

DISCLAIMER

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Confirmation of Your Representation: This electronic transmission and the attached document is delivered to you on the basis that you are deemed to have represented to the Company, N M Rothschild & Sons Limited (the “Financial Adviser”) and HSBC Bank plc, Peel Hunt LLP and Barclays Bank PLC (collectively, the “Banks”) that (i) you are (a) a QIB acquiring such securities for its own account or for the account of another QIB or (b) acquiring such securities in “offshore transactions”, as defined in, and in reliance on, Regulation S under the Securities Act; (ii) if you are in the UK, you are a relevant person, and/or a relevant person who is acting on behalf of, relevant persons in the UK and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the UK or the EEA; (iii) if you are in any member state of the EEA other than the UK, you are a Qualified Investor and/or a Qualified Investor acting on behalf of, Qualified Investors or relevant persons, to the extent you are acting on behalf of persons or entities in the EEA or the UK; and (iv) you are an institutional investor into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located and you consent to delivery by electronic transmission.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Financial Adviser, the Banks nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing the attached document, you consent to receiving it in electronic form. A hard copy of the document will be made available to you only upon request. Neither the Financial Adviser, the Banks, nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the attached document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Securities. The Financial Adviser, the Banks and each of their respective affiliates, each accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by the Financial Adviser, the Banks and/or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the attached document.

Restriction: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

The Financial Adviser and the Banks are acting exclusively for the Company and no one else in connection with the Transaction. They will not regard any other person (whether or not a recipient of this document) as their respective client in relation to the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the Transaction or any transaction or arrangement referred to in the attached document.

You are responsible for protecting against viruses and other destructive items. Your receipt of this document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Notwithstanding anything to the contrary herein, you (and each of your employees, representatives, or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and tax structure. As used in this paragraph, the term “tax treatment” refers to the purported or claimed US federal income tax treatment and the term “tax structure” refers to any fact that may be relevant to understanding the purported or claimed US federal income tax treatment, provided that nothing in this paragraph shall limit your ability to make any disclosure to your tax advisers or to the US Internal Revenue Service or any other taxing authority or to any regulatory authority as required by applicable law, rule or regulation.

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document, which comprises a prospectus relating to the Company and the Rights Issue prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "FCA") made under section 73A of FSMA, has been approved by the FCA in accordance with section 85 of FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules. This document can also be obtained on request from the Company's Receiving Agent, Equiniti Limited, or from www.gallifordtry.co.uk.

Subject to the restrictions set out below, if you sell or transfer or have sold or transferred all of your Existing Ordinary Shares (other than ex-rights) held in certificated form before 28 March 2018 please send this document, together with any Provisional Allotment Letter, duly renounced, if and when received, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. This document and/or the Provisional Allotment Letter should not, however, be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to (subject to certain exceptions), the United States and any of the Excluded Territories. If you sell or have sold or otherwise transferred all or some of your Existing Ordinary Shares (other than ex-rights) held in uncertificated form before the ex-rights date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares (other than ex-rights) held in certificated form before the ex-rights date, you should immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected. Instructions regarding split applications are set out in in Part X (*Terms and Conditions of the Rights Issue*) of this document and the Provisional Allotment Letter.

The distribution of this document, any other offering or public material relating to the Rights Issue and/or the Provisional Allotment Letter and/or the transfer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or any accompanying documents come should inform themselves about and observe any such restrictions. In particular, subject to certain exceptions, this document and the Provisional Allotment Letter should not be distributed, forwarded to or transmitted in or into the United States or any of the other Excluded Territories. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions. The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "US Securities Act"), or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The Existing Ordinary Shares have been admitted to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange. An application has been made to the UK Listing Authority for the New Ordinary Shares (nil and fully paid) to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on the London Stock Exchange's main market for listed securities (together "Admission"). It is expected that Admission will become effective and that dealings in the New Ordinary Shares (nil paid) will commence on the London Stock Exchange at 8.00 a.m. (London time) on 28 March 2018.

GALLIFORD TRY PLC

(Incorporated as a public limited company in England and Wales with registered number 836539)

1 FOR 3 RIGHTS ISSUE OF 27,741,204 NEW ORDINARY SHARES AT 568 PENCE PER NEW ORDINARY SHARE

Joint Sponsors, Joint Global Co-ordinators, Joint Brokers and Joint Bookrunners

HSBC

Peel Hunt

Joint Bookrunner

Barclays

Financial Adviser

Rothschild

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part VII (*Letter from the Chairman*) of this document. You should read the whole of this document, any accompanying document and any documents incorporated herein by reference. Shareholders and any other person contemplating a purchase of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares should review, in particular, the risk factors set out in Part II (*Risk Factors*) of this document for a discussion of certain risks and uncertainties and other factors that should be considered when deciding on what action to take in relation to the Rights Issue and deciding whether or not to purchase the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares. You should not rely solely on the information summarised in the letter from the Chairman.

The latest time and date for acceptance and payment in full for the New Ordinary Shares under the Rights Issue is expected to be 11.00 a.m. (London time) on 13 April 2018, unless otherwise announced by the Company. The procedure for acceptance and payment are set out in Part IX (*Terms and Conditions of the Rights Issue*) of this document and, for Qualifying Non-CREST Shareholders only, will also be set out in the Provisional Allotment Letter. Qualifying CREST Shareholders should refer to Section 5 of Part IX (*Terms and Conditions of the Rights Issue*) of this document. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue.

Rothschild is authorised and regulated by the FCA and is acting exclusively for the Company and for no one else in connection with the Rights Issue, will not regard any other person(s) (whether or not a recipient of this document) as its client(s) in relation to the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients or for providing any advice in connection with the Rights Issue and/or any other matter(s) referred to in this document.

HSBC is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority and is acting exclusively for the Company and for no one else in connection with the Rights Issue, will not regard any other person(s) (whether or not a recipient of this document) as its client(s) in relation to the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients or for providing any advice in connection with the Rights Issue and/or any other matter(s) referred to in this document.

Peel Hunt is authorised and regulated by the FCA and is acting exclusively for the Company and for no one else in connection with the Rights Issue, will not regard any other person(s) (whether or not a recipient of this document) as its client(s) in relation to the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients or for providing any advice in connection with the Rights Issue and/or any other matter(s) referred to in this document.

Barclays is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority and is acting exclusively for the Company and for no one else in connection with the Rights Issue, will not regard any other person(s) (whether or not a recipient of this document) as its client(s) in relation to the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients or for providing any advice in connection with the Rights Issue and/or any other matter(s) referred to in this document.

Except for the responsibilities and liabilities, if any, which may be imposed on the Banks by FSMA, the regulatory regime established thereunder or otherwise under law, the Banks do not accept any responsibility whatsoever for any acts or omissions of the Company in relation to the Rights Issue or for the contents of this document and no representation or warranty, express or implied is made by either of the Banks in relation to the contents of this document, including as to its accuracy, completeness, fairness or verification or regarding the legality of any investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares by any person under the laws applicable to such person or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Rights Issue, and nothing in this document is or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. To the fullest extent permissible, each of the Banks accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise in respect of any acts or omissions of the Company in relation to the Rights Issue (except as referred to above) which they might otherwise have in respect of this document or any such statement. Nothing in this Prospectus excludes, or attempts to exclude, the Banks' liability for fraud or fraudulent misrepresentation.

The Rights Issue has been fully underwritten by the Banks in accordance with the terms and subject to the conditions of the Underwriting Agreement. The Banks' obligations under the Underwriting Agreement are conditional upon certain matters being satisfied or not breached prior to Admission. If these conditions are not satisfied or (where permitted) waived by Admission, the Underwriting Agreement will terminate. After Admission, the Banks have no right to terminate the Underwriting Agreement.

In connection with the Rights Issue, each of the Banks and any of their respective affiliates may, in accordance with applicable legal and regulatory provisions, take up a portion of the New Ordinary Shares as a principal position and in that capacity may retain, purchase or sell for its own account such securities and any related or other securities and may engage in transactions in relation to the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares and/or related instruments for their own account otherwise than in connection with the Rights Issue. Accordingly, references in this document to Nil Paid Rights, Fully Paid Rights and New Ordinary Shares being offered or placed should be read as including any offering or placement of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares to any of the Banks or any of their respective affiliates acting in such capacity. In addition, certain of the Banks or their affiliates may enter into financing arrangements with investors in connection with which such Banks (or their affiliates) may from time to time acquire, hold or dispose of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares. Except as required by applicable law or regulation, the Banks do not propose to make any public disclosure in relation to such transactions. The Company also intends to use a portion of the net proceeds of the Rights Issue to repay facilities provided by certain of the Banks, as further described below.

Notwithstanding anything to the contrary herein, you (and each of your employees, representatives, or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and tax structure. As used in this paragraph, the term "tax treatment" refers to the purported or claimed US federal income tax treatment and the term "tax structure" refers to any fact that may be relevant to understanding the purported or claimed US federal income tax treatment, provided that nothing in this paragraph shall limit your ability to make any disclosure to your tax advisers or to the US Internal Revenue Service or any other taxing authority or to any regulatory authority as required by applicable law, rule or regulation.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and

disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of investors who meet the criteria of retail and professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights may decline and investors could lose all or part of their investment, the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluation the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Rights Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Banks will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights and determining appropriate distribution channels.

NOTICE TO OVERSEAS SHAREHOLDERS

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS DOCUMENT IS NOT BEING MADE TO SHAREHOLDERS OR INVESTORS IN THE UNITED STATES, SOUTH AFRICA OR ANY OF THE OTHER EXCLUDED TERRITORIES. Subject to certain exceptions, neither this document nor the Provisional Allotment Letter constitutes, or will constitute, or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares to any Shareholder with a registered address in, or who is resident or located in, the United States or any of the other Excluded Territories. None of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares has been or will be registered under the relevant laws of any state, province or territory of the United States or any of the other Excluded Territories. Neither this document nor the Provisional Allotment Letter constitutes an offer to sell or issue, or a solicitation of any offer to purchase or subscribe for New Ordinary Shares or any offer or solicitation to take up entitlements to Nil Paid Rights or Fully Paid Rights in any jurisdiction in which such offer or solicitation is unlawful. Subject to certain exceptions, neither this document nor the Provisional Allotment Letter should be distributed in or into the United States or any of the other Excluded Territories. All Excluded Shareholders and any person (including, without limitation, a nominee or trustee) who has a contractual or legal obligation to forward this document or any Provisional Allotment Letter, if received, or other document to a jurisdiction outside the United Kingdom should read Part IX (*Terms and Conditions of the Rights Issue*) of this document.

NOTICE TO US INVESTORS

Except as otherwise provided for herein, this document does not constitute an offer of Nil Paid Rights, Fully Paid Rights, New Ordinary Shares or Provisional Allotment Letters to any Shareholder with a registered address in, or who is resident in, the United States. None of the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Provisional Allotment Letters has been or will be registered under the US Securities Act or under securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Notwithstanding the foregoing, the Company reserves the right to offer and deliver the Nil Paid Rights to, and the Fully Paid Rights and the New Ordinary Shares may be offered to and acquired by, a limited number of persons in the United States reasonably believed to be “qualified institutional buyers” within the meaning of Rule 144A under the US Securities Act, in transactions exempt from, or not otherwise subject to, the registration requirements, of the US Securities Act. The New Ordinary Shares being offered outside the United States are being offered in reliance on Regulation S under the US Securities Act (“Regulation S”). Subject to certain limited exceptions, neither this document nor the Provisional Allotment Letters will be distributed in or into the United States.

The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters and the New Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon, or endorsed the merits of, the offering of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO GERMAN INVESTORS

Neither this document nor other documents sent to shareholders constitute an offer of securities in Germany under the Securities Prospectus Act (*Wertpapierprospektgesetz*). The Company does not intend to conduct any public offering of securities in the Federal Republic of Germany. This document and other documents sent to shareholders have not been and will not be submitted for approval nor have they been approved by the German Federal Financial Supervisory Authority (*BaFin*) or any other German public authority.

NOTICE TO HONG KONG INVESTORS

This document is not a prospectus under the Companies Ordinance (Cap 32 of the Laws of Hong Kong) (the “**Companies Ordinance**”), and nor is it required to be authorised under section 103 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the “**SFO**”).

The contents of this document have not been reviewed by any regulatory authority in Hong Kong and no action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any document issued in connection with it.

The Nil Paid Rights, Fully Paid Rights, New Ordinary Shares and Provisional Allotment Letters have not been and will not be offered or sold in Hong Kong by means of any document, other than (a) to “professional investors” as defined in the SFO and any rules made under that Ordinance, or (b) in other circumstances which do not result in this document being a “prospectus” as defined in the Companies Ordinance or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the Nil Paid Rights, Fully Paid Rights, New Ordinary Shares and Provisional Allotment Letters has been or will be issued in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Nil Paid Rights, Fully Paid Rights, New Ordinary Shares and Provisional Allotment Letters which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO.

NOTICE TO SWISS INVESTORS

The Company is not a collective investment scheme within the meaning of the Swiss Act on Collective Investment Schemes of 23 June 2006 and its implementing regulations and has not been approved by the Swiss Financial Market Supervisory Authority (“FINMA”). The Nil Paid Rights, Fully Paid Rights, New Ordinary Shares and Provisional Allotment Letters or any related marketing materials may not and will not be publicly offered, sold, advertised, distributed or re-distributed, directly or indirectly, in or from Switzerland. No solicitation for investments in the New Ordinary Shares may be extended, distributed or otherwise made available in Switzerland in any way that could constitute a public offering pursuant to articles 1156 or 652a of the Swiss Code of Obligations (“CO”). This document or any other offering or marketing materials relating to the Nil Paid Rights, Fully Paid Rights, New Ordinary Shares or Provisional Allotment Letters does not constitute an offering prospectus pursuant to articles 652a and 1156 CO and may not comply with the information standards required thereunder. The Company has not applied for a listing of the Shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this document does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange. This document is addressed to a specifically named recipient and may not be copied, reproduced, distributed or passed on to third parties.

NOTICE TO SINGAPOREAN INVESTORS

The offer of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares by the Company is made only to and directed at, and the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares are only available to, persons in Singapore who are existing holders of Ordinary Shares.

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may not be circulated or distributed, nor may Nil Paid Rights, Fully Paid Rights or New Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) Qualifying Shareholders under Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”); (ii) pursuant to, and in accordance with, the conditions of an exemption under Section 274 or Section 275 or, where applicable Section 276 of the SFA; or (iii) in the case of sales of New Ordinary Shares not taken up, pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New Ordinary Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Ordinary Shares pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore. Qualifying Shareholders and/or any holder of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may only offer the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in Singapore to (i) existing members of the Company under Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore, or (ii) pursuant to, and in accordance with, the conditions of an exemption under Section 274 or Section 275, or where applicable, Section 276, of the Securities and Futures Act, Chapter 289 of Singapore.

NOTICE TO AUSTRALIAN INVESTORS

This document, and any other document issued by the Company in connection with this offer, does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the "Corporations Act"). It does not and is not required to contain all the information which would be required under the Corporations Act to be included in such a disclosure document, and has not been lodged with the Australian Securities and Investments Commission. The offering to which this document relates is being made in Australia in reliance on ASIC Corporations (Foreign Rights Issues) Instrument 2015/356 issued by the Australian Securities and Investments Commission. This document, and any other document issued by the Company in connection with this offer only constitutes an offer in Australia to persons who are recorded as Australian resident shareholders as at the Record Date.

NOTICE TO JERSEY INVESTORS

Pursuant to Article 8(2) of the Control of Borrowing (Jersey) Order 1958, as amended, provided that the number of persons in Jersey to whom any offer for subscription, sale or exchange of securities contained in this document is communicated does not exceed 50, no Jersey regulatory consent is required in connection with such an offer and accordingly, the Jersey Financial Services Commission has not reviewed this document and therefore it takes no responsibility for the financial soundness of the Company or any correctness of any statement made, or opinions expressed herein.

NOTICE TO ALL INVESTORS

Capitalised terms have the meanings ascribed to them in Part XX (*Definitions and Interpretation*) which begins on page 227 of this document.

Certain information in relation to the Company is incorporated by reference into this document. You should refer to Part XIX (*Documents Incorporated by Reference*) of this document for further information. Without limitation, unless expressly stated herein, the contents of the websites of the Group, and any links accessible through the websites of the Group do not form part of this document.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information for any purposes other than in considering an acquisition of Nil Paid Rights, Fully Paid Rights, New Ordinary Shares or Provisional Allotment Letters is prohibited, except to the extent such information is otherwise publicly available. By accepting delivery of, or accessing, this document, each offeree of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares agrees to the foregoing.

The contents of this document are not to be construed as legal, business, financial or tax advice. None of the Company, the Banks nor any of their respective representatives, is making any representation to any offeree or purchaser of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice in connection with the purchase of the New Ordinary Shares. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Rights Issue, including the merits and risks involved.

Investors also acknowledge that: (i) they have not relied on any of the Banks (or any of their respective affiliates) in connection with any investigation of the accuracy of any information contained in this document or their investment decision; (ii) they have relied only on the information contained in this document in making their relevant decision; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or Nil Paid Rights, Fully Paid Rights or New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or any of the Banks (or any of their respective affiliates).

Neither the delivery of this document nor any acquisition or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in this document is correct at any time after its date.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Neither the delivery of this document nor any acquisition or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct at any time after this date.

The date of this document is 27 March 2018.

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PART I

SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A-E (A.1 – E.7).

The summary contains all the Elements required to be included in a summary for this type of issuer and securities. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of issuer and securities, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of the words “not applicable”.

Section A – Introduction and warnings		
Element	Disclosure requirement	Disclosure
A.1	Warning	<p>This summary should be read as an introduction to the Prospectus. Any decision to invest in the Nil Paid Rights, the Fully Paid Rights and/or the New Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant EEA State which has implemented the Prospectus Directive, have to bear the costs of translating this document before the legal proceedings are initiated.</p> <p>Civil liability attaches to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the securities.</p>
A.2	Any consents to and conditions regarding use of this document	Not applicable. The Company has not given its consent to the use of this document for the resale or final placement of the securities by financial intermediaries.

Section B – Issuer		
Element	Disclosure requirement	Disclosure
B.1	Legal and commercial name	Galliford Try plc (“Galliford Try” or the “Company”)
B.2	Domicile and legal form	The Company is a public limited company domiciled in England and Wales, with its registered number 836539. The Company was incorporated and registered in England and Wales as a company limited by shares on 3 February 1965. The principal law and legislation under which the Company operates is the Companies Act.

<p>B.3</p>	<p>Nature of the Company's current operations and principal activities</p>	<p>Galliford Try is a leading UK housebuilding, regeneration and construction group. The Group operates through three businesses with strong positions in their respective markets. Linden Homes develops private and affordable homes for sale. Partnerships & Regeneration works to increase the supply of housing across differing ownership tenures. The Construction business is a major contractor, working primarily in the public and regulated sectors.</p> <p>Linden Homes is a top 10 UK housebuilder, with a well-respected brand. It develops high-quality private and affordable housing, primarily for first-time buyers and families. It has a strong presence in the South and East of England and a growing presence in other regions of the UK. It aims to maintain an appropriate landbank, sufficient to meet the equivalent of 3.5 years supply and to underpin a sustainable business model whilst also increasingly investing in strategic land. Linden Homes acquires prime sites with good transport links and local amenities, where it can create communities that people aspire to live in.</p> <p>Partnerships & Regeneration is the Group's specialist regeneration business. Partnerships & Regeneration has strong relationships with Homes England and the Greater London Authority, providing contracting services to housing associations, local authorities and other Registered Providers, and developing mixed tenure projects, providing private housing for sale on regeneration-led sites. The business uses the Linden Homes brand to differentiate its developments and draws on Linden Homes' retail expertise to deliver its projects successfully. Partnerships & Regeneration has a strong track record of delivery and a growing national footprint. Its combination of development and contracting skills gives it a unique proposition in the sector.</p> <p>Construction operates across the UK, offering clients the benefit of national strength with local delivery from its regional offices. The Construction business covers multiple markets, with a focus on the public and regulated sectors, and has a significant number of panel appointments under framework contracts, providing a solid pipeline of work. Construction operates nationwide, primarily under the Galliford Try and Morrison Construction brands. Construction's network of regional offices is a key advantage, enabling it to deploy its national strength using a local approach.</p> <p>The Construction business is organised into the Building, Infrastructure and Public Private Partnerships ("PPP") Investments divisions.</p> <ul style="list-style-type: none"> • Building serves a range of clients across the UK with a substantial presence in Scotland. The business works with clients in the public and regulated sectors, in particular the health, education and defence markets.
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		<p>Building also serves commercial clients, mainly in the South East and Midlands.</p> <ul style="list-style-type: none"> • Infrastructure carries out civil engineering projects. It has strong positions in the transport (including road, rail and airports), the water and wastewater and the flood alleviation sectors. • PPP Investments delivers major building and infrastructure projects through public private partnerships. PPP Investments leads bid consortia and arranges finance, making equity investments and managing construction through to operations. • The Construction business also includes facilities management, telecommunications, dry lining and national piling specialists, Rock & Alluvium.
<p>B.4</p>	<p>Significant recent trends</p>	<p>The Group's results for the six months ended 31 December 2017 showed strong financial and operational performance across all three businesses:</p> <ul style="list-style-type: none"> • Linden Homes delivered strong volume growth with revenue up 7.2 per cent. over H1 2017 and operating margin (excluding land sales) improved to 18.5 per cent. (H1 2017: 16.3 per cent.), reflecting the increased focus on standardisation and operating efficiencies; • Partnerships & Regeneration has seen a revenue increase of 54.9 per cent over H1 2017, operating margin progress to 4.8 per cent. (H1 2017: 3.4 per cent.), and continuing strengthening of the contracting order book, up 40 per cent to £1.3 billion and the mixed tenure sales reserved, exchanged or completed, up 30 per cent. to £120 million at 31 December 2017; and • Construction's pre-exceptional operating margin increased to 0.9 per cent. (H1 2017: 0.4 per cent.) and a high-quality order book has been maintained at £3.5 billion (H1 2017: £3.4 billion). <p>The Government's stated commitment to the housing market, including Help-to-Buy and the relaxation of stamp duty for first time buyers along with good mortgage availability and low interest rates, benefits both Galliford Try's private and affordable homes businesses.</p> <p>The Construction business, operating predominantly in the public and regulated sectors, continues to benefit from a strong order book, with an encouraging pipeline of opportunities from the current and planned investment in the nation's infrastructure.</p> <p>However, in light of the compulsory liquidation of Carillion plc, the Group has reassessed the financial outcome of the Aberdeen Western Peripheral Route ("AWPR") contract. The withdrawal of Carillion increases the Group's</p>

		<p>participation in both costs and estimated recovery claims, and the business has increased its provision accordingly, leading to a further exceptional charge of £25.0 million (in addition to the total charge of £88.9 million provided for in the year ended 30 June 2017, of which £87.9 million related to the AWPR contract and other legacy projects and £1.0 million related to professional fees incurred in a proposed merger with Bovis Homes Group Plc). The over-run costs on AWPR, compounded by Carillion's compulsory liquidation, are expected in total to absorb in excess of £150 million of the Group's cash (prior to any recoveries). However, the total exceptional costs and final cash impacts of the AWPR contract are ultimately dependent on completion of the project and agreement of any associated recoveries, which cannot currently be predicted with certainty.</p>																					
B.5	Group description	<p>Galliford Try is a public limited company incorporated and registered in England and Wales on 3 February 1965 as a private company limited by shares with the name Galliford Brindley Limited. The Company changed its name to Galliford plc on 31 December 1981 and subsequently to Galliford Try plc on 18 September 2000.</p> <p>The Company is the ultimate parent company of the Group comprised of the Company and its subsidiaries from time to time.</p> <p>Galliford Try is one of the UK's leading housebuilding, regeneration and construction groups, operating through three businesses: Linden Homes, Partnerships & Regeneration and Construction.</p>																					
B.6	Major shareholders	<p>At 26 March 2018, being the latest practicable date prior to the publication of this document, in so far as it is known to the Company by virtue of the notifications made to the Company pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules or otherwise, the name of each person who, directly or indirectly, is interested in voting rights representing 3 per cent. or more of the total voting rights in respect of the Company's issued ordinary share capital, and the amount of such person's holding, is as follows:</p> <table border="1"> <thead> <tr> <th>Name of Shareholder</th> <th>Number of Ordinary Shares</th> <th>Percentage of Voting Rights</th> </tr> </thead> <tbody> <tr> <td>BlackRock Inc</td> <td>10,574,948</td> <td>12.71*</td> </tr> <tr> <td>Standard Life Aberdeen plc</td> <td>5,816,746</td> <td>6.99</td> </tr> <tr> <td>Brewin Dolphin Ltd</td> <td>5,167,237</td> <td>6.21</td> </tr> <tr> <td>Dimensional Fund Advisors</td> <td>3,843,041</td> <td>4.62</td> </tr> <tr> <td>LSV Asset Management</td> <td>3,539,304</td> <td>4.25</td> </tr> <tr> <td>Hargreaves Lansdown</td> <td>3,519,774</td> <td>4.23</td> </tr> </tbody> </table> <p>*Sourced from BlackRock, Inc. TR1 form dated 20 March 2018 disclosing percentage of voting rights attached to ordinary shares. Further disclosure</p>	Name of Shareholder	Number of Ordinary Shares	Percentage of Voting Rights	BlackRock Inc	10,574,948	12.71*	Standard Life Aberdeen plc	5,816,746	6.99	Brewin Dolphin Ltd	5,167,237	6.21	Dimensional Fund Advisors	3,843,041	4.62	LSV Asset Management	3,539,304	4.25	Hargreaves Lansdown	3,519,774	4.23
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		<p>of percentage of voting rights through financial instruments of 1.42 per cent. takes total BlackRock holdings to 14.13 per cent.</p> <p>Save as set out above, the Company is not aware of any person who, at 26 March 2018, being the latest practicable date prior to the publication of this document, exercises, or could exercise, directly or indirectly, jointly or severally, control over the Company.</p> <p>None of the major shareholders of the Company set out above has different voting rights from any other holder of Ordinary Shares in respect of any Ordinary Shares held by them.</p>																																																																																																																
B.7	Key financial information	<p>The table below sets out the Group's summary financial information for the periods indicated. The financial information has been extracted without material adjustment from the audited and unaudited financial statements of the Group for the relevant period.</p> <table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="2">Six months ended 31 December</th> <th colspan="3">Year ended 30 June</th> </tr> <tr> <th>2017 (unaudited)</th> <th>2016 (unaudited)</th> <th>2017 (audited)</th> <th>2016 (audited)</th> <th>2015 (audited)</th> </tr> <tr> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td colspan="6">Income Statement Data</td> </tr> <tr> <td>Group Revenue</td> <td>1,402.5</td> <td>1,235.3</td> <td>2,662.1</td> <td>2,494.9</td> <td>2,348.4</td> </tr> <tr> <td>Profit from</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Operations</td> <td>81.3</td> <td>63.0</td> <td>147.6</td> <td>135.0</td> <td>117.7</td> </tr> <tr> <td>Profit before tax</td> <td>56.3</td> <td>63.0</td> <td>58.7</td> <td>135.0</td> <td>114.0</td> </tr> <tr> <td colspan="6">Balance Sheet Data</td> </tr> <tr> <td>Total Assets</td> <td>3,308.9</td> <td>3,068.5</td> <td>3,044.0</td> <td>2,429.7</td> <td>2,433.9</td> </tr> <tr> <td>Total liabilities</td> <td>(2,741.9)</td> <td>(2,470.4)</td> <td>(2,088.4)</td> <td>(1,829.7)</td> <td>(1,864.7)</td> </tr> <tr> <td>Net Assets</td> <td>567.0</td> <td>598.1</td> <td>575.5</td> <td>600.0</td> <td>569.2</td> </tr> <tr> <td colspan="6">Cash Flow Data</td> </tr> <tr> <td>Net cash (used in)/ generated from operating activities</td> <td>(27.4)</td> <td>(51.1)</td> <td>106.3</td> <td>77.4</td> <td>39.6</td> </tr> <tr> <td>Net cash (used in)/ generated from investing activities</td> <td>(10.7)</td> <td>(5.3)</td> <td>(18.1)</td> <td>0.7</td> <td>7.2</td> </tr> <tr> <td>Net cash (used in) financing activities</td> <td>(53.4)</td> <td>(67.2)</td> <td>(50.8)</td> <td>(76.7)</td> <td>(22.3)</td> </tr> <tr> <td>Net (decrease)/ increase in cash and cash equivalents</td> <td>(91.5)</td> <td>(123.6)</td> <td>37.4</td> <td>1.4</td> <td>24.5</td> </tr> <tr> <td>Cash and cash equivalents at start of period</td> <td>203.7</td> <td>166.3</td> <td>166.3</td> <td>164.9</td> <td>140.4</td> </tr> <tr> <td>Cash and cash equivalents at end of period</td> <td>112.2</td> <td>42.7</td> <td>203.7</td> <td>166.3</td> <td>164.9</td> </tr> </tbody> </table> <p>Group revenue increased from £2,348.4 million in the year ended 30 June 2015 to £2,662.1 million in the year ended 30 June 2017. Each of the Group's three businesses increased revenue in this period, reflecting increased units delivered by Linden Homes and by Partnerships & Regeneration, which included the benefit of the acquisition of Drew Smith and geographic expansion, and the mix of projects undertaken by Construction. There was similar growth when comparing the six month periods ended 31 December 2016 and 31 December 2017.</p>		Six months ended 31 December		Year ended 30 June			2017 (unaudited)	2016 (unaudited)	2017 (audited)	2016 (audited)	2015 (audited)	£m	£m	£m	£m	£m	Income Statement Data						Group Revenue	1,402.5	1,235.3	2,662.1	2,494.9	2,348.4	Profit from						Operations	81.3	63.0	147.6	135.0	117.7	Profit before tax	56.3	63.0	58.7	135.0	114.0	Balance Sheet Data						Total Assets	3,308.9	3,068.5	3,044.0	2,429.7	2,433.9	Total liabilities	(2,741.9)	(2,470.4)	(2,088.4)	(1,829.7)	(1,864.7)	Net Assets	567.0	598.1	575.5	600.0	569.2	Cash Flow Data						Net cash (used in)/ generated from operating activities	(27.4)	(51.1)	106.3	77.4	39.6	Net cash (used in)/ generated from investing activities	(10.7)	(5.3)	(18.1)	0.7	7.2	Net cash (used in) financing activities	(53.4)	(67.2)	(50.8)	(76.7)	(22.3)	Net (decrease)/ increase in cash and cash equivalents	(91.5)	(123.6)	37.4	1.4	24.5	Cash and cash equivalents at start of period	203.7	166.3	166.3	164.9	140.4	Cash and cash equivalents at end of period	112.2	42.7	203.7	166.3	164.9
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		<p>Profit from operations also increased in each year, reflecting operating profit margin growth in Linden Homes and Partnerships & Regeneration more than offsetting the reduced profit from operations and operating profit margin in Construction. There was similar growth when comparing the six month periods ended 31 December 2016 and 31 December 2017.</p> <p>Profit before tax reflects the trading results referred to above, but has also been impacted by exceptional items in the financial years ended 30 June 2015 and 30 June 2017 and the half year ended 31 December 2017. The year ended 30 June 2015 included £3.7 million of exceptional costs related to the integration of Miller Construction. Total exceptional items in the year ended 30 June 2017 were £88.9 million of which £87.9 million related to provisions for the AWPR contract and other legacy projects and £1.0 million related to professional fees incurred in a proposed merger with Bovis Homes Group Plc. Due to the compulsory liquidation of Carillion and the impact of the Group's funding obligations in respect of the AWPR contract, the Group reassessed the financial outcome of the AWPR contract and increased its provision accordingly, reporting an exceptional item at 31 December 2017 of £25.0 million.</p> <p>The movement in balance sheet net assets reflects the retained profits of the Group for each period shown. The reduction in net assets in the year ended 30 June 2017 reflects the retained loss for the period, after the exceptional items referred to above.</p> <p>Net cash generated from operations has been positive in each full year period presented, but negative in the interim periods as there is typically a net outflow in the first six months of the financial year as the business has less sales revenue and continues to invest in work in progress on its developments. Net cash used in investing activities increased in the six months ended 31 December 2017 to £10.7 million principally as a result of deferred instalment payments related to the acquisition of Drew Smith. In the year to 30 June 2017, net cash used in investing activities increased compared to the year ended 30 June 2016 due to the initial payments on the acquisition of Drew Smith of £12.8 million and debt acquired with Drew Smith of £2.8 million. The year ended 30 June 2015 benefitted from proceeds from the disposal of available for sale financial assets of £12.8 million. Net cash used in financing activities includes the Group's dividend payments.</p> <p>There has been no significant change in the trading or financial position of the Group since 31 December 2017, the date to which the half year results were prepared.</p> <p>PricewaterhouseCoopers LLP, the auditors of the Company, issued an unqualified audit opinion on the consolidated</p>
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		financial statements of the Group included in the 2015 Annual Report and Accounts, the 2016 Annual Report and Accounts and the 2017 Annual Report and Accounts.																																				
B.8	Key pro forma financial information	<p>Selected key unaudited pro forma financial information is set out below. The unaudited pro forma net assets statement of the Group set out below has been prepared on a voluntary basis in accordance with Annex II items 1 to 6 of the PD Regulation and on the basis of the notes set out below to illustrate the impact of the Rights Issue on the net assets of the Group as if it had taken place at 31 December 2017.</p> <p>The unaudited pro forma net assets statement has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. The pro forma financial information has been prepared in a manner consistent with the accounting policies adopted by the Group for the period ended 30 June 2017.</p> <p>The unaudited pro forma financial information does not take into account the trading of the Group subsequent to the period end balance sheet date of 31 December 2017.</p> <p>Unaudited pro forma statement of net assets of the Group</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center;">As at 31 December</th> </tr> <tr> <th></th> <th style="text-align: center;">2017 £m (Note 1)</th> <th style="text-align: center;">Adjust- ments £m</th> <th style="text-align: center;">Pro forma total £m</th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td style="text-align: right;">398.0</td> <td style="text-align: center;">–</td> <td style="text-align: right;">398.0</td> </tr> <tr> <td>Other current assets</td> <td style="text-align: right;">1,560.2</td> <td style="text-align: center;">–</td> <td style="text-align: right;">1,560.2</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">1,350.7</td> <td style="text-align: right;">150.1</td> <td style="text-align: right;">1,500.8</td> </tr> <tr> <td>Total current assets</td> <td style="text-align: right;">2,910.9</td> <td style="text-align: right;">150.1</td> <td style="text-align: right;">3,061.0</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">3,308.9</td> <td style="text-align: right;">150.1</td> <td style="text-align: right;">3,459.0</td> </tr> <tr> <td>Total liabilities</td> <td style="text-align: right;">(2,741.9)</td> <td style="text-align: center;">–</td> <td style="text-align: right;">(2,741.9)</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;">567.0</td> <td style="text-align: right;">150.1</td> <td style="text-align: right;">717.1</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) The financial information as at 31 December 2017 has been extracted, without material adjustment, from the unaudited consolidated financial information.</p> <p>(2) This pro forma statement of net assets does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.</p> <p>(3) No adjustment has been made to reflect the trading results of the Group since 31 December 2017 or any other change in its financial position since that date.</p> <p>(4) The total net proceeds receivable by the Company from the Rights Issue are estimated to be approximately £150.1 million, after deduction of the aggregate expenses of, or incidental to, the Rights Issue to be borne by the Company of approximately £7.5 million.</p>		As at 31 December				2017 £m (Note 1)	Adjust- ments £m	Pro forma total £m	Non-current assets	398.0	–	398.0	Other current assets	1,560.2	–	1,560.2	Cash and cash equivalents	1,350.7	150.1	1,500.8	Total current assets	2,910.9	150.1	3,061.0	Total assets	3,308.9	150.1	3,459.0	Total liabilities	(2,741.9)	–	(2,741.9)	Net assets	567.0	150.1	717.1
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B.9	Profit forecast or estimate	Not applicable. No profit forecast or estimate has been included in this document.																																				

B.10	Nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications in the audit report on the historical financial information incorporated by reference into this document as set out in Part XIX (<i>Documents incorporated by reference</i>).
B.11	Working capital explanation	Not applicable. In the opinion of the Company, after taking into account available bank facilities, the Private Placement Debt and the net proceeds of the Rights Issue, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of this document.

Section C – Securities

Element	Disclosure requirement	Disclosure
C.1	Type and class of securities	<p>The Rights Issue is being made to all Qualifying Shareholders. Pursuant to the Rights Issue, the Company is proposing to offer 1 New Ordinary Share to Qualifying Shareholders at 568 pence per New Ordinary Share for every 3 Existing Ordinary Shares held on the Record Date by Qualifying Shareholders. When admitted to trading, the New Ordinary Shares will be registered with ISIN number GB00B3Y2J508 and SEDOL number B3Y2J50.</p> <p>The ISIN (LSE) number for the Nil Paid Rights is GB00BF1DQ823 and the ISIN (LSE) number for the Fully Paid Rights is GB00BF1DQ930.</p> <p>This document relates not only to the issue of the New Ordinary Shares but also sets out information in relation to the Existing Ordinary Shares.</p>
C.2	Currency	The Nil Paid Rights, Fully Paid Rights and the Ordinary Shares held on the register of members of the Company are denominated in Pounds Sterling.
C.3	Number of shares Issued	At 26 March 2018 (being the latest practicable date prior to the publication of this document), the Company had 83,223,614 Existing Ordinary Shares of 50 pence each (all of which were fully paid or credited as fully paid) and the nominal share capital of the Company amounted to £41,611,807.
C.4	Rights attached to the securities	The New Ordinary Shares will, when issued and fully paid, rank <i>pari passu</i> with the Existing Ordinary Shares and will rank in full for all dividends and distributions thereafter declared, made or paid on the share capital of the Company, save in respect of any dividend or distribution with a record date falling before the date of the issue of the New Ordinary Shares.
C.5	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Ordinary Shares. However, the making of the proposed offer of New Ordinary Shares to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom, may be affected by the law or regulatory requirements of the relevant

		jurisdiction, which may include restrictions on the free transferability of such New Ordinary Shares.
C.6	Admission to trading	<p>The Company has a premium listing on the Official List of the UK Listing Authority and the Existing Ordinary Shares are currently trading on the main market for listed securities operated by the London Stock Exchange.</p> <p>Application has been made to the UK Listing Authority for the New Ordinary Shares (nil and fully paid) to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that trading in the Nil Paid Rights (in the computerised system for the paperless settlement of sales and purchases of securities and through the renounceable provisional allotment letters relating to the Rights Issue) will commence on 28 March 2018.</p>
C.7	Dividend policy	<p>The Board understands the importance of optimising value for shareholders and believes in balancing returns to shareholders with investment in the business to support future growth. To this end, as announced on 14 February 2018, the Board has decided to bring forward the planned increase in dividend cover to 2.0x pre-exceptional earnings per share which will be effective for the current financial year ending 30 June 2018.</p> <p>Reflecting this, and the Group's strong underlying performance during the half year to 31 December 2017, the Board declared an interim dividend of 28p per share (H1 2017: 32p) which will be paid on 6 April 2018 to shareholders on the register at close of business on 16 March 2018.</p>

Section D – Risks

Element	Disclosure requirement	Disclosure
D.1	Key risks that are specific to the Group and its industry	<p>The key risk factors relating to the Group and its industry are set forth below:</p> <ul style="list-style-type: none"> • The Group is dependent on the UK residential property market, the conditions of which may deteriorate due to macroeconomic or other factors. • The Group's business receives support from UK government policies and spending and any change in government or in government policies, programmes or procurement methodologies could adversely affect revenues and profitability. • The discontinuation of government-backed home purchase assistance programmes may adversely affect the Group's sales.

		<ul style="list-style-type: none"> • The Group could be adversely affected by uncertainty, disruption or other consequences of the result of the UK referendum on whether to remain within the EU. • Significant unanticipated costs might arise in relation to the execution of the Group's projects. • The Group's projects are subject to execution risk including delay, non-completion and financial loss. • The Group may have to increase its provisions relating to legacy projects. • Constraints on the availability of mortgage funding and/or an increase in the cost of mortgage funding may adversely affect the Group's home sales. • The Group's performance depends on its ability to purchase land suitable for its purposes. • The Group may not be able to secure planning permission for developments on a timely basis or on economically viable terms, or at all. • The Group relies on its senior management team and may be unable to attract and/or retain key managers or a highly-skilled and experienced workforce.
D.3	Key risks specific to the Ordinary Shares	<ul style="list-style-type: none"> • The market value of the Ordinary Shares may fluctuate significantly as a result of factors beyond the Company's control and may not always reflect the underlying asset value or prospects of the Company. • An active market in the Nil Paid Rights may not develop. • Shareholder ownership percentages may be diluted in connection with the Rights Issue or as a result of issuances of Ordinary Shares that may occur in the future.

Section E – Offer

Element	Disclosure requirement	Disclosure
E.1	Total net proceeds and estimate of total expenses of the issue/offer, including estimated expenses charged to investors	<p>The Company's total estimated net proceeds of the Rights Issue are expected to be approximately £150.1 million.</p> <p>The total estimated expenses of the Rights Issue payable by the Company are approximately £7.5 million (excluding VAT).</p> <p>No expenses will be charged to Shareholders who take up their rights in the Rights Issue. Shareholders who do not take up their rights in the Rights Issue may have the New Ordinary Shares to which they are entitled sold on their behalf. To the extent that such New Ordinary Shares are sold at a premium to the Issue Price, the relevant Shareholders shall be entitled to such premium, subject to</p>

		brokerage and exchange costs. No amount of less than £5.00 will be paid to such Shareholders.
E.2	Reasons for the offer and use of the proceeds	<p>The new equity capital from the Rights Issue will strengthen further the Group's balance sheet, provide additional headroom and ensure that the Group's businesses capitalise on their respective growth opportunities. The Board considers that a strengthened financial position for Galliford Try would also bring the following additional benefits, each of which would support the 2021 Strategy:</p> <p>(a) ensure the Group has access to the appropriate capital to maintain its strong growth trajectory; and</p> <p>(b) demonstrate the Group's continued and enhanced financial strength and stability to Galliford Try's shareholders, customers, suppliers and other stakeholders and reaffirm the Group's capacity to act as a leading partner on significant projects.</p> <p>On 15 January 2018, the Group announced that, as a result of the compulsory liquidation of Carillion, it expected to incur additional costs related to AWPR of between £30 million and £40 million, and in its half year results to 31 December 2017 announced a related £25 million exceptional cost. The terms of the Group's joint venture agreement are such that the remaining joint venture members are obliged to complete the contract, with any shortfall funded equally by the remaining joint venture members. The final over-run cost to the Group will be the Group's share of costs actually incurred to complete the project (including half of those costs not covered by Carillion), less the Group's half share of any recoveries ultimately obtained. The over-run costs on AWPR, compounded by Carillion's compulsory liquidation, are expected in total to absorb in excess of £150 million of the Group's cash (prior to any recoveries). However, the total exceptional costs and final cash impacts of the AWPR contract are ultimately dependent on completion of the project and agreement of any associated recoveries, which cannot currently be predicted with certainty.</p> <p>The Rights Issue is expected to raise gross proceeds of approximately £157.6 million, which the Group expects to use to cover over-run costs in relation to the AWPR contract, strengthen the Group's balance sheet and ensure that the Group's businesses are in a position, with the appropriate capital, to deliver on their respective growth opportunities in line with the Group's stated 2021 Strategy, in particular in the Linden Homes and Partnerships & Regeneration businesses through, for example, volume growth from existing and new geographies, strategic land opportunities and increased investment in the provision of mixed-tenure housing.</p>
E.3	Terms and conditions of the offer	The Company is proposing to raise gross proceeds of approximately £157.6 million by way of the Rights Issue, pursuant to which it proposes to issue 27,741,204 New

		<p>Ordinary Shares. The Rights Issue is underwritten pursuant to the Underwriting Agreement. The price at which Qualifying Shareholders will be invited to subscribe for New Ordinary Shares will be 568 pence which represents 32.8 per cent. discount to the theoretical ex-rights price based on the Closing Price on 26 March 2018. Under the Rights Issue, the New Ordinary Shares will be offered by way of rights to all Qualifying Shareholders. Subject to certain exceptions, Shareholders with a registered address, resident, or otherwise believed to be, in any Excluded Territory will not be entitled to participate in the Rights Issue.</p> <p>The Rights Issue is conditional upon:</p> <p>(a) Admission (nil paid) having occurred by not later than 8.00 a.m. on 28 March 2018 (or such later time and/or date as the parties to the Underwriting Agreement may agree, being not later than 5 April 2018); and</p> <p>(b) the Underwriting Agreement having become unconditional in all respects and not having been terminated in accordance with its terms.</p>
E.4	Interests material to the issue/offer, (including any conflicting interests)	Not applicable. There are no interests, known to the Company, including conflicting interests, that are material to the Rights Issue.
E.5	Name of person selling securities Lock-up agreement details including the parties involved and indication of the period of lock-up	Galliford Try plc. Pursuant to the terms of the Underwriting Agreement, subject to certain exceptions, the Company has agreed not to allot, issue or grant any rights over any securities of the Company or any member of the Group without the consent of the Banks until the date which is 180 days after the last date for acceptances in the Rights Issue.
E.6	Dilution resulting from the Rights Issue	Qualifying Shareholders who do not take up their entitlements to New Ordinary Shares in full (for example because they are Qualifying Shareholders in the Excluded Territories) will have their proportionate shareholdings in the Company diluted by approximately 25.0 per cent. as a consequence of the Rights Issue.
E.7	Estimated expenses charged to the investor by the Company	Not applicable. Investors will not be charged expenses by the Company in respect of the Rights Issue.

PART II

RISK FACTORS

Any investment in Ordinary Shares is subject to a number of risks and uncertainties. Prior to investing in Ordinary Shares, prospective investors should carefully consider the factors, risks and uncertainties associated with any such investment, the Group's business, strategy and the industry in which it operates, together with all other information contained in this document including, in particular, the risk factors described below. Prospective investors should note that the risks relating to the Group, its industry and the Ordinary Shares summarised in the section of this document headed "Summary" are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, amongst other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in Ordinary Shares and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's business, prospects, financial condition and/or results of operations. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations and, if any such risk should materialise, the price of Ordinary Shares may decline and investors could lose all or part of their investment. Investors should carefully consider whether an investment in Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances.

The Group operates through three businesses: Linden Homes, Partnerships & Regeneration and Construction. The general risk factors set out below in relation to the Group apply to the Group's businesses as a whole, although in each case the relative impact of the risk may be lesser or greater with respect to each business. The Linden Homes and Partnerships & Regeneration businesses are both exposed to construction, as well as housebuilding, risks. The order in which the following risk factors are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse impact on the Group's business, prospects, financial condition and/or results of operations, or the market price of Ordinary Shares.

Financial measures presented in this Part II (Risk Factors), unless otherwise indicated, are on a proportional consolidated (non-IFRS) basis. See the Section headed "Presentation of non-IFRS financial measures" in Part IX (Important Information) for further details.

1. GENERAL RISKS RELATED TO THE GROUP

1.1 A significant proportion of the Group's business is dependent on the UK residential property market, the conditions of which may deteriorate due to macroeconomic or other factors.

A significant proportion of the Group's business is dependent on the UK residential property market. As a result, the Group's business is dependent on macroeconomic factors as well as the conditions of the UK residential property market, and, in particular, in England. The Group may be especially adversely affected by any factor that reduces sales prices or transaction volumes or presents constraints in the supply chain in the UK residential property market.

Historically, the strength of the UK residential property market has been linked to that of the UK economy as a whole, which in turn is influenced by both European and global macroeconomic conditions, as well as internal factors within the UK and, as a result, has been cyclical. The economic weakness experienced in the UK following the global financial crisis in 2008 caused a significant decline in demand for residential property, leading to a sharp decrease in the number of residential property transactions in the UK. Between 2007 and 2010, new home completions in the UK decreased by 39.7 per cent. from 177,000 to 106,720, according to the Office for National Statistics. Similarly, average UK house prices also decreased from £190,032 to £154,452 between 2007 and 2009, according to the Office for National Statistics. An economic slowdown in the UK or other adverse changes in the macroeconomic climate, such as the breakup of the Eurozone or adverse impacts of the UK's withdrawal from the European Union, or uncertainty in the Brexit process, could negatively affect the Group's sales volumes or the prices for which it sells houses.

While macroeconomic factors broadly affect the UK residential property market as a whole, property trends in the UK historically have varied significantly by region. In London, where prime residential property has been regarded as a preferred investment asset class, residential property price growth has been largely sustained in recent years. If, however, this growth were to stagnate or reverse, there is a risk that residential property prices (in particular for higher value homes) in the counties around London, where many of Linden Homes' sites are located, could also stagnate or fall. The Linden Homes business contributed 82 per cent. of the Group's profit before tax (excluding exceptional items) for the year ended 30 June 2017. Part of the Group's landbank and some ongoing developments are situated in London and the South East of England, where housing prices may materially decrease in the future. In the future, should the UK economy stagnate or contract, the variations between regions in the UK may become more pronounced, and residential property prices in any of the areas in which the Group operates may suffer a greater adverse impact relative to those in other regions.

In addition to the macroeconomic factors referred to above, the UK residential property market also could be adversely impacted by, among other things:

- increased interest rates;
- restrictions on the availability of mortgages and other forms of credit for house buyers;
- supply chain availability or cost increases;
- population trends and demographic changes;
- rising unemployment, declining income (in real terms) and increases in the cost of living;
- inflation and rising costs of housing that make homes unaffordable to large segments of the population;
- changes in government budgets or funding initiatives, including the Help to Buy programme;
- changes in government regulation or policy, including infrastructure policies and planning and environmental regulations; and
- increases in tax rates, including income tax, VAT, stamp duty, council tax and any form of "mansion tax".

Any of these factors could decrease demand for new homes, could lower sales prices and rents in the UK residential property market or reduce the funding available to local authorities and housing associations for partnership projects with the Group, any of which could have

a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.2 *The Group's business receives support from UK government policies and spending and any change in government or in government policies, programmes or procurement methodologies could adversely affect revenues and/or profitability*

Certain of the Group's businesses receive support from UK Government's policies with regard to investment in civil and social infrastructure, most notably in the social housing, education, transport, health, public utility, renewable energy, secure establishment and defence sectors through direct government contracts, joint ventures and PPPs and also in the private housing market, for example, through planning policy or interventions such as Help to Buy.

The UK Government may decide in the future to change certain of their policies and programmes, including reducing present or future investment in civil and social infrastructure markets or other areas in which the Group would expect to compete for work. The UK Government, for example, may experience a change of governing party or leadership which could result in the implementation of new policies and programmes, including, for example, the nationalisation of certain PFI and other projects, the introduction of "windfall" or similar taxes on companies involved in PFI projects or housing development, or the imposition of tax on land held for development purposes. Such policies or programmes may lead to a reduction in investment in civil and social infrastructure.

Additionally, there has been significant discussion in the media and among certain politicians in the UK relating to "landbanking", a practice whereby a person or entity obtains land but does not develop it, or develops it many years after its purchase. Detractors of "landbanking" argue that the practice contributes to inflated real estate prices by limiting the amount of land available for sale in a given area. The Group secures plots of land through option agreements or conditional contracts at early stages of development, often before planning permission is obtained, and can hold real estate for long periods before obtaining planning permission, developing the land and selling it. Whilst the Group does not believe it engages in "landbanking", any change in legislation aimed at forcing landowners to develop or sell their real estate holdings within certain prescribed periods (e.g. "use it or lose it" policies) could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The UK Government could also change its procurement methodologies, which could have an adverse impact on the Group. For example, should the UK Government cease entering into PPPs, the Group may not be able to capture all of that potential future business through an alternate procurement method. Similarly, if the UK Government moves towards certain contracting models, such as fixed price contracts, the Group may choose not to participate in these contracts or may be forced to reassess its policy of tendering for these contracts and take on additional commercial risks in connection with these projects which may involve reduced margins. Accordingly, if there are changes in government or in governmental policies, programmes or procurement methodologies, the Group may be unable to maintain its existing levels of government work or be unable to maintain existing levels of profitability in relation thereto.

1.3 *The discontinuation of UK Government-backed home purchase assistance programmes may adversely affect the Group's sales*

The Group benefits from UK Government-backed property purchase assistance schemes such as Help to Buy, which is administered by Homes England. The Help to Buy programme provides assistance to purchasers of new-build homes in the UK by reducing the minimum down payment required from the purchaser to 5 per cent. of a property's value and providing an equity loan of up to 20 per cent., or 40 per cent. in London, of the property value

(available up to a value of £600,000). In the year ended 30 June 2017, 47 per cent. of Linden Homes' homes were purchased with assistance from Help to Buy.

The UK Government has provided a statutory framework for Starter Homes within the Housing and Planning Act 2016. The Act defines Starter Homes as new homes costing up to £250,000 (£450,000 in London), which are to be made available at a minimum of a 20 per cent. discount to market value. The Starter Homes provisions are not yet in force but are intended to place a general duty on local authorities to promote their supply. The 2017 Housing White Paper marked a shift in policy from a focus on Starter Homes to delivering a wide range of affordable housing. The UK Government decided not to implement a minimum statutory requirement for Starter Homes on all developments.

The UK Government has since focussed its approach on providing additional new homes through a number of policy statements including an increase in its capital funding for the affordable homes programme, confirmation of Help to Buy funding, clarification on rent policy, additional capital funding for Housing Infrastructure Funding, Land Release and Planning Delivery Funding.

The longevity and availability of funding for these programmes remains subject to government decisions. There can be no assurance that Help to Buy, the Starter Homes Initiative or any other similar government-backed programme will continue at current levels, or at all, or that lenders will participate in them. Any reduction or discontinuation of UK Government-backed home purchase assistance programmes in the future may make it more difficult for the Group to sell homes and may force the Group to either lower prices or increase purchase incentives, which could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.4 *The Group could be adversely affected by uncertainty, disruption or other consequences of the result of the UK's decision to leave the EU*

On 23 June 2016, the UK held a referendum in which a majority of voters voted in favour of the UK leaving the EU (commonly referred to as 'Brexit'). The result of the referendum has created uncertainty surrounding the economy of the UK and other EU countries, which may have a material adverse impact on the respective economies of such countries.

As a result of the referendum, the UK government is currently negotiating the terms of the UK's future relationship with the EU. The effects of 'Brexit' will depend on any agreements arising out of such negotiations which the UK Government makes to retain access to EU markets either during a transitional period or more permanently. Although it is unknown what the terms of those agreements will be, it is possible that such agreements will lead to greater restrictions on the free movement of goods, services, people and capital between the UK and the remaining EU countries and increased regulatory complexities. EU nationals comprise an important part of the Group's employee and sub-contractor workforce and their skillsets are such that if the free movement of EU nationals or their willingness to work in the UK was affected by Brexit, this could have a material adverse effect on the Group. Any such restrictions could potentially disrupt the markets the Group services and adversely impact the Group's operations and supply chain and increase the costs of imported construction materials. Further, given that a large proportion of the Group's profits are generated from the housing market, a significant negative impact on the UK economy (such as, for example, due to London losing its status as a pre-eminent centre for financial services) could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

The effects of 'Brexit' could also lead to legal uncertainty and potentially divergent national laws and regulations which may, directly or indirectly, impact the Group's customers, suppliers, and employees, as the UK determines which EU laws to adopt, replace or amend, which may increase compliance costs and the cost to the Group of carrying out business

generally. Consequently, the result of the referendum may cause uncertainty surrounding, and potentially disruptions to, the Group's business, including affecting its relationships with the Group's existing and future customers, suppliers, employees and sub-contractors, which may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.5 ***Significant unanticipated costs might arise in relation to the execution of the Group's projects***

The Group is subject to risks related to the cost of materials and labour in connection with the execution of its projects. Unanticipated costs can arise during the course of a project due to a number of factors, including errors, omissions, unforeseen technical conditions (such as site contamination), increases in contractor and sub-contractor costs, increases in materials costs (such as timber framing, bricks, concrete and steel), labour shortages (for example, as a result of wage inflation), changes to legislation, inadequate contractual arrangements or public procurement processes which do not provide for a final cost in advance or unforeseen contract costs (for example, as a result of the implementation of the proposed changes to the Construction Works Framework by the Crown Commercial Services which is anticipated to commence in Autumn 2018). The profitability of a significant proportion of the Group's projects depends on costs being controlled and projects being completed on time, so that costs are contained within the pricing structure of the relevant contract. Cost plus contracts provide for reimbursement of the costs required to complete a project, but generally have a lower base fee and an incentive fee based on cost and/or scheduled performance. If actual costs exceed the revenues available under such a contract or are not allowable under the provisions of the contract, the Group may not receive reimbursement for all of these costs. Cost overruns, whether due to inefficiency, poor design where the contractor has design responsibilities, faulty estimates, cost overruns by sub-contractors or other factors, may result in lower profit or a loss on a project.

A significant number of the Group's contracts are based in part on cost estimates that are subject to a number of assumptions. If estimates of the overall risks, revenues or costs prove inaccurate or circumstances change, a lower profit or a loss on the contract may result. Before commencing a project, the Group calculates cost estimates based on certain assumptions, estimates and judgments, which may ultimately prove to be inaccurate. In addition, if a sub-contractor or supplier's cost estimates or quotes to the Group are incorrect, the Group may incur additional costs or be required to source products and services at a higher price than anticipated, as well as face delays at its project sites if the estimate is incorrect by a large enough margin that the project is better served by finding an alternative contractor or supplier. Any unanticipated costs arising during the execution of the Group's projects may cause material construction delays and may result in the Group incurring losses or lower profits than anticipated, or its reputation being damaged leading to difficulties securing future work, which could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.6 ***The Group's projects are subject to execution risk including delay, non-completion and financial loss***

During the execution of construction projects, the Group may encounter unexpected operational issues or difficulties, including those related to technical engineering issues, regulatory changes, disputes with third party contractors, sub-contractors and suppliers, accidents, bad weather, and changes in purchaser requirements that require the Group to delay or terminate a project. For larger projects, these risks are inherently greater. For example, in the year ended 30 June 2017, the Group reported pre-tax exceptional items of £87.9 million following a thorough reappraisal of the costs to complete and expected recoveries related to the delays and issues surrounding two infrastructure projects, the majority of which related to AWPR contract. The construction industry is highly schedule

driven. A failure to meet deadlines could also affect the Group's reputation and future prospects and expose it to additional costs and result in contractual penalties (or surety bonds being called by a purchaser) that may reduce its profit margins and result in the termination of contracts. Furthermore, any delays or underperformance in the Group's projects may lead to conflicting demands on resources allocated to be used on other projects.

In relation to the Group's housebuilding projects, even for timely project completions, the Group's projects typically require substantial capital outlays during construction periods, and it may take months or years before positive cash flows can be generated by pre-sales of properties to be completed or by sales of completed properties. In addition, for some projects, the Group may be required to build commercial spaces and mixed-use facilities, posing additional execution risks.

The Group's decision to cease tendering for fixed price, all risk contracts for larger construction projects may potentially mean that the Group loses the opportunity to participate in some higher margin contracts.

The failure to meet project deadlines and targets could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.7 *The Group may have to increase its provisions relating to legacy projects*

The Group has a number of significant building and infrastructure projects in its Construction business which were generally entered into on a fixed price, all risk basis prior to the end of 2014 (referred to as legacy projects in this document). Following Bill Hocking's appointment as Chief Executive of the Group's Construction business in September 2015, the Group changed its tendering policy and no longer enters into significant infrastructure contracts on a fixed price, all risk basis. This reflected the broader shift of emphasis in the Construction business towards a model focussed on improving profitability through the prudent management of risk. However, some of these legacy projects are still in the process of being completed, including AWPR. The Group continues to make good progress in resolving issues relating to legacy projects, most of which are now complete on site, with continuing uncertainties relating to final settlements, claim recoveries and claims from sub-contractors. Whilst the Group has reasonable confidence around the cost position on those projects, inevitably some degree of intrinsic uncertainty remains in relation to the amounts to be recovered with respect to some significant claims.

The over-run costs on AWPR, compounded by the compulsory liquidation of Carillion, are expected in total to absorb in excess of £150 million of the Group's cash (prior to any recoveries) and the Group accrued a further exceptional charge of £25.0 million (in the six months to 31 December 2017), increasing its provision in respect of the AWPR contract. The final overrun cost to the Group will be the Group's share of costs actually incurred to complete the project (including half of those costs not covered by Carillion), less the Group's half-share of any recoveries ultimately obtained. The Group has made provisions which reflect its estimate of this position, but the nature of any construction project is that the result is certain only when the project is complete and all claims have been agreed and settled. In the event that those costs are significantly higher or those final settlements and claim recoveries are significantly less than the Group expects, this could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.8 *Constraints on the availability of mortgage funding and/or an increase in the cost of mortgage funding may adversely affect the Group's home sales*

Home purchases in the UK are often facilitated through mortgage lending. After the global financial crisis in 2008, access to residential mortgage credit in the UK was restricted, particularly at higher loan-to-value ratios due to a number of factors, including a reduction in

the number of active mortgage providers and a loss of lender confidence and strength. Mortgage credit conditions have improved since the height of the global financial crisis, but the availability of mortgage credit remains a key driver of demand for new homes. Even if potential homebuyers do not themselves need financing, adverse changes in interest rates and mortgage availability could make it harder for them to sell their existing homes to other potential buyers who need mortgage financing, thereby constraining their ability to purchase a new home.

The Bank of England bank base rate is currently 0.5 per cent. Increases in the base rate have previously had a negative impact on the UK property market because interest rates charged on mortgages have increased correspondingly, thereby making it more expensive for prospective buyers to purchase residential property. Prospective buyers who can obtain a mortgage at current interest rates may also be deterred by the possibility of increased rates in the future and instead elect to remain in their current property. Consequently, higher interest rates and, in turn, higher monthly interest payments, may also make mortgages unobtainable or unaffordable for some prospective buyers. Investor buyers also are sensitive to interest rate fluctuations, as higher interest rates negatively affect their investment returns. The Bank of England is widely anticipated to raise its base rate and, if it does so, this could have an adverse impact on transaction volumes and prices in the UK's residential property market, and may in turn reduce the volume and value of property transactions facilitated by the Group and the revenue derived from them.

Any decrease in the availability of products and providers of mortgage financing in the future or any increase in the cost of mortgage funding may make it more difficult for the Group to sell homes, which could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.9 *The Group's performance depends on its ability to purchase land suitable for its purposes*

The procurement of land on which to build new homes is essential for the continuation and future performance of Linden Homes. Purchasing land at the right time and price and investing in the most appropriate geographical locations are fundamental to the Group's strategy. Increased demand for land from the Group's competitors may lead to increases in the prices the Group is required to pay to procure land for its business, including to levels that may subsequently be considered to be inflated. In addition, any future reduction in the size of the Group's landbank or its quality may adversely affect the number and saleability of new homes that the Group can build. Failure to identify suitable land (including due to deficiencies in the Group's due diligence procedures), obstacles within the purchasing process, failure to manage land purchases to meet the demands of the business or increases in the costs of such purchases could mean the Group is unable to obtain an adequate supply of land or could result in margins and returns on capital employed on its developments lower than those targeted by the Group. Any of the foregoing risks could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.10 *The Group may not be able to secure planning permission for developments on a timely basis or on economically viable terms, or at all*

Developments undertaken by the Group require planning permission to be granted by a relevant planning authority before works can be undertaken. Linden Homes frequently sources land for development prior to the grant of planning permission by securing control of plots through option agreements or conditional contracts. These contracts set out the basis upon which the Group will promote the land through the planning process, and often include land promotion timetables and cost-bearing arrangements, as well as the terms upon which the Group may or will acquire the land should planning permission be secured, ordinarily at a discount to open market value. Additionally, from time to time, the Group

purchases freehold and leasehold land on an unconditional basis both with and without planning permission (and when without, usually at a discount to open market value, due to the lack of planning permission). As of 31 December 2017, over 88 per cent. of Linden Homes' landbank was held outright with the remainder held through option agreements and conditional contracts. In its Partnerships & Regeneration division, the Group typically enters into promotion agreements with local authorities under which the Group is usually required to secure any necessary planning permissions for the relevant site. The Group enters into promotion agreements in respect of land without detailed planning permission in the belief that such land has the potential, in the medium to long-term, to be allocated for housing development purposes by the relevant local authority and thereafter receive planning permission.

Securing timely planning permission on economically viable terms is key to the value of the Group's landbank and in turn to the Group's ability to realise value from its developments. However, the process for obtaining planning permission, for both the Linden Homes and Partnerships & Regeneration businesses, can be time-consuming, lasting in some cases more than 10 years, as well as costly (and these costs can be lost entirely if planning permission is never obtained in relation to a particular piece of land), and there can be no certainty that the Group will obtain planning permission for schemes which currently lack them. The process of obtaining detailed planning permission can be very lengthy, and the final permission obtained may vary significantly from the assumptions made at the time of acquisition, such that the gross development value ("GDV") of the site may be lower, or the costs to complete such development may be higher, potentially causing significant deterioration in a project's value. Planning policy and procedures are also subject to change, and these changes may make the planning process more costly or time consuming.

Agreements (known as section 106 agreements) are typically entered into between a developer and the local authority as part of the planning approval process for a development and govern a developer's commitments to build affordable housing and infrastructure, as well as provide other community benefits, and payments due under the Community Infrastructure Levy (the "CIL"). The financial obligations contained in these agreements can also have a material adverse effect on the viability of sites and the Group's ability to secure permission on economically viable terms if they are particularly onerous.

Once received, planning permission can place onerous restrictions on how land is developed and such restrictions can reduce the profitability of a development or cause it to be financially unviable to develop. Any failure to obtain planning permission on economically viable terms, on a timely basis, or at all could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.11 *The Group's estimates of future land and development values may be inaccurate*

Estimating the future value of property is inherently subjective due to the individual nature of each property and is heavily affected by wider market conditions outside of the Group's control. Factors such as changes in regulatory requirements and applicable laws (including in relation to building and environmental regulations, taxation and planning), transport and infrastructure policies, political conditions, the condition of financial markets, the financial condition of customers, applicable tax regimes, and interest and inflation rate fluctuations also contribute to the uncertainty and potential volatility of forward-looking valuations. Moreover, all such valuations, including the Group's estimated GDV relating to its planned developments, from which its land purchase price is derived, are made on the basis of assumptions (such as assumed sale price, number of units within the assumed development, the split between open market and affordable housing units and the obtaining of planning permission) which may prove inaccurate. There can be no assurance that the Group's valuations of land in its financial statements or in the historical financial information included in this document, the land's net realisable value or the Group's GDV estimates for

its landbank and proposed developments will reflect the actual sale prices achieved of either the land itself or any developments built thereon. If any of the risks described above were to materialise, it could adversely affect the value of the Group's land or developments, which could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.12 *The Group may hold excess land for future development which may not ultimately be beneficial to the Group*

At 31 December 2017, the Group held a landbank of undeveloped land which was capable of delivering 14,390 units. In the event of a prolonged economic downturn, developments may be postponed, slowing down the rate of recycling of the capital invested in land. There is a risk that holding too much land for future development, or holding such land for long periods, may dilute the returns due to capital being invested in unproductive assets. Changes in governmental policy (including, amongst other things, changes in planning policies and zoning and the use of compulsory purchase orders) may also mean that the Group incurs costs, or is required to take certain action, in connection with development land held for longer than a prescribed period. Furthermore, planning consents and building permits necessary to the development of land may not be secured. Equally, external factors or changed circumstances may also cause customers to change their property requirements which may mean that the Group holds land which is located in undesirable areas. Conversely, there is also a risk that the Group's landbank will not be large enough, or otherwise not suitable for relevant/desired projects thereby constraining the growth opportunities of the Group. Any of these risks may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.13 *Land can be an illiquid asset and the Group may find it difficult to sell*

Land can be an illiquid asset, meaning that they may not be easily sold and converted into cash, and that any sale may not be capable of being completed quickly without accepting a lower price than may be otherwise offered. The Group may seek to sell certain of its owned land from time to time, including if changes in economic, property market or other conditions make certain land uneconomical for the Group to develop for an extended period. If the Group were unable to sell any of its land, such illiquidity may expose the Group to onerous land creditor obligations. If the Group's ability to value, dispose of or liquidate part of its land portfolio in a timely fashion and at satisfactory prices, it could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.14 *The Group relies on its senior management team and may be unable to attract and/or retain key managers or a highly-skilled and experienced workforce*

The success of the Group's businesses depends on recruiting, retaining and developing highly-skilled, competent people at all levels of the organisation. The Group experiences a degree of regular employee turnover, which could increase and could place strain on the Group's business during periods of high activity. The Group's success may make its employees attractive hiring targets for competitors. To retain key employees, the Group may be required to keep pace with increases in salaries due to competitive pressures. In addition, the Group relies on its project managers and skilled personnel (e.g. designers) for the day-to-day execution of its projects, and qualified personnel for these key positions are in high demand and short supply.

