared on the basis that the company and group continues to be a going concern.

The group's continued operation is dependent upon the availability of external finance. At 31 March 2017 the group had bank debt with a face value of £59.2 million payable within twelve months.

Since the year-end £22.3 million of the total debt above has been repaid either partially or in full out of post year-end sales proceeds. The directors are currently close to refinancing a further £3.6 million of debt. The remaining balance is forecast to be paid from sales proceeds realised during the going concern period.

In determining the appropriate basis of preparation of the financial statements the directors are required to consider whether the group can continue in operational existence for the foreseeable future. As part of this analysis the directors have considered the availability of future development finance to enable the completion of existing and future developments. Further consideration has been given to the group's cash flow forecasts. The directors are encouraged by the level of debt reduction since the year-end and remain confident that the level of debt due within twelve months from the date of signing these accounts will be further reduced by future sales. Based on the excellent track record of the group; level of free cash in the group; level of development pre-sales; and continued support of the group to date by its bankers, the directors remain confident that it will be able to refinance any remaining debt that falls due for renewal during the going concern period.

The company's financial statements have been prepared on a going concern basis. The preference shares will not be recalled for a period of twelve months unless the group is in a position to repay them and such repayment would not impact on the group's liquidity.

1 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and its subsidiary undertakings. In subsidiary undertakings where non-equity parties are entitled to a share of profit on a development, their share of profit or loss is treated as a future transfer of resources and fair valued, using management forecasts and appropriate internal rate of return percentages.

Joint ventures and associates

An entity is treated as a joint venture where the group holds a long-term interest and shares joint control under a contractual arrangement. An entity is treated as an associate where the group has significant influence whereby it has the power to participate in operating and financial policy decisions.

In the consolidated accounts, interests in joint ventures and associated undertakings are accounted for using the equity method of accounting. An equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect share of profit or loss, other comprehensive income and equity. The consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated balance sheet, the interests in joint ventures and associates are shown as the group's share of net assets, including any unamortised premium paid on acquisition.

Interests in joint arrangements, where there are jointly controlled operations or jointly controlled assets, are accounted for by taking account of either the share of assets and liabilities, or, in the case of a jointly controlled operation, by the recognition of the assets controlled and liabilities incurred.

Investments in joint developments where the property is held on trust by a nominee company are accounted for as joint controlled operations, accordingly the company accounts for its own assets, liabilities and cash flows measured according to the terms of the agreement governing the arrangement.

Any premium on acquisition is dealt with under the goodwill policy.

Turnover

Turnover comprises amounts receivable from the sales of developed units, fees from project management services, proceeds from disposal of sites assembled for resale, the value of contract work undertaken on developments from which the company derives a profit participation and amounts invoiced by the group in respect of other services rendered during the year.

Turnover is recognised as the fair value of consideration received or receivable on transfer of the significant risks and rewards of ownership to the buyer. This is usually at the point of legal completion of developed units. Turnover is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Tangible fixed assets

Tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of fixed assets

Depreciation is provided on the cost of tangible fixed assets in equal annual instalments over the estimated useful lives of the assets. Depreciation rates are as follows:

Fixtures & equipment - 2 to 5 years per annum straight line

Motor vehicles - 4 years per annum straight line

Depreciation has not been provided on freehold or owner occupied land and buildings as it is considered to be immaterial.

1 Accounting policies (continued)

Investment properties

In accordance with FRS 102 investment properties are carried at fair value. No depreciation is provided. Changes in fair value are initially recognised in the profit and loss account, and thereafter transferred to the revaluation reserve, except in those instances where there is a permanent diminution in value, in which case recognition remains within profit and loss.

Relevant portions of mixed use properties are separately classified between investment properties and owner occupied properties within tangible fixed assets. The apportionment of mixed use properties has been based on an assessment of current market value of the relevant properties as assessed by the directors.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment. The investments are assessed for impairment at each reporting date and any impairment losses or reversal of impairment losses are recognised immediately in profit or loss.

Investments in subsidiaries are measured at cost less any provision for impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any consideration paid.

Other current asset investments are stated at the lower of cost and estimated net realisable value.

Capital interests in joint ventures represent amounts loaned to joint ventures together with amounts appropriated in respect of profits and losses on developments.

Goodwill

Goodwill arising on the acquisition of subsidiary, joint venture and associate undertakings is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired.

Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life. Negative goodwill up to the fair value of non-monetary assets acquired is recognised in the profit and loss account in the periods in which the non-monetary assets are recovered whether through depreciation or sale. Any negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised in the profit and loss account in the periods expected to benefit.