In particular, the Group has a strong senior management team who have significant experience in the housebuilding, regeneration and construction industries, and have developed strong reputations and relationships among those with whom the Group does business including, in particular, local authorities and Homes England. The Group's future success depends in large part upon the continued service of its senior management team, who are critical to the overall management of the Group as well as the development of its

business, culture and strategic direction. The Group does not maintain key man insurance, and if the Group is not able to attract and retain key personnel or develop a succession plan for senior management, the Group may not be able to maintain its standards of service or continue to grow as anticipated.

The loss of any member of the senior management team or the inability to attract and/or retain key managers or skilled employees generally could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.15 *The Group relies on maintaining strong relationships with local authorities, Homes England and housing associations, and these entities may be subject to reduced funding and other changes to their operations due to economic and political factors outside of their control*

The Group's success, and, in particular, that of its Partnerships & Regeneration business, which accounted for 12 per cent. of the Group's total revenue (including the proportional contribution of associates and joint ventures) in the year ended 30 June 2017, depends on its ability to maintain strong relationships with local authorities, Homes England, housing associations, Registered Providers and other local organisations. Some of these relationships are between specific individuals, and should these individuals leave the Group or their respective organisations, the Group may need to devote significant time and resources to building new relationships.

Partnerships & Regeneration projects are typically awarded through competitive public procurement processes, often based on the perception by a local authority or housing association of a developer's expertise, design quality, reputation, price and value. For example, non-financial criteria, such as planning and design capability, customer service record, past delivery of high-quality homes with minimal defects, delivery capacity and proposals to address social and economic sustainability issues, typically account for more than 50 per cent. of an applicant's score in public procurement processes. As a result, the Group's reputation among, and relationships with, those organisations is critical to the success of the Partnerships & Regeneration division. In addition, local authorities often have oversight and authority over multiple potential developments sites and previous local authority clients are thus an important source of referral and repeat business for the Partnerships & Regeneration division.

In addition to its partnerships with local authorities and housing associations, the Group has previously received grants and loans from Homes England, and the Group may seek additional funding from Homes England in the future. As a result, maintaining a strong working relationship with Homes England is important to the Group's operations, as a deterioration of this relationship could result in both reputational and financial consequences for the Group.

Local authorities, the Homes England agency, housing associations and other public entities in the UK can be subject to reduced funding and other changes to their operations and structure as a result of both economic and political factors outside of their control. For example, challenging economic conditions in the UK may reduce funding available to local authorities to undertake or continue large-scale and long-term regeneration projects. In addition, governments both at the national and local level may seek to influence or change the scope or direction of local authorities' activities for political reasons, and even without direct pressure, changes in national UK Government policy may affect local authorities' decisions on local planning issues. It should be noted that currently all of the three main political parties support an expansion of the supply of affordable homes in the UK. In addition, the UK Government is consulting on proposed changes to the National Planning Policy Framework ("NPPF") and the methods by which developers make contributions to local communities through section 106 agreements and the Community Infrastructure Levy. If implemented, these changes would lead to local authorities being required to ensure that

more houses are delivered to their area; that maximum use is made of available land; there is a better mix of housing developed (including more affordable housing); and a more robust system of developer contribution. Following the conclusion of the consultation process, the Group will review any changes to the NPPF and consider the impact on the Group's operations and strategy.

In the event that there is a change of government or economic and political factors result in a loss of support for, or a major reorganisation of, the public sector bodies with which the Group works, the Group may need to rebuild its relationships or risk losing partnership opportunities with these organisations, which could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.16 *The Group's operations are subject to the risk of construction defects which may give rise to contractual or other liabilities, as well as significant reputational harm*

Construction defects may occur on the Group's projects and may arise some time after the completion of a particular project. For example, in the last three years, the Group has had to rectify building defects on certain schools in Edinburgh and has chosen to replace cladding on certain buildings. Although the Group seeks to obtain warranty, guarantee or indemnity protection in its contracts with designers, contractors, sub-contractors and suppliers, and has arrangements with insurance providers to insure against a number of such risks, it may not be able to obtain this protection in all cases or the protection may not cover all risks. Suppliers and sub-contractors may be unable to fund rectification, or may have gone out of business in the period since construction. Significant liabilities may not be identified or may only come to light after the expiry of warranty, guarantee or indemnity periods.

Any claims relating to defects arising on a development attributable to the Group may give rise to contractual or other liabilities which can extend, depending on the relevant contractual or statutory provisions, for a number of years following the completion of the project. Unexpected levels of expenditure attributable to defects (including those caused by third parties) arising on a project may have a material adverse effect on the return generated by a particular project and the Group's overall performance. Furthermore, widespread or significant defects could generate significant adverse publicity and have a negative impact on the Group's reputation and key relationships, as well as on the Group's ability to sell housing and acquire new land. In extreme cases, it is possible that construction defects on the Group's projects could lead to a major catastrophic event, such as the collapse of a bridge, tunnel, building or other substantial structure or a major derailment or other rail accident. Such a catastrophic event could result in the personal injury or death of one or more employees of the Group, or of one or more employees of other sub-contractors working on the project or members of the public; significant, actionable environmental harm; and/or extensive damage to third party property. In the event that such a catastrophic event is found to be caused by the professional negligence of the Group, it could have a significant impact on its business and reputation. Such catastrophic incidents could subject the Group to claims for personal injury, wrongful death and property damage or claims by customers, sub-contractors, governments, employees or members of the public, which could lead to the payment of extensive damages, and result in significant adverse publicity and reputational harm. This could have a material adverse effect on the Company's share price.

1.17 *The Group depends on third party suppliers, contractors, sub-contractors and other service providers to execute its projects*

The Group depends on third party suppliers, contractors, sub-contractors and other service providers to execute its projects, as well as for post-construction warranty repairs. The Group has a number of key suppliers, contractors and sub-contractors in its various operating regions with which it regularly contracts, and the performance of sub-contractors used by the Group on its large development sites is particularly important to the Group's business. In the year ended 30 June 2017, the Group's top 10 suppliers accounted for

approximately 33 per cent. of the Group's total construction material purchases and its top 10 sub-contractors accounted for approximately 10 per cent. of its sub-contracting expenses. If the Group is unable to find or hire qualified and reliable third party suppliers, contractors or sub-contractors for any of its projects, its ability to complete projects on time or at all could be impaired. Furthermore, if any of these third parties fails to provide timely or adequate services, labour, equipment or raw materials, due to financial difficulties, reduced availability as a result of increased market demand, or any other reason, the Group may be required to source these products and services at a higher price than anticipated and may face delays at its project sites until it is able to identify an appropriate alternative supplier, contractor or sub-contractor. In addition, some of the Group's suppliers make use of credit insurance when contracting with the Group; if there is a reduction in the availability of credit insurance this could have an adverse impact on the ability of those suppliers to perform their obligations to the Group. The compulsory liquidation of Carillion may impact its suppliers and sub-contractors who may also be suppliers and sub-contractors to the Group, which could have an adverse effect on the Group's ability to deliver its projects. In particular, during times of increased construction demand, and given the current market expansion and increased demand for construction labour generally in the UK, contractors and sub-contractors may have difficulty finding qualified labourers, which may cause delays or increase costs at the Group's projects. Furthermore, the exit of the UK from the EU could also reduce the availability of skilled labour from outside the UK.

Suppliers, contractors and sub-contractors may intentionally overestimate their costs to the Group and may attempt to defraud it through illegitimate invoices and false accounting of goods and services provided. Any of these events could negatively affect the Group's profitability and cash position, as the Group may not be able to pass on any increased costs to its purchasers, and it may be liable for penalty payments resulting from project execution delays, any of which could have an adverse effect on the Group's reputation and its ability to maintain high quality standards of its developments.

The Group is also exposed to the risk of litigation or claims relating to breaches of contract by third party suppliers, contractors and sub-contractors. Furthermore, delivery by suppliers, contractors or sub-contractors of faulty equipment or raw materials or substandard work by contractors or sub-contractors could result in claims against the Group for failure to meet required project specifications. These risks are compounded during times of economic downturn, as third party suppliers, contractors and sub-contractors may experience financial difficulties or find it difficult to obtain sufficient financing to fund their deliveries or operations. In the event that contractors, sub-contractors or suppliers are liable to the Group following a contractual breach, there can be no guarantee that they will have sufficient funds to pay these amounts. If a contractor, sub-contractor or supplier were to file for insolvency, the Group would not only face delays and potential increased costs, but also may not have any means of recovery from the insolvent company. In addition, it can be a lengthy process to settle claims with customers for additional payments for contract variations and to settle claims with sub-contractors and suppliers. Any of these issues could cause financial and reputational harm to the Group, which could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.18 *A proportion of the Group's business is carried out through joint venture arrangements, over which the Group does not have sole operational control and may lead to contract counterparty risk*

The Group is involved in numerous joint ventures, either through joint venture companies or limited liability partnerships, or as co-operative contractual consortia and joint venture operations that do not involve the formation of a separate entity. In the year ended 30 June 2017, revenue from joint venture companies and limited liability partnerships accounted for £158.1 million, or approximately 6 per cent., of the Group's total revenue (including the proportional contribution of associates and joint ventures).

The Group may bid for a particular contract jointly with a joint venture partner. In these circumstances, the Group's ability to maximise the profitability of any contract awarded to it may be adversely affected by the performance of its joint venture partners. In addition, the Group may be dependent on the expertise of such partners in assessing certain costs of the contract. In the event that the Group's partners are unable to perform as required or provide the anticipated expertise, the Group may be unable to perform its obligations under the contract or may be subject to unexpected increased costs. In certain circumstances, including the Group's AWPR contract which was entered into in joint venture with Carillion and Balfour Beatty, the Group is exposed to the potential risk of the insolvency of its joint venture partner as it may be jointly and severally liable for the acts or omissions of its partners.

On a number of the projects undertaken by the Group's joint ventures, the Group acts as the project manager for the development. As project manager, the Group is responsible for a significant proportion of the joint venture's operations, which may include sales, accounting and administrative matters, as well as project management of the planning, design and build of projects. Certain decisions, however, relating to the joint venture's activities, the properties held or secured through joint ventures and the operations of the joint ventures, including internal controls and financial reporting, may not be exclusively within the control of the Group and may depend upon the consent or approval of the Group's joint venture partners. The Group's joint venture partners may also have different approaches to operating the business (including with respect to risk management, operational and commercial matters and financial performance), which may result in delayed decision-making, a failure to agree on material issues or the joint venture not performing in line with expectations.

The Group may have disputes with its joint venture partners and may not be able to resolve all the issues that arise with respect to such disputes, despite procedures dictated by the joint venture agreement. Such disputes may lead to delays in the development and completion of the project, or the project being developed in such a way that it will not achieve its highest potential rate of return. In addition, the Group may accept risks or responsibilities in the course of its joint venture operations that exceed those which it typically would be prepared to accept when contracting on a sole provider basis.

Joint ventures sometimes require the Group and its partners to obtain or procure financing in furtherance of the joint venture's operations. If one of the Group's joint ventures or partners were to become insolvent or otherwise unable to obtain financing when required, as is the case, for example, with respect to the Group's joint venture on the AWPR contract, the Group may be forced to make up the financial shortfall from its own resources, which could result in additional cost or delay to the development. Conversely, if the Group were unable to meet its obligations under its joint venture agreements, its partners may have the ability to remove the Group from the relevant joint venture. There can be no guarantee that the Group will be able to find suitable joint venture partners in the future, and the Group's attractiveness as a joint venture partner could be negatively affected by actual or perceived shortcomings in the Group's project execution (including any actual or perceived deterioration to its levels of customer service). Should any of the aforementioned events occur, they could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.19 *The Group's employees and contractors may fail to operate in accordance with high ethical standards and in accordance with laws and regulations (such as anti-bribery and corruption and anti-cartel laws and regulations) designed to protect those standards*

The Group has adopted policies and procedures to seek to ensure that its employees operate to high ethical standards and in accordance with all related applicable laws and regulations. It also has procedures in place designed to seek to ensure that its suppliers,

contractors and sub-contractors similarly comply. In the event that any employees, suppliers, contractors and/or sub-contractors are in breach of any of these laws or regulations, the Group could be subject to investigation, adverse publicity, reputational damage, loss of relationships with public sector entities and ultimately to prosecution and/or the imposition of fines.

1.20 *Changes in privacy laws could adversely affect the ability of the Group to interact effectively with third parties*

The Group holds various personal data on a range of people, including its suppliers, employees, future employees, building users, sub-contractors and potential sub-contractors and its customers or potential customers who acquire houses from the Partnerships & Regeneration and Linden Homes businesses. The Group also engages in various direct marketing activities in seeking potential customers to buy its housing units. Any expansion of existing or new laws and regulations regarding marketing, solicitation or data protection, including as a result of implementation of the General Data Protection Regulation, could adversely affect the operation of the Group's businesses by limiting their ability to market their housing products.

In addition, any failure of the Group to comply with data protection laws, including the General Data Protection Regulation, could result in reputational damage to the Group and material fines being levied on the Group.

1.21 *The Group is subject to additional risks associated with PFI projects*

The Group is involved in the PFI market in two ways: (i) it is engaged as a contractor in carrying out construction works in respect of PFI projects; and (ii) it holds an equity interest in certain PFI investments which have an aggregate cost as at 31 December 2017 of £25.5 million.

In relation to the Group's involvement as a contractor, the principal risks are:

- PFI construction projects can carry additional risks compared to a standard construction project which are often to be borne, or partly borne, by the contractor. These risks vary on a contract by contract basis but can include meeting the building's energy targets, responsibility for difficult ground conditions and/or ground contamination and the risk that a change in law could adversely affect the project.
- The bidding process is considerably longer than standard construction projects, with more onerous and detailed requirements demanded within bidding submissions. As such, bid costs are typically higher than standard construction projects.
- PFI projects are typically financed by a high proportion of debt. Due to the length of the project and the time taken for revenue to be generated, considerably more external finance is required to fund PFI projects. The debt repayment profile is fixed at the point that revenue streams are expected to commence from the customer. If the project is delivered late, the debt repayments have to be satisfied without an income stream from the project.

In relation to the Group's equity investments in PFI projects, the principal risks are that the value of the investment is reduced by poor operational performance or a change of government policy could potentially result in the nationalisation of certain PFI investments at a value below their current book value.

The materialisation of any of the foregoing risks could have an adverse impact on the Group's business, results of operation and financial condition.

1.22 *The Group may not be able to access debt financing on favourable terms*

The Group has historically financed and currently finances its operations in part from borrowings under available credit facilities. The Group's £450 million bank revolving credit facility expires on 18 February 2022 and the Group's £100 million debt private placement matures in February 2027. Upon the expiration of the Group's existing credit facilities, there is a risk that it will be unable to secure sufficient further funding for its business operations on equivalent terms or at all. The Group may also in the future seek additional bank borrowings or issue debt for future expansion and development of the business in the longer term. No assurance can be given as to the availability of such additional financing at the relevant time or, if available, whether it would be on acceptable terms. If, in the longer term, the Group does not successfully obtain further financing (should it be required to fund its future investments), this may constrain the Group's ability to grow by limiting further land acquisitions and investments in new projects, which could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.23 *Restrictions in the terms of the Group's borrowings may restrict the Group's activities or business plans and adversely affect the Group's ability to finance ongoing operations, strategic acquisitions and investments*

The Group's credit facilities and other borrowings impose certain restrictions on the Group, which could limit the Group's ability to operate freely and to take actions which the Board considers desirable. These include restrictions on the Group's ability to create or permit to subsist any charges, liens or other encumbrances in the nature of a security interest; incur additional indebtedness by way of borrowing, leasing commitments, factoring of debts or granting of guarantees; make any material changes in the nature of its business as presently conducted; sell, transfer, lease or otherwise dispose of all or a substantial part of its assets; amend, vary or waive the terms of certain acquisition documents or give any consent or exercise any discretion thereunder; acquire any businesses; or make any co-investments or investments. If the Group were to seek to vary or waive any of these restrictions (for example, in the aftermath of material adverse movements in the valuation of its assets) and the relevant lenders did not agree to such variation or amendment, the restrictions may limit the Group's ability to plan for or react to market conditions or meet capital needs or otherwise restrict the Group's activities or business plans and adversely affect the Group's ability to finance ongoing operations, strategic acquisitions and investments.

In particular, if the Group failed to comply with the financial covenants in its credit facilities or other borrowings (due, for example, to deterioration in financial performance or falls in asset valuations), it could result in acceleration of the Company's obligations to repay those borrowings or the cancellation of those credit facilities or inability to refinance borrowings more generally. The Group currently operates within its financial covenants and the Group's forecasts (taking into account the Board's future expectations of the Group's performance) indicate that there is headroom within the credit facilities. However, without prejudice to the working capital statement contained elsewhere in this document, the Group's performance may, in the longer term, be impacted by adverse developments in external factors outside its control (including with respect to the macroeconomic environment) which could lead to breaches in, among other things, gearing ratios (for example, if property valuations fall), interest cover ratios (for example, if income falls or non-hedged interest costs rise) and minimum tangible net assets ratios (for example, if the Group makes operating losses).

These risks may have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.24 *The Group operates in highly competitive environments*

The Group operates in highly competitive markets. In the Linden Homes business, the Group's competitors include other local, regional and national UK housebuilders that compete with the Group for the purchase of land and sales of homes. In addition, new

competitors may enter markets in which the Group operates, which could impair the Group's ability to win public procurement processes at economically viable levels, or at all. In the Construction business, contractors, service providers and suppliers, which can either be national or regionally focussed, compete for new work through a process of competitive tendering or bilateral negotiation. An entity's reputation, prior experience with a customer and pricing will all have a bearing on winning new work. In order to tender successfully for contracts the Group may need to agree to lower prices or less favourable contract terms than it would typically expect to agree to.

Failure to maintain high standards of customer service within Linden Homes and Partnerships & Regeneration may have a negative impact on reputation leading to potential customers purchasing homes from the Group's competitors. Failure to ensure quality control within both Linden Homes and Construction may also have a negative impact on reputation potentially leading to increased costs and claims or reducing the Group's ability to win new work.

The Group's competitors may have greater financial, technical and operating resources or capabilities. The sectors in which the Group operates are highly competitive on the basis of both price and service. A failure by the Group to compete effectively could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.25 ***The construction of new developments involves health, safety and environmental ("HSE") risks***

Operating in the Group's industries poses certain HSE-related risks. A significant HSE incident at one of the Group's developments or general deterioration in the Group's HSE standards could put the Group's employees, contractors, sub-contractors or the general public at risk of injury or death and could lead to litigation, significant penalties or damage to the Group's reputation. The Group's accident frequency rate (calculated as the number of RIDDOR accidents per 100,000 hours worked) in the financial year ended 30 June 2017 was 0.12 (which is low by industry standards) and there have been three fatalities on projects operated by the Group in the last three years. While there is no current, pending or threatened litigation in relation to these incidents, there can be no assurance that claims will not be made against the Group in the future in relation to these or other incidents. In addition, the Group's reputation plays a significant role in its ability to acquire land and win projects in the Partnerships & Regeneration and Construction businesses, and any damage to its reputation resulting from HSE issues could thus have a negative impact on its ability to generate new business.

The Group may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on, under or in a property currently or formerly owned, leased or occupied by the Group, whether or not it caused or knew of the pollution. The Group may also be deemed responsible for latent or historic risks from unknown contamination or may incur greater liability or costs than originally anticipated. The costs of remediation or defending against environmental claims can be substantial, and they may not be covered by warranties and indemnities from the seller of the affected land or by the Group's insurance policies.

Some of the projects the Group has developed are located on land that has been contaminated by previous use. Although the Group commissions third-party environmental reports on such sites and endeavours to factor all identified risks into the project costs, no assurances can be given that material claims or liabilities relating to these developments will not arise in the future.

Any failure in HSE performance, including any delay in responding to changes in HSE regulations, particularly in light of evolving standards and potential new implementing

legislation, may result in penalties for non-compliance with relevant regulatory requirements. Monitoring and ensuring HSE best practices may become increasingly expensive for the Group in the future, and HSE risks may become more acute as the Group undertakes larger scale projects, or during periods of intense activity. Any of these risks, were they to materialise, could have a material adverse effect on the Group's operating results, business prospects and financial condition.

1.26 *The Group may incur procurement delays on Government-related projects on which it works*

Certain Government-related projects on which the Group may work may require relevant approvals from Government ministers or senior civil servants. It is possible that, due to difficulties obtaining such approvals, projects might be delayed before procurement has started, during the tender stage or during the period between the appointment of a preferred bidder and the exchange of contracts. These matters are likely to be beyond the control of the Group, and any resulting delays could affect future revenue streams of the Group, and have a material adverse effect on the Group's operating results and financial condition.

1.27 *The Group's business is subject to complex and substantial regulations which may change*

The Group is required to comply with a wide range of laws, regulations, administrative requirements and policies in the UK which relate to, among other matters, planning, developing, building, land use, fire, health and safety, environment, employment, bribery, competition and money laundering. Changes in relevant laws, regulations or policies, or the interpretation thereof, may give rise to substantial compliance, remediation and other costs, and could prohibit or severely restrict the Group from developing and building in certain locations. There may also be changes in law or regulation between the time when initial planning permission is given for a particular site and when the Group begins construction, which may cause delays, increase costs, reduce the expected rate of return or make a proposed development financially unviable.

1.28 *The Group may suffer adverse tax consequences as a result of changes in tax law or other factors*

Tax rules, including stamp duty land tax provisions and their interpretation, may change, and new taxes may be introduced, such as the additional stamp duty recently imposed on second homes. Any change in the Group's tax status, in taxation legislation or its interpretation, or in HMRC practice, could affect the value of property held by the Group, potential sales and the post-tax returns to the Group. References in this document concerning the taxation of the Group are based upon current tax law and practice that are subject to change, possibly with retrospective effect. Any such change could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.29 *The Group may suffer material losses in excess of insurance proceeds*

While the Group maintains commercial insurance at a level it believes is appropriate against risks commonly insured in its industry, there is no guarantee that it will be able to obtain the desired levels of cover on acceptable terms in the future. Therefore, the Group's properties or developments could suffer physical damage, resulting in losses which may not be fully compensated by insurance. In addition, certain types of risks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by the Group's insurance policies. In addition, the Group could be liable to repair damage to a property or development caused by uninsured risks out of its own funds. The Group would also remain liable for any debt or other financial obligation related to the affected property, even if the property is no longer available for its intended use. Any of the foregoing could

have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.30 *An inability to obtain additional surety bonds could limit the Group's future growth*

The Group is often required to provide surety bonds, generally to construction clients and housing or other statutory authorities, to secure the Group's performance under development agreements and other arrangements. The ability to obtain new surety bonds primarily depends upon the Group's past performance, management expertise and certain external factors, including the capacity of the surety market. Surety providers consider such factors in addition to the Group's performance and claims record and such providers' underwriting standards, which may change from time to time. The Group's ability to obtain additional surety bonds may also be restricted by market conditions. For example, from 2008 to 2011, as a result of the financial crisis, surety bonds in the UK became difficult to obtain and their costs increased.

The Group uses several primary surety bond facility providers (generally insurance companies such as Euler Hermes and Tokio Marine HCC), which also act as the principals under the surety bonds. If the Group is unable to obtain surety bonds when required, this could limit the ability of the Group to secure or commence new developments, and therefore could have a material adverse impact on the Group's prospects.

1.31 *A failure in, or cyber attacks on, the Group's information technology ("IT") systems and infrastructure could disrupt the Group's businesses or result in the inappropriate disclosure of confidential information*

The Group is dependent on reliable and efficient IT systems. The Group also routinely transmits and receives personal, confidential and proprietary information by email and other electronic means and therefore relies on the secure processing, storage and transmission of such information. The Group's financial, accounting, data processing, IT, communications or other systems and facilities, and/or third party infrastructure on which the Group relies, may: (i) fail to operate properly or become disabled as a result of events that are wholly or partially beyond the Group's control; and (ii) be vulnerable to unauthorised access and data loss (from within the organisation or by third parties), computer viruses, malicious code, cyber threats that have a security impact, and the interception or misuse of information transmitted or received by the Group. The Group has suffered limited data protection breaches in the past and there can be no assurances that it will not suffer such events in the future. Where the collation of data has been centralised within a business function, it is more likely that a data protection breach would result in the loss of a large amount of data. The Group has put in place data security provisions that it believes are appropriate, in particular in respect of its centralised IT function, but breaches may still occur. If one or more of such events occur, it could result in the loss of the Group's or its customers' confidential and other information, or otherwise cause interruptions or malfunctions in the Group's, its customers' or third parties' operations. The Group may be required to expend significant additional resources to modify its protective measures or to investigate and remedy vulnerabilities or other exposures, and it may be subject to litigation, reputational harm and financial losses that are either not insured against or not fully covered through any insurance maintained by it. Any of the foregoing could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.32 *The Group may suffer from errors during implementation of new IT systems*

From time to time the Group may implement new or upgraded IT systems: for example, it is expecting to commence implementation of a new IT system in its Linden Homes business in the coming months. The implementation of new IT systems could distract management from other critical business operations. Issues may be experienced during the implementation of new IT systems, either within a business or businesses or across the Group, which may

potentially lead to increased costs resulting from errors in, for example, the planning of projects. The failure to properly implement new IT systems may also impact the ability of the Group to properly report on its financial performance or comply with its other regulatory requirements. Any of the foregoing could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.33 *If the Group identifies suitable acquisitions or divestments, it may not successfully complete or manage those acquisitions or divestments*

If the Group considers it to be in accordance with its strategy, the Group may from time to time make acquisitions in order to expand its businesses. The risks associated with such acquisitions include the availability of suitable acquisition opportunities, obtaining regulatory approval for any acquisitions, the availability of financing (on appropriate terms) and integration issues, such as the success or failure to realise operating benefits or synergies. The process of integrating an acquired company or business is risky and may create unforeseen operating difficulties and expenditures, including: (i) difficulties in integrating the operations, technologies, services and personnel of acquired businesses; (ii) unexpected costs or liabilities of acquired businesses; (iii) ineffectiveness or incompatibility of acquired technologies or services; (iv) failure to realise operating benefits or synergies from completed transactions; (v) potential loss of key employees and cultural challenges associated with integrating employees; (vi) inability to maintain the key business relationships and the reputations of acquired businesses; and (vii) diversion of management's attention from other business concerns. In addition, liabilities associated with acquired businesses may be substantial and may exceed previously forecast liabilities and the Group may not be able to recover amounts in respect of any representations, warranties and indemnities given by the sellers in connection with such acquisitions. If any of the Group's acquisitions fail to perform in accordance with assumptions, any goodwill or other intangible assets associated with the acquisition could be subject to impairment and reduce the Group's profitability and net assets accordingly.

It is also possible that the Group may from time to time seek to divest certain businesses. The risks associated with such divestments include the failure to find a buyer at an acceptable price and the diversion of management's attention from other matters.

If the Group is unsuccessful in effectively integrating an acquired company or divesting a business, its business, financial condition and results of operations may be materially adversely affected.

1.34 *The Group may suffer an increase in its pension liabilities*

The Group has three fully closed defined benefit pension schemes, the principal scheme being the Galliford Try Final Salary Pension Scheme. The Galliford Try Final Salary Pension Scheme has been closed to future service accrual since 31 March 2007, since when all employees of the Group are eligible to participate in defined contribution schemes.

Updated valuations under IAS 19 for the three schemes as at 31 December 2017 value the schemes' assets at £248.0 million and liabilities at £250.7 million. This leaves a gross deficit in the schemes of £2.7 million, which when subjected to related deferred tax at 19.0 per cent., results in a net pension liability under IAS 19 of £2.2 million. The value of this deficit which under IAS 19 is recognised in Galliford Try's balance sheet is dependent on some critical assumptions including mortality rates and investment returns and is likely to vary from year to year.

Triennial actuarial valuations of the Group's defined benefit pension schemes are carried out. It is possible that the deficit on these schemes may increase at future valuation dates which might lead to increased contributions being required to be paid by the Group.

In addition, actions by the Pensions Regulator or the trustees of the Group's pension schemes or any material revisions to existing pension regulation could result in the Group being required to incur significant additional costs immediately or in short timeframes. In the event that the market value of the schemes' assets decline in relation to their assessed liabilities, the Group may be required to increase its contributions to cover any further funding shortfalls. This could have an adverse impact on the Group's business, prospects, financial condition and/or results

1.35 *The Group may not have its long-term framework agreements renewed*

The Group's Construction business has a significant number of panel appointments under long-term framework agreements. These are usually in the public sector, where a number of contractors are appointed by the employer on framework terms and subsequently work is either allocated to or tendered for by the panel appointees. As a result, there is no certainty of future revenue to the Group from these appointments, as they rely on discretionary allocation or successful tendering for work. In any 12 month period, a number of these framework agreements would become due for renewal, with seven due for renewal out of a total of 39 agreements over the next 12 months. Over the preceding year, the Group has been reappointed to most of the framework contracts for which it has reapplied on renewal. If these agreements are not renewed or replaced, or if there is a material change in their terms, the Group is exposed to costs resulting from a reduction in the size of the relevant operations, including redundancies, and loss of revenue. This could have an adverse impact on the Group's business, prospects, financial condition and/or results of operations.

1.36 *The Group may not be able to realise fully the revenue recorded in its forward private order book of sales or its contracting order book*

As of 31 December 2017, the Group's forward private order book for sales of new private homes was £882 million (being sales in hand or sales reserved, exchanged or completed), of which £762 million was sold in the Linden Homes business and £120 million was mixed tenure sales in the Partnerships & Regeneration division. In addition, the Partnerships & Regeneration business had a contracting order book of £1.3 billion (being the estimated value of contracts secured) and the Construction business had an order book of £3.5 billion (being the balance of work to be delivered from contracts secured and/or in progress together with the estimated value of new work to be delivered from current framework contracts).

The Group's order books are not necessarily indicative of the Group's future revenue as they may be adjusted following withdrawal of buyers, new contracts, early cancellation of existing contracts (in which case the Group is generally not entitled to compensation for anything other than reasonably incurred costs) or changes in the scope of projects in progress. The Group also may not be able to perform its obligations under contracts in its order books, and its customers or counterparties may seek to renegotiate the terms of their contracts to obtain more favourable rates or terminate their contracts. Purchasers may also be able to rescind sale contracts under the Consumer Code for Home Builders in the event of house delivery delays caused by the Group. The occurrence of any of these events could have an adverse effect on the Group's order books, which could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

Prospective investors should exercise caution when comparing the Group's order books to that of other companies, as it is a measure that is neither required, nor specified in its calculation, by IFRS. Other companies may calculate order books differently, and similar measures are used by different companies for differing purposes and based on differing assumptions and are often calculated in ways that reflect the circumstances of those companies.

1.37 *The Group is exposed to counterparty credit risks*

While the Group regularly reviews the financial solvency of potential commercial counterparties, it is possible that certain customers, sub-contractors, joint venture partners or suppliers may become insolvent or elect to default under their contracts. If a counterparty were to default on a payment obligation to the Group, the Group may not be able to collect the amounts owed to it; and some or all of such amounts might need to be written off. Where the Group pays suppliers in advance, this would increase the Group's exposure to the credit risk in relation to those suppliers. Furthermore, if a counterparty, such as a subcontractor, supplier or joint venture partner, becomes insolvent or is otherwise unable to meet its obligations in connection with a particular project, the Group could need to find a replacement to carry out that party's obligations or, alternatively, fulfil the obligations itself which may increase the costs to the Group. An example of this is the additional costs the Group is expecting to incur in relation to AWPR as a result of the compulsory liquidation of Carillion. Accordingly, any significant defaults or performance delays on the part of commercial counterparties could increase costs or liabilities for the Group, which could adversely impact its profitability and financial condition.

1.38 *The Group has set ambitious growth targets in its strategy which may not be met*

The Group is pursuing ambitious growth targets, especially in its Partnerships & Regeneration business. Given the nature of the three businesses which comprise the Group, forecasting accurately and allocating the appropriate capital for each of the businesses is a prerequisite for achieving these growth targets. This forecasting is the result of subjective estimates, which carry an intrinsic risk of error. The Group uses these forecasts to manage its capital and debt requirements, and to allocate cash between different parts of the Group. Poor forecasting can impact business planning, investments and reporting of financial information, and could impact on the ability of the Group to meet its financial targets.

1.39 *The Group could be the subject of increased (and potentially irrecoverable) costs in the event that the UK inflation rate increases*

Despite being low in recent years, the inflation rate in the UK has risen recently. Increased inflation may subject the Group to increased costs in terms of employee wages, materials costs and sub-contractor pricing. In addition, the cost of imported materials may increase as a result of depreciation of sterling as a result of Brexit or deterioration in the UK economy. It is possible that these increased costs would prove to be irrecoverable from the Group's customers through an increase in the prices charged to them. These factors could increase costs for the Group, which could adversely impact its profitability and financial condition.

1.40 *The Group's business in Scotland may be adversely impacted in the event that a Scottish referendum votes for independence*

The Group has a significant business operating in Scotland principally in its Construction division. The Scottish independence referendum in September 2014 voted against independence but it is possible that a new referendum in the future would lead to a different voting outcome. The pursuit of a further referendum on Scottish independence is the stated policy of the current Scottish government. In the event that there was a vote in favour of independence, this could lead to a range of effects which could be negative to the Group's business in Scotland including increased costs and taxation rates in Scotland and a decrease in investment in the construction and housing sectors in Scotland. In the event that any of these effects materialise, this could have a material adverse impact on the Group's business, prospects, financial condition and/or results of operations.

2. RISKS RELATING TO THE RIGHTS ISSUE AND THE NEW ORDINARY SHARES

2.1 *The market value of the Ordinary Shares may fluctuate significantly as a result of factors beyond the Company's control and may not always reflect the underlying asset value or prospects of the Company*

The market price of the New Ordinary Shares (including the Nil Paid Rights and the Fully Paid Rights) and/or the Ordinary Shares could be volatile and subject to significant fluctuations due to a change in sentiment in the market regarding the New Ordinary Shares (including the Nil Paid Rights and the Fully Paid Rights) and/or the Ordinary Shares. Such risks depend on the market's perception of the likelihood of completion of the Rights Issue, and/or in response to various facts and events, including any industry sector changes affecting the Group's operations, variations in the Group's operating results, business developments of the Group and/or its competitors, the operating and share price performance of other companies in the industries and markets in which the Group operates or speculation about the Group's business in the press, media or the investment community. Changes in the political and economic climate (such as a result of the UK vote to leave the EU (see risk factor 1.4 above)) may also cause volatility and significant fluctuations in the market. Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Group's operating performance or prospects. Furthermore, the Group's business, prospects, financial condition and/or results of operations, or the underlying value of the Group's assets, from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the New Ordinary Shares (including the Nil Paid Rights and the Fully Paid Rights) and/or the Ordinary Shares.

2.2 *An active market in the Nil Paid Rights may not develop*

An active trading market in the Nil Paid Rights may not develop on the London Stock Exchange during the trading period. In addition, because the trading price of the Nil Paid Rights depends on the trading price of the Ordinary Shares, the Nil Paid Rights price may be volatile and subject to the same risks as noted elsewhere in this document.

2.3 *Shareholder ownership percentages may be diluted in connection with the Rights Issue or as a result of issuances of Ordinary Shares that may occur in the future*

If Shareholders do not take up the offer of New Ordinary Shares under the Rights Issue their proportionate ownership and voting interests in the Company will be reduced by approximately 25.0 per cent and the percentage that their shares will represent of the total share capital of the Company will be reduced accordingly. Even if a Shareholder elects to sell his, her or its unexercised Nil Paid Rights, or such Nil Paid Rights are sold on his, her or its behalf, the consideration he, she or it receives may not be sufficient to compensate him, her or it fully for the dilution of his, her or its percentage ownership of the Company's share capital that may be caused as a result of the Rights Issue.

In addition, although the Group has no current plans for an offering of its Ordinary Shares or of rights to subscribe for its Ordinary Shares other than in connection with the Rights Issue and the Galliford Try Share Plans, it is possible that the Group may decide to offer additional Ordinary Shares in the future, for example to effect a future acquisition. In addition, the granting of employee share options in respect of Ordinary Shares is an integral element of the Group's compensation policies. An additional offering of Ordinary Shares by the Group or significant grants of Ordinary Shares could dilute ownership and thereby have an adverse impact on the market price of outstanding Ordinary Shares.

2.4 *There are certain limitations as to the Group's ability to pay dividends*

Under English company law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. The Company's ability to pay cash

dividends in the future is affected by a number of factors including its ability to receive sufficient dividends from subsidiaries. The payment of dividends to the Company by its subsidiaries is, in turn, subject to restrictions, including certain regulatory requirements and the existence of sufficient distributable reserves and cash in the Company's subsidiaries.

The ability of these subsidiaries to pay dividends and the Company's ability to receive distributions from its investments in other entities is subject to applicable laws and regulatory requirements and other restrictions, including, amongst other things, covenants in some of the Company's credit facilities. These laws and restrictions could limit the payment of dividends and distributions to the Company by its subsidiaries, which could in future restrict the Company's ability to fund other operations or to pay a dividend to holders of the Existing Ordinary Shares or the New Ordinary Shares.

2.5 *New U.S. tax law was recently enacted and there is uncertainty with respect to its application*

In December 2017, the U.S. Congress approved, and the U.S. President signed into law, the "Tax Cuts and Jobs Act" which significantly changes the U.S. federal income tax system. Given the complexity of this law, there is some uncertainty as to how the new tax rules will be implemented. Prospective investors should consult their own tax adviser regarding the potential impact of the new law on the U.S. federal income tax consequences applicable to them.

2.6 *The Company may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could subject U.S. investors of the Company's ordinary shares to significant adverse U.S. federal income tax consequences*

A foreign corporation will be a passive foreign investment company for U.S. federal income tax purposes (a "PFIC") in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75 per cent. of its gross income is "passive income," or (ii) at least 50 per cent. of its assets produce or are held for the production of "passive income." For this purpose, "passive income" generally includes dividends, interest, royalties and rents and certain other categories of income, subject to certain exceptions. The Company has not determined if it has been a PFIC in any prior taxable year but it believes it may be a PFIC for the current taxable year. The determination of whether the Company is a PFIC is a fact-intensive determination that includes ascertaining the fair market value (or, in certain circumstances, tax basis) of all of its assets on a quarterly basis and the character of each item of income it earns. This determination is made annually and cannot be completed until the close of a taxable year. It depends upon the portion of the Company's assets (including goodwill) and income characterised as passive under the PFIC rules. Accordingly, a final determination as to PFIC status will not be made until after the end of the Company's current taxable year, which is the taxable year ending 30 June 2018. Even if the Company was not previously a PFIC, it is possible that the Company may become a PFIC due to changes in its income or asset composition or a decline in the market value of its equity. Because PFIC status is a fact-intensive determination, no assurance can be given that the Company is not, has not been, or will not become, classified as a PFIC.

If the Company were to be classified as a PFIC in any taxable year, U.S. Holders (as defined in "Certain Income Tax Considerations—Certain U.S. Federal Income Tax Considerations") generally would be subject to special tax rules that could result in materially adverse U.S. federal income tax consequences. Further, prospective investors should assume that a "qualified electing fund" election, which, if made, could serve as an alternative to the general PFIC rules and could reduce any adverse consequences to U.S. Holders if the Company were to be classified as a PFIC, will not be available because the Company does not expect to provide U.S. Holders with the information needed to make such an election. A "mark-to-market" election may be available, however, if the Company's ordinary shares are regularly

traded. For more information, see the section entitled “Certain Income Tax Considerations—Certain U.S. Federal Income Tax Considerations—Passive Foreign Investment Company” and consult a tax adviser concerning the U.S. federal income tax consequences of acquiring, owning or disposing of the Company’s ordinary shares if the Company is or becomes classified as a PFIC. See Part XVII of this document (*Taxation*)—U.S. Taxation—Passive Foreign Investment Company Rules for additional information.

2.7 *Overseas Shareholders may have fewer rights than they would as UK shareholders or as shareholders of companies organised in their local jurisdiction*

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Ordinary Shares are governed by English law and by the Company’s Memorandum and Articles. These rights differ from the rights of shareholders in typical U.S. corporations and some other non-UK corporations. In particular, English law significantly limits the circumstances under which shareholders of companies may bring derivative actions. Under such law generally, only a company can be the proper pursuer or claimant in proceedings in respect of wrongful acts committed against it. In addition, it may be difficult for an Overseas Shareholder to prevail in a claim against the Company under, or to enforce liabilities predicated upon, non-UK securities laws.

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors. All of the Directors are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors within the Overseas Shareholder’s country of residence or to enforce against the Directors judgments of courts of the Overseas Shareholder’s country of residence based on civil liabilities under that country’s securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors who are residents of the UK or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on the foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

2.8 *Holders of the Ordinary Shares in certain jurisdictions, including the United States, may not be able to exercise their pre-emptive rights or participate in future equity offerings if the Group increases its share capital.*

A holder of Ordinary Shares generally has the right to subscribe and pay for a sufficient number of Ordinary Shares to maintain its relative ownership percentage prior to the issuance of any new Ordinary Shares to another person. U.S. holders of Ordinary Shares may not be able to exercise their pre-emptive rights unless a registration statement under the Securities Act is effective with respect to such rights and the related Ordinary Shares or an exemption from the registration requirements of the Securities Act is available. Similar restrictions exist in certain other jurisdictions. The Group does not intend to register the Ordinary Shares under the Securities Act or the laws of any other jurisdiction, and no assurance can be given that an exemption from registration requirements will be available to U.S. or other holders of Ordinary Shares or, if available, that the Company will use it. To the extent that U.S. or other holders of Ordinary Shares are not able to exercise their pre-emptive rights, the pre-emptive rights would lapse and their proportional interests in the Company would be reduced.

2.9 *Shareholders may be subject to exchange rate risks*

The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares are priced in pounds Sterling, and will be quoted and traded in pounds Sterling. In addition, any dividends the Company may pay will be declared and paid in pounds Sterling. Accordingly, Shareholders

resident in non-UK jurisdictions are subject to risks arising from adverse movements in the value of their local currencies against the pound, which may reduce the value of the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares, as well as that of any dividends.

PART III

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change. Please read the notes to this timetable set out below.

All references to times in the timetable below are to UK time.

	2018
Record Date for entitlements under the Rights Issue	close of business on 23 March
Announcement of the Rights Issue	7.00 a.m. on 27 March
Date of publication of Prospectus	27 March
Despatch of Provisional Allotment Letters (to Qualifying non-CREST Shareholders only) ⁽¹⁾	27 March
Existing Ordinary Shares marked “ex-rights” by the London Stock Exchange	8.00 a.m. on 28 March
Admission of New Ordinary Shares, nil paid, and start of subscription period	28 March
Dealings in New Ordinary Shares, nil paid, commence on the London Stock Exchange	8.00 a.m. on 28 March
Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only) ⁽¹⁾	As soon as practicable after 8.00 a.m. on 28 March
Nil Paid Rights and Fully Paid Rights enabled in CREST	As soon as practicable after 8.00 a.m. on 28 March
Recommended latest time for requesting withdrawal of Nil Paid Rights or Fully Paid Rights from CREST (i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them into certificated form)	4.30 p.m. on 9 April
Recommended latest time and date for depositing renounced Provisional Allotment Letters, nil paid or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights or Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them into uncertificated form)	3.00 p.m. on 10 April
Latest time and date for splitting Provisional Allotment Letters, nil paid or fully paid, for rights traded on the London Stock Exchange	3.00 p.m. on 11 April
Latest time and date in the UK for acceptance and payment in full and registration of renounced Provisional Allotment Letters	11.00 a.m. on 13 April
Announcement of results of Rights Issue (including rump placement, if any)	16 April
Dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange	8.00 a.m. on 16 April
New Ordinary Shares credited to CREST accounts (uncertificated holders only)	by no later than 16 April

Settlement in respect of rump shares

18 April

Expected date of despatch of definitive share certificates for
New Ordinary Shares in certificated form

by no later than 25 April

Notes:

- (1) Subject to certain restrictions relating to Shareholders with registered addresses outside the UK, details of which are set out in paragraph 7 of Part IX (*Terms and Conditions of the Rights Issue*).
- (2) Each of the times and dates set out in the above timetables and mentioned in this document, the Provisional Allotment Letter and in any other document issued in connection with the Rights Issue is subject to change and may be adjusted by the Company in consultation with the Banks, in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange, and, where appropriate, Qualifying Shareholders.
- (3) If you have any questions relating to the Rights Issue or completion and return of your Provisional Allotment Letter, please contact the Shareholder Helpline on 0333 207 6535 (from inside the UK) or +44 121 415 0821 (if calling from outside the UK). The Shareholder Helpline is open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that for legal reasons, the Shareholder Helpline cannot provide advice on the merits of the Rights Issue nor give financial, tax, investment or legal advice.

PART IV

IMPORTANT INFORMATION

General

Investors should rely only on the information in this document and the information incorporated herein by reference. No person has been authorised to give any information or to make any representations other than those contained in this document in connection with the Rights Issue and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Financial Adviser and/or the Banks to the Rights Issue. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Section 87G of FSMA and PR 3.4.1 of the Prospectus Rules, neither the delivery of this document nor any subscription or sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his, her or its own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any action in respect of the New Ordinary Shares or Existing Ordinary Shares.

None of the Company, the Directors, the Financial Adviser and/or the Banks to the Rights Issue is making any representation to any Shareholder or purchaser of the New Ordinary Shares or Existing Ordinary Shares regarding the legality of an investment by such Shareholder.

Any investment decision relating to the New Ordinary Shares should be based on the consideration of this document in its entirety (and of the information incorporated into it by reference). In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved.

This document relates not only to the issue of the New Ordinary Shares, but also sets out information in relation to the Existing Ordinary Shares.

Presentation of Financial Information

The audited consolidated financial statements of the Company included in the 2015 Annual Report and Accounts as of and for the year ended 30 June 2015, in the 2016 Annual Report and Accounts as of and for the year ended 30 June 2016 and in the 2017 Annual Report and Accounts as of and for the year ended 30 June 2017, together with the audit opinions thereon, are incorporated by reference into this document, as further detailed in Parts XVI (*Financial Information Relating to the Group*) and XXI (*Documents Incorporated by Reference*) of this document.

The interim results of the Group as of and for the six months ended 31 December 2017 and the review report in respect thereof prepared by the Company's auditors, PricewaterhouseCoopers LLP, are incorporated by reference into this document, as further detailed in Parts XVI (*Financial Information Relating to the Group*) and XXI (*Documents Incorporated by Reference*) of this document.

The Group Financial Information was prepared in accordance with IFRS, IFRS interpretations and the Companies Act applicable to companies reporting under IFRS.

The 2015 Financial Information, the 2016 Financial Information and the 2017 Financial Information were audited by the Company's auditors. The 2018 Interim Financial Information was reviewed by the Company's auditors but was not audited.

The Company publishes its financial statements in Pounds Sterling. The abbreviations “£m” and “£bn” represent millions and thousands of millions of Pounds Sterling, respectively.

The financial information presented in a number of tables and in a number of other places in this document has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Certain financial information presented in this document has been presented including joint ventures, stated net of interest and taxation and before exceptional items and certain re-measurements. Part XIV (*Operating and Financial Review of the Group*) explains the basis on which exceptional items and certain re-measurements have been presented separately.

Certain financial information presented in this document has been restated where indicated as a result of the update released by the IFRS Interpretations Committee in 2016 in respect of IAS32 ‘Financial instruments: presentation’ specifically in relation to offsetting and cash pooling. This clarified that in order to offset bank account balances, an entity must have both a legally enforceable right and an intention to do so. As the Group maintains separate bank accounts with both cash and overdrawn balances, the Group’s consolidated financial statements were prepared without offsetting these balances with positive cash balances included within cash and cash equivalents and overdrawn balances included within financial liabilities – current borrowings. The Group restated its 30 June 2017, 30 June 2016, 30 June 2015 and 31 December 2016 financial statements accordingly.

Presentation of non-IFRS financial measures

As required by the Companies Act and Article 4 of the European Union IAS Regulation, the consolidated financial statements of the Group are prepared in accordance with IFRS issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union. Parts of this document contain non-IFRS financial measures (including the key performance indicators such as revenue, including the Group’s share of joint ventures’ revenue, profit from operations, which is profit stated before finance costs, amortisation, exceptional items, share of joint ventures’ interest and tax, taxation and operating profit margin, which is profit from operations as a percentage of revenue), which the Directors and management use to evaluate the Group’s performance and the Directors believe provide investors with meaningful, additional insight as to underlying performance. A reconciliation of these non-IFRS measures to the IFRS financial statements is provided in Part XIII (*Selected Financial Information*). The Directors have included these measures as they use them to measure business performance. An investor should not consider non-IFRS financial measures as alternatives to measures reflected in the Group Financial Information, which has been prepared in accordance with IFRS. In particular, an investor should not consider such measures as alternatives to profit after tax, operating profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of the Group’s activity. The Group’s non-IFRS financial measures may not be comparable with similarly titled financial measures reported by other companies.

Presentation of key performance indicators and operating measures

In this document, the Group discusses certain key performance indicators (“KPIs”). These are used by the Directors to analyse the Group’s business and financial performance and to track the Group’s progress and help develop long-term strategic plans. The Directors regularly review the Group’s KPIs. The Directors consider that an understanding of these KPIs and the trends that may affect the Group’s performance in future periods is important to investors and analysts.

Amongst the Group's KPIs and operating measures as presented in this document are Revenue, Group Revenue, Profit from Operations, Units, Landbank, Order Book, Gearing and Return on Net Assets. See Part XX (*Definitions and Interpretation*) for the meanings of these terms. A reconciliation of these non-IFRS measures and details of how they are calculated are set out in Part XIII (*Selected Financial Information*).

Proportional consolidated measures

The Group has housebuilding assets and construction activities in which it holds 100 per cent. and some which it holds through stakes in joint ventures or through joint contractual arrangements. These are classified as either joint ventures or joint operations. In the Group's IFRS financial statements, joint ventures are accounted for on an equity basis (included as a single profit figure in the IFRS Income Statement and as a single investment figure on the IFRS Balance Sheet). Joint operations are accounted for by the Group recognising its share of profits and losses in the consolidated income statement and its share of associated assets and liabilities in the consolidated balance sheet. In operational terms, the Group manages joint ventures and joint operations in substantially the same way as it manages its wholly-owned activities. Unless specifically stated, KPIs and financial measures in this document are stated in consideration of the Group's wholly-owned assets and its share of joint venture assets on a 'proportional consolidated' basis taking into account 100 per cent. of wholly-owned assets and a percentage equal to the Group's stake in respect of joint venture assets. Where reference is made to housebuilding unit completions, it is stated at 100 per cent. of the completions, irrespective of whether the units sold were wholly-owned or held in a joint venture, unless otherwise stated.

Proportional consolidated (non-IFRS) financial measures that have been presented in this document include gross revenue on a proportional consolidated basis, where stated, and other measures where indicated.

Management information

The information contained in this document includes certain estimated statements, including relating to market size. Unless otherwise stated, these statements are management estimates. While management believes this information to be reliable, it has not been assessed or confirmed by independent sources.

Market, economic and industry data

The market, economic and industry data used in this document has been obtained by the Company from various third party reports, as identified in this document, including:

- (a) "House Building: December Quarter 2013", Department for Communities and Local Government dated 20 February 2014; and
- (b) "UK House Price Index: December 2017", Office for National Statistics dated 13 February 2018.

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. The Group confirms that information sourced from a third party has been accurately reproduced, and as far as the Group is aware and has been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, in many cases the Group has made statements in this document regarding its industry and its position in the industry based on internal surveys as well as its own experience.

Forward-Looking Statements

Certain information contained in this document, including information as to the Group's strategy, market position, plans or future financial or operating performance, constitutes "forward-looking statements". Generally, words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or similar expressions identify forward-looking statements.

These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Group and are difficult to predict, that may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. Such factors include, but are not limited to: (i) general macroeconomic conditions and real estate activity in the markets in which the Group operates; and (ii) without prejudice to the working capital statement in paragraph 7 of Part XVIII (*Additional Information*) of this document, the Group's ability to implement its business strategy.

These statements are further qualified by the risk factors disclosed in this document that could cause actual results to differ materially from those in the forward-looking statements. See Part II (*Risk Factors*) for further details. For the avoidance of doubt, nothing in this document constitutes a qualification of the working capital statement contained in paragraph 7 of Part XVIII (*Additional Information*) of this document.

These forward-looking statements speak only as at the date of this document. Except as required by the rules contained in the Prospectus Rules, the Listing Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules or other applicable regulations, Galliford Try does not have any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, further events or otherwise. Except as required by the rules contained in the Prospectus Rules, the Listing Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules or other applicable regulations, The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Galliford Try's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Notice to all investors and Shareholders

This document has been lodged with the London Stock Exchange. Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering the proposed Rights Issue is prohibited. By accepting delivery of this document, each recipient agrees to the foregoing.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by any member of the Group, the Financial Adviser, the Banks and/or any of their respective affiliates. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Galliford Try since the date of this document or that the information in this document is correct as at any time subsequent to its date.

Without limitation, neither the contents of the websites of the Group nor any other website form part of this document. Capitalised terms have the meanings ascribed to them in Part XX (*Definitions and Interpretation*) of this document. References to times in this document are to London times unless otherwise stated.

Certain information in relation to the Group is incorporated by reference into this document as set out in Part XIX (*Documents Incorporated by Reference*) of this document.

Investors and Shareholders should read the entire document and any document incorporated by reference and, in particular, the section headed “Risk Factors”, when considering the proposed Rights Issue.

Enforcement of civil liabilities

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England. The rights of holders of Ordinary Shares are governed by English law and by the Company’s Memorandum and Articles. These rights differ from the rights of shareholders in typical U.S. corporations and some other non-UK corporations. In particular, English law significantly limits the circumstances under which shareholders of companies may bring derivative actions. Under such law generally, only a company can be the proper pursuer or claimant in proceedings in respect of wrongful acts committed against it. In addition, it may be difficult for an Overseas Shareholder to prevail in a claim against the Company under, or to enforce liabilities predicated upon, non-UK securities laws.

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. All of the Directors and executive officers are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within the Overseas Shareholder’s country of residence or to enforce against the Directors and executive officers judgments of courts of the Overseas Shareholder’s country of residence based on civil liabilities under that country’s securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors or executive officers who are residents of the UK or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on the foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

Notice to investors in the United States

Except as provided for below, neither this document nor the Provisional Allotment Letter constitutes, or will constitute, or forms or will form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for New Ordinary Shares, Nil Paid Rights and/or Fully Paid Rights to any Shareholder with a registered address in, or who is resident located in, the United States. Except as provided for below, if you are in the United States, you may not exercise your Nil Paid Rights, Fully Paid Rights and/or acquire New Ordinary Shares offered hereby.

Notwithstanding the foregoing, the Company reserves the right to offer and deliver the Nil Paid Rights, and the Fully Paid Rights and the New Ordinary Shares may be offered to and acquired by institutional investors in the United States reasonably believed to be QIBs in transactions exempt from, or not subject to, the registration requirements of the US Securities Act. The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares being offered outside the United States are being offered in reliance on Regulation S.

A QIB may secure Nil Paid Rights and will be permitted to subscribe for Fully Paid Rights and the New Ordinary Shares only if the QIB first: (i) returns a duly completed and executed investor representation letter to the Company, in accordance with the instructions of its custodian or nominee; and (ii) such investor representation letter has been accepted by the Company.

Any envelope containing a Provisional Allotment Letter and post-marked from the United States will not be valid unless it contains a duly executed investor representation letter in the appropriate form, which is accepted by the Company. Similarly, any Provisional Allotment Letter in which the exercising holder requests New Ordinary Shares to be issued in registered form and gives an address in the United States will not be valid unless it contains a duly executed investor

representation letter, which is accepted by the Company. Any payment made in respect of Provisional Allotment Letters that do not meet the foregoing criteria will be returned without interest, at the risk of the payer.

No representation has been, or will be, made by the Company or the Banks as to the availability of Rule 144 under the US Securities Act or any other exemption under the US Securities Act or any state securities laws for the re-offer or transfer of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares.

Any person in the United States who obtains a copy of this document or the Provisional Allotment Letter and who is not a QIB is required to disregard it.

Available information

The Company has agreed that, for so long as any of the New Ordinary Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the US Securities Exchange Act, nor exempt from reporting under the US Securities Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act.

WHERE TO FIND HELP

If you have any questions relating to the Rights Issue or completion and return of your Provisional Allotment Letter, please contact the Shareholder Helpline on the numbers set out below.

Shareholder Helpline telephone numbers:

0333 207 6535 (from inside the UK) or +44 121 415 0821 (if calling from outside the UK)

The Shareholder Helpline is open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes.

Please note that for legal reasons, the Shareholder Helpline cannot provide advice on the merits of the Rights Issue nor give financial, tax, investment or legal advice.

PART V

RIGHTS ISSUE STATISTICS

Number of Existing Ordinary Shares as at the Record Date	83,223,614
Number of New Ordinary Shares available under the Rights Issue	27,741,204
Number of Ordinary Shares in the Enlarged Share Capital	110,964,818
Issue Price per New Ordinary Share	568 pence
New Ordinary Shares as a percentage of the Enlarged Share Capital	25.0 per cent.
Estimated gross proceeds of the Rights Issue	£157.6 million
Estimated net proceeds of the Rights Issue	£150.1 million

PART VI

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Name	Position
	Peter Ventress	<i>Chairman</i> ⁽²⁾⁽³⁾
	Peter Truscott	<i>Chief Executive</i>
	Graham Prothero	<i>Finance Director</i>
	Terry Miller	<i>Senior Independent Non-Executive Director</i> ⁽¹⁾⁽²⁾⁽³⁾
	Gavin Slark	<i>Independent Non-Executive Director</i> ⁽¹⁾⁽²⁾⁽³⁾
	Jeremy Townsend	<i>Independent Non-Executive Director</i> ⁽¹⁾⁽²⁾⁽³⁾

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Nomination Committee
- (3) Member of the Remuneration Committee

The usual business address of the Directors is Galliford Try plc, Cowley Business Park, Cowley, Uxbridge, Middlesex UB8 2AL, United Kingdom.

Group Company Secretary

Kevin Corbett

Registered Office

Cowley Business Park
Cowley, Uxbridge
Middlesex UB8 2AL
United Kingdom

Website

<http://www.gallifordtry.co.uk>

Advisers and others

*Joint Sponsor, Joint Global Co-ordinator,
Joint Broker and Joint Bookrunner*

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

*Joint Sponsor, Joint Global Co-ordinator,
Joint Broker and Joint Bookrunner*

Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET
United Kingdom

Financial Adviser

NM Rothschild & Sons Limited

New Court
St Swithin's Lane
London EC4N 8AL
United Kingdom

Joint Bookrunner

Barclays Bank PLC

5 The North Colonnade
London E14 4BB
United Kingdom

Legal adviser to the Company (as to English and US law)

CMS Cameron McKenna Nabarro Olswang LLP

Cannon Place
78 Cannon Street
London EC4N 6AF
United Kingdom

*Legal adviser to the Joint Sponsors,
Joint Global Co-ordinators and Joint Brokers
(as to English and US law)*

Linklaters LLP

One Silk Street
London EC2Y 8HQ
United Kingdom

Auditors and Reporting Accountants

PricewaterhouseCoopers LLP

1 Embankment Place
London, WC2N 6RH
United Kingdom

Registrar and Receiving Agent

Equiniti Limited

Aspect House
Spencer Road, Lancing
West Sussex, BN99 6DA
United Kingdom

PART VII

LETTER FROM THE CHAIRMAN

GALLIFORD TRY PLC

(Incorporated and registered in England and Wales with registered no. 836539)

Registered Office:
Cowley Business Park
Cowley
Uxbridge
Middlesex UB8 2AL

27 March 2018

To Qualifying Shareholders and, for information purposes only, to holders of options under the Galliford Try Share Plans.

Dear Shareholder,

1 for 3 RIGHTS ISSUE AT 568 PENCE PER NEW ORDINARY SHARE

1. Introduction

On 14 February 2018, the Company announced its intention to raise £150 million by way of an equity capital raising. The Company subsequently announced on 27 March 2018 that it had determined to raise this new equity by way of a Rights Issue on the terms set out elsewhere in this document.

The purpose of this document is to explain the background to, and reasons for, the Rights Issue and set out the terms and conditions of the Rights Issue. The Board believes the Rights Issue to be in the best interests of Galliford Try and the Shareholders as a whole.

The Rights Issue is fully underwritten by HSBC Bank plc, Peel Hunt LLP and Barclays Bank PLC, subject to the terms of the Underwriting Agreement.

For the financial measures presented in this Part VII (*Letter from the Chairman*), see Part XIII (*Selected Financial Information*) for definitions of financial terms, how they are calculated and reconciliations.

Your attention is drawn to further risks associated with the Rights Issue and the New Ordinary Shares set out in Part II (*Risk Factors*).

2. Background to and reasons for the Rights Issue

2.1 Background

Galliford Try is one of the UK's leading housebuilding, regeneration and construction groups, operating through three strong businesses: Linden Homes, Partnerships & Regeneration and Construction.

During the period from 2009 to 2017, Galliford Try's group revenue, grew from £1,461.2 million to £2,662.1 million, both organically and through acquisition, benefitting from, amongst other things, the recovery of the UK housebuilding market following the global financial crisis and the expansion of Linden Homes and Partnerships & Regeneration, as well as the acquisition of Miller Construction in July 2014, Shepherd Homes in May 2015 and Drew Smith in May 2017.

In February 2017, the Company set out its “Strategy to 2021” (the “2021 Strategy”), which was built on three central themes:

1. Operate sustainably;
2. Drive operating efficiencies; and
3. Maintain capital discipline.

Since the establishment of the 2021 Strategy, the Group has reported good progress towards achieving its financial targets, including in the most recently reported period covering the six months to 31 December 2017. These financial targets specify objectives for each of the Group’s businesses and amount to, in aggregate: (i) a growth in profit before tax of 60 per cent. over the five year period; (ii) a five year total dividend CAGR of at least five per cent.; and (iii) a return on net assets in FY2021 of at least 25 per cent (prior to the impact of the issue of the New Ordinary Shares).

On 3 May 2017, Galliford Try announced that, while the Group continued to record strong trading across its core businesses, the performance of the Construction business would be impacted by non-recurring costs of approximately £98 million following a reappraisal of costs to complete, and recoveries from, legacy contracts. Approximately 80 per cent. of this cost related to two large infrastructure joint ventures, with the vast majority of such costs being attributable to the AWPR contract conducted through a joint venture with Carillion and Balfour Beatty.

On 15 January 2018, the Group announced that, as a result of the compulsory liquidation of Carillion, it expected to incur additional costs related to AWPR of between £30 million and £40 million, and in its half year results to 31 December 2017 announced a related £25 million exceptional cost. The terms of the Group’s joint venture agreement are such that the remaining joint venture members are obliged to complete the contract, with any shortfall funded equally by the remaining joint venture members. The final over-run cost to the Group will be the Group’s share of costs actually incurred to complete the project (including half of those costs not covered by Carillion), less the Group’s half-share of any recoveries ultimately obtained. The over-run costs on AWPR, compounded by Carillion’s compulsory liquidation, are expected in total to absorb in excess of £150 million of the Group’s cash (prior to any recoveries). However, the total exceptional costs and final cash impacts of the AWPR contract are ultimately dependent on completion of the project and agreement of any associated recoveries, which cannot currently be predicted with certainty.

The Group continues to make good progress towards resolving AWPR and practical completion of the construction work is expected in Summer 2018. Further, despite the issues encountered in relation to AWPR, the 2021 Strategy and related financial targets remain unchanged. The AWPR contract was entered into in December 2014. Following Bill Hocking’s appointment to the position of Chief Executive of the Group’s Construction business in September 2015, the Group changed its tendering policy and no longer enters into significant infrastructure contracts on a fixed price, all risk basis. This reflected the broader shift of emphasis in the Construction business towards a model focussed on improving profitability through the prudent management of risk. As previously announced by the Company, the other legacy construction contracts are substantially complete with no additional exceptional costs being incurred.

Galliford Try has three strong businesses, is operating within its financial covenants and the terms of its borrowing facilities, and its balance sheet will be strengthened further by the Rights Issue. The Group currently has sufficient financial resources to meet its obligations, including the estimated impact of Carillion’s liquidation. However, this would involve diverting capital away from the Linden Homes and Partnerships & Regeneration businesses, thereby

reducing their ability to capitalise on the material growth opportunities these businesses are well positioned to deliver.

The Group has £550 million of debt facilities, comprising of a £450 million revolving credit facility which matures in 2022, of which £100 million was drawn as at 31 December 2017, and £100 million of private placement notes due 2027. The Group will continue with its current gearing target of financial year end net debt to net assets of no greater than 30 per cent. The Group's defined benefit pension obligations are well provided for, with a fair value of plan assets as at 31 December 2017 of £248.0 million and the present value of obligations at £250.7 million resulting in a balance sheet liability of £2.7 million as at that date.

2.2 *Reasons for the Rights Issue*

The Rights Issue proceeds will be applied to cover over-run costs in relation to the AWPR contract, compounded by the compulsory liquidation of Carillion, which together have increased the Group's total cash commitments to the project in excess of £150 million (prior to any recoveries).

The Board believes that the Rights Issue proceeds will strengthen the Group's balance sheet and ensure that the Group's businesses are in a position, with the appropriate capital, to deliver on their respective growth opportunities in line with the Company's stated 2021 Strategy, in particular in the Linden Homes and Partnerships & Regeneration businesses through, for example, volume growth from existing and new geographies, strategic land opportunities and increased investment in the provision of mixed-tenure housing.

The Board also considers that a strengthened financial position for Galliford Try will demonstrate the Group's continued and enhanced financial strength and stability to Galliford Try's shareholders, customers, suppliers and other stakeholders and reaffirm the Group's capacity to act as a leading partner on significant projects.

2.3 *Actions taken by the Company*

The management of the Company have implemented a number of important changes to the Group's businesses in recent years, in particular in relation to its Construction business, principally with the aim of reducing the Group's exposure to risks similar to those encountered in respect of the AWPR contract. These actions include a reorientation of the business culture to one with a central focus on risk management and cessation of tendering for large, fixed price, all risk contracts similar to the AWPR contract.

Following Bill Hocking's appointment to the position of Chief Executive of the Group's Construction business in September 2015 the Group changed its tendering policy and no longer enters into significant infrastructure contracts on a fixed price, all risk basis. This reflected the broader shift of emphasis in the Construction business towards a model focussed on improving profitability through the prudent management of risk. As previously announced by the Company, the legacy construction contracts are substantially complete.

3. *Use of proceeds*

The Rights Issue is expected to raise gross proceeds of approximately £157.6 million, which the Group expects to use to cover over-run costs in relation to the AWPR contract, strengthen the Group's balance sheet and ensure that the Group's businesses are in a position, with the appropriate capital, to deliver on their respective growth opportunities in line with the Group's stated 2021 Strategy, in particular in the Linden Homes and Partnerships & Regeneration businesses through, for example, volume growth from existing and new geographies, strategic land opportunities and increased investment in the provision of mixed-tenure housing.

4. Financial impact of the Rights Issue

Had the Rights Issue taken place as at the last balance sheet date, being 31 December 2017 (and had the proceeds of the Rights Issue been used to reduce the Group's borrowings) the effect on the balance sheet would have been to create a net cash position of £65.2m.

Your attention is drawn to Part XVI (*Unaudited Pro Forma Financial Information*) of this document which contains an unaudited pro forma statement of net assets, which illustrates the effect of the Rights Issue on the consolidated net assets of the Company as if it had occurred on 31 December 2017. This information has been prepared for illustrative purposes only.

5. Information on the Rights Issue

The Company is proposing to offer 27,741,204 New Ordinary Shares by way of a Rights Issue. The New Ordinary Shares will be offered to all Qualifying Shareholders other than to Shareholders with a registered address, or resident in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories. The Rights Issue will be made on the following basis:

1 New Ordinary Share at 568 pence each for every 3 Existing Ordinary Shares

held and registered in the name of Qualifying Shareholders at the close of business on the Record Date. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue, as will holdings under different designations, in different accounts and on different registers. Entitlements to New Ordinary Shares will be rounded down to the nearest whole number and resulting fractions of New Ordinary Shares will not be allotted to any Qualifying Shareholders, but will instead be aggregated and sold in the market ultimately for the benefit of the Company.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and distributions thereafter declared, made or paid on the share capital of the Company, save in respect of any dividend or distribution with a record date falling before the date of the issue of the New Ordinary Shares.