Stocks

Stocks represent property acquired for development together with work in progress on those properties. These assets are included at the lower of cost and net realisable value. Cost for this purpose comprises the purchase cost of land and buildings and development expenditure.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Profit on sales of developed properties is taken on receipt of sales proceeds at legal completion. Costs attributable to each sale comprise an appropriate proportion of the total costs of the development.

Financial assets, liabilities, instruments and costs

Financial assets, other than investments and derivatives, are initially measured at transaction price and subsequently held at cost, less any impairment. Short term trade creditors are measured at the transaction price. Other financial liabilities, including loans, are measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Financial liabilities and equity are classified according to the substance of the instruments's contractual obligation, rather than its legal form.

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term. The benefits of lease incentives received or given on entering into new leases are spread over the lease term. The lease term is defined as the non-cancellable period for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

1 Accounting policies (continued)

Taxation

The tax expense for the period comprises current and deferred tax.

Current tax

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences.

Pension costs

Contributions to the stakeholder schemes are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Reserves

The group and company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- Share premium account includes the premium on issue of equity shares, net of any issue costs.
- Revaluation reserve represents fair value adjustments relating to investment properties and owner occupied property classified as property, plant and equipment.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.
- Merger reserve represents the premium on acquisition of subsidiary companies using own shares.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The areas where assumptions and estimates are significant to the financial statements are:

Revenue recognition (note 3)

In order to determine the profit and loss that the group is able to recognise on its construction contracts in a specific period, the group has to allocate total costs of the construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred requires a degree of estimation, as does the assessment of a development's valuation.

Carrying value of inventories (note 15)

In applying the group's accounting policy for the valuation of inventories the directors are required to assess the expected selling price and costs to sell each of the units that constitute the group's work in progress. Cost includes the cost of acquisition of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Estimation of the selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of property.

Whilst the directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from the actual selling prices achieved in future periods and these differences may, in certain circumstances, be significant.

Investment properties (note 12)

Investment properties are valued annually at fair value. Fair value is ascertained through review of a number of factors and information flows, including market knowledge, recent market movements, recent sales of similar properties, historical experience, rent levels and flows of cash for the respective investment property. There is an inevitable degree of judgement involved and value can be only reliably tested ultimately in the market itself.

Given the property market knowledge and expertise of the directors and within the group, no third party valuation has been considered necessary.

Investments (note 13)

Investments held as fixed assets are stated at cost less any provision for impairment. The directors have assessed the recoverability of investments made and economic benefit of the investments based on market conditions, economic forecasts and cashflow estimates.

Provisions (note 20)

The group makes assumptions to determine the timing and its best estimate of the quantum of its construction and other liabilities for which provisions are held. Factors used in the assumptions and estimates includes period to completion, costs to completion, and assumptions used in deriving internal rates of return for each construction project. The group also makes assumptions to assess the economic viability of certain contracts held, which includes assumptions on future market conditions and revenue streams. The nature of provisions made as at the year end are analysed and described in note 20.

for the year ended 31 March 2017

3 Turnover

All turnover derives from UK operations

	2017 £'000	2016 £'000
Turnover comprises:		
Amount from contracted construction work	166,742	83,621
Amount from the sale of residential property	186,726	118,828
Amount from the sale of commercial property	38,445	58,876
Total	391,913	261,325

4 Employees

	2017 £'000	2016 £'000
Staff costs consist of:		
Wages and salaries	26,519	20,502
Social security costs	3,014	2,264
Other Pension Costs	413	318
Total	29,946	23,084

	Number	Number
The average number of employees, including directors during the year was:		
Construction	238	192
Sales	47	39
Administration	257	225
Total	542	456

5 Directors' emoluments

	2017 £'000	2016 £'000
Directors' remuneration consists of:		
Remuneration for qualifying services	3,391	1,513
Company pension contributions to defined contribution schemes	45	45
Total	3,436	1,558
Pension contributions accrue in respect of 7 directors.		
Highest paid director:		
Salary and other taxable benefits	1,669	366
Company pension contributions to defined contribution schemes	20	-
Total	1,689	366

Management considers that the directors represent the key management personnel of the group.

6 Other operating income

	2017 £'000	2016 £'000
Net rental income	**4,587**	3,926
Forfeited deposits	**503**	-
Fees and commissions	**1,871**	1,740
Income from hotel and leisure operations	**3,927**	3,391
Other	**6,771**	3,319
Total	**17,659**	12,376

Net rental income is all received under the terms of operating leases.