Application has been made to the UK Listing Authority for the New Ordinary Shares (nil and fully paid) to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares, nil paid, will commence on the London Stock Exchange at 8.00 a.m. on 28 March 2018, with dealings in the New Ordinary Shares, fully paid, expected to commence at 8.00 a.m. on 16 April 2018.

The Issue Price of 568 pence per New Ordinary Share represents a 32.8 per cent. discount to the theoretical ex-rights price based on the Closing Price for an Ordinary Share of 937.5 pence on 26 March 2018, being the latest practicable date prior to the publication of this document. If a Qualifying Shareholder does not take up the offer of New Ordinary Shares in any way, his, her or its proportionate shareholding will be diluted by 25.0 per cent.

The Rights Issue is expected to raise approximately £150.1 million (net of expenses). The Company has arranged for the Rights Issue to be fully underwritten by the Banks to provide certainty as to the amount of capital to be raised. The Underwriting Agreement is not subject to any right of termination after Admission (including in respect of any statutory withdrawal rights).

The terms of the Underwriting Agreement are summarised in paragraph 11.1 of Part XVIII (*Additional Information*). The Rights Issue is conditional, *inter alia*, upon:

- (a) the Underwriting Agreement having become unconditional in all respects and not having been terminated in accordance with its terms; and

- (b) Admission (nil paid) having occurred by not later than 8.00 a.m. on 28 March 2018 (or such later time and/or date as the parties to the Underwriting Agreement may agree, being not later than 5 April 2018).

The Rights Issue has been structured in a way that is expected to have the effect of creating distributable reserves approximately equal to the net proceeds of the Rights Issue less the nominal value of the New Ordinary Shares issued by the Company. HSBC has agreed to acquire ordinary shares in Newco, a Jersey incorporated company that is a subsidiary of the Company. HSBC, as principal, will apply the proceeds of the Rights Issue to acquire redeemable preference shares in Newco. The Company will issue the New Ordinary Shares to those persons entitled thereto in consideration for HSBC transferring its holdings of redeemable preference shares and ordinary shares in Newco to the Company.

Accordingly, instead of receiving cash as consideration for the issue of the New Ordinary Shares, at the conclusion of the Rights Issue the Company will own the entire issued share capital of Newco, whose only asset will be its cash reserves, which will represent an amount equivalent to the proceeds of the Rights Issue. The Company will be able to use this amount (including for the payment of the costs and expenses of the Rights Issue) on redemption of the redeemable preference shares it holds in Newco and, if required, during any interim period prior to redemption, by procuring that Newco lends the amount to the Company (or one of the Company's subsidiaries).

The Directors may elect to implement the Rights Issue without using the structure described above if they deem it to be in the Company's interests to do so.

Some questions and answers, together with details of further terms and conditions of the Rights Issue including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in Parts VIII (*Some Questions and Answers about the Rights Issue*) and IX (*Terms and Conditions of the Rights Issue*) and, where relevant, will also be set out in the Provisional Allotment Letter.

Overseas Shareholders should refer to Section 7 of Part IX (*Terms and Conditions of the Rights Issue*) for further information on their ability to participate in the Rights Issue.

6. Intentions of the Directors

The Directors, who hold in aggregate 102,420 Existing Ordinary Shares, representing approximately 0.1 per cent. of the Company's existing issued ordinary share capital as at 26 March 2018 (being the last practicable date prior to the publication of this document), each intend to take up their rights in full or in part in respect of the New Ordinary Shares to which they are entitled or, where their shares are held in trust or with nominees, such Directors intend to recommend that such rights be taken up in full or in part.

7. Current trading and prospects

On 14 February 2018, the Group announced its interim results for the six month period ended 31 December 2017. The results showed strong financial and operational performance across all three businesses with good progress being made against the Group's growth plan to 2021. Highlights included:

- Linden Homes delivered an excellent performance in the first half: strong volume growth with revenue up 7.2 per cent. compared to the six months ended 31 December 2016 and operating profit margin (excluding land sales) improved to 18.5 per cent. (H1 2017: 16.3 per cent.), reflecting the increased focus on standardisation and operating efficiencies;
- Partnerships & Regeneration has seen a significant revenue increase of 54.9 per cent. over H1 2017, excellent operating profit margin progress to 4.8 per cent. (H1 2017: 3.4 per cent.), and continuing strengthening of the contracting order book, up 40 per cent. to £1.3 billion and the mixed tenure sales reserved, exchanged or completed, up 30 per cent. to

£120 million at 31 December 2017, in each case compared to the six months ended 31 December 2016. Further revenue growth and margin gains are expected, driven by continuing strong demand and geographical expansion; and

- Construction's underlying business continues to improve following the changes made to its tendering processes. Operating profit margin increased to 0.9 per cent. (H1 2017: 0.4 per cent.) and a high-quality order book has been maintained at £3.5 billion (H1 2017: £3.4 billion). There has been an encouraging performance on more recently secured contracts, which supports Construction's strategic objectives.

The UK Government's stated commitment to the housing market, including Help to Buy and the relaxation of stamp duty for first time buyers, along with good mortgage availability and low interest rates, benefits both the Group's private and affordable homes businesses. The Construction business, operating predominantly in the public and regulated sectors, continues to benefit from a strong order book, with an encouraging pipeline of opportunities from the current and planned investment in the nation's infrastructure.

Linden Homes entered the second half of the financial year with a solid forward order book and total sales currently reserved, contracted and completed of £762 million (H1 2017: £747 million). Further improvement in the operating margin is expected in the second half of the financial year in line with the 2021 strategic targets. Linden Homes' sales rate remains encouraging, and the business continues to see opportunities in the availability of prime sites in popular locations and at good hurdle rates.

Partnerships & Regeneration continues to benefit from strong demand nationally for affordable housing and its prominence and focus across all political parties. The business had a strong first half including a number of wins in both contracting and mixed tenure. The business expects to see further improvement in the second half of the financial year driven by strong demand and the business' continuing geographical expansion.

Construction's underlying performance continues to improve through its focus on risk management and careful contract selection. The business benefits from its participation on multiple frameworks and its high quality contract order book. At 31 December 2017, with 99 per cent. of revenue secured for the current financial year and 61 per cent. secured for FY2018/19 (H1 2017: 94 per cent. and 62 per cent. respectively) the Company's revenue guidance remains unchanged. Construction is encouraged by the performance of its newer won projects which support the business's 2021 strategic objectives.

8. Dividends and dividend policy

The Board understands the importance of optimising value for shareholders and believes in balancing returns to shareholders with investment in the business to support future growth. To this end, as announced on 14 February 2018, the Board has decided to bring forward the planned increase in dividend cover to 2.0x pre-exceptional earnings per share which will be effective for the current financial year ending 30 June 2018.

Reflecting this, and the Group's strong underlying performance during the half year to 31 December 2017, the Board declared an interim dividend of 28p per share (H1 2017: 32p) which will be paid on 6 April 2018 to shareholders on the register at close of business on 16 March 2018.

9. Overseas Shareholders

The attention of Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document, the Provisional Allotment Letter or any other document in relation to the Rights Issue to such persons, is drawn to the information which appears in paragraph 7 of Part IX (*Terms and Conditions of the Rights Issue*).

New Ordinary Shares will be provisionally allotted (nil paid) to all Shareholders on the register at the Record Date, including Overseas Shareholders. However, Provisional Allotment Letters will not be sent to Qualifying Non-CREST Shareholders with registered addresses in, or who are resident or located (as applicable) in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories, nor will the CREST stock accounts of Qualifying CREST Shareholders with registered addresses in, or who are resident or located (as applicable) in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories, be credited.

Notwithstanding any other provision of this document or the Provisional Allotment Letter, Galliford Try reserves the right to permit any Qualifying Shareholder on the register at the Record Date to take up his rights if Galliford Try in its sole and absolute discretion is satisfied that the transaction in question will not violate applicable laws.

The provisions of Section 7 of Part IX (*Terms and Conditions of the Rights Issue*) will apply generally to Overseas Shareholders who cannot or do not take up the New Ordinary Shares provisionally allotted to them.

10. Taxation

Your attention is drawn to Part XVII (*Taxation*). If you are in any doubt as to your tax position, you should consult your own professional adviser immediately.

11. Share schemes

In accordance with the rules of the Galliford Try Share Plans (other than the Annual Bonus Plan and 2005 Executive Plan), the Directors propose to make adjustments to the terms of outstanding options and awards to take account of the Rights Issue, subject to any necessary approvals. Where options and awards are subject to performance conditions, adjustments will, if appropriate, also be made to those conditions. Participants will be contacted separately in due course with detailed information on how their options and awards will be affected by the Rights Issue.

Participants in the Annual Bonus Plan and 2005 Executive Plan beneficially own their Ordinary Shares which are held on their behalf by the trustee of the Galliford Employee Share Trust. These participants will be able to instruct the trustee how to act on their behalf in relation to the Rights Issue so that they can participate in it.

12. Action to be taken

In relation to the Rights Issue, if you are a:

- (a) Qualifying Non-CREST Shareholder (other than Qualifying Non-CREST Shareholders with registered addresses in, or who are resident or located (as applicable) in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories), you will be sent a Provisional Allotment Letter giving you details of your Nil Paid Rights and containing instructions on how to take up your entitlements under the Rights Issue by post; and
- (b) if you are a Qualifying CREST Shareholder (other than a Shareholder with a registered address, or who is resident or located (as applicable) in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories), you will not be sent a Provisional Allotment Letter. Instead, you will receive a credit to your appropriate stock accounts in CREST in respect of the Nil Paid Rights as soon as practicable after 8.00 a.m. on 28 March 2018.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares held (other than ex-rights) in certificated form before the Ex-Rights Date (being 28 March 2018), you should complete Form X on page 4 of the Provisional Allotment Letter and send the entire Provisional

Allotment Letter, together with a copy of this document, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee, except that such documents should not be sent to, distributed in, forwarded to or transmitted to or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, the United States, South Africa and any of the other the Excluded Territories.

If you sell or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, you will need to complete Form X on page 4 of the Provisional Allotment Letter and consult the stockbroker, bank or other appropriate financial adviser through whom you made the sale or transfer before taking any action with regard to the balance of rights due to you.

The latest time and date for acceptance and payment in full under the Rights Issue will be 11.00 a.m. on 13 April 2018, unless otherwise announced by the Company.

The procedure for acceptance and payment depends on whether, at the time at which acceptance and payment is made, the Nil Paid Rights are in certificated form (that is, are represented by a Provisional Allotment Letter) or in uncertificated form (that is, are in CREST). The procedures for acceptance and payment are set out in Part IX (*Terms and Conditions of the Rights Issue*).

Further details will also be set out in the Provisional Allotment Letters that will be sent to Qualifying non-CREST Shareholders. Qualifying CREST Shareholders should note that they may not receive further written communication from the Company in relation to the Rights Issue and accordingly such Shareholders should retain this document throughout the period of the Rights Issue for, *inter alia*, details of the action they should take. Further, such Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue.

If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

13. Further information

Your attention is drawn to the further information on the Rights Issue set out in Parts VIII (*Some Questions and Answers about the Rights Issue*) and IX (*Terms and Conditions of the Rights Issue*), which include some questions and answers and about the Rights Issue, further terms and conditions, details on the procedure for acceptance and payment and the procedure in respect of rights not taken up.

Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document, the Provisional Allotment Letter or any other document in relation to the Rights Issue to such persons, is drawn to the information which appears in paragraph 7 of Part IX (*Terms and Conditions of the Rights Issue*).

Yours faithfully,

Peter Ventress
Non-Executive Chairman

PART VIII

SOME QUESTIONS AND ANSWERS ABOUT THE RIGHTS ISSUE

The questions and answers set out in this Part VIII are intended to be in general terms only and, as such, you should read Part IX (Terms and Conditions of the Rights Issue) of this document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, duly authorised under FSMA if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser.

This Part VIII deals with general questions relating to the Rights Issue and more specific questions relating to Ordinary Shares held by persons resident in the UK who hold their Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read Section 7 of Part IX (Terms and Conditions of the Rights Issue) and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your rights. If you hold your Ordinary Shares in uncertificated form (that is, through CREST), you should read Part IX (Terms and Conditions of the Rights Issue) for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Ordinary Shares are in certificated or uncertificated form, please call the Shareholder Helpline on 0333 207 6535 (from inside the UK) or +44 121 415 0821 (if calling from outside the UK). The Shareholder Helpline is open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that for legal reasons, the Shareholder Helpline cannot provide advice on the merits of the Rights Issue nor give financial, tax, investment or legal advice.

1. General

1.1 What is a rights issue?

A rights issue is a way for companies to raise money. Companies do this by giving their existing shareholders a right to buy further shares in proportion to their existing shareholdings.

The offer under this Rights Issue is 27,741,204 New Ordinary Shares at a price of 568 pence per New Ordinary Share. If you are a Qualifying Shareholder other than a Shareholder with a registered address in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories, you will be entitled to buy New Ordinary Shares under the Rights Issue. If you hold your Existing Ordinary Shares in certificated form, your entitlement will be set out in your Provisional Allotment Letter.

New Ordinary Shares are being offered to Qualifying Shareholders in the Rights Issue at a discount to the share price on the last Dealing Day before the details of the Rights Issue were announced on 26 March 2018. The Issue Price of 568 pence per New Ordinary Share represents a 32.8 per cent. discount to the theoretical ex-rights price based on the Closing Price for an Ordinary Share of 937.5 pence on 26 March 2018, being the latest practicable date prior to the publication of this document. Because of this discount and while the market value of the Existing Ordinary Shares exceeds the Issue Price, the right to buy the New Ordinary Shares is potentially valuable.

The Rights Issue is on the basis of 1 New Ordinary Share for every 3 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If you do not want to buy the New Ordinary Shares to which you are entitled, you can instead sell or transfer your rights

to those New Ordinary Shares (called Nil Paid Rights) and receive the net proceeds, if any, of the sale or transfer in cash. This is referred to as dealing “nil paid”.

1.2 *Will Shareholders be entitled to vote on the Rights Issue?*

No. The Company is relying on existing shareholder approvals granted under sections 551 and 570 of the Companies Act pursuant to resolutions passed at the Company’s 2017 Annual General Meeting. For that reason, the Rights Issue will not require shareholder approval. No general meeting of Shareholders or other Shareholder vote will take place in connection with the Rights Issue.

1.3 *I understand that there is a period when there is trading in the Nil Paid Rights. What does this mean?*

If you do not want to buy the New Ordinary Shares being offered to you under the Rights Issue, you can instead sell or transfer your rights (called ‘Nil Paid Rights’) to those New Ordinary Shares and receive the net proceeds of the sale or transfer in cash. This is referred to as dealing “nil paid”. This means that, during the Rights Issue offer period (i.e. between 28 March 2018 and 13 April 2018), you can either trade Ordinary Shares (which will not carry any entitlement to participate in the Rights Issue) or you can, subject to demand and market conditions, trade in the Nil Paid Rights.

1.4 *Will the New Ordinary Shares receive the interim dividend for the year ending 30 June 2018?*

No, the New Ordinary Shares will not receive the interim dividend for the year ending 30 June 2018 as the record date for such dividend falls before the date of the issue of the New Ordinary Shares. The New Ordinary Shares, when issued and fully paid, will rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and distributions thereafter declared, made or paid on the share capital of the Company, save in respect of any dividend or distribution with a record date falling before the date of the issue of the New Ordinary Shares.

2. Ordinary Shares in certificated form

2.1 *I hold my Existing Ordinary Shares in certificated form. How do I know if I am eligible to acquire New Ordinary Shares under the Rights Issue?*

If you receive a Provisional Allotment Letter and are not a Shareholder with a registered address in, subject to certain exceptions, the United States, South Africa, or any of the other Excluded Territories, then you should be eligible to acquire New Ordinary Shares under the Rights Issue (as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 28 March 2018 (the time when the Existing Ordinary Shares are expected to be marked “ex-rights” by the London Stock Exchange)).

2.2 *How many New Ordinary Shares will I be entitled to acquire?*

Box 2 on the Provisional Allotment Letter shows the number of New Ordinary Shares you will be entitled to buy if you are a Qualifying Non-CREST Shareholder. You will be entitled to 1 New Ordinary Share for every 3 Existing Ordinary Shares you held on the Record Date. All Qualifying Non-CREST Shareholders (other than Shareholders with a registered address in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories) will be sent a Provisional Allotment Letter.

2.3 *I hold my Existing Ordinary Shares in certificated form. What do I need to do in relation to the Rights Issue?*

If you hold your Existing Ordinary Shares in certificated form and do not have a registered address in, subject to certain exceptions, the United States, South Africa or any of the other

Excluded Territories, you will be sent a Provisional Allotment Letter that shows:

- (a) how many Existing Ordinary Shares you held at the close of business on 23 March 2018 (the Record Date for the Rights Issue);
- (b) how many New Ordinary Shares you are entitled to buy pursuant to the Rights Issue; and
- (c) how much you need to pay if you want to take up your right to buy all the New Ordinary Shares provisionally allotted to you in full.

If you have a registered address in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories, you will not receive a Provisional Allotment Letter.

2.4 *I am a Qualifying Shareholder with a registered address in the UK and I hold my Existing Ordinary Shares in certificated form. What are my options and what should I do with the Provisional Allotment Letter?*

- (a) *If you want to take up all of your rights*

If you want to take up all of your rights to acquire all of the New Ordinary Shares to which you are entitled, all you need to do is send the Provisional Allotment Letter, together with your cheque or banker's draft for the full amount shown in Box 3 of the Provisional Allotment Letter, payable to "Equiniti Limited re: Galliford Try plc—Rights Issue" and crossed "A/C payee only", by post to the address shown on page 1 of the Provisional Allotment Letter, or by hand (during normal business hours) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA to arrive by no later than 11.00 a.m. on 13 April 2018. Within the UK only, you can use the reply-paid envelope which will be enclosed with the Provisional Allotment Letter. Please allow sufficient time for delivery. Full instructions are set out in Part IX (*Terms and Conditions of the Rights Issue*) and will be set out in the Provisional Allotment Letter.

Please note third party cheques may not be accepted other than building society cheques or banker's drafts.

If payment is made by a building society cheque (not being drawn on account of the applicant) or a banker's draft, the building society or bank should insert details of the name of the account holder and have either added the building society or bank branch stamp, or have provided a supporting letter confirming the source of funds. The name of such account holder should be the same as the name of the shareholder shown on page 1 or page 4 of the Provisional Allotment Letter. A definitive share certificate will then be sent to you for the New Ordinary Shares that you take up. Your definitive share certificate for New Ordinary Shares is expected to be dispatched to you by no later than 25 April 2018. You will need your Provisional Allotment Letter to be returned to you if you want to deal in your Fully Paid Rights. Your Provisional Allotment Letter will not be returned to you unless you tick the appropriate box on the Provisional Allotment Letter.

- (b) *If you do not want to take up your rights at all*

If you do not want to take up your rights, you do not need to do anything. If you do not return your Provisional Allotment Letter subscribing for the New Ordinary Shares to which you are entitled by 11.00 a.m. on 13 April 2018, we have made arrangements under which the Banks will try to find investors to take up your rights and the rights of others who have not taken them up. If the Banks do find investors who agree to pay a premium above the Issue Price and the related expenses of procuring those investors (including any applicable brokerage and commissions and amounts in

respect of value added tax), you will be sent a cheque in the name of the registered shareholder(s) for your share of the amount of that premium provided that this is £5.00 or more. Cheques are expected to be dispatched on or around 25 April 2018 and will be sent to your existing address appearing on Galliford Try's register of members (or to the address of the first-named holder if you hold your Existing Ordinary Shares jointly). If the Banks cannot find investors who agree to pay a premium over the Issue Price and related expenses so that your entitlement would be £5.00 or more, you will not receive any payment, and any amounts of less than £5.00 will be aggregated and will accrue for the benefit of the Company. Alternatively, if you do not want to take up your rights, you can sell or transfer your Nil Paid Rights (see question 2.4(d) below).

(c) *If you want to take up some but not all of your rights*

If you want to take up some but not all of your rights and wish to sell some or all of those you do not want to take up, you should first apply to have your Provisional Allotment Letter split by completing Form X on the Provisional Allotment Letter, and returning it by post or by hand to the Receiving Agent, at Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA (during normal business hours) so as to be received by 3.00 p.m. on 11 April 2018, together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights to be comprised in each split Provisional Allotment Letter. You should then deliver the split Provisional Allotment Letter representing the New Ordinary Shares that you wish to accept together with your cheque or banker's draft to the Receiving Agent (see question 2.4(a) above) to be received by 11.00 a.m. on 13 April 2018.

Alternatively, if you only want to take up some of your rights (but not sell some or all of the rest), you should complete Form X on the Provisional Allotment Letter and return it with a cheque or banker's draft together with an accompanying letter indicating the number of Nil Paid Rights that you wish to take up, in accordance with the provisions set out in the Provisional Allotment Letter. In this case the Provisional Allotment Letter and cheque or banker's draft must be received by Equiniti by 3.00 p.m. on 11 April 2018, being the latest time and date for splitting Provisional Allotment Letters, nil paid.

Further details are being set out in Part IX (*Terms and Conditions of the Rights Issue*) and will be set out in the Provisional Allotment Letter.

(d) *If you want to sell all of your rights*

If you want to sell all of your rights, you should complete and sign Form X on the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and pass the entire letter to your stockbroker, bank manager or other appropriate financial adviser or to the transferee (provided they are not in the United States, South Africa or any of the other Excluded Territories). Please note that your ability to sell your rights is dependent on the demand for such rights and that the price for the Nil Paid Rights may fluctuate. Please ensure, however, that you allow enough time so as to enable the person acquiring your rights to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 13 April 2018.

2.5 *I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive a Provisional Allotment Letter?*

If you do not receive a Provisional Allotment Letter but hold your Existing Ordinary Shares in certificated form, this probably means that you are not able to acquire New Ordinary Shares under the Rights Issue. Some Qualifying Non-CREST Shareholders, however, will

not receive a Provisional Allotment Letter but may still be eligible to acquire New Ordinary Shares under the Rights Issue, namely:

- (a) Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on the Record Date and who have converted them to certificated form;
- (b) Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before the Ex-Rights Date and who hold such Shares in certificated form but were not registered as the holders of those Shares at the close of business on the Record Date; and
- (c) certain Overseas Shareholders who can prove that the offer under the Rights Issue can lawfully be made to them without contravention of any relevant legal requirements.

If you do not receive a Provisional Allotment Letter but think that you should have received one, please contact the Shareholder Helpline on 0333 207 6535 (from inside the UK) or +44 121 415 0821 (if calling from outside the UK). The Shareholder Helpline is open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that for legal reasons, the Shareholder Helpline cannot provide advice on the merits of the Rights Issue nor give financial, tax, investment or legal advice.

2.6 *I hold my Existing Ordinary Shares in certificated form. If I take up my rights, when will I receive the certificate representing my New Ordinary Shares?*

If you take up your rights under the Rights Issue, share certificates for the New Ordinary Shares are expected to be posted by no later than 25 April 2018.

2.7 *I hold my Existing Ordinary Shares in certificated form. What if I want to sell the New Ordinary Shares for which I have paid?*

Provided the New Ordinary Shares have been paid for and you have requested the return of the receipted Provisional Allotment Letter, you can transfer the Fully Paid Rights by completing Form X (the form of renunciation) on the receipted Provisional Allotment Letter in accordance with the instructions set out in the Provisional Allotment Letter until 11.00 a.m. on 13 April 2018. After that time, you will be able to sell your New Ordinary Shares in the normal way. The share certificate relating to your New Ordinary Shares is expected to be dispatched to you by no later than 25 April 2018. Pending despatch of the share certificate, instruments of transfer will be certified by the Registrar against the register.

Further details are set out in Part IX (*Terms and Conditions of the Rights Issue*).

2.8 *How do I transfer my rights into the CREST system?*

If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your New Ordinary Shares to be in uncertificated form, you should complete Form X and the CREST Deposit Form (both on the Provisional Allotment Letter). Further details on how to deposit Nil Paid Rights or Fully Paid Rights into CREST are set out further in Part IX (*Terms and Conditions of the Rights Issue*) and will be set out in the Provisional Allotment Letter.

If you have transferred your rights into the CREST system, you should refer to Section 5 of Part IX (*Terms and Conditions of the Rights Issue*) for details on how to pay for the New Ordinary Shares.

3. Ordinary Shares in CREST

3.1 *How do I know if I am eligible to participate in the Rights Issue?*

If you are a Qualifying CREST Shareholder (save as mentioned below), and on the assumption that the Rights Issue proceeds as planned, your CREST stock account will be credited with your entitlement to Nil Paid Rights on 28 March 2018. The stock account to be credited will be the account under the participant ID and member account ID that apply to your Ordinary Shares on the Record Date. The Nil Paid Rights and the Fully Paid Rights are expected to be enabled after 8.00 a.m. on 28 March 2018. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to check that your account has been credited with your entitlement to Nil Paid Rights. The CREST stock accounts of certain Excluded Overseas Shareholders will not be credited with Nil Paid Rights. Excluded Overseas Shareholders should refer to Section 7 of Part IX (*Terms and Conditions of the Rights Issue*).

3.2 *How do I take up my rights using CREST?*

If you are a Qualifying CREST Shareholder and wish to take up and pay your rights, you should refer to the instructions set out in Part IX (*Terms and Conditions of the Rights Issue*).

If you are a CREST member, you should ensure that a Many-to-Many (“MTM”) instruction has been inputted and has settled by 11:00 a.m. on 13 April 2018 in order to make a valid acceptance. If your Ordinary Shares are held by a nominee or you are a CREST sponsored member, you should speak directly to the agent who looks after your stock or your CREST sponsor (as appropriate) who will be able to help. If you have further questions, particularly of a technical nature regarding acceptance through CREST, you should call the CREST Service Desk on 08459 645 648 (or +44 8459 645 648 if you are calling from outside the United Kingdom).

3.3 *How many New Ordinary Shares will I be entitled to acquire?*

Your stock account will be credited with Nil Paid Rights in respect of the number of New Ordinary Shares which you are entitled to acquire. You will be entitled to 1 New Ordinary Share for every 3 Existing Ordinary Shares you held on the Record Date. You can also view the claim transactions in respect of purchases/sales effected after this date, but before the Ex-Rights Date. If you are a CREST sponsored member, you should contact your CREST sponsor.

3.4 *If I take up my rights, when will New Ordinary Shares be credited to my CREST account(s)?*

If you take up your rights under the Rights Issue, it is expected that New Ordinary Shares will be credited to the CREST stock account in which you hold your Fully Paid Rights on 16 April 2018.

4. Further procedures for Ordinary Shares whether in certificated form or in CREST

4.1 *If I buy Ordinary Shares after the Record Date will I be eligible to participate in the Rights Issue?*

If you bought Ordinary Shares after the Record Date but prior to 8.00 a.m. on 28 March 2018 (the time when the Existing Ordinary Shares are expected to start trading ex-rights on the London Stock Exchange), you may be eligible to participate in the Rights Issue. If you are in any doubt, please consult your stockbroker, bank manager or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Ordinary Shares at or after 8.00 a.m. on 28 March 2018, you will not be eligible to participate in the Rights Issue in respect of those shares.

4.2 ***What if the number of New Ordinary Shares to which I am entitled is not a whole number: am I entitled to fractions of New Ordinary Shares?***

Your entitlement to New Ordinary Shares will be calculated at the Record Date (other than in the case of those who bought shares after the Record Date but prior to 8.00 a.m. on 28 March 2018 who are eligible to participate in the Rights Issue). If the result is not a whole number, you will not receive a New Ordinary Share in respect of the fraction of a New Ordinary Share and your entitlement will be rounded down to the nearest whole number. The New Ordinary Shares representing the aggregated fractions that would otherwise be allotted to Shareholders will be sold in the market ultimately for the benefit of the Company.

4.3 ***Will I be taxed if I take up or sell my rights or if my rights are sold on my behalf?***

The following comments are by way of general guidance and assume, amongst other things, that you hold your Ordinary Shares as an investment.

If you are resident in the UK for tax purposes, you should not have to pay UK tax when you take up your rights, although the Rights Issue will affect the amount of UK tax you may pay when you subsequently sell any or all of your Ordinary Shares. However, you may (subject to any available exemption or relief) be subject to capital gains tax on any proceeds that you receive from the sale of your rights (unless, generally, the proceeds do not exceed £3,000 or, if higher, 5 per cent. of the market value of your Existing Ordinary Shares on the date of sale, although in that case the amount of UK tax you may pay when you subsequently sell all or any of your Ordinary Shares may be affected).

Further information for Qualifying Shareholders who are resident in the UK for tax purposes is contained in Part XVII (*Taxation*). **Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible.** Please note that the Shareholder Helpline will not be able to assist you with taxation issues.

4.4 ***What if I hold options and awards under the Galliford Try Share Plans?***

Save in respect of the Annual Bonus Plan and the 2005 Executive Plan (for which, see below), participants in the Galliford Try Share Plans will be advised separately of adjustments (if any) to their options and awards. Such participants will not be able to participate in the Rights Issue.

Participants in the Annual Bonus Plan and the 2005 Executive Plan beneficially own their Ordinary Shares which are held on their behalf by the trustee of the Galliford Employee Share Trust. These participants will be able to instruct the trustee how to act on their behalf in relation to the Rights Issue so they can participate in it. Participants will be contacted separately about their rights.

4.5 ***What should I do if I live outside the UK?***

Whilst you have an entitlement to participate in the Rights Issue, your ability to take up rights to New Ordinary Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your rights. Qualifying Shareholders with registered addresses in the United States, South Africa or any of the other Excluded Territories are, subject to certain exceptions, not able to acquire New Ordinary Shares under the Rights Issue. Shareholders with registered addresses in the United States who are QIBs may be able to acquire New Ordinary Shares under the Rights Issue. Your attention is drawn to the information in paragraph 7 of Part IX (*Terms and Conditions of the Rights Issue*).

Galliford Try has made arrangements under which the Banks will try to find investors to take up your rights and those of other Qualifying Shareholders who have not taken up their rights.

If the Banks do find investors who agree to pay a premium above the Issue Price and the related expenses of procuring those investors (including any applicable brokerage and commissions), you will be sent a cheque for your share of the amount of that premium provided that this is £5.00 or more. Cheques are expected to be dispatched on, or around, 25 April 2018 and will be sent to your address appearing on Galliford Try's register of members (or to the first-named holder if you hold your Existing Ordinary Shares jointly). If the Banks cannot find investors who agree to pay a premium over the Issue Price and related expenses so that your entitlement would be £5.00 or more, you will not receive any payment and any amounts of less than £5.00 will be aggregated and will ultimately accrue for the benefit of the Company.

4.6 ***What should I do if I think my holding of Existing Ordinary Shares is incorrect?***

If you are concerned about the figure in the Provisional Allotment Letter or otherwise concerned that your holding of Existing Ordinary Shares is incorrect please contact the Shareholder Helpline on 0333 207 6535 (from inside the UK) or +44 121 415 0821 (if calling from outside the UK). The Shareholder Helpline is open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that for legal reasons, the Shareholder Helpline cannot provide advice on the merits of the Rights Issue nor give financial, tax, investment or legal advice.

Your attention is drawn to the further terms and conditions of the Rights Issue in Part IX (*Terms and Conditions of the Rights Issue*) and, in the case of Qualifying Non-CREST Shareholders, in the Provisional Allotment Letter.

PART IX

TERMS AND CONDITIONS OF THE RIGHTS ISSUE

1. Summary of the Rights Issue

The Company is raising £150.1 million (net of expenses) by way of a 1 for 3 Rights Issue of New Ordinary Shares at a price of 568 pence per New Ordinary Share.

The Issue Price of 568 pence per New Ordinary Share represents a discount of approximately:

- (a) 39.4 per cent. to the Closing Price for an Ordinary Share of 937.5 pence on 26 March 2018 (being the latest practicable date prior to the publication of this document); and
- (b) 32.8 per cent. to the theoretical ex-rights price based on that Closing Price.

The ISIN code for the New Ordinary Shares will be the same as that of the Existing Ordinary Shares, being GB00B3Y2J508. The ISIN code for the Nil Paid Rights is GB00BF1DQ823 and for the Fully Paid Rights is GB00BF1DQ930.

2. Terms and conditions of the Rights Issue

Subject to the fulfilment of the conditions of the Underwriting Agreement, the New Ordinary Shares are being offered for acquisition by way of rights to Qualifying Shareholders (other than Qualifying Shareholders with registered addresses, or located, in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories) on the following basis and otherwise on the terms and conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letter):

1 New Ordinary Share for every 3 Existing Ordinary Shares

held and registered in their name at the close of business on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held.

Qualifying Shareholders who do not take up their entitlements to New Ordinary Shares in full will have their proportionate shareholdings in the Company diluted by approximately 25.0 per cent. Those Qualifying Shareholders who take up their rights in full will, following the Rights Issue being completed, subject to fractions, have the same proportional voting rights and entitlements to distributions as they had on the Record Date.

The Nil Paid Rights (also described as New Ordinary Shares, nil paid) are entitlements to acquire New Ordinary Shares subject to payment of the Issue Price. The Fully Paid Rights (also described as New Ordinary Shares, fully paid) are entitlements to receive the New Ordinary Shares, for which payment has already been made.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings to calculate entitlements under the Rights Issue.

Fractions of New Ordinary Shares will not be provisionally allotted to Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of New Ordinary Shares. Such fractions will be aggregated and, if possible, sold in the market by the Banks (by way of an issue of New Ordinary Shares to acquirers procured by the Banks) or otherwise acquired by the Banks as principals (or sub-underwriters or placees procured by the Banks) pursuant to the Underwriting Agreement. The net proceeds of such sales (after deduction of expenses) will be aggregated and an equivalent amount will accrue for the ultimate benefit of the Company.

Qualifying Shareholders with fewer than 3 Existing Ordinary Shares are not entitled to any New Ordinary Shares.

The attention of Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document or a Provisional Allotment Letter into a jurisdiction other than the United Kingdom is drawn to Section 7 of this Part IX (*Terms and Conditions of the Rights Issue*). The offer of New Ordinary Shares under the Rights Issue will not be made into certain territories. In particular, subject to the provisions of Section 7 of this Part IX (*Terms and Conditions of the Rights Issue*), Qualifying Shareholders with registered addresses in the United States or any other Excluded Territory have not been, and will not be, sent Provisional Allotment Letters and have not had, and will not have, their CREST stock accounts credited with Nil Paid Rights.

Application has been made to the UK Listing Authority for the New Ordinary Shares (nil and fully paid) to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares, nil paid, will commence on the London Stock Exchange at 8.00 a.m. on 28 March 2018, with dealings in the New Ordinary Shares, fully paid, expected to commence at 8.00 a.m. on 16 April 2018. The Nil Paid Rights will not be admitted to trading on any other exchange.

The Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the New Ordinary Shares and all of the New Ordinary Shares when issued and fully paid may be held and transferred by means of CREST.

Applications will be made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST. Euroclear requires the Company to confirm to it that certain conditions are satisfied before Euroclear will admit the Nil Paid Rights and Fully Paid Rights to CREST. It is expected that these conditions will be satisfied on Admission. As soon as practicable after Admission, the Company will confirm this to Euroclear. It is expected that these conditions will be satisfied, in respect of the Nil Paid Rights and Fully Paid Rights, on Admission.

None of the New Ordinary Shares is being made available to the public other than pursuant to the Rights Issue.

The Rights Issue has been fully underwritten by the Banks in accordance with the terms and subject to the conditions of the Underwriting Agreement. The Banks may arrange sub-underwriting for some, all or none of the New Ordinary Shares. A summary of certain terms and conditions of the Underwriting Agreement is set out in paragraph 10.1 of Part XVIII (*Additional Information*) of this document.

The Banks' obligations under the Underwriting Agreement are conditional upon certain matters being satisfied or not breached prior to Admission. If these conditions are not satisfied or (where permitted) waived by Admission, the Underwriting Agreement will terminate, in which case the Rights Issue will be revoked and will not proceed and the provisional allotments will lapse. After Admission, the Banks have no right to terminate the Underwriting Agreement.

The Company reserves the right to decide not to proceed with the Rights Issue at any time prior to Admission and commencement of dealings in the Nil Paid Rights on the London Stock Exchange.

Save as provided in paragraph 7 below in respect of Overseas Shareholders, it is expected that:

- (a) Provisional Allotment Letters in respect of Nil Paid Rights will be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, such Qualifying Non-CREST Shareholders with registered addresses in the United States or any of the other Excluded Territories) on 27 March 2018;

- (b) the Registrar will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than, subject to certain exceptions, such Qualifying CREST Shareholders with registered addresses in the United States or any of the other Excluded Territories) with such Shareholders' entitlements to Nil Paid Rights, with effect from 8.00 a.m. on 28 March 2018;
- (c) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by Euroclear on 28 March 2018, as soon as practicable after the Company has confirmed to Euroclear that all the conditions for admission of such rights to CREST have been satisfied;
- (d) New Ordinary Shares will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders (or their renounees) who validly take up their rights by no later than 8.00 a.m. on 16 April 2018; and
- (e) share certificates for the New Ordinary Shares will be despatched to relevant Qualifying Non-CREST Shareholders (or their renounees) who validly take up their rights by 25 April 2018.

The offer will be made to Qualifying Non-CREST Shareholders other than to Shareholders with a registered address, or located, in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories, by way of the Provisional Allotment Letter (as described in step (a) above) and to Qualifying CREST Shareholders other than to Shareholders with a registered address, or located, in, subject to certain exceptions, the United States or any of the other Excluded Territories, by way of the enablement of the Nil Paid Rights and the Fully Paid Rights (as described in step (c) above) (such Shareholders' stock accounts having been credited as described in step (b) above).

Qualifying Shareholders taking up their rights by completing a Provisional Allotment Letter or by sending an MTM instruction to Euroclear will be deemed to have given the representations and warranties set out in paragraph 7.4 of this Part IX (*Terms and Conditions of the Rights Issue*), unless such requirement is waived by the Company and the Banks.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and distributions thereafter declared, made or paid on the share capital of the Company, save in respect of any dividend or distribution with a record date falling before the date of the issue of the New Ordinary Shares, including the interim dividend for the year ending 30 June 2018.

All documents, certificates and cheques posted to, by or from Qualifying Shareholders and/or their transferees or renounees (or their agents, as appropriate) will be posted at their own risk.

3. Action to be taken by UK Shareholders

The action to be taken by Shareholders in respect of New Ordinary Shares depends on whether, at the relevant time, the Nil Paid Rights or Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).

If you are a Qualifying Non-CREST Shareholder and do not have a registered address, and are not located, in, subject to certain exceptions, the United States or any of the other Excluded Territories, please refer to 4 of this Part IX (*Terms and Conditions of the Rights Issue*).

If you hold your Existing Ordinary Shares in CREST and do not have a registered address, and are not located, in, subject to certain exceptions, the United States or any of the other Excluded Territories, please refer to Section 5 of this Part IX (*Terms and Conditions of the Rights Issue*) and to the CREST Manual for further information on the CREST procedures referred to below.

CREST Sponsored Members should refer to their CREST Sponsors, as only their CREST Sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST Sponsored Members.

4. Action to be taken by Qualifying Non-CREST Shareholders in relation to Nil Paid Rights represented by Provisional Allotment Letters

4.1 General

The Provisional Allotment Letter sets out:

- (a) in Box 1, the holding of Existing Ordinary Shares at the Record Date on which the Qualifying Non-CREST Shareholder's entitlement to New Ordinary Shares has been based;
- (b) in Box 2, the aggregate number of New Ordinary Shares provisionally allotted to such Qualifying Non-CREST Shareholder;
- (c) in Box 3, the amount payable on acceptance of New Ordinary Shares provisionally allotted to such Qualifying Non-CREST Shareholder at the Issue Price;
- (d) the procedure to be followed if a Qualifying Non-CREST Shareholder wishes to sell all of his, her or its Nil Paid Rights;
- (e) the procedure to be followed if a Qualifying Non-CREST Shareholder wishes to take up all of his, her or its entitlement;
- (f) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of his, her or its entitlement or to convert all or part of his, her or its entitlement into uncertificated form; and
- (g) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

Assuming that dealings in Nil Paid Rights commence at 8.00 a.m. on 28 March 2018, the latest time and date for acceptance and payment in full is 11.00 a.m. on 13 April 2018, unless otherwise announced by the Company.

4.2 Procedure for acceptance and payment

(a) Qualifying Non-CREST Shareholders who wish to accept in full

Holders of Provisional Allotment Letters who wish to take up all of their Nil Paid Rights must return the Provisional Allotment Letter, together with a cheque or banker's draft in Pounds Sterling, made payable to "Equiniti Limited re: Galliford Try plc Rights Issue" and crossed "A/C payee only", for the full amount payable on acceptance, in accordance with the instructions printed on the Provisional Allotment Letter, by post or by hand to the Receiving Agent, at Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA, (during normal business hours only) so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 13 April 2018. A pre-paid reply envelope will be enclosed with the Provisional Allotment Letter for use within the United Kingdom only. If you post your Provisional Allotment Letter within the United Kingdom by first class post, it is recommended that you allow at least four Business Days for delivery.

(b) Qualifying Non-CREST Shareholders who wish to accept in part

Holders of Provisional Allotment Letters who wish to take up some, but not all, of their Nil Paid Rights should refer to Section 4.5 of this Part IX (*Terms and Conditions of the Rights Issue*) below.

(c) *Qualifying Non-CREST Shareholders who wish to dispose of some or all of their Nil Paid Rights*

Any Qualifying Non-CREST Shareholder who is permitted to, and wishes to, sell all or part of his Nil Paid Rights should contact his or her stockbroker or bank or other appropriate authorised independent financial adviser to arrange the sale of those Nil Paid Rights in the market. The stockbroker, bank or other authorised independent financial adviser will require the Provisional Allotment Letter to arrange such sale and you will need to make arrangements with the stockbroker, bank or other authorised independent financial adviser for the completion of the Provisional Allotment Letter and its despatch to the stockbroker, bank or other authorised independent financial adviser. Further information about such sales by Qualifying Non-CREST Shareholders is set out in paragraph 4.5 of this Part IX (*Terms and Conditions of the Rights Issue*) below. Nil Paid Rights may only be transferred in compliance with applicable securities laws and regulations of all relevant jurisdictions.

(d) *Payments*

All payments made by Qualifying Non-CREST Shareholders must be made in Pounds Sterling by cheque or banker's draft made payable to "Equiniti Limited Re: Galliford Try plc Rights Issue" and crossed "A/C payee only". Qualifying Non-CREST Shareholders should write their Allotment Number (indicated at the top of page 1 of the Provisional Allotment Letter) on the reverse of the cheque or banker's draft. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds.

The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

Cheques or banker's drafts must be drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of these companies. Such cheques and banker's drafts must bear the appropriate sorting code in the top right-hand corner. Cash and payments via CHAPS, BACS or electronic transfer will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearances of cheques and banker's drafts to allow value to be obtained for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due and any interest on such payments ultimately will accrue for the benefit of the Company. It is a term of the Rights Issue that cheques shall be honoured on first presentation, and the Company and the Banks may elect to treat as invalid any acceptances in respect of which cheques are not so honoured. If New Ordinary Shares have already been allotted to Qualifying Non-CREST Shareholders prior to any payment not being so honoured or such Qualifying Non-CREST Shareholder's acceptance being treated as invalid, the Company and the Banks may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of those Qualifying Non-CREST Shareholders and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Non-CREST

Shareholders pursuant to the provisions of this Part IX (*Terms and Conditions of the Rights Issue*) in respect of the acquisition of such shares) on behalf of such Qualifying Non-CREST Shareholders. None of the Company, the Banks, the Banks or any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such Qualifying Non-CREST Shareholders as a result.

If payment is made by a building society cheque (not being drawn on account of the applicant) or a banker's draft, the building society or bank should insert details of the name of the account holder and have either added the building society or bank branch stamp, or have provided a supporting letter confirming the source of funds. The name of such account holder should be the same as the name of the shareholder shown on page 1 or page 4 of the Provisional Allotment Letter.

If a cheque or banker's draft sent by a Qualifying Non-CREST Shareholder is drawn for an amount different from that set out in Box 3 of that Qualifying Non-CREST Shareholder's Provisional Allotment Letter, that Shareholder's application shall be treated as an acceptance in respect of such whole number of New Ordinary Shares which could be acquired at the Issue Price with the amount for which the cheque or banker's draft is drawn (and not the amount set out in Box 3 of the Provisional Allotment Letter). Any balance from the amount of the cheque will be retained for the benefit of the Company.

(e) *Discretion as to validity of acceptances*

If payment is not received in full by 11.00 a.m. on 13 April 2018, whether from the original allottee or any other person in whose favour the rights have been renounced, the provisional allotment will, subject to the below, be deemed to have been declined and will lapse. However, the Company and the Banks may elect, but shall not be obliged, to treat as valid: (i) Provisional Allotment Letters and accompanying remittances for the full amount due which are received through the post prior to 11.00 a.m. on 13 April 2018 if the cover bears a legible postmark of no later than 11.00 a.m. on 13 April 2018; and (ii) applications in respect of which remittances for the full amount due are received prior to 11.00 a.m. on 13 April 2018 from an authorised person (as defined in FSMA) specifying the number of New Ordinary Shares to be acquired and an undertaking by that person to lodge the relevant Provisional Allotment Letter, duly completed, in due course.

The Company and the Banks may also (in their absolute discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney (where required).

The Company and the Banks reserve the right to treat as invalid any acceptance or purported acceptance of the New Ordinary Shares that appears to the Company to have been executed in, despatched from or that provides an address for delivery of definitive share certificates for New Ordinary Shares in the United States, South Africa or any of the other Excluded Territories.

A Qualifying Non-CREST Shareholder who makes a valid acceptance and payment in accordance with this Section is deemed to request that the New Ordinary Shares to which they will become entitled be issued to them on the terms set out in this document and subject to the Articles.

4.3 **Money Laundering Regulations**

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf a Provisional Allotment Letter is lodged with payment (which requirements are

referred to below as the 'verification of identity requirements'). If an application is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Provisional Allotment Letter. The person lodging the Provisional Allotment Letter with payment (the 'applicant'), including any person who appears to the Receiving Agent to be acting on behalf of some other person, shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements. **Submission of a Provisional Allotment Letter will constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent and/or the Company as being required for the purpose of the Money Laundering Regulations.**

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant New Ordinary Shares (notwithstanding any other term of the Rights Issue) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and none of the Receiving Agent, the Company nor the Banks will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, or, as applicable, the relevant account of the bank or building society from which the relevant funds were debited.

The verification of identity requirements will not usually apply if:

- (a) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (b) the applicant is an organisation required to comply with the EU Money Laundering Directive 2005/60/EC of the European Parliament and of the EC Council of 26 October 2005;
- (c) the applicant (not being an applicant who delivers his or her application in person) makes payment by way of a cheque drawn on an account in the name of such applicant; and/or
- (d) the aggregate price for taking up the relevant New Ordinary Shares is less than €15,000 (approximately £13,500).

Where the verification of identity requirements apply, satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank endorsing on the cheque or draft the applicant's name and the number of an account held in the

applicant's name at such building society or bank, such endorsement being validated by a stamp and an authorised signature; or

- (b) if the Provisional Allotment Letter is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph (a) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the United States), the agent should provide with the Provisional Allotment Letter(s) written confirmation that it has that status and written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent, the Company and/or any relevant regulatory or investigatory authority; or
- (c) if a Provisional Allotment Letter is lodged by hand by the applicant in person, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and evidence of his or her address (for example, a utility bill).

To confirm the acceptability of any written assurance referred to above, or in any other case, the applicant should contact the Shareholder Helpline on 0333 207 6535 from within the United Kingdom or +44 121 415 0821 if calling from outside the United Kingdom.

4.4 Dealings in Nil Paid Rights and Fully Paid Rights

Dealings in Nil Paid Rights

Dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence as soon as practicable after 8.00 a.m. on 28 March 2018. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the Provisional Allotment Letter to the transferee or to a stockbroker, bank or other appropriate financial adviser.

Dealings in Fully Paid Rights

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document and the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant fully paid Provisional Allotment Letter and lodging of the same, by post to Equiniti Limited, or by hand (during normal business hours) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to be received as soon as possible and not later than 11.00 a.m. on 13 April 2018. To do this, Qualifying Non-CREST Shareholders will need to have their fully paid Provisional Allotment Letter returned to them after the acceptance has been effected by the Receiving Agent. However, fully paid Provisional Allotment Letters will not be returned to Qualifying Non-CREST Shareholders unless their return is requested by ticking Box 4 in Form X on page 4 of the Provisional Allotment Letter.

After 16 April 2018, the New Ordinary Shares will be in registered form and transferable in the usual way.

4.5 Renunciation and splitting of Provisional Allotment Letters

If a Qualifying Non-CREST Shareholder wishes to transfer all (and not some only) of his, her or its Nil Paid Rights represented by a Provisional Allotment Letter or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter, he, she or it may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing

Form X on page 4 of the Provisional Allotment Letter (if it is not already marked “Original Duly Renounced”) and passing the entire Provisional Allotment Letter to their stockbroker, bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been renounced, it will become a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in such Provisional Allotment Letter may be transferred by delivery of such Provisional Allotment Letter to the transferee. The transferee may then register the transfer by completing Form Y on page 4 of the Provisional Allotment Letter and delivering the Provisional Allotment Letter together, in the case of a transferee of Nil Paid Rights, with a cheque or banker’s draft for the full amount payable on acceptance to Equiniti Limited, or by hand (during normal business hours) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The latest time and date for registration of renunciation fully paid is 11.00 a.m. on 13 April 2018, unless otherwise announced by the Company.

Alternatively, if a Qualifying Non-CREST Shareholder wishes to take up some, but not all, of the rights to the New Ordinary Shares registered in his, her or its name and wishes to sell some or all of those rights which he, she or it does not want to take up, he, she or it may have the Provisional Allotment Letter split, for which purpose he, she or it must sign and date Form X on page 4 of the Provisional Allotment Letter. The Provisional Allotment Letter and covering letter must then be delivered by post, or by hand (during normal business hours) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA so as to be received as soon as possible but not later than 3.00 p.m. on 11 April 2018, to be cancelled and exchanged for the split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split Provisional Allotment Letter should be stated in an accompanying letter. The aggregate of the Nil Paid Rights or (if appropriate) Fully Paid Rights stated in the letter must be equal to the number of New Ordinary Shares provisionally allotted to such holder as stated in Box 2 on page 1 of the original Provisional Allotment Letter. Form X on page 4 of split Provisional Allotment Letters will be marked “Original Duly Renounced” before issue. Any split Provisional Allotment Letters representing the New Ordinary Shares which a holder wishes to accept should be delivered together with the cheque or banker’s draft in Pounds Sterling for the appropriate amount, in either case made payable to “Equiniti Limited Re: Galliford Try plc Rights Issue” and crossed “A/C payee only” by post, or by hand (during normal business hours) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA so as to be received by 11.00 a.m. on 13 April 2018, the latest time and date for acceptance (unless otherwise announced by the Company). Please allow sufficient time for delivery. Any split Provisional Allotment Letters representing New Ordinary Shares which a holder does not wish to take up should be delivered to the renouncee(s) or the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the renouncee.

Alternatively, if a Qualifying Non-CREST Shareholder wishes to take up some of their Nil Paid Rights, without selling or transferring the remainder, he, she or it should complete Form X on the original Provisional Allotment Letter and return it by post to Equiniti Limited, or by hand (during normal business hours) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, together with a covering letter confirming the number of Nil Paid Rights to be taken up and a cheque or banker’s draft in Pounds Sterling made payable to “Equiniti Limited re: Galliford Try plc Rights Issue” and crossed “A/C payee only” and with the Allotment Number, which appears on page 1 of the Provisional Allotment Letter, written on the reverse of the cheque or banker’s draft to pay for this number of New Ordinary Shares. In this case, the Provisional Allotment Letter and cheque or banker’s draft must be received by the Receiving Agent by 3.00 p.m. on 11 April 2018, being the last date and time for splitting Nil Paid Rights. Please allow sufficient time for delivery.

The Receiving Agent, the Company and/or the Banks reserve the right to refuse to register any renunciation in favour of any person in respect of which the Receiving Agent, the Company and/or the Banks believe such renunciation may violate applicable legal or regulatory requirements including (without limitation) any renunciation in the name of any person with an address outside the United Kingdom.

4.6 *Registration in names of Qualifying Non-CREST Shareholders*

A Qualifying Non-CREST Shareholder who wishes to have all the New Ordinary Shares to which he, she or it is entitled registered in his, her or its name must accept and make payment for such allotment in accordance with the provisions set out in this document and the Provisional Allotment Letter, but need take no further action. A share certificate is expected to be sent to such Qualifying Non-CREST Shareholders by no later than 25 April 2018.

4.7 *Registration in names of persons other than Qualifying Non-CREST Shareholders originally entitled*

To register Fully Paid Rights in certificated form in the name of someone other than the Qualifying Shareholder(s) originally entitled, provided that neither the Qualifying Shareholder nor any renounee has a registered address, or is resident or located, in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories, the renounee or his, her or its agent(s) must complete Form Y on page 4 of the Provisional Allotment Letter (unless the renounee is a CREST Member who wishes to hold such New Ordinary Shares in uncertificated form, in which case Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter) must be completed—see Section 5 of this Part IX (*Terms and Conditions of the Rights Issue*)) and lodge the entire Provisional Allotment Letter, when fully paid, by post, or by hand (during normal business hours) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing BN99 6DA, so as to be received as soon as possible and not later than 11.00 a.m. on 13 April 2018. Registration of renunciation cannot be effected unless and until the New Ordinary Shares comprised in a Provisional Allotment Letter are fully paid. Please allow sufficient time for delivery.

The New Ordinary Shares comprised in several Provisional Allotment Letters (duly renounced where applicable) may be registered in the name of one holder (or joint holders). To consolidate the rights attached to two or more Provisional Allotment Letters, Form Y on page 4 of the Provisional Allotment Letter must be completed on one Provisional Allotment Letter (the 'Principal Letter') and all the Provisional Allotment Letters must be delivered in one batch. The allotment number of each Provisional Allotment Letter (including the Principal Letter) should be listed in an attached letter and the allotment number of the Principal Letter should be entered in the space provided in each of the other Provisional Allotment Letters.

4.8 *Deposit of Nil Paid Rights or Fully Paid Rights into CREST*

The Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Subject as provided in the following paragraph or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address(es) appear

on page 1 of the Provisional Allotment Letter or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows: Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter) will need to be completed and the Provisional Allotment Letter deposited with the CCSS. In addition, the normal CREST Stock Deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST Transfer Form (prescribed under the Stock Transfer Act 1963) with the CCSS and (b) only the whole of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST. If you wish to deposit some only of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter into CREST, you must first apply for split Provisional Allotment Letters—see Section 4.5 of this Part IX (*Terms and Conditions of the Rights Issue*) for details on how to do this. If the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited. A 'Consolidation Listing Form' must not be used.

A holder of the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 13 April 2018. In particular, having regard to processing times in CREST and on the part of the Receiving Agent, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form on page 4 of the Provisional Allotment Letter duly completed), with the CCSS (to enable the person acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 13 April 2018) is 3.00 p.m. on 10 April 2018.

When Form X and the CREST Deposit Form (both on page 4 of the Provisional Allotment Letter) have been completed, the title to the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter will cease forthwith to be renounceable or transferable by delivery and, for the avoidance of doubt, any entries in Form Y on page 4 of the Provisional Allotment Letter will not be recognised or acted upon by the Receiving Agent. All renunciations or transfers of the Nil Paid Rights or Fully Paid Rights must be effected through the means of the CREST system once such rights have been deposited into CREST.

CREST Sponsored Members should contact their CREST Sponsors as only their CREST Sponsors will be able to take the necessary actions to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST Sponsored Members.

4.9 *Issue of share certificates in respect of the New Ordinary Shares*

Definitive share certificates in respect of the New Ordinary Shares to be held in certificated form are expected to be despatched by post by 25 April 2018, at the risk of persons entitled thereto, to Qualifying Non-CREST Shareholders, or their transferees who hold Fully Paid Rights in certificated form, or in the case of joint holdings, to the first-named Shareholders, at their registered address (unless lodging agent details have been completed on page 4 of the Provisional Allotment Letter). After despatch of definitive share certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, instruments of transfer of the New Ordinary Shares will be certified by the Registrar against the register.

5. Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights or Fully Paid Rights in CREST

5.1 General

Except for Shareholders in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories, and subject as provided in paragraph 7 of this Part IX (*Terms and Conditions of the Rights Issue*) in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to his, her or its CREST stock account of his, her or its entitlement to Nil Paid Rights as soon as practicable after 8.00 a.m. on 28 March 2018. The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted.

The maximum number of New Ordinary Shares that a Qualifying CREST Shareholder may take up is that which has been provisionally allotted to that Qualifying CREST Shareholder and for which he, she or it receives a credit of entitlement into his, her or its stock account in CREST. The minimum number of New Ordinary Shares a Qualifying CREST Shareholder may take up is one.

The Nil Paid Rights constitute a separate security for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders or to enable the Nil Paid Rights, Provisional Allotment Letters shall, unless the Company and the Banks agree otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this document may, with the consent of the Banks, be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

CREST Members who wish to take up all or part of their entitlements in respect of, or otherwise to transfer all or part of, their Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST Sponsored Member, you should consult your CREST Sponsor if you wish to take up your entitlement as only your CREST Sponsor will be able to take the necessary action to take up your entitlement or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.

5.2 Procedure for acceptance and payment

(a) MTM instructions

CREST Members who wish to take up all or part of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST Sponsored Members, procure that their CREST Sponsor sends) an MTM instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;
- (ii) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank

of the Receiving Agent in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in sub-paragraph (i) above; and

- (iii) the crediting of a stock account of the accepting CREST Member or CREST Sponsored Member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST Member is entitled on taking up his Nil Paid Rights referred to in sub-paragraph (i) above.

(b) *Contents of MTM instructions*

The MTM instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Nil Paid Rights to which the acceptance relates;
- (ii) the participant ID of the accepting CREST Member;
- (iii) the member account ID of the accepting CREST Member from which the Nil Paid Rights are to be debited;
- (iv) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 2RA79;
- (v) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is RA283501;
- (vi) the number of Fully Paid Rights that the CREST Member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;
- (vii) the amount payable by means of the CREST assured payment arrangements on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights to which the acceptance relates;
- (viii) the intended settlement date (which must be on or before 11.00 a.m. on 13 April 2018);
- (ix) the ISIN for Nil Paid Rights, which is GB00BF1DQ823;
- (x) the ISIN for Fully Paid Rights, which is GB00BF1DQ930;
- (xi) the Corporate Action Number for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST;
- (xii) a contact name and telephone number (in the free format shared note field); and
- (xiii) a priority of at least 80.

(c) *Valid acceptance*

An MTM instruction complying with each of the requirements as to authentication and contents set out in paragraph 5.2(b) of this Part IX (*Terms and Conditions of the Rights Issue*) will constitute a valid acceptance where either:

- (i) the MTM instruction settles by not later than 11.00 a.m. on 13 April 2018; or
- (ii) at the discretion of the Company and the Banks: (i) the MTM instruction is received by Euroclear by not later than 11.00 a.m. on 13 April 2018; (ii) the

number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock member account of the accepting CREST Member specified in the MTM instruction at 11.00 a.m. on 13 April 2018; and (iii) the relevant MTM instruction settles by 2.00 p.m. on 13 April 2018 (or such later time and date as the Company has determined).

An MTM instruction will be treated as having been received by Euroclear for these purposes at the time at which the instruction is processed by the Network Provider's Communications Host (as this term is defined in the CREST Manual) at Euroclear of the network provider used by the CREST Member (or by the CREST Sponsored Member's CREST Sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Provider's Communications Host.

(d) *Representations, warranties and undertakings of CREST Members*

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with this Section 5.2 of Part IX (Terms and Conditions of the Rights Issue), warrants and undertakes to the Company and the Banks that he, she or it has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him, her or it or by his, her or its CREST Sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11.00 a.m. on 13 April 2018 and remains capable of settlement at all times after that until 2.00 p.m. on 13 April 2018 (or until such later time and date as the Company and the Banks may determine). In particular, the CREST Member or CREST Sponsored Member represents, warrants and undertakes that at 11.00 a.m. on 13 April 2018 and at all times thereafter until 2.00 p.m. on 13 April 2018 (or until such later time and date as the Company and the Banks may determine) there will be sufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST Sponsored Members should contact their CREST Sponsor if they are in any doubt.

If there is insufficient Headroom within the Cap in respect of the cash memorandum account of a CREST Member or CREST Sponsored Member for such amount to be debited or the CREST Member's or CREST Sponsored Member's acceptance is otherwise treated as invalid and New Ordinary Shares have already been allotted to such CREST Member or CREST Sponsored Member, the Company and the Banks may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST Member or CREST Sponsored Member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that they have suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST Member or CREST Sponsored Member pursuant to the provisions of this Part IX (*Terms and Conditions of the Rights Issue*) in respect of the acquisition of such shares) on behalf of such CREST Member or CREST Sponsored Member. None of the Company, the Banks nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such CREST Member or CREST Sponsored Member as a result.

(e) *CREST procedures and timings*

CREST Members and CREST Sponsors (on behalf of CREST Sponsored Members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action.

Normal system timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Sponsored Member, to procure that his CREST Sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 13 April 2018. In this regard, CREST Members and (where applicable) CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(f) *CREST Member's undertaking to pay*

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with the procedures set out in this Section 5 of Part IX (*Terms and Conditions of the Rights Issue*):

- (i) undertakes to pay to the Receiving Agent, or procure the payment to the Receiving Agent of, the amount payable in Pounds Sterling on acceptance in accordance with the above procedures or in such other manner as the Receiving Agent may require (it being acknowledged that, where payment is made by means of the RTGS payment mechanism (as defined in the CREST Manual) the creation of a RTGS settlement bank payment obligation in Pounds Sterling in favour of the Receiving Agent's RTGS settlement bank (as defined in the CREST Manual), in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST Member (or CREST Sponsored Member) to pay to the Receiving Agent the amount payable on acceptance); and
- (ii) requests that the Fully Paid Rights and/or New Ordinary Shares, to which they will become entitled, be issued to them on the terms set out in this document and subject to the Memorandum and Articles. Such payment will be held by the Receiving Agent in accordance with the terms of Section 4.2(d) of this Part IX (*Terms and Conditions of the Rights Issue*).

If the payment obligations of the relevant CREST Member in relation to such New Ordinary Shares are not discharged in full and such New Ordinary Shares have already been allotted to the CREST Member or CREST Sponsored Member, the Company and the Banks may (in their absolute discretion as to the manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST Member or CREST Sponsored Member and hold the proceeds of sale (net of expenses including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and all amounts payable by the CREST Member or CREST Sponsored Member pursuant to the provisions of this Part IX (*Terms and Conditions of the Rights Issue*) in respect of the acquisition of such shares) or an amount equal to the original payment of the CREST Member or CREST Sponsored Member (whichever is lower) on trust for such CREST Member or CREST Sponsored Member. In these circumstances, none of the Company, the Banks or any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any CREST Member or CREST Sponsored Member as a result.

(g) *Discretion as to rejection and validity of acceptances*

The Company and the Banks may (in their absolute discretion):

- (i) reject any acceptance constituted by an MTM instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in this Section 5 of Part IX (*Terms and Conditions of the Rights Issue*). Where an acceptance is made as described in

this Section 5 of Part IX (*Terms and Conditions of the Rights Issue*) which is otherwise valid, and the MTM instruction concerned fails to settle by 2.00 p.m. on 13 April 2018 (or by such later time and date as the Company and the Banks may determine), the Company and the Banks shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this Section 5 of Part IX (*Terms and Conditions of the Rights Issue*), that there has been a breach of the representations, warranties and undertakings set out or referred to in this Section 5 of Part IX (*Terms and Conditions of the Rights Issue*);

- (ii) treat as valid (and binding on the CREST Member or CREST Sponsored Member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this Section 5 of Part IX (*Terms and Conditions of the Rights Issue*);
- (iii) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST Sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as the Company and the Banks may determine;
- (iv) treat a properly authenticated dematerialised instruction (in this sub-paragraph, the 'first instruction') as not constituting a valid acceptance if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (v) accept an alternative instruction or notification from a CREST Member or (where applicable) a CREST Sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any CREST Member or CREST Sponsored Member or (where applicable) CREST Sponsor, the CREST Member or CREST Sponsored Member is unable validly to take up all or part of his Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by the Receiving Agent in connection with CREST.

5.3 **Money Laundering Regulations**

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is required to take reasonable measures to establish the identity of the person or persons (or the ultimate controller of such person or persons) on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any MTM instruction or other instruction so that appropriate measures may be taken.

Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent any information the Receiving Agent may specify as being required for the purposes of the Money Laundering Regulations or FSMA. Pending the provision of evidence satisfactory to the Receiving Agent as to identity,

the Receiving Agent, having consulted with the Company and the Banks, may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If satisfactory evidence of identity has not been provided within a reasonable time, then the Receiving Agent will not permit the MTM instruction concerned to proceed to settlement but without prejudice to the right of the Company and/or the Banks to take proceedings to recover any loss suffered by it/them as a result of failure by the applicant to provide satisfactory evidence.

5.4 Dealings in Nil Paid Rights in CREST

Dealings in the Nil Paid Rights on the London Stock Exchange are expected to commence at 8.00 a.m. on 28 March 2018. A transfer (in whole or part) of Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 13 April 2018.

5.5 Dealings in Fully Paid Rights in CREST

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document, the Fully Paid Rights may be transferred (in whole or in part) by means of CREST in the same manner as any other security that is admitted to CREST. The last time for settlement of any transfer of Fully Paid Rights in CREST is expected to be 11.00 a.m. on 13 April 2018. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 13 April 2018.

After 16 April 2018, the New Ordinary Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable by means of CREST in the usual way.

5.6 Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights, from CREST is 4.30 p.m. on 9 April 2018, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, Fully Paid Rights, following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 13 April 2018. It is recommended that you refer to the CREST Manual for details of such procedures.

5.7 Issue of New Ordinary Shares in CREST

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 13 April 2018 (the latest date for settlement of transfers of Fully Paid Rights in CREST). New Ordinary Shares will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at the close of business on the date on which the Fully Paid Rights are disabled. The Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Ordinary Shares with effect as soon as possible after 8.00 a.m. from the next Business Day (expected to be 16 April 2018).

5.8 Right to allot/issue in certificated form

Notwithstanding any other provision of this document, the Company reserves the right to allot and to issue any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in

certificated form. In normal circumstances, this right is only likely to be exercised by the Company in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by the Receiving Agent in connection with CREST or otherwise if it has first obtained the Banks' written consent.

6. Procedure in respect of New Ordinary Shares not taken up and withdrawal rights

6.1 Procedure in respect of New Ordinary Shares not taken up

If an entitlement to New Ordinary Shares is not validly taken up in accordance with the procedure laid down for acceptance and payment, then that provisional allotment shall be deemed to have been declined and will lapse. The Banks will use reasonable endeavours to procure, by not later than the close of business on the second dealing day after the last day for acceptances in the Rights Issue, acquirers for all (or as many as possible) of those New Ordinary Shares not taken up if a price per New Ordinary Share at least equal to the aggregate of: (a) the Issue Price (in Pounds Sterling); and (b) the expenses of procuring such acquirers (including any applicable brokerage, commissions, currency conversion costs and any amounts in respect of value added tax which are not recoverable) can be obtained.

New Ordinary Shares for which acquirers are procured on this basis will be re-allotted to such acquirers and the aggregate of any premiums (being the amount paid by such acquirers after deducting: (a) the Issue Price (in Pounds Sterling); and (b) the expenses of procuring such acquirers, including any applicable brokerage, commissions, currency conversion costs and any amounts in respect of value added tax which are not recoverable), if any, will be paid (without interest) to those persons entitled to lapsed provisional allotments as set out below pro rata to the relevant lapsed provisional allotments:

- (a) where the Nil Paid Rights were, at the time they lapsed, represented by a Provisional Allotment Letter, to the person whose name and address appeared on page 1 of the Provisional Allotment Letter (unless that person is covered by sub-paragraph (c) below);
- (b) where the Nil Paid Rights were, at the time they lapsed, in uncertificated form, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST (unless that person is covered by sub-paragraph (c) below); and
- (c) where an entitlement to New Ordinary Shares was not taken up by an Overseas Shareholder with a registered address in, subject to certain exceptions, the United States, South Africa or any of the other Excluded Territories, to that Overseas Shareholder,

save that no payment will be made of individual amounts of less than £5.00 (five Pounds Sterling), which amounts will be aggregated and will ultimately accrue to the benefit of the Company.