7 Operating profit

	2017 £'000	2016 £'000
This has been arrived at after charging:		
Depreciation - owned assets	**1,194**	367
Operating lease expense	**1,122**	1,100
Principal auditors' remuneration		
Audit (Company £20,000, 2016 - £20,000)	**423**	380
Audit of associated companies	**15**	15
Other services - taxation compliance and advisory	**604**	480
Release of negative goodwill	**(12,250)**	(20,982)
Impairments of tangible assets	**3,444**	-
Amortisation and impairment of goodwill and negative goodwill	**-**	(1,613)

8 Interest receivable and similar income

	2017 £'000	2016 £'000
Bank interest	**342**	611
Other interest	**790**	43
Total	**1,132**	654

9 Interest payable and similar charges

	2017 £'000	2016 £'000
Bank loans	**14,507**	12,377
Other loans	**686**	9,331
Amortisation of issue costs	**3,315**	1,679
Preference dividend	**2,150**	2,150
Exceptional interest	**38,662**	-
Fair value change in financial liabilities	**5,248**	(2,179)
Total	**64,568**	23,358

During the year there was a one-off interest charge of £38.7 million. As a consequence of the group reorganisation in 2012 accounting standards required that the debt of one subsidiary be consolidated in the financial statements at a figure considerably below its book value as its associated development was worth significantly less than the loan at that time. This development is now complete and, through careful management, the group has been able to realise a greatly enhanced value. As a result it is now necessary to reverse the adjustment that was made in 2012 causing this one-off finance charge on consolidation.

10 Taxation on profit from ordinary activities

	2017 £'000	2016 £'000
Corporation tax payable on profits for the year	**16,173**	4,565
Adjustment in respect of prior year	**2,760**	(952)
Current tax charge for the year	**18,933**	3,613
Current year deferred tax credit	**(10,866)**	(214)
Tax on profits on ordinary activities	**8,067**	**3,399**
Tax reconciliation:		
Profit on ordinary activities before tax	**74,010**	69,389
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 20% (2016 - 20%)	**14,802**	13,878
Effects of:		
Expenses not deductible for tax purposes	**998**	1,981
Non-taxable income	**(49)**	(1,591)
Adjustments to tax charge in respect of prior years	**2,760**	(745)
Share of joint venture and LLP losses	**(3,560)**	(2,346)
Non taxable write back of negative goodwill	**(2,450)**	-
Different tax rates on deferred tax	**(1,558)**	79
Unrecognised deferred tax	**(105)**	-
Indexation on chargeable gains	**(917)**	-
Other movements	**(1,854)**	-
Deferred tax on fair value adjustments and revaluations	**-**	(530)
Losses carried forward not utilised	**-**	(1,470)
Prior year restatement of fair value of profit share agreements	**-**	(5,857)
Total tax charge for the year	**8,067**	3,399

The deferred tax charge relating to items recognised in other comprehensive income is a charge of £226,000 (2016: £207,000).

11 Intangible assets

Negative goodwill

Group	2017 £'000	2016 £'000
Cost		
At 1 April 2016	**(32,810)**	(55,405)
Realised in profit and loss account	**12,250**	22,595
At 31 March 2017	**(20,560)**	(32,810)

Website

Group	2017 £'000	2016 £'000
Cost		
At 1 April 2016	**-**	-
Additions	**115**	-
At 31 March 2017	**115**	-

12 Tangible fixed assets

Group	Property £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 1 April 2016	35,588	3,139	443	39,170
Additions	822	1,891	109	2,822
Revaluation	6,947	-	-	6,947
Impairment	(690)	(2,754)	-	(3,444)
Disposals	(1,028)	(10)	(25)	(1,063)
At 31 March 2017	**41,639**	**2,266**	**527**	**44,432**
Depreciation				
At 1 April 2016	-	701	217	918
Charge for the year	-	1,135	59	1,194
Disposals	-	-	(14)	(14)
At 31 March 2017	**-**	**1,836**	**262**	**2,098**
Net book value				
At 31 March 2017	**41,639**	**430**	**265**	**42,334**
At 31 March 2016	35,588	2,438	226	38,252

Property	Investment properties	Owner occupied property £'000	Long leasehold properties £'000	Total £'000
Cost or valuation				
At 1 April 2016	32,588	2,500	500	35,588
Additions	721	101	-	822
Revaluations	6,675	272	-	6,947
Impairments	(690)	-	-	(690)
Disposals	(1,028)	-	-	(1,028)
At 31 March 2017	**38,266**	**2,873**	**500**	**41,639**
Depreciation				
At 1 April 2016	-	-	-	-
Charge for the year	-	-	-	-
At 31 March 2017	-	-	-	-
Net book value				
At 31 March 2017	**38,266**	**2,873**	**500**	**41,639**
At 31 March 2016	32,588	2,500	500	35,588

Valuation

The group's investment properties were valued by the directors on 31 March 2017. In their opinion, the fair market value at that time was £41,639,000 (2016 - £35,588,000) as compared with the historical cost of £28,342,274 (2016 - £30,829,000).