Notwithstanding the above, the Banks may cease to endeavour to procure any such acquirers if, in the opinion of the Banks, it is unlikely that any such acquirers can be so procured at such a price by such time. If and to the extent that acquirers cannot be procured on the basis outlined above, the relevant New Ordinary Shares not taken up will be acquired by the Banks as principals pursuant to the Underwriting Agreement or by sub-underwriters or placees procured by the Banks, in each case, at the Issue Price (in Pounds Sterling).

Any transactions undertaken pursuant to this Section 6 of Part IX (*Terms and Conditions of the Rights Issue*) shall be deemed to have been undertaken at the request of the persons entitled to the lapsed provisional allotments and none of the Company, the Banks or any other person procuring acquirers shall be responsible or have any liability whatsoever for

any loss or damage (whether actual or alleged) arising from the terms of or timing of any such acquisition, the market on which such transaction is carried out, any decision not to endeavour to procure acquirers or the failure to procure acquirers on the basis described above. The Banks will be entitled to retain any brokerage fees, commission or other benefits realised in connection with these arrangements. Cheques for the amounts due (if any) to persons entitled to lapsed provisional allotments will be sent in Pounds Sterling to Shareholders, by ordinary post, at the risk of the person(s) entitled, to their registered addresses (in the case of joint holders, to the registered address of the first named), provided that where any entitlement concerned was held in CREST, the amount due will be satisfied by the Company procuring the creation of an assured payment obligation in favour of the relevant CREST Member's (or CREST Sponsored Member's) RTGS settlement bank in respect of the cash amount concerned in accordance with the RTGS payment mechanism or in such other manner as the Company (in its absolute discretion) determines.

Shareholders will not be entitled to apply for New Ordinary Shares in excess of their entitlement.

6.2 **Withdrawal rights**

Persons wishing to exercise statutory withdrawal rights under section 87Q(4) of FSMA after a supplementary prospectus (if any) in respect of this document has been published by the Company, must do so by lodging in person or sending a signed written notice of withdrawal which must include the Allotment Number or Identifier set out on the cover page of the Provisional Allotment Letter, the full name and address of the person wishing to exercise such right of withdrawal and, if such person is a CREST Member, the participant ID and the member account ID of such CREST Member, to the Receiving Agent (for further details, Shareholders should contact the Shareholder Helpline on 0333 207 6535 (from inside the UK) or +44 121 415 0821 (from outside the UK)), so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Withdrawal is effective at the time of receipt of the withdrawal notice by the Receiving Agent, as applicable. Notice of withdrawal given by any other means or which is deposited with or received by the Receiving Agent after expiry of such period will not constitute a valid withdrawal. Furthermore, the exercise of withdrawal rights will not be permitted after payment by the relevant person in respect of their New Ordinary Shares in full and the allotment of the New Ordinary Shares to such person becoming unconditional. In such circumstances, Shareholders are advised to consult their professional advisers.

Provisional allotments of entitlements to New Ordinary Shares which are the subject of a valid withdrawal notice will be deemed to be declined. Such entitlements to New Ordinary Shares will be subject to the provisions of Section 6.1 above of this Part IX (*Terms and Conditions of the Rights Issue*) as if the entitlement had not been validly taken up.

Following the valid exercise of statutory withdrawal rights, application monies will be returned by post to relevant Qualifying Shareholders at their own risk and without interest to the address set out in the Provisional Allotment Letter and/or the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as applicable within 14 days of such exercise of statutory withdrawal rights. Interest earned on such monies will be retained for the benefit of the Company

7. **Overseas Shareholders**

The making of the proposed offer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdiction. Any Shareholder who is in any doubt as to his, her or its position should consult an appropriate professional adviser without delay.

This document has been approved by the FCA, being the competent authority in the United Kingdom. It is expected that Shareholders in each member state of the European Economic Area will be able to participate in the Rights Issue.

7.1 **General**

The offer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares to persons resident or located in, or who are citizens of, or who have a registered address in countries other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to take up their rights.

This Section 7 of Part IX (*Terms and Conditions of the Rights Issue*) sets out the restrictions applicable to Qualifying Shareholders who have registered addresses outside the United Kingdom, who are citizens of, or resident or located in, countries other than the United Kingdom, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside the United Kingdom or who hold Ordinary Shares for the account or benefit of any such person.

New Ordinary Shares will be provisionally allotted to all Qualifying Shareholders, including Overseas Shareholders. However, Provisional Allotment Letters have not been, and will not be, sent to, and Nil Paid Rights will not be credited to CREST accounts of, Overseas Shareholders with registered addresses in the United States, South Africa or any of the other Excluded Territories, or to their agent or intermediary or to any depository in the United States, South Africa or any of the other Excluded Territories, or to any Qualifying Shareholder who holds Existing Ordinary Shares through such a depository except where, in any of the foregoing cases, the Company and the Banks are satisfied that such action would not result in a contravention of any registration or other legal requirement in any such jurisdiction.

Having considered the circumstances, the Directors have formed the view that it is necessary or expedient to restrict the ability of Shareholders in the United States, South Africa and the other Excluded Territories to take up their rights under the Rights Issue due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

Receipt of this document and/or a Provisional Allotment Letter or the crediting of Nil Paid Rights to a stock account in CREST does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document and/or a Provisional Allotment Letter must be treated as sent for information only and should not be copied or redistributed. No person who has received or receives a copy of this document and/or a Provisional Allotment Letter and/or who receives a credit of Nil Paid Rights to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, her or it, nor should he, she or it in any event use the Provisional Allotment Letter or deal with Nil Paid Rights or Fully Paid Rights in CREST, in the relevant territory, unless such an invitation or offer could lawfully be made to him, her or it or the Provisional Allotment Letter or Nil Paid Rights or Fully Paid Rights in CREST could lawfully be used or dealt with without contravention of any registration or other legal or regulatory requirements.

Accordingly, persons who have received a copy of this document or a Provisional Allotment Letter or whose stock account in CREST is credited with Nil Paid Rights or Fully Paid Rights should not, in connection with the Rights Issue, distribute or send the same in or into, or transfer Nil Paid Rights or Fully Paid Rights to any person in or into, the United States, South Africa or any of the other Excluded Territories. If a Provisional Allotment Letter or a credit of

Nil Paid Rights or Fully Paid Rights in CREST is received by any person in any such territory, or by his, her or its agent or nominee, he, she or it must not seek to take up the rights referred to in the Provisional Allotment Letter or in this document or renounce the Provisional Allotment Letter or transfer the Nil Paid Rights or Fully Paid Rights in CREST unless the Company and the Banks determine that such actions would not violate applicable legal or regulatory requirements.

Subject to Section 7.2 of Section 7 of this Part IX (*Terms and Conditions of the Rights Issue*), any person (including, without limitation, custodians, nominees, agents and trustees) outside the United Kingdom wishing to take up their rights under the Rights Issue must satisfy himself, herself or itself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. **The comments set out in this Section 7 of Part IX (*Terms and Conditions of the Rights Issue*) are intended as a general guide only and any Qualifying Shareholder who is in any doubt as to his, her or its position should consult his, her or its professional adviser without delay.**

Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or a Provisional Allotment Letter in, into or from the United States, South Africa or any of the other Excluded Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this Section 7 of this Part IX (*Terms and Conditions of the Rights Issue*).

The Company and the Banks reserve the right to treat as invalid any exercise or purported exercise of Nil Paid Rights or any acceptance or purported acceptance of the offer of Fully Paid Rights or New Ordinary Shares and will not be bound to issue any New Ordinary Shares in respect of any acceptance or purported acceptance of the offer of New Ordinary Shares which:

- (a) appears to the Company or the Banks or their respective agents to have been executed, effected or despatched from the United States, South Africa or any of the Excluded Territories or otherwise in a manner which may involve a breach of the laws or regulations of any jurisdiction; or
- (b) in the case of a Provisional Allotment Letter, provides an address for delivery of the share certificates in or, in the case of a credit of New Ordinary Shares in CREST, a CREST Member or CREST Sponsored Member whose registered address is in the United States, South Africa or any of the other Excluded Territories or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit or if the Company or the Banks believe or their respective agents believe that the same may violate applicable legal or regulatory requirements.

The attention of Qualifying Shareholders with registered addresses in, or who are resident or located in, or holding Ordinary Shares on behalf of persons with such addresses in: (i) the United States is drawn to Section 7.2 of this Part IX (*Terms and Conditions of the Rights Issue*); (ii) Canada is drawn to Section 7.3 of this Part IX (*Terms and Conditions of the Rights Issue*); and (iii) any of the other Excluded Territories, including South Africa, is drawn to Section 7.3 of this Part IX (*Terms and Conditions of the Rights Issue*). The attention of all Overseas Shareholders is drawn to Section 7.4 of this Part IX (*Terms and Conditions of the Rights Issue*).

Notwithstanding any other provision of this document or the Provisional Allotment Letter, the Company and the Banks reserve the right to permit any Qualifying Shareholder to take up his, her or its rights if the Company and the Banks in their sole and absolute discretion are satisfied that the transaction in question is exempt from or not subject to the legislation or

regulations giving rise to the restrictions in question. If the Company and the Banks are so satisfied, the Company will arrange for the relevant Qualifying Shareholder to be sent a Provisional Allotment Letter if he, she or it is a Qualifying Non-CREST Shareholder or, if he, she or it is a Qualifying CREST Shareholder, arrange for Nil Paid Rights to be credited to the relevant CREST stock account.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 4.2 and 5.2 of this Part IX (*Terms and Conditions of the Rights Issue*).

The provisions of Section 6.1 of this Part IX (*Terms and Conditions of the Rights Issue*) will apply to all Overseas Shareholders who do not, or are unable to, take up New Ordinary Shares provisionally allotted to them. Accordingly, such Overseas Shareholders will be treated as not having taken up their rights to New Ordinary Shares and the Banks will endeavour to procure, on behalf of such Overseas Shareholders, acquirers for the New Ordinary Shares in accordance with the terms of the Underwriting Agreement.

Specific restrictions relating to certain jurisdictions are set out below.

7.2 Offering restrictions relating to the United States

The Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares and Provisional Allotment Letters have not been and will not be registered under the US Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Accordingly, the Company is not extending the Rights Issue into the United States unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, neither this document nor the Provisional Allotment Letters constitute or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States.

Subject to certain exceptions, neither this document nor a Provisional Allotment Letter will be sent to, and no Nil Paid Rights will be credited to, a stock account in CREST of any Shareholder with a registered address in the United States. Subject to certain exceptions, Provisional Allotment Letters or renunciations thereof sent from, or postmarked in, the United States will be deemed to be invalid and all persons acquiring New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who subscribes for or acquires New Ordinary Shares, Nil Paid Rights or Fully Paid Rights will be deemed to have warranted and agreed, by accessing this document or accepting delivery of the Provisional Allotment Letter and delivery of the New Ordinary Shares, Nil Paid Rights or Fully Paid Rights, that it is not, and that at the time of subscribing for or acquiring the New Ordinary Shares, Nil Paid Rights or Fully Paid Rights it will not be, in the United States.

Subject to the sub-paragraph immediately below, the Company reserves the right to treat as invalid any request relating to the exercise (or renunciation of rights or registration of the New Ordinary Shares comprised therein) that appears to the Company or its agents to have been executed in or despatched from the United States, or that provides an address in the United States for the acceptance or renunciation of the Rights Issue, or which does not make a warranty to the effect that the person accepting and/or renouncing the Provisional Allotment: (a) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the New Ordinary Shares; (b) is not in the United States, nor is such person applying for the account of a person who is located in the United States; (c) is not in any of the other Excluded Territories; and (d) is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares in or into the United States, any other Excluded Territory, or any other jurisdiction in which it is unlawful to make or accept an offer to acquire the New Ordinary Shares.

The Company will not treat as invalid any request relating to the exercise (or renunciation of rights or registration of the New Ordinary Shares comprised therein) falling within (b) in the preceding paragraph if: (i) the instruction to apply was received from a person outside the United States; and (ii) the person giving such instruction has confirmed that: (A) it has the authority to give such instruction; and either (B) has investment discretion over such account; or (C) is an investment manager or investment company that is applying for the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S.

The Company will not be bound to allot (on a non-provisional basis) or issue any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares to any person with an address in, or who is otherwise located in, the United States in whose favour a Provisional Allotment Letter or any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may be transferred or renounced. In addition, the Company and the Joint Global Coordinators reserve the right to reject any MTM instruction sent by or on behalf of any CREST Member or any instruction sent by or on behalf of any CCASS Participant with a registered address in the United States in respect of the Nil Paid Rights.

Notwithstanding the above, the Company reserves the right to make the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares and Provisional Allotment Letters (together, the ‘Securities’) available within the United States to institutional investors reasonably believed to be QIBs in transactions exempt from, or not subject to, the registration requirements of the US Securities Act. Any such transactions shall be at the sole discretion of the Company. Any person reasonably believed to be a QIB to whom Securities are offered and by whom Securities are acquired will be required to execute and deliver an investor representation letter provided by the Company via such person’s custodian or nominee setting out certain restrictions and procedures regarding the Securities.

Prospective investors are hereby notified that sellers of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares may be relying on the exemption from the registration provisions under Section 5 of the US Securities Act provided by Rule 144A.

No representation has been, or will be, made by the Company or the Banks as to the availability of Rule 144 under the US Securities Act or any other exemption under the US Securities Act or any state securities laws for the reoffer or transfer of the New Ordinary Shares.

Any person in the United States who obtains a copy of this document or a Provisional Allotment Letter and who is not a QIB is required to disregard it.

Potential purchasers of the New Ordinary Shares in the United States are advised to consult legal counsel before making any offer for, resale or other transfer of, such New Ordinary Shares.

Until the expiration of the 40-day period after the commencement of the offering, any offer or sale of the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters within the United States by a dealer (whether or not it is participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

Procedures for the exercise of the Nil Paid Rights and application for Fully Paid Rights by QIBs

QIBs may exercise the Nil Paid Rights and apply for the Fully Paid Rights by delivering a properly completed Provisional Allotment Letter to the Receiving Agent in accordance with the procedures set out in this Section 7 of this Part IX (*Terms and Conditions of the Rights Issue*).

If such a person holds his Ordinary Shares through a bank, a broker or another financial intermediary, his financial intermediary should submit the Provisional Allotment Letter on his behalf.

Shareholders in the United States must complete and return to the Company, in accordance with the instructions of their custodian or nominee, an investor letter in the appropriate form as provided by their custodian or nominee who will have received a form of the investor letter and instructions from the Company. If such a person holds his, her or its Ordinary Shares through a bank, a broker or another financial intermediary, his, her or its financial intermediary should submit his, her or its investor letter on his behalf. The Company has the discretion to reject any investor letters which it believes are not substantially the same as the form of the investor letter provided to custodians or nominees of QIBs or otherwise acceptable.

The Company and the Receiving Agent have the discretion to refuse to accept any Provisional Allotment Letter that is incomplete, unexecuted, or not preceded or accompanied by an executed investor letter or any other required additional documentation.

The Company and the Receiving Agent have the discretion to refuse to accept any orders for Fully Paid Rights or New Ordinary Shares that are not preceded or accompanied by an executed investor letter or any other required additional documentation.

7.3 Other overseas territories

Provisional Allotment Letters will be posted to Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, those Qualifying Non-CREST Shareholders who have registered addresses in the Excluded Territories) and Nil Paid Rights have been and, where relevant, will be credited to the CREST stock accounts of Qualifying CREST Shareholders (other than, subject to certain limited exceptions, those Qualifying CREST Shareholders who have registered addresses in the Excluded Territories). No offer of or invitation to take up New Ordinary Shares is being made by virtue of this document or the Provisional Allotment Letters into the Excluded Territories. Qualifying Shareholders in jurisdictions other than the Excluded Territories may, subject to the laws of their relevant jurisdiction, accept their rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter.

Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of countries other than the United Kingdom should consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Nil Paid Rights or to acquire Fully Paid Rights (Shareholders only) or New Ordinary Shares.

If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares or to deal with Nil Paid Rights or Fully Paid Rights, you should contact your appropriate professional adviser immediately.

(a) *Hong Kong*

This document is not a prospectus under the Companies Ordinance (Cap 32 of the Laws of Hong Kong) (the “Companies Ordinance”), and nor is it required to be authorised under section 103 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the “SFO”).

The contents of this document have not been reviewed by any regulatory authority in Hong Kong and no action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any document issued in connection with it.

The Nil Paid Rights, Fully Paid Rights, New Ordinary Shares and Provisional Allotment Letter have not been and will not be offered or sold in Hong Kong by means of any document, other than (a) to “professional investors” as defined in the SFO and any rules made under that Ordinance, or (b) in other circumstances which do not result in this document being a “prospectus” as defined in the Companies Ordinance or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the Nil Paid Rights, Fully Paid Rights, New Ordinary Shares and Provisional Allotment Letters has been or will be issued in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Nil Paid Rights, Fully Paid Rights, New Ordinary Shares and Provisional Allotment Letters which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO.

(b) *Switzerland*

Galliford Try is not a collective investment scheme within the meaning of the Swiss Act on Collective Investment Schemes of 23 June 2006 and its implementing regulations and has not been approved by the Swiss Financial Market Supervisory Authority (“FINMA”). The Nil Paid Rights, Fully Paid Rights, New Ordinary Shares and Provisional Allotment Letters or any related marketing materials may not and will not be publicly offered, sold, advertised, distributed or re-distributed, directly or indirectly, in or from Switzerland. No solicitation for investments in the Shares may be extended, distributed or otherwise made available in Switzerland in any way that could constitute a public offering pursuant to articles 1156 or 652a of the Swiss Code of Obligations (“CO”). This document or any other offering or marketing materials relating to the Nil Paid Rights, Fully Paid Rights, New Ordinary Shares or Provisional Allotment Letters does not constitute an offering prospectus pursuant to articles 652a and 1156 CO and may not comply with the information standards required thereunder. Galliford Try has not applied for a listing of the Shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this document does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange. This document is addressed to a specifically named recipient and may not be copied, reproduced, distributed or passed on to third parties.

(c) *Singapore*

The offer of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares by Glasgow is made only to and directed at, and the Nil Paid Rights, Fully Paid Rights and New

Ordinary Shares are only available to, persons in Singapore who are existing holders of Ordinary Shares.

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may not be circulated or distributed, nor may Nil Paid Rights, Fully Paid Rights or New Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) Qualifying Shareholders under Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"); (ii) pursuant to, and in accordance with, the conditions of an exemption under Section 274 or Section 275 or, where applicable Section 276 of the SFA; or (iii) in the case of sales of New Ordinary Shares not taken up, pursuant to and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New Ordinary Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Ordinary Shares pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore. Qualifying Shareholders and/or any holder of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may only offer the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in Singapore to (i) existing members of the Company under Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore, or (ii) pursuant to, and in accordance with, the conditions of an exemption under Section 274 or Section 275, or where applicable, Section 276, of the Securities and Futures Act, Chapter 289 of Singapore.

(d) *Australia*

This document, and any other document issued by the company in connection with this offer, does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (the "Corporations Act"). It does not and is not required to contain all the information which would be required under the Corporations Act to be included in such a disclosure document, and has not been lodged with the Australian Securities and Investments Commission. The offering to which this document relates is being made in Australia in reliance on ASIC Corporations (Foreign Rights Issues) Instrument 2015/356 issued by the Australian Securities and Investments Commission. This document, and any other document issued by the Company in connection with the offer only constitutes an offer in Australia to persons who are recorded as Australian resident shareholders as at the Record Date.

(e) *Jersey*

Pursuant to Article 8(2) of the Control of Borrowing (Jersey) Order 1958, as amended, provided that the number of persons in Jersey to whom any offer for subscription, sale or exchange of securities contained in this document is communicated does not exceed 50, no Jersey regulatory consent is required in connection with such an offer and accordingly, the Jersey Financial Services Commission has not reviewed this document and therefore it takes no responsibility for the financial soundness of the Company or any correctness of any statement made, or opinions expressed herein.

(f) *Member States of the European Economic Area (other than the UK)*

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “relevant member state”) (except for the UK), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the “relevant implementation date”) no New Ordinary Shares, Nil Paid Rights or Fully Paid Rights have been offered or will be offered pursuant to the Rights Issue to the public in that relevant member state prior to the publication of a prospectus in relation to the New Ordinary Shares, Nil Paid Rights and Fully Paid Rights which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of New Ordinary Shares, Nil Paid Rights or Fully Paid Rights may be made to the public in that relevant member state at any time:

- (i) to any legal entity which is a “qualified investor”, as defined in the Prospectus Directive;
- (ii) to fewer than 100 or, if the relevant member state has implemented provisions of the relevant amending directive (2010/73/EU), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Ordinary Shares, Nil Paid Rights or Fully Paid Rights shall result in a requirement for the publication by the Company or any Joint Bank of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression “an offer of any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights to the public” in relation to any New Ordinary Shares, Nil Paid Rights and Fully Paid Rights in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Rights Issue and any New Ordinary Shares, Nil Paid Rights and Fully Paid Rights to be offered so as to enable an investor to decide to acquire any New Ordinary Shares, Nil Paid Rights or Fully Paid Rights, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

It is expected that Shareholders in all member states of the European Economic Area will be able to participate in the Rights Issue.

7.4 Representations and warranties relating to Overseas Shareholders

(a) *Qualifying Non-CREST Shareholders*

Any person exercising rights pursuant to a Provisional Allotment Letter, represents and warrants to the Company and the Banks that, except where proof has been provided to the Company’s satisfaction that such exercise will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction, such person: (i) is not in the United States, nor is such person applying for the account of a person who is located in the United States (unless the sub-paragraph below applies); (ii) is not in

any of the other Excluded Territories; (iii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire New Ordinary Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; and (iv) is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States, South Africa or any of the other Excluded Territories, or any jurisdiction referred to in (iii) above.

Notwithstanding the sub-paragraph immediately above, as regards (i) in that sub-paragraph, persons may exercise rights pursuant to a Provisional Allotment Letter if: (a) the instruction to apply was received from a person outside the United States; and (b) the person giving such instruction has confirmed that: (A) it has authority to give such instruction; and, either; (B) has investment discretion over such account; or (C) is an investment manager or investment company that is applying for the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter if it: (i) appears to the Company to have been executed in or despatched from the United States or any of the other Excluded Territories or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (ii) provides an address in the United States, South Africa or any of the other Excluded Territories for delivery of definitive share certificates for New Ordinary Shares or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates; or (iii) purports to exclude the representation and warranty required by the above.

(b) *Qualifying CREST Shareholders*

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with the procedures set out in this Part IX (*Terms and Conditions of the Rights Issue*) represents and warrants to the Company and the Banks that, except where proof has been provided to the Company’s satisfaction that such person’s acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction, such person: (i) is not in the United States, nor is such person applying for the account of a person who is located in the United States (unless the sub-paragraph below applies); (ii) is not in any of the other Excluded Territories; (iii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire New Ordinary Shares; and (iv) is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States, South Africa or any of the other Excluded Territories, or any jurisdiction referred to in (iii) above.

Notwithstanding the sub-paragraph immediately above, as regards (i) in that sub-paragraph, a CREST Member or CREST Sponsored Member may make a valid acceptance in accordance with the procedures set out in this Part IX (*Terms and Conditions of the Rights Issue*) if: (a) the instruction to apply was received from a person outside the United States; and (b) the person giving such instruction has confirmed that: (A) it has authority to give such instruction and either; (B) has investment discretion over such account; or (C) is an investment manager or investment company that is applying for the New Ordinary Shares in an ‘offshore transaction’ within the meaning of Regulation S.

The Company may treat as invalid any MTM instruction which appears to the Company to have been despatched from the United States, South Africa or any of the other Excluded Territories or otherwise in a manner which may involve a breach of the

laws of any jurisdiction or if it or its agents believes the same may violate any applicable legal or regulatory requirement or purports to exclude the representation and warranty required by the above.

7.5 **Waiver**

The provisions of this Section 7 of this Part IX (*Terms and Conditions of the Rights Issue*) and of any other terms of the Rights Issue relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this Section 7 of this Part IX (*Terms and Conditions of the Rights Issue*) supersede any terms of the Rights Issue inconsistent herewith. References in this Section 7 of this Part IX (*Terms and Conditions of the Rights Issue*) to Shareholders shall include references to the person or persons executing a Provisional Allotment Letter and, in the event of more than one person executing a Provisional Allotment Letter, the provisions of this Section 7 of this Part IX (*Terms and Conditions of the Rights Issue*) shall apply to them jointly and to each of them.

8. **Taxation**

Certain information in respect of tax in relation to the Rights Issue is set out in Part XVII (*Taxation*) of this document. That information is intended only as a general guide to certain aspects of the current tax position in the United Kingdom. Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Rights Issue in light of their own circumstances.

Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.

9. **Times and dates**

The Company shall, in its discretion and after consultation with its financial and legal advisers (and with the agreement of the Banks), be entitled to amend the date that dealings in Nil Paid Rights commence and amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this document and in such circumstances shall notify the UK Listing Authority and, if appropriate, Shareholders and make an announcement via a Regulatory Information Service, but Qualifying Shareholders may not receive any further written communication.

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the date specified in this document as the latest date for acceptance and payment in full under the Rights Issue (or such later date as may be agreed between the Company and the Banks), the latest date of acceptance under the Rights Issue shall be extended to the date which is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

10. **Governing law and jurisdiction**

The terms and conditions of the Rights Issue as set out in this document and the Provisional Allotment Letter (where appropriate), and any non-contractual obligation arising out of or in connection to the Rights Issue, shall be governed by, and construed in accordance with, English law.

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter (where appropriate) (including any dispute relating to any non-contractual obligations arising out of or in connection with them). By accepting rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART X

INFORMATION ON THE GROUP

Investors should read this Part X (Information on the Group) in conjunction with the other information contained in this document including the financial and other information appearing in Part XIV (Operating and Financial Review) and Part XII (Directors and Employees).

1. Introduction

1.1 Overview of the Group

Galliford Try is a leading UK housebuilding, regeneration and construction group. Its shares are listed on the London Stock Exchange and the Company is a member of the FTSE 250. The Group has three strong businesses: Linden Homes, Partnerships & Regeneration, and Construction. Together, these businesses have delivered substantial growth in recent years. Through these three businesses, Galliford Try's business model encompasses housebuilding and construction activities.

- Linden Homes builds high-quality private and affordable housing, on prime sites, in good locations, primarily for first time home buyers and families. Linden Homes has a presence across the South and East of England, East Midlands and the North. In the financial years ended 30 June 2015, 2016 and 2017 and the six months ended 31 December 2017, Linden Homes had revenue of £779.0 million, £840.8 million, £937.4 million and £436.8 million, respectively, representing 32.0 per cent., 31.5 per cent., 33.2 per cent. and 29.2 per cent., respectively, of the Group's total revenue.
- Partnerships & Regeneration operates as a developer and contractor in affordable housing and regeneration projects, collaborating with local authorities, housing associations and private sector partners to increase the supply of affordable housing across a range of tenures and to build sustainable communities. In the financial years ended 30 June 2015, 2016 and 2017 and the six months ended 31 December 2017, Partnerships & Regeneration had revenue of £329.4 million, £300.6 million, £330.2 million and £223.5 million, respectively, representing 13.6 per cent., 11.3 per cent., 11.7 per cent. and 14.9 per cent., respectively, of the Group's total revenue.
- Construction delivers building and infrastructure projects across the UK, offering its clients the benefit of national strength with local expertise and delivery from its regional offices. Construction covers multiple markets, with a focus on the public and regulated sectors, and it has a significant number of panel appointments under framework contracts. In the financial years ended 30 June 2015, 2016 and 2017 and the six months ended 31 December 2017, Construction had revenue of £1,293.2 million, £1,503.4 million, £1,526.9 million and £823.6 million, respectively, representing 53.2 per cent., 56.3 per cent., 54.1 per cent. and 55.1 per cent., respectively, of the Group's total revenue.

The Group's three businesses have complementary cash flow profiles, with contracting activities traditionally generating cash from regular client payments which can then be used to fund land and housing developments. Management believes that these complementary businesses enable Galliford Try to support an engaged and healthy workforce, the delivery of quality buildings, infrastructure and homes and positive ongoing relationships with stakeholders, including clients, customers, employees and the communities and environments in which it operates.

In the years ended 30 June 2015, 2016 and 2017 and the six months ended 31 December 2017, Galliford Try had revenue of £2,430.7 million, £2,670.4 million, £2,820.2 million and £1,495.0 million, respectively and profit from operations of £138.9 million, £157.5 million, £171.2 million and £94.7 million, respectively.

1.2 **History and development**

Galliford Try was formed in September 2000 from the merger of two quoted companies, Galliford plc and Try Group plc, each having construction and housebuilding activities. The merger was effected through an offer by Galliford plc for Try Group plc and the company was renamed Galliford Try plc. Galliford plc was incorporated in February 1965 and listed on the London Stock Exchange in March 1972.

Since the merger, Galliford Try has grown both its construction and housebuilding businesses through organic investments and through selective acquisitions. In February 2006, Galliford Try purchased Chardale Homes, a Lincolnshire based housebuilder, for a net purchase price, including expenses, of £68.7 million and in March 2006 purchased Morrison Construction, a UK-based construction and PFI business, for £39.7 million.

In March 2007, the Company completed the acquisition of Linden Homes for £110.8 million, financing the acquisition through a placing and open offer that raised net proceeds of £146.6 million.

In September 2009, the Company raised gross proceeds of £125.6 million through a right issue primarily to increase the Group's ability to acquire land at advantageous rates.

In July 2014, the Company acquired Miller Construction, a UK construction business delivering building and infrastructure projects to both the public and private sectors, for £16.6 million.

In May 2015, Linden Homes acquired the Yorkshire based housebuilding land assets of Shepherd Homes, comprising six existing sites and five sites in planning totalling a landbank of 515 plots.

In May 2017, the Company acquired Drew Smith, a mixed tenure developer with relationships in the Registered Provider and regeneration markets, for £27.1 million (please see the Section 11.3 of Part XVIII for a summary of the sale and purchase agreement relating to the Drew Smith acquisition).

2. **Strategy and strengths**

2.1 **Competitive strengths**

The Group's key strengths include the following:

(a) *Three complementary businesses*

Through its three strong and complementary businesses, Linden Homes, Partnerships & Regeneration and Construction, the Group has leading positions in its markets and a strategy to take advantage of the opportunities in each market. The Group's businesses operate in different markets and have different customers, with different sources of funding, which helps the Group to deliver resilient performance throughout the economic cycle. Linden Homes' housebuilding business requires up-front investment in land and development, with cash received as the developed homes are sold. Linden Homes adds value through planning and promotion of these projects which supports strong margins. Partnerships & Regeneration generates cash from its contracting activities, which is used to fund cash-consuming, but higher-margin mixed tenure developments. These projects require less up-front investment than housebuilding and while the contracting revenue is lower margin, this cash is typically received and revenue recognised at regular intervals as the project progresses. The Construction business also receives regular payments from its clients as work on projects progresses and projects are typically cash positive. This mix of capital-light and capital-intensive businesses delivers strong returns on investment and allows the Group to balance this investment with the discipline of paying strong dividends.

(b) *Well-placed housebuilding division*

The UK housing market has been in a long-term position of structural undersupply as the number of building completions has failed to keep pace with the number of new household formations and the demand for replacement of redundant housing stock. Demand for housing currently exceeds supply, with the UK market consistently falling short of the 250,000 new homes it needs each year, despite the government's commitment to increasing supply. However, despite increasing supply in recent years, positive mortgage availability, low interest rates and the stimulus of the UK Government's Help to Buy scheme have continued to fuel demand in excess of the available supply. The 2017 Housing White Paper offered some solutions to the issues surrounding increasing supply, but focused mainly in peripheral factors such as modern methods of construction, increasing density around public infrastructure and encouraging self-build.

These continuing levels of high demand benefit Linden Homes which develops high-quality private and affordable housing, primarily for first-time buyers and families. The business has a presence in the South and East of England, East Midlands and the North. Linden Homes continues to see opportunities in the availability of prime sites in popular locations and with good rates of return. Linden Homes maintains an appropriate amount of land for future development or disposal in its landbank. Linden Homes' landbank is sufficient to meet the equivalent of 3.5 years supply and to underpin a sustainable business model and Linden Homes is increasing its investment in strategic land. Linden Homes designs award-winning homes for the mid-market increasingly using standardised layouts, which helps it to build its homes as efficiently as possible without compromising on design or quality. Standardising layouts and processes is attractive to the business' supply chain as it helps to build homes safely, quickly and efficiently.

(c) *Strong proven offering in affordable housing and regeneration*

The housing shortage in the UK is driving government intervention in the affordable homes sector, on both the supply and demand sides. Registered Providers and local authorities are increasingly relying on private sector partners to help them meet the demand for affordable homes across a range of different ownership tenures. The Group works with Registered Providers and other partners to increase the supply of affordable and mixed tenure housing and build sustainable communities. This combination of development and contracting skills gives the Group a strong position in the sector and allows it to capitalise on opportunities to address unmet demand.

(d) *A major national contractor*

The government remains committed to investing in and maintaining the UK's infrastructure. The sectors the Group focuses on have high market demand, barriers to entry and capacity constraints. Regulated businesses produce steady work as clients fulfil their business plans. The Group operates across the UK, offering clients the benefit of national strength with local expertise and delivery from its regional offices. The Group's business covers multiple markets, with a focus on the public and regulated sectors, and the Group has a significant number of panel appointments under framework contracts, providing a solid pipeline of work.

Approximately 85 per cent of the Construction business' order book comes from the public and regulated sectors. The Group's order book is conservatively stated with projects only included when there is a high degree of certainty that they will generate future revenues. The Construction business is a key contractor for the water industry and defence sector and is also particularly strong in education and health projects.

(e) *Prudent debt management and committed facilities*

The Group is funded by ordinary shares, retained profits, a single bank facility and a debt private placement. The Group's single bank facility of £450 million is committed to February 2022 with covenants tested twice a year. This mix of funding sources provides flexibility around the timing of investments in Linden Homes and Partnerships & Regeneration. The Group's £100 million debt private placement is committed until February 2027. This new debt private placement diversifies the Group's sources of funding and enhances its flexibility and resilience.

The Group's business model reduces its reliance on external funding. Construction generates cash, which helps to fund continued investment in Linden Homes and increasing investment in Partnerships & Regeneration. The Group targets period-end gearing of below 30 per cent, and has consistently met this objective. Net debt as at 30 June 2015, 2016 and 2017 and 31 December 2017 was £17.3 million, £8.7 million, net cash of £7.2 million, and net debt of £84.9 million, respectively, representing balance sheet gearing of 3.0 per cent., 1.5 per cent., nil and 15.0 per cent., respectively.

(f) *Strong management team with considerable industry experience*

The Group benefits from strong industry experience both at the divisional and board level. The members of the executive management team have all worked in their respective sectors for over 20 years and have been employed in the Group's businesses for between two and 22 years. The Group has a strong and experienced management team with complementary skills across managing, developing and investing in assets and a demonstrable track record of managing the Group's assets, including Peter Truscott, who has been Chief Executive since 1 October 2015 and Graham Prothero, who joined as Finance Director on 1 February 2013.

2.2 *The Group's strategy*

As announced in February 2017 and reviewed in February 2018, the Group's strategy to 2021 is set out below.

Over the period to 2021, the Group's focus is on continuing to deliver sustainable growth and strong returns to shareholders. The Group's plans are founded on its strategic pillars:

- **Operate sustainably:** Each business has set out three strategic priorities to deliver growth towards its medium-term financial targets in 2021. Underpinning these priorities is the Group's recognition that longer-term value creation must balance financial performance with the Group's obligations to all stakeholders, including clients, customers, employees and the communities and environment in which it operates.
- **Drive operating efficiencies:** Across the Group there is an ongoing focus on streamlining and simplifying operations to drive margin growth and enable the Group to respond faster to changing market conditions.
- **Maintain capital discipline:** The Group is well financed having further strengthened the balance sheet to enhance resilience and flexibility through a £100 million private debt placement which was arranged in February 2017 and matures in February 2027. As set out in the "Reasons for the Rights Issue" section of the Chairman's letter in Part VII of this document, the Company will apply the proceeds of the Rights Issue to the over-run costs in relation to the AWPR contract and so ensure that the Group's businesses are in a position, with the appropriate capital, to deliver on their respective growth opportunities in line with the Company's stated 2021 Strategy, in particular, in the Linden Homes and Partnerships & Regeneration businesses through, for example, volume growth from existing and new geographies, strategic land opportunities and

increased investment in mixed tenure housing. The Directors remain prudent in their approach to capital management, and the target period-end gearing level remains below 30 per cent. The Directors intend to continue to pay strong dividends, whilst maintaining an appropriate reinvestment in the growth of the business.

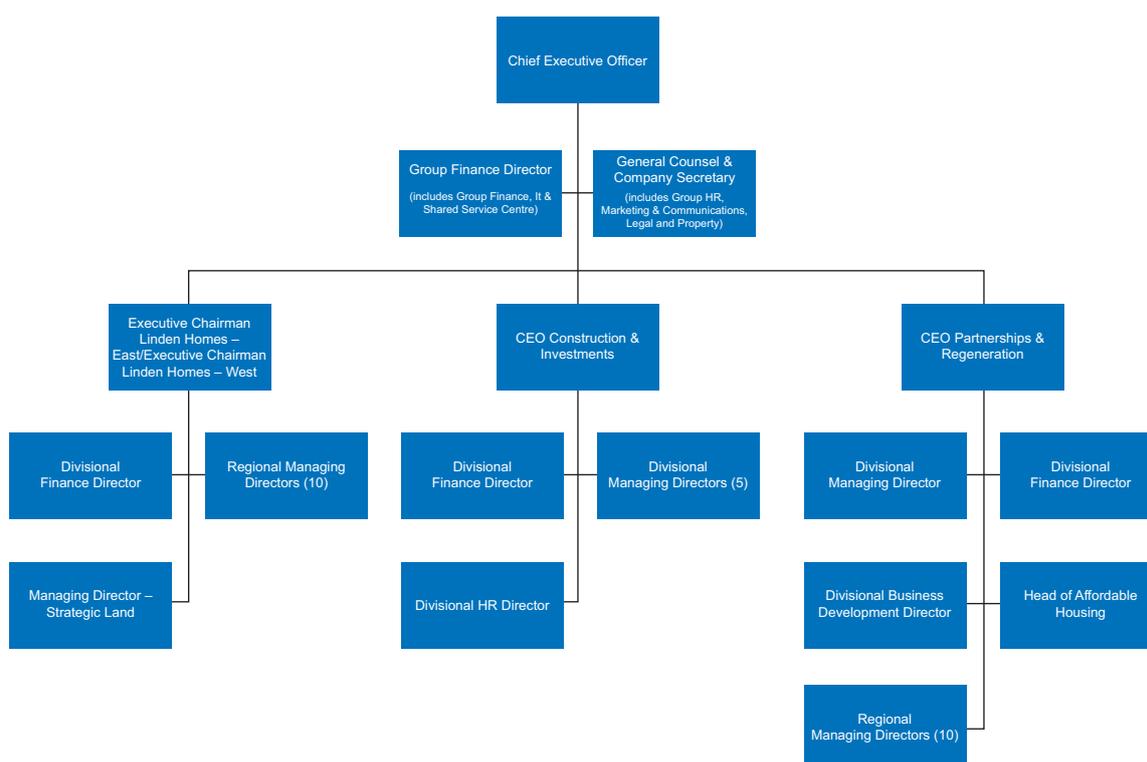
2.3 Summary Financial Targets to 2021

The Group's targets include 60 per cent. growth in profit before tax to FY 2021, a five year compound annual growth rate on the total dividend of at least 5 per cent. and a return on net assets in FY 2021 of at least 25 per cent (prior to the impact of the issue of the New Ordinary Shares). The specific strategic priorities and targets for each business are summarised below.

Linden Homes	FY21	FY16
Revenue	£1,250m	£841m
Operating profit margin	19 per cent. – 20 per cent.	17.5 per cent.
Partnerships & Regeneration	FY21	FY16
Revenue	£650m	£301m
Operating profit margin	6 per cent. – 7 per cent.	3.9 per cent.
Construction	FY21	FY16
Revenue	£1,800m	£1,503m
Operating profit margin	>2 per cent.	1.1 per cent.
Net cash	£200m	£161m

3. Group Structure and Operations

The Group's operations are divided into three businesses: Linden Homes, Partnerships & Regeneration and Construction. Each business is headed by divisional Chief Executives/Chairmen who report to the Group Chief Executive Officer, alongside the Group Finance Director and the Group General Counsel & Company Secretary. Each division is further divided into operating regions and other business lines. The chart below sets out the organisational structure of the Group's operations.



3.1 **Linden Homes**

Overview

Linden Homes is a top 10 UK housebuilder, with a well-respected brand. It develops high-quality private and affordable housing, primarily for first-time buyers and families. It has a presence in the South and East of England, the East Midlands and the North. Linden Homes designs award-winning homes for the mid-market with exteriors that complement their local areas using predominantly standardised layouts, which help to build these homes as efficiently as possible, without compromising on design or quality.

Linden Homes is known for the quality of its homes and works closely with suppliers to source the most suitable materials. Standardising layouts and processes also supports the efficiency of the supply chain, as it helps build homes more safely, quickly and efficiently and to a consistently high standard. This also reduces waste and the environmental impact of the business. Where practicable, Linden Homes uses local labour and endeavours to provide wider benefits to the communities in which it works. As a responsible developer, Linden Homes delivers public spaces that support sustainable communities, which can range from streetscapes that reduce vehicle speeds to cycle routes, woodlands and play areas.

Working together with select partners is a core part of the strategy for Linden Homes. Joint ventures enable Linden Homes to secure larger sites for investment and provide additional points of sale, while at the same time enabling it to share location risks and invest less capital.

The funding of joint ventures is shared between the joint venture partners, and may also benefit from third party financing arrangements. The Group typically acts as the project manager for its joint venture developments. As project manager, the Group is responsible for the joint venture's operations, which may include planning, design, construction sales, accounting and administrative matters. In the years ended 30 June 2015, 2016 and 2017 and the six months ended 31 December 2017, the Linden Homes' share of revenue from joint venture companies and limited liability partnerships was £47.4 million, £132.3 million, £132.6 million and £80.9 million, respectively.

The following table sets out certain key performance metrics for Linden Homes during the periods indicated:

	Six months ended	Six months ended	Year ended		
	31 December 2017	31 December 2016	30 June 2017	30 June 2016	30 June 2015
Completions (units) ¹					
Direct ² – private	821	881	1,907	1,824	1,827
Direct – affordable	283	265	548	481	523
Joint operations ³ – private	36	88	181	242	126
Joint operations – affordable	–	–	–	18	28
Joint Ventures ⁴ – private	313	186	449	421	106
Joint Ventures – affordable	134	71	211	92	159
	1,587	1,491	3,296	3,078	2,769
East ⁵	717	695	1,473	2,029	1,617
West	870	796	1,823	1,049	1,152
	1,587	1,491	3,296	3,078	2,769
Average sales rate ⁶	0.53	0.56	0.62	0.62	0.61
Average number of outlets ⁷	81	75	77	80	62
Average selling price (£000's)					
Private	370	338	354	335	327
Affordable	133	114	121	113	124
Average cancellation rate ⁸	19 per cent.	19 per cent.	19 per cent.	17 per cent.	16 per cent.
Sales in hand ⁹ (£m)					
Private	577	578	233	243	198
Affordable	185	159	140	137	102
Land sales	0	10	–	–	–
	762	747	373	380	300
For completion in current year ¹⁰	634	611	295	297	175
For completion in subsequent years	128	136	78	83	125
	762	747	373	380	300

Notes:

- Inclusive of the Group's joint venture partner's share of completed units
- Completions transacted through 100 per cent. owned subsidiaries
- Joint operations proportionally consolidated within the business under IFRS11
- Joint ventures equity accounted under IFRS11
- East/West split introduced from 1 July 2016. For 2015 and 2016, East consists of the North, Midlands, East and South East regions of the UK and West consists of the South West region of the UK
- Average sales per outlet per week
- Average number of outlets during the year
- A cancellation is defined as when a customer no longer wishes to proceed purchasing a house which has been previously declared as reserved
- Sales in hand includes reserved, exchanged and contracted revenue. "Reserved" includes (i) revenue from private units which have been qualified as a reservation and not yet exchanged or completed and (ii) revenue from affordable units where Linden Homes has detailed planning consent, Linden Homes owns the development and have received an offer from a Registered Provider but not yet exchanged. "Exchanged" includes (i) revenue from private units which have exchanged contracts but not yet completed and (ii) revenue from affordable units which have exchanged but not yet completed. "Completed", which is only relevant for the periods ended 31 December 2017 and 31 December 2016 includes revenue from completed private and affordable units since the commencement of the relevant period. In all cases, this includes Linden Homes' share of revenue generated through joint ventures.
- For the six months ended 31 December, this total represents the amount completed in the current financial year; for the year ended 30 June, this total represents the amount completed in the following financial year

Housebuilding requires up front investment in land and development, with cash received as the developed homes are sold. Linden Homes aims to ensure a profit by buying land in popular locations at commercially sensible prices, offering high-quality homes to its customers, and standardising as many aspects of its products, processes and procedures as it can to maximise efficiency.

As part of the 2021 strategy for Linden Homes, the Group is targeting to:

- (a) increase the volume of houses built by each of its 10 business units which cover the South and East of England, the East Midlands and the North of England which have scope to grow with limited additional overheads, with the potential to grow volumes in new geographies through additional geographic coverage;
- (b) implement further operational efficiencies to seek to improve operating margins;
- (c) increase the standardisation of house layouts and processes, with an aim to increase the percentage of schemes with planning permission from approximately 60-65 per cent. in the year to 30 June 2017 to a target of 80 per cent, allowing the business to build more quickly, to higher quality, at lower costs and with shorter lead times;
- (d) implement the land strategy, maintaining a landbank of 3.5 years, with a quick turnover of assets and work in progress and improved capital efficiency; and
- (e) increase the proportion of development land acquired from current strategic land holdings to 20-25 per cent. of the plots brought forward for development by the Group. This will involve taking options over sites in attractive locations with identified potential allowing negotiation on an exclusive basis with landowners and the ability to buy sites at enhanced margins recognising the risk inherent in promoting the land for development.

Market and Competition

In the UK, demand for housing exceeds supply, with the market consistently falling short of the 250,000 new homes it needs each year, despite the Government's commitment to increasing supply. Positive mortgage availability, low interest rates and the stimulus of the UK Government's Help to Buy scheme support this demand.

Various factors contribute to constrain the supply of housing in the UK. Some of the key factors include:

- the relatively complex, time consuming and expensive land planning system in the UK;
- delays by a large number of local authorities in putting in place housing supply plans, as required under the NPPF;
- not enough available land which is suitable for housebuilding;
- difficulties faced by smaller developers in accessing development funds and difficulties faced by housebuilders generally in accessing finance;
- inflationary pressure on the supply chain of housebuilders, with demand exceeding supply for certain materials such as roof tiles, and the fall in sterling affecting the cost of imported materials;
- the continued political uncertainty surrounding the UK's exit from the EU; and
- a lack of investment by housebuilders in innovative methods of construction due to the significant financial risks involved.

There is, however, strong support from the UK Government for increasing the housing supply. To address some of the constraints on the supply of housing mentioned above, there

are a number of government proposals set out in the Housing White Paper. Some of the key proposals which are relevant to the Group include:

- making the UK's planning system more open and accessible and speeding up the process by which planning permission is granted. Specific proposals include updating the NPPF and prohibiting unduly burdensome planning conditions under the Neighbourhood Planning Bill;
- increasing transparency around land ownership by requiring all publicly held land to be registered at HM Land Registry by 2025 so that it is clear where land is available for housing and where individuals and organisations are buying land but not building on it;
- increasing the supply of land for housebuilding by improving access to brownfield and surplus public land, regenerating housing estates, releasing small and medium-sized development sites and allowing more development in rural areas;
- updating the NPPF to require local authorities to develop up-to-date plans to meet their area's housing requirements and putting the responsibility of ensuring land is developed with local authorities through a new housing delivery test;
- improving access to finance for small and medium-sized commercial housebuilders through the Home Building Fund (a £3 billion fund launched by the UK Government in October 2016);
- encouraging investment in innovation and modern methods of construction through the Home Building Fund and the Accelerated Construction programme; and
- encouraging greater diversity of housebuilders by partnering with small and medium-sized builders and contractors through the new Accelerated Construction programme.

Land acquisition and Landbank

Linden Homes' strategy is to maintain an appropriate landbank, sufficient to meet the equivalent of 3.5 years supply and to underpin a sustainable business model whilst also increasingly investing in strategic land. By taking options over land in potential growth areas, it is able to offer local authorities delivery solutions to current and future housing needs. By committing significant investment into the promotion of these sites, Linden Homes is able to enter into exclusive negotiations with the landowner and secure sites at margins that recognise this value.

As at 31 December 2017, Linden's landbank was 11,520 plots and had an average cost per plot of £70,000 with an expected future average selling price of £296,000. The 9,240 private plots within the landbank were made up of 89 per cent. houses and 11 per cent. apartments.

As at 31 December 2017, Linden Homes had 97 per cent. of the land needed for scheduled development secured for the financial year to 30 June 2019 and 68 per cent. secured for the financial year to 30 June 2020. The landbank referred to above represents sites that Linden Homes owns and controls, but excludes longer-term options on strategic land. By taking options over land in potential growth areas, Linden Homes is able to offer local authorities delivery solutions to current and future housing needs. Linden Homes has increased its strategic land assets and expects to generate approximately 13,015 plots from its strategic land of 2,624 acres.

Project development

Linden Homes seeks to optimise the planning permission on its developments, through the use of third party architects and in-house, or third party, planning and technical expertise, making use of standardised layouts where possible and appropriate. Once the business has

obtained an implementable detailed planning permission, and satisfied any pre-commencement conditions, it is able to commence development work. Whilst Linden Homes will act as principal contractor on the development and lead the procurement of materials, it will typically appoint a range of sub-contractors to undertake the work, which is overseen by directly employed site managers. Where practical, Linden Homes uses local labour and endeavours to provide wider benefits to the communities it works in, but the criteria for appointing sub-contractors consider a range of factors including health and safety and the availability to perform the work at the right time, quality and price. Materials are procured through Linden Homes' buyers as required and typically delivered directly to site.

The duration of individual developments varies, based on a range of factors including the size of the development and the type of product being built. Linden Homes also considers the sales rate being achieved on each site, as it seeks to manage its investment in work in progress and number of unsold stock properties. The detailed project management of each development is determined on a site by site basis. For example, the location of the site office and the build programme will take into consideration factors including site access routes, health and safety and site infrastructure requirements.

The progress of a development is overseen by the relevant Linden Homes regional office, each of which directly employs relevant land and planning, technical, production, commercial and sales capabilities and is overseen by a regional Managing Director. At various specified stages of the build of each property, building quality inspections are carried out. The sales process is described below, but the project management requirements continue beyond the legal completion of the sale of the property to a customer through the Linden Homes' customer service team.

Sales and Marketing

Linden Homes creates value for its customers by selecting the right land in popular locations and designing high-quality homes as part of sustainable communities. Customer service is prioritised through the adoption of "The Linden Way", a framework that defines the approach at each stage of the housebuilding process. The needs of customers are considered at every stage of a project's development, from the initial purchase of land through to aftersales service. This framework shares best practices across Linden Homes and sets out how customers are supported by adopting the right values, procedures and processes at every stage of the purchasing experience. Linden Homes' customer charter describes its commitment to first-class service. It outlines to customers exactly what they should expect from property information to home warranties.

The requirements of each individual development are considered in determining the relevant marketing strategy, but will typically include an on-site sales team and show house supported by the Linden Homes website and other online and traditional marketing techniques. There were 77 active selling sites on average during the year ended 30 June 2017, compared to 80 in the year ended June 2016 and 62 in the year ended June 2015. Sales per site per week in the years ended 30 June 2015, 2016 and 2017 were 0.61, 0.62 and 0.62 respectively, and cancellation rates were 17 per cent., 17 per cent. and 19 per cent., respectively.

Customers

Linden Homes typically sells to first time buyers and families, with 34.0 per cent. of reservations in the year ended 30 June 2017 being to first time buyers (27.7 per cent. in the year ended 30 June 2016 and 23.4 per cent. in the year ended 30 June 2015). Help to Buy is a key selling aid to Linden Homes. In the years ended 30 June 2015, 2016 and 2017, 28 per cent., 38 per cent. and 47 per cent., respectively, of private customers used this product. A further 11 per cent., 8 per cent. and 13 per cent., respectively, of private customers used Linden Homes' part exchange incentive programme (where Linden Homes

acquires a customer's existing property in part exchange for the new property being acquired by the customer) when reserving a property.

Linden Homes has been rated a four star builder by the NHBC for all years under review, meaning a customer satisfaction rating of over 80 per cent.

Example projects

- **The Boulevards, Northstowe:** A large site of over 250 units that was purchased in a joint venture with one of the Group's existing joint venture partners. A revised planning permission utilising the Linden Collection house types was successfully achieved. Forming part of the 10,000 home new town of Northstowe the site is bordered by green open space and a wetland park, and is in walking distance of the new town centre with its education, leisure, retail and employment facilities and a short walk to the guided busway into Cambridge City Centre. The 2, 3, 4 and 5 bedroom homes are attracting a range of buyers who have utilised a range of incentives like Help to Buy and Part Exchange.
- **Copperfields, Malton:** Copperfields is set in the popular market town of Malton which is commutable to both York and Scarborough. Comprising 2, 3 and 4 bedroom homes that were initially taken from the Linden Homes Layouts, a revised planning permission on the second phase of 66 homes has now been granted to utilise the Linden Collection, which has delivered build cost savings. The development has maintained an above average sales rate of one per week and is set to complete in December 2019.
- **Saxon Springs, Welton:** This is one of the first schemes set in the historic Lincolnshire village of Welton, and is made up of 54, 3 and 4 bedroom homes, that are all taken from the Linden Collection. A popular area with local residents, the sought after rural village also has excellent commuter links to nearby Lincoln and Grimsby.
- **Hounsome Fields, Basingstoke:** This 750 unity scheme was purchased in a joint venture with one of the business' existing joint venture partners, is the largest for the rapidly expanding Thames Valley business unit and will utilise the Linden Collection homes. Adjacent to an existing and successful site of Linden Homes, this new scheme will also include a school and sports facilities. Close to the popular town of Basingstoke and near to excellent roads links the to M3 and A34, the development is well positioned for commuters.
- **Shinfield Meadows, Shinfield:** Situated in the Royal County of Berkshire in close proximity of the M4 and benefitting from the forthcoming Crossrail service at nearby Reading station, Shinfield Meadows is already proving popular. This large JV site of 276 homes (55 affordable) will also include a primary school, care home and sport and recreation facilities. A revised planning permission was obtained for future phases for the 3 and 4 bedroom homes are all taken from the Linden Collection, which is expected to deliver greater utilisation of the site and maintain a strong sales rate.

3.2 Partnerships & Regeneration

Overview

Partnerships & Regeneration is the Group's specialist regeneration and community building business. It has a strong track record of project delivery and a growing national footprint. Partnerships & Regeneration has strong relationships with Homes England and Greater London Authority, providing contracting services to housing associations, local authorities and private sector partners. It helps to increase the supply of affordable housing and develops mixed tenure projects, providing private housing for sale on regeneration-led sites and focusing on building sustainable communities. It uses the Linden Homes brand to

differentiate its developments and draws on Linden Homes' retail expertise to deliver its projects successfully and helps to support the businesses' profitability.

Partnerships & Regeneration generates cash from its contracting activities, which is used to fund cash-consuming but higher-margin mixed tenure developments. Careful selection and delivery of its contracting projects while sharing risk and using the Group's housebuilding skills and brand to deliver mixed tenure developments successfully, helps to support the business' profitability.

The Group acquired the Drew Smith Group, a leading contractor and mixed tenure developer in the South of England in May 2017. This acquisition fits well with Partnerships & Regeneration's existing business and added presence in the southern region of England. In September 2017, Partnerships & Regeneration also opened an office in the East Midlands, expanding on its existing successful operations in the West Midlands.

As part of the 2021 Strategy, Partnerships & Regeneration plans to:

- (a) *grow its national footprint*: by expanding into new geographies, with the aim of establishing a presence over time in Yorkshire and East Anglia, in addition to the recent acquisition of Drew Smith which provided operational opportunities in the South of England. Local expertise and relationships are key to the success of the business;
- (b) *drive margin improvement by leveraging its mixed tenure expertise*: mixed tenure development offers higher margins than contracting services and it intends to increase its blended margin by pursuing further growth in mixed tenure revenues, continuing to partner with Registered Provider clients and leveraging Linden Homes' brand and development skills, using cash generated by the contracting activities and additional investment; and
- (c) *unlock partners' capacities in sub-markets*: in order to access opportunities for specific tenure products. Joining with partners who have the capacity to fund projects allows the business to share risk in sub-markets including the private rented sector, private affordable housing providers, public sector direct commissioning programmes and the extra care market, which encompasses housing solutions for older people.

The following table sets out certain key performance metrics for Partnerships & Regeneration during the periods indicated.

	Six months ended	Six months ended	Year ended		
	31 December 2017	31 December 2016	30 June 2017	30 June 2016	30 June 2015
Completions (units) ¹					
Mixed tenure – private	239	165	373	247	188
Mixed tenure – affordable	92	92	221	279	220
Equivalent contracting units	1,343	730	2,000	1,600	1,800
Average selling price (£000's) ²	220	188	186	166	160
Sales in hand ³ (£m)	120	92	77	45	43
Order book ⁴ (£m)					
North	272	255	275	297	288
South	817	539	537	433	476
Central	92	131	144	120	61
Drew Smith ⁵	115	–	76	–	–
	1,296	925	1,032	850	825

Notes:

1 Inclusive of the Group's joint venture partner's share of completed units

2 For all units delivered/completed

- 3 Sales in hand includes reserved, exchanged and contracted revenue. "Reserved" includes (i) revenue from private units which have been qualified as a reservation and not yet exchanged or completed and (ii) revenue from affordable units where Partnerships & Regeneration has detailed planning consent, owns the development and has received an offer from a Registered Provider but not yet exchanged. "Exchanged" includes (i) revenue from private units which have exchanged contracts but not yet completed and (ii) revenue from affordable units which have exchanged but not yet completed. "Completed", which is only relevant for the periods ended 31 December 2017 and 31 December 2016 includes revenue from completed private and affordable units since the commencement of the relevant period. In all cases, this includes Partnerships & Regeneration's share of revenue generated through joint ventures
- 4 Estimated value of contracts secured
- 5 Drew Smith acquired in May 2017

Partnerships & Regeneration is benefiting from a wide range of opportunities to expand its business, both in the range of partners and products, and geographically. During the six months ended 31 December 2017, Partnerships & Regeneration secured a number of major projects including a new joint venture with Registered Provider, Trafford Housing Trust, to deliver a £100 million 600 home regeneration scheme in Partington, Greater Manchester; a further extension of three sites to its existing joint venture with Gateshead Council; and being selected as a development partner by Ealing Council for an estimated £275 million regeneration scheme to create 471 new homes and new council headquarters. On a contracting basis, Partnerships & Regeneration is contracted to deliver a £120 million 440-home Buy-to-Rent scheme in Walthamstow for Legal & General and has been appointed by a joint venture between Genesis Housing Association and Queens Park Rangers Football Club to construct a £155 million scheme for 605 new homes in West London. It maintains a disciplined approach to project selection which has assisted its geographic growth. To meet national demand, the geographical expansion of Partnerships & Regeneration is progressing to plan with new operating platforms in Bristol, Leicester and, following the acquisition of Drew Smith in 2017, Southampton. It benefits from existing client relationships in these new areas with clients increasing investment in line with the Government's commitment to increase the supply of new homes. Affordable housing remains high on the political agenda driving sustained demand for contracting and land-led opportunities. Mortgage availability remains healthy and there is sustained demand for affordable housing from individual customers, housing associations and local authorities. The Group has also seen renewed demand in the market for extra care and retirement villages, providing a good visibility of future work and increased opportunities in all areas.

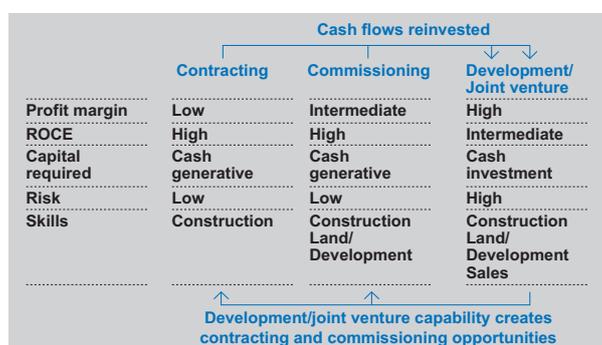
Market and Competition

The housing shortage, caused by a combination of factors as summarised in relation to Linden Homes above, is driving government intervention in the affordable homes sector, on both the supply side (for example through the policy proposals set out in the 2017 Housing White Paper), and the demand side (for example through increased investment in the UK Government's Help to Buy scheme and the recent changes to stamp duty land tax for first time buyers of residential properties). Registered Providers and local authorities are increasingly relying on private sector partners to help them meet the demand for affordable homes across a range of different ownership tenures. New clients are also entering the private rented and affordable housing sectors, stimulating demand for the Group's services. The Group has relatively few competitors in this market.

The increased investment in affordable housing announced by the government in the 2017 Housing White Paper and the renewal of the Affordable Homes Programme promise to create a more benign environment for the sector. Housing Associations look set to increase their development activity and Homes England continues to pursue public land disposal which is a key route to market for the business' higher margin mixed tenure regeneration schemes.

Project Development

Each of contracting, commissioning and development have different risk and financial profiles, for example profit margin, return on capital, capital requirements and skills requirements. The diagram below shows the different risk and financial profiles between contracting, commissioning and development opportunities:



Partnerships & Regeneration reviews each opportunity to ensure it offers a balance of risk, return and cash generation or investment. For commissioning and development opportunities, the Group can provide a full solution to suit the specific needs of the site, which may be owned by the Group, owned jointly with a partner or owned by a Registered Provider, local authority or the public sector. The Group identifies local housing demand to understand which tenures the solution must include, ranging from affordable rent to homes for sale. The Group then develops a funding solution and seeks to bring in partners as appropriate and engage with the supply chain. Once there is a solution for a site, housing is designed to suit the local area to create communities with a strong sense of place. The Group's mix of housebuilding and contracting skills means the Group can construct any type of home, ranging from bungalows to multi-storey tower blocks.

Partnership & Regeneration approaches the project in a similar manner to Linden Homes and Construction, depending on the nature of the scheme. For example, contracting opportunities will follow a similar project process as Construction, whereas a development opportunity will be similar to the Linden Homes process.

Landbank

As at 31 December 2017, Partnerships & Regeneration's landbank was 2,870 plots including 74 per cent. related to private plots, which is lower than the equivalent figure of 80 per cent. in Linden Homes. The private plots within the landbank were made up of 65 per cent. houses and 35 per cent. apartments.

The landbank had a potential gross development value of £750 million, or £263,000 per plot.

Customers, Sales and Marketing

The clients of Partnerships & Regeneration vary depending on the nature of each scheme. For example, homes for affordable rent can be sold to a housing association while private rented sector homes appeal to institutional investors.

For developments, Partnerships & Regeneration uses the Linden Homes brand and its sales and marketing capabilities to sell homes to customers, who buy outright or are supported by Help to Buy, so as to differentiate developments and draw on Linden Homes' retail expertise.

Partnerships & Regeneration has strong relationships with Homes England, local authorities, housing associations and other Registered Providers, which allows it to provide contracting services and develop mixed tenure projects. It uses the Linden Homes brand when selling to private customers.

In the years ended 30 June 2015, 2016 and 2017 the business completed 408, 526 and 594 private units and 1,800, 1,600 and 2,000 equivalent contracting units, respectively.

Example projects

- Gateshead Regeneration Partnership LLP (£347 million): one of the UK's largest residential regeneration programmes, known as Gateshead BIG consists of the regeneration of 19 sites across the borough of Gateshead over a period of 15 years for Gateshead Regeneration Partnership. Galliford Try and Registered Provider, Home Group, have come together with Gateshead Council to form the Gateshead Regeneration Partnership, a local asset backed vehicle which will build approximately 2,400 predominately family homes for private and affordable tenures along with community and public spaces to deliver sustainable and long-lasting communities. All homes are to be built to a minimum of Level 4 of the Code for Sustainable Homes. The project is expected to stimulate local economies and communities, introduce employment opportunities and add value to surrounding properties. Through the community focus embedded throughout the project, it will bring Gateshead's communities closer together. The scheme has achieved early success in this area in the form of a "Public and Private Partnership Award" from the Local Government Chronicle for its high levels of community involvement; commitment to using local suppliers and sustainability credentials
- Upton Village: Upton Village was named 'Most Innovative Affordable Housing Scheme' at the Housing Innovation Awards. In this £24.5 million project for Registered Provider, Peabody, the Group constructed the former Plaistow Hospital in East London into 168 new affordable homes including 66 properties for affordable rent, 74 for market rent and 28 homes for shared ownership. The Group impressed the judges with the way it considered space and volume to make better quality living areas, a more efficient building footprint, better lighting and more amenity space.
- Brunswick Regeneration: the Group's work to regenerate the Brunswick area of East Manchester, providing 522 new homes as well as new community facilities, including an ExtraCare centre and retail units, was awarded 'Regeneration Scheme of the Year' and 'Overall Winner' of the Inside Housing Top 60 Development awards. The project is being delivered in a joint venture which brings together the Group's housebuilding abilities with the financial expertise of lead partner Equitix, together with the housing management expertise of Contour Homes and the maintenance capability of Mears Group. Through this type of arrangement the Group joins with partners who have the capacity to fund projects, allowing us to share risk and return.

3.3 Construction

Overview

Construction operates across the UK, offering clients the benefit of national strength with local delivery from its regional offices. Construction covers multiple markets, with a focus on the public and regulated sectors, and has a significant number of panel appointments under framework contracts, providing a solid pipeline of work.

Construction operates nationwide, primarily under the Galliford Try and Morrison Construction brands. Construction's network of regional offices is a key advantage, enabling it to deploy its national strength using a local approach.

Construction is organised into the Building, Infrastructure and PPP Investments divisions. It also includes facilities management, telecommunications, dry lining and piling businesses.

- Building serves a range of clients across the UK, with a substantial presence in Scotland. It works with clients in the public and regulated sectors, in particular the

health, education and defence markets. Building also serves commercial clients, mainly in the South East and Midlands.

- Infrastructure carries out civil engineering projects. It has strong positions in the transport sector (including road, rail and airports), the water and wastewater sector and the flood alleviation sector.
- PPP Investments delivers major building and infrastructure projects through public private partnerships. It leads bid consortia and arranges finance, making equity investments and managing construction through to operations.

Recent contracts and Outlook

Building

In the six months ended 31 December 2017, Building won contracts and positions on framework contracts worth over £400 million including being appointed onto all six lots it bid for on the new Education and Skills Funding Agency's new school building framework contract, worth up to £3.1 billion in total, and the £750 million North Eastern Universities Purchasing Consortium major capital projects framework contract.

During the financial year ended 30 June 2017, in the health sector, Building won a £72 million contract for the East Lothian Community Hospital in Haddington, Scotland. It was also confirmed as one of six principal supply chain partners on the Department of Health's new ProCure22 framework contract, which runs from 2016 to 2020 and has a total pipeline value of £4 billion. In education, Building was awarded a contract to build the £68 million Park View Student Village for Newcastle University. It was also appointed preferred contractor to deliver the Knockroon Learning and Enterprise Campus in Cumnock, through a two-stage design and build process, with costs of approximately £63.5 million. This is one of Scotland's largest and most ambitious education projects. In the private sector, significant contracts won included a £49 million apartment development for St Modwen at the former RAF Uxbridge base; a £40 million, 323 apartment private rental sector scheme for Dandara, on the Arena Central site in Birmingham; and a £47 million contract to build the 50-60 Station Road commercial office space development in Cambridge, on behalf of developer Brookgate.

Building's order book was £2,478 million as at 31 December 2017 (£2,425 million as at 31 December 2016).

Infrastructure

During the six months ended 31 December 2017, Infrastructure won contracts and positions on framework contracts worth over £290 million, including a place on four lots of the £1 billion YORCivil2 framework contract and the new Highways & Infrastructure Construction Works Framework being led by Manchester City Council, worth a potential £200 million in total. Infrastructure's order book was £978 million as at 31 December 2017 (£991 million as at 31 December 2016).

During the year ended 30 June 2017, the infrastructure market remained positive across transport, energy and water, with Infrastructure steadily increasing its portfolio of framework contracts. During the year, it was appointed to Lot 1 of the Natural Resources Wales framework contract, delivering coastal and river defence schemes. The total value of the framework contract is up to £70 million over four years, while Lot 1 is valued at £45 million. In the water sector, Infrastructure was confirmed as a Tier 1 alliance partner for Scottish Water, responsible for delivering its Quality and Standards IV Capital Investment Programme for the regulatory period 2015 to 2021, which has a value of approximately £50 million.

Infrastructure has many years' experience of working on highways maintenance framework contracts. It was awarded a place on North Yorkshire County Council's carriageway planning and surfacing framework contract, which valued at up to £200 million over two years. The joint

venture with Costain was also awarded a £96 million contract to upgrade 12 kilometres of the M1 to a smart motorway. In addition, Infrastructure was appointed to Gatwick Airport's Capital Delivery Framework, on three lots valued at up to £300 million.

The Aberdeen Western Peripheral Route ("AWPR") contract was entered into in December 2014 between a consortium comprising the Company, Carillion and Balfour Beatty (the "AWPR Consortium") and Transport Scotland. The AWPR Consortium agreed to construct the AWPR and the associated infrastructure on a fixed price all risk basis. Due to certain complications with the project, there have been cost overruns as described in the Chairman's letter in Part VII of this document. As a result of these cost overruns and the compulsory liquidation of Carillion in January 2018, the Company's total cash commitments on the project have increased by in excess of £150 million (prior to any recoveries). Additionally, the Group accrued a further exceptional charge of £25.0 million in the six months ended 31 December 2017, increasing its provision in respect of the AWPR contract. However, the total exceptional costs and final cash impacts of the AWPR contract are ultimately dependent on completion of the project and agreement of any associated recoveries, which cannot currently be predicted with certainty.

PPP Investments

The environment for PPP and PFI projects is currently a challenging one, but PPP Investments continues to be particularly active in Scotland on a wide variety of Hub projects and the Company is monitoring a number of future projects. In addition to making its own investments, PPP Investments generates work for the Building, Infrastructure and facilities management businesses. Significant projects closed during the year ended 30 June 2017 included East Lothian Community Hospital, West Calder High School, two health centres in Aberdeenshire and Cumbernauld Academy. In total, PPP Investments added more than £250 million to the order books of the Group's other businesses in the year ended 30 June 2017.

The following table sets out certain key performance metrics for Construction during the periods indicated.

	Six months ended	Six months ended	Year ended		
	31 December 2017	31 December 2016	30 June 2017	30 June 2016	30 June 2015
Order book by segment ¹ (per cent.)					
Public	73	74	74	74	72
Regulated	12	14	13	16	16
Private	15	12	13	10	12
Order book by sector ² (£m) – Building					
Education	1,023	998	977	760	945
Health	245	312	188	147	269
Commercial	337	306	410	212	240
Other Public Sector	233	215	530	687	523
Defence	175	126	15	96	n/a
Facilities Management	465	466	468	448	413
	2,478	2,425	2,588	2,350	2,390
Order book by sector ³ (£m) – Infrastructure					
Water	302	400	357	523	322
Roads	333	311	312	337	494
Rail & Aviation	214	170	194	142	98
Other Civil Engineering	129	110	119	148	196
	978	991	982	1,150	1,110
Work secured ⁴	61 per cent.	60 per cent.	85 per cent.	82 per cent.	88 per cent.

Notes:

- 1 Proportion of total Construction (Building and Infrastructure) order book
- 2 Balance of work to be delivered from contracts secured and/or in progress together with the estimated value of new work to be delivered from current framework contracts.
- 3 Balance of work to be delivered from contracts secured and/or in progress together with the estimated value of new work to be delivered from current framework contracts.
- 4 Value of work secured as a proportion of the total forecast workload for the following financial year or period.

Construction's strategy to 2021 is to:

- *retain its solid platform for sustainable growth*: Construction has a number of important strengths, including its high-quality people, health and safety standards, its national coverage with local delivery, its order book, its excellent panel position on framework contracts and its focus on the public and regulated sectors. Construction intends to maintain and build on these strengths, which provide a solid foundation from which it can grow the business;
- *improve its operations to drive margin progression*: Construction has identified several areas in which it needs to continue to improve, which will support its margin progression. These include its approach to managing risk in project selection and its operations, its ability to attract, develop and retain a diverse workforce, further modernisation of its systems, enhancements to its communication tools and continuing to align its supply chain with operations; and
- *deliver strong, predictable cash flows and margin improvement*: ensuring Construction only bids for high-quality work with appropriate margins, while continuing to improve the way Construction works, will enhance its margins over the period to 2021. This, in turn, will help Construction to deliver consistent and growing cash flows, which will support its investment in growth elsewhere in the Group.

Market and Competition

The construction market remains largely positive, as the UK continues to require substantial investment in its social and economic infrastructure. As a result, the order book for Construction remains strong and it has already secured a significant proportion of work for 2019. Construction's focus is on contract quality and risk management, and it will continue to be rigorous in project selection, with revenue expected to remain broadly stable year-on-year as a result. Newer work has been operating under these parameters and performance to date has been encouraging and is supportive of the Company's target margins. As Construction's legacy contracts are completed, margins are expected to improve towards the 2021 target of at least 2.0 per cent.

The sectors the Group focuses on have high market demand, barriers to entry and capacity constraints. Regulated sectors produce steady work, as clients fulfil their business plans.

Steady growth in construction output appears to be slowing according to recent ONS figures and Markit PMI surveys; however, the Group believes that the outlook remains positive in comparison to the year ended 30 June 2017. The output from the public sector pipeline remains positive and is anticipated to grow further in the next year, despite the UK election result and uncertainty over Brexit.

Construction continues to benefit from areas such as defence which are now starting to see long-term capital funding programmes come to fruition and sectors such as education and highways, where longstanding framework contracts have allowed the Group to capitalise on the greater opportunities coming forward. The main NHS procurement vehicle (ProCure22) was renewed in 2017 and 2017 saw an increase in pipeline occurring despite the financial pressure on the health service.

Scotland remains a key market for the Construction business with the Scottish government and local authorities continuing to provide a consistent pipeline, particularly through the Group's panel positions on the regional Hub procurement vehicles.

Although during 2017 there were some signs of a slowdown in the commercial market in London, regional private sector markets held up well, particularly in the West Midlands.

Project Development

The Group enters into various types of contracts with clients in its Construction business including: fixed price contracts; cost plus contracts; framework contracts; and long-term PFI projects. Fixed price contracts reflect a fixed price that the client will pay to the contractor for the project (for the works described in the building contract) assuming that the client does not request any changes to the project during construction and that none of the events listed in the building contract occur, which would allow the contractor to claim more money (such as unexpected ground conditions). Cost plus contracts allow the contractor to recover all its costs plus an agreed profit (usually expressed as a percentage) and as such, is typically a lower risk route of procurement for a contractor. Framework contracts typically allow a client to allocate individual projects to one of a number of preferred contractors (who would have pre-qualified to be a part of the framework), with costs sometimes set by a pre-agreed schedule of rates (at the start of the framework period)

Construction identifies new contract opportunities through its business development teams and, for public sector tenders over a certain financial threshold, through the Official Journal of the European Community (OJEU). The bidding process varies by project, but may include pre-qualification questionnaires that consider the ability of the Group to perform the project, various tender meetings and presentations, and extensive bid documentation. The Group's internal tender review and approval processes depend on an assessment of the nature and complexity of the project, its size and the contractual terms. The largest projects will require approval at the Group's Executive and the Board.

Construction looks to manage risk at every stage of a project, from carefully assessing opportunities through to maintaining the finished asset. It is highly selective about the type and scale of work it takes on, emphasising the quality of its revenue rather than the volume, and ensuring that each new project contains sufficient allowances for risk, margin and inflation. Construction has changed its tendering policy and no longer enters into major construction projects on a fixed price, all risks basis. The Group has a preference for operating on frameworks and for two-stage tender processes that are not purely price dependent. Its presence on numerous framework contracts further reduces its risk profile, by allowing it to work collaboratively with clients. Construction operates through a network of regional offices, giving it in-depth knowledge of local markets, enabling it to build strong relationships with clients and suppliers, and helping it to retain local talent.

On award of a project, the relevant regional office is responsible for mobilising the relevant resources and appointing the supply chain to the project. The Group uses its own procurement capabilities for materials, although some specialist materials may be sourced by the relevant sub-contractor. The Construction business recognises that it is only as good as its supply chain, so building successful relationships with its partners is vital. Construction's 'Advantage through Alignment' scheme increases engagement with leading supply chain members, improves communication and gives them insight into the business' pipeline of work and its operations. It also allows them to benefit from Construction's training programmes and practices, including its award-winning health and safety programme. Wherever practical, working with local businesses is prioritised.

Projects typically have various review and approval stages built into the contract, including receipt of certificate of practical completion at the end. There will then follow a contractual defect period during which the Group is required to make good any identified defects. This

process is undertaken by the project team working with the client or their agent. Contracts also include other project management requirements, which may include regular communication and reporting, long stop dates and other matters. The project management, and client relationship, is led by directly employed commercial and technical team members, and is overseen by the regional office Managing Director.

Construction receives regular contractual payments from its clients as work progresses. It aims to generate a profit by carefully assessing the risk and margin of each project, collaborating with its supply chain, and delivering repeat work through framework contracts.

Clients

Construction seeks clients who value a collaborative approach and aims to become their long-term partners, including the many framework contracts on which it is already appointed. The business' approach to collaboration has been accredited to BS 11000, the best practice standard. Construction's clients include public sector, regulated sector and private sector, and at 31 December 2017 85 per cent. of its order book was in the public and regulated sectors.

Example projects

- Arena Central, Birmingham regeneration: working with different clients on a number of distinct phases, the Group is delivering the regeneration of Arena Central in the centre of Birmingham, worth over £250 million. The first phase of the work commenced in August 2015 with the construction of 1 Centenary Square, the new UK headquarters of HSBC Bank plc, and in February 2018, construction began on 3 Arena Central, a building which has been pre-let to the UK Government. The final stage of the regeneration is scheduled to complete in February 2020.
- M1 Smart Motorways programme: the Group plays an increasing role in improving the UK's infrastructure. Working with Highways England, and in conjunction with its joint venture partner, it is delivering three M1 smart motorway schemes worth in excess of £300 million. England's motorways and major roads are used by around four million drivers every day, and upgrading and improving the network is a focus of significant government investment to support economic growth. The smart motorway programme is part of Highways England's Collaborative Delivery Framework, to which the Group was appointed in November 2014. Tranche 1 is on programme and nearing completion, with Tranche 2 mid-construction and Tranche 3 to follow. The activity has been focussed on increasing capacity on the M1 between junctions 13 to 16(T3), 16 to 19 (T1) and 24 to 25 (T2). Construction work on the entire programme started in October 2015 and is programmed to continue through to December 2019. These improvements include earthworks, retaining structures, road surfacing and drainage works to allow traffic to utilise the hard shoulder. It also includes the construction of a concrete centre reserve barrier and the introduction of roadside technology to monitor traffic flows and communicate with drivers using improved electronic signage.

4. Surety bonds

The Group is often required to provide its construction clients with performance bonds, in their favour, to secure the Group's construction performance under the contract. The Group typically uses the surety market to provide such performance bonds, and currently has bonding arrangements with six surety companies, providing aggregate facilities at 31 December 2017 of £500.2 million. The ability to obtain additional surety bonds primarily depends upon the Group's past performance, management expertise and certain external factors, including the capacity of the surety market. Surety providers consider such factors in addition to the Group's performance and claims record and such providers' underwriting standards.

5. Joint ventures

The Group carries on part of its business through joint ventures with other partners, the majority of which are in the Linden Homes and Partnerships & Regeneration businesses. Housebuilding joint venture partners include both private developers (for example, Wates Group) and housing associations (for example, the joint venture with Thames Valley Housing to deliver the Silvertown Way development in Canning Town, East London). Joint ventures reduce the investment required by the Group and enable project risk to be shared among the joint venture partners. These are primarily long-term projects with sales spread over several years. The joint ventures are funded through loans made by the joint venture partners and, in some instances, by bank borrowings made on a limited recourse basis. In the Construction business, the Group carries out some very large projects in joint contractual arrangements, including for example, the joint venture to design and construct the Forth Replacement Crossing in Scotland (known as the Queensferry Crossing), the Costain joint venture to upgrade 12km of the M1 between junctions 23a and 25 in the East Midlands to a Smart Motorway and the AWPR contract with Carillion and Balfour Beatty. The partners to the Construction business' joint contractual arrangements are usually engineers, other contractors or consultants or, as on some framework contracts, in particular for the Group's water projects, a combination of those partners.

6. Operating sustainably

Sustainability continues to underpin the Group's approach and the Group is one of the higher performing constituents of the FTSE4Good index. Each business is committed to achieving stakeholder-aligned targets in relation to six fundamental areas – Health & Safety, Environment & Climate Change, Our People, Communities, Customers and Supply Chain. In the last six months the Group has been externally evaluated as 4th out of the top 25 housebuilders in the NextGeneration Sustainability Benchmark and achieved Gold status in the Supply Chain Sustainability School.

Employees are the core asset of the Group's business and the Group has taken great strides in recruiting and retaining the very best talent. The Group's employee survey was independently conducted by Best Companies and the Group is proud to have been accredited as "One to Watch". The Group has implemented a number of initiatives, including the development of a new inclusion and diversity strategy and a focus on agile working and flexible arrangements.

Through the Considerate Constructors Scheme (CCS) the Group's sites are externally validated by the CCS as positively engaging and communicating with local communities. Over the last six months, the Group has heavily focused on increasing uptake of its volunteering policy supporting local projects and communities. The Group has also launched its pioneering Office Sustainability Scheme which rewards and recognises charitable and sustainability behaviours taking place in its offices.

Delivering high quality homes, buildings and infrastructure coupled with good customer service is fundamental to how the Group operates in each of its businesses, achieved through the application of robust management and quality assurance systems.

The Group maintains strong supply chain relationships across all of its three businesses – from its centralised network of national preferred suppliers to its locally selected and managed subcontractor supply chain. Strategic sub-contractors are invited to collaborate with the Group through its structured Advantage through Alignment programme and the Group continues to offer and advocate the free sustainability-related training provided by the Supply Chain Sustainability School to all of the Group's supply chain.

The Group promotes strong ethical practices through its Code of Conduct ('Doing the Right Thing'), reinforcing values and expectations that all employees have a role to play in being a sustainable business.

7. Health and safety

Health and safety is the Group's number one priority and the Group is committed to achieving industry leading health, safety and environmental standards. The Group's health and safety management systems are fully accredited to BS 18001 and are subject to regular third party independent audits.

The Group's Accident Incident Rate was 2.91 per 1,000 people in the year ended 30 June 2017, down from 3.47 for the year ended 30 June 2016. The Group's Accident Frequency Rate was 0.12 per 100,000 hours worked in the year ended 30 June 2017, down from 0.14 in the year ended 30 June 2016.

The health, safety and sustainability director coordinates the Group's strategic approach to health and safety by defining and implementing Group-wide initiatives and capturing these within an annual health, safety and sustainability action plan. The health, safety and sustainability director is supported by approximately 65 health, safety and sustainability professionals.

Recent key strategic initiatives include:

- (a) Introduction of directors' guidance. This provides a list of questions the executive board members should ask to assess the safety culture when carrying out site safety visits.
- (b) Delivery of a series of health, safety and sustainability roadshows.
- (c) Implementation of a new, risk-based occupational health programme which tailors screening to individuals not job titles.
- (d) Development of a new wellbeing strategy, covering key areas such as stress, mental health and work-life balance. The Company has also become a supporting partner of the industry-led 'Mates in Mind' initiative which tackles wellbeing issues.

Health and safety performance is directly linked to the bonus payments for directors and executives, with serious incidents resulting in pre-defined deductions.

Employee-led health and safety initiatives are raised and considered through the quarterly divisional health, safety and sustainability forums, which are chaired by a divisional managing director and supported by a senior member of the health, safety & sustainability department.

8. Environmental matters

The Group operates an ISO 14001:2015 certified management system, supported by a network of Health, Safety and Sustainability Advisers, and actively seeks and delivers continuous improvement initiatives through a network of business-led process improvement forums. Key improvements during the year ended 30 June 2017 included the increased use of teleconferencing and videoconferencing as alternatives to travel, and employing hybrid generators to reduce fuel use on site.

In respect of the year ended 30 June 2017, the Group achieved a 9 per cent. reduction in greenhouse gas (CO₂e) emissions year on year, generating 58 per cent. less CO₂e per £100,000 of revenue than it did in 2011. Across most of its business, the Group achieved its target of producing less than nine tonnes of waste per £100,000 of revenue. However, the overall waste generation per turnover figures are skewed by waste from two sites, one of which had large quantities of asbestos and the other dredging spoil.

The Directors are committed to proactive environmental management and significantly increased training during the year, including the introduction of Site Environmental Awareness Training for site supervision staff in the Group's business and supply chain.

9. Employees

The table below shows the average monthly number of people (including Executive Directors) employed by the Group:

By business group:	Average for the six months ended 31 Dec 2017	Average for the six months ended 31 Dec 2016	Average for the year ended 30 June 2017	Average for the year ended 30 June 2016	Average for the year ended 30 June 2015
Linden Homes	990	944	924	1,104	1,068
Partnerships & Regeneration	683	539	550	509	451
– Building	1,902	1,901	1,871	1,871	1,617
– Infrastructure	1,553	1,704	1,724	1,745	1,734
Construction	3,455	3,605	3,595	3,616	3,351
PPP Investments	65	53	64	64	53
Group	317	377	373	403	345
Total Number of Employees	5,510	5,518	5,506	5,696	5,268

The Directors believe that the Group's relationship with its employees is good. In the year ended 30 June 2017, the Group had a staff turnover of 18.3 per cent. The Group's employees are not unionised and there are succession plans in place for all key senior management roles. The Group is committed to recruiting, developing and retaining high-quality personnel and believes its employees are critical to the Group's success.

10. Insurance

The Group receives advice on its insurance cover from insurance brokers JLT Specialty Limited and maintains appropriate cover through insurance providers based in the UK. The Group ensures that each such provider has a rating that is not below A (Standard & Poors) at the time cover is placed. Insurance policies are renewed annually and the Board receives an annual insurance reports for review.

The principal areas of cover include professional indemnity, contractors all risks, property, business interruption, terrorism, public liability, employers' liability and directors' and officers' insurance. At the date of this document, the Directors are not aware of any actual or potential claims which may exceed the insurance cover provided.

11. Intellectual Property

The Directors believe that Galliford Try's trade names (including Morrison Construction, Linden Homes and Galliford Try), as well as related logos, are strong brands known throughout their areas of operation and the housebuilding industry.

The Group has four registered trademarks in respect of the Galliford Try brand in the UK and has held these marks since 2 July 2001.

12. Information Technology

The Group's IT systems are hosted in their data centre located at Galliford Try campus, Wolvey, Leicestershire. Its core transactional system is hosted in Texas, USA, with other key systems hosted in Amsterdam, the Netherlands. The Group utilises Microsoft Office 365, which includes cloud-based data storage, helping to ensure that there is minimal interruption to the business if a data centre goes offline. Linden Homes is also in the process of implementing a new accounting system (COINS) which will be hosted within the Microsoft data centre in the UK. The Group's core

IT systems are a combination of “off-the-shelf” and bespoke software. The Group utilises Oracle and Hyperion for accounting, commercial, procurement, customer care, HR and finance functions. The Group uses bespoke systems for sales administration and contract management systems. In addition, conventional cyber security measures are taken by the Group to protect its IT systems and infrastructure.

13. Litigation

From time to time, in the ordinary course of its business, the Group is subject to litigation. There are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) during the last 12 months which may have, or have had, significant effects on the Group or its financial position or profitability.

PART XI

INFORMATION CONCERNING THE NEW ORDINARY SHARES

1. Description of the type and class of securities admitted

The New Ordinary Shares will be Ordinary Shares with a nominal value of 50 pence each. The ISIN for the New Ordinary Shares will be that of the Existing Ordinary Shares, being GB00B3Y2J508. The New Ordinary Shares will be created under the Companies Act and the Memorandum and Articles.

The New Ordinary Shares will, when issued and fully paid, be credited as fully paid and will be issued free from all liens, equities, charges, encumbrances and other interests, and rank in full for all dividends or other distributions thereafter declared, made or paid on the share capital of the Company, save in respect of any dividend or distribution with a record date falling before the date of the issue of the New Ordinary Shares.

2. Listing

Application has been made to the UK Listing Authority and to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. Admission is expected to become effective and dealings commence on the London Stock Exchange in the New Ordinary Shares, nil paid, at 8.00 a.m. on 28 March 2018 with dealings in the New Ordinary Shares, fully paid, expected to commence at 8.00 a.m. on 16 April 2018. Listing of the New Ordinary Shares will not be sought on any stock exchange in connection with the Rights Issue other than the London Stock Exchange.

3. Form and currency of the New Ordinary Shares

The New Ordinary Shares resulting from the Rights Issue will be issued in registered form and will be capable of being held in certificated and uncertificated form.

Title to the certificated New Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Ordinary Shares will, in respect of Shareholders, be evidenced by entry in the operator register maintained by Euroclear UK (which forms part of the register of the Company). The registrars of the Company are Equiniti Limited.

If any New Ordinary Shares are converted from uncertificated to certificated form, share certificates will be issued in respect of those shares in accordance with the Articles and applicable legislation.

The New Ordinary Shares will be denominated in Pounds Sterling.

4. Rights attached to the New Ordinary Shares

Save for entitlement to the 2018 interim dividend, each New Ordinary Share will rank *pari passu* in all respects with each Existing Ordinary Share and has the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as the other Ordinary Shares, as set out in the Articles. These rights are set out in paragraph 5 of Part XVIII (*Additional Information*).

5. Dividends

The Board understands the importance of optimising value for shareholders and believes in balancing returns to shareholders with investment in the business to support future growth. However, the level of dividends per Ordinary Share in future will depend upon, amongst other

things, expected future earnings, capital requirements of the Group and general prevailing financial and business conditions.

Subject to the provisions of the Companies Act and the Articles, the Company may pay dividends upon a recommendation by the Board and approval by a majority of the Shareholders, who have the right to decrease but not to increase the amount of the dividend recommended by the Board. Such dividends are known as final dividends and become a debt payable to Shareholders when they are approved by the Shareholders. Subject to the provisions of the Companies Act and the Articles, the Board may declare and pay dividends without Shareholder approval. Such dividends are known as interim dividends and, unlike final dividends, become a debt payable to the Shareholders only upon actual payment.

The Board has historically declared an interim dividend on Ordinary Shares in respect of the first half of a financial year representing a proportion of the total anticipated dividend distribution for the full financial year. If an interim dividend is declared, it is usually paid in April with any final dividend being paid in November or December.

Dividends are declared and paid in Pounds Sterling to registered Shareholders.

The dividends (in pence) paid on the Ordinary Shares in respect of the last three years were as follows:

	<i>Dividend per Ordinary Share (pence)</i>
2018 interim dividend	28
2017 final dividend	64
2017 interim dividend	32
2016 final dividend	56
2016 interim dividend	26
2015 final dividend	46
2015 interim dividend	22

6. Authorisations relating to the New Ordinary Shares

By an ordinary resolution passed at the Company's annual general meeting held on 10 November 2017, the Directors were authorised generally and without conditions, in accordance with section 551 of the Companies Act, to exercise all the Company's power to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £27,629,616, comprising (a) an aggregate nominal amount of £13,814,808 (whether in connection with the same offer or issue as under (b) below or otherwise; and (b) an aggregate nominal amount of £13,814,808, in the form of equity securities (within the meaning of section 560 of the Act) in connection with an offer or issue by way of rights, open for acceptance for a period fixed by the directors to holders of Ordinary Shares (other than the Company) on the register on any record date fixed by the directors in proportion (as nearly may be) to the respective numbers of Ordinary Shares held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems under the laws of, or the requirements of any relevant regulatory body or stock exchange in, any territory, or any other matter.

In addition, by special resolution passed at the Company's annual general meeting held on 10 November 2017, the Directors were given power pursuant to section 570 of the Companies Act to allot equity securities (within the meaning of section 560 of the Act) for cash under the authority given by the above ordinary resolution and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act, in each case as if section 561(1) of the Act did not apply to any such allotment or sale, such power to be limited: (a) to the allotment and/or sale of equity securities in connection with an offer or issue by way of rights or other pre-emptive offer or issue, to holders of Ordinary Shares (other than the Company) on the register on any

record date fixed by the directors in proportion (as nearly may be) to the respective numbers of Ordinary Shares held by them, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, legal or practical problems under the laws of, or the requirements of any relevant regulatory body or stock exchange in, any territory, or any other matter and (b) any such allotment and/or sale, other than pursuant to (a) above, of equity securities having, in the case of Ordinary Shares, an aggregate nominal amount or, in the case of other equity securities, giving the right to subscribe for or convert into ordinary shares having an aggregate nominal amount, not exceeding the sum of £2,072,221.

The New Ordinary Shares are being allotted under these authorities.

7. Dates of allocation and settlement

The New Ordinary Shares will be provisionally allotted on 28 March 2018. The provisional allotment is expected to be confirmed on 13 April 2018 and those entitled to New Ordinary Shares are expected to be entered on the Company's register of members on 16 April 2018.

8. Description of restrictions on free transferability

Save as set out below, the New Ordinary Shares are freely transferable.

The Company may, under the Companies Act, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest and the extent of their interest in a particular holding of Ordinary Shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it, the Company can apply to the court for an order directing, amongst other things, that any transfer of the shares which are the subject of the statutory notice is void.

The Directors may also, without giving any reason, refuse to register the transfer of any Ordinary Shares which are not fully paid.

9. Mandatory takeover bids, squeeze-out and sell-out rules

The Company is subject to the City Code. Other than as provided by the City Code and Chapter 3 of Part 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze out and sell-out rules relating to Ordinary Shares.

10. Public takeover bids in the last and current financial year

There have been no public takeover bids by third parties in respect of the share capital of the Company in the last or current financial year.

11. Taxation

Please see the first section of Part XVII (*Taxation*) for information relating to UK taxation (including a discussion of UK stamp duty and SDRT which is relevant to holders of New Ordinary Shares, irrespective of their tax residence). Please see the second section of Part XVII (*Taxation*) for information relating to United States taxation.

PART XII

DIRECTORS AND EMPLOYEES

1. Directors

1.1 *The Board*

The Board comprises four Non-Executive Directors (including the Chairman) and two Executive Directors. Their names and principal functions are as follows:

<i>Directors</i>	<i>Function</i>
Peter Ventress	Non-Executive Chairman of the Board of Directors, Chair of the Nomination Committee and member of the Remuneration Committee
Peter Truscott	Chief Executive
Graham Prothero	Finance Director
Terry Miller	Senior Independent Non-Executive Director, Interim Chair of the Remuneration Committee and member of the Nomination Committee and the Audit Committee
Gavin Slark	Independent Non-Executive Director and member of the Nomination Committee, the Audit Committee and the Remuneration Committee
Jeremy Townsend	Independent Non-Executive Director, Chair of the Audit Committee and member of the Nomination Committee and the Remuneration Committee

There are no family relationships between any members of the Board.

The usual business address of the Directors is Galliford Try plc, Cowley Business Park, Cowley, Uxbridge, Middlesex UB8 2AL, United Kingdom.

Brief biographical details of the Directors are as follows:

Peter Ventress (age 57), *Non-Executive Chairman of the Board of Directors, Chairman of the Nomination Committee and member of the Remuneration Committee*

Peter Ventress joined the Board on 30 April 2015. He is a Non-executive Director of Softcat Plc, BBA Aviation Plc and Staples Solutions B.V. He was Chief Executive Officer of European textile service business, Berendsen plc, from 2010 to 2015. Prior to joining Berendsen, Peter spent 10 years in senior management positions in Europe and Canada in the office products distribution industry with Corporate Express N.V., becoming Chief Executive in 2007. In 2008 he was appointed head of all Staples' activities outside the United States and Canada.

In addition to his directorship of the Company and any directorships of Group companies, Peter Ventress holds or has held in the past five years the following directorships (or positions on administrative, management or supervisory bodies), and is or has been a member of any of the following partnerships in the past five years:

Company	Position	Status (Current/ Previous)
Royal Cinque Ports Golf Club Limited	Director	Current
BBA Aviation Plc	Director	Current
1-3 Carlisle Place Limited	Director	Current
Softcat Plc	Director	Current
Dunes Flats (Sandwich Bay) Limited (The)	Director	Current
Kent Catholic Schools' Partnership	Director	Current
Staples Solutions B.V. (Netherlands)	Director	Current
Premier Farnell Limited	Director	Previous
Berendsen UK Limited	Director	Previous
Berendsen Plc	Director	Previous
St Joseph's College Delasalle	Director	Previous

Peter Truscott (age 55), Chief Executive

Peter Truscott was appointed to the Board as Chief Executive effective on 1 October 2015. He was formerly Divisional Chairman, South at Taylor Wimpey plc and a member of the Group Management team. Peter joined George Wimpey in 1984 and worked at CALA Homes from 1993 to 1996, before re-joining George Wimpey where he held a succession of senior management positions.

In addition to his directorship of the Company and any directorships of Group companies, Peter Truscott holds or has held in the past five years the following directorships (or positions on administrative, management or supervisory bodies), and is or has been a member of any of the following partnerships in the past five years:

Company	Position	Status (Current/ Previous)
Fullrose Properties Limited	Director	Current
Wilfrid Homes Limited	Director	Previous
Bishops Park Limited	Director	Previous
Laing Homes Limited	Director	Previous
Laing Land Limited	Director	Previous
Laing Retirement Homes Limited	Director	Previous
Taylor Wimpey UK Limited	Director	Previous
Taylor Wimpey Developments Limited	Director	Previous

Graham Prothero (age 56), Finance Director

Graham Prothero joined Galliford Try as Finance Director on 1 February 2013. He was previously with Development Securities plc, a listed property developer and investor in the UK, where he was Finance Director from November 2008. From 2001 until 2008, Graham was a partner with Ernst & Young. Graham is a fellow of the Institute of Chartered Accountants and previously held the position of Finance Director with Blue Circle Properties and Taywood Homes. Graham is a Non-executive Director of Marshalls plc.

In addition to his directorship of the Company and any directorships of Group companies, Graham Prothero holds or has held in the past five years the following directorships (or

positions on administrative, management or supervisory bodies), and is or has been a member of any of the following partnerships in the past five years:

Company	Position	Status (Current/ Previous)
Marshalls Plc	Director	Current
The Jigsaw Trust	Director	Current
Jigsaw +	Director	Current
Alice House Management Company Limited	Director	Previous

Terry Miller (age 66), *Senior Independent Non-Executive Director, Interim Chair of the Remuneration Committee and member of the Audit Committee and the Nomination Committee*

Terry Miller was appointed to the Board on 1 February 2014. Terry was previously General Counsel for The London Organising Committee of the Olympic Games and Paralympic Games and an independent Non-executive Director of the British Olympic Association. Terry is currently a Director and Trustee of the Invictus Games Foundation and a Non-executive Director of Goldman Sachs International Bank and of Rothesay Life plc. Prior to her LOCOG appointment, Terry was International General Counsel for Goldman Sachs, having spent 17 years with Goldman Sachs based in London.

In addition to her directorship of the Company and any directorships of Group companies, Terry Miller holds or has held in the past five years the following directorships (or positions on administrative, management or supervisory bodies), and is or has been a member of any of the following partnerships in the past five years:

Company	Position	Status (Current/ Previous)
Rothesay Life Plc	Director	Current
Rothesay Holdco UK Limited	Director	Current
Invictus Games Foundation	Director	Current
Goldman Sachs International Bank	Director	Current
TLMServices Limited	Secretary	Current
International Inspiration (Dissolved)	Director	Previous
British Olympic Association (The)	Director	Previous
IW Games Community Interest Company (Dissolved)	Director	Previous
TLMServices Limited	Director	Previous
The London Organising Committee of the Olympic Games and Paralympic Games Limited (in liquidation)	Secretary	Previous

From 2013 to 2017, Terry Miller was a director of International Inspiration, which was voluntarily struck off in 2017 following its merger with another registered charity. From 2013 to 2016, Terry Miller was a director of IW Games Community Interest Company, which was voluntarily struck off in 2016 following the creation of the Invictus Games Foundation. From 2006 to 2013, Terry Miller was the secretary of The London Organising Committee of the Olympic Games and Paralympic Games Limited, which entered into members' solvent voluntary liquidation in 2013.

Gavin Slark (age 52), *Independent Non-Executive Director and member of the Audit Committee, Nomination Committee and Remuneration Committee*

Gavin Slark joined the Board on 13 May 2015. He is currently Chief Executive Officer of Grafton Group plc, a publicly quoted distributor of building materials operating in the merchanting markets in the UK, Ireland, the Netherlands and Belgium, in the DIY retailing

market in Ireland and in the mortar manufacturing market in Britain. He joined Grafton Group in April 2011 and was appointed Chief Executive Officer in July 2011. He was previously Group Chief Executive of BSS Group plc, a leading UK distributor to specialist trades including the plumbing, heating and construction sectors.

In addition to his directorship of the Company and any directorships of Group companies, Gavin Slark holds or has held in the past five years the following directorships (or positions on administrative, management or supervisory bodies), and is or has been a member of any of the following partnerships in the past five years:

Company	Position	Status (Current/ Previous)
British Dredging (Services) Limited	Director	Current
Frontline Bathrooms Ltd.	Director	Current
Grafton Group (UK) Public Limited Company	Director	Current
Macnaughton Blair Limited	Director	Current
CPI Mortars Limited	Director	Current
Selco Trade Centres Limited	Director	Current
Grafton Merchanting GB Limited	Director	Current
Bathroom Distribution Group UK Limited	Director	Current
Grafton Group plc (Ireland)	Director	Current
Woodie's D.I.Y Limited (Ireland)	Director	Current
Grafton Merchanting ROI Limited (Ireland)	Director	Current
Online Home Retail Limited	Director	Previous
Boundary Bathrooms & Kitchens Limited	Director	Previous
Boole's Tools & Pipe Fittings Limited	Director	Previous
Progress Group Limited	Director	Previous
Panelling Centre Limited	Director	Previous
Grafton Group Finance Public Limited Company (Ireland)	Director	Previous
Panelling Centre Limited (Ireland)	Director	Previous
Pulsar Direct Limited (Ireland)	Director	Previous
C.P.I Limited (Ireland)	Director	Previous
Chadwicks Holdings Limited (Ireland)	Director	Previous
Topez Limited (Ireland)	Director	Previous
Athina Limited (Ireland)	Director	Previous
ROUSSEL-STICHELBOUW BETON (Belgium)	Director	Previous
Youbuild N.V. (Belgium)	Director	Previous
Avelgemse Transportmaatschappij (Belgium)	Director	Previous

Jeremy Townsend (age 54), *Independent Non-Executive Director and chair of the Audit Committee and member of the Nomination Committee and the Remuneration Committee*

Jeremy Townsend was appointed to the Board on 1 September 2017. Jeremy is currently the Chief Financial Officer of Rentokil Initial plc following appointment in August 2010 and is a Fellow of the Institute of Chartered Accountants of England and Wales. Previously, Jeremy was Finance Director at Mitchells & Butlers Plc and prior to that held various finance roles at J Sainsbury Plc including Corporate Finance Director. Jeremy began his career in audit and corporate finance at Ernst & Young.

In addition to his directorship of the Company and any directorships of Group companies, Jeremy Townsend holds or has held in the past five years the following directorships (or positions on administrative, management or supervisory bodies), and is or has been a member of any of the following partnerships in the past five years:

Company	Position	Status (Current/ Previous)
Parkrun Trading Limited	Director	Current
Parkrun Global Limited	Director	Current
Rentokil Initial Plc	Director	Current
Rentokil Initial 1927 Plc	Director	Current
Kastos Investments LLP	LLP Member	Current
Dee Townsend Solutions (UK) Limited	Director	Current
Parkrun Limited	Director	Previous

1.2 **Confirmations**

Within the period of five years preceding the date of this document, and save as disclosed in paragraph 1.1 above, none of the Directors:

- (a) has any convictions in relation to fraudulent offences;
- (b) has been declared bankrupt or entered into an individual voluntary arrangement;
- (c) has been a member of the administrative, management, supervisory bodies or director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of a company at the time of any bankruptcy, receivership or liquidation of such company; or
- (d) has been subject to any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of a company.

None of the Directors was appointed to their respective positions pursuant to arrangements or undertakings with major shareholders, customers, suppliers or others.

No restrictions have been agreed by any Director on the disposal within a certain period of his holding in Ordinary Shares.

1.3 **Conflicts of interest**

Other than as a result of any directorships of the Group, any interests in the share capital of the Company (as set out in Part XVIII (*Additional Information*)) and any share options with the Company (as set out in Part XVIII (*Additional Information*)), none of the Directors has any potential conflicts of interests between their duties to the Company and their private interests or other duties.

2. **Interests of Directors**

2.1 **Directors' shareholdings**

At 26 March 2018 (being the latest practicable date prior to the publication of this document), the Directors collectively held 102,420 Existing Ordinary Shares.

The interests (all of which are beneficial unless otherwise stated) of the Directors (as well as their immediate families) in the share capital of the Company or (so far as is known or could with reasonable diligence be ascertained by the relevant Director) interests of a person

connected with a Director so far as is known to or could, with reasonable diligence, be ascertained by the relevant Directors at 26 March 2018 (being the latest practicable date prior to the date of this document), and as they are expected to be immediately following completion of the Rights Issue (assuming each of the Directors take up their entitlements under the Rights Issue in full) are as follows:

	At 26 March 2018		Immediately following completion of the Rights Issue	
	Existing Ordinary Shares	Percentage of issued share capital (per cent)	Existing Ordinary and New Ordinary Shares	Percentage of issued share capital (per cent)
Peter Ventress	10,574	0.01	14,098	0.01
Peter Truscott	30,378*	0.04	36,794	0.03
Graham Prothero	60,068*	0.07	73,361	0.07
Terry Miller	200	0.00	266	0.00
Gavin Slark	1,200	0.00	1,600	0.00
Jeremy Townsend	Nil	0.00	Nil	0.00

* Beneficial shareholdings for Peter Truscott and Graham Prothero include restricted shares granted under the Annual Bonus Plan held by the Galliford Employee Share Trust.

2.2 Options and awards

In addition to their interests as detailed above, the Directors held the following options in respect of Ordinary Shares and awards of Ordinary Shares under the terms of the Galliford Try Share Plans at 26 March 2018, being the latest practicable date prior to the publication of this document.

Long Term Incentive Plan Awards Outstanding

Date of award	No. of shares under award	Share price of shares on grant (pence)	End of performance period over which performance conditions must be met
Peter Truscott			
22 September 2017	58,678	Nil	22 September 2020
16 November 2016	39,984	Nil	16 November 2019
25 September 2015	26,400	Nil	25 September 2018
Total	125,062		
Graham Prothero			
22 September 2017	44,009	Nil	22 September 2020
16 November 2016	29,988	Nil	16 November 2019
25 September 2015	21,601	Nil	25 September 2018
Total	95,598		

Sharesave Options Outstanding

Scheme	No. of shares under options	Option price (£)	Period in which options can be exercised	
Graham Prothero				
2017 Sharesave	395	10.31	1/1/2021	30/6/2021
2016 Sharesave	1,546	10.40	1/1/2020	30/6/2020
Total	1,941			

No consideration was payable in respect of the grant of any of these options.

3. Directors' service contracts, letters of appointment and emoluments

3.1 *Base salary, fees, bonuses and benefits in kind*

The amount of remuneration paid (including contingent or deferred compensation) and benefits in kind granted (under any description whatsoever) to:

- (a) the Executive Directors by the Group for the year ended 30 June 2017 is set out on page 62 of the 2017 Annual Report and Accounts (which is incorporated into this document by reference); and
- (b) the Non-Executive Directors by the Group for the year ended 30 June 2017 is set out on page 62 of the 2017 Annual Report and Accounts (which is incorporated into this document by reference).

In the year ended 30 June 2017, the aggregate total remuneration paid (including contingent or deferred compensation) and benefits in kind granted (under any description whatsoever) to the Directors by members of the Group was £2.32 million.

No Director received any expense allowances chargeable to UK income tax or compensation for loss of office/termination payment. The Non-Executive Directors did not receive any bonus payments or benefits.

In the year ended 30 June 2017, no amount was set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors save for the amounts set out in the table on page 62 of the 2017 Annual Report and Accounts, which is incorporated into this document by reference.

3.2 *Retirement benefits*

The retirement benefits of the Executive Directors, including the amount accrued by the Group to provide pension, retirement or similar benefits for the year ended 30 June 2017 are set out on page 62 of the 2017 Annual Report and Accounts, which is incorporated into this document by reference.

Non-Executive Directors are not provided retirement benefits by the Group.

For the year ended 30 June 2017, the total amount set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors was £187,000.

3.3 *Service contracts and letters of appointment*

Information about the Executive Directors' contracts of employment with the Company, including the terms of those contracts and benefits upon termination of employment, and the terms of employment for Non-Executive Directors in relation to the year ended 30 June 2017 is set out on page 61 of the 2017 Annual Report and Accounts, which is incorporated into this document by reference.

Save as mentioned above, there are no service agreements between any Director and any member of the Group.

Key details of the contracts of employment of each Director are set out below:

Name	Date of Appointment	Notice Period
Peter Ventress	30 April 2015	Six months
Peter Truscott	1 October 2015	12 months
Graham Prothero	1 February 2013	12 months
Terry Miller	1 February 2014	Six months
Gavin Slark	13 May 2015	Six months
Jeremy Townsend	1 September 2017	Six months

Any proposals for the early termination of the service contracts of Executive Directors are considered by the Nomination Committee taking into account contractual terms and the principles of mitigation.

The Non-Executive Directors have letters of appointment reflecting their responsibilities and commitments, pursuant to which they are appointed for an initial three year term which may be extended for further three-year periods on the recommendation of the Nomination Committee and subject to the Board's agreement. The Non-Executive Directors' letters of appointment contain a six-month notice period.

4. Board practices

4.1 Introduction

The UK Corporate Governance Code recommends that at least half the members of the board of directors (excluding the chairman) of a public limited company incorporated in the United Kingdom should be independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement. The Group is currently in compliance with the UK Corporate Governance Code.

Although the Articles require one-third of the Directors to retire by rotation at each Annual General Meeting of the Company, the UK Corporate Governance Code recommends that all Directors stand for annual re-election or election by shareholders. Accordingly, in compliance with the UK Corporate Governance Code, the Directors have historically submitted themselves for re-election by Shareholders and intend to maintain that practice in future.

Currently, the Board is composed of six members, consisting of the Non-Executive Chairman, two Executive Directors and three Independent Non-Executive Directors.

The roles of the Chairman and Chief Executive are distinct and separate, with a clear division of responsibilities. The Chairman leads the Board and ensures the effective engagement and contribution of all Non-Executive and Executive Directors. The Chief Executive has responsibility for all Group businesses and acts in accordance with the authority delegated by the Board. Responsibility for the development of policy and strategy and operational management is delegated to the Chief Executive and other Executive Directors.

The Board has established Nomination, Remuneration and Audit Committees, with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

4.2 **Nomination Committee**

Peter Ventress (Chair), Terry Miller, Gavin Slark and Jeremy Townsend

The Nomination Committee comprises four independent Non-Executive Directors. The Committee is chaired by the Chairman of the Board. It is required to meet a minimum at least twice annually and additionally, as and when required. In practice, it often meets more frequently. For example, it met twice in 2016 and three times in 2017.

The Committee's role is to ensure that the Board has the appropriate skills, knowledge and experience to operate effectively and deliver the Company's strategy. It is responsible for reviewing the size, structure and composition of the Board. The Committee considers and makes recommendations about new appointments to the Board which are based on merit and against objective criteria, including the time available to, and the commitment which will be required of, the candidate. It is also responsible for ensuring that any such appointment process is formal, rigorous and transparent.

4.3 **Audit Committee**

Jeremy Townsend (Chairman), Terry Miller and Gavin Slark

The Audit Committee comprises three independent Non-Executive Directors. It is required to meet a minimum of three times a year, and additionally, as and when required.

By invitation, there are frequently a number of additional attendees at each of the Committee's meetings, including the external and internal auditors as well as Executive Directors and members of senior management. The Committee meets privately with each of the external and internal auditors.

The Committee's role is to challenge and gain assurance around the processes that support financial reporting, including risk management; internal control; and legal and regulatory compliance in relation to the work of the Committee together with the financial reporting itself.

The Committee's principal responsibilities include:

- (a) reviewing the integrity, consistency and key accounting judgements made by management and the external and internal auditors, to ensure that the quality of the Company's financial reporting is maintained, including going concern, in the Company's half- and full-year financial statements;
- (b) examining the performance of the external and internal auditors, their objectivity, effectiveness, and independence; and
- (c) monitoring the effectiveness of the Group's risk management and internal control systems, including analysing and challenging the results of internal audit reviews and management's plans to resolve any actions arising from such reviews.

4.4 **Remuneration Committee**

Terry Miller (Interim Chair), Peter Ventress, Gavin Slark and Jeremy Townsend

The Remuneration Committee comprises four independent Non-Executive Directors. It is required to meet twice a year, and additionally, as and when required. In practice, it often meets more frequently. For example, it met four times in 2016 and five times in 2017.

The Committee's role is to determine the reward strategy for the Executive Directors and to balance appropriate reward with the success of the business and the creation of long-term shareholder value. Within the terms of the Shareholder approved remuneration policy, the Committee determines the total individual remuneration package of each Executive Director.

In addition, the Committee ensures that provisions regarding disclosure of remuneration are fulfilled.

No Director is involved in decisions as to his or her own remuneration.

5. Employees

In order to ensure that it remains an attractive employer, Galliford Try offers employees comprehensive training and development programmes, rewarding career opportunities and competitive pay and benefits packages. The Group recognises the importance of engaging with, and listening to, its employees. Galliford Try carries out regular, independently managed, employee engagement surveys and facilitates action planning sessions with employees around the results.

All people policies and practices are designed and managed through a devolved Divisional HR function together with implementation supported at a local level through an operational HR team.

Galliford Try recognises the importance of having a clear 'Company Purpose' and consistent 'Values' which have been communicated across the Group. Galliford Try is committed to creating an inclusive culture which is free from bias. A Group wide 'Equal Opportunities' policy, together with diversity training for employees, is in place to support this commitment.

The average number of employees of the Group for each financial year for the period covered by the historical financial information is as follows:

- (a) 5,268 in 2015 financial year;
- (b) 5,696 in 2016 financial year;
- (c) 5,506 in 2017 financial year.

At 30 June 2017, the Group had 5,465 employees.

6. Pension benefits

The Group has three defined benefit schemes in the UK: (i) the Galliford Try Final Salary Pension Scheme (the "**FSP Scheme**"); (ii) the Galliford Group Special Scheme (the "**Special Scheme**"); and (iii) the Kendall Cross (Holdings) Ltd Pension & Assurance Scheme (the "**Kendall Scheme**").

The FSP Scheme is closed to new members and was closed to future accrual with effect from 31 March 2007. The last triennial valuation as at 30 June 2015 showed a deficit on a technical provisions basis of £16.7 million. In June 2016, the FSP Scheme completed a £96.5 million insurance buy-in transaction. Under the agreed recovery plan, the Company pays contributions of £389,583 per calendar month until January 2021, with potential additional payments being linked to dividend payments of the Company.

The Special Scheme is closed to new members and future accruals for existing members. The last triennial valuation as at 1 April 2016 showed a surplus on a technical provisions basis of £101,000. No further contributions are expected to be required in respect of this scheme.

The Kendall Scheme was closed to new members and to future accruals for existing members prior to the acquisition by Galliford Try in November 2007. The most recent triennial valuation as at 13 November 2014 showed a deficit on a technical provisions basis of £1.62 million. Under the agreed recovery plan, the Company pays contributions of £15,300 per calendar month until February 2023.

The Group operates a defined contribution scheme for eligible employees called the Galliford Try Pension Scheme.

The pension charge for the Group contributions to these defined contribution arrangements is the actual amount paid which for the year ended 30 June 2017 totalled £16.3 million.

7. Galliford Try Share Plans

The Company operates the following Galliford Try Share Plans:

7.1 2005 Executive Long-Term Bonus Plan (the “2005 Executive Plan”)

Following the expiry of the 2005 Executive Plan in 2015, no further awards may be made pursuant to the 2005 Executive Plan.

The final awards granted under the 2005 Executive Plan vested in March 2018. Such awards were settled as to two-thirds in cash (to be distributed on or before 31 March 2018) with the remaining one-third settled in Ordinary Shares. The trustee of the Galliford Employee Share Trust holds such Ordinary Shares on behalf of the relevant award holders, subject to a restriction that the award holders may not dispose of their Ordinary Shares for a period of twelve months from the date they were awarded.

7.2 2006 Long-Term Incentive Plan (the “2006 LTIP”)

General

The Remuneration Committee at its discretion selected individuals to participate in the 2006 LTIP each year. Participation was restricted to senior executives (including Executive Directors) of the Group.

Following the expiry of the 2006 LTIP in 2016, no further awards may be made pursuant to the 2006 LTIP.

Vesting of awards

The vesting of any award is dependent on the achievement of the performance conditions(s) applied to that award over a three year plan cycle (commencing at the start of a financial year). Awards vest only if the performance condition(s) determined by the Remuneration Committee are achieved over the applicable plan cycle.

Outstanding awards granted under the 2006 LTIP in September 2015 are subject to the achievement of total shareholder return (“TSR”) and earnings per share (“EPS”) performance conditions over the three years to 30 June 2018 as follows:

Vesting of up to 50 per cent. of the Ordinary Shares under an award is subject to underlying EPS performance. 15 per cent. will vest for aggregate EPS of 410 pence over the period, increasing to 50 per cent. vesting for aggregate underlying EPS of 500 pence.

Vesting of up to 75 per cent. of the Ordinary Shares under an award is subject to TSR performance relative to a comparator group of construction companies on the same basis as for housebuilding companies. 7.5 per cent. vests for median performance against each comparator group, increasing to 25 per cent. vesting if the Company’s TSR is 24 per cent. (8 per cent. per annum) higher than that of the median ranked comparator company. Vesting can increase to a maximum of 75 per cent. of an award for achieving a TSR that is 75 per cent. (2 per cent. per annum) higher than the median ranked comparator company. Any vesting above 25 per cent. also requires the maximum EPS target (500 pence) to have been achieved.

The housebuilding comparator group is as follows: Barratt Developments plc; Bellway plc; The Berkeley Group Holdings plc; Bovis Homes Group plc; Crest Nicholson Holdings plc; M J Gleeson plc; Persimmon plc; Redrow plc; and Taylor Wimpey plc.

The construction comparator group is as follows: Balfour Beatty; Carillion; Costain Group plc; Henry Boot plc; Keller Group plc; Kier Group plc; and Morgan Sindall Group plc.

Shares available

The Company shall determine whether Ordinary Shares shall be purchased or subscribed for the purposes of the 2006 LTIP. Ordinary Shares shall be issued to or purchased by the trustee of the Galliford Employee Share Trust from time to time, prior to any distribution to participants. It is intended that Ordinary Shares used to satisfy awards under the 2006 LTIP shall normally be purchased in the market. If, however, newly issued Ordinary Shares are to be used then the number of new Ordinary Shares that may be issued pursuant to awards shall not exceed (a) 10 per cent. of the Company's issued Ordinary Share capital, when aggregated with the number of Ordinary Shares issued pursuant to rights granted in the preceding ten years under any other employees' share scheme approved in general meeting by the Company; and (b) 5 per cent. of the Company's issued Ordinary Share capital, when aggregated with the number of Ordinary Shares issued pursuant to rights granted in the preceding ten years under any other discretionary employees' share scheme approved in general meeting by the Company.

Leavers and change of control

Where a participant ceases his employment with the Group as a result of his death, ill-health, redundancy, retirement, or in any other circumstances in which the Remuneration Committee considers it appropriate, the Remuneration Committee may, in its sole discretion, recommend that his award shall vest early. Where the Remuneration Committee determines that an award shall vest early for any of the reasons referred to above during a plan cycle, the number of Ordinary Shares comprised in the award shall be pro-rated to take account of the shortened performance period. The proportion of this adjusted number of Ordinary Shares that may then vest shall be dependent on the achievement of the performance condition(s) up to the relevant cessation of employment. Alternatively, the Remuneration Committee may determine that for a participant whose employment with the Group ceases for any reasons referred to above during a plan cycle, his award shall still be able to vest subject to the same performance conditions and on the normal vesting date for that award, but that the number of Ordinary Shares comprised in that award shall be reduced, pro rata to take account of the shortened performance period.

Where the employment of a participant with the Company ceases for any reason other than those stated above, his unvested awards shall lapse in their entirety. In the event of a change in control of the Company, the Remuneration Committee shall recommend that all outstanding awards shall vest early but the number of Ordinary Shares comprised in such outstanding awards shall be pro-rated to take account of the shortened performance period. Where the Remuneration Committee determines that an award vests early due to a change in control of the Company, the proportion of this adjusted number of Ordinary Shares comprised in the award that may then vest shall be subject to and dependent on the achievement of the performance conditions up to the date of the change of control of the Company.

Other award terms

Awards are neither transferable nor assignable. Benefits under the 2006 LTIP are not included in pensionable earnings.

Variation of capital

In the event of any variation in the issued Ordinary Share capital of the Company by way of, for example, a capitalisation, scrip dividend, enhanced scrip dividend or rights issue (including the Rights Issue), open offer with claw-back, sub-division, consolidation or reduction then the Remuneration Committee may make such adjustment to the numbers of

Ordinary Shares comprised in outstanding awards and to the performance condition(s) for each relevant plan cycle as it determines to be appropriate.

Variation and termination

The Remuneration Committee may vary the 2006 LTIP rules or terminate the 2006 LTIP at any time provided that: the subsisting rights of participants would not be affected by any termination of the 2006 LTIP; and no alteration to the advantage of participants or eligible employees may be made without the prior approval of Shareholders in general meeting (except for minor amendments to benefit the administration of the 2006 LTIP, to take account of changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the 2006 LTIP or for the Company or for other companies in the Group).

7.3 Annual Bonus Plan 2007 (the “Annual Bonus Plan”)

Eligibility

Any employee of the Group who is required to devote substantially the whole of his working time to the business of the Group is eligible to participate in the Annual Bonus Plan at the discretion of the Remuneration Committee.

Value and structure of awards

Awards will be made in respect of the performance of the Company for the relevant financial year. The maximum value of an Award is 150 per cent. of base salary. In line with the directors' remuneration policy, the maximum value of an Award for the Chief Executive is 150 per cent. of base salary and 100 per cent. of base salary for other Executive Directors. An Award will only vest in full on the achievement of the performance condition applied to that Award, after the end of the relevant financial year to which the Award relates.

Performance conditions

The performance condition(s) to be imposed on the vesting of any Award shall be determined by the Remuneration Committee and notified to participants where practicable prior to and in any event as soon as practicable after the start of the financial year to which the Award relates. The Remuneration Committee has discretion to determine that the performance condition(s) may reflect both corporate and personal performance but the performance period shall not exceed one financial year. For the participants, which comprise Executive Directors and senior managers, the Remuneration Committee has historically established a base target for Group profit before tax at half year and full year as well as cash targets based on the achievement of regular net debt/cash positions throughout the year. The Remuneration Committee may establish other targets as appropriate. Performance conditions are usually based on a range of outcomes for each metric which are measured on a straight-line basis. For the year ended 30 June 2017, achieving threshold performance resulted in a total payout of 24 per cent. of maximum bonus, target resulted in 54 per cent. payout and maximum resulted in 100 per cent. payout. In addition to the performance conditions relating to corporate and personal performance, the Remuneration Committee has historically operated a health and safety bonus deductor whereby any bonus payable could be reduced relating to the number of accident, incidents or other reportable events during the performance period.

Vesting of awards

As soon as practicable after the performance for the relevant financial year has been determined, the Remuneration Committee will notify participants of the amount of bonus (if any) payable to them for that year. Unless the Remuneration Committee determines otherwise, a bonus not exceeding 50 per cent. of an individual's basic salary will be paid in cash. Two-thirds of any amount earned in excess of 50 per cent. of an individual's basic

salary will be received in Ordinary Shares unless the value of two-thirds of the excess is £10,000 or less in which case the bonus will be paid wholly in cash. The trustee of the Galliford Employee Share Trust will transfer the beneficial interest in any Ordinary Shares received to the participants. Those Ordinary Shares will be forfeited if the participant ceases to be an employee before the end of a further three years, unless such cessation arises because of the death, injury, disability, illness, redundancy of the participant or any other reason considered appropriate by the Remuneration Committee. During the three year restricted period, the participant may not transfer the Ordinary Shares or exercise voting rights through the trustee but will be entitled to receive dividends.

Shares available

The trustee may acquire Ordinary Shares by market purchase using funds provided (or procured) by the Company or by way of gift. No new Ordinary Shares may be issued in connection with the Annual Bonus Plan.

Leavers and change of control

Where a participant ceases employment due to death, injury, disability, illness, redundancy or any other reason considered appropriate by the Remuneration Committee before the date on which a bonus is paid, the Remuneration Committee will determine the amount and form of bonus, if any, to be paid to the participant for the financial year in which employment ceases. The Remuneration Committee will take into account the level of performance achieved during the financial year up to the date of cessation. Where the participant holds Ordinary Shares in respect of a bonus previously paid before the restricted period applying to those Ordinary Shares had come to an end, the restricted period applying to those Ordinary Shares will immediately end. If a participant ceases to be an employee for any other reason before a bonus is paid, he shall not be paid a bonus unless the Remuneration Committee determines otherwise and any Ordinary Shares previously received which remain subject to a restricted period shall be forfeited. In the event of a change of control of the Company, the Remuneration Committee shall have discretion to determine the amount and form of bonus (if any) to be paid to a participant for the financial year in which the change of control occurs and shall take into account the level of performance achieved during the financial year up to the date of the change of control.

Other award terms

Awards are neither transferable nor assignable. Benefits under the Annual Bonus Plan will not be included in pensionable earnings.

Variation of capital

In the event of a variation in the issued Ordinary Share capital of the Company by way of, for example, a capitalisation, scrip dividend, enhanced scrip dividend, rights issue (including the Rights Issue), sub division, consolidation or reduction during the restricted period applying to any Ordinary Shares received under the Annual Bonus Plan, the trustee will notify the participants and seek directions from participants as to the action to be taken. In the event of a rights issue the trustee will not be required to take any action except to the extent that it has been provided with the full amount payable by the participant or, if the participant has directed, out of the net proceeds of sale of another part of the rights attributable to that participant's restricted Ordinary Shares.

Variation and termination

The Remuneration Committee may vary or terminate the Annual Bonus Plan at any time as it considers appropriate provided that no amendment shall be made which alters the basis on which a bonus is calculated for a particular financial year which, at the time the amendment has made, has already ended.

7.4 **2016 Long Term Incentive Plan (the “2016 LTIP”)**

General

The 2016 LTIP is administered by the Remuneration Committee. Employees (including Executive Directors) of the Group are eligible to participate in the 2016 LTIP at the discretion of the Remuneration Committee. Participation in the 2016 LTIP is currently limited to the Executive Directors and selected senior management.

Grant of awards

The Remuneration Committee may grant awards to acquire Ordinary Shares within six weeks following the Company’s announcement of its results for any period. The Remuneration Committee may also grant awards at any other time when the Remuneration Committee considers there are sufficiently exceptional circumstances which justify the granting of awards.

The Remuneration Committee may grant awards as conditional share awards, nil (or nominal) cost options or forfeitable shares. The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards, satisfy share-based awards in cash, and, other than in the case of Executive Directors, grant cash awards with or without a deferral period.

The 2016 LTIP will expire on 10 November 2026, being the expiry of the period of 10 years beginning with the date on which the LTIP was approved by Shareholders. Further awards may not be granted after this date.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

Participation in the 2016 LTIP by the Executive Directors is limited to participation consistent with the relevant approved directors’ remuneration policy (currently, the policy approved by Shareholders on 10 November 2017).

Individual limit for share-based awards

An employee may not receive awards in any financial year over or in relation to Ordinary Shares which have a market value in excess of 200 per cent. of their annual base salary in that financial year. Market value for the purposes of this limit shall be based on the market value of Ordinary Shares at the time of grant (ordinarily, being determined by reference to the value of Ordinary Shares on the Dealing Day immediately preceding the grant of an award or by reference to a short averaging period). Capped value awards over Ordinary Shares (if relevant) shall also operate within the above limit.

Performance conditions

The extent of vesting of awards granted to Executive Directors will be determined by the achievement of performance conditions (set by the Remuneration Committee when awards are granted) which are attached to the award. This may be the same in the case of awards granted to others. Performance conditions may also be set for other participants in the 2016 LTIP, as determined by the Remuneration Committee.

Details of the performance conditions applied to Executive Directors’ awards will be set out in the respective Annual Report on Remuneration in the year in which the award was granted and will be in line with the directors’ remuneration policy.

The Remuneration Committee may vary the performance conditions applying to any outstanding award if an event occurs which causes the Remuneration Committee to consider that it would be appropriate to do so. In the case of any awards held by the Executive Directors, the Remuneration Committee must be satisfied that the varied

conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Awards granted in November 2016 are subject to the achievement of total shareholder return (“TSR”) and earnings per share (“EPS”) performance conditions over the three years to 30 June 2019 as follows:

Vesting of up to 50 per cent. of the Ordinary Shares under an award is subject to underlying EPS performance. 15 per cent. will vest for aggregate EPS of 489 pence over the period, increasing to 50 per cent. vesting for aggregate underlying EPS of 568 pence.

Vesting of up to 75 per cent. of the Ordinary Shares under an award is subject to the same TSR performance conditions as the September 2015 awards granted under the 2006 LTIP as described above for each of the construction and housebuilding comparator groups below.

The housebuilding comparator group is as follows: Barratt Developments plc; Bellway plc; The Berkeley Group Holdings plc; Bovis Homes Group plc; Countryside plc; Crest Nicolson Holdings plc; McCarthy & Stone plc; M J Gleeson plc; Persimmon plc; Redrow plc; and Taylor Wimpey plc.

The construction comparator group is as follows: Balfour Beatty; Carillion; Costain Group plc; Henry Boot plc; Keller Group plc; Kier Group plc; and Morgan Sindall Group plc.

Awards granted in September 2017 are subject to the achievement of underlying EPS and return on net assets (“RoNA”) performance conditions over the three years to 30 June 2020 as follows:

Vesting of 50 per cent. of the Ordinary Shares subject to an award is subject to EPS performance. 25 per cent. of the EPS element will vest if underlying EPS is 186.8 pence for the 2019/20 financial year, increasing to full vesting for underlying EPS of 228.4 pence or more.

Vesting of 50 per cent. of the Ordinary Shares subject to an award is subject to RoNA performance. 25 per cent. of the RoNA element will vest if RoNA is 32.0 per cent. for the 2019/20 financial year, increasing to full vesting for RoNA of 35.4 per cent. or more.

In each case, vesting will be determined on a straight-line basis between threshold and maximum.

Vesting of awards

Awards granted to Executive Directors shall normally vest on the third anniversary of grant or following the determination of the performance conditions, usually measured over at a period of at least three years. The Remuneration Committee may specify different vesting or performance periods in relation to awards granted to participants who are not Executive Directors.

Where awards are granted in the form of options, once vested, such options will then be exercisable up until the tenth anniversary of grant (or such shorter period specified by the Remuneration Committee at the time of grant). Shorter exercise periods shall apply in the case of “good leavers” and/or vesting of awards in connection with corporate events.

Dividend equivalents

The Remuneration Committee may decide that participants will receive a payment (in cash and/or Ordinary Shares) on or shortly following the vesting of their awards, of an amount equivalent to the dividends payable on vested Ordinary Shares between the date of grant and the vesting of an award (or if later, and only whilst the award remains unexercised in

respect of vested Ordinary Shares, the expiry of any holding period or such shorter relevant period set for the award). This amount may assume the reinvestment of dividends.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a director within the Group. However, if a participant ceases to be an employee or a director because of death or his employing company or the business for which he works being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then the Remuneration Committee may determine that his award shall not lapse and shall instead vest on the date when it would have vested if he had not ceased such employment or office. The extent to which an award will vest in these situations will depend upon two factors: (i) the extent to which the performance conditions (if any) have, in the opinion of the Remuneration Committee, been satisfied over the original performance measurement period, and (ii) the portion of the performance period during which they were in employment with the Company.

Alternatively, if a participant ceases to be an employee or director in the Group in such “good leaver” circumstances, the Remuneration Committee can decide that his award will vest when the participant leaves, subject to: (i) the performance conditions measured at that time; and (ii) the portion of the performance period during which they were in employment with the Company. The Remuneration Committee has the discretion not to pro-rate an award or prorate to a lesser extent where it feels it is appropriate to do so and (for Executive Directors) where it is permitted by the directors’ remuneration policy. If a participant ceases to be an employee or director in the Group and is deemed by the Remuneration Committee to be a “good leaver” (based on the determination set out above) the Remuneration Committee may make “good leaver” status contingent on the satisfaction of such (ordinarily, post-cessation of service) terms as the Remuneration Committee considers appropriate and in such circumstances shall retain discretion to resolve “good leaver” status to such extent it considers appropriate upon the discovery of a breach of the relevant terms.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all awards will vest early subject to: (i) the extent that the performance conditions (if any) are determined as satisfied, as calculated on such basis as the Remuneration Committee considers appropriate; and (ii) the portion of the performance period which has elapsed at the time of event, although the Remuneration Committee can decide not to pro-rate an award (or pro-rate to a lesser extent) if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, share-based awards may be replaced by equivalent new awards over shares in a new holding company unless the Remuneration Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of Ordinary Shares to a material extent, then the Remuneration Committee may decide that awards will vest on such basis as it decides.

Participants’ rights

Awards settled in Ordinary Shares will not confer any shareholder rights until the awards have vested or the options have been exercised as relevant and the participants have received their Ordinary Shares.

Rights attaching to Ordinary Shares

Any Ordinary Shares allotted when an award vests or is exercised will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation of the Company's Ordinary Share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Ordinary Shares, the Remuneration Committee may make such adjustment as it considers appropriate to the number of Ordinary Shares subject to an award and/or the exercise price payable (if any).

Overall plan limits

The 2016 LTIP may operate over new issue Ordinary Shares, treasury shares or Ordinary Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company under the 2016 LTIP and any other employee share plan adopted by the Company. Furthermore, in the same period as noted above, the Company may not issue (or grant rights to issue) more than 5 per cent. of the issued ordinary share capital of the Company under the 2016 LTIP and any other executive share plan adopted by the Company.

Treasury shares will count as new issue Ordinary Shares for the purposes of this limit unless institutional investors decide that they need not count.

Alterations

The Remuneration Committee may, at any time, amend the 2016 LTIP in any respect, provided that the prior approval of Shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Ordinary Shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the Ordinary Shares to be acquired and the adjustment of such awards.

The requirement to obtain the prior approval of Shareholders will not, however, apply to any minor alteration made to benefit the administration of the 2016 LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group. Shareholder approval will also not be required for any amendments to any performance condition applying to an award varied on its terms.

Recovery and withholding

The Remuneration Committee may apply the 2016 LTIP's recovery and withholding provisions if, within a specified time of the vesting (or grant, if relevant) of an award, it is discovered that there has been a material misstatement in the Company's audited accounts, an error in assessing any applicable performance condition or if an event of gross misconduct is discovered.

The recovery and withholding may be satisfied by way of a reduction in the amount of any future bonus, subsisting award or future share awards and/or a requirement to make a cash payment. If a participant is declared bankrupt, all unvested or unexercised awards would lapse.

Overseas plans

The Board may establish further plans for overseas territories, any such plan to be similar to the 2016 LTIP, but modified to take account of local tax, exchange control or securities laws, provided that any Ordinary Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the 2016 LTIP.

7.5 Long Term Bonus Plans

The Long Term Bonus Plans are administered by the Board. Employees (excluding Executive Directors) of the Group are eligible to participate in the Long Term Bonus Plans at the discretion of the Board.

Awards granted pursuant to the Long Term Bonus Plans are structured as cash awards with an Ordinary Share component. The commercial terms of awards granted pursuant to the Long Term Bonus Plans broadly mirror those of awards granted pursuant to the 2016 LTIP. Where the award terms differ, the difference is explained below.

Vesting of awards

Subject to the achievement of the performance condition(s) (which shall be determined by the Board), an award will vest as to 50 per cent. in cash (structured as a cash award) and as to the remaining 50 per cent. in Ordinary Shares (structured as an award of forfeitable shares).