13 Fixed investments

Group	Joint ventures £'000	Associated undertakings £'000	Other fixed asset investments £'000	Total £'000
Cost or valuation				
At 1 April 2016	137,335	39,899	-	177,234
Additions	16,757	4,697	3,278	24,732
Transfer to subsidiary	(3,757)	-	-	(3,757)
Return of investment funding	(42,235)	-	-	(42,235)
At 31 March 2017	**108,100**	**44,596**	**3,278**	**155,974**
Share of retained profits				
At 1 April 2016	16,048	(1,088)	-	14,960
Transfers	852	233	-	1,085
Total comprehensive income for the year	40,660	(2,806)	-	37,854
Amounts distributed	(45,599)	-	-	(45,599)
At 31 March 2017	**11,961**	**(3,661)**	**-**	**8,300**
Net interest				
At 31 March 2017	**120,061**	**40,935**	**3,278**	**164,274**
At 31 March 2016	153,383	38,811	-	192,194

Company	Investment in subsidiaries £'000	Investment in joint ventures £'000	Total £'000
Cost			
At 1 April 2016 and 31 March 2017	105,295	8,050	113,345

A complete list of the company's subsidiary undertakings can be found in note 29 at the end of this report.

The company is also a party to a large number of joint developments where the property is held on trust by a nominee company. These developments are accounted for as jointly controlled operations, accordingly the company accounts for its own assets, liabilities and cash flows measured according to the terms of the agreement covering the arrangement.

14 Current asset investments

Group	£'000
At 1 April 2016	444
Additions	154
Repayments	(194)
At 31 March 2017	404

15 Stocks

Group	2017 £'000	2016 £'000
Development properties held in work in progress	205,085	272,715
Building materials held in stock	10	10
Total	205,095	272,725

Stock recognised in cost of sales during the year as an expense was £160,322,000 (2016: £124,042,000).

Reversals of impairment losses of £891,000 (2016: £731,000) were recognised in cost of sales against stock during the year due to market conditions.

16 Debtors

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade debtors	**39,986**	17,390	**-**	-
Amounts owed by related companies	**54,266**	19,394	**2,719**	4613
Amounts due in respect of joint developments	**7,171**	4,774	**-**	83
Other debtors	**29,976**	42,909	**977**	977
Prepayments and accrued income	**24,306**	19,346	**-**	-
Total	**155,705**	103,813	**3,696**	5,673

All amounts shown under debtors fall due for payment within one year.

17 Creditors: amounts falling due within one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Loans and overdrafts	**58,099**	117,288	**-**	-
Trade creditors	**25,277**	20,818	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**623**	593
Amounts owed to related companies	**25,945**	36,957	**-**	-
Amounts due in respect of joint developments	**20,317**	35,752	**-**	-
Corporation tax	**16,517**	4,426	**-**	-
Other taxation and social security	**1,429**	2,802	**-**	-
Other creditors	**45,175**	27,372	**8,600**	2,457
Deferred tax (note 21)	**4,895**	15,761	**-**	-
Accruals and deferred income	**48,117**	66,067	**-**	75
Preference shares	**43,000**	-	**43,000**	-
Total	**288,711**	327,243	**52,223**	3,125

Loans and overdrafts are secured against the group's interests in development and trading properties. The group has a large number of loans, the terms of which vary. Disclosure of the interest rates would result in disclosure that the directors consider to be of excessive length.

All interest rates paid are based on LIBOR or the Base Rate plus a margin.

18 Creditors: amounts falling due after more than one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Bank and other loans	**44,354**	65,581	-	-
Preference shares	-	43,000	-	43,000
Other creditors	-	3,993	-	3,993
	44,354	112,574	-	46,993
Bank, other loans and preferences shares due:				
In one year or less, or on demand	**101,099**	117,288	-	-
Between one and two years	**41,586**	100,097	-	46,993
Between two and five years	**2,241**	11,861	-	-
Over five years	**527**	616	-	-
Total	**44,354**	112,574	-	46,993

Bank loans are shown net of issue costs of £1,136,882 (2016 - £2,266,288). Issue costs are charged over the terms of the loans at a constant rate on the carrying amount as an approximation of the effective interest rate.

Preference shares

On 2 April 2012, £43,000,000 5% Cumulative Preference Shares were issued to finance part of the acquisition of Galliard Holdings Limited.

The preference shares are redeemable at the option of the registered holder.

Included within notes 19 and 20 are the following amounts for both group and company in respect of nominal value and accrued dividend to 31 March 2017:

	2017 £'000	2016 £'000
Creditors falling due within one year		
Nominal value	**43,000**	-
Accrued dividend	**8,600**	2,457
	51,600	2,457
Creditors falling due in more than one year		
Nominal value	-	43,000
Accrued dividend	-	3,993
	-	46,993

The nominal value represents the fair value of the preference shares.