Awards normally vest on the later of the date on which the Board determines the extent to which the performance condition applying to the award has been satisfied and a date selected by the Board having regard to the vesting of awards granted pursuant to the 2016 LTIP that vest in the same calendar as the awards granted pursuant to the Long Term Bonus Plans. The performance conditions applying to awards granted under the Long Term Bonus Plans are measured over specified performance periods.

Vesting of forfeitable shares granted following the vesting of awards under the Long Term Bonus Plans will not be subject to the achievement of performance condition(s). Such forfeitable shares normally vest on the first anniversary of the vesting of the related cash award. Holders of forfeitable shares are entitled to receive all cash and scrip dividends in respect of such forfeitable shares in the period from grant until vesting.

Leaving employment

An award will lapse upon a participant ceasing to hold employment or be a director within the Group before the award vests unless the Board determines otherwise in exceptional circumstances. Forfeitable shares granted on the vesting of an award under the Long Term Bonus Plans will also lapse upon a participant ceasing to hold employment or be a director within the Group before the award vests unless the Board determines otherwise in exceptional circumstances.

7.6 Savings Related Share Option Scheme (the “Sharesave”)

The Sharesave was renewed by Shareholder resolution at the Company’s annual general meeting in November 2015. The Sharesave is administered by the Board in accordance with its rules. It is intended to meet the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 as amended and re-enacted from time to time in order to provide UK tax-advantaged options to UK employees.

Eligibility

Employees and directors (working no less than 25 hours per week) of the Company and any designated participating subsidiary who are UK resident tax payers are eligible to participate. The Board may require employees to have completed a qualifying period of employment of

up to five years before the grant of options. The Board may also allow other employees to participate.

Grant of options

Options can only be granted to employees who enter into HMRC approved savings contracts, under which monthly savings are normally made over a period of three or five years. Options must be granted not later than the 29th day following the issue of invitations (or the 41st day if applications are scaled back). The number of Ordinary Shares over which an option is granted will be such that the total option price payable for those Ordinary Shares will correspond to the proceeds on maturity of the related savings contract.

An option may not be granted after 13 November 2025 (being 10 years after Shareholder approval of the renewal of the Sharesave). Options are not transferable, except on death. Options are not pensionable.

Individual participation

Monthly savings by an employee under all savings contracts linked to options granted under any sharesave scheme may not exceed the statutory maximum (currently £500). The Board may set a lower limit in relation to any particular grant.

Option price

The price per Ordinary Share payable upon the exercise of an option will not be less than the higher of: (i) 80 per cent. (or such lesser percentage as may be permitted by the legislation) of the middle-market quotation of a Share on the London Stock Exchange on the Dealing Day immediately preceding the issue of an invitation; and (ii) if the option relates only to new issue Ordinary Shares, the nominal value of an Ordinary Share.

Invitations will be issued within the 42 day period following the date of announcement by the Company of its half year or full year results. Alternatively, invitations may be issued at any other time when the Board considers there to be sufficiently exceptional circumstances which justify the issue of invitations.

Exercise of options

Options will normally be exercisable for a six month period from the third or fifth anniversary of the commencement of the related savings contracts. Earlier exercise is permitted, however, following cessation of office or employment by reason of death, injury, disability, redundancy, retirement or transfer of the participant's business or employment out of the Group and in the event of a takeover, reconstruction or winding-up of the Company.

Except where stated above, options will lapse when a participant ceases to hold an office or employment within the Group. Shares will be allotted or transferred to participants within 30 days of exercise.

Overall plan limits

The Sharesave may operate over new issue Ordinary Shares, treasury shares or Ordinary Shares purchased in the market.

In any ten year period, the Company may not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company under the Sharesave and any other employee share plan adopted by the Company. Treasury shares will count as new issue Ordinary Shares for the purposes of these limits unless institutional investors decide that they need not count.

Variation of capital

If there is a variation in the Company's share capital then the Board may make such adjustment as it considers necessary to the number of Shares under option and the option price provided that the total market value of the Ordinary Shares subject to the option is substantially the same immediately after the variation as it was immediately before the variation and the total acquisition price immediately after the variation is substantially the same as it was immediately before the variation.

Rights attaching to Ordinary Shares

Any Ordinary Shares allotted when an option is exercised under the Sharesave will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Alterations to the Sharesave

The Board may amend the provisions of the Sharesave in any respect, provided that the prior approval of Shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Ordinary Shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the Ordinary Shares to be acquired and the adjustment of options.

The requirement to obtain the prior approval of Shareholders will not, however, apply to any minor alteration made to benefit the administration of the Sharesave, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group.

Overseas plans

The Board may, without further Shareholder approval, establish further plans for overseas territories, any such plan to be similar to the Sharesave, but modified to take account of local tax, exchange control or securities laws, provided that any Ordinary Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the Sharesave.

PART XIII

SELECTED FINANCIAL INFORMATION

The following is a summary of the Company's financial information for the periods indicated. Other than where indicated below, the audited 2015 Financial Information has been extracted without material adjustment from the 2015 Annual Report and Accounts which is incorporated by reference into this document as set out in Part XIX (*Documents Incorporated by Reference*). Other than where indicated below, the audited 2016 Financial Information has been extracted without material adjustment from the 2016 Annual Report and Accounts, which is incorporated by reference into this document as set out in Part XIX (*Documents Incorporated by Reference*). Other than where indicated below, the audited 2017 Financial Information has been extracted without material adjustment from the 2017 Annual Report and Accounts, which is incorporated by reference into this document as set out in Part XIX (*Documents Incorporated by Reference*). Other than where indicated, the unaudited financial information as at and for the six months ended 31 December 2016 and 2017 has been extracted without material adjustment from the condensed consolidated half year financial statements for the half year ended 31 December 2017 published on 14 February 2018 which are incorporated by reference into this document as set out in Part XIX (*Documents Incorporated by Reference*).

The summary should be read in conjunction with the information referred to above and with Part XIV (*Operating and Financial Review of the Group*). Investors are advised to read the whole of this document and not rely on the information summarised in this Part XIII.

CONSOLIDATED INCOME STATEMENT

The following table sets out certain consolidated income statement data for the years ended 30 June 2015, 2016 and 2017 and the six months ended 31 December 2016 and 2017.

	Six months ended	Six months ended	Year ended		
	31 December 2017 (unaudited) £m	31 December 2016 (unaudited) £m	30 June 2017 (audited) £m	30 June 2016 (audited) £m	30 June 2015 (audited) £m
Group revenue	1,402.5	1,235.3	2,662.1	2,494.9	2,348.4
Cost of sales	(1,275.1)	(1,101.1)	(2,452.5)	(2,223.2)	(2,081.2)
Gross profit	127.4	134.2	209.6	271.7	267.2
Administrative expenses	(74.9)	(70.6)	(153.1)	(152.3)	(147.9)
Profit on disposal of property plant and equipment	–	–	0.1	5.2	–
Share of post tax profits from joint ventures	8.2	5.9	14.0	19.2	5.0
Profit/(loss) before finance costs	60.7	69.5	70.6	143.8	124.3
Profit/(loss) from operations	94.7	74.7	171.2	157.5	138.9
Exceptional items	(25.0)	–	(88.9)	–	(3.7)
Share of joint ventures' interest and tax	(7.3)	(3.7)	(8.5)	(9.4)	(6.6)
Amortisation of intangibles	(1.7)	(1.5)	(3.2)	(4.3)	(4.3)
Profit/(loss) before finance costs	(60.7)	69.5	70.6	143.8	124.3
Finance income	4.8	1.8	5.3	7.6	4.6
Finance costs	(9.2)	(8.3)	(17.2)	(16.4)	(14.9)
Profit/(loss) before income tax	56.3	63.0	58.7	135.0	114.0
Income tax expense	(9.8)	(12.0)	(10.0)	(26.1)	(21.7)
Profit/(loss) for the year	46.5	51.0	48.7	108.9	92.3

CONSOLIDATED BALANCE SHEET STATEMENT

The following table sets out certain consolidated balance sheet statement data as at 30 June 2015, 2016 and 2017 and as at 31 December 2016 and 2017.

Assets

	At 31 December 2017 (unaudited) £m	At 31 December 2016 (unaudited) £m	At 30 June 2017 (audited) £m	At 30 June 2016 (audited) £m	At 30 June 2015 (audited) £m
Assets					
Non-current assets					
Intangible assets	17.1	15.1	18.8	16.7	20.9
Goodwill	160.3	135.5	160.3	135.5	135.5
Property, plant and equipment	15.5	22.1	16.2	19.1	20.8
Investments in joint ventures	37.5	23.7	31.4	24.8	9.2
PPP and other investments	26.1	24.2	25.0	16.9	11.0
Trade and other receivables	139.9	73.7	111.7	75.8	28.3
Retirement benefit assets	–	–	–	–	1.2
Deferred income tax assets	1.6	3.1	2.0	2.2	3.0
Total non-current assets	398.0	297.4	365.4	291.0	229.9
Current assets					
Inventories	0.4	0.7	0.6	0.1	0.3
Developments	797.8	847.3	722.6	820.8	813.3 ^c
Trade and other receivables	762.0	796.1	809.5	718.0	711.5
Cash and cash equivalents	1,350.7	1,127.0 ^a	1,145.9 ^a	599.8 ^a	678.9 ^b
Total current assets	2,910.9	2,771.1	2,678.6	2,138.7	2,204.0
Total assets	3,308.9	3,068.5	3,044.0	2,429.7	2,433.9
Liabilities					
Current liabilities					
Financial liabilities					
• Borrowings	(1,238.8)	(1,084.5) ^a	(942.5) ^a	(433.8) ^a	(514.3) ^b
Trade and other payables	(1,142.8)	(1,095.6)	(1,220.1)	(1,059.2)	(984.2) ^c
Current income tax liabilities	(11.2)	(17.0)	(6.1)	(12.2)	(14.5)
Provisions for other liabilities and charges	(0.4)	(0.2)	(0.3)	(0.3)	(0.4)
Total current liabilities	(2,393.2)	(2,197.3)	(2,169.0)	(1,505.5)	(1,513.4)
Net current assets	517.7	573.8	509.6	633.2	690.6

	At 31 December 2017 (unaudited) £m	At 31 December 2016 (unaudited) £m	At 30 June 2017 (audited) £m	At 30 June 2016 (audited) £m	At 30 June 2015 (audited) £m
Non-current liabilities					
Financial liabilities					
• Borrowings	(196.8)	(156.3)	(196.2)	(174.7)	(181.9)
• Derivative financial liabilities	(1.4)	(3.0)	(2.0)	(4.5)	(0.3)
Retirement benefit obligations	(2.7)	(10.6)	(3.2)	(4.3)	–
Other non-current liabilities	(146.8)	(101.8)	(96.9)	(139.1)	(167.2) ^c
Provisions for other liabilities and charges	(1.0)	(1.4)	(1.2)	(1.6)	(1.9)
Total non-current liabilities	(348.7)	(273.1)	(299.5)	(324.2)	(351.3)
Total liabilities	(2,741.9)	(2,470.4)	(2,088.4)	(1,829.7)	(1,864.7)
Net assets	567.0	598.1	575.5	600.0	569.2
Equity					
Ordinary shares	41.4	41.4	41.4	41.4	41.1
Share premium	194.5	194.4	194.5	194.4	191.8
Other reserves	4.8	4.8	4.8	4.8	4.8
Retained earnings	326.3	357.5	334.8	359.4	331.5
Total shareholders' equity	567.0	598.1	575.5	600.0	569.2

- a Restated figure at 30 June 2016 extracted from the 2017 Annual Report and Accounts; restated figure at 30 June 2017 and 31 December 2016 extracted from the 2018 Interim Financial Information. In 2016, the IFRS Interpretations Committee released an update in respect of IAS32 'Financial instruments: presentation' specifically in relation to offsetting and cash pooling. This clarified that in order to offset bank account balances, an entity must have both a legally enforceable right and an intention to do so. As the Group maintains separate bank accounts with both cash and overdrawn balances, the Group's consolidated financial statements have been prepared without offsetting these balances with positive cash balances included within cash and cash equivalents and overdrawn balances included within financial liabilities – current borrowings. The Group restated its 30 June 2016, 30 June 2017 and 31 December 2016 financial statements accordingly. As at 28 February 2018, the amount drawn under the RCF was £330 million.
- b Restated figure, extracted from management information. In 2016, the IFRS Interpretations Committee released an update in respect of IAS32 'Financial instruments: presentation' specifically in relation to offsetting and cash pooling. This clarified that in order to offset bank account balances, an entity must have both a legally enforceable right and an intention to do so. As the Group maintains separate bank accounts with both cash and overdrawn balances, the Group's consolidated financial statements have been prepared without offsetting these balances with positive cash balances included within cash and cash equivalents and overdrawn balances included within financial liabilities – current borrowings. Accordingly, for the financial information presented above, the Group has restated its 30 June 2015 financial information.
- c Restated figure, extracted from the 2016 Annual Report and Accounts. Previously the Group recognised land inventory after the exchange of conditional contracts, when it was considered virtually certain the contract would be completed. Having completed a review of policy and a comparison of the sector peer group, the Group determined it is more appropriate to recognise land inventory on unconditional exchange of contract or once the acquisition has completed.

CONSOLIDATED CASH FLOW STATEMENT

The following table sets out certain consolidated cash flow statement data for the years ended 30 June 2015, 2016 and 2017 and the six months ended 31 December 2016 and 2017.

	Six months ended	Six months ended	Year ended		
	31 December 2017 (unaudited) £m	31 December 2016 (unaudited) £m	30 June 2017 (audited) £m	30 June 2016 (audited) £m	30 June 2015 (audited) £m
Cash flows from operating activities					
Continuing operations					
Pre-exceptional profit					
before finance costs	85.7	69.5	159.5	143.8	124.3
Exceptional items	(25.0)	–	(88.9)	–	–
Profit before finance costs	60.7	69.5	70.6	143.8	124.3
Adjustments for:					
Depreciation and amortisation	3.1	3.7	6.6	8.6	8.4
(Profit) on sale of property, plant and equipment	–	–	(0.1)	(5.2)	–
(Profit) on sale of subsidiaries	–	–	(2.6)	–	–
(Profit) on sale of PPP and other investments	(2.0)	–	–	(0.5)	(7.0)
Share-based payments	1.4	2.0	1.8	4.0	3.9
Share of post-tax profits					
from joint ventures	(8.2)	(5.9)	(14.0)	(19.2)	(5.0)
Movement on provisions	(0.1)	(0.3)	(0.4)	(0.4)	(0.6)
Other non-cash movements	0.2	0.2	0.3	0.4	0.7
Net cash generated from/ (used in) operations before pension deficit payments and changes in working capital	55.1	69.2	62.2	131.5	124.7
Deficit funding payments to pension schemes	(4.0)	(3.6)	(6.4)	(6.6)	(6.2)
Net cash generated from/ (used in) operations before changes in working capital	51.1	65.6	55.8	124.9	118.5
(Increase)/decrease in inventories	0.2	(0.6)	(0.5)	0.2	–
Decrease/(increase) in developments	(75.5)	(26.4)	107.3	(7.5)	(101.6)
(Increase) in trade and other receivables	19.3	(74.8)	(118.9)	(54.0)	(190.0)
Increase/(decrease) in trade and other payables	(15.2)	(2.3)	85.5	46.1	240.9
Net cash generated from/ (used in) operations	(20.1)	(38.5)	129.2	109.7	67.8
Interest received	4.8	1.8	5.3	7.6	3.6
Interest paid	(8.4)	(7.2)	(15.3)	(14.6)	(11.7)
Income tax (paid)/received	(3.7)	(7.2)	(12.9)	(25.3)	(20.1)
Net cash (used in)/ generated from operating activities	(27.4)	(51.1)	106.3	77.4	39.6

	Six months ended	Six months ended	Year ended		
	31 December 2017 (unaudited) £m	31 December 2016 (unaudited) £m	30 June 2017 (audited) £m	30 June 2016 (audited) £m	30 June 2015 (audited) £m
Cash flows from investing activities					
Dividends received from joint ventures	2.1	7.0	7.4	3.6	0.4
Acquisition of PPP and other investments	(4.1)	(7.2)	(8.6)	(6.6)	(1.4)
Proceeds from PPP and other investments	5.1	–	0.5	1.2	12.8
Proceeds from disposal of subsidiaries	–	–	2.6	–	–
Purchase of intangible assets	–	–	–	(0.1)	–
Business combinations (Debt)/cash acquired with acquired subsidiary undertakings	(12.7)	–	(12.8)	–	(21.6)
Acquisition of property, plant and equipment	–	–	(2.8)	–	23.6
Acquisition of property, plant and equipment	(1.4)	(5.1)	(5.1)	(7.8)	(6.7)
Proceeds from sale of property, plant and equipment	0.3	–	0.7	10.4	0.1
Net cash (used in)/ generated from investing activities	(10.7)	(5.3)	(18.1)	0.7	7.2
Cash flows from financing activities					
Net proceeds from issue of ordinary share capital	–	–	0.1	2.9	–
Purchase of own shares	(0.9)	(1.7)	(2.0)	(11.9)	(8.5)
Increase/(decrease) in borrowings	0.1	(19.1)	23.9	(8.4)	35.5
Dividends paid to Company shareholders	(52.6)	(46.4)	(72.8)	(59.3)	(49.3)
Net cash (used in) financing activities	(53.4)	(67.2)	(50.8)	(76.7)	(22.3)
Net (decrease)/increase in cash and cash equivalents	(91.5)	(123.6)	37.4	1.4	24.5
Cash and cash equivalents at beginning of period	203.7	166.3	166.3	164.9	140.4
Cash and cash equivalents at end of period	112.2	42.7	203.7	166.3	164.9

Non-IFRS Financial Information

Management uses several non-IFRS financial measures to assess the Group's operating performance and the Directors believe that the presentation of these measures provides meaningful, additional insight for investors. See "Presentation of Non-IFRS Financial Measures" in Part IV (*Important Information*).

Principal amongst these non-IFRS financial measures are:

(1) Revenue and Group Revenue

Revenue includes share of joint ventures' revenue. "Group Revenue" excludes share of joint ventures. The reconciliation, by period, is as follows:

	Six months ended 31 December 2017 £m	Six months ended 31 December 2016 £m	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
Revenue including share of joint ventures	1,495.0	1,307.6	2,820.2	2,670.4	2,430.7
Share of joint ventures	(92.5)	(72.3)	(158.1)	(175.5)	(82.3)
Group revenue	1,402.5	1,235.3	2,662.1	2,494.9	2,348.4

Revenue by business is reconciled to total revenue as follows:

	Six months ended 31 December 2017 £m	Six months ended 31 December 2016 £m	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
Linden Homes	436.8	407.6	937.4	840.8	779.0
Partnerships & Regeneration	233.5	144.3	330.2	300.6	329.4
Construction	823.6	742.0	1,526.9	1,503.4	1,293.2
Investments and Group	11.1	13.7	25.7	25.6	29.1
Revenue including share of joint ventures	1,495.0	1,307.6	2,820.2	2,670.4	2,430.7

(2) Profit from Operations to Profit before Finance Costs

Profit from operations is stated before finance costs, amortisation, exceptional items, share of joint ventures' interest and tax, and taxation. The reconciliation of Profit from Operations to Profit before Finance Costs is shown below.

	Six months ended 31 December 2017 £m	Six months ended 31 December 2016 £m	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
Profit from operations	94.7	74.7	171.2	157.5	138.9
Exceptional items	(25.0)	–	(88.9)	–	(3.7)
Share of joint ventures' interest and tax	(7.3)	(3.7)	(8.5)	(9.4)	(6.6)
Amortisation of intangibles	(1.7)	(1.5)	(3.2)	(4.3)	(4.3)
Profit before finance costs	60.7	69.5	70.6	143.8	124.3

Profit from operations by business is reconciled to total profit from operations as follows:

	Six months ended 31 December 2017 £m	Six months ended 31 December 2016 £m	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
Linden Homes	80.9	74.3	170.3	147.2	124.3
Partnerships & Regeneration	10.8	4.9	14.9	11.7	9.4
Construction	7.2	2.7	(0.9)	15.8	15.7
Investments and Group	(4.2)	(7.2)	(13.1)	(17.2)	(10.5)
Profit from operations	94.7	74.7	171.2	157.5	138.9

(3) Operating Profit Margin

Operating profit margin is defined as Profit from Operations as a percentage of Revenue, including share of joint ventures' revenue.

(4) Gearing

Gearing is defined as net debt, being cash and cash-equivalents less bank overdrafts, current borrowings and non-current borrowings, as a percentage of Group net assets.

(5) Return on net assets

Return on net assets is defined as profit from operations as a percentage of the average of the Group's opening and closing net assets.

PART XIV

OPERATING AND FINANCIAL REVIEW OF THE GROUP

Investors should read the following discussion and analysis of the Group's financial condition and results of operations at 30 June 2015, 2016 and 2017 and for the years then ended in conjunction with the 2015 Financial Information, the 2016 Financial Information, the 2017 Financial Information and the 2018 Interim Financial Information incorporated by reference into this document (together, the "Group Financial Information"), and of the results of operations at 30 December 2017 and for the half year period then ended in conjunction with the 2018 Interim Financial Information. The Group Financial Information has been audited and prepared in accordance with IFRS.

This operating and financial review of the Group discusses the Group's results of operations, cash flows, debt profile, and capitalisation and indebtedness as well as key performance indicators ("KPIs") and certain other financial measures of performance. It is presented based on the IFRS measures as reflected in the Group's financial statements and certain non-IFRS financial information including revenue, profit from operations and operating profit margin. See "Presentation of non-IFRS financial measures" in Part IV (Important Information) and the information on non-IFRS financial measures in Part XIII (Selected Financial Information).

Investors should read the Group Financial Information in its entirety and not merely rely on the information contained in this Part XIV. Some of the information in the following discussion and analysis includes forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements" in Part IV (Important Information) and see Part II (Risk Factors) for a discussion of important factors which could cause actual results to differ materially from the figures described in the forward-looking statements contained in this document.

1. Overview

1.1 Galliford Try is a leading UK housebuilding, regeneration and construction group. Galliford Try has three strong businesses. Linden Homes develops private and affordable homes for sale. Partnerships & Regeneration works to increase the supply of housing across differing ownership tenures by regenerating neighbourhoods and creating communities. The Construction business is a major developer and contractor, working primarily in the public and regulated sectors. Through the Group's strategy to 2021, the Group is making its business simpler, leaner and more effective, and is investing strategically where it can earn strong returns. To create real value, the Group needs to balance its financial performance with its obligations to all its stakeholders (including clients, customers, employees, and the communities in which it operates) so it can deliver truly sustainable growth.

1.2 The Group operates through three businesses:

1.2.1 *Linden Homes:* Linden Homes has a presence in the South and East of England, East Midlands and the North, and the potential for further expansion. It develops high-quality homes for first-time buyers and families. Its sites are in prime locations, close to transport links and local amenities. Linden Homes creates sustainable developments by designing homes to complement their surroundings, while maximising the benefits of internal standardisation. Where the market requires, it has a proven ability to create bespoke designs and high-rise developments. Linden Homes delivered 1,587 completions in the six months ended 31 December 2017, up 6.4 per cent. on the equivalent period to 31 December 2016. In the six months ended 31 December 2017, revenue increased 7.2 per cent. to £436.8 million, profit from operations rose 8.9 per cent. to £80.9 million and operating profit margin in the period rose to 18.5 per cent compared to 18.2 per cent. in the six months ended 31 December 2016. Linden Homes delivered 3,296 new homes in the financial year ended 30 June 2017, of which 77 per cent. were for private sale. In the same period

it reported revenue of £937.4 million, profit from operations of £170.3 million and operating profit margin of 18.2 per cent.

1.2.2 Partnerships & Regeneration: Partnerships & Regeneration is a specialist regeneration business that has a strong track record of delivery and a growing national footprint. It has strong relationships with Homes England and Greater London Authority, provides contracting services to housing associations, local authorities and other Registered Providers, developing mixed tenure projects and providing private housing for sale on regeneration-led sites. It uses the Linden Homes brand to differentiate its developments and draw on Linden Homes' retail expertise to deliver these projects successfully. Its ability to provide development solutions across tenures and work with clients as contractor, developer and investor distinguishes it from its peers. Revenue generated by Partnerships & Regeneration increased 54.9 per cent. to £223.5 million in the six months ended 31 December 2017, compared to the six months ended 31 December 2016, with profit from operations increasing 120.4 per cent. to £10.8 million and operating profit margin rising to 4.8 per cent. It reported revenue of £330.2 million, profit from operations of £14.9 million and operating profit margin of 4.5 per cent. in the financial year ended 30 June 2017.

1.2.3 Construction: Construction operates nationwide, primarily under the Galliford Try and Morrison Construction brands. Its network of regional offices is a key advantage, enabling it to deploy its national strength using a local approach. The business is organised into the Building, Infrastructure and PPP Investments divisions. It also includes facilities management, telecommunications, dry lining and a national piling specialist, Rock & Alluvium. Building serves a range of clients across the UK, with a substantial presence in Scotland. It works with clients in the public and regulated sectors, in particular the health, education and defence markets. It also serves commercial clients, mainly in the South East and Midlands. Infrastructure carries out civil engineering projects: it has strong positions in the transport sector (including road, rail and airports), the water and wastewater sector and the flood alleviation sector. PPP Investments delivers major building and infrastructure projects through public private partnerships. The business leads bid consortia and arranges finance, making equity investments and managing construction through to operations. Revenue generated by Construction in the six months ended 31 December 2017 grew 11.0 per cent. compared to the six months ended 31 December 2016, to £823.6 million, with profit from operations increasing 166.7 per cent. to £7.2 million and an operating profit margin which improved to 0.9 per cent. In the year to 30 June 2017 it reported revenue of £1,526.9 million, a loss from operations of £0.9 million and an operating profit margin of 0.0 per cent.

In the six months ended 31 December 2017 the Group reported revenue of £1,495.0 million, profit from operations of £94.7 million and profit before tax of £56.3 million. Revenue, profit from operations and profit before tax were £1,307.6 million, £74.7 million and £63.0 million, respectively, in the six months ended 31 December 2016.

In the year ended 30 June 2017, the Group reported revenue of £2,820.2 million, profit from operations of £171.2 million and profit before tax of £58.7 million. These figures compare to the figures for the years ended 30 June 2016 and 2015 in which the Group reported revenue of £2,670.4 million and £2,430.7 million, respectively, profit from operations of £157.5 million and £138.9 million, respectively, and profit before tax of £135.0 million and £114.0 million, respectively.

2. Recent Developments

Due to the compulsory liquidation of Carillion in January 2018, the Group has reassessed the financial outcome of the AWPR contract. The withdrawal of Carillion increases the Group's participation in both costs and estimated recovery claims, and the Group has increased its

provision accordingly, leading to a further exceptional charge of £25.0 million in the six months ended 31 December 2017 (in addition to the total charge of £88.9 million provided for in the year ended 30 June 2017, of which £87.9 million related to the AWPR contract and provisions related to other legacy projects and £1.0 million related to professional fees incurred in a proposed merger with Bovis Homes Group Plc). The over-run costs on AWPR, compounded by Carillion's compulsory liquidation, are expected in total to absorb in excess of £150 million of the Group's cash (prior to any recoveries). However, the total exceptional costs and final cash impacts of the AWPR contract are ultimately dependent on completion of the project and agreement of any associated recoveries, which cannot currently be predicted with certainty.

3. Principal factors affecting the Group's results of operations

3.1 *Macroeconomic and UK property market conditions*

3.1.1 The Group's operating results are dependent on macroeconomic factors and conditions in the UK residential property and construction markets. Historically, the strength of the UK residential property market has been linked to that of the UK economy as a whole, which in turn is influenced by both European and global macroeconomic conditions, as well as internal factors in the UK and, as a result, has been cyclical. In particular, the economic weakness experienced in the UK following the global financial crisis in 2008 caused a significant decline in demand for residential property, leading to a sharp decrease in the number of residential property transactions in the UK. Between 2007 and 2010, new home completions in the UK decreased from 177,000 to 106,720, or 39.7 per cent., according to the Office for National Statistics. Similarly, average UK house prices also decreased from £190,032 to £154,452 between 2007 and 2009, according to the Office for National Statistics.

3.1.2 The success of the Group's housebuilding operations is closely linked to levels of consumer confidence. Any reduction in consumer confidence, whether caused by political or economic uncertainty, including due to Brexit, or other reasons, could decrease demand for new homes, lower sales prices and rents in the UK residential property market and reduce the funding available to local authorities and housing associations for partnership projects with the Group.

3.1.3 While macroeconomic factors broadly affect the UK residential property market as a whole, historical property trends in the UK have varied significantly by region. In London, where prime residential property has been regarded as a preferred investment asset class, residential property price growth has been largely sustained in recent years, subject to regional variations. Residential property prices in the South East of England generally also have been more resilient to macroeconomic pressures compared to other regions of the UK. The Group has concentrated its housebuilding operations on economically resilient areas around the southern and eastern counties of England.

3.1.4 Macroeconomic factors also affect the new investment into the building and infrastructure sectors, which can affect the opportunities available to the Construction business. The majority of the Group's Construction revenue is derived from public and regulated customers. These customers are considered to be more resilient, but not removed from, challenging economic conditions.

3.2 *UK Government policies*

3.2.1 The Group's businesses receive support from UK Government policies and spending with regard to investment in civil and social infrastructure. This includes direct government contracts, joint ventures and PFIs and also in the private housing market, for example, through planning policy or interventions such as the Help to Buy scheme.

Any change in government or government policies, programmes or procurement methodologies could adversely affect revenues and profitability.

- 3.2.2 Most notably, the Group receives support from the UK Government's policies and spending in the social housing, education, transport, health, public utility, renewable energy, secure establishment and defence sectors through direct government contracts, joint ventures and PPPs. The Construction business particularly benefits from such policies and spending as it operates predominantly in the public and regulated sectors. Given the benefit of such policies and spending to the Group, any change in Government programmes or procurement methodologies could adversely affect revenues and profitability. For instance, a change in the UK Government may lead to the implementation of new policies and programmes, including, for example, the nationalisation of certain PFI and other projects, the introduction of "windfall" or similar taxes on companies involved in PFI projects or the imposition of tax on land held for investment purposes. Other changes in Government policies, such as a move towards fixed price contracts, could also affect the Group's operations, leaving it unable to maintain its existing levels of Government work or unable to maintain existing levels of profitability on that work.
- 3.2.3 The Group, and Linden Homes in particular, also benefits from the UK Government's stated commitment to the housing market, including Help to Buy and the recent relaxation of stamp duty land tax for first time buyers of residential properties. Any change in government policies in this area, such as a reduction of UK Government-backed home purchase assistance programmes, could make it more difficult for the Group to sell homes, which could adversely affect the Group's revenues and profitability.
- 3.2.4 The Group could also be adversely affected by uncertainty, disruption or other consequences of the UK's referendum decision to leave the EU.

3.3 ***The availability and affordability of mortgages***

- 3.3.1 The Group's operating results are particularly affected by the performance of Linden Homes, which accounted for 29.2 per cent. and 33.2 per cent. of Group's total revenue in the six months ended 31 December 2017 and the year ended 30 June 2017, respectively. Linden Homes' results are, in turn, dependent on appropriate availability and affordability of mortgages, which can impact the Group's housing sales prices and transaction volumes. In the year ended 30 June 2017, 81 per cent. of sales in Linden Homes were financed through a mortgage.
- 3.3.2 When mortgages are generally available, low interest rates tend to encourage consumers to obtain financing and purchase homes. The Bank of England base rate has remained at or below 0.5 per cent. since March 2009, but the expected future increases in the base rate could have a negative impact on the UK property market, and Linden Homes. Increases in the base rate have previously had a negative impact on the UK property market because interest rates charged on mortgages have increased correspondingly, thereby making it more expensive for prospective buyers to purchase residential property. Prospective buyers who can obtain a mortgage at current interest rates may also be deterred by the possibility of increased rates in the future and instead elect to remain in their current property. Higher interest rates (and, in turn, higher monthly interest payments) may also make mortgages unobtainable or unaffordable for some prospective buyers and lead to a reduced demand for housing in the UK which could adversely affect the performance of Linden Homes.
- 3.3.3 The availability of mortgage credit is a key driver of demand for new homes. Even if potential homebuyers do not themselves need financing, adverse changes in interest rates and mortgage availability could make it harder for them to sell their existing

homes to other potential buyers who need mortgage financing, thereby constraining their ability to purchase a new home. Any decrease in the availability of products and providers of mortgage financing in the future may make it more difficult for the Group to sell homes.

3.4 ***The Group's landbank***

The Group's results of operations are highly dependent on the quality of its landbank, determined by factors such as prime location and appropriate acquisition hurdle rate. At 31 December 2017, the Linden Homes' landbank was comprised of 11,520 plots and Partnerships & Regeneration's was comprised of 2,870 plots. The ability of the Group to continue to source land, in locations and on terms that are consistent with the Group's strategy, is critical to the future performance of the Group. The Group's landbank has detailed, outline or no planning permission. The Group may not be able to secure planning permission for developments on a timely basis or on economically viable terms, or at all.

3.5 ***Performance of the Group's projects***

Each of the Group's businesses delivers its projects through the use of third party sub-contractors and suppliers. Within housebuilding, the Group typically owns the land on which it is building but may still incur costs in excess of its forecast. Linden Homes typically purchases land for development, but the sales prices it achieves and the development costs that it incurs are subject to uncertainty. In particular, average selling prices may decline over the strategy period to 2021, reflecting increased standardisation and the mix shift away from the South East as the Group expands into new regions. Construction enters into varying types of contracts with customers, as set out below. Partnerships & Regeneration has a combination of projects with customers and development-led projects.

If the Group is unable to accurately estimate the overall risks, revenues or costs on a contract, then a lower than anticipated profit may be achieved or a loss may be incurred on a particular contract. Within Linden Homes and on some Partnerships & Regeneration schemes, the Group procures land on the basis of sales price and cost assumptions and any variance can lead to a change in the profitability of a particular development.

A significant proportion of the Group's business depends for its profit on costs being controlled and projects being completed on time, so that costs are contained within the pricing structure of the relevant contract.

Cost overruns, whether due to inefficiency, poor design where the contractor has design responsibilities, faulty estimates, cost overruns by sub-contractors or other factors, result in lower profit or a loss on a project. A significant number of contracts are based in part on cost estimates that are subject to a number of assumptions. If estimates of the overall risks, revenues or costs prove inaccurate or circumstances change, a lower profit or a loss on the contract may result.

The Group has a number of significant building and infrastructure projects in its Construction business which were generally entered into on a fixed price, all risk basis prior to the end of 2014 (referred to as legacy projects in this document). Following Bill Hocking's appointment to the position of Chief Executive of the Group's Construction business in September 2015 the Group changed its tendering policy and no longer enters into significant infrastructure contracts on a fixed price, all risk basis. This reflected the broader shift of emphasis in the Construction business towards a model focussed on improving profitability through the prudent management of risk. The Group continues to progress the resolution of its legacy projects, most of which are now complete on site with continuing uncertainties relating to final settlements, claim recoveries and claims from sub-contractors. There remains intrinsic uncertainty around amounts to be recovered from some significant claims.

3.6 ***The Group's cost base***

A significant portion of the Group's costs relate to the costs of building its housing developments, including the costs of land, materials and labour, and of delivering its construction projects.

In relation to the Group's housebuilding operations which form part of the Linden Homes and Partnerships & Regeneration businesses, although the Group can influence the type of houses it builds, certain factors such as materials prices and wage costs, are outside of the Group's direct control but can have a material impact on the performance of the development and on the Group's financial results. Land is currently available to purchase at prices that meet the Group's acquisition hurdle rate and the Group is disciplined to ensure that all land acquisitions are subject to internal review processes. Once the land has been acquired, the cost risk to the Group is concentrated on the materials and subcontractor supply chain and, in particular, if the Group underestimated likely build costs at the time of the initial land acquisition. There have been limited inflationary pressures in the review period, although from time to time scarcity of specific materials has influenced prices and build programmes. Any general inflationary risk is typically mitigated by the benefit of corresponding sales inflation but there is no certainty that this will mitigate cost inflation entirely.

Within Construction, the Group can influence the types of construction contract it enters into, but the primary cost of delivering the contracts is borne through the Group's supply chain. If these external costs increase, the Group can only pass these onto the customer in certain circumstances, such as a cost-plus contract. As the market became more buoyant following the financial crisis, price inflation impacted the Group specifically in relation to its legacy fixed-price contracts resulting in reduced margins.

The Group manages overhead costs carefully. Overhead costs are primarily driven by wage costs of the Group's administrative and overhead staff, as well as other costs such as property and IT. In the last three full financial years, overhead costs as a percentage of Group revenue have reduced from 6.3 per cent. to 5.8 per cent. Given the nature of the costs, the Group's administrative and overhead costs may increase as a result of factors outside the direct control of the Group such as wage inflation, property cost inflation and other price changes.

3.7 ***Exceptional items***

Material non-recurring items of income and expense are disclosed in the income statement as exceptional items.

In the year ended 30 June 2017, following a reappraisal of costs to complete and anticipated recoveries from certain contracts, it was established that there was an increased anticipated liability to conclude these contracts and an exceptional charge of £87.9 million was recorded. Due to the compulsory liquidation of Carillion in January 2018 and the impact of the Group's funding obligations in respect of the AWPR contract, the Group reassessed the financial outcome of the AWPR contract and increased its provision accordingly, recording a further £25.0 million exceptional item.

In the year ended 30 June 2017, the Group incurred £1.0 million of professional fees in respect of a proposed merger with Bovis Homes Group plc, which were also treated as an exceptional item, bringing the total exceptional items in the year to 30 June 2017 to £88.9 million.

In the year ended 30 June 2015, the Group incurred £3.7 million integration costs in relation to the acquisition of Miller Construction. These comprised mainly redundancy and other restructuring costs and were treated as an exceptional item.

3.8 **Reliance on the Group's senior management team and experienced workforce**

The Group's future success depends in large part upon the continued service of its senior management team, who are critical to the overall management of the Group as well as the development of its products, culture and strategic direction.

The success of the Group's businesses also depends on recruiting, retaining and developing highly-skilled, competent people at all levels of the organisation. The Group experiences a degree of regular employee turnover, which could increase and could be particularly straining to the Group's business during periods of high activity. In addition, the Group relies on its project managers and skilled personnel (e.g. designers) for the day-to-day execution of its projects, and qualified personnel for these key positions are in high demand and short supply.

4. **Key performance indicators**

Galliford Try uses the key performance indicators (KPIs) set out below to review its businesses.

4.1 **Linden Homes**

	Six months ended 31 December 2017	Six months ended 31 December 2016	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015
Revenue (£m)	436.8	407.6	937.4	840.8	779.0
Profit from Operations (£m)	80.9	74.3	170.3	147.2	124.3
Operating Margin (per cent.)	18.5	18.2	18.2	17.5	16.0
Completions (units)	1,587	1,491	3,296	3,078	2,769
Landbank (plots)	11,520	11,500	10,650	11,500	13,550

In the six months ended 31 December 2017 revenue increased by 7.2 per cent to 436.8 million (as compared to £407.6 million in the six months ended 31 December 2016) from 1,587 completions (as compared to 1,491 in the six months ended 31 December 2016). In the year ended 30 June 2017 revenue increased by 11.5 per cent to £937.4 million (2016: £840.8 million), with completions 7.1 per cent. higher at 3,296 (2016: 3,078). Private housing completions accounted for 2,537 of the total (2016: 2,487) and there were 759 affordable housing completions (2016: 591). In the year ended 30 June 2016 revenue increased by 7.9 per cent to £840.8 million (2015: £779.0 million), with completions 11.2 per cent. higher at 3,078 (2015: 2,769). Private housing completions accounted for 2,487 of the total (2015: 2,059) and there were 591 affordable housing completions (2015: 710). The increase in revenue over the three year period reflects the increased unit delivery resulting from a robust housing market and an increase in the average selling price of private housing, rising from £327,000 per unit in the year ended 30 June 2015 to £335,000 in the year ended 30 June 2016, £354,000 in the year ended 30 June 2017 and £370,000 in the six months ended 31 December 2017.

4.1.1 In the six months ended 31 December 2017, profit from operations increased 8.9 per cent to £80.9 million. The business continued to deliver efficiencies through standardisation and increased productivity with an operating profit margin of 18.5 per cent (31 December 2016: 18.2 per cent). From time to time, the Group may recognise profit on disposal of land into joint venture companies. There were no profits from land sales in the six months ended 31 December 2017 and hence the reported operating margin of 18.5 per cent represents an increase of 2.2 per cent over the six months ended 31 December 2016 margin excluding land sales of 16.3 per cent. In the year ended 30 June 2017 Linden Homes' profit from operations increased

15.7 per cent to £170.3 million (2016: £147.2 million). Driving margin improvement is a fundamental part of Linden Homes' strategy. Further rationalisation of operating processes, including standardisation of house layouts, contributed to an operating profit margin at 30 June 2017 of 18.2 per cent., up from 17.5 per cent in 2016. Excluding land sales, which were primarily to Linden Homes' joint ventures, the operating margin increased from 16.2 per cent to 17.0 per cent. In the year to 30 June 2016, profit from operations was up 18.4 per cent to £147.2 million (2015: £124.3 million) reflecting the ongoing focus on margin improvement, generating an operating profit margin of 17.5 per cent (2015: 16.0 per cent). Excluding land sales, which were primarily to Linden Homes' joint ventures, the operating margin increased from 14.7 per cent to 16.2 per cent.

4.1.2 Linden Homes continues to see opportunities in the availability of prime sites in popular locations and at good hurdle rates. At 31 December 2017, Linden Homes' landbank was 11,520 plots. At 30 June 2017, Linden Homes had a landbank of 10,650 plots (2016: 11,500; 2015: 13,550), which the Group estimates is now in line with the Group's strategic aim of holding a landbank equivalent to approximately 3.5 years' supply. The figure represents sites the Group owns and controls, including sites under option, but excluding its longer-term options on strategic land, and provides a sustainable business platform. At 31 December 2017 approximately 89 per cent. of Linden Homes' private landbank related to houses, with the remainder relating to apartments. The average cost per plot at 31 December 2017 was £70,000 compared to £73,000 at 31 December 2016 and the expected average selling price per plot was £296,000 at 31 December 2017, compared to £314,000 at 31 December 2016. The decline in expected average selling price is consistent with the expectation of the Group over the strategy period to 2021, reflecting increased standardisation and the mix shift away from the South East as the Group expands into new regions.

4.2 Partnerships & Regeneration

	Six months ended 31 December 2017	Six months ended 31 December 2016	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015
Revenue (£m)	223.5	144.3	330.2	300.6	329.4
Profit from					
Operations (£m)	10.8	4.9	14.9	11.7	9.4
Operating Margin (per cent.)	4.8	3.4	4.5	3.9	2.9
Completions (units) Equivalent	331	257	594	526	408
contracting (units)	1,343	730	2,000	1,600	1,800
Landbank (plots)	2,870	2,750	2,700	2,700	2,200
Order book (£m)	1,296	925	1,032	850	825

4.2.1 Revenue during the six months ended 31 December 2017 increased by 54.9 per cent to £223.5 million, from £114.3 million for the six months ended 31 December 2016, with mixed tenure revenue increasing 60.7 per cent to £55.6 million and contracting revenue increasing 53.1 per cent to £167.9 million. Partnerships & Regeneration benefitted from increased client investment in affordable, private rented and mixed tenure developments as well as its geographic expansion. In the year ended 30 June 2017, revenue grew by 9.8 per cent to £330.2 million (2016: £300.6 million), with an important proportional increase in mixed tenure revenues, which were 23.2 per cent higher at £82.2 million (2016: £66.7 million). Contracting revenues were also higher at £248.0 million (2016: £233.9 million). The revenue increase reflected the conclusion

of some larger contracts and the opening of the Bristol office in the year. In the year ended 30 June 2016 revenue fell by 8.7 per cent to £300.6 million (2015: £329.4 million), reflecting some disruption to the business' Registered Provider clients' procurement activities following UK Government rent reforms announced in the period. In the year ended 30 June 2016 mixed tenure revenues were 18.9 per cent higher at £66.7 million (2015: £56.1 million) but contracting revenues were 14.4 per cent lower at £233.9 million (2015: £273.3 million) as a result of the disruption noted above.

- 4.2.2 In the half year period to 31 December 2017, Partnerships & Regeneration completed 331 mixed tenure units and 1,343 equivalent contracting units, compared to 257 and 730 respectively in the period to 31 December 2016, with a mixed tenure average selling price of £220,000 (2016: £188,000). The geographical expansion of Partnerships & Regeneration is progressing to plan with new operating platforms in Bristol, Leicester and Southampton all contributing in the period. In the year to 30 June 2017, Partnerships & Regeneration completed 594 mixed tenure units at an average selling price of £186,000 (2016: 526 units and £166,000) and approximately 2,000 equivalent contracting units, compared with 1,600 in the previous year as Registered Providers increased demand following the review of UK Government rent reforms the previous year. In the year to 30 June 2016 Partnerships & Regeneration completed 526 mixed tenure units at an average selling price of £166,000 (2015: 408 units and £160,000) and approximately 1,600 equivalent contracting units, compared with 1,800 in the previous year with delivery being reduced as Registered Providers reassessed their procurement activities following the Government rent reforms.
- 4.2.3 Profit from operations rose by 120.4 per cent to £10.8 million at 31 December 2017, representing an operating profit margin of 4.8 per cent (31 December 2016: £4.9 million and 3.4 per cent, respectively). In the year to 30 June 2017, profit from operations rose by 27.4 per cent to £14.9 million (2016: £11.7 million), representing an operating profit margin of 4.5 per cent. (2016: 3.9 per cent). In the year ended 30 June 2016, profit from operations rose by 24.5 per cent to £11.7 million (2015: £9.4 million), representing an operating profit margin of 3.9 per cent. (2015: 2.9 per cent). The margin improvement in each period came primarily from the increase in higher margin mixed tenure revenues but it also benefited from a higher contracting margin, as Partnerships & Regeneration can be selective about the work the Group takes on, and economies of scale as it grows.
- 4.2.4 At 31 December 2017, the contracting order book was £1.3 billion and mixed tenure sales reserved, contracted or completed were £120 million (31 December 2016: £925 million and £92 million, respectively).
- 4.2.5 Partnerships & Regeneration finished the year ended 30 June 2017 with mixed tenure sales reserved or contracted of £77 million, up from £45 million at 30 June 2016 and £43 million at 30 June 2015, and a landbank of 2,700 plots (2016: 2,700; 2015: £2,200). The contracting order book at 30 June 2017 stood at £1,032 million, up from £850 million at 30 June 2016 and £825 million at 30 June 2015. In total, the order book was £1.1 billion at 30 June 2017 (2016: £895 million; 2015: £868 million).

4.3 Construction

	Six months ended 31 December 2017	Six months ended 31 December 2016	Year ended 30 June 2017	Year ended 30 June 2016	Year ended 30 June 2015
Revenue (£m)	823.6	742.0	1,526.4	1,503.4	1,293.2
Profit from Operations (£m)	7.2	2.7	(0.9)	15.8	15.7
Operating Margin (per cent.)	0.9	0.4	0.0	1.1	1.2
Period end cash (£m)	44.5	110.8	137.4	161.1	172.7
Order book (£bn)	3.5	3.4	3.6	3.5	3.5

4.3.1 Construction delivered revenue of £823.6 million, profit from operations of £7.2 million and an operating profit margin of 0.9 per cent in the six months ended 31 December 2017 (31 December 2016: £742.0 million, £2.7 million and 0.4 per cent respectively). In the year ended 30 June 2017 revenue was £1,526.9 million (2016: £1,503.4 million), with loss from operations of £0.9 million (2016: profit of £15.8 million) resulting in an operating profit margin of 0.0 per cent. compared with 1.1 per cent. in the previous year. In the year ended 30 June 2016 revenue was £1,503.4 million, up 16.3 per cent. (2015: £1,293.2 million), with profit from operations of £15.8 million (2015: £15.7 million) resulting in an operating profit margin of 1.1 per cent. compared with 1.2 per cent. in the previous year. Construction's result in the year ended 30 June 2016 included the sale of its site accommodation portfolio to a third party equipment hirer, generating a profit of £5.2 million. The increased revenue in 2016 compared to 2015 reflected positive market conditions for new work in both Building and Infrastructure.

4.3.2 In May 2017, Galliford Try announced a one-off charge of £98.3 million, following a thorough reappraisal of the costs to complete and expected recoveries on legacy contracts (£87.9 million was reported as an exceptional item within the Construction business at 30 June 2017). Construction's reported loss from operations, including the exceptional item, was £88.8 million at 30 June 2017 compared to a loss from operations excluding the exceptional item (referred to above) of £0.9 million. Following the compulsory liquidation of Carillion the Group has taken a further exceptional charge of £25.0 million at 31 December 2017.

4.3.3 Cash remains a prime focus in Construction, as the Group's business model uses cash generated in Construction to help fund continued investment in Linden Homes and Partnerships & Regeneration and reduce reliance on external funding. The cash balance at 31 December 2017 was lower than the prior year at £44.5 million (31 December 2016: £110.8 million). Year-end cash balances were £137.4 million at 30 June 2017 (2016: £161.1 million; 2015: £172.7 million). The reduction of cash over the period reflects legacy contract issues and the associated work in progress that is held on those contracts.

4.3.4 Construction continues to maintain a high quality order book of £3.5 billion at 31 December 2017 (31 December 2016: £3.4 billion), comprising 12 per cent. in the regulated sector, 73 per cent. in the public sector and 15 per cent. in the private sector (31 December 2016: 14 per cent., 74 per cent. and 12 per cent., respectively). The business also has over £225 million of potential future work at preferred bidder stage. At 30 June 2017, the Group's order book was £3.6 billion, compared to £3.5 billion a year earlier and £3.5 billion at 30 June 2015. Of this, 74 per cent. is in the public sector (2016: 73 per cent.; 2015: 72 per cent.), 13 per cent. is in regulated industries (2016: 16 per cent; 2015: 15 per cent.) and 13 per cent. is in the private sector (2016: 11 per cent.; 2015: 13 per cent.). Framework contracts provide 74 per cent. of this

order book (2016: 74 per cent.; 2015: 69 per cent.). Generating a high level of work through frameworks is an important part of the Group's business model. They allow the Group to work collaboratively with clients, gain a deep understanding of their needs and build expertise through delivering repeat projects.

5. Key IFRS line items

The following explains the key line items of the Group's IFRS Income Statement.

5.1 Group revenue

5.1.1 Group revenue is recognised when the significant risks and rewards of ownership have been transferred to the purchaser. Group revenue comprises the fair value of the consideration received or receivable net of rebates, discounts and value added tax. Sales within the Group are eliminated. Group revenue also includes the Group's proportion of work carried out under jointly controlled operations and the disposal of equity investments by its PPP Investments division, but excludes the Group's share of revenue from joint venture companies and LLPs.

5.1.2 Group revenue from private housing sales is recognised at legal completion, net of incentives which may include discounts or some free of charge product such as flooring or turf. Group revenue from land sales is recognised on the unconditional exchange of contracts. Contracting development sales for affordable housing are accounted for as construction contracts within Linden Homes or Partnerships & Regeneration as appropriate. Group revenue on construction contracts comprises the value of construction executed during the year. The results for the year include adjustments for the outcome of contracts, including jointly controlled operations, executed in both the current and preceding years. Group revenue on facilities management contracts is recognised on an accruals basis once the service has been performed, with reference to value provided to the customer.

5.2 Cost of sales

Cost of sales consists of all costs associated with delivering revenue, typically including land, infrastructure, groundworks and the cost of construction. Costs are attributed to housing sales on a site by site basis by reference to the expected result of each site. Costs on construction contracts are recognised to generate a constant margin throughout the life of the contract. Costs on facilities management contracts are recognised by reference to the specific costs incurred relating to the service provided.

5.3 Administrative expenses

Administrative expenses consist of the costs of running the Group's operations that are not directly associated with housebuilding sites or construction contracts, for example head office functions such as accounting, information technology and human resources.

5.4 Exceptional items

Material non-recurring items of income and expense are disclosed in the income statement as exceptional items. Examples of items which may give rise to disclosure as exceptional items include gains and losses on the disposal of businesses, investments and property, plant and equipment, cost of restructuring and reorganisation of businesses, asset impairments and pension fund settlements and curtailments.

5.5 Share of post-tax profits from joint ventures

Share of post-tax profits from joint ventures represents the share attributable to Galliford Try of the post-tax results from Galliford Try's joint ventures.

5.6 **Share of joint ventures' interest and tax**

Share of joint ventures' interest and tax represents the share attributable to Galliford Try of the finance costs and corporation tax expense from Galliford Try's joint ventures, which is included within share of post-tax profits from joint ventures.

5.7 **Amortisation of intangibles**

Intangible assets include brands, customer contracts and customer relationships acquired on acquisition of subsidiary companies, and computer software developed by the Group. The intangible assets are reviewed for impairment at least annually or when there is a triggering event. Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over periods up to 10 years, depending on the nature of the intangible asset.

5.8 **Finance income and costs**

Finance costs consist principally of interest payable, principally interest accrued on borrowings. Finance costs also include amortisation of loan arrangement fees and interest on future land creditor payments. Finance income consists principally of income accrued on loans to joint venture companies. Interest income and expense is recognised on a time proportion basis using the effective interest method.

5.9 **Income tax expense**

5.9.1 Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

5.9.2 Deferred income tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes with the exception of the initial recognition of goodwill arising on an acquisition. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax is charged or credited through the income statement, except when it relates to items charged or credited through the statement of comprehensive income or to equity.

5.10 **Developments**

Developments comprises the Group's land and associated work in progress, principally related to its Linden Homes and Partnerships & Regeneration businesses. Land inventory is recognised at the time of unconditional exchange of contract or once the acquisition has completed. Developments are valued at the lower of cost and net realisable value.

6. Results of operations

6.1 *Income statement data*

The following table is extracted from the audited Group Financial Information that has been incorporated by reference:

	Six months ended 31 December 2017 £m	Six months ended 31 December 2016 £m	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m
Group revenue	1,402.5	1,235.3	2,662.1	2,494.9	2,348.4
Cost of sales	(1,275.1)	(1,101.1)	(2,452.5)	(2,223.2)	(2,081.2)
Gross profit	127.4	134.2	209.6	271.7	267.2
Administrative expenses	(74.9)	(70.6)	(153.1)	(152.3)	(147.9)
Profit on disposal of property plant and equipment	–	–	0.1	5.2	–
Share of post-tax profits from joint ventures	8.2	5.9	14.0	19.2	5.0
Profit/(loss) before finance costs	60.7	69.5	70.6	143.8	124.3
Profit/(loss) from operations	94.7	74.7	171.2	157.5	138.9
Exceptional items	(25.0)	–	(88.9)	–	(3.7)
Share of joint ventures' interest and tax	(7.3)	(3.7)	(8.5)	(9.4)	(6.6)
Amortisation of intangibles	(1.7)	(1.5)	(3.2)	(4.3)	(4.3)
Profit/(loss) before finance costs	60.7	69.5	70.6	143.8	124.3
Finance income	4.8	1.8	5.3	7.6	4.6
Finance costs	(9.2)	(8.3)	(17.2)	(16.4)	(14.9)
Profit/(loss) before income tax	56.3	63.0	58.7	135.0	114.0
Income tax expense	(9.8)	(12.0)	(10.0)	(26.1)	(21.7)
Profit/(loss) for the year	46.5	51.0	48.7	108.9	92.3

6.2 *Comparison of the six months ended 31 December 2017 and 31 December 2016*

6.2.1 *Group revenue*

- (a) Group revenue, which excludes the Group's share of joint ventures, was up 13.5 per cent at £1,402.5 million (2016: £1,235.3 million), driven by the performance of its business units, as set out below. Revenue rose 14.3 per cent to £1,495.0 million (2016: £1,307.6 million).
- (b) Linden Homes grew revenue by 7.2 per cent to £436.8 million (2016: £407.6 million), reflecting increased unit numbers, up 6.4 per cent to 1,587 (2016: 1,491) and a higher average selling price on private homes of £370,000 (2016: £338,000).

- (c) Partnerships & Regeneration delivered revenue of £223.5 million, up 54.9 per cent (2016: £144.3 million). Revenue from mixed tenure developments grew by 60.7 per cent to £55.6 million. Contracting revenues increased by 53.1 per cent to £167.9 million. The geographical expansion of the business is progressing to plan with new operating platforms in Bristol, Leicester and Southampton all contributing in the period, and the business also benefitted from increased client investment in affordable, private rented and mixed tenure developments in the period.
- (d) Construction's revenue grew by 11.0 per cent to £823.6 million (2016: £742.0 million), in line with expectations and reflecting the mix and timing of work coming through the order book, with both the Building and Infrastructure divisions growing in the period.

6.2.2 *Cost of sales*

- (a) Cost of sales in the six months ended 31 December 2017 was £1,275.1 million, an increase of £174.0 million from £1,101.1 million in the half year ended 31 December 2016. This increase included £25.0 million of exceptional items. In light of the compulsory liquidation of Carillion and the impact of the Group's funding obligations in respect of the AWPR contract, the Company has reassessed the financial outcome on the contract and has increased its provision accordingly, which is shown as an exceptional item. The pre-exceptional increase of £149.0 million, or 13.5 per cent, is broadly consistent with the increase in revenue in the period.
- (b) Linden Homes' cost of sales of £336.3 million resulted in a gross margin of 23.0 per cent, a reduction from 23.5 per cent at 31 December 2016. In the period to 31 December 2017 there was no profit on sales of land into joint ventures. The period to 31 December 2016 included profits of £9.7 million from sales into joint ventures; excluding these transactions the gross margin from sales of houses was 21.7 per cent.
- (c) Partnerships & Regeneration's cost of sales of £199.4 million resulted in a gross margin of 10.8 per cent, an increase from 8.8 per cent at 31 December 2016, reflecting the increased proportion of mixed tenure work, strong demand and the business's continuing geographical expansion.
- (d) Construction's cost of sales of £783.2 million resulted in a gross margin of 4.9 per cent, an increase from 4.5 per cent at 31 December 2016 as the business continues to work through its lower margin legacy contracts.

6.2.3 *Administrative expenses*

Administrative expenses in the six months ended 31 December 2017 were £74.9 million, an increase of £4.3 million from £70.6 million in the six months ended 31 December 2016. Total administrative expenses as a proportion of group revenue fell in the half year to 31 December 2017 from 5.7 per cent to 5.3 per cent.

6.2.4 *Profit from operations*

- (a) Pre-exceptional profit from operations, which is stated before exceptional items, finance costs, tax and the Group's share of joint ventures' interest and tax, rose 26.8 per cent. to £94.7 million (31 December 2016: £74.7 million). Profit from operations after exceptional items fell from £74.7 million at 31 December 2016 to £69.7 million at 31 December 2017.

- (b) Linden Homes' profit from operations increased by 8.9 per cent. to £80.9 million (31 December 2016: £74.3 million), resulting in an operating margin of 18.5 per cent., up from 18.2 per cent. in 2016, reflecting an improvement in operating efficiency. From time to time the business will generate profit from land sales into joint ventures. There were no profits from land sales in the period. Excluding profits from land sales into joint ventures, the operating margin for the half year was 18.5 per cent. (31 December 2016: 16.3 per cent.).
- (c) Partnerships & Regeneration's profit from operations rose by 120.4 per cent. to £10.8 million (31 December 2016: £4.9 million), resulting in an operating margin of 4.8 per cent. (31 December 2016: 3.4 per cent.). The increase resulted in part from the growing proportion of higher-margin mixed tenure work.
- (d) Construction's pre-exceptional profit from operations was £7.2 million (31 December 2016: £2.7 million), representing a margin of 0.9 per cent. (31 December 2016: 0.4 per cent.). Loss from operations was £17.8 million (31 December 2016: profit of £2.7 million). The post-exceptional result was impacted by the charge of £25.0 million referred to above.

6.2.5 *Exceptional items*

Due to the compulsory liquidation of Carillion and the impact of the Group's funding obligations in respect of the AWPR contract, the Group reassessed the financial outcome of the AWPR contract and has increased its provision accordingly, which is shown as an exceptional item at 31 December 2017 of £25.0 million within cost of sales. There was no exceptional item in the period to 31 December 2016.

6.2.6 *Share of post-tax profits from joint ventures*

Share of post-tax profits from joint ventures in the six months ended 31 December 2017 were £8.2 million, an increase of £2.3 million from £5.9 million in the six months ended 31 December 2016. This reflects the amount of activity the Group conducted through joint venture entities.

6.2.7 *Share of joint ventures' interest and tax*

Share of joint ventures interest and tax in the six months ended 31 December 2017 was £7.3 million, an increase of £3.6 million from £3.7 million in the six months ended 31 December 2016.

6.2.8 *Amortisation of Intangibles*

Amortisation of Intangibles in the six months ended 31 December 2017 was £1.7 million, an increase of £0.2 million from £1.5 million in the six months ended 31 December 2016. Amortisation principally related to the Linden Homes brand name, the Group's IT and reporting systems, and acquired customer contracts and relationships. The increase in the period reflects the fact that amortisation of the customer contracts and relationships acquired with Drew Smith in May 2017 more than offset the ending of amortisation of the Linden Homes brand name, which was fully amortised as at 30 June 2017.

6.2.9 *Finance income*

Finance income in the six months ended 31 December 2017 was £4.8 million, an increase of £3.0 million from £1.8 million in the half year ended 31 December 2016. The change is principally related to interest receivable from joint ventures.

6.2.10 Finance costs

Finance costs in the six months ended 31 December 2017 was £9.2 million, an increase of £0.9 million from £8.3 million in the six months ended 31 December 2016. The change is principally related to interest payable on borrowings.

6.2.11 Income tax expense

The income tax expense fell from £12.0 million at 31 December 2016 to £9.8 million at 31 December 2017. The taxation expense on pre-exceptional profit for the period of 17.9 per cent (31 December 2016: 19.0 per cent) reflects the estimated effective tax rate for the full financial year to 30 June 2018. The standard corporation tax rate is currently 19 per cent.

6.3 Comparison of the years ended 30 June 2016 and 30 June 2017

6.3.1 Group revenue

- (a) Group revenue, which excludes the Group's share of joint ventures, was up 6.7 per cent. at £2,662.1 million (2016: £2,494.9 million) principally driven by an increase in Linden Homes. Revenue rose 5.6 per cent. to £2,820.2 million (2016: £2,670.4 million).
- (b) Linden Homes grew revenue by 11.5 per cent. to £937.4 million (2016: £840.8 million), reflecting increased unit numbers and a higher average selling price. Revenue included sales of land into joint ventures of £24.3 million (2016: £19.5 million).
- (c) Partnerships & Regeneration delivered revenue of £330.2 million, up 9.8 per cent. (2016: £300.6 million). Revenue from mixed tenure developments grew by 23.2 per cent. to £82.2 million. Contracting revenues increased by 6.0 per cent. to £248.0 million, with growth in the second half following a decline in the first half, when a number of larger contracts came to an end.
- (d) Construction's revenue grew by 1.6 per cent. to £1,526.9 million (2016: £1,503.4 million), after allowing for £42.4m of exceptional items, in line with its strategy to prioritise selective bidding and margin enhancement over growth in revenue.

6.3.2 Cost of sales

- (a) Cost of sales in the year ended 30 June 2017 was £2,452.5 million, an increase of £229.3 million from £2,223.2 million in the year ended 30 June 2016. This increase included £45.5 million of exceptional items following a thorough reappraisal of the costs to complete and expected recoveries on legacy contracts. The pre-exceptional increase of £183.8 million, or 8.3 per cent., is broadly consistent with the increase in pre-exceptional group revenue in the period.
- (b) Linden Homes' cost of sales of £721.8 million resulted in a gross margin of 23.0 per cent., a reduction from 23.8 per cent. in 2016. Some price pressures in London and the South East held back growth in the gross margin; the Group also made some changes to overhead classifications, which had the effect of depressing the current year margin against the comparative figure. The Group accounted for profits of £14.6 million from sales into joint ventures (representing only the Group's partners' shares); excluding these transactions the gross margin from sales of houses was 21.3 per cent. (2016: 22.6 per cent.).
- (c) Partnerships & Regeneration's cost of sales of £295.5 million resulted in a gross margin of 10.5 per cent., an increase from 9.3 per cent. at 30 June 2016,

reflecting the increased proportion of mixed tenure work and a higher contracting margin as we were selective about the work we took on and gained economies of scale as the business grew.

- (d) Construction's cost of sales of £1,459.7 million resulted in a gross margin excluding exceptional items of 4.4 per cent., a decrease from 4.9 per cent. at 30 June 2016 as the business continued to be impacted by its lower margin legacy contracts.

6.3.3 *Administrative expenses*

Administrative expenses in the year ended 30 June 2017 were £153.1 million, an increase of £0.8 million from £152.3 million in the year ended 30 June 2016. This increase included £1.0 million of exceptional costs related to an aborted proposed merger with Bovis Homes plc. Total administrative expenses as a proportion of group revenue fell in the year to 30 June 2017 from 6.1 per cent. to 5.8 per cent.

6.3.4 *Profit from operations*

- (a) Profit from operations fell from £157.5 million in the year ended 30 June 2016 to £82.3 million in the year ended 30 June 2017. Pre-exceptional profit from operations, which is stated before exceptional items, finance costs, tax and the Group's share of joint ventures' interest and tax, rose 8.7 per cent. to £171.2 million (2016: £157.5 million).
- (b) Linden Homes' profit from operations increased by 15.7 per cent. to £170.3 million (2016: 147.2 million), resulting in an operating margin of 18.2 per cent., up from 17.5 per cent. in 2016, reflecting a sustainable improvement in operating efficiency. Overheads reduced to 4.8 per cent. of revenue (2016: 6.3 per cent.), as the Group continued to rationalise its operating processes. Excluding profits from land sales into joint ventures, the operating margin for the year was 17.0 per cent. (2016: 16.2 per cent.).
- (c) Partnerships & Regeneration's profit from operations rose by 27.4 per cent. to £14.9 million (2016: £11.7 million), resulting in an operating margin of 4.5 per cent. (2016: 3.9 per cent.). The increase resulted primarily from the growing proportion of higher-margin mixed tenure work.
- (d) Construction's pre-exceptional loss from operations was £0.9 million (2016: profit of £15.8 million), representing a margin of 0.0 per cent. (2016: 1.1 per cent.). Loss from operations was £88.8 million (2016: profit of £15.8 million). The result continued to be affected by the settlement of legacy contracts, negotiated in more difficult market conditions prior to the end of 2014.

6.3.5 *Exceptional items*

In the year ended 30 June 2017 the Group reported pre-tax exceptional items of £87.9 million following a thorough reappraisal of the costs to complete and expected recoveries on legacy contracts. This was reported as £42.4 million in revenue and £45.5 million in cost of sales. This followed a reappraisal of costs to complete and anticipated recoveries from certain contracts, and it was established that there was an increased anticipated liability to conclude certain contracts. In the year ended 30 June 2017, the Group incurred £1.0 million of professional fees in respect of a proposed merger with Bovis Homes Group plc, which were treated as an exceptional item within administrative costs. Total exceptional items in the year ended 30 June 2017 were £88.9 million.

There were no exceptional items in the year ended 30 June 2016.

6.3.6 *Profit on disposal of property plant and equipment*

Profit on disposal of property plant and equipment in the year to 30 June 2017 was £0.1 million. Profit on disposal of property plant and equipment in the year to 30 June 2016 related to the sale of the Group's site accommodation portfolio to a third party equipment hirer, achieving a profit of £5.2 million on the disposal.

6.3.7 *Share of post-tax profits from joint ventures*

Share of post-tax profits from joint ventures in the year ended 30 June 2017 were £14.0 million, a decrease of £5.2 million from £19.2 million in the year ended 30 June 2016. This reflects the amount of activity the Group conducted through joint venture entities.

6.3.8 *Share of joint ventures' interest and tax*

Share of joint ventures' interest and tax in the year ended 30 June 2017 was £8.5 million, a decrease of £0.9 million from £9.4 million in the year ended 30 June 2016.

6.3.9 *Amortisation of intangibles*

Amortisation of intangibles in the year ended 30 June 2017 was £3.2 million, a decrease of £1.1 million from £4.3 million in the year ended 30 June 2016. Amortisation principally related to the Linden Homes brand name, the Group's IT and reporting systems, and acquired customer contracts and relationships. The reduction in the year reflects the fact that some of the customer contracts and relationships acquired with Miller Construction in 2014 became fully amortised during the period.

6.3.10 *Finance income*

Finance income in the year ended 30 June 2017 was £5.3 million, a decrease of £2.3 million from £7.6 million in the year ended 30 June 2016. The change is principally related to reduced interest receivable from joint ventures reflecting the timing and funding of joint venture projects.

6.3.11 *Finance costs*

Finance costs in the year ended 30 June 2017 was £17.2 million, an increase of £0.8 million from £16.4 million in the year ended 30 June 2016. The change is principally related to interest payable on borrowings.

6.3.12 *Income tax expense*

The pre-exceptional items effective tax rate was 18.6 per cent. (2016: 19.3 per cent.). The standard corporation tax rate was 20 per cent. from July 2016 to March 2017 and 19 per cent. for the final quarter of the financial year. The Group believes its effective tax rate will continue to be just below the headline rate of corporation tax for the foreseeable future. After exceptional items, the effective rate was 17.0 per cent. (2016: 19.3 per cent.).

6.4 **Comparison of the years ended 30 June 2015 and 30 June 2016**

6.4.1 *Group revenue*

(a) Group revenue, excluding joint ventures, was 6.2 per cent. higher at £2,494.9 million (2015: £2,348.4 million). Revenue rose 9.9 per cent. to £2,670.4 million (2015: £2,430.7 million), reflecting increases in Linden Homes and Construction, but a decline in Partnerships & Regeneration.

- (b) Linden Homes grew revenue by 7.9 per cent. to £840.8 million (2015: £779.0 million), as a result of increased unit numbers and a higher average selling price, which reflected modest house price inflation partially offset by a change in the mix of property types. Revenue included sales of land, mainly into joint ventures, of £19.5 million (2015: £51.1 million).
- (c) Partnerships & Regeneration's revenue was £300.6 million, down 8.7 per cent. (2015: £329.4 million). Revenue from mixed tenure developments continued to increase strongly and was up 18.9 per cent. at £66.7 million. Contracting revenues were £233.9 million, down 14.4 per cent., reflecting a procurement hiatus while registered providers reappraised their business plans in light of the Government's rent reforms.
- (d) Construction's revenue grew by 16.3 per cent. to £1,503.4 million (2015: £1,293.2 million), benefiting from steady growth in key sectors and its strong framework participation. The Group continued to focus on risk management, margin and targeting work with acceptable returns.

6.4.2 *Cost of sales*

- (a) Cost of sales in the year ended 30 June 2016 was £2,223.2 million, an increase of £142.0 million or 6.8 per cent. from £2,081.2 million in the year ended 30 June 2015. This rate of increase is higher than the increase in group revenue in the period due to the increased proportion of Construction revenue generated in the year.
- (b) Linden Homes' cost of sales of £640.7 million resulted in a gross margin of 23.8 per cent., up from 22.5 per cent. in 2015. Excluding land sales, the gross margin was 22.6 per cent. (2015: 21.2 per cent.). The Group saw the initial benefits from efficiency improvements and increased standardisation of layouts.
- (c) Partnerships & Regeneration's cost of sales of £272.6 million resulted in a gross margin of 9.3 per cent., an increase from 7.7 per cent. at 30 June 2015, reflecting the increased proportion of mixed tenure work and improving contracting margins.
- (d) Construction's cost of sales of £1,429.7 million resulted in a gross margin of 4.9 per cent., a decrease from 5.8 per cent. at 30 June 2015 as the business continued to be impacted by the performance of legacy contracts.

6.4.3 *Administrative expenses*

Administrative expenses in the year ended 30 June 2016 were £152.3 million, an increase of £4.4 million from £147.9 million in the year ended 30 June 2015. June 2015 included £3.7 million of exceptional costs related to the integration of Miller Construction. Total administrative expenses as a proportion of group revenue fell in the year to 30 June 2016 from 6.3 per cent. to 6.1 per cent.

6.4.4 *Profit from operations*

- (a) Profit from operations, which is stated before finance costs, exceptional items, tax and the Group's share of joint ventures' interest and tax, rose 13 per cent. to £157.5 million (2015: £138.9 million). This principally reflected revenue growth and improving margins in Linden Homes and Partnerships & Regeneration.
- (b) During the year Linden Homes took action to rationalise its operating processes and reduce overheads, and further restructured its operations in the South, to generate annualised savings of over £5 million from FY 2017. The restructuring

cost was £2.5 million in FY 2016. Profit from operations increased by 18 per cent. to £147.2 million (2015: £124.3 million). The operating margin rose to 17.5 per cent., up from 16.0 per cent. in 2015. Excluding land sales, the operating margin for the year was 16.2 per cent. (2015: 14.7 per cent.).

- (c) Partnerships & Regeneration's profit from operations rose by 24 per cent. to £11.7 million (2015: £9.4 million). This represented an operating margin of 3.9 per cent. (2015: 2.9 per cent.), benefiting from an increased proportion of higher margin mixed tenure revenue.
- (d) Construction's profit from operations was £15.8 million (2015: £15.7 million), representing a margin of 1.1 per cent. (2015: 1.2 per cent.). Construction's results in June 2016 included the sale of its site accommodation portfolio to a third party equipment hirer, achieving a profit of £5.2 million on the disposal. Building delivered profit from operations of £9.0 million (2015: £8.0 million), with a margin of 0.9 per cent. (2015: 0.9 per cent.). The division continued to work through legacy contracts, won in more difficult market conditions. Margins on newer work were more robust, with both pricing and cost estimates appropriately reflecting more inflationary market conditions. Infrastructure's profit from operations was £6.8 million (2015: £7.7 million), representing a margin of 1.4 per cent. (2015: 2.0 per cent.), reflecting the mix of work performed.

6.4.5 *Profit on disposal of property plant and equipment*

Profit on disposal of property plant and equipment in the year to 30 June 2016 related to the sale of the Group's site accommodation portfolio to a third party equipment hirer, achieving a profit of £5.2 million on the disposal.

6.4.6 *Share of post-tax profits from joint ventures*

Share of post-tax profits from joint ventures in the year ended 30 June 2016 were £19.2 million, an increase of £14.2 million from £5.0 million in the year ended 30 June 2015. This reflects the amount of activity the Group conducted through joint venture entities.

6.4.7 *Share of joint ventures' interest and tax*

Share of joint ventures' interest and tax in the year ended 30 June 2016 was £9.4 million, an increase of £2.8 million from £6.6 million in the year ended 30 June 2015.

6.4.8 *Amortisation of Intangibles*

Amortisation of Intangibles in the year ended 30 June 2016 was £4.3 million, the same as in the year ended 30 June 2015. Amortisation principally related to the Linden Homes brand name, the Group's IT and reporting systems, and acquired customer contracts and relationships.

6.4.9 *Finance income*

Finance income in the year ended 30 June 2016 was £7.6 million, an increase of £3.0 million from £4.6 million in the year ended 30 June 2015. The change is principally related to interest receivable from joint ventures.

6.4.10 *Finance costs*

Finance costs in the year ended 30 June 2016 was £16.4 million, an increase of £1.5 million from £14.9 million in the year ended 30 June 2015. The change is principally related to interest payable on borrowings.

6.4.11 Income tax expense

The effective tax rate was 19.3 per cent. (2015: 19.0 per cent.), slightly below the standard corporate tax rate of 20 per cent. The Group believes its effective tax rate will continue to be just below the headline rate of corporation tax in future years, mainly reflecting the tax effect of joint venture reporting.

7. Liquidity and capital resources

- 7.1 The Group is funded by ordinary shares, retained profits, a single bank facility and a debt private placement. The Group's £450 million bank facility extends to February 2022, and the debt private placement to February 2027.
- 7.2 The Group's business model reduces its reliance on external funding. Construction generates cash, which helps to fund the continued investment in Linden Homes and increasing investment in Partnerships & Regeneration. The Construction business had an average cash balance of £41 million during the year to 30 June 2017, representing 3 per cent. of its revenue. In both Linden Homes and Partnership & Regeneration the Group optimises its capital deployment by using joint ventures, which reduce the Group's capital investment, diversify location-specific risk and enable it to redeploy capital, increasing outlet numbers. The Group's joint ventures also use bank funding, which has limited recourse to Galliford Try. At 30 June 2017, this funding totalled £26 million.
- 7.3 In a favourable land market, the Group continues to take advantage of deferred land payments, minimising its working capital and improving its returns.
- 7.4 The following table summarises the Group's cash flow as presented in the Group's IFRS cash flow statements for the periods indicated.

	Six months ended 31 December (£m)		Year ended 30 June (£m)		
	2017	2016	2017	2016	2015
Net cash (used in)/ generated from operations	(27.4)	(51.1)	106.3	77.4	39.6
Net cash (used in)/ generated from investing activities	(10.7)	(5.3)	(18.1)	0.7	7.2
Net cash (used in) financing activities	(53.4)	(67.2)	(50.8)	(76.7)	(22.3)
Cash and cash equivalents at start of period	203.7	166.3	166.3	164.9	140.4
Cash and cash equivalents at end of period	112.2	42.7	203.7	166.3	164.9

Net cash (used in)/generated from operations

Net cash used in operations reduced to £27.4 million in the six months ended 31 December 2017 compared to £51.1 million in the six months ended 31 December 2016. After allowing for exceptional items, profit before finance costs was lower at 31 December 2017 at £60.7 million (2016: £69.5 million). However, the net outflow resulting from changes in working capital at 31 December 2017 of £71.2 million (principally investment in development land and WIP), as compared to a larger outflow of £104.1 million at 31 December 2016. There is typically a net outflow in the first six months of the financial year as the business has less sales revenue and continues to invest in work in progress on its developments.

In the year ended 30 June 2017, net cash generated from operations was £28.9 million higher than the £77.4 million generated in 2016. Profit before finance costs of £70.6 million was £73.2 million lower than June 2016, but there was a net inflow from changes in working capital of £73.4 million (2016: outflow £15.2 million), primarily due to a decreased investment in land and WIP offset by an increase in receivables.

In the year ended 30 June 2016, net cash generated from operations was £37.8 million higher than the £39.6 million generated in 2015. Profit before finance costs of £143.8 million was £19.5 million higher than the year ended 30 June 2015, with a net outflow from changes in working capital of £15.2 million (2015: outflow £50.7 million), primarily due to a decreased investment in land and WIP offset by an increase in receivables.

Net cash (used in)/generated from investing activities

Net cash used in investing activities increased in the six months ended 31 December 2017 to £10.7 million compared to £5.3 million in the six months ended 31 December 2016 principally as a result of deferred instalment payments related to the acquisition of Drew Smith, partly offset by some proceeds on the sale of PPP investments.

In the year to 30 June 2017, net cash used in investing activities was £18.1 million compared to the £0.7 million generated in the year ended 30 June 2016 due to the initial payments on the acquisition of Drew Smith of £12.8 million and debt acquired with Drew Smith of £2.8 million. The year ended 30 June 2016 also benefitted from higher proceeds on disposal of property, plant and equipment.

In the year ended 30 June 2016, net cash generated from investing activities was £6.5 million lower than the £7.2 million generated in the year ended 30 June 2015, which benefitted from proceeds from the disposal of available for sale financial assets of £12.8 million (2016: £1.2 million). Although there were higher disposal proceeds on property, plant and equipment in 2016 compared to 2015, there was also higher expenditure into new PPP investments.

Net cash (used in) financing activities

Net cash used in financing activities decreased in the six months ended 31 December 2017 to £53.4 million compared to £67.2 million in the six months ended 31 December 2016. Dividend payments increased to £52.6 million (2016: £46.4 million) but there was no significant net change in borrowings (2016: decrease £19.1 million).

In the year ended 30 June 2017, net cash used in financing activities was £25.9 million lower than the £76.7 million used in the year ended 30 June 2016. Dividend payments increased to £72.8 million (2016: £59.3 million) but there was a net increase in borrowings of £23.9 million (2016: decrease £8.4 million).

In the year ended 30 June 2016, net cash used in financing activities was £54.4 million higher than the £22.3 million used in the year ended 30 June 2015. Dividend payments increased to £59.3 million (2015: £49.3 million) but there was a net decrease in borrowings of £8.4 million (2015: increase of £35.5 million).

8. The Group's debt

The Group monitors net debt (being total current and non-current borrowings less cash) as described in paragraph 13.5 below. The Group's net debt averaged £240 million during the year ended 30 June 2017 (2016: £204 million; 2015: £168 million), compared to a net cash position of £7.2 million at 30 June 2017 (2016: net debt £8.7 million; 2015: net debt £17.3 million). Net debt averaged £203 million in the six months ended 31 December 2017 (2016: £231 million), compared to a net debt of £84.9 million at 31 December 2017 (2016: £113.8 million).

The Group's borrowings (excluding the Group's share of joint venture (non-recourse) borrowings) at 31 December 2017 and 2016, and 30 June 2017, 2016 and 2015 are summarised in the tables below.

	As at 31 December		As at 30 June		
	2017	2016 ^a	2017 ^a	2016 ^a	2015 ^a
	<i>(in £m)</i>				
Maturity profile of borrowings					
In one year or less	(1,238.8)	(1,084.5)	(942.5)	(433.8)	(514.3)
In more than one year but less than two	(0.3)	(0.6)	(0.1)	(0.3)	(0.4)
In more than two years but less than five	(96.5)	(155.7)	(96.1)	(174.4)	(181.5)
In more than five years but less than ten	(100.0)	–	(100.0)	–	–
In more than ten years	–	–	–	–	–
Total borrowings	(1,435.6)	(1,240.8)	(1,138.7)	(608.5)	(696.2)
Cash and cash equivalents	1,350.7	1,127.0	1,145.9	599.8	678.8
Net borrowings	(84.9)	(113.8)	7.2	(8.7)	(17.3)

a In 2016, the IFRS Interpretations Committee released an update in respect of IAS32 'Financial instruments: presentation' specifically in relation to offsetting and cash pooling. This clarified that in order to offset bank account balances, an entity must have both a legally enforceable right and an intention to do so. As the Group maintains separate bank accounts with both cash and overdrawn balances, the Group's consolidated financial statements have been prepared without offsetting these balances with positive cash balances included within cash and cash equivalents and overdrawn balances included within financial liabilities – current borrowings. The total borrowings and cash and cash equivalent figures for June 2017, June 2016, June 2015 and December 2016 have been restated on this basis, as set out in Part XIII. As at 28 February 2018, the amount drawn under the RCF was £330 million.

	As at 30 June		
	2017	2016	2015
	<i>(in £m)</i>		
Maturity profile of undrawn borrowing facilities			
In one year or less	–	–	–
In more than one year but less than two	–	–	–
In more than two years but less than five	342.4	259.7	211.4
Total available undrawn borrowing facilities	342.4	259.7	211.4

	As at 31 December		As at 30 June		
	2017	2016 ^a	2017 ^a	2016 ^a	2015 ^a
	<i>(in £m)</i>				
Net borrowing by type					
Cash at bank and in hand	1,350.7	1,127.0	1,145.9	599.8	678.9
Bank overdrafts	(1,238.5)	(1,084.3)	(942.2)	(433.5)	(514.0)
Obligations under finance leases and hire purchase contracts	(0.6)	(1.2)	(0.5)	(0.9)	(1.4)
Bank loans	(96.5)	(155.3)	(96.0)	(174.1)	(180.8)
Debt private placement	(100.0)	–	(100.0)	–	–
	(84.9)	(113.8)	7.2	(8.7)	(17.3)

- a In 2016, the IFRS Interpretations Committee released an update in respect of IAS32 'Financial instruments: presentation' specifically in relation to offsetting and cash pooling. This clarified that in order to offset bank account balances, an entity must have both a legally enforceable right and an intention to do so. As the Group maintains separate bank accounts with both cash and overdrawn balances, the Group's consolidated financial statements have been prepared without offsetting these balances with positive cash balances included within cash and cash equivalents and overdrawn balances included within financial liabilities – current borrowings. The total borrowings and cash and cash equivalent figures for June 2017, June 2016, June 2015 and December 2016 have been restated on this basis, as set out in Part XIII. As at 28 February 2018, the amount drawn under the RCF was £330 million.

8.1 **Principal banking facilities**

At the date of this document, the Group had the following principal banking facilities in place for its general corporate purposes (together the "Group Facilities"):

8.1.1 In February 2014, the Group agreed a five-year £400 million unsecured revolving credit facility with HSBC, Abbey National Treasury Services plc (Santander), Barclays Bank PLC and The Royal Bank of Scotland plc. In February 2015, the Group agreed a one-year extension on the facility, to 2020, and in March 2016 agreed an increase in the facility to £450 million. In December 2016, the Group agreed a further two-year extension to February 2022. The Group has an interest rate swap for £100 million at 1.4 per cent. which runs until 2020. A second interest rate swap for £75 million at 1.5 per cent. expired in May 2017 and was not renewed given that the Group has a fixed interest rate on its £100 million private placement.

8.1.2 In February 2017, the Group completed a debt private placement of £100 million 10 year Sterling notes, maturing in February 2027, at a fixed rate of 4.03 per cent.

8.2 **Covenants and gearing**

8.2.1 The Group Facilities provide long-term finance and bonding facilities and are subject to covenants over interest cover, gearing (adjusted to take account of development land payables) and minimum consolidated tangible net assets.

8.2.2 The bank facility agreement provides for biannual testing of the covenants. To comply with the covenants, the Group must ensure that:

- (a) Interest cover over the previous 12 months is not less than 3:1 at the covenant date. Interest is calculated by aggregating margin, LIBOR and relevant costs. Earnings are stated on a pre-exceptional basis and exclude the share of results of joint venture companies.
- (b) Gearing is not more than 125 per cent., reducing to not more than 110 per cent. from 1 January 2019, based on tangible net assets of the Group. For the purpose of the test, gearing means the ratio of net debt (including land creditors) to tangible net assets.
- (c) Consolidated tangible net assets exceed £383.5 million as at 30 June 2016, with the minimum requirement increasing each year in proportion to retained profits. As at 30 June 2017 the minimum requirement remained at £383.5 million.

8.2.3 The debt private placement facility has the same covenant testing requirements.

8.3 **Land creditors**

The Group will sometimes purchase development land with deferred payment terms to the land vendor. These land creditors were £188.8 million at 31 December 2017. Land creditors were £144.5 million as of 30 June 2017, and developments of £71.9 million had been pledged as security for these payables at that time. These amounts are typically contractual

obligations to pay land creditors at specific times. The table below sets out the timing of the Group's land creditor obligations by year:

	As at 31 December		As at 30 June		
	2017	2016	2017	2016	2015 ^a
<i>Maturity profile of development land creditors (£m)</i>					
In one year or less	89.0	137.8	98.2	104.2	94.6
In more than one year but less than two	96.0	44.7	45.9	87.5	80.8
In more than two years but less than five	3.8	10.8	0.4	11.1	49.4
Total development land creditors	188.8	193.3	144.5	202.8	224.8

a Development land creditors for June 2015 have been restated, as set out in Part XIII.

8.4 **Performance bonds**

The Group is often required to provide performance bonds, generally to construction clients and housing or other statutory authorities, to secure the Group's performance under development agreements and other arrangements. The Group is able to procure bonds through its revolving credit facility described above and also through the surety market. The Group currently has bonding arrangements with six surety companies, with aggregate facilities at 31 December 2017 of £500.2 million, of which £310.6 million was utilised at that date. The ability to obtain additional surety bonds primarily depends upon the Group's past performance, management expertise and certain external factors, including the capacity of the surety market. Surety providers consider the aforementioned factors in addition to the Group's performance and claims record and providers' underwriting standards, which may change from time to time. Although the Group believes it has adequate headroom within its existing surety bonding lines, these facilities are not committed and additional surety facilities beyond the Group's current facilities may be required in the future.

9. **Capital expenditure and capital commitments**

In the year ended 30 June 2017, the Group invested £5.1 million in new property, plant and equipment, and £7.8 million in the year ended 30 June 2016. The Group had no material capital commitments.

10. **Contingent liabilities**

- 10.1 The Company has entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued in the normal course of business on behalf of Group undertakings, including joint arrangements and joint ventures, amounting to £353.3 million at 30 June 2017.
- 10.2 Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The Directors make proper provision in the financial statements when they believe a liability exists. While the outcome of disputes and arbitration is never certain, the Directors believe that the resolution of all existing actions will not have a material adverse effect on the Group's financial position.

11. Contractual Obligations and Commitments

The following table summarises the Group's contractual obligations as at 30 June 2017:

Payments due by period

	Total	Less than one year	1–3 years	3–5 years	More than 5 years
			£'000		
Long-term debt obligations	100.0	–	–	–	100.0
Short-term debt obligations	1,038.2	942.2	–	96.0	–
Capital lease obligations	0.5	0.3	0.2	–	–
Operating lease obligations	47.5	15.5	13.1	13.1	5.8
Development land creditors	144.5	98.2	46.3	–	–
Total	1,330.7	1,056.2	59.6	109.1	105.8

12. Off balance sheet arrangements

The Group has no material off balance sheet arrangements as determined under IFRS.

13. Quantitative and qualitative disclosures about market risk

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

13.1 *Foreign exchange risk*

All material activities of the Group take place within the UK and consequently there is little direct exchange risk other than payments to overseas suppliers who require settlement in their currency. If there is any material foreign exchange exposure, the Group's policy is to enter into forward foreign currency contracts. The Group had no material currency exposure at 30 June 2017.

13.2 *Price risk*

13.2.1 The Group is affected by the level of UK house prices. These are in turn affected by factors such as mortgage availability, employment levels, interest rates, consumer confidence and availability of land with planning. While it is not possible to fully mitigate such risks the Group continues to monitor its geographical spread within the UK concentrating its operations in areas that management believes minimise the effect of local microeconomic fluctuations.

13.2.2 The Group has no quoted investments that are exposed to equity securities price risk. The Group is not exposed to commodity price risk.

13.3 *Interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from movement in cash and cash equivalents and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's policy is to accept a degree of interest rate risk as long as the effect of various changes in rates remains within prescribed ranges.

13.4 *Credit risk*

13.4.1 Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables (including shared equity

receivables) and committed transactions, and joint venture partners. The Group has a credit risk exposure to the providers of its banking facilities. These are primarily provided by HSBC, Abbey National Treasury Services plc (Santander), The Royal Bank of Scotland plc and Barclays Bank PLC, being four of the UK's leading financial institutions.

13.4.2 The Group believes that the concentration of credit risk with respect to trade receivables is limited due to the Group's customer base being large and unrelated. Major water industry customers accounted for in total 4 per cent. of Group revenue in the year to 30 June 2017. However, the customers involved comprise a variety of entities including those both in the public and commercial sectors.

13.5 **Liquidity risk**

13.5.1 Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

13.5.2 The Group finances its operations through a mixture of retained profits, bank borrowings and a debt private placement. The contracting operations of the Group generally generate cash. The housebuilding operations, however, utilise cash and any future downturn in the housebuilding market may require additional borrowings, in addition to retained earnings, to finance the maintenance of the landbank and associated work in progress. Management monitors rolling forecasts of the Group's liquidity reserve, which comprises undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group, in accordance with practices and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. On a daily basis throughout the year, the bank balances or borrowings in all the Group's operating companies are aggregated into a total cash or borrowings figure, in order that the Group can obtain the most advantageous interest rate.

14. **The Group's capitalisation and indebtedness**

The table below shows the Group's capitalisation and indebtedness at 31 December 2017. Indebtedness of joint ventures is not reflected in the figures below.

	At 31 December 2017
	<u>(in £m)</u>
Shareholders' equity	
Share capital	41.4
Share premium	194.5
Merger reserve	4.8
	240.7

There has been no material change to the capitalisation of the Group since 31 December 2017.

The table below shows the Group's net financial indebtedness at 31 December 2017.

Net financial indebtedness

	At 31 December 2017
	<u>(in £m)</u>
Cash	1,350.7
Bank overdrafts	(1,238.5)
Liquidity	112.2
Current bank debt	–
Current borrowings – obligations under finance leases	(0.3)
Current financial debt	(0.3)
Net current cash	111.9
Non-current bank loans	(96.5)
Non-current debt private placement	(100.0)
Non-current obligations under finance leases	(0.3)
Non-current financial indebtedness	(196.8)
Net financial indebtedness	(84.9)

The Group's debt is shown net of unamortised issue costs.

15. Critical Accounting Policies

- 15.1 See Note 1 to the 2017 Annual Report and Accounts, incorporated by reference into this document, for a discussion of the critical accounting estimates and judgements.
- 15.2 The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.
- 15.3 The Group is currently reviewing the impact of new standards, amendments and interpretations issued but not effective or yet to be endorsed by the EU, including specifically the impact of IFRS 9, IFRS15 and IFRS16 to determine both the accounting and disclosure implications. Initial impact assessments are underway in respect of each of these standards.

PART XV

FINANCIAL INFORMATION RELATING TO THE GROUP

2015 Annual Report and Accounts, 2016 Annual Report and Accounts, 2017 Annual Report and Accounts and 2018 Interim Financial Information

The audited consolidated financial statements of the Company included:

- (a) in the 2015 Annual Report and Accounts for the year ended 30 June 2015;
- (b) in the 2016 Annual Report and Accounts for the year ended 30 June 2016; and
- (c) in the 2017 Annual Report and Accounts for the year ended 30 June 2017,

together with the audit opinions thereon, are incorporated by reference into this document.

The audit opinion to the members of Galliford Try for the year ended 30 June 2015 is set out on page 66 of the 2015 Annual Report and Accounts.

The audit opinion to the members of Galliford Try for the year ended 30 June 2016 is set out on page 79 of the 2016 Annual Report and Accounts.

The audit opinion to the members of Galliford Try for the year ended 30 June 2017 is set out on page 71 of the 2017 Annual Report and Accounts.

The interim results of the Group for the six months to 31 December 2017 are incorporated by reference into this document.

The financial information contained in this document which relates to the Company does not constitute statutory accounts as referred to in Section 434 of the Companies Act.

PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH, members of the Institute of Chartered Accountants in England and Wales, has issued an unqualified audit opinions on the consolidated financial statements of the Group included in the 2015 Annual Report and Accounts, the 2016 Annual Report and Accounts and the 2017 Annual Report and Accounts.

See Part XIX (*Documents Incorporated by Reference*) of this document for further details about information that has been incorporated by reference into this document.

Basis of financial information

Other than where stated, the 2015 Financial Information has been extracted without material adjustment from the 2015 Annual Report and Accounts which are incorporated by reference into this document.

Other than where stated, the 2016 Financial Information has been extracted without material adjustment from the 2016 Annual Report and Accounts which are incorporated by reference into this document.

The 2017 Financial Information has been extracted without material adjustment from the 2017 Annual Report and Accounts which is incorporated by reference into this document.

The 2018 Interim Financial Information has been extracted without material adjustment from the 2018 Interim Financial Information which is incorporated by reference into this document.

See Part XIX (*Documents Incorporated by Reference*) of this document for further details about information that has been incorporated by reference into this document.

PART XVI

UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A: Unaudited pro forma financial information

The following unaudited pro forma statement of net assets of the Group has been prepared to illustrate the effect of the Rights Issue on the net assets of the Group as if it had taken place on 31 December 2017.

The unaudited pro forma financial information is based on the consolidated financial information of the Group and compiled on the basis set out in the notes below. The unaudited pro forma financial information has been prepared in a manner consistent with the accounting policies adopted by the Group for the year ended 30 June 2017 and in accordance with Annex II items 1 to 6 of the PD Regulation.

The unaudited pro forma financial information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

The adjustments in the unaudited pro forma financial information are expected to have a continuing impact on the Group, unless stated otherwise.

Furthermore, the unaudited pro forma financial information set out in this Part XVI does not constitute financial information within the meaning of section 434 of the Companies Act.

Unaudited pro forma statement of net assets of the Group

	At 31 December 2017 £m (note 1)	Adjustments £m (note 2)	Pro forma total £m
Assets			
Non-current assets			
Intangible assets	17.1	–	17.1
Goodwill	160.3	–	160.3
Property, plant and equipment	15.5	–	15.5
Investments in joint ventures	37.5	–	37.5
PPP and other investments	26.1	–	26.1
Trade and other receivables	139.9	–	139.9
Deferred income tax assets	1.6	–	1.6
Total non-current assets	398.0	–	398.0
Current assets			
Inventories	0.4	–	0.4
Developments	797.8	–	797.8
Trade and other receivables	762.0	–	762.0
Cash and cash equivalents	1,350.7	150.1	1,500.8
Total current assets	2,910.9	150.1	3,061.0
Total assets	3,308.9	150.1	3,459.0

	At 31 December 2017 £m (note 1)	Adjustments £m (note 2)	Pro forma total £m
Liabilities			
Current liabilities			
Financial liabilities			
• Borrowings	(1,238.8)	–	(1,238.8)
Trade and other payables	(1,142.8)	–	(1,142.8)
Current income tax liabilities	(11.2)	–	(11.2)
Provisions for other liabilities and charges	(0.4)	–	(0.4)
Total current liabilities	(2,393.2)	–	(2,393.2)
Net current assets	517.7	–	517.7
Non-current liabilities			
Financial liabilities			
• Borrowings	(196.8)	–	(196.8)
• Derivative financial liabilities	(1.4)	–	(1.4)
Retirement benefit obligations	(2.7)	–	(2.7)
Other non-current liabilities	(146.8)	–	(146.8)
Provisions for other liabilities and charges	(1.0)	–	(1.0)
Total non-current liabilities	(348.7)	–	(348.7)
Total liabilities	(2,741.9)	–	(2,741.9)
Net assets	567.0	150.1	717.1

Notes

1. The financial information as at 31 December 2017 has been extracted, without material adjustment, from the 2018 Interim Financial Information incorporated by reference as described in Part XIX “Information Incorporated by Reference”.
2. This pro forma statement of net assets does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.
3. No adjustment has been made to reflect the trading results of the Group since 31 December 2017 or any other change in its financial position in that period.
4. As set out in paragraph 11 of Part IX “Terms and Conditions of the Rights Offer”, the total net proceeds receivable by the Company from the Rights Issue are estimated to be approximately £150.1 million, after the aggregate expenses of, or incidental to the Rights Issue to be borne by the Company of approximately £7.5 million.

SECTION B: Accountant's report on pro forma financial information

The Directors
Galliford Try plc
Cowley Business Park
Cowley
Uxbridge
Middlesex UB8 2AL

HSBC Bank plc
8 Canada Square
London E14 5HQ

Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

Dear Sirs

Galliford Try plc (the "Company")

We report on the unaudited pro forma financial information (the "**Pro Forma Financial Information**") set out in Part XVI of the Company's prospectus relating to the rights issue dated 27 March 2018 (the "**Prospectus**") which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the rights issue might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 30 June 2017. This report is required by item 7 of Annex II to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Annex II of the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation, as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source

documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART XVII

TAXATION

UK TAXATION

The statements in this section are intended only as a general guide to and high-level summary of certain UK tax considerations relevant to the Rights Issue and New Ordinary Shares. They reflect current UK tax law and published HMRC practice at the date of this document which may change, at any time possibly with retroactive effect. This section applies only to Shareholders who are resident (and in the case of individuals, also domiciled or deemed domiciled) in the UK for UK tax purposes (save where express reference is made to Overseas Shareholders), who hold their Ordinary Shares as an investment and who are the absolute beneficial owners of such Ordinary Shares and of any entitlement to distributions in respect thereof. It does not apply to certain specific classes of Shareholder, including Substantial Shareholders, dealers in securities, insurance companies, collective investment schemes and Shareholders who have (or are deemed for tax purposes to have) acquired their Ordinary Shares by reason of an office or employment.

This section does not constitute tax advice or purport to be a comprehensive analysis of all the potential tax consequences of the Rights Issue. Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should seek independent professional advice appropriate to their own particular circumstances.

Taxation of chargeable gains

Issue of New Ordinary Shares

Shareholders resident in certain territories may not, for regulatory reasons, receive an allocation under the Rights Issue. Therefore, for the purposes of UK taxation of chargeable gains, the treatment of the Rights Issue for UK resident Shareholders is not beyond doubt.

UK tax law requires that all Shareholders are allocated rights in respect of, and in proportion to, their existing shareholding in the Company, in order to meet the definition of a reorganisation of the Company's share capital. In circumstances where some Shareholders do not receive an allocation, the Rights Issue does not strictly constitute, as a matter of UK tax law, a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains. However, practice and experience indicates that HMRC could still treat a rights issue which is not made to all Shareholders as a reorganisation for UK chargeable gains purposes.

If the issue by the Company of New Ordinary Shares pursuant to the Rights Issue is treated as a reorganisation of the share capital of the Company for UK chargeable gains purposes, a UK resident Shareholder who takes up all or part of their rights to New Ordinary Shares should not be treated as making a disposal of any of their Existing Ordinary Shares. The Existing Ordinary Shares and New Ordinary Shares should be treated as the same asset, with the New Ordinary Shares treated as having been acquired at the same time as the Existing Ordinary Shares, and the payment by the Qualifying Shareholder for the New Ordinary Shares should be added to that Shareholder's base cost in the Existing Ordinary Shares. Accordingly, no liability to UK taxation of chargeable gains should arise if a Qualifying Shareholder takes up its rights to New Ordinary Shares in full.

However, in the case of a corporate Qualifying Shareholder, indexation allowance will apply to the payment by the corporate Qualifying Shareholder for its New Ordinary Shares only from the date on which it makes, or becomes liable to make, such payment. Indexation allowance is not available to individual Shareholders. However, the Finance Act 2018 froze indexation allowance in relation to disposals on or after 1 January 2018, such that the indexation now applying to such disposals is calculated from the month of acquisition to 31 December 2017, regardless of actual date of disposal of the asset.

In the event that the Rights Issue will not constitute a reorganisation of share capital of the Company for UK chargeable gains purposes, when a UK resident Shareholder takes up their rights, they will be treated as acquiring new Shares in the Company. For a corporate Shareholder, the New Ordinary Shares should be pooled with their Existing Ordinary Shares provided the shares are of the same class. For an individual Shareholder, the New Ordinary Shares are subject to the share identification rules.

As the New Ordinary Shares under the Rights Issue are offered to Qualifying Shareholders at a discount to their market value, such Shareholders might be regarded as having a part-disposal of their existing Shareholding when they take up shares under the Rights Issue.

Dealings in rights to subscribe for New Ordinary Shares

Any disposal by a Qualifying Shareholder of rights to subscribe for New Ordinary Shares pursuant to the Rights Issue, or allowing such rights to lapse and receiving a cash payment in respect thereof, may result in the relevant Shareholder incurring a liability to UK taxation of chargeable gains, depending on that Shareholder's particular circumstances.

However, such a disposal or lapse of rights will not generally result in a Qualifying Shareholder incurring a liability to UK taxation of chargeable gains if the proceeds resulting from the disposal or lapse of rights are "small" compared with the value of the Existing Ordinary Shares in respect of which such rights arose. In that case, no liability to UK taxation of chargeable gains will arise as a result of the disposal or lapse of rights but the proceeds thereof will be deducted from the base cost in the Qualifying Shareholder's Existing Ordinary Shares. HMRC interprets "small" to mean five per cent. or less of the value of the Existing Ordinary Shares in respect of which the rights arose or, in the alternative, no more than £3,000 (regardless of whether the value of the disposal would pass the five per cent. test). This treatment is dependent upon there being sufficient base cost in the Qualifying Shareholder's Existing Ordinary Shares from which to deduct the proceeds of the disposal or lapse of rights.

Sale of New Ordinary Shares

Any future sale by a Qualifying Shareholder of New Ordinary Shares may, depending on the relevant Shareholder's particular circumstances, result in that Shareholder incurring a liability to UK taxation of chargeable gains.

For the purposes of UK tax on chargeable gains, the amounts paid by a Shareholder for New Ordinary Shares will generally constitute the base cost of his holdings in those New Ordinary Shares.

(i) UK resident individual Shareholders

For an individual Shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax is 10 per cent. (2017/2018) for individuals who are subject to income tax at the basic rate and 20 per cent. (2017/2018) for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise an annual exempt amount of gains without being liable to tax. For the year to 5 April 2018 the annual exemption amount is £11,300, for the year to 5 April 2019 the annual exemption is £11,700.

(ii) UK resident corporate Shareholders

For a corporate Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain at the rate of corporation tax applicable to that Shareholder (currently 19 per cent. for companies paying the rate of corporation tax with effect from 1 April 2017, reducing to 17 per cent. from 1 April 2020) or an allowable loss for the purposes of UK corporation tax. Indexation allowance may reduce

the amount of chargeable gain that is subject to corporation tax by increasing the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index but indexation allowance cannot create or increase any allowable loss. However, the Finance Act 2018 froze indexation allowance in relation to disposals on or after 1 January 2018, such that the indexation now applying to such disposals is calculated from the month of acquisition to 31 December 2017, regardless of the actual date of disposal of the asset.

(iii) *Overseas Shareholders*

A Shareholder (individual or corporate) who is not resident in the UK for tax purposes is generally not subject to UK taxation on chargeable gains. They may, however, be subject to taxation under their local law.

However, if such a Shareholder carries on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a non-UK resident corporate Shareholder, a permanent establishment) to which the Ordinary Shares are attributable, the Shareholder will be subject to the same rules that apply to UK resident Shareholders.

Individual Shareholders who are not resident in the UK will not be subject to UK capital gains tax in respect of gains arising on disposals of Ordinary Shares. However, a Shareholder who has previously been resident or ordinarily resident in the UK may in some cases be subject to UK tax on capital gains in respect of a disposal of Ordinary Shares in the event that they re-establish residence in the UK.

Taxation of dividends

Overview

This subsection considers certain UK tax implications of receiving cash dividends on New Ordinary Shares. The following paragraphs outline the main aspects of the tax treatment of dividends in the hands of various categories of Shareholder.

Individual Shareholders

The tax treatment of dividends paid by the Company to individual Shareholders is as follows:

- dividends paid by the Company no longer carry a tax credit, following a change in dividend taxation which took effect in April 2016;
- dividends received by individual Shareholders from the Company (or from other sources) will, except to the extent that they are earned through an ISA, self-invested pension plan or other regime which exempts the dividends from tax, form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income;
- a nil rate of income tax applies to the first £5,000 of dividend income received by an individual Shareholder in the tax year 2017/2018 (the "Nil Rate Amount"). Under the Finance (No. 2) Act 2017, the Nil Rate Amount will be reduced to £2,000 for dividends received on or after 6 April 2018; and
- any dividend income received by an individual Shareholder in a tax year in excess of the Nil Rate Amount is taxed at a special rate, as set out below.

Where a Shareholder's dividend income for a tax year exceeds the Nil Rate Amount, the excess amount (the "Relevant Dividend Income") will be subject to income tax at the following rates for 2017/18:

- at the rate of 7.5 per cent., to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of income tax;

- at the rate of 32.5 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the Shareholder's total dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the Shareholder's total income for income tax purposes.

Corporate Shareholders

Corporate Shareholders which are "small companies" for the purposes of UK taxation of dividends legislation in Part 9A of the Corporation Tax Act 2009 will not generally be subject to tax on dividends provided certain conditions are met (including an anti-avoidance condition). Other corporate Shareholders will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. Examples of exempt classes include dividends paid on shares that are "ordinary shares" and are not "redeemable" (both as defined for the purpose of the U.K. Corporation Tax Act 2009) and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which such dividends are paid) generally fall within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules. In the event that these dividends do not fall within an exempt class, a UK resident corporate Shareholder will be liable to UK corporation tax (currently at a rate of 19 per cent. from 1 April 2017, and reducing to 17 per cent. from 1 April 2020).

Overseas Shareholders

Non-UK resident Individual Shareholders who receive a dividend from the Company are treated as having paid UK income tax on their dividend income at the dividend ordinary rate (7.5 per cent.). Such income tax will not be repayable to a non-UK resident Individual Shareholder. A non-UK resident Shareholder is not generally subject to further UK tax on dividend receipts.

Where a non-UK resident Shareholder who is resident for tax purposes outside the UK carries on a trade, profession or vocation in the UK and the dividends are a receipt of that trade, profession or vocation or, in the case of corporation tax, a non-UK resident corporate Shareholder, if the Ordinary Shares are held for a UK permanent establishment through which a trade is carried on, the Shareholder may be liable to UK tax on dividends received.

An individual Shareholder who has ceased to be resident in the UK for tax purposes for a period of five full tax years or less and who receives or becomes entitled to dividends from the Company during that period may, if other conditions are met, be liable for UK income tax on those dividends on his return to the UK. Special rules apply to Shareholders who are subject to tax on a "split-year" basis, who should seek specific professional advice if they are in any doubt about their position.

A non-UK resident Shareholder may also be subject to taxation on dividend income under local law. A shareholder who is not solely resident in the UK for tax purposes should consult his own tax advisers concerning his tax liabilities (in the UK and any other country) on dividends received from the Company, and whether any double taxation relief is due in any country in which he is subject to tax and, if so, the procedure for obtaining such relief.

Withholding tax

The Company is not required to withhold amounts on account of UK tax when paying dividends.

Stamp duty and SDRT

Issue of rights

No UK stamp duty or SDRT should be payable on the issue of Provisional Allotment Letters or split Provisional Allotment Letters or on the crediting of Nil Paid Rights or Fully Paid Rights to stock accounts in CREST.

Dealings in rights

No UK stamp duty will generally be payable on the transfer of rights to New Ordinary Shares represented by a Provisional Allotment Letter or split Provisional Allotment Letter (whether nil paid or fully paid) or on the transfer of Nil Paid Rights or Fully Paid Rights within CREST.

A purchaser of rights to New Ordinary Shares represented by a Provisional Allotment Letter or a split Provisional Allotment Letter (whether nil paid or fully paid) or of Nil Paid Rights or Fully Paid Rights held in CREST, on or before the latest time for registration of renunciation will generally be liable to pay SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for such rights. Where such a purchase is effected through a stockbroker or other financial intermediary, that person will normally account to HMRC for the SDRT and should indicate that this has been done in any contract note issued to the purchaser of the rights. In other cases, the purchaser is liable to pay the SDRT and must account for it to HMRC. In the case of transfers of Nil Paid Rights or Fully Paid Rights within CREST, the SDRT should be collected through CREST and accounted for to HMRC in accordance with the CREST Rules.

Lapse of rights

No UK stamp duty or SDRT should be payable on the lapse of rights to New Ordinary Shares represented by a Provisional Allotment Letter or a split Provisional Allotment Letter, or on the disablement of Nil Paid Rights or Fully Paid Rights in CREST.

Issue of New Ordinary Shares

No UK stamp duty or SDRT should be payable on the issue of New Ordinary Shares in certificated form or on the issue of New Ordinary Shares in uncertificated form by way of credit to CREST accounts.

Dealings in New Ordinary Shares

Subject to an exemption for certain low-value transfers, a purchaser of New Ordinary Shares held in certificated form will generally be liable to pay UK stamp duty on the transfer of such New Ordinary Shares at the rate of 0.5 per cent. (rounded up, if applicable, to the nearest £5) of the amount or value of the consideration paid for such transfer. A charge to SDRT will also generally arise when the agreement to transfer such New Ordinary Shares is or becomes unconditional but will be vacated (and any SDRT paid will be repaid) if the agreement is completed by a duly stamped or exempt instrument of transfer within six years of the date of the agreement to the transfer (or the date on which such agreement became unconditional).

A purchaser of New Ordinary Shares held within CREST will generally be liable to pay SDRT on the agreement to transfer such New Ordinary Shares at the rate of 0.5 per cent. of the amount or value of the consideration paid for such transfer. The SDRT should be collected through CREST and accounted for to HMRC in accordance with the CREST Rules. Deposits of shares into CREST for no consideration should not be subject to SDRT or stamp duty.

UK stamp duty or SDRT will generally be payable if New Ordinary Shares are transferred to an operator of a clearance service or depositary receipt system (or to their nominees) at the higher rate of 1.5 per cent. (rounded up in the case of stamp duty, if applicable, to the nearest £5) of the amount or value of the consideration given or, in certain circumstances, of the value of the New Ordinary Shares, unless the transfer is to a clearance service that has made an HMRC-approved election under section 97A Finance Act 1986 for an alternative system of charge.

U.S. TAXATION

The following is a discussion as of the date of this document of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Nil Paid Rights, the Fully Paid Rights (collectively, the “Rights”) and the New Ordinary Shares into which the rights may be converted by US Holders or Non US Holders, each as defined below, that acquire the Rights pursuant to this Rights Issue. This discussion is not a complete analysis or listing of all of the possible tax consequences of such transactions and does not address all tax considerations that might be relevant to particular beneficial owners of the Rights or New Ordinary Shares in light of their personal circumstances or to persons that are subject to special tax rules.

Except where noted, this discussion deals only with holders who purchase the Company’s New Ordinary Shares in connection with the Rights Issue and who have held their Existing Ordinary Shares and will hold the Company’s New Ordinary Shares as capital assets for US federal income tax purposes (generally, property held for investment). This summary is not directed to a holder of Existing Ordinary Shares, the Rights or New Ordinary Shares that is subject to special treatment under the US federal income tax laws, including, without limitation:

- (a) a dealer or trader in securities;
- (b) a bank or other financial institution;
- (c) a regulated investment company;
- (d) a real estate investment trust;
- (e) an insurance company;
- (f) a tax-exempt entity (including an “individual retirement account”);
- (g) a person holding the Company’s New Ordinary Shares as part of a hedging transaction, wash sale, conversion transaction, a constructive sale or a straddle;
- (h) a person who owns 10 per cent. or more (directly, indirectly or through application of certain constructive ownership rules) of the voting stock or value of the Company;
- (i) US expatriates and former long-term residents of the United States; or
- (j) a US Holder (as defined below) whose “functional currency” is not the US dollar.

As used herein, “US Holder” means a holder of the Company’s Existing Ordinary Shares, New Ordinary Shares or Rights that is for US federal income tax purposes a beneficial owner of Existing Ordinary Shares, New Ordinary Shares or Rights and is (i) an individual citizen or resident of the United States, (ii) a corporation (or other entity classified as a corporation), created or organised in or under the laws of the United States, any state therein or the District of Columbia; (iii) an estate the income of which is subject to US federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions of the trust (or otherwise if the trust has a valid election in effect under current Treasury regulations to be treated as a United States person). A “Non US Holder” is a beneficial owner of the Company’s Existing Ordinary Shares, New Ordinary Shares or Rights that is an individual, corporation, estate or trust and is not a US Holder.

If an entity or arrangement that is classified as a partnership for US federal income tax purposes holds the Company’s Existing Ordinary Shares, New Ordinary Shares or Rights, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships holding the Company’s Existing Ordinary Shares, New Ordinary Shares or Rights and partners in such partnerships should consult their tax advisers as to the particular US federal income tax consequences of holding and disposing of the Company’s Existing Ordinary Shares, New Ordinary Shares or Rights.

The discussion below is based upon the provisions of the US Internal Revenue Code of 1986, as amended (the “Code”), and final, temporary and proposed regulations (the “Regulations”), rulings and judicial decisions thereunder as of the date of this document, and treaties as of the date of this document, including the Convention Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains of 24 July 2001, as amended (the “Treaty”), and such authorities may be replaced, revoked or modified (possibly with retroactive effect) or subject to differing interpretations so as to result in US federal income tax consequences different from those discussed below. In addition, this discussion does not address the US federal estate, gift or alternative minimum tax consequences, or any state, local or non US tax consequences of the acquisition, ownership and disposition of the New Ordinary Shares. US Holders should consult their tax advisers concerning the US federal, state, local and non US tax consequences of acquiring, owning and disposing of the New Ordinary Shares based on their particular circumstances.

No advance rulings have been or will be sought from the US Internal Revenue Service (“IRS”) regarding any matter discussed herein. Counsel to the Company has not rendered any legal opinion regarding any US federal income tax consequences relating to the Rights Issue, the Company or an investment in the Company’s New Ordinary Shares. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below.

If you hold Existing Ordinary Shares or are considering the purchase, ownership or disposition of the Company’s New Ordinary Shares or Rights, you should consult your own tax advisers concerning the US federal income tax consequences of the Rights Issue to you in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

The Company

The Company is a public limited company organised under the laws of England and Wales, and will be treated as a corporation for US federal income tax purposes. As such, for US federal income tax purposes, subject to the discussion in “—Passive foreign investment company—Qualifying electing fund election” below, the income, gains, losses, deductions, and expenses of the Company will not be passed through to holders of the Company’s New Ordinary Shares, and all distributions by the Company to the US Holders generally will be treated as dividends, return of capital and/or gains, as described below. The Company expects it will be operated in a manner that it will not be deemed to be engaged in a trade or business in the United States, and as a result, it is expected that the Company will not be subject to US federal income tax on a net basis.

Taxation with respect to Rights

Taxation of Nil Paid Rights

(i) *Distribution of Nil Paid Rights*

A US Holder who receives a Nil Paid Right pursuant to the Rights Issue could, in certain circumstances, be treated as having received a taxable distribution in an amount equal to the value, if any, of such Nil Paid Right. One such instance would be where as a result of the Rights Issue, a shareholder’s proportionate interest in the earnings and profits or assets of the Company is increased and any other shareholder receives a distribution (or deemed distribution) of cash or other property from the Company. The application of the foregoing rule to the Rights Issue is not clear in several respects. For example, there is a risk that a holder of Ordinary Shares who, in connection with the Rights Issue, receives net proceeds from the sale by the Banks of New Ordinary Shares could be treated as receiving cash from the Company rather than treated as having received the corresponding Nil Paid Rights and then selling the Nil Paid Rights. If some holders of Ordinary Shares are treated as receiving cash from the Company, the receipt of Nil Paid Rights by others (to the extent it results in a

proportionate increase in the assets or earnings and profits of the Company) could be treated as a taxable stock dividend. However, the Company believes that the better view is that the distribution of Nil Paid Rights should not be treated as a taxable stock dividend and, to the extent relevant to it, intends to report it as a non taxable distribution. It is possible that the IRS will take a contrary view and require a US Holder to include in taxable income as a dividend the fair market value of the Nil Paid Right received by such US Holder. For further discussion of taxation of dividends, see “—Taxation of dividends.” US Holders are strongly urged to consult their own tax advisers regarding the risk of having a taxable distribution as a result of the receipt of a Nil Paid Right. The remainder of this discussion assumes that the receipt of the Nil Paid Rights will not be a taxable event for US federal income tax purposes.

If, on the date Nil Paid Rights are distributed, the fair market value of the Nil Paid Rights allocable to a US Holder is less than 15 per cent. of the fair market value of the Existing Ordinary Shares with respect to which such Nil Paid Rights are distributed, the Nil Paid Rights will have a zero basis for US federal income tax purposes unless such US Holder affirmatively elects to allocate basis in proportion to the relative fair market value of such US Holder’s Existing Ordinary Shares and the Nil Paid Rights, determined on the date of distribution. This election must be made in the U.S. federal income tax return of the US Holder for the taxable year in which the Nil Paid Rights are issued. If, on the date Nil Paid Rights are distributed, the fair market value of the Nil Paid Rights attributable to a US Holder is 15 per cent. or greater than the fair market value of the Existing Ordinary Shares with respect to which the Nil Paid Rights are distributed, then the basis in such US Holder’s Existing Ordinary Shares must be allocated between such Existing Ordinary Shares and the Nil Paid Rights distributed in proportion to their fair market values determined on the date the Nil Paid Rights are distributed. Basis is allocated under the foregoing rules with respect to Nil Paid Rights only if the Nil Paid Rights are exercised or sold; otherwise the basis of the Existing Ordinary Shares remains the same.

(ii) *Sale or other disposition of Nil Paid Rights*

Subject to the discussion in “Passive foreign investment company” below, a US Holder will recognise capital gain or loss on the sale or other disposition of Nil Paid Rights (including a sale of Nil Paid Rights by the Banks on its behalf) in an amount equal to the difference between such US Holder’s tax basis in the Nil Paid Rights and the US dollar value of the amount realised (as determined for US federal income tax purposes) from the sale or other disposition. Gain or loss recognized upon the sale or other disposition of Nil Paid Rights generally will be long-term capital gain or loss if the US Holder’s holding period exceeds one year. The holding period of such US Holder in the Nil Paid Rights should include its holding period in the Existing Ordinary Shares with respect to which the Nil Paid Rights were distributed. Any gain or loss generally will be treated as arising from US sources. For the US federal income taxation of an amount realised in non-U.S. currency from a sale or other disposition, refer to the discussion in “Sale or other disposition of New Ordinary Shares—Currency gain or loss on disposition of New Ordinary Shares” below.

(iii) *Exercise of Nil Paid Rights and receipt of Fully Paid Rights*

A US Holder who is permitted to receive Nil Paid Rights will not ordinarily recognise taxable income upon the receipt of Fully Paid Rights pursuant to the exercise of Nil Paid Rights. Such a US Holder will have a tax basis in the Fully Paid Rights equal to the sum of such US Holder’s tax basis in the Nil Paid Rights exercised to obtain the Fully Paid Rights and the US dollar value of the Rights Issue Price on the exercise date. Such a US Holder’s holding period in the Fully Paid Rights received generally will begin on the date the Nil Paid Rights are exercised.

(iv) *Expiration of Nil Paid Rights*

If a US Holder who is permitted to receive Nil Paid Rights allows Nil Paid Rights to expire without selling or exercising them, and such US Holder does not receive any proceeds from the sale of Nil Paid Rights by the Banks, such US Holder should not recognise any loss upon the expiration of the Nil Paid Rights. In addition, if the US Holder had previously allocated to the Nil Paid Rights a portion of the basis underlying Existing Ordinary Shares held by the US Holder, that basis will be reallocated to such Existing Ordinary Shares.

Taxation of Fully Paid Rights

(i) *Exercise of Fully Paid Rights*

A US Holder will not ordinarily recognise taxable income upon the receipt of New Ordinary Shares pursuant to the exercise of Fully Paid Rights. A US Holder will have a tax basis in the New Ordinary Shares equal to such US Holder's tax basis in the Fully Paid Rights and a holding period starting on the date the Nil Paid Rights were exercised.

(ii) *Sale or other disposition of Fully Paid Rights*

Subject to the discussion in "Passive foreign investment company" below, a US Holder will recognise capital gain or loss on the sale, exchange or other disposition of Fully Paid Rights in an amount equal to the difference between such US Holder's adjusted tax basis in the Fully Paid Rights and the US dollar value of the amount realised (as determined for US federal income tax purposes) from the sale, exchange or other disposition. Any gain or loss generally will be treated as arising from US sources.

For the US federal income taxation of an amount realised in non-US currency from a sale, exchange or other disposition, refer to the discussion in "Sale or other disposition of New Ordinary Shares—Currency gain or loss on disposition of New Ordinary Shares" below.

Proceeds from sale by the Banks

The US federal income tax treatment of a US Holder that, in connection with the Rights Issue, receives the proceeds as a result of the sale by the Banks of New Ordinary Shares at a premium over the Rights Issue Price is not free from doubt. Generally, such a US Holder will be treated, for US federal income tax purposes, either as having sold the Nil Paid Rights (as described above) or as having exercised the Nil Paid Rights and sold the corresponding New Ordinary Shares. A US Holder that is treated as having sold the Nil Paid Rights will recognise a capital gain or loss as described in "Taxation with respect to Rights—Taxation of Nil Paid Rights—Sale or other disposition of Nil Paid Rights" above. A US Holder that is treated as having sold the New Ordinary Shares will likely recognise a short-term capital gain or loss as described in "—Sale or other disposition of New Ordinary Shares" below, regardless of the holding period of the Nil Paid Rights. US Holders that receive amounts in respect of lapsed Nil Paid Rights or in lieu of receiving Nil Paid Rights should consult their own tax advisers regarding the US federal income tax treatment of such amounts.

Taxation of New Ordinary Shares

Except as otherwise noted, any discussion below regarding the US federal income tax consequences to a holder with respect to the ownership and disposition of New Ordinary Shares is applicable both to holders that obtained such shares through the exercise of Nil Paid Rights or through the acquisition of New Ordinary Shares not taken up by shareholders.

(i) **Taxation of dividends**

Subject to the discussion in "—Passive foreign investment company" below, distributions on the Company's New Ordinary Shares, other than certain pro rata distributions of New Ordinary Shares to all shareholders, received by a US Holder on New Ordinary Shares, if any, will be taxable as dividends to the extent paid out of the Company's current or

accumulated earnings and profits as determined under US federal income tax principles measured at the end of the tax year in which such distribution is actually or constructively received. Distributions in excess of such earnings and profits will be applied against and will reduce the US Holder's tax basis in its New Ordinary Shares and, to the extent in excess of such basis, will be treated as long-term capital gain if the US Holder held its New Ordinary Shares for more than one year, and as short-term capital gain if the US Holder held its New Ordinary Shares for one year or less. Since the Company does not maintain calculations of its earnings and profits for US federal income tax purposes, the Company expects that any distribution on the Company's New Ordinary Shares will be reported to US Holders as a dividend for US federal income tax purposes. For US foreign tax credit purposes, dividends paid on New Ordinary Shares generally will be treated as foreign source income and will generally constitute passive category income. Such dividends are not expected to be eligible for the general dividends received deduction allowed to corporations. Moreover, although an additional dividends received deduction was recently enacted that generally allows a deduction for the foreign source portion of dividends received by a US corporation from a non US corporation, this deduction is available only to corporate shareholders who own at least 10 per cent. of the vote or value of such non US corporation.

(ii) ***Currency gain or loss on dividends***

The US dollar value of any distribution on the Company's New Ordinary Shares made in Sterling should be calculated by reference to the exchange rate between the US dollar and the Sterling in effect on the date of receipt of such distribution by the US Holder, regardless of whether the Sterling amount so received is in fact converted into US dollars. If the Sterling amount so received is converted into US dollars on the date of receipt, such US Holder generally should not recognise foreign currency gain or loss on such conversion. If it is not converted into US dollars on the date of receipt, such US Holder will have a basis in such Sterling equal to the US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of such Sterling generally will be treated as ordinary income or loss to such US Holder and generally will be income or loss from sources within the United States for US foreign tax credit purposes.

(iii) ***Qualified dividends for individuals***

Distributions treated as dividends that are received by certain non-corporate US Holders (including individuals) from "qualified foreign corporations" generally qualify for preferential rates so long as certain holding period and other requirements are met. A non US corporation (other than a corporation that was treated as a passive foreign investment company (as described in "—Passive foreign investment company" below) with respect to a US Holder in the year in which the dividends are paid, or in the year prior to the year in which the dividends are paid) generally will be considered to be a qualified foreign corporation if it is eligible for the benefits of a comprehensive income tax treaty with the United States. If the Company is a PFIC with respect to any taxable year, it will not be considered a qualified foreign corporation for this purpose.

Sale or other disposition of New Ordinary Shares

Subject to the discussion in "Passive foreign investment company" below, for US federal income tax purposes, a US Holder generally will recognise taxable gain or loss on any sale, exchange or other disposition of its New Ordinary Shares in an amount equal to the difference between the amount realised and such US Holder's tax basis in the New Ordinary Shares. Such gain or loss will generally be capital gain or loss. Capital gains of non-corporate shareholders derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations under the Code. Any gain or loss recognised on a disposition by a US Holder of its New Ordinary Shares generally will be treated as US source gain or loss. The tax basis and holding period of New Ordinary Shares obtained through the exercise of Nil Paid Rights will be as described in "Taxation of Fully Paid Rights—Exercise of Fully

Paid Rights.” The tax basis of New Ordinary Shares obtained by a new holder in exchange for cash will be the amount paid by the holder for such shares and the holding period will start on the acquisition date of such shares.

(i) ***Currency gain or loss on disposition of New Ordinary Shares***

In the case of a US Holder that receives non US currency from a sale, exchange or other disposition of the Company’s New Ordinary Shares, the amount realised will generally be equal to the US dollar value of such non US currency on the date of disposition of the New Ordinary Shares. However, if the New Ordinary Shares are treated as being “traded on an established securities market,” a cash basis or electing accrual basis taxpayer will determine the US dollar value of the amount realised by translating such amount at the spot rate on the settlement date of the sale. If an accrual basis US Holder makes the election described above, it must be applied consistently from year to year and cannot be revoked without the consent of the IRS. A US Holder will have a tax basis in any non US currency received in respect of the sale, exchange or other disposition of its New Ordinary Shares equal to its US dollar value calculated at the exchange rate in effect on the date of such sale, exchange or other disposition (or in the case of a cash basis or electing accrual basis taxpayer the exchange rate in effect on the date of settlement, if the New Ordinary Shares are treated as being “traded on an established securities market”). Any gain or loss recognised upon a subsequent disposition of non US currency will be treated as ordinary income or loss to such US Holder and generally will be income or loss from sources within the United States for US foreign tax credit purposes.

Passive foreign investment company

In general, a non US corporation will be classified as a Passive Foreign Investment Company (“PFIC”) for any taxable year if at least (i) 75 per cent. of its gross income for that year is classified as “passive income” or (ii) 50 per cent. of the value of its assets (determined on the basis of a quarterly average for that year) produce or are held for the production of passive income. For these purposes, passive income generally includes, among other things, dividends, interest, rents, royalties and the excess of gains over losses from the disposition of assets that produce passive income. In making this determination, the non US corporation is treated as earning its proportionate share of any income and owning its proportionate share of any assets of any corporation in which it directly or indirectly holds 25 per cent. or more (by value) of the stock.

The Company has not determined whether it was a PFIC for any prior taxable year. Such determination is made annually after the close of the relevant taxable year, is highly fact specific and will depend in particular on the composition of the Company’s income and assets, the market price of the Company’s New Ordinary Shares, and the actual amount and timing of the use of the proceeds from the Rights Issue. Even if the Company was not a PFIC for a previous taxable year, the Company believes it may be a PFIC for the taxable year ending 31 December 2018. Because PFIC status is a fact-intensive determination, no assurance can be given that the Company is not, has not been, or will not become, classified as a PFIC.

If the Company is a PFIC for any taxable year during which a US Holder holds the Company’s New Ordinary Shares, any gain recognised by the US Holder on a sale or other disposition of the New Ordinary Shares, as well as the amount of any “excess distribution” (defined below) received by such holder, would be allocated ratably over the US Holder’s holding period for the New Ordinary Shares. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year also is taxed as ordinary income and the tax imposed will be the “deferred tax amount” (an amount calculated by multiplying the amount allocated to each prior year by the highest rate of tax in effect for individuals or corporations, as appropriate, for that taxable year, together with an interest charge). For purposes of these rules, an “excess distribution” is the amount by which any distribution received by a US Holder on its New Ordinary Shares in a taxable year exceeds

125 per cent. of the average of the annual distributions on the New Ordinary Shares received during the preceding three years or the US Holder's holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as an election for mark-to-market treatment or to be treated as a qualified electing fund, each as discussed below) of the New Ordinary Shares.

Under the PFIC rules, if the Company were considered a PFIC for any taxable year during which a US Holder holds the Company's New Ordinary Shares (or, although not entirely clear, in the case of a holder of Existing Ordinary Shares who was a holder in a year the Company was a PFIC and receives New Ordinary Shares upon the exercise of Rights), the Company would continue to be treated as a PFIC with respect to such US Holder's investment for each subsequent taxable year unless (i) the Company ceases to be a PFIC and (ii) the US Holder has made a "deemed sale" election under the PFIC rules.

If the Company is treated as a PFIC with respect to a US Holder for any taxable year, a US Holder will also be deemed to own a proportionate interest in any of the Company's subsidiaries that are also PFICs, if any. Special rules apply with respect to the application of the PFIC rules with respect to indirect distributions from, or indirect dispositions of, such a subsidiary that is a PFIC. An election for mark-to-market treatment would likely not be available with respect to any such subsidiaries.

If a US Holder owns the Company's New Ordinary Shares during any year in which the Company is a PFIC, the US Holder generally must file an IRS Form 8621 with respect to the Company, with the US Holder's US federal income tax return for that year. US Holders should consult their tax advisers regarding whether the Company is a PFIC and the potential application of the PFIC rules.

Mark-to-market election

To mitigate the application of the PFIC rules discussed above, a US Holder may make an election to include gain or loss on the New Ordinary Shares as ordinary income or loss under a mark-to-market method, provided that the New Ordinary Shares are regularly traded on a qualified exchange. Application has been made for the New Ordinary Shares to be listed on AIM, which the Company expects to be a qualified exchange. However, no assurance can be given that the New Ordinary Shares will be "regularly traded" as defined by the Code for purposes of the mark-to-market election.

If a US Holder makes an effective mark-to-market election, the US Holder will include in each year as ordinary income the excess of the fair market value of its New Ordinary Shares at the end of the year over its adjusted tax basis in the New Ordinary Shares. The US Holder will be entitled to deduct as an ordinary loss each year the excess of its adjusted tax basis in the New Ordinary Shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. On an annual basis, a US Holder's adjusted tax basis in the New Ordinary Shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. In addition, gains from an actual sale or other disposition of New Ordinary Shares will be treated as ordinary income, and any losses will be treated as ordinary losses to the extent of any mark-to-market gains for prior years.

If a US Holder makes a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the New Ordinary Shares are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election.

Qualified electing fund election

To mitigate the application of the PFIC rules discussed above, a US Holder may make an election to treat the Company as a qualified electing fund ("QEF") for US federal income tax purposes. For each taxable year of a US Holder in which or with which the taxable year of the QEF ends, the US Holder is required to include in income a pro rata share of the ordinary earnings of the QEF as

ordinary income and a pro rata share of the net capital gain of the QEF as long-term capital gain and pay U.S. federal income tax thereon, regardless of whether the Company has distributed such earnings or gain, subject to a separate election to defer payment of taxes. Such deferral is subject to an interest charge. If the Company later were to distribute the income or gain on which the US Holder has already paid U.S. federal income taxes, amounts so distributed to the US Holder would not be further taxable to the US Holder. A US Holder's tax basis in the Company's New Ordinary Shares would be increased by the amount so included and decreased by the amount of non-taxable distributions. To make a QEF election, the Company must provide US Holders with information compiled according to US federal income tax principles. The Company currently does not intend to compile such information for US Holders, and therefore the Company expects that this election will be unavailable.

Non US Holders

A Non US Holder generally should not be subject to US federal income or withholding tax on any distributions made on the Company's New Ordinary Shares or gain from the sale, exchange or other disposition of the Company's New Ordinary Shares unless: (i) that distribution and/or gain is effectively connected with the conduct of a trade or business in the United States by that Non US Holder; or (ii) in the case of any gain realised on the sale or exchange of New Ordinary Shares by an individual Non US Holder, that Non US Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

Medicare tax

A US Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, generally will be subject to a 3.8 per cent. tax, referred to as the Medicare tax, on the lesser of (1) the US Holder's "net investment income" (or, in the case of a US Holder that is an estate or trust, the US Holder's "undistributed net investment income") for the relevant taxable year and (2) the excess of the US Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between US\$125,000 and US\$250,000, depending on the individual's tax return filing status). The net investment income of a US Holder generally will include dividend income and any net gains from the disposition of New Ordinary Shares, unless such dividend income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive trading activities). US Holders should consult their tax advisers regarding the applicability of the Medicare tax to their income and gains in respect of their investment in the Company.

Information reporting and backup withholding

Investment in New Ordinary Shares

Under the Code and Regulations, certain categories of US persons must file information returns with respect to their investment in the equity interests of a non US corporation. A US Holder that purchases the Company's New Ordinary Shares for cash will be required to file IRS Form 926 if the transfer of cash to the Company, when aggregated with all transfers made by such person (or any related person) to the Company within the preceding 12-month period, exceeds US\$100,000. In the event a US Holder fails to file any such required form, the US Holder could be required to pay a penalty equal to 10 per cent. of the gross amount paid for such New Ordinary Shares up to a maximum penalty of US\$100,000, unless the failure to comply was due to intentional disregard.

Dividends and dispositions

In general, information reporting will apply to dividends in respect of the Company's New Ordinary Shares and the proceeds from the sale, exchange or other disposition of the Company's New Ordinary Shares that are paid within the United States (and in certain cases, outside the United States), unless a holder establishes that it is an exempt recipient (such as a corporation). Backup withholding (currently at a rate of 24 per cent.) may apply to such payments if a holder fails to

provide a taxpayer identification number and a duly executed IRS Form W-9 or otherwise establishes an exemption. Any amounts withheld under the backup withholding rules will be allowed as a credit or a refund against the holder's US federal income tax liability provided the required information is timely furnished to the IRS.

Reportable transactions

A US Holder participating in a "reportable transaction" within the meaning of the Regulations is required to file IRS Form 8886 with their US federal income tax return, and submit a copy of IRS Form 8886 with the Office of Tax Shelter Analysis of the IRS. Reportable transactions subject to this disclosure requirement could include, among other things, the recognition of losses exceeding certain thresholds upon a disposition of New Ordinary Shares or the recognition of foreign currency exchange losses exceeding certain thresholds. A significant penalty is imposed on taxpayers who fail to make the required disclosure. US Holders are urged to consult their own tax advisers concerning the application of these reporting obligations to their specific situations and the penalty discussed above.