19 Financial instruments

The group's and company's financial instruments may be analysed as follows:

	2017 £'000	2016 £'000
Financial assets		
Financial assets measured at amortised cost	**154,847**	129,097
Financial liabilities		
Financial liabilities measured at amortised cost	**289,965**	371,528
Financial liabilities measured at fair value through profit and loss	**21,279**	25,695

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, accrued income, amounts owed by joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise convertible preference shares, bank loans and overdrafts, trade creditors, other creditors, accruals and amounts owed to related companies and subsidiary undertakings.

Financial liabilities measured at fair value through profit and loss comprise of future obligations in relation to joint developer profit shares.

Information regarding the group's exposure to and management of credit risk, liquidity risk and market risk is included in the strategic report.

20 Provisions for liabilities

Group	2017 £'000	2016 £'000
Provisions for liabilities and charges comprises:		
Provisions for joint developer obligations	**23,453**	25,695
Other provisions	**5,800**	5,800
	29,253	31,495
Movement in provisions:		
At 1 April 2016	**31,495**	32,098
Provisions created	**5,568**	9,874
Provisions utilised	**(7,179)**	(7,074)
Provisions released	**(631)**	(3,403)
At 31 March 2017	**29,253**	31,495

Provisions primarily relate to provisions for a best estimate of certain post completion development obligations which are expected to be incurred in the ordinary course of business based on historic experience but which are uncertain in timing and in quantum.

Other provisions include onerous leases on group properties and legal costs relating to the disposal of an interest in an overseas venture.

21 Deferred taxation

The deferred tax liability is as follows:

Group	2017 £'000	2016 £'000
Business combinations	4,122	15,560
Property revaluations	1,185	768
Unrealised intra-group profits	(223)	(408)
Other timing differences	(189)	(159)
	4,895	15,761

22 Called up share capital

	2017 £'000	2016 £'000
Authorised, called up, allotted and fully paid		
37,500,000 ordinary shares of £0.0001 each (2016: 37,500,000)	4	4

23 Dividends

	2017 £'000	2016 £'000
Ordinary shares		
Dividend of 4 pence per share (2016 – 3.9 pence per share)	1,500	1,462

On 15 December 2016 a dividend of 4 pence per share was paid to the holders of the ordinary shares in the company.

24 Lease obligations

As lessee

The group's minimum operating lease payments are as follows:

	2017 £'000	2016 £'000
Operating leases which expire:		
Not later than 1 year	**1,121**	1,100
Later than 1 year and not later than 5 years	**4,329**	4,488
Later than 5 years	**10,869**	13,912
Total	**16,319**	19,500

The company had no commitments under non-cancellable operating leases as at the balance sheet date.

As lessor

The group leases out the investment properties under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

	2017 £'000	2016 £'000
Not later than 1 year	**975**	984
Later than 1 year and not later than 5 years	**3,795**	3,557
Later than 5 years	**5,467**	5,619
Total	**10,237**	10,160

The company had no amounts receivable under non-cancellable operating leases.

25 Capital commitments

There were no capital commitments at the year end (2016: nil).

26 Guarantees

The group and the company have given guarantees of varying levels to several of the bankers in their joint venture companies. The total of these guarantees was as follows:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
	65,335	132,695	**31,445**	15,620

27 Related party transactions

The group had outstanding balances during the year with the following companies that are controlled by Mr S S Conway. The balances do not carry interest, nor are there any formal terms of repayment.

	2017 £'000	2016 £'000
Details of the outstanding balances are:		
Lancelot Management Limited	**191**	191
Real Estate Investment & Trading Limited	**876**	912

In addition, the following amounts were due to the group at 31 March 2017:

Amounts due in respect of properties owned by Mr S S Conway totalling £204,000 (2016 - £199,000) and Mr R M Conway totalling £391,666 (2016 - £574,931) related to refurbishment works.

The following loan balances were due from directors of the group as at 31 March 2017:

	At 1 April 2016 £	Movement in year £	At 31 March 2017 £	Highest sum outstanding during year £
Mr S S Conway	1,244,342	(228,401)	1,015,941	1,244,342
Mr D O'Sullivan	437,428	2,684	440,112	440,112
Mr D E Conway	391,819	30,837	422,656	422,656

During the year the company paid £720,000 (2016 - nil) in dividends to directors who are also shareholders.

During the year the directors claimed a total of £21,389 (2016 - £2,964) in company related expenses.

No amounts are paid to any director other than those disclosed elsewhere in this report.

An amount of £955,769 was provided against the investment in Osbourne House as the amount is likely to be irrecoverable.

Joint venture and associated companies

The following transactions took place between the group and its joint venture and associated companies during the year:

	2017 £'000	2016 £'000
Net sales and purchases of goods and services	**93,787**	119,776

A total amount of £114,093 (2016 - £105,892) was due from joint ventures and a total amount of £41,803 (2016 - £29,361) was due from associated undertakings. The amounts are included in the consolidated balance sheet.

28 Ultimate parent company

In the opinion of the directors, there is no ultimate controlling party.

29 Subsidiary undertakings, associates and joint ventures

The company's directly and indirectly held subsidiary undertakings, associates and joint ventures, all of which are involved in the development of property, at 31 March 2017 were as follows:

Subsidiary undertakings

	% Held	
581 & 581B Kenton Lane Limited	100%	*
Arches Southall Limited	35%	*
Axelcover Limited	100%	*
Bestzone Limited	100%	*
Bonfire Hill Development Company Limited	100%	*
Britannia Sports and Leisure Partnership Limited	100%	*
Carlton House Developments Limited	100%	*
Calverley Court Limited (Jersey)	50%	*
Choicetime Limited	50%	*
Cygnet Street Developments Limited	100%	*
Darkjet Limited	100%	*
Diverse (S&L) No.3 Limited (Jersey)	100%	*
Dunford Court Management Limited	100%	*
Erinlink Limited	100%	*
Fameset Limited	100%	*
Fieldfind Limited	100%	*
Fontpress Limited	100%	*
Freshplant Limited	100%	*
G.E.P.C. Limited	100%	*
Galliard (Cheltenham) Limited	100%	*
Galliard (Southwark) Limited	100%	*
Galliard Construction Limited	100%	*
Galliard Homes Limited	100%	*
Galliard Holdings Limited	100%	#
Galliard Hotels Limited	100%	*
Galliard Resorts Limited	100%	*
Galliard Trading Limited	100%	*
GHL (BPC) Limited	100%	*
GHL (BPC 2) Limited	100%	*
GHL (Bristol) Limited	100%	*
GHL (Buckle Street) Limited	100%	*
GHL (Chigwell) Limited	100%	*
GHL (Merrick Road) Limited	100%	*
GHL (Lisburn NI) Limited	100%	*
GHL (Liverpool Road) Limited	100%	*
GHL (Moxon) Limited	100%	*
GHL (Museum St) Limited	100%	*
GHL (Plot 105) Limited	100%	*
GHL (WIE) Limited	100%	*
Giantview Limited	50%	*
Gladstone Court Developments Limited	100%	*
Goldenmill Limited	99%	*
Goodmayes 40 Limited	100%	*
Harley House (Marylebone) Limited	100%	*
Harley House Developments Limited	100%	*
Harley House Investments Limited	100%	*
Heartpride Limited	33%	*
Heatpoint Limited	50%	*
Highfield House (Southampton) Management Limited	33%	*
Hollybase Limited	100%	*
Iconshield Limited	100%	*
Innerdeal Limited	100%	*
Ironstore Limited	100%	*
Jewelside Limited	100%	*

	% Held	
Keepquiet Limited	100%	*
Kewdeal Limited	67%	*
Limetown Limited	49%	*
Lionpride Limited	33%	*
Lionstar Limited	100%	*
Lodgeshine Limited	100%	*
Ludgate Broadway Limited	100%	*
Liftzone Limited	100%	*
Metrosold Limited	100%	*
Millharbour Developments Limited	100%	*
NCQ Developments Limited	100%	*
Neasden Developments Limited	100%	*
Neptune Point Developments Limited	100%	*
Netcircle Limited	100%	*
Netlink Limited	100%	*
New Lydenburg Street Developments Limited	49%	*
Nileford Limited	100%	*
Norlington Road Developments Limited	100%	*
Ovingdean Hall College Limited	50%	*
Polofind Limited	60%	*
Property Management Matters Limited	33%	*
Quickdrop Limited	80%	*
Red Lion Court Developments Limited	100%	*
Reflex Bridging Limited	100%	*
Retallack Construction Limited	100%	*
Retallack Holiday Lettings Limited	100%	*
Retallack Owners Management Company Limited	100%	*
Retallack Property Developments Limited	100%	*
Retallack Surfpods Limited	100%	*
Ripemanor Limited	100%	*
Risedale Properties Limited	50%	*
Rosebery House Developments Limited	100%	*
Shenley Developments Limited	100%	*
South Bank Hotel Management Company Limited	100%	*
Solution Business Space Limited	50%	*
South City Court Limited	3%	*
St Edwards Court (Romford) Limited	100%	*
Swingdeal Limited	100%	*
Tallack Road Developments Limited	100%	*
Targetplace Limited	100%	*
Triland (Chiltern Street) Limited	60%	*
Thames Farm Developments Limited	100%	*
The Property Club Holdings Limited	100%	#
Vinelodge Limited	60%	*
Vitalcharm Limited	100%	*
Wapping Riverside Limited	100%	*
Western Spirit Glade Limited	100%	*
Western Spirit Limited	33%	*
Windora Limited	99%	*

	% Held	
Workout Limited	100%	*
Yalecove Limited	100%	*
Yasfind Limited	100%	*
Zerodown Limited	100%	*
Zesthouse Limited	100%	*
Workout Limited	100%	*
The Cut Developments Limited	50%	*
Acorn (Trinity Square) Limited	33%	*
Belsize Park Developments	100%	*
Bluecroft Riverdale LLP	60%	*
Boleyn Phoenix Limited	50%	*
Brentwood Developments Limited	50%	*
Caxton Works Development Limited	50%	*
Dalton Properties Limited	60%	*
Derby Terrace Limited	100%	*
Drayton Park Developments Limited	50%	*
Finchley Road (Smiths) Limited	50%	*
FGA Developments Limited	50%	*
Findmark Limited	67%	*
Friars Developments Limited	100%	*
Galliard Developments Limited	50%	#
GHL (Carlow) Limited	33%	*
GHL (Crescent Lane) Limited	50%	*
GHL (Eagle Wharf Road) Limited	20%	*
GHL (Hackney Wick) Ltd	100%	*
GHL (Portobello Road) Limited	50%	*
GHL (Strand) Limited	50%	*
Goodmayes 19 Limited	50%	*
Kelsworth Limited	33%	*
Leagrave Developments Limited	50%	*
Lastzone Limited	28%	*
M Street Ipswich LLP	50%	*
Markhome Limited	50%	*
McGrath Bros. Waste Control (Hackney) Limited	100%	*
Millharbour LLP	100%	*
Millharbour 2 LLP	100%	*
One Lusty Glaze Limited	25%	*
Pershore Street Limited	25%	*
Ricksave Limited	100%	*
Ridgeton Limited	67%	*
Roamquest Limited	50%	*
Signature Resorts (UK) Limited	71%	*
Signature Resorts Limited	100%	*
Stamford Hounslow Ltd	30%	*
Stratford High Street Ventures Limited	50%	*
Stratford High Street Limited	50%	*
The Cut Developments Limited	50%	*
Vasthouse Limited	30%	*
Merton Acquisitions Limited	50%	*

Joint ventures

GRA Acquisition Limited	50%	*
Life At Limited	50%	*
Pentire Pavilions Limited	50%	*
Romney House Developments Limited	50%	*
AG Investream Trinity Square LP	50%	*
Ailsa Wharf Developments Ltd	17%	*
Hope house (Bath) Limited	50%	*
New Road (Crouch End) Limited	50%	*
RST GH Limited	50%	*

Associates

Chester Real Estate Limited	50%	*
Driftpoint Limited	40%	*
Galliard Estates Limited	50%	*
Outridge Limited	50%	*
Yolkstone Limited	25%	*
The Stage Shoreditch LLP	16%	*
South Audley Street LLP	50%	*
CH Galliard (Courchevel PW) LLP	50%	*
37-41 Mortimer Street LLP	16%	*

directly held
* indirectly held

All subsidiary undertakings, associates and joint ventures are incorporated in the UK, unless otherwise stated.

29 Subsidiary undertakings, associates and joint ventures (continued)

All subsidiary undertakings, associates and joint ventures are registered at 3rd floor, Sterling House, Langston Road, Loughton, IG10 3TS with the exception of the following:

Calverley Court Limited	28-30 The Parade, St Helier, Jersey, Channel Islands, JE1 1EQ
Darkjet Limited	Lynton House, 7-12 Tavistock Square, London, WC1H 9BQ
Diverse (S&L) No.3 Limited	3rd Floor, One The Esplanade, St Helier, Jersey, JE2 3QA
Giantview Limited	Dockmaster's House, 1 Hertsmere Road, London, E14 8JJ
Hollybase Limited	Dockmaster's House, 1 Hertsmere Road, London, E14 8JJ
South Bank Hotel Management Company Limited	Park Plaza County Hall, 1 Addington Street, London, SE1 7RY
Stamford Hounslow Limited	3rd Floor, Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB
Life At limited	Regina House, 124 Finchley Road, London, NW3 5JS
Pentire Pavilions Limited	Bridge House, 4 Borough High Street, London, SE1 9QR
Romney House Developments Limited	11-15 Wigmore Street, London, W1A 2JZ
AG Investream Trinity Square LP	23 Savile Row, London, W1S 2ET
Ailsa Wharf Developments Limited	119 High Street, Loughton, IG10 4LT
Hope House (Bath) Limited	Bridge House 4 Borough High Street, London, SE1 9QR
New Road (Crouch End) Limited	Bridge House 4 Borough High Street, London, SE1 9QR
RST GH Limited	Bridge House 4 Borough High Street, London, SE1 9QR
The Cut Developments Limited	Bridge House 4 Borough High Street, London, SE1 9QR
Acorn (Trinity Square) Limited	Bridge House 4 Borough High Street, London, SE1 9QR
Drayton Park Developments Limited	11-15 Wigmore Street, London, WIA 2JZ
GHL (Eagle Wharf Road) Limited	28 Manchester Street, London, W1U 7LF
Markhome Limited	50 Lancaster Road, Enfield, Middlesex, EN2 0BY
One Lusty Glaze Limited	Bridge House, 4 Borough High Street, London, SE1 9QR
37-41 Mortimer Street LLP	33 Davies Street, London, W1K 4LR
Vasthouse Limited	28 Manchester Street, London, W1U 7LF

Look through results

for the year ended 31 March 2017

The following note is for information purposes only and does not form part of the audited accounts. It presents the group results and net assets on a "look through" basis, by reversing the equity accounting adjustments and including the group's share of associate and joint venture interests on a line by line basis. The directors consider this non-GAAP presentation to be a meaningful measure of the group's results and net assets.

	Equity accounting basis £'000	Equity accounting adjustment £'000	Joint ventures £'000	Associated undertakings £'000	Look-through basis £'000
Consolidated income statement					
Sales	391,913	-	240,493	-	632,406
Cost of sales	(300,017)	-	(169,561)	(1,295)	(470,873)
Gross profit	**91,896**	**-**	**70,932**	**(1,295)**	**161,533**
Administrative expenses	(17,712)	-	(8,049)	(359)	(26,120)
Other income	17,659	-	4,938	254	22,851
Gains from fair value change in investment properties	6,675	-	738	-	7,413
Operating profit	**98,518**	**-**	**68,559**	**(1,400)**	**165,677**
Share of operating profit:		-	-	-	-
Joint ventures	40,660	(40,660)	-	-	-
Associates	(2,806)	2,806	-	-	-
Interest receivable	1,132	-	856	221	2,209
Interest payable	(25,906)	-	(22,364)	(1,347)	(49,617)
	111,598	**(37,854)**	**47,051**	**(2,526)**	**118,269**
Profit share due to partners	1,074	-	1,012	(280)	1,806
Profit / (loss) before tax and exceptional charges	**112,672**	**(37,854)**	**48,063**	**(2,806)**	**120,075**
Exceptional interest charges	(38,662)	-	-	-	(38,662)
Profit / (loss) before tax	**74,010**	**(37,854)**	**48,063**	**(2,806)**	**81,413**
Corporation Tax	(8,067)	-	(7,403)	-	(15,470)
	65,943	**(37,854)**	**40,660**	**(2,806)**	**65,943**
Consolidated net assets					
Intangible assets - negative goodwill	(20,560)	-	-	1	(20,559)
Intangible assets - website	115	-	-	-	115
Tangible fixed assets	42,334	-	20,678	34,006	97,018
Fixed asset investments	164,274	(160,996)	-	-	3,278
	186,163	**(160,996)**	**20,678**	**34,007**	**79,852**
Investments	404	-	5,819	-	6,223
Stocks	205,095	-	304,924	20,607	530,626
Debtors	155,705	-	70,710	11,997	238,412
Cash at bank and in hand	22,554	-	32,945	1,337	56,836
	383,758	**-**	**414,398**	**33,941**	**832,097**
Creditors due in less than one year	**(288,771)**	**5,219**	**(244,362)**	**(16,279)**	**(544,193)**
Total assets less current liabilities	281,150	(155,776)	190,714	51,669	367,757
Creditors due in more than one year	(44,354)	-	(75,873)	(10,734)	(130,961)
Provisions for liabilities	(29,253)	-	-	-	(29,253)
Net assets	**207,543**	**(155,776)**	**114,841**	**40,935**	**207,543**

Directors

S S Conway
D O'Sullivan
J M Morgan
M W Watson
D E Conway
G A Conway
R M Conway
J P White
P L Huberman
L O Johnson
C K Ching
S C Low

Secretary and registered office

A W Porter

3rd Floor Sterling House, Langston Road, Loughton, Essex, IG10 3TS

Company number

07947946

Auditors

BDO LLP
55 Baker Street, London, W1U 7EU

Head Office Contact

020 8418 1000

London Central Sales

020 7620 1500

www.galliardhomes.com

Galliard
Group Limited