Foreign financial asset reporting

Certain US Holders may be subject to substantial penalties if they fail to comply with special information reporting requirements with respect to their ownership of the Company's New Ordinary Shares, unless the New Ordinary Shares are held in accounts at certain financial institutions. In particular, US Holders may be required to file an FBAR ("Report of Foreign Bank and Financial Account") with the US Department of the Treasury with respect to a foreign financial account holding their investment in the Company.

Certain US Holders also will be required to attach IRS Form 8938 to their US federal income tax returns for any year in which the aggregate value of all "specified foreign financial assets" held by such US Holder exceeds certain specified thresholds (generally, US\$50,000 on the last day of the taxable year or US\$75,000 at any time during the taxable year (higher thresholds apply for certain married individuals filing joint returns)). A "specified foreign financial asset" generally includes, among other things, stock issued by a non US corporation that is held for investment and not held in an account at a financial institution. Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets.

US Holders should consult their tax advisers regarding the potential application of these reporting requirements to their interest in the Company.

The above summary is not intended to constitute a complete analysis of all US federal income tax consequences relating to the acquisition, holding and disposition of the New Ordinary Shares. Holders of Existing Ordinary Shares and prospective purchasers of the New Ordinary Shares should consult their own tax advisers concerning the tax consequences of the Rights Issue based on their particular situations.

PART XVIII

ADDITIONAL INFORMATION

1. Persons responsible

The Directors of the Company, whose names appear on page 53 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registered office

Galliford Try's legal and commercial name is Galliford Try plc. Galliford Try is a public limited company incorporated and registered in England and Wales on 3 February 1965 as a private company limited by shares with the name Galliford Brindley Limited. The Company changed its name to Galliford plc on 31 December 1981 and subsequently to Galliford Try plc on 18 September 2000. Its Ordinary Shares are admitted to the premium segment of the Official List and traded on the main market of the London Stock Exchange. Galliford Try operates under the Companies Act 1985 and the Companies Act and its registered number is 836539.

The Company is domiciled in the UK. Its registered office and corporate headquarters is at Cowley Business Park, Cowley, Uxbridge, Middlesex UB8 2AL (Tel. No 01895 855001, or if dialling from outside the UK, +44 (0)1895 855001).

The principal laws and legislation under which the Company operates, and under which the Ordinary Shares have been created, are the Companies Act and regulations made thereunder.

3. Share capital of the Company

3.1 *Share capital*

At 26 March 2018 (being the latest practicable date prior to the publication of this document), the Company had 83,223,614 Existing Ordinary Shares in issue.

3.2 *History of share capital*

On 1 October 2009, the Companies Act removed the concept of authorised share capital.

From 1 July 2014 (being the first day of the historical financial information incorporated by reference into this document) until 26 March 2018 (being the latest practicable date before publication of this document), the changes to the issued share capital of the Company have been as follows:

- (a) On 27 October 2015, the issued share capital was increased by 9,695 Ordinary Shares to 82,117,557 Ordinary Shares.
- (b) On 26 November 2015, the issued share capital was increased by 207 Ordinary Shares to 82,117,764 Ordinary Shares.
- (c) On 2 December 2015, the issued share capital was increased by 2,357 Ordinary Shares to 82,120,121 Ordinary Shares.
- (d) On 1 January 2016, the issued share capital was increased by 346,302 Ordinary Shares to 82,466,423 Ordinary Shares.
- (e) On 4 January 2016, the issued share capital was increased by 211,670 Ordinary Shares to 82,678,093 Ordinary Shares.

- (f) On 6 January 2016, the issued share capital was increased by 1,999 Ordinary Shares to 82,680,092 Ordinary Shares.
- (g) On 12 January 2016, the issued share capital was increased by 64,366 Ordinary Shares to 82,744,458 Ordinary Shares.
- (h) On 14 January 2016, the issued share capital was increased by 1,098 Ordinary Shares to 82,745,556 Ordinary Shares.
- (i) On 19 January 2016, the issued share capital was increased by 26,679 Ordinary Shares to 82,772,235 Ordinary Shares.
- (j) On 26 January 2016, the issued share capital was increased by 15,764 Ordinary Shares to 82,787,999 Ordinary Shares.
- (k) On 2 February 2016, the issued share capital was increased by 7,352 Ordinary Shares to 82,795,531 Ordinary Shares.
- (l) On 9 February 2016, the issued share capital was increased by 8,450 Ordinary Shares to 82,803,981 Ordinary Shares.
- (m) On 10 February 2016, the issued share capital was increased by 214 Ordinary Shares to 82,804,195 Ordinary Shares.
- (n) On 17 February 2016, the issued share capital was increased by 1,340 Ordinary Shares to 82,805,535 Ordinary Shares.
- (o) On 24 February 2016, the issued share capital was increased by 3,075 Ordinary Shares to 82,808,610 Ordinary Shares.
- (p) On 25 February 2016, the issued share capital was increased by 259 Ordinary Shares to 82,808,869 Ordinary Shares.
- (q) On 2 March 2016, the issued share capital was increased by 323 Ordinary Shares to 82,809,192 Ordinary Shares.
- (r) On 9 March 2016, the issued share capital was increased by 20,033 Ordinary Shares to 82,829,225 Ordinary Shares.
- (s) On 16 March 2016, the issued share capital was increased by 8,715 Ordinary Shares to 82,837,940 Ordinary Shares.
- (t) On 23 March 2016, the issued share capital was increased by 6,986 Ordinary Shares to 82,844,926 Ordinary Shares.
- (u) On 11 April 2016, the issued share capital was increased by 4,318 Ordinary Shares to 82,849,244 Ordinary Shares.
- (v) On 4 May 2016, the issued share capital was increased by 934 Ordinary Shares to 82,850,178 Ordinary Shares.
- (w) On 12 May 2016, the issued share capital was increased by 2,844 Ordinary Shares to 82,853,022 Ordinary Shares.
- (x) On 24 May 2016, the issued share capital was increased by 1,294 Ordinary Shares to 82,854,316 Ordinary Shares.
- (y) On 2 June 2016, the issued share capital was increased by 1,467 Ordinary Shares to 82,855,783 Ordinary Shares.
- (z) On 22 June 2016, the issued share capital was increased by 6,882 Ordinary Shares to 82,862,665 Ordinary Shares.

- (aa) On 29 June 2016, the issued share capital was increased by 8,784 Ordinary Shares to 82,871,449 Ordinary Shares.
- (bb) On 14 July 2016, the issued share capital was increased by 660 Ordinary Shares to 82,872,109 Ordinary Shares.
- (cc) On 2 August 2016, the issued share capital was increased by 3,734 Ordinary Shares to 82,875,843 Ordinary Shares.
- (dd) On 15 September 2016, the issued share capital was increased by 1,536 Ordinary Shares to 82,877,379 Ordinary Shares.
- (ee) On 28 September 2016, the issued share capital was increased by 1,126 Ordinary Shares to 82,878,505 Ordinary Shares.
- (ff) On 3 November 2016, the issued share capital was increased by 1,685 Ordinary Shares to 82,880,190 Ordinary Shares.
- (gg) On 15 December 2016, the issued share capital was increased by 446 Ordinary Shares to 82,880,636 Ordinary Shares.
- (hh) On 10 January 2017, the issued share capital was increased by 1,334 Ordinary Shares to 82,881,970 Ordinary Shares.
- (ii) On 9 February 2017, the issued share capital was increased by 1,491 Ordinary Shares to 82,883,461 Ordinary Shares.
- (jj) On 22 March 2017, the issued share capital was increased by 1,136 Ordinary Shares to 82,884,597 Ordinary Shares.
- (kk) On 20 April 2017, the issued share capital was increased by 1,761 Ordinary Shares to 82,886,358 Ordinary Shares.
- (ll) On 5 May 2017, the issued share capital was increased by 751 Ordinary Shares to 82,887,109 Ordinary Shares.
- (mm) On 18 May 2017, the issued share capital was increased by 103 Ordinary Shares to 82,887,212 Ordinary Shares.
- (nn) On 8 June 2017, the issued share capital was increased by 29 Ordinary Shares to 82,887,241 Ordinary Shares.
- (oo) On 19 June 2017, the issued share capital was increased by 805 Ordinary Shares to 82,888,046 Ordinary Shares.
- (pp) On 3 July 2017, the issued share capital was increased by 805 Ordinary Shares to 82,888,851 Ordinary Shares.
- (qq) On 14 September 2017, the issued share capital was increased by 1,929 Ordinary Shares to 82,890,780 Ordinary Shares.
- (rr) On 28 September 2017, the issued share capital was increased by 15 Ordinary Shares to 82,890,795 Ordinary Shares.
- (ss) On 26 October 2017, the issued share capital was increased by 726 Ordinary Shares to 82,891,521 Ordinary Shares.
- (tt) On 14 November 2017, the issued share capital was increased by 166 Ordinary Shares to 82,891,687 Ordinary Shares.
- (uu) On 11 December 2017, the issued share capital was increased by 78 Ordinary Shares to 82,891,765 Ordinary Shares.

- (vv) On 2 January 2018, the issued share capital was increased by 193,347 Ordinary Shares to 83,085,112 Ordinary Shares.
- (ww) On 3 January 2018, the issued share capital was increased by 193 Ordinary Shares to 83,085,305 Ordinary Shares.
- (xx) On 10 January 2018, the issued share capital was increased by 2,012 Ordinary Shares to 83,087,317 Ordinary Shares.
- (yy) On 11 January 2018, the issued share capital was increased by 81,506 Ordinary Shares to 83,168,823 Ordinary Shares.
- (zz) On 18 January 2018, the issued share capital was increased by 23,188 Ordinary Shares to 83,192,011 Ordinary Shares.
- (aaa) On 25 January 2018, the issued share capital was increased by 16,229 Ordinary Shares to 82,208,240 Ordinary Shares.
- (bbb) On 1 February 2018, the issued share capital was increased by 3,765 Ordinary Shares to 83,212,005 Ordinary Shares.
- (ccc) On 8 February 2018, the issued share capital was increased by 3,889 Ordinary Shares to 83,215,894 Ordinary Shares.
- (ddd) On 22 February 2018, the issued share capital was increased by 2,638 Ordinary Shares to 83,218,532 Ordinary Shares.
- (eee) On 8 March 2018, the issued share capital was increased by 3,131 Ordinary Shares to 83,221,663 Ordinary Shares;
- (fff) On 16 March 2018, the issued share capital was increased by 894 Ordinary Shares to 83,222,557 Ordinary Shares.
- (ggg) On 22 March 2018, the issued share capital was increased by 1,057 Ordinary Shares to 83,223,614 Ordinary Shares

3.3 ***Dilution on Rights Issue***

The New Ordinary Shares represent approximately 33.3 per cent. of the Ordinary Shares in issue immediately prior to the Rights Issue. Qualifying Shareholders who take up their pro rata entitlement in full will suffer no dilution to their interests in the Company. Qualifying Shareholders who do not take up any of their rights to take up the New Ordinary Shares will suffer an immediate dilution of 25.0 per cent. in their interests in the Company.

3.4 ***Ordinary Shares held under option***

At 26 March 2018 (the latest practicable date prior to publication of this document), options over 1,422,786 Ordinary Shares were outstanding under Sharesave as follows:

Plan	Component	Awards	Grant Date	Options Outstanding	Option Price	Vesting Date
Sharesave	2013 5-Year	205,407	14/11/2012	11,444	£6.57	01/01/2018
	2015 3-Year	444,616	10/11/2014	62,050	£9.31	01/01/2018
	2015 5-Year	195,560	10/11/2014	120,120	£9.31	01/01/2020
	2016 3-Year	486,265	21/10/2015	144,773	£13.72	01/01/2019
	2016 5-Year	152,192	21/10/2015	51,284	£13.72	01/01/2021
	2017 3-Year	461,141	01/11/2016	358,860	£10.40	01/01/2020
	2017 5-Year	127,705	01/11/2016	96,451	£10.40	01/01/2022
	2018 3-Year	478,915	02/11/2017	459,497	£10.31	01/01/2021
	2018 5-Year	119,451	02/11/2017	118,307	£10.31	01/01/2023

3.5 **Ordinary Shares held by or on behalf of Galliford Try**

At 26 March 2018 (the latest practicable date prior to publication of this document), no Ordinary Shares were held by or on behalf of Galliford Try.

3.6 **Ordinary Shares held by or on behalf of experts**

At 26 March 2018 (the latest practicable date prior to publication of this document), none of the experts named in the document had any shareholding in any member of the Group or any right to subscribe for securities in any members of the Group.

3.7 **Interests of natural and legal persons involved in the Rights Issue**

At 26 March 2018 (being the latest practicable date prior to publication), save as disclosed in Part XII (*Directors and Employees*) and this Part XVIII (*Additional Information*), no person involved in the Rights Issue has an interest which is material to the Rights Issue.

4. **Major shareholders and related party transactions**

None of Galliford Try's major shareholders has different voting rights from any other holder of Ordinary Shares in respect of Ordinary Shares held by them.

At 26 March 2018 (the latest practicable date prior to the publication of this document), Galliford Try was not aware of any persons who, directly or indirectly, jointly or severally, will exercise or could exercise control over Galliford Try.

At 26 March 2018 (the latest practicable date prior to the publication of this document), Galliford Try was not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

Major shareholders

The following table sets out the name of each person who directly, or indirectly, is interested in voting rights representing three per cent. or more of the total voting rights in respect of Galliford Try's issued share capital, insofar as it is known to Galliford Try by virtue of notifications made to it pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules or otherwise.

Name of Shareholder	Number of Ordinary Shares	Percentage of Voting Rights
BlackRock Inc	10,574,948	12.71*
Standard Life Aberdeen plc	5,816,746	6.99
Brewin Dolphin Ltd	5,167,237	6.21
Dimensional Fund Advisors	3,843,041	4.62
LSV Asset Management	3,539,304	4.25
Hargreaves Lansdown	3,519,774	4.23

*Sourced from BlackRock, Inc. TR1 form dated 20 March 2018 disclosing percentage of voting rights attached to ordinary shares. Further disclosure of percentage of voting rights through financial instruments of 1.42 per cent. takes total BlackRock holdings to 14.13 per cent.

Save as disclosed above, the Directors are not aware of any person who is, directly or indirectly interested in three per cent. or more of the issued share capital of the Company.

Related party transactions

At 26 March 2018 (being the latest practicable date prior to publication), no Directors nor experts named in this document have any interest in any assets which have been, or which are proposed to be, acquired by, disposed of by or leased to any member of the Group since 1 July 2014.

There are no contracts or arrangements subsisting at the date of this document in which a Director is materially interested and which is significant in relation to the business of the Group.

Other than as disclosed in the financial information incorporated by reference into this document for the years ended 30 June 2015 (see page 110, note 34 to the 2015 Annual Report and Accounts), 30 June 2016 (see page 123, note 33 to the 2016 Annual Report and Accounts) and 30 June 2017 (see page 114, note 34 to the 2017 Annual Report and Accounts), there were no related party transactions entered into by members of the Group during the years ended 30 June 2015, 2016 and 2017 and during the period between 1 July 2017 and 26 March 2018 (the latest practicable date prior to the publication of this document).

5. Summary of the Memorandum and Articles

The Company's Memorandum and Articles are available for inspection as set out in paragraph 14 of this Part XVIII (*Additional Information*).

5.1 Memorandum

The principal provisions of the Memorandum of Association (including the statement of the Company's objects) were incorporated in the Articles of Association by operation of law on 1 October 2009. Since removal of the statement of objects from the Articles of Association pursuant to a special resolution passed at a general meeting of the Company held on 6 October 2009 the Company has had unlimited capacity.

5.2 Articles

The Articles of Association were adopted pursuant to a special resolution passed on 7 November 2008 and amended by a special resolution passed on 6 October 2009.

The Articles of Association contain provisions to the following effect:

Voting rights of members

- (a) In general, all members who have properly registered their shares in time may participate in general meetings. If the notice of the meeting has specified a time (which is not more than 48 hours – ignoring any part of a day that is not a working day – before the time fixed for the meeting) by which a person must be entered on the register of members in order to have the right to attend and vote at the meeting, no person registered after that time shall be eligible to attend and vote at the meeting by right of that registration, even if present at the meeting.
- (b) Subject to any special terms as to voting for the time being attached to any shares in the Company, on a show of hands every member present in person or by duly appointed proxy at a general meeting and entitled to vote shall have one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every share held by him. In the case of joint holders, the person whose name stands first in the register of members and who votes in person or by proxy is entitled to vote to the exclusion of all other joint holders.
- (c) No holder of a Share shall, unless the Board otherwise determines, be entitled (except as a proxy for another member) to be present or vote at a general meeting either personally or by proxy if any call or other sum presently payable by him to the Company in respect of that Share remains unpaid; or if he or any other person who appears to be interested in the Share has been duly served pursuant to the Companies Act with a disclosure notice (see paragraphs entitled "Disclosure of interests in shares and restrictions for failure to provide information" below).
- (d) A member in respect of whom an order has been made by any competent court or official on the ground that he is or may be suffering from mental disorder or is otherwise

incapable of managing his affairs may vote, whether on a show of hands or on a poll, by any person authorised to do so on his behalf as long as evidence satisfactory to the Board of that person's authority is provided in accordance with the Articles.

Dividends

Subject to the Statutes, the Company may declare dividends by ordinary resolution, and interim dividends can be paid by the Board. No dividend may be paid in contravention of the special rights attaching to any share, and no dividend declared in general meeting shall be payable in excess of the amount recommended by the Board. Unless otherwise resolved, all dividends are apportioned and paid proportionately to the amounts paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. A dividend may, upon the recommendation of the Board and on being approved by ordinary resolution, be wholly or partly satisfied by the distribution of assets and, in particular, of paid up shares or debentures of any other company. No dividend shall bear interest against the Company unless otherwise provided by the rights attached to the share. Any dividend, interest or other sums payable and unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend, interest or other sums unclaimed for a period of 12 years from the date of such dividend having been declared, or such interest or other sums becoming payable, shall be forfeited and shall revert to the Company.

The Board may, if authorised by ordinary resolution, offer Shareholders, in respect of any dividend, the right to elect to receive Shares by way of scrip dividend instead of cash. The Board may withhold payment of all or any part of any dividends or other monies payable in respect of any Shares that represents at least 0.25 per cent. of the Shares in issue (excluding any Shares held as treasury shares) if a person who has, or appears to the Company to have, an interest in those Shares has failed to comply with a disclosure notice (see paragraphs entitled "*Disclosure of interests in shares and restrictions for failure to provide information*" below).

Return of capital

On a voluntary winding-up of the Company, the liquidator may, if authorised by special resolution and any other sanction required by law, divide among the members the whole or any part of the assets of the Company. For such purpose, the liquidator may set the value and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members. The liquidator may not, however, distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

Redeemable shares

Subject to the Statutes and to the rights attached to existing shares, shares may be issued which are to be redeemed or which are liable to be redeemed at the option of the Company or of the holder. Any such redemption may be on such terms and in such manner as the Company may by ordinary resolution determine, or in the absence of such determination or in so far as such ordinary resolution does not make specific provision, as the Board may determine.

Form of holding of shares

The Shares are in registered form and a register of members is maintained by the Registrars. Shares may be held in either certificated or (subject to the Articles of Association) uncertificated form. The transferor of a Share is deemed to remain the holder until the transferee's name is entered in the register.

Transfer of shares

Shares may be transferred, if in certificated form, by an instrument of transfer in writing in any usual form, or in such other form as the Board may approve or, if held in uncertificated form, in accordance with the CREST Regulations and the CREST rules or otherwise in such manner as the Board in its absolute discretion shall determine. Any instrument of transfer must be signed by or on behalf of the transferor and (in the case of a partly paid share) the transferee. Subject to the Statutes, the Board may refuse to register any transfer of a share:

- (a) if it is in certificated form, if the share is not fully paid or if the Company has a lien on it (except that such the Board's discretion to refuse the transfer may not be exercised so as to prevent dealings in shares of the relevant class from taking place on an open and proper basis);
- (b) if it is in certificated form, unless it is lodged, duly stamped (if required), at the registered office of the Company and accompanied by the certificate for the shares to which it relates and/or evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (c) if the transfer is not in respect of one class of share only;
- (d) if the transfer is not in favour of four or fewer transferees;
- (e) if the transfer is in favour of a minor, bankrupt or person of mental ill-health;
- (f) if it is held in uncertificated form, in any other circumstances permitted by the CREST Regulations and/or the CREST rules; or
- (g) where the Board is obliged or entitled to refuse to do so where a person has failed to comply with a disclosure notice (see paragraphs entitled "Disclosure of interests in shares and restrictions for failure to provide information" below).

Pre-emption rights

Subject to the Statutes and any resolution passed by the Company, shares may be issued with such rights and restrictions as the Company may by ordinary resolution determine, or (if there is no determination) as the Board may determine. Subject to the Statutes, the Articles of Association and any resolution passed by the Company, unissued shares are at the disposal of the Board.

Under the Statutes, if the Company issues shares or certain other securities, current Shareholders will generally have pre-emption rights to those shares or securities on a pro-rata basis. The Shareholders may, by special resolution, grant authority to the Board to allot shares as if the pre-emption rights did not apply. This authority may be either specific or general and may not exceed a period of five years.

Alteration of share capital

- (a) The Company may by ordinary resolution:
 - (i) increase its share capital by the issue of new shares of such amount as the resolution prescribes;
 - (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
 - (iii) subject to the Statutes, sub-divide its shares, or any of them, into shares of a smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or other advantage or have qualified or deferred rights or be subject to any restrictions as compared to others; and

- (iv) cancel any shares, which have not been taken, or agreed to be taken, by a person and diminish the amount of its share capital by the amount of the shares cancelled.
- (b) Subject to the Statutes, the Company may by special resolution:
 - (i) reduce its share capital, any capital redemption reserve, share premium account or other undistributable reserve; and
 - (ii) purchase or agree to purchase its own shares (including any redeemable shares).

Variation of rights

Under the Statutes, as the Articles do not provide otherwise the rights attached to any class of shares may be altered or abrogated with the written consent of the holders of not less than three fourths in number of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of that class.

Lien and forfeiture

The Company has a lien on every partly-paid up share for all monies called or payable in respect of that share. The Company may serve notice on the members in respect of any amounts unpaid on their shares. The member shall be given not less than 14 clear days' notice to pay the unpaid amount, together with any interest and all costs, charges and expenses incurred by the Company. In the event of non-compliance, a share in respect of which the notice is given may be forfeited by resolution of the Board.

Disclosure of interests in shares and restrictions for failure to provide information

- (a) If a person appearing to have an interest in the issued share capital of the Company of a class carrying rights to vote in all circumstances at general meetings has failed to give the Company within 14 days information required by a notice requiring that information (a disclosure notice), the Board may, at its discretion, impose restrictions upon the relevant shares.
- (b) The restrictions available are the suspension of voting or other rights in relation to meetings of the Company in respect of the relevant shares and, additionally, in the case of shareholders representing at least 0.25 per cent. of that class of shares (excluding any shares of that class held as treasury shares), the withholding of payment on dividends on, and in certain cases the restriction of transfers of, the relevant shares. The restrictions shall cease to apply seven days after the earlier of receipt by the Company of notice of an excepted transfer (but only in relation to the shares transferred) and due compliance, subject to the satisfaction of the Board, with the disclosure notice. For these purposes, an excepted transfer means a transfer pursuant to acceptance of a takeover bid, or a sale of the whole beneficial interest in the shares on a recognised investment exchange or a stock exchange outside the United Kingdom on which the shares are normally traded, or a sale of the whole beneficial interest in the shares otherwise than on a stock exchange to a person whom the Board is satisfied is not connected with the transferor or with any person appearing to be interested in the shares.
- (c) The Disclosure Guidance and Transparency Rules require Shareholders (subject to certain exceptions) to notify the Company if the voting rights directly or indirectly held (within the meaning of those rules) by such Shareholder reaches, exceeds or falls below three per cent. and each one per cent. threshold above that.

General meetings

- (a) The Companies Act requires annual general meetings to be held on a regular basis in addition to any other general meetings. The Board may call other general meetings whenever it thinks fit. The Board must also convene a meeting upon the valid request of members holding not less than 5 per cent. of the Company's paid up capital carrying voting rights at general meetings. If the Board fails to give notice of such meeting to members when required to do so, the members that requested the general meeting, or any of them representing more than one half of the total voting rights of all members that requested the meeting, may themselves convene a meeting.
- (b) An annual general meeting shall be convened by at least 21 clear days' notice and (subject to the Statutes) all other general meetings shall be convened by at least 14 clear days' notice. Every notice calling a general meeting shall specify the place, the day and the time of the meeting and the general nature of the business to be transacted.
- (c) Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes. If a quorum is not present within five minutes of the commencement time of the meeting (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait), the meeting, if requisitioned by members, shall be dissolved or, in any other case, adjourned to such time (not being less than ten nor more than 28 days later) and place as the chairman of the meeting shall decide and at such adjourned meeting one member present in person or by proxy (whatever the number of shares held by him) and entitled to vote shall be a quorum.
- (d) Members may attend and vote in person or by duly appointed proxy. A member may appoint more than one proxy in relation to a general meeting, provided that such proxy is appointed to exercise the rights attached to a different share or shares held by the member. The Articles contain provisions for the appointment of proxies, including time limits for making such appointments ahead of the meeting and provisions for appointment by means of electronic communication.
- (e) A simple majority of members entitled to vote and who are present in person or by duly appointed proxy may pass an ordinary resolution. To pass a special resolution, a majority of not less than three fourths of the members entitled to vote and who are present in person or by duly appointed proxy at the meeting is required.
- (f) The Board may direct that persons entitled to attend any general meeting should submit to searches or other security arrangements or restrictions, and may refuse entry to a general meeting to any person who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions. If any person has gained entry to a general meeting and refuses to comply with any such security arrangements or restrictions or disrupts the proper and orderly conduct of the general meeting, the chairman of the meeting may at any time, without the consent of the general meeting, require the person to leave or be removed from the meeting.

Notices to overseas shareholders

Shareholders with registered addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which notices may be served. Such address may, if the Board agrees, be an address for the purposes of electronic communications.

The Board

Subject to the Statutes and the Articles, the business of the Company is managed by the Board, which may exercise all the powers of the Company, subject to any directions given by the Company in general meeting by special resolution. No alteration of the Articles, and

no such directions by special resolution, shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that resolution had not been passed.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee consisting of such person or persons as it thinks fit (whether a member or members of its body or not), provided that the majority of the members of the committee are directors. Subject to any restriction on sub-delegation imposed by the Board, any committee so formed may exercise its power to sub-delegate by sub-delegating to any person or persons (whether or not a member or members of the Board or of the committee).

Directors

(a) Appointment and retirement of directors

The directors (excluding alternate directors) shall not, unless otherwise determined by ordinary resolution, be fewer than two but shall not be subject to any maximum number. A director need not be a member of the Company.

Directors may be appointed by the Company by ordinary resolution or by the Board. A director appointed by the Board holds office only until the end of the annual general meeting of the Company following his appointment unless he is reappointed during the meeting.

Each director shall retire at the annual general meeting unless he was appointed or re-appointed a director at either of the last two general meetings before that meeting. The Company may fill any vacated office by re-electing the retiring director or some other person eligible for appointment.

No director may vote or be counted in the quorum on any resolution of the Board concerning his own appointment (including the settlement or variation of the terms, or the termination, of the appointment) as the holder of any office or place of profit within the Company or any other company in which the Company is interested.

(b) Remuneration of directors

The directors shall be entitled to receive fees for their services at a rate which shall not exceed an aggregate sum of £500,000 per annum or such higher amount as the Company, by ordinary resolution, may determine from time to time.

Any director who holds any executive office, or who serves on any committee or devotes special attention to the business of the Company, shall receive such remuneration or extra remuneration by way of salary, commission, participation in profits or otherwise as the Board, or any committee authorised by the Board, may determine.

The Company may pay the directors' expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the directors, committee meetings or general meetings.

(c) Directors' interests

Subject to the Statutes, provided the director has disclosed to the Board the nature and extent of any material interest of his, a director notwithstanding his office:

- (i) may hold any other office or place of profit with the Company (except that of auditor) in conjunction with the office of director and may act by himself or through his firm in a professional capacity for the Company;

- (ii) may be a party to, or otherwise interested in, any contract with the Company or in which the Company is otherwise interested;
 - (iii) may be a director or other officer of, or employed by, or a party to any contract with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested or in relation to which the Company has power of appointment; and
 - (iv) shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such contract or from any interest in such body corporation nor shall the receipt of such remuneration or benefit constitute a breach of the duty under the Companies Act not to accept benefits from third parties.
- (d) Restrictions on directors voting
- A director is not permitted to vote or be counted in the quorum on any resolution of the Board or of a committee of the Board concerning any matter in which he has, to his knowledge, directly or indirectly, an interest or duty that is material. This prohibition does not apply to any of the following matters:
- (i) the giving to him of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;
 - (ii) the giving by the Company of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director himself has assumed responsibility in whole or in part (whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
 - (iii) the director subscribing or agreeing to subscribe for, or purchasing or agreeing to purchase, any shares, debentures or other securities of the Company or any of its subsidiary undertakings;
 - (iv) any contract concerning any company (not being a company in which the director owns 1 per cent. or more) in which he is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise;
 - (v) any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings under which he benefits in a similar manner as the employees;
 - (vi) any contract concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any directors or for persons who include directors; or
 - (vii) any indemnity permitted by the Articles (whether in favour of the director or others as well) against any costs, charges, expenses, losses and liabilities sustained or incurred by him as a director of the Company or of any of its subsidiary undertakings.
- (e) Conflicts of interest requiring Board authorisation
- The Board may, provided the quorum and voting requirements are satisfied, authorise any matter that would otherwise involve a director breaching his duty under the Companies Act to avoid conflicts of interest. Any director may propose that the director concerned be authorised in relation to any matter which is the subject of such a conflict and such proposal shall be resolved upon by the Board in the same manner as any

other matter, except that the director who is the subject of the conflict (or any other director with a similar interest) shall not count towards the quorum or vote on the resolution authorising the conflict.

Any such authority may provide:

- (i) for the exclusion of such a director from the receipt of information or participation in decision-making or discussion (whether at Board meetings or otherwise) related to the conflict;
 - (ii) that such a director will be obliged to conduct himself in accordance with any terms imposed by the Board from time to time in relation to the conflict but will not be in breach of his duties as a director by reason of his doing so;
 - (iii) that, where such a director obtains information that is confidential to a third party, the director will not be obliged to disclose that information to the Company, or to use the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence;
 - (iv) that such a director shall not be accountable to the Company for any benefit that he receives as a result of the conflict;
 - (v) that the receipt by such a director of any remuneration or benefit as a result of the conflict shall not constitute a breach of the duty under the Companies Act not to accept benefits from third parties;
 - (vi) that the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
 - (vii) that the Board may withdraw the authority at any time.
- (f) **Borrowing powers**
- The Board may exercise all the powers of the Company to borrow money, to mortgage or charge all or part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board restricts the borrowing of the Company and exercises all its voting and other rights and powers of control exercisable by the Company in relation to the Group to ensure that the aggregate borrowings of the Group (excluding borrowings owed by one Group member to another) does not, without the previous sanction of an ordinary resolution, exceed an amount equal to four times the adjusted capital and reserves.

- (g) **Indemnity of officers**

Subject to the Statutes, any person who is or was at any time a director, secretary or other officer (unless the office is or was as auditor) of the Company or of any of its subsidiary undertakings may be indemnified out of the assets of the Company to whatever extent the Board may determine against losses incurred in the actual or purported execution of his duties or office, whether or not sustained or incurred in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or the relevant subsidiary undertaking.

The Board also has power to provide funds to meet any expenditure incurred or to be incurred by any such person in defending any criminal or civil proceeding in which he is involved by reason of his office, or in connection with any application under the Companies Act, or in defending himself in an investigation, or action proposed to be

taken, by a regulatory authority in connection with his office, or in order to enable him to avoid incurring such expenditure.

(h) Power to insure

The Board may purchase and maintain insurance at the expense of the Company for the benefit of any person in their capacity of a director, officer, employee or trustee of the Company or any member of the Group, or any entity or trust in which the Company or any other member of the Group has an interest.

(i) Untraceable shareholders

The Company shall be entitled to sell, at the best price reasonably obtainable, the shares of a member or the shares to which a person is entitled by transmission if:

- (i) during a period of 12 years prior to the date of advertising its intention to sell such shares at least three cash dividends in respect of such shares have become payable but no dividend has been claimed;
- (ii) after the expiry of that period, the Company has published a notice stating it intends to sell the shares in a leading national daily newspaper in the United Kingdom and in a newspaper circulating in the area of the last known address of the member or the person entitled by transmission; and
- (iii) during that period or three months following the publication of the advertisements and prior to the exercise of the power of sale, the Company has not heard from the member or the person entitled to the shares by transmission.

The net proceeds of such sale shall belong to the Company, which shall be obliged to account to the former member or other person who would have been entitled to the shares for an amount equal to the proceeds as a creditor of the Company.

Mandatory takeover bids, squeeze-out and sell-out rules

Except as provided by the Companies Act and the Takeover Code, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules in relation to the Shares.

6. Significant subsidiaries

The Company acts as the holding company of the Group. The following table shows, as of 26 March 2018, the significant subsidiaries of the Group and the associated undertakings of the Group which the Company considers are likely to have a significant effect on the assessment of the Group's assets and liabilities, financial position or profit and losses:

Principal Subsidiary Name	Country of incorporation	Percentage ownership interests and voting power (per cent)
Galliford Try Building Limited	England and Wales	100
Galliford Try Homes Limited	England and Wales	100
Galliford Try Infrastructure Limited	Scotland	100
Galliford Try Investments Limited	England and Wales	100
Galliford Try Partnerships Limited	England and Wales	100
Galliford Try Services Limited	England and Wales	100
Linden Limited	England and Wales	100
Galliford Try Construction & Investment Holdings Limited	England and Wales	100

7. Working capital

The Company is of the opinion that, after taking into account available bank facilities, the Private Placement Debt and the net proceeds of the Rights Issue, the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of this document.

8. No significant change

There has been no significant change in the trading or financial position of the Group since 31 December 2017, the date to which the half year results were prepared.

9. Consent

PricewaterhouseCoopers LLP (a member of the Institute of Chartered Accountants in England and Wales) has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report which is set out in section B (*Report on Unaudited Pro Forma Financial Information on the Group*) of Part XVI (*Unaudited Pro Forma Financial Information*) of this Prospectus in the form and context in which they appear and has authorised those reports for the purposes of item 5.5.3R(2)(f) of the Prospectus Rules. A written consent under the Prospectus Rules is different from a consent filed with the SEC under section 7 of the U.S. Securities Act. As the Offer Shares have not been and will not be registered under the U.S. Securities Act, PricewaterhouseCoopers LLP has not filed a consent under section 7 of the U.S. Securities Act.

10. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past (covering the 12 months preceding the date of this document) a significant effect on the financial position or profitability of the Company and/or the Group.

11. Material contracts

The following are summaries of all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company or any member of the Group (i) within the two years immediately preceding the date of this document which are, or may be, material to the Group, or (ii) at any time and contain obligations or entitlements which are, or may be, material to the Group at the date of this document. The revolving facility agreement summarised at Section 11.4 below was entered into by the Company in the ordinary course of business, but is summarised in this document on the basis of its materiality to the Group.

11.1 Underwriting Agreement

On 27 March 2018, the Company and the Banks entered into the Underwriting Agreement pursuant to which the Company appointed: (i) each of the Banks, on a several basis, as underwriters and Joint Bookrunners in relation to the Rights Issue, and (ii) each of HSBC and Peel Hunt, on a several basis as Joint Global Co-ordinators and sponsors in relation to the Rights Issue.

Pursuant to the Underwriting Agreement, the Banks have agreed to fully underwrite the Rights Issue and may (but are not obliged to) seek sub-underwriters. Under the Underwriting Agreement, the Sponsors are obliged to use their reasonable endeavours to assist the Company in connection with the Company's application for Admission.

Subject to the terms and conditions of the Underwriting Agreement, the Company has agreed to pay, no later than the fifth dealing day after the last date or acceptances of the Rights Issue, total base fees to the Banks up to 2.0 per cent. of the aggregate gross amount raised under the Rights Issue.

No fees are payable if the Underwriting Agreement does not become unconditional or is terminated in accordance with its terms. Any sub-underwriting commissions payable to such persons (if any) as the Banks may procure to subscribe New Ordinary Shares will be paid by the Banks out of the fees and commissions referred to above.

In addition, the Company will pay (whether or not the Underwriting Agreement becomes unconditional), all costs and expenses reasonably and properly incurred in connection with the Rights Issue, the allotment and issue of the New Ordinary Shares and the Underwriting Agreement. This will include listing and trading fees, other regulatory fees and expenses, printing and advertising costs, postage, all accountancy and other professional fees, public relations.

The Banks' and Sponsors' obligations under the Underwriting Agreement are subject to certain customary conditions, including, amongst other things, on:

- (a) Admission having occurred not later than 8.00 a.m. on the first Dealing Day after the date of the Underwriting Agreement or such later time and/or date (not later than 5 April 2018) as the parties may agree;
- (b) the warranties and representations on the part of the Company in the Underwriting Agreement being true and accurate in all respects and not misleading in any respect on and as of the date of the Underwriting Agreement, the date of any supplementary prospectus required to be published before Admission and on Admission as if they had been given and made at such time by reference to the facts and circumstances then existing.

The conditions, other than, *inter alia*, Admission becoming effective, may be waived in the absolute discretion of the Banks.

The Company has given certain customary representations and warranties, agreed to comply with certain undertakings and given certain customary indemnities to the Banks. The liabilities under those warranties, undertakings and indemnities are unlimited as to time and amount.

The Banks may by notice to the Company terminate the Underwriting Agreement in limited circumstances prior to Admission.

The Banks have agreed that neither they nor any other person acting on their behalf will procure subscribers for any of the New Ordinary Shares in breach of certain selling restrictions.

11.2 **Subscription and Transfer Agreements**

In connection with the Rights Issue, the Company, Newco and HSBC (the "Subscribing Bank"), have entered into (i) a subscription and transfer agreement deed, and (ii) an initial subscription and put and call option deed (together, the "Subscription and Transfer Agreements"), each dated 27 March 2018, in respect of the subscription and transfer of ordinary shares and redeemable preference shares in Newco. Under the terms of the Subscription and Transfer Agreements:

- (a) the Company and the Subscribing Bank have agreed to subscribe for ordinary shares in Newco and enter into put and call options in respect of the ordinary shares in Newco subscribed for by the Subscribing Bank that are exercisable if the Rights Issue does not proceed;
- (b) following the Underwriting Agreement becoming unconditional, payments received from Qualifying Shareholders or renounces taking up New Ordinary Shares under the Rights Issue shall be held by the Receiving Agent on behalf of the Subscribing Bank, solely for the purpose of enabling the Subscribing Bank to subscribe for redeemable

preference shares in the capital of Newco to an aggregate value equal to such monies, after deduction of the amount of certain commissions and expenses; and

- (c) the Company will allot and issue the New Ordinary Shares to those persons entitled thereto in consideration of the Subscribing Bank transferring its holding of redeemable preference shares and ordinary shares in Newco to the Company.

Accordingly, instead of receiving cash as consideration for the issue of the New Ordinary Shares, at the conclusion of the Rights Issue, the Company will own the entire issued ordinary and redeemable preference share capital of Newco whose only assets will be its cash reserves, which will represent an amount equivalent to the net proceeds of the Rights Issue. The Company will be able to utilise this amount equivalent to the Rights Issue proceeds by exercising its right of redemption over the redeemable preference shares it holds in Newco and, during any interim period prior to redemption, by procuring that Newco lends the amount to the Company (or one of the Company's subsidiaries).

Qualifying Shareholders are not party to these arrangements and so will not acquire any direct right against the Banks pursuant to these arrangements. The Company will be responsible for enforcing the obligations of the Subscribing Bank and Newco thereunder.

11.3 ***Share Sale and Purchase Agreement in respect of the entire issued ordinary share capital of (1) Drew Smith Limited and (2) Drew Smith Homes Limited***

Andrew Doswell, Alison Doswell, Stuart Munro, and Linda Munro (together the "Sellers") and Galliford Try Partnerships Limited, entered into a share sale and purchase agreement dated 12 May 2017 pursuant to which Galliford Try Partnerships Limited acquired the entire issued share capital of Drew Smith Limited ("DSL") and Drew Smith Homes Limited ("DSH") (together the "Drew Smith Group").

Completion of the sale and purchase of the entire issued share capital of the Drew Smith Group took place simultaneously with signing on 12 May 2017.

The aggregate consideration paid for the Drew Smith Group was £27.1 million comprising: (i) initial cash consideration of £12.8 million; (ii) deferred cash consideration of £12.8 million (which included £2 million deferred until May 2018 (£1 million) and May 2019 (£1 million) and is payable subject to the satisfactory resolution of certain customer contract matters); and (iii) deferred contingent consideration of £1.5 million, which is payable on the achievement of certain profit targets by the acquired businesses during 2017 and 2018. In no circumstances will the consideration payable for Drew Smith Group exceed an aggregate amount of £35 million.

The agreement contains customary warranties from the Sellers to Galliford Try Partnerships Limited in relation to the companies and their assets. The Sellers also gave indemnities in relation to certain retained properties and entities.

The Sellers' aggregate liability under the agreement is capped at an amount equal to the sum of £19.8 million plus the amount of any earn out consideration payable in respect of DSL. Any claims under the non-tax warranties must be notified by 5pm on 12 May 2019 and claims under the tax warranties, tax covenant or general indemnities must be notified on or before 5 pm on 12 May 2024.

11.4 ***Revolving Credit Facility ("RCF")***

The Company has entered into a £450 million sterling revolving credit facility agreement dated 18 February 2014 (as amended on 13 February 2015 and 30 March 2016 and as amended and restated on 20 December 2016) as an original Borrower and an original Guarantor with HSBC as Facility Agent and Barclays Bank PLC, HSBC, Abbey National Treasury Services plc and The Royal Bank of Scotland plc as mandated lead arrangers, original lenders and original hedge counterparties.

The key terms of the facility agreement are set out below:

(a) *Facility*

The facility consists of a £450 million sterling revolving loan facility. A lender may make all or part of its commitment available to the borrowers as either loans or ancillary facilities.

(b) *Purpose*

The facility shall be used firstly towards the refinancing and cancellation of a then existing RCF agreement originally dated 25 May 2011 and thereafter towards the general corporate purposes of the Group.

(c) *Repayment*

The full facility of £450 million is available for utilisation until 18 January 2022 and all outstanding amounts must be repaid on 18 February 2021. The facility provides that the Company may request that the lenders extend the facility for up to one year and each lender may in its sole discretion agree to such request. The facility may only be extended if all the lenders agree to the extension or if all the extending lenders agree to take on the commitments of the non-extending lenders.

The facility is subject to a change of control prepayment event whereby if any person or persons acting in concert gains control of the Company, the lenders have the right to cancel their commitments and require prepayment.

If certain further unsecured debt is incurred above a set level, the facility must be partially cancelled in an amount equal to the unsecured debt incurred above that level.

(d) *Interest and fees*

Advances under the facility bear interest at a rate equal to the relevant rate of LIBOR plus the applicable margin. The margin varies between 2.00 per cent. and 2.30 per cent. per annum according to the percentage of the total RCF commitments that are drawn (including as deemed increased by certain other unsecured debt) on the first day of the relevant interest period.

Certain fees and expenses apply, including arrangement fees, facility agency fees, commitment fees, ancillary facility fees and, where applicable, extension fees.

(e) *Guarantee and Security*

The facility is unsecured and is to rank *pari passu* with all other unsecured obligations. Each guarantor (including the Company) guarantees the performance by each other obligor under the facility agreement.

(f) *Covenants*

The facility agreement requires the Company to comply with the following financial covenants:

- (i) the ratio of consolidated EBIT to net consolidated finance charges shall not be less than 3:1 at any time;
- (ii) the ratio of consolidated total net debt and land creditor debt (without double counting) to consolidated tangible net assets shall not exceed (A) 1.25:1 at any time on or prior to 31 December 2018 and (B) 1.10:1 at any time thereafter; and
- (iii) consolidated tangible net assets must not be less than £383,500,000 at any time after 30 June 2016, but on 30 June of each subsequent year this figure is

increased by an amount equal to 80 per cent. of the Group profit for the financial year just ended less minority interests and dividends paid of the Group in that financial year.

The facility agreement also contains certain other covenants which, amongst other things, limits to certain thresholds further borrowings, creation of security and disposal of assets, and imposes restrictions on, amongst other things, mergers, acquisitions and change of business.

(g) *Events of Default*

The facility agreement contains customary events of default including payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults, certain events of insolvency, audit qualification and material adverse change.

11.5 **Private Placement Debt**

The Company has entered into a note purchase agreement dated 16 February 2017 in relation to £100,000,000 4.03 per cent. senior notes as issuer with The Prudential Insurance Company of America, Pruco Life Insurance Company, Pensionskasse des Bundes Publica, Zurich Insurance Public Limited Company (UK Branch) and Hermit Private Placement Investors L.P. as original purchasers.

The key terms of the note purchase agreement are set out below:

(a) *Notes*

The notes consists of £100 million sterling senior notes. The full £100 million of the notes was drawn down on 16 February 2017.

(b) *Purpose*

The notes may be used towards the general corporate purposes of the Group.

(c) *Repayment*

The notes are due for repayment in full on 16 February 2027.

The notes are subject to a change of control prepayment requirement whereby if any person or persons acting in concert gains control of the Company, the Company must make an offer to the noteholders to acquire 100 per cent. of the outstanding notes at par.

(d) *Interest and fees*

The notes bear interest at 4.03 per cent. per annum. Any optional prepayment of the notes shall incur a make-whole penalty determined on the basis of reinvestment yield to original maturity of the prepaid notes.

(e) *Guarantee and Security*

The notes unsecured and rank pari passu with all other unsecured obligations. Each guarantor guarantees the performance by the Company and each other guarantor under the note purchase agreement and the related guarantee agreement.

(f) *Covenants*

The note purchase agreement requires the Company to comply with the following financial covenants:

- (i) the ratio of consolidated EBIT to net consolidated finance charges shall not be less than 3:1 at any time;

- (ii) the ratio of consolidated total net debt and land creditor debt (without double counting) to consolidated tangible net assets shall not exceed (A) 1.25:1 at any time on or prior to 31 December 2018 and (B) 1.10:1 at any time thereafter; and
- (iii) consolidated tangible net assets must not be less than £383,500,000 at any time after 30 June 2016, but on 30 June of each subsequent year this figure is increased by an amount equal to 80 per cent. of the Group profit for the financial year just ended less minority interests and dividends paid of the Group in that financial year.

The note purchase agreement also contains certain other covenants which, amongst other things, limits to certain thresholds further borrowings, creation of security and disposal of assets, and imposes restrictions on, amongst other things, mergers and change of business.

The note purchase agreement also contains a most favoured lender clause, whereby if a new financial covenant is granted, or a financial covenant for which an analogous provision exists in the note purchase agreement is tightened, in a Material Credit Facility (each facility of the Group exceeding £50 million or, if there is no such facility, the largest facility of the Group at such time), the purchasers will also receive the benefit of this new covenant or, as the case may be, covenant tightening under the note purchase agreement. Similarly, if a financial covenant that has been added in to the note purchase agreement or tightened by virtue of the most favoured lender provision and such covenant is later deleted or relaxed in the relevant Material Credit Facility, such deletion or relaxation will also apply to the note purchase agreement provided that no default is continuing at such time.

(g) *Events of Default*

The note purchase agreement contains customary events of default including payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults, certain events of insolvency, audit qualification and material adverse change.

12. Property, plant and equipment

The Group's property, plant and equipment at 30 June 2017 had a net book value of £16.2m and consisted of a portfolio of fixtures and fittings, plant and machinery, and land and buildings. There are no existing or planned material tangible fixed assets leased by the Group other than properties. The following table contains information regarding the most significant properties leased by the Group:

Location	Floor area (ft ²)	Annual rent (£)	Lease expiry
Wolvey Campus, Leicestershire*	45,093	598,500*	December 2021
Broadway Chambers, London	16,088	550,000	December 2027
Try House, Cowley Business Park, Middlesex*	20,287	528,950*	January 2021
Linden House, Caterham	12,993	298,259	June 2022
1A Guildford Business Park, Surrey	11,000	275,000	June 2025
Chancery Court, High Wycombe	12,613	253,700	November 2021
Miller House, 6060 Knights Court, Solihull	12,389	230,926	November 2027
The Weighbridge, Marlow	7,160	205,743	April 2021
Location	Floor area (ft ²)	Annual rent (£)	Lease expiry
Berkeley Square, Clifton, Bristol	9,369	204,813	June 2022
Miller House, 2 Lochside View, Edinburgh	8,621	183,799	June 2027
Unit 6, Kingseat Business Park, Kingseat	9,227	150,400	December 2023
Crab Lane, Warrington, Cheshire	11,237	147,250	April 2023

Linden House, Harefield, Middlesex	6,042	134,408	June 2022
The Weighbridge, Marlow, Buckinghamshire	7,160	132,460	September 2019
Linden House, Totton, Southampton	8,416	147,210	June 2022
35a Harbour Road, Inverness**	12,266	129,000**	July 2023
Innovation House, Birchwood	8,448	128,400	April 2026
Camberwell House, Exeter Business Park, Exeter	8,602	120,428	April 2021
Wornersh House, Old Portsmouth Rd, Guildford, Surrey	5,080	111,800	September 2024
Block 1A, Ashurst, Southgate Park, Peterborough***	10,011	100,000***	June 2018

* The rent on this property is the subject of an ongoing rent review.

** The annual rent on this property will increase to £135,000 from July 2018.

*** Lease renewal terms are currently being negotiated on this property.

13. General

- (a) The Sponsors are regulated in the UK by the FCA.
- (b) The registrar of the Company in the UK is Equiniti Limited.
- (c) The total costs, charges and expenses payable by the Company in connection with the Rights Issue are estimated to amount to approximately £7.5 million (excluding VAT), which includes estimated total underwriting commission of approximately £3.2 million. These costs, charges and expenses will be paid by the Company from the proceeds of the Rights Issue.
- (d) Each of the Banks and the Financial Adviser have given and have not withdrawn their respective written consent to the issue of this document with the inclusion herein of the references to their respective names in the form and context in which they appear.
- (e) PricewaterhouseCoopers LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its consent to the inclusion in this document of its report in Part XVI (*Unaudited pro forma financial information*) in the form and context in which it appears and has authorised the contents of that report for the purposes of Prospectus Rule 5.5.3R(2)(f). A written consent under the Prospectus Rules is different from a consent filed with the SEC under Section 7 of the US Securities Act. PricewaterhouseCoopers LLP has not filed and will not be required to file a consent under Section 7 of the US Securities Act.
- (f) Kevin Corbett is the secretary of the Company. He is a solicitor of the Supreme Court of England and Wales.
- (g) Each of the Banks and their respective affiliates have engaged in transactions with and performed various investment banking, financial advisory and other services for the Company and its affiliates, for which, in certain cases, they received customary fees and commissions. In particular, HSBC is currently a lender to the Company pursuant to certain debt facilities. Additionally, as lender under those debt facilities, HSBC receive customary fees related to such services. Each of the Banks and their respective affiliates may provide such services for the Company and its affiliates in the future.

14. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on each Business Day up to and including 16 April 2018 at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom:

- (a) this document;
- (b) the Memorandum and Articles (existing and with proposed amendments);
- (c) the 2015 Annual Report and Accounts;

- (d) the 2016 Annual Report and Accounts;
- (e) the 2017 Annual Report and Accounts;
- (f) the 2018 Interim Financial Information;
- (g) the report from PricewaterhouseCoopers LLP on the unaudited pro forma financial information set out in Part XVI (*Unaudited Pro Forma Financial Information*) of this document;
- (h) the service agreements and terms of employment referred to in paragraph 3 of Part XII (*Directors and Employees*); and
- (i) the consent letters referred to in paragraph 13 of this Part XVIII (*Additional Information*).

15. Sources of Information

The sources and bases of statements relating to the market position of the Company are set out in this document where the statement is made. Certain information has been obtained from external publications and is sourced in this document where the information is included. Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

16. Announcement on results of the Rights Issue

The Company will make an appropriate announcement(s) to a Regulatory Information Service giving details of the results of the Rights Issue and details of the sale of New Ordinary Shares not taken up by Qualifying Shareholders on or about 16 April 2018.

PART XIX

DOCUMENTS INCORPORATED BY REFERENCE

The following information, available for inspection in accordance with Section 14 of Part XVIII (*Additional Information*) of this document and also otherwise available on the Company's website at <http://www.gallifordtry.co.uk>, is incorporated by reference into this document so as to provide the information required under the Prospectus Rules, and to ensure that Shareholders and others are aware of all information, which according to the particular nature of the Company and the New Ordinary Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and of the rights attaching to the New Ordinary Shares.

Document	Section	Page numbers in such document
2015 Annual Report and Accounts	Capital	74
	Auditor's report	66
	Consolidated income statement	71
	Consolidated statement of comprehensive income	72
	Consolidated balance sheet	73
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	Notes to the financial statements	76
2016 Annual Report and Accounts	Capital	87
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	Consolidated income statement	84
	Consolidated statement of comprehensive income	85
	Consolidated balance sheet	86
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	Company balance sheet	86
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2017 Annual Report and Accounts	Capital	79
	Remuneration Committee Report	56
	Auditor's report	71
	Consolidated income statement	76
	Consolidated statement of comprehensive income	77
	Consolidated balance sheet	78
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2018 Interim Financial Information	Capital	9
	Consolidated income statement	6
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	Consolidated balance sheet	8
	Cash flow statement	10
	Company balance sheet	8
	Notes to the financial statements	11
	PricewaterhouseCoopers LLP review report	
Articles	Entire Document	

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. It should be noted that, except as set forth above, no other portion

of the above documents are incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for prospective investors or the relevant information is included elsewhere in this document.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

PART XX

DEFINITIONS AND INTERPRETATION

The definitions set out below apply throughout this document, unless the context requires otherwise:

“2005 Executive Plan”	the Galliford Try 2005 Executive Long Term Bonus Plan, details of which are set out in paragraph 7.1 of Part XII (Directors and Employees)
“2006 LTIP”	the Galliford Try 2006 Long Term Incentive Plan, details of which are set out in paragraph 7.2 of Part XII (<i>Directors and Employees</i>)
“2015 Annual Report and Accounts”	the Company’s annual report and accounts for the year ended 30 June 2015, together with the audit report thereon
“2015 Financial Information”	the audited consolidated financial statements of the Company and its subsidiaries at and for the year ended 30 June 2015 which has been extracted without material adjustment from the 2015 Annual Report and Accounts
“2016 Annual Report and Accounts”	the Company’s annual report and accounts for the year ended 30 June 2016, together with the audit report thereon
“2016 Financial Information”	the audited consolidated financial statements of the Company and its subsidiaries as at and for the year ended 30 June 2016 which has been extracted without material adjustment from the 2016 Annual Report and Accounts
“2016 LTIP”	means the Galliford Try Long Term Incentive Plan 2016, details of which are set out in paragraph 7.4 of Part XII (<i>Directors and Employees</i>)
“2017 Annual Report and Accounts”	the Company’s annual report and accounts for the year ended 30 June 2017, together with the audit report thereon
“2017 Financial Information”	the audited consolidated financial statements of the Company and its subsidiaries as at and for the year ended 30 June 2017 which has been extracted without material adjustment from the 2017 Annual Report and Accounts
“2017 Housing White Paper”	the white paper published by the Department for Communities and Local Government dated February 2017
“2018 Interim Financial Information”	the interim financial statements of the of the Company and its subsidiaries for the six months ended 31 December 2017, published on 14 February 2018
“Admission”	the admission of the New Ordinary Shares, nil paid, to the premium segment of the Official List becoming effective in accordance with the Listing Rules and the admission of the New Ordinary Shares, nil paid, to trading on the London Stock Exchange’s main market for listed securities, becoming effective in accordance with the Admission and Disclosure Standards

“Admission and Disclosure Standards”	the “Admission and Disclosure Standards” of the London Stock Exchange containing, amongst other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities
“Annual Bonus Plan”	the Galliford Try Annual Bonus Plan 2007, details of which are set out in paragraph 7.6 of Part XII (<i>Directors and Employees</i>)
“Articles”	the articles of association of the Company, details of which are set out in paragraph 5 of Part XVIII (<i>Additional Information</i>)
“Audit Committee”	the audit committee established by the Board
“AWPR”	the Aberdeen Western Peripheral Route, the 58 kilometre long road around Aberdeen, Scotland
“Balfour Beatty”	Balfour Beatty plc
“Banks”	HSBC and Peel Hunt
“Barclays”	Barclays Bank PLC, a company incorporated in England and Wales with registered number 01026167, whose registered office is at 1 Churchill Place, London E14 5HP, acting through its investment bank
“Board”	the board of directors of the Company
“Business Day”	any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday in England and Wales
“CAGR”	compound annual growth rate
“Carillion”	Carillion plc
“CCSS”	the CREST Courier and Sorting Service established by Euroclear to facilitate, amongst other things, the deposit and withdrawal of securities
“certificated” or “in certificated form”	where a share or other security is not in uncertificated form (that is, not in CREST)
“City Code”	the UK City Code on Takeovers and Mergers
“Closing Price”	the closing, middle market quotation in Pounds Sterling of an Existing Ordinary Share as published in the daily official list of the London Stock Exchange
“Companies Act”	the Companies Act 2006, as amended from time to time
“CREST”	the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, CREST CCSS Operations Manual and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms)

	promulgated by Euroclear on 15 July 1996 and as amended since)
“CREST Member”	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
“CREST Shareholders”	Shareholders holding Ordinary Shares in CREST in uncertificated form
“CREST Sponsor”	a CREST participant admitted to CREST as a CREST Sponsor
“CREST Sponsored Member”	a CREST Member admitted to CREST as a sponsored member
“Daily Official List”	the daily official list of the London Stock Exchange
“Dealing Day”	means a day in which dealings in domestic equity market securities may take place on the London Stock Exchange
“Directors”	the directors of the Company at the date of this document, details of which are set out in paragraph 1 of Part XII (<i>Directors and Employees</i>), and “Director” means any one of them
“Disclosure Guidance and Transparency Rules” or “DTRs”	the disclosure guidance and transparency rules made by the UK Listing Authority under Part VI of FSMA, as amended
“Enlarged Share Capital”	the issued ordinary share capital of the Company following the issue of the New Ordinary Shares pursuant to the Rights Issue
“EPS”	earnings per share
“EU” or “European Union”	the European Union
“Euro” or “€”	the single currency of the member states of the European Union that adopt or have adopted the euro as their lawful currency under the Treaty on the Functioning of the European Union
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“European Economic Area” or “EEA”	the member states of the EU, Iceland, Norway and Liechtenstein;
“Excluded Territories”	the United States, Canada, South Africa, the People’s Republic of China (excluding Hong Kong), South Korea, Taiwan, Thailand, New Zealand, Bahrain, the Bahamas, Bermuda, Brazil, Djibouti, Malaysia, Monaco, Oman, Pakistan, Israel, India, Jordan, Turkey, the United Arab Emirates, the West Indies, Vietnam and any other jurisdiction outside the United Kingdom where the Company is advised that the allotment or issue of New Ordinary Shares pursuant

	to the Rights Issue would or may infringe the relevant laws and regulations for such jurisdiction or would or may require the Company to obtain any governmental or other consent or to effect any registration, filing or other formality which, in the opinion of the Company, it would be unable to comply with or is unduly onerous, and “ Excluded Territory ” means any one of them
“ Executive Directors ”	the executive directors of the Company and “ Executive Director ” means any one of them
“ Existing Ordinary Shares ”	the Ordinary Shares at the Record Date
“ Ex-Rights Date ”	28 March 2018
“ FCA ” or “ Financial Conduct Authority ”	the Financial Conduct Authority of the United Kingdom and, where applicable, includes any successor body or bodies carrying out the functions currently carried out by the Financial Conduct Authority
“ FCA Handbook ”	the handbook of rules and guidance made by the FCA under FSMA
“ Financial Action Task Force ”	the inter-governmental body developing and promoting policies to combat money laundering and terrorist financing
“ Financial Adviser ”	Rothschild
“ FSMA ”	the Financial Services and Markets Act 2000, as amended
“ Fully Paid Rights ”	rights to acquire the New Ordinary Shares, fully paid
“ gearing ”	net borrowings divided by total shareholders’ equity excluding intangible assets and deferred tax balances;
“ Galliford Try ” or the “ Company ”	Galliford Try plc, a public limited company incorporated in England and Wales with registered number 836539, whose registered office is at Cowley Business Park, Cowley, Uxbridge, Middlesex UB8 2AL
“ Galliford Employee Share Trust ”	the Galliford Employee Share Trust, the current trustee of which is BWC Trust Company Limited, details of which are set out in paragraph 7.7 of Part XII (<i>Directors and Employees</i>)
“ Galliford Try Group ” or the “ Group ”	the Company together with its subsidiaries and subsidiary undertakings
“ Galliford Try Pension Scheme ”	the Group’s defined benefit scheme in the UK (which is closed to new members and to future accrual)
“ Galliford Try Share Plans ”	the 2005 Executive Plan, the 2006 LTIP, the 2016 LTIP, the Long Term Bonus Plans, the Annual Bonus Plan and the Sharesave;
“ Galliford Try’s Website ”	http://www.gallifordtry.co.uk
“ GDV ”	gross development value
“ Group Financial Information ”	the 2015 Financial Information, 2016 Financial Information, 2017 Financial Information and 2018 Interim Financial Information

“HMRC”	HM Revenue & Customs
“Homes England”	the national housing agency, an executive non-departmental public body, known as Homes England, which replaced the Homes and Communities Agency in January 2018
“HSBC”	HSBC Bank plc, a company incorporated in England and Wales with registered number 00014259, whose registered office is at 8 Canada Square, London E14 5HQ
“IFRS”	International Financial Reporting Standards as adopted for use in the EU
“Issue Price”	568 pence per New Ordinary Share
“KPIs”	key performance indicators of the Group
“LIBOR”	London interbank offered rate
“Listing Rules”	the listing rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended from time to time
“London Stock Exchange”	London Stock Exchange plc or its successor(s)
“Long Term Bonus Plans”	the long term bonus plans in respect of performance periods from 1 July 2016 to 30 June 2021 and from 1 July 2017 to 30 June 2020, details of which are set out in paragraph 7.5 of Part XII (<i>Directors and Employees</i>)
“Market Abuse Regulation”	the Market Abuse Regulation (EU) (596/2014)
“Memorandum”	the memorandum of association of the Company, details of which are set out in paragraph 5 of Part XVIII (<i>Additional Information</i>)
“Money Laundering Regulations”	the UK Money Laundering Regulations 2007, as amended
“MTM instruction”	many to many instruction which allows CREST members to settle up to four movements of securities and create up to two assured payment obligations at the same time
“net borrowings”	gross borrowings less capitalised finance costs, cash and cash equivalents on an IFRS basis
“Newco”	Stratford Funding (Jersey) Limited
“New Ordinary Shares”	the Ordinary Shares to be allotted and issued by the Company pursuant to the Rights Issue
“Nil Paid Rights”	New Ordinary Shares in nil paid form provisionally allotted to Qualifying Shareholders pursuant to the Rights Issue
“Nil Rate Amount”	the first £5,000 of dividend income received by an individual Shareholder in a tax year, in respect of which a nil rate of income tax is applied
“Nomination Committee”	the nomination committee established by the Board
“Non-Executive Director”	the non-executive directors of the Company and “Non-Executive Director” means any one of them

“NPPF”	the National Planning Policy Framework
“Official List”	the official list of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 50 pence each in the capital of the Company
“Overseas Shareholders”	Qualifying Shareholders who have registered addresses outside the United Kingdom or who are citizens, residents or nationals of, or located in, jurisdictions outside the United Kingdom
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST Member or CREST participant
“PD Regulation”	Prospectus Directive Regulation (No. 2004/809/EC)
“Peel Hunt”	Peel Hunt LLP, a limited partnership incorporated in England and Wales with registered number OC357088, whose registered office is at Moor House, 120 London Wall, London, EC2Y 5ET
“PFI”	private finance initiative
“PFIC”	passive foreign investment company
“Pounds” or “Pounds Sterling” or “£” or “GBP” or “pence” or “p”	the lawful currency of the United Kingdom
“PPP”	public private partnerships
“Private Placement Debt”	the £100 million private placement debt, details of which are set out in paragraph 11.5 of Part XVIII (<i>Additional Information</i>)
“Prospectus”	this document
“Prospectus Directive”	the EU directive 2003/71/EC and any implementing measure in each member state of the European Economic Area that has implemented directive 2003/71/EC
“Prospectus Rules”	the prospectus rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended
“Provisional Allotment Letter”	the renounceable provisional allotment letter to be sent to certain Qualifying Non-CREST Shareholders in respect of the New Ordinary Shares to be provisionally allotted to them pursuant to the Rights Issue
“Qualified Institutional Buyer” or “QIB”	qualified institutional buyer, within the meaning of Rule 144A under the US Securities Act
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Ordinary Share on the register of members of the Company in uncertificated form (that is, through CREST)
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares on the register of members of the Company in certificated form (that is, not through CREST)

“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company on the Record Date
“Receiving Agent”	Equiniti Limited, a company incorporated in England and Wales with registered number 06226088, whose registered office is at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
“RCF”	the revolving credit facility dated 18 February 2014 (as amended) between the Company and HSBC, Barclays Bank plc, Abbey National Treasury Services plc and the Royal Bank of Scotland plc, details of which are set out in paragraph 11.4 of Part XVIII (<i>Additional Information</i>)
“Record Date”	close of business on 23 March 2018
“Registered Providers”	registered providers of social housing (as defined in section 80 of the Housing and Regeneration Act 2008)
“Registrar”	Equiniti Limited, a company incorporated in England and Wales with registered number 06226088, whose registered office is at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
“Regulation S”	Regulation S under the US Securities Act
“Regulatory Information Service”	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information from listed companies
“Relevant Dividend Income”	the excess amount where a Shareholder’s dividend income for a tax year exceeds the Nil Rate Amount
“Remuneration Committee”	the remuneration committee established by the Board
“RIDDOR”	The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
“Rights Issue”	the issue by way of rights of New Ordinary Shares to Qualifying Shareholders, on the terms and conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter
“RoNA”	return on net assets
“Rothschild”	N M Rothschild & Sons Limited, a company incorporated in England with registered number 00925279, whose registered office is at New Court, St Swithin’s Lane, London, EC4N 8AL
“RTGS”	real time gross settlement
“Rule 144A”	Rule 144A under the US Securities Act
“Sharesave”	the Galliford Try 2005 Savings Related Share Option Plan, details of which are set out in paragraph 7.6 of Part XII (<i>Directors and Employees</i>)
“SDRT”	stamp duty reserve tax
“SEC”	United States Securities and Exchange Commission

“Shareholder(s)”	shareholders whose Ordinary Shares are registered on the Company’s register of members
“Shares”	ordinary shares of 50 pence each in the capital of the Company
“Sponsors”	HSBC and Peel Hunt
“Statutes”	every statute (including any statutory instrument, order, regulation or subordinate legislation made under it) concerning companies that are incorporated in England and Wales to the extent that it is for the time being in force or (where the context requires) was in force at a particular time, including the Companies Act 1985, the Companies Act 2006, the Insolvency Act 1986 and the CREST Regulations
“stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
“Subscription and Transfer Agreements”	the subscription and transfer agreement and initial subscription and put and call option agreement each dated 27 March 2018 between the Company, Newco and HSBC and further described in paragraph 11.2 of Part XVIII of this document
“subsidiary”	has the meaning given in section 1159 of the Companies Act
“subsidiary undertaking”	has the meaning given in section 1162 of the Companies Act
“Summary”	the summary of this document
“Trustee”	the independent trustee of the Galliford Try Employees’ Benefit Trust
“TSR”	total shareholder return
“UK Corporate Governance Code”	the UK Corporate Governance Code of the Financial Reporting Council dated April 2016
“UK Listing Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of FSMA
“uncertificated” or “in uncertificated form”	a share or other security recorded in the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations, may be transferred by means of CREST
“Underwriting Agreement”	the underwriting agreement dated 27 March 2018 between the Company and the Banks, as the same may be supplemented by one or more deeds of adherence from time to time, and as described in paragraph 11.1 of Part XVIII (<i>Additional Information</i>) of this document
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

“US\$”, “USD”, “US dollars” or “US\$ cents”	the lawful currency of the United States
“US Securities Act”	the U.S. Securities Act of 1933, as amended
“US Securities Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended

