mace

ANNUAL REPORT

INSPIRING OUR SPIRIT OF ADVENTURE

2018

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Greenwich Peninsula
London, UK

1 ABOUT US

A BETTER PERSPECTIVE

Mace is an international consultancy and construction company, founded on exceptional people, a commitment to service excellence and a deep-rooted entrepreneurial spirit.

We are living in a world that is developing fast. Property and infrastructure projects and programmes are becoming more complex. The drive for sustainable development is ever more pressing.

To create cities and communities that solve these challenges, we must look at solutions from all angles, innovating together to identify the best course of action.

Our people give us that perspective, with their experience, confidence, drive and commitment to always go the extra mile. Together we strive to build more efficiently, more sustainably, more intelligently and more economically – to create cities and communities that don't just function, but inspire.

OUR VISION IS TO BE THE **INDUSTRY LEADER** IN **SHAPING CITIES** AND **BUILDING SUSTAINABLE COMMUNITIES**

OUR MISSION IS TO **CONTINUOUSLY PURSUE A BETTER WAY**

OUR VALUES

Safety first
going home safe and well

Create opportunity
for our people to excel

Client focus
deliver on our promise

Integrity
always do the right thing

For 28 years our adventurous spirit has driven us to do things better and drive change through our industry. We have helped shape cities around the world.

Our people constantly strive for better and always go that extra mile, inspiring each other and clients to innovate. We challenge convention, apply a can-do attitude and are committed to quality and service excellence.

We employ an open and collaborative approach with our partners. This gives us a better perspective on how we can deliver cost-effective and beneficial outcomes for all stakeholders on every project, no matter how complex or challenging it is.

We strive to find better ways to deliver for our clients, communities and the construction industry. We constantly challenge the status quo, make the seemingly impossible possible, and will always do so.

OUR SERVICES AND SECTORS

SERVICES

Develop

Development

Development management

Consult

Project & programme management

Cost consultancy

Advisory services

- Strategic advisory services
- Architecture, engineering and design services
- Building surveying
- BIM

Construct

Contracting

Construction management

Fit out

Specialist services

- Logistics
- MEP
- Secure works
- Façades

Operate

Facilities management consultancy

Helpdesk services

Managed services

SECTORS

Arts and culture

Commercial

- Corporate real estate
- Mixed-use development
- Offices
- Retail

Defence and security

Nuclear, energy and utilities

Health and education

- Health and social care
- Education

Hotels and residential

- Hotels
- Residential and student accommodation

Industrial, technology and biopharm

- Industrial and manufacturing
- Technology
- Research and biopharmaceuticals

Leisure and sport

Public buildings and estates

Regeneration

Transport

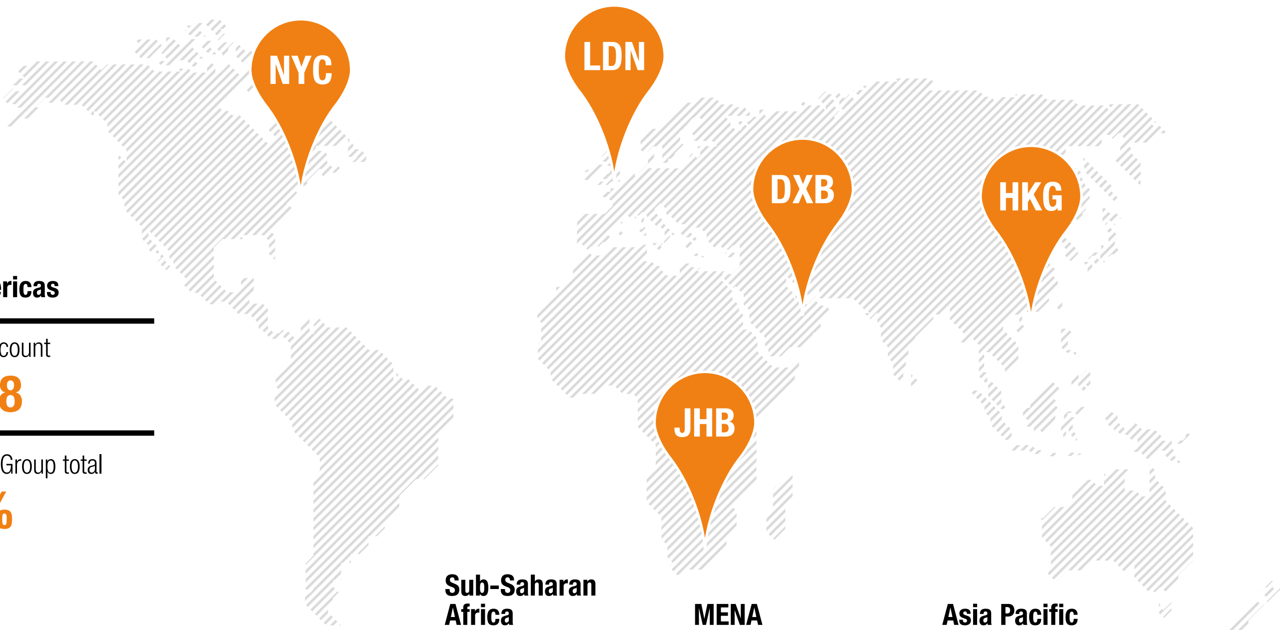
- Highways
- Aviation
- Rail
- Ports

OUR INTERNATIONAL PRESENCE

Headcount
6,376

UK
Headcount
4,321
% of Group total
68%

Mainland Europe
Headcount
542
% of Group total
9%



Americas
Headcount
218
% of Group total
3%

Sub-Saharan Africa
Headcount
171
% of Group total
3%

MENA
Headcount
784
% of Group total
12%

Asia Pacific
Headcount
340
% of Group total
5%

Headcount includes consultants and temporary employees

2018 AT A GLANCE

Total Group turnover

£2.35bn

19% increase from 2017

International turnover

£831m

25% increase from 2017

Group pre-tax profit

£32.8m

41% increase from 2017*

*excluding 2017 finance income

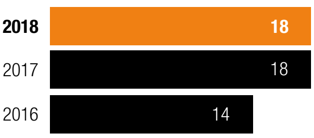
DEVELOPMENT

Gross Development Value under management

£2.0bn

Development headcount

18



Development is an integral part of the wider Mace business. Our skills range from deal origination, land acquisition, securing planning, raising project finance and procuring teams whose combined experience help deliver financially sound schemes, and consistently strong performance.

In addition to our own development portfolio, we are development manager/partner for landowners across the UK.

CONSULTANCY

Consultancy turnover

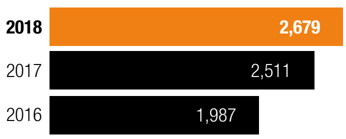
£274m

12% of Group total

Consultancy headcount

2,679

42% of Group total



Our consultants live and breathe each project, while our Group Board and senior management team have been praised for the way they lead from the top, taking personal ownership and making our promises to clients a reality.

With a growing Mace presence that spans our five global hubs, we oversee work for world-leading organisations across the public and private sectors. Our Consultancy business is also responsible for some of the largest infrastructure-led regeneration programmes – helping to shape cities around the world.

Total Group headcount

6,376

▲ **11%** increase from 2017

Accident Frequency Rate

0.10

▲ **11%** increase from 2017

Value to society

£491m

▲ **9%** increase from 2017

CONSTRUCTION

Construction turnover

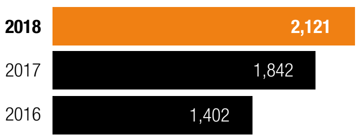
£1.99bn

85% of Group total

Construction headcount

2,121

33% of Group total



From contracting to construction management and everything in between, our Construction business has given rise to some of our most recognised and celebrated projects.

As fast paced and inspiring as it is to deliver gravity defying towers and improve nationally treasured landmark buildings, we are just as committed to our work on smaller yet equally rewarding projects. From towers to police stations, our success is founded on finding a better way of delivering for our clients.

FACILITIES MANAGEMENT (MACE MACRO)

Mace Macro turnover*

£144m

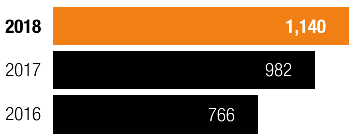
3% of Group total

* includes costs recharged to clients

Mace Macro headcount

1,140

18% of Group total



In over 30 countries Mace's facilities management business, Mace Macro, has handled the running of client properties, freeing up time for them to concentrate on their core business.

Mace Macro offers a complete facilities management service for companies anywhere in the world.

We support clients to build new premises, optimise their existing properties or handle everyday maintenance and services.

MACE BUSINESS MODEL

The breadth of our service offer and depth of our experience means our people bring a unique perspective, and every project and programme is an opportunity to challenge ourselves, innovate and find a better way to deliver.

We are passionate about being a resilient, risk-conscious and responsible business that contributes to improving our wider industry – today and for the future.

OUR VISION, MISSION AND VALUES

Our vision is to be the industry leader in shaping cities and building sustainable communities

Our mission is to continuously pursue a better way

Our values are...

Safety first
going home safe and well

Create opportunity
for our people to excel

Client focus
deliver on our promise

Integrity
always do the right thing

OUR RELATIONSHIPS

Our people

From project managers to technical specialists, graduates to the Group Board, our people are at the heart of our business and are critical to our success. They bring a better perspective to our clients' most complex challenges with passion, dedication and commitment to always go the extra mile.

Our clients

Our mission has always been to find a better way to deliver for our clients. 'Client focus' is one of our values and permeates through everything we do.

We see ourselves as a trusted partner; always looking for ways to be smarter, leaner and more cost-effective. We recognise that every project and programme is unique.

Our suppliers

We have taken care to build our relationships with our supply chain partners around shared values. Our suppliers are an extension of our business and pivotal to the service we provide to our clients – ensuring safety, quality and consistency on every project.

Our commitments

Whether controlling our carbon footprint, investing in responsibly sourced materials, promoting health, safety and wellbeing or creating social value for our clients, our people continue to advance industry best practice.

Our communities

Our vision is to be the industry leader in helping to shape cities and build sustainable communities. We aim to create a positive legacy from our projects and programmes and through the Mace Foundation.

We understand the impact we have on people and our environment. We champion responsible business behaviours, with a dedication to the future at the heart of every service we offer.

OUR ENGINES FOR GROWTH

Develop

With over £2bn of assets under our management, our Development business uses our development management capability to invest in schemes and provide expetise and services to our clients. We have an established pipeline of student and residential units consisting of private for sale, private rented sector and social housing, as well as mixed-use schemes that include hotel, retail, leisure and commercial office space.

Consult

Our Consultancy business continues to create modern smart cities for current and future generations by securing major infrastructure projects and programmes, framework agreements with global corporate real estate clients and a growing investment in our international business. We also deliver programme, project and cost management services for a wide range of sectors such as global events, schools, mixed-use developments, workplaces, energy and leisure.

Construct

Our Construction business has an industry-leading reputation for delivering complex projects, something we maintain by developing long-term relationships that recognise the value we create. In the past five years we have become a top ten UK contractor, built and fitted out commercial offices, new homes, stadia and cloud data centres, supported the expansion of all the UK's major airports, and delivered multiple schools and higher education facilities for the UK Government and many of the leading UK universities.

Operate

Our Operate business, Mace Macro, continues to secure long-term facilities management contracts with global clients, deliver workplace innovation and maximise real estate utilisation. Mace Macro has secured several long-term contracts with leading financial, commercial, industrial and pharmaceutical clients across the world.

OUR PRIORITIES

Engage, develop and inspire our people

Our people are at the heart of our business and are critical to the success of achieving our strategy over the next five years. We are working to provide opportunities for our people to develop in an inclusive and diverse environment, and continue to improve our approach to flexible and agile working and career development.

Achieve stable and sustainable growth

This means focusing on the right opportunities and clients. We not only want to improve our margins in our mature markets, but also have selective growth in new sectors and geographies, using our unique capabilities to achieve controlled revenue growth and a margin of 2.5% by 2022.

Driving innovation to improve service excellence

Our mission has always been to find a better way to deliver for our clients, and as a result we have found even more innovative ways to make their aspirations a reality. We want to drive innovation to improve service excellence by investing in innovation to create new and more efficient methods of delivery that benefit our clients.

Be a responsible business

In 2017 we launched our responsible business strategy, enabling us to take an active role to influence and improve our industry. Our strategy specifically looks at the areas of wellbeing and opportunity, quality of environment, resource efficiency and delivering shared value.

Over the next five years our goals are to achieve a Accident Frequency Rate of no more than 0.05, a Lost Time Injury rate of 0.21 per hundred thousand hours worked and to grow our total contribution to society to at least £500m per annum.

Alliance Manchester Business School
Manchester, UK

2 STRATEGIC REPORTS

STEPHEN PYCROFT

I am delighted to report that 2018 was another encouraging year for the company. We have continued to focus on winning new work in terms of the appropriate risk and reward, delivering our projects to our clients' expectations, and expanding our global reach and our service offer. This strategy has seen our turnover in 2018 increase from £1.97bn to £2.35bn; hitting our milestone of £2bn turnover for 2020 two years early. Our profits rose 41%* to £32.8m and our cash balances reached £209m.

The results show that Mace is in a strong financial position to give clients the confidence that we are able to undertake the largest and most complex projects globally, while giving our people an extensive range of interesting and challenging opportunities.

Our achievements in 2018 would not have been possible without the hard work that has been carried out developing and implementing our 2022 Business Strategy. This will act as a guide to our decision making over the next four years and will ensure that we remain financially resilient, profitable and recognised globally as a leader in the industry.

In my statement last year I alluded to the market as being volatile and unpredictable and it is clear that we still saw evidence of that uncertainty in 2018. In the UK, we witnessed the collapse of Carillion after a series of profit warnings and under its debt obligations. Alongside this, we saw the financial restructuring of several of our peer group which, in turn, impacted on the confidence in our sector.

> **"WE HAVE NEVER BEEN A COMPANY TO REST ON OUR LAURELS AND WE KNOW THERE IS STILL PLENTY TO DO TO ENSURE OUR COMPANY IS EXACTLY WHERE WE WANT IT TO BE."**

The continuing uncertainty over the Brexit negotiations, the China–USA trade war, and economic concerns about continental Europe again slowed investment and construction output.

Mace's strong commitment to safety and wellbeing continued, particularly with the emphasis we are now placing on mental health. We continuously strive to improve the services and quality we offer our clients. We launched our Service Excellence Strategy during the year and anticipate this making a significant and positive impact in the future.

Being an industry leader and innovator is something that has always been important to Mace and has been part of our DNA since the company was founded 28 years ago. The last 12 months have seen the company make great strides in terms of innovation, as was shown in part by the industry's recognition of our pioneering 'Rising Factory' approach on the East Village project for our clients Qatari Diar and Delancey. As a business, Mace has also made enormous inroads with our digital strategy and off-site manufacturing approach, especially with our data centre projects.

By ensuring we continue to lead the way and have a voice in the industry, by committing ourselves to 10% improvements year-on-year in productivity, we are staying true to who we are as a business. To this end, we welcomed Stephen Jeffery to our Group Board as the company's first Chief Technical Officer. A valuable member of Mace for the past 20 years, Stephen is perfectly placed to drive consistency of delivery and improve productivity across the entire business.

East Village
London, UK

We are only as strong as our people. We want to continue to attract the best people and, by investing in them, ensure we are playing our part in improving the future of the industry and creating a more inclusive culture.

Our Graduate Development and Apprenticeship Programmes form a key part of our plans for Mace to become a company where people can thrive and meet their full potential, where different ideas and perspectives are valued and rewarded, making our business a mirror of the communities we live in.

Our commitment to being a responsible business that is able to demonstrate our social value remains clear and evident. I am pleased to report that in 2018 we increased our value to society by £42m to £491m.

We have never been a company to rest on our laurels and we know there is still plenty to do to ensure our company is exactly where we want it to be. Among other things that means taking a long look at our structure and governance.

We have always worked hard to make sure we have strong, transparent and accountable governance, but we will be reviewing these principles with a view to making some changes to ensure we keep our standards high, deliver what we promise and maintain the transparency on which we have always prided ourselves.

"WE ARE ONLY AS STRONG AS OUR PEOPLE AND MACE EMPLOYEES ARE AMONG THE MOST KNOWLEDGEABLE PROFESSIONALS IN THE INDUSTRY."

I would like to thank my fellow Group Board Directors for driving our company and supporting our people through another successful year, and all Mace employees for their hard work and dedication making Mace a consistently better company and better place to work year-on-year. Finally, I would also like to thank the support and trust shown by our clients and supply chain partners without whom the company would not be where it is today.

*from 2017, excluding finance income.

MARK REYNOLDS

Despite 2018 being an unsettling year for the construction industry, Mace has performed well and is in a strong position. We have remained focussed on delivering the objectives set out in our 2022 Business Strategy.

As a result of this approach our profits rose by 41%* to £32.8m, and at year end our cash balances stood at £209m with turnover at £2.35bn. If we add the £713m of construction management work we did onto this figure, our turnover would have exceeded £3bn.

Breaking the £2bn turnover mark was a significant achievement for Mace and reaffirms that we are unarguably of the size and scale to take on the very largest projects and programmes around the world. Given that we are only 28 years old this is significant growth and shows that clients value our better perspective.

> **"IF WE INCLUDE THE £713M OF CONSTRUCTION MANAGEMENT WORK, OUR TURNOVER WOULD HAVE EXCEEDED £3BN."**

A large proportion of this was a result of repeat order work, confirming the high quality of the work we deliver and our client satisfaction levels.

Some parts of the construction industry have historically had problems with paying suppliers on time, which was one of the factors that led the UK Government to introduce the duty to report requirements. Over the year our average time to pay invoices went down from 45 to 34 days, showing how our efforts to improve the speed of payment is working and that we are now one of the very best in the construction industry.

OUR FOUR ENGINES FOR GROWTH

Develop

Our Development business has now reached the level of maturity where it can take on some of the largest development management roles for clients and manage increasingly complex and ambitious schemes of our own.

> **"WE ARE NOW ONE OF THE VERY BEST IN THE CONSTRUCTION INDUSTRY FOR SPEED OF PAYMENT."**

2018 saw us selected to regenerate the town centre of Stevenage. This £350m GDV scheme will breathe new life into 14 acres of public land, including 1,200 new homes, retail space, a library and a 100,000 square feet central community hub. Construction started at our Westway mixed-use scheme in Oxford, as well as our student residential schemes in Cardiff and Exeter.

We secured planning permission at our Hoyle Street project in Sheffield, which we then sold to another developer to take forward into delivery. We also sold our Cambridge Science Park investment after securing the relevant planning permission.

In South London, we continued our work as developer and contractor on the final phase of the three hectare brownfield regeneration scheme at Greenwich Square. Once complete this phase will provide 325 new homes, a quarter of which will be affordable-helping Londoners get a foot on the housing ladder.

And, working with owners Northern & Shell, we are managing all aspects of the 15-acre Westferry Printworks scheme on the Isle of Dogs.


Heathrow Airport
London, UK

Once the largest printing works in Europe, Westferry will be a new residential-led mixed-use scheme of 722 residential units, including 140 affordable homes, with retail and office space.

The success of our Development business meant that the Gross Development Value of schemes under our management rose from £1.8bn to £2bn.

Consult

Our 2022 Business Strategy makes it clear that we want to significantly increase the amount of consultancy work we do: particularly international, transport and global corporate real estate. This was reflected in the rise of turnover from £267m to £274m this year.

Globally we have truly established ourselves as the partner of choice for airport expansion and improvements. In London we are working as Programme Client Partner at Heathrow Airport to progress their plans for a new runway and in Amsterdam we are working with Schiphol Airport to manage the delivery of a new pier and terminal, which once complete will have capacity for 14 million passengers a year. We have a four-year service agreement with the New Doha International Airport Steering Committee in Qatar to support their expansion programme and in Australia we are providing project management and PMO services to Sydney Airport's delivery teams.

We continue to work on a number of complex and ambitious programme management commissions including the 2019 Pan and Parapan American Games which are being held in Lima, Peru, and Dubai Expo 2020 where in joint venture we are managing the programme to deliver over 50 individual projects ready for Dubai to host more than 250,000 visitors a day. We were also appointed to deliver the UK's Pavilion at the Expo.

*from 2017, excluding finance income.

CHIEF EXECUTIVE'S STATEMENT (CONTD.)

In Australia, working for School Infrastructure in New South Wales, we are delivering 35 school upgrade projects improving the education experiences of thousands of young people, and working on a number of projects for Tiffany & Co. as part of our global commission with them.

Homebush Public School
New South Wales, Australia

In our growing Indian offices we completed a luxury 3.7 million square feet residential complex for one of India's largest developers DLF, while our work continued on the seven acre Aranya residential development for our client Piramal. On the site of a former textile mill in Mumbai, the scheme consists of two residential towers with over 60 residential floors and amenities including a library, swimming pool, fitness centre and observation deck.

In North America, we handed over NBC Universal's Telemundo building in South Florida, which features 13 broadcast studios, a satellite farm and space for over 1,300 employees. We continued our project management work for long-term clients Walgreens and Tiffany & Co. by securing the programme and project management of their iconic 5th Avenue store.

In Houston, Texas, we delivered the trading floor and office fit out for EDF Trading's new city headquarters. Our unique skill-set and local knowledge meant that we were able to provide project, design, cost and relocation services for this challenging project.

In the UK, we were appointed by Birmingham City Council to project manage the development of the Alexander Stadium in Birmingham, which will be used for the 2022 Commonwealth Games. This builds on a long list of major sporting projects we have worked on around the world which include the London 2012 Olympics, Tottenham Hotspur's new stadium, the National Gymnastics Arena in Baku, the City of Manchester Stadium (now known as the Etihad) for the 2002 Commonwealth Games and the Sheikh Zayed Stadium in Abu Dhabi.

The London Legacy Development Corporation appointed Mace as the project management partner for Stratford's new East Bank development. The ambitious £1bn project will bring together some of the world's most exciting education and cultural organisations, including University of the Arts London's London College of Fashion, Victoria and Albert Museum (V&A) with the Smithsonian Institution, Sadler's Wells Theatre and the BBC. This is the next part of Mace's contribution to the area which started in 2003 when the UK's capital city was preparing its plans to become a candidate for the 2012 Olympic and Paralympic Games and has continued, through to delivery and managment of the legacy and transformation of the London Stadium into West Ham United Football Club's new home.

We continued to deliver projects for Highways England around the UK as their Programme Delivery Partner for complex infrastructure. In Manchester, we continued work on the restoration of Manchester's iconic Grade I listed Town Hall, we handed over the country's very first Proton Beam Therapy Centre at The Christie NHS Foundation Trust which won 'Project of the Year' at the 2018 National Constructing Excellence Awards and we completed the refurbishment and extension of the Alliance Manchester Business School.

As part of the Paragon consortium for Defence Equipment and Support (DE&S), the bespoke trading entity and arm's length body of the UK's Ministry of Defence, we were awarded a ten-year contract to provide commercial resource and innovation to the DE&S commercial function.

The Crest
Gurgaon, India

This will support the Royal Navy, British Army and Royal Air Force to operate effectively, while delivering greater value to the taxpayer.

We also continued to bring our knowledge of modern methods of construction (MMC) to the Ministry of Justice's Prison Estates Transformation Programme, which entered the second year of its four year contract.

This programme is one of the most significant changes to the England and Wales prison estate in over a century with an investment of £1.3bn.

> **"THANKS TO OUR STRONG REPUTATION AND THE QUALITY OF OUR PEOPLE WE MADE SUBSTANTIAL INROADS INTO THE ASIAN MARKET IN 2018."**

The programme will deliver up to 10,000 modern adult prison places and build and open five new community prisons for women, creating a reformed estate with better education facilities that are less crowded, better organised, and that are increasingly made up of modern, fit for purpose accommodation.

CHIEF EXECUTIVE'S STATEMENT (CONTD.)

Construct

As we mentioned last year, now that our Construction division is of such a significant size, we are looking to incrementally grow its turnover over the next four years, focussing more on margin improvement and risk management. Reflecting this, turnover from construction rose from £1.63bn to £1.99bn. If we included the £713m of construction management work turnover would have been £2.7bn. We anticipate turnover reducing in 2019 largely due to slowing UK market conditions and the increased amount of construction management contracts we have taken on.

Since we entered the international data centre market a few years ago, we have won a significant share of the European market and 2018 was no different. We took on new work with our ongoing international technology clients which is evidence of the quality of work we are delivering and the relationships we have built.

Our teams worked hard to complete Tottenham Hotspur's new stadium at White Hart Lane which is now one of the greatest football stadiums in the world.

Tottenham Hotspur Football Club's new stadium
London, UK

On the banks of the River Thames in London we continued our work on Phase 2 of Battersea Power Station's 2.5 million square feet mixed-use development, which will bring life to this listed building. To give you a sense of this enormous project, one of the milestones that was achieved over the last 12 months was the installation of a 62 tonne beam which will support a load of 2,070 tonnes down through the building. This was a significant logistical and engineering challenge that our team and partners had to overcome.

In the City of London, our 70 St Mary Axe project for client Nuveen topped out. The elegantly tapered building will house 300,000 square feet of premium office space set over 21 floors. Due to the fact every floor is slightly different from the next, this has been technically challenging and required our project team to use the latest innovations and creative thinking to deliver the project.

We continued our long-standing construction work for Heathrow Airport to support their expansion programme and commitment to improving the service and facilities they offer their customers.

Our work in the higher education sector went from strength to strength with the completion of a new student centre for world-leading University College London (UCL) which was designed from the ground up around what today's students need and expect. Additionally, UCL appointed Mace on a pre-construction agreement for their Marshgate project, the largest building in the first phase of the new UCL East campus at Queen Elizabeth Olympic Park.

Operate

The turnover of our facilities management business, Mace Macro, incrementally grew over 2018 from £120m to £144m largely thanks to expanding the amount of international work that we do. This included new commissions with the e-commerce company Vroom in the USA, expanding our long standing relationship with Standard Chartered Bank to their operations in Poland, and starting work with ExxonMobil.

UCL Student Centre
London, UK

CHIEF EXECUTIVE'S STATEMENT (CONTD.)

Thanks to the high quality service we provide to our clients, our contract to provide services to Expedia was extended. Our relationship with BHP was also expanded to include their offices across the Americas.

Closer to home in the UK, we also started work with the University of Warwick and on the Greenwich Square residential development.

2022 BUSINESS STRATEGY

This was the first year of our five-year business strategy which guides our business decisions, and actions over the coming years. As part of our approach we focus our efforts on our four priorities.

Engage, develop and inspire our people

Following a wide-ranging engagement and consultation exercise across the whole company we developed and launched our first behavioural framework called 'Behaviours for Success'.

This framework sets out the expectations and standards for everyone at Mace, irrespective of grade or location. How people do things is as important to us as what they do.

Behaviours for Success was launched to our senior business leaders in November 2018 who have then cascaded it to everyone throughout the company.

We also set up an Inclusion Steering Group, drawn from people from across our business. Going beyond just gender, the group developed an Inclusion Strategy, which will guide us to become a leading example of diversity, equality and inclusion across the industry.

> **THE NUMBER OF PEOPLE WE EMPLOY ROSE BY JUST OVER 11% TO 6,376 WITH 28% OF OUR WORKFORCE BEING WOMEN.**

Leading for Success conference
London, UK

The group has pushed forward the launch of unconscious bias training, with over 2,000 employees already having completed the course and using their learnings inside and outside of work. As well as joining the Employers Network for Equality and Inclusion (ENEI), 2018 also saw us appoint an inclusion manager to help embed and drive forward a number of changes across the business.

Our regretted leaver rate also fell to below 10% during the year. We recruited 96 graduates and apprentices in 2018 and 40 young people were involved in the careers week activities we ran.

Achieve stable and sustainable growth

Growing the company with the right clients, in the right way, is reliant on having the right people. This is why we made a number of new appointments right across the business to ensure we have the very best people leading us forward.

We focussed most of our efforts on expanding our consultancy work and on our significant growth locations of India, North America, Australia and East Africa, which are where we see substantial opportunities for high quality growth. We built wider and stronger relationships with the UK's Department for International Trade and UK Export Finance, who can assist us with opening up new opportunities and cross-government relationships. Over time, this will provide Mace with a more balanced workload between consultancy and construction projects as well as making us more resilient to market fluctuations.

We also made changes to the structure of the construction division to support the delivery of our 2022 Business Strategy. Over the past six years, our Construction business has seen phenomenal growth with the turnover and number of people employed more than doubling. As the division has grown, we adapted our structure in response. This year saw the previous ten business units in construction streamlined down to six, with each being led by a Managing Director and supported by their leadership teams. This provides clearer lines of sight and accountability.

We strengthened our corporate governance, including our approach to technical governance with the appointment of our first ever Chief Technical Officer to our Group Board.

Drive innovation to improve service excellence

We invested £44m, 1.8% of our turnover, in research and development throughout the year to improve delivery for clients and invest in our future.

In 2018 we completed our East Village project with our pioneering 'Rising Factory' approach for clients Delancey and Qatari Diar. 98% of this project's entire infrastructure was built offsite, reducing the number of site vehicles on local roads by 30% and reducing site waste by 75%. This project was the inaugural winner of the Sir Michael Latham Award at the 2018 Construction News Awards and won Product Innovation of the Year at the 2018 Building Awards alongside three other industry awards. The lessons learnt from this project have influenced our construction to production strategy which we will start to roll out in 2019 and 2020.

> **"WE INVESTED £44M IN R&D TO IMPROVE DELIVERY FOR OUR CLIENTS AND INVEST IN OUR FUTURE."**

In 2018 we appointment of our first Chief Technical Officer, and our first Chief Information Officer. Working closely together they are helping to drive change through our business and ensure we are fully able to take advantage of the opportunity that digital provides to our industry.

We are excited by the steps we have made to develop our digital strategy. Our efforts in 2018 delivered better co-ordinated designs which are integrated into our platform and preassembly strategies. These strategies will continue to lead innovation and bring to market smarter and better solutions.

CHIEF EXECUTIVE'S STATEMENT (CONTD.)

One of the key measures of innovation is productivity which is a calculation of how much 'value' is delivered per hour worked on site. For the past year we have been tracking productivity across construction projects as a mechanism to drive improvements and client value.

The industry average for construction is £32 GVA per worker hour compared to an average of £78 per worker hour across Mace's sites, which shows our innovative approach is having a material impact.

2018 saw us launch our Service Excellence Strategy which aims to further improve the quality of work we deliver for clients so that we get things right first time and strive to achieve defect-free performance.

Mace Foundation volunteering
London, UK

Be a responsible business

We take our role in society seriously and think that it is every company's duty to do what they can to reduce their negative impacts on the environment and communities in which they work. This is also recognised by an increasing number of clients who choose to include a measure of 'social value' within the competitive tendering process. The value Mace contributed to society in 2018 increased from £449m in 2017 to £491m. This is an outstanding achievement and demonstrates the benefit we offer to the communities in which we operate.

> **THE VALUE MACE CONTRIBUTED TO SOCIETY IN 2018 INCREASED TO £491m.**

In 2018 colleagues from around the business gave their time to give something back. In total we volunteered 22,313 hours of time to charities and good causes. This included working with homeless charities to help train people in the relevant skills that employers often look for and working with the charity Bounce Back to help ex-offenders find jobs and employment on their release from prison.

The Clean Vehicles Partnership recognised Mace's efforts to reduce our greenhouse gas emissions on our sites with the use of clean-tech solutions such as electric screed pumps, solar light masts and more efficient logistics that reduce the number of vehicle movements needed.

I was disappointed that the number of statutory reportable accidents increased this year. Despite 87% of our projects having no reportable injuries, our accident frequency rate increased from 0.09 in 2017 to 0.10. Our Lost Time Injury Frequency Rate has reduced from 0.31 to 0.29 per 100,000 hours worked, meaning more people went home safe and well at the end of the working day.

Our independent charity, the Mace Foundation, and our employees donated £872,000 to 120 charities around the world in 2018. This included our charity partners: Construction Youth Trust, LandAid, Mind, the Youth Hostel Association and our charity of the year which was chosen by colleagues: Macmillan Cancer Support.

Looking ahead

With possible future headwinds on the horizon and continued uncertainty in the market it is more important than ever that we focus on carefully managing risk and selectively bidding on the work where we can add the most value and achieve fair returns for our efforts.

Mace's balance sheet remains in a strong position and, due to the diverse range of sectors and geographies we work in, we are well placed to spread growth and manage risk across our business sensibly and sustainably.

The 2022 Business Strategy will continue to guide the decisions we take. Our focus on the four priorities will ensure we remain well positioned to take advantage of future opportunities.

Our commitment to research and development investment, digital, and adoption of modern methods of construction that boosts productivity, improves quality and delivers greater value, will not cease.

On behalf of the Group Board I would like to thank all of our clients and our supply chain for their ongoing support and recognise the significant hard work by colleagues around the company that has resulted in another strong year for Mace.

GROUP FINANCE DIRECTOR'S STATEMENT

DENNIS HONE

2018 marks Mace's 28th consecutive year of making a profit. Given the many changes in the economic environment since Mace started trading in 1990, achieving profit in each and every year since then – while delivering many successful projects for our clients – is a record to be extremely proud of.

This year also marked a hugely significant milestone with Mace achieving turnover of more than £2bn for the first time.
In fact, a growth in our international data centre activity meant that our total turnover was £2.35bn, up £378m from 2017, and our international turnover was the highest ever at £831m; which was 35% of our total 2018 turnover.

> **"MACE REMAINS COMMITTED TO DELIVERING A DIVERSE PORTFOLIO OF PROJECTS AS A NATURAL HEDGE AGAINST ECONOMIC AND POLITICAL CHANGES."**

However, chasing turnover is not our priority. At the end of 2017 we launched our 2022 Business Strategy setting out our business objectives for the period 2018–2022. This is focussed on margin improvement through more selective and effective bidding, diversification of projects, seeking places on more consultancy frameworks, and working with major clients both within the UK and overseas.

Engines for growth

Together, our engines for growth – Develop, Consult, Construct and Operate – give us a breadth of experience and capability across the property life cycle that puts us in a unique position to deliver for our clients.

During 2018 our Development business secured the Development Manager role for the £350m Stevenage Town Centre redevelopment and progressed the management of Westferry Printworks site in east London – as well as progressing a number of our development projects across the UK. Overall we manage assets with a forecast exit gross development value of more than £2bn.

Our Consultancy business had a good year with revenues increasing marginally from £267m in 2017 to more than £274m in 2018. During 2018 our major commissions included the project management of the 2019 Pan and Parapan American Games in Lima and working for the Ministry of Defence and the Ministry of Justice in the UK.

Our Construction business also had a successful year; particularly in respect of our international data centre business where revenues amounted to £675m (34%) of total construction revenues of £1.99bn. Our construction turnover was 85% of total Mace Limited revenues and during 2018 the value of work managed by Mace under construction management arrangements amounted to £713m. This figure is not included in our revenue figures as we do not have direct contracts with the supply chain on these projects.

Our Operations business Mace Macro had a year of consolidation as we brought our international and UK facilities management business under a single management team. We won a number of significant international appointments and continue to focus on long term global framework clients, including Standard Chartered Bank.

Although each business division faces different risks and opportunities and operates in a different market context, we work to ensure that each operates within the overall Mace risk management framework.

Challenging economic conditions

Despite the successes of 2018 and earlier years we are currently facing challenging economic times that contribute to market uncertainty, caution in the investment and development market and an increased financial threshold required for major projects to proceed.

This is not an unexpected market reaction to recent political events in the UK, USA and Europe. With regards to Brexit, Mace has taken action over the last few years to ensure appropriate arrangements have been made throughout our supply chain to prepare for a number of potential risks. This means that – as far as possible – the provision of appropriate labour and materials to meet obligations will continue as the UK leaves the European Union.

Notwithstanding these practical arrangements, there remains the potential for a slowdown in the construction sector; particularly where projects and developments are dependent on future growth in rental levels and development values. It is understandable that clients and developers will take a more cautious approach in the current climate.

However, it must also be recognised that the construction sector remains a low margin industry. That means the industry is not well placed to deal with both the challenge of Brexit and the urgent need to invest in innovation to improve productivity.

> **“IT IS VERY CLEAR NOW THAT ALL CLIENTS MUST WORK MORE COLLABORATIVELY WITH THEIR CONTRACTORS AND NOT ASSUME THAT RISK TRANSFER MEANS NO RISK.”**

We continue to focus on business and delivery improvement in the belief that clients will recognise that cheapest price, quickest programme contractor appointments often turn out to be a false economy in the current climate. The demise of Carillion illustrates the point: certain clients believed they were able to entirely transfer risk to the contractors. In reality, when the contractor can no longer deliver the project and it collapses, it becomes clear that such transfer of risk is impossible.

One relatively unrecognised impact of the events of 2018 was the contraction in funding available to the construction sector after the demise of Carillion and the Grenfell tragedy. As reported last year, Mace had put in place a corporate bond of £160m and limited recourse funding secured on our development assets. This funding is in place and together is financing the completion of our development schemes in Cardiff, Exeter, Greenwich and Oxford which have an estimated GDV of £450m.

GROUP FINANCE DIRECTOR'S STATEMENT (CONTD.)

As reported in our accounts, total external debt was £202m as at 31 December 2018 and, by using existing agreed facilities that are already in place, total external debt will peak in early 2020 at no more than £330m. The Group Board's strategy is to complete current developments, attract tenants to prove the rental value and then sell the assets. Independent external valuations confirm that on the basis of current market conditions these asset sales will raise sufficient cash to meet all our current debt facility obligations.

Mace recognises that this is the time to make judicious investments but to retain cash as a buffer against any unexpected adverse trading conditions. Our cash balance net of overdrafts at the end of 2018 amounted to over £209m, up 7% year-on-year.

Risk management

Finally I wish to focus on risk management and business continuity. There is no doubt that in challenging times and when margins are tight it is important that companies have an effective risk management framework that is embedded across the organisation.

I believe that appropriate risk management and mitigation actions are likely to benefit a business far more than expenditure reduction reviews, given the amount of losses that can be sustained if a major project is not delivered to programme and budget.

During 2018 Mace commissioned independent consultants to review our risk management framework. They recommended a number of improvements and we are currently implementing those actions to improve our approach and management of risk. This includes revised risk registers, knowledge sharing and bid and project 'deep dive' reviews. The extent to which internal challenges are welcomed is a mark of any organisation's risk management maturity.

Risk governance

Effective governance and risk management are integral to the operation of Mace, both in the UK and internationally. Comprehensive, transparent and accountable governance, together with assurance reviews and risk management, provide the foundations for Mace to remain agile and innovative.

The Group Board is collectively responsible for the security and direction of the company and is committed to strategic risk management, assurance and effective processes.

Mace operates across six boards – Development, Consultancy, Construction, Operate, Commercial Services and Group Services. Alongside these, an additional five cross-cutting boards focus on People and Talent, Risk and Audit, Health, Safety and Wellbeing Leadership, Innovation and Responsible Business. All are chaired by a Group Board Director.

The Group Board has overall responsibility for oversight of risk and for maintaining a robust risk management and mitigation framework. The Risk and Audit Committee provides a detailed focus on principal business risks and reviews the effectiveness of risk management and internal control processes and procedures within Mace. The Group Board reviews principal business risks with the primary focus being on risks that could significantly impact the viability of the Group, its future performance, solvency and liquidity, and it is responsible for ensuring that effective mitigations are in place.

Risk Appetite

Mace is a diverse business, with exposure across a wide range of sectors and international markets. The Group Board regularly reviews Mace's position in respect of economies, geographies, sectors and services.

Incident and crisis management

Our incident and crisis management processes and procedures are overseen by the Group Board, who are responsible for ensuring that they remain fit for purpose through testing and updates. Additionally, the Group Board reviews our procedures to support staff working overseas and on our challenging projects.

Senior management responsibilities

Senior management and operational directors are responsible for identifying, assessing and mitigating risks within their departments and business units. It is their responsibility that their teams comply with Mace policies and procedures, understand the importance of effective risk management, use risk registers and report risk changes without delay. They are also responsible for bringing any changes in the severity of risk to the attention of the Risk and Audit Committee and the Group Board.

Risk management framework

The Group Board operates a three lines of defence risk management framework:

- First line – Senior management – identify, monitor and mitigate operational risks while ensuring operational controls are effective and there is compliance with Mace policies and procedures.
- Second line – Assurance – aggregate risk information, provide guidance and training, escalate risks to the Group Board, horizon scan for external risk changes outside of Mace and through audit reviews of major process controls, and seek process improvements.
- Third line – Group Board – supported by the Risk and Audit Committee and external audit reports, has oversight of risk management and controls.

Changes to accounting standards

The adoption of accounting standard IFRS 9 has meant 2016 and 2017 have been restated in the accounts, which has resulted in a significant increase in reported ‘profit on ordinary activities before taxation.’

This is purely a technical correction. The true measure of our 2017 performance is ‘profit on ordinary activities before interest’, excluding finance income, which remains at £23m. This is the comparison figure used throughout this report.

Conclusion

The 2018 financial year was a good year for Mace; both in terms of financial and project delivery performance improvements.

In the current climate however, there is no room for complacency. The economic and political landscape means that the next few years will be challenging and that revenues could fluctuate in accordance with confidence in the property market.

Mace’s ability to operate in all areas of the property cycle – together with our diverse UK and international activities – provides us with the opportunity to flex the business in accordance with changing circumstances.

We stand ready to deliver quality projects for our clients on terms that are appropriate for the risks involved. Through selective bidding, effective risk management and the efforts of our people, Mace is well placed to manage any future market turbulence.

145 City Road
London, UK

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OUR PEOPLE AND PROJECTS

THE MACE GROUP BOARD

LEFT TO RIGHT:
JASON MILLETT – COO FOR CONSULTANCY; **LEE PENLINGTON** – GROUP COMMERCIAL DIRECTOR;
GARETH LEWIS – COO FOR CONSTRUCTION; **DENNIS HONE** – GROUP FINANCE DIRECTOR;
DAVID GROVER – COO FOR DEVELOPMENT; **MARK REYNOLDS** – CHIEF EXECUTIVE

LEFT TO RIGHT:
STEPHEN PYCROFT – EXECUTIVE CHAIRMAN; **STEPHEN JEFFERY** – CHIEF TECHNICAL OFFICER; **MANDY WILLIS** – GROUP DIRECTOR FOR CORPORATE STRATEGY; **MARK CASTLE** – DEPUTY COO FOR CONSTRUCTION; **MARK HOLMES** – COO FOR CONSULTANCY

2018 PEOPLE AND PROJECT HIGHLIGHTS

UK & EUROPE

KEVIN COWIN, STEVENAGE TOWN CENTRE

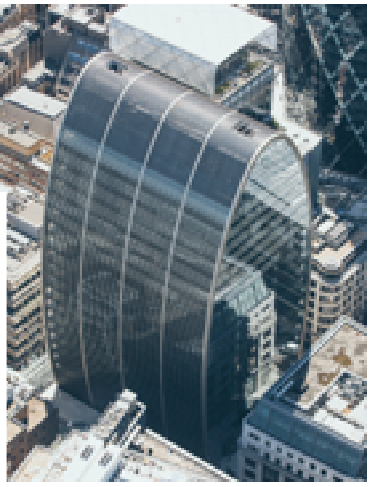
Being appointed as the **developer to regenerate Stevenage Town Centre was my highlight**. It's one of the most **exciting and significant development opportunities in the UK**, transforming both the town and our business.

Kevin Cowin
Development Director

FARHAN BEG, 70 ST MARY AXE

Winning the **Mace Rising Star Award** while working on 70 St Mary Axe – **London's new iconic skyscraper was my highlight of the year**.

Farhan Beg
Construction Manager



RAY CRAIG, CLONEE

Exceeding **four million man hours without a RIDDOR**, making Clonee Data Centre the **safest construction project** since the formation of the Irish state.

Ray Craig
Construction Director

JOE DENTY, 4 CANNON STREET

Taking the baton from our construction team after they completed the base build of 4 Cannon Street and fitting out **over 100,000 square feet of office space for Fidelity** stood out in 2018 for me.

Joe Denty
Senior Project Manager

GREENWICH PENINSULA

Successfully handing over the first phase of Greenwich Peninsula to our **client**. We've got a great team that is committed to **delivering the highest quality**.

Bob Coe
Project Director

YOSH DOUGLAS, HANOVER SQUARE

Successfully completing the topping out of two of the **three new buildings** known as Hanover Square, and being nominated for the **NHBC Pride Of The Job Award** made my year.

Yosh Douglas
Associate Director

MIKE POLLARD, WALGREENS

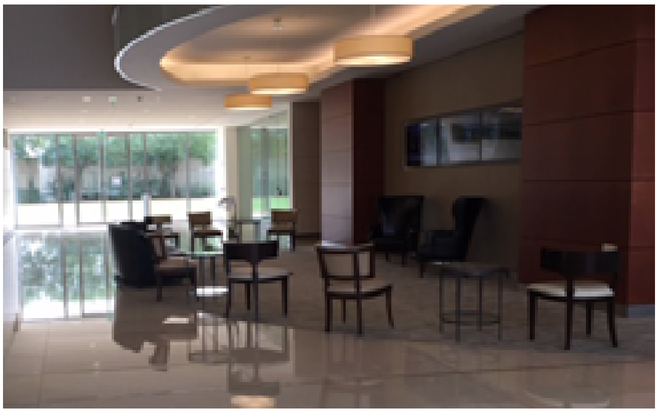
Delivering Walgreen's first **multi-health service store** just blocks from its headquarters outside Chicago – it's been another great step in our **seven year relationship**.

Mike Pollard
Associate Director

NBCU TELEMUNDO BUILDING

Handing over NBCUniversal's **476,000sq ft production facility** in Miami and watching the first programs go out on the air.

Joseph Mathieu
Senior Project Manager



VROOM

In 2018 our facilities management company broke into an **exciting and new industry** in North America and quickly **started to add value that supports our client's accelerated production and growth**.

Susan Boyle
Senior Manager

OLIVER HOLLAND, TIFFANY & CO

Being appointed to transform Tiffany's global flagship store in New York City and bringing **4D and 5D BIM delivery** to the North America market – it's transforming the **efficiency and quality** of retail fit out.

Oliver Holland
Operations Director

CHAN-HEE OH, DEUTSCHES HAUS

Deutsches Haus has pushed many boundaries and **achieved quality standards that were unthinkable** in Vietnam – completing it this year has been a true testament to what is possible with a **dedicated team** and **tireless can-do attitude**.

Chan-Hee Oh
Senior Project Manager

APRIL GRESHAM, LANDMARK 81

2018 was the year we forever changed the skyline of Ho Chi Minh City with the completion of Landmark 81, the **tallest building in south east Asia**.

April Gresham
Project Manager

MEGAN WEBB, CLIENTS IN ASIA PACIFIC

With **our new office in Singapore** launched in 2018, Mace and Macro are now able to offer our **full suite of services across Asia Pacific**. This will be a major strategic focus for us over the next twelve months – watch this space!

Megan Webb
Managing Director for APAC (Mace Macro)

DEARBHLA KEANE, SYDNEY AIRPORT

It's been fantastic to play such an **integral role** in the building of Sydney Airport's Enterprise Project Management Office. They have an **ambitious vision** for the future of the airport and I'm looking forward to working closely with their team next year to bring their plans to life.

Dearbhla Keane
Senior Project Manager

GARDEN CITY

Delivering part of Garden City – a development where people in the **local community** live, work and play was my 2018 highlight. The Business Park is our client's first **'Grade A'** office space in Nairobi.

Wade Kilburn
Operations Director

GREGORY CHEKATA, SANLAM TOWER

Helping to build one of the most **sustainable** office buildings in the centre of Nairobi – offering a whole **new perspective** and **experience** for businesses in Africa.

Gregory Chekata
Associate Director

LISA MBOBO, CITIBANK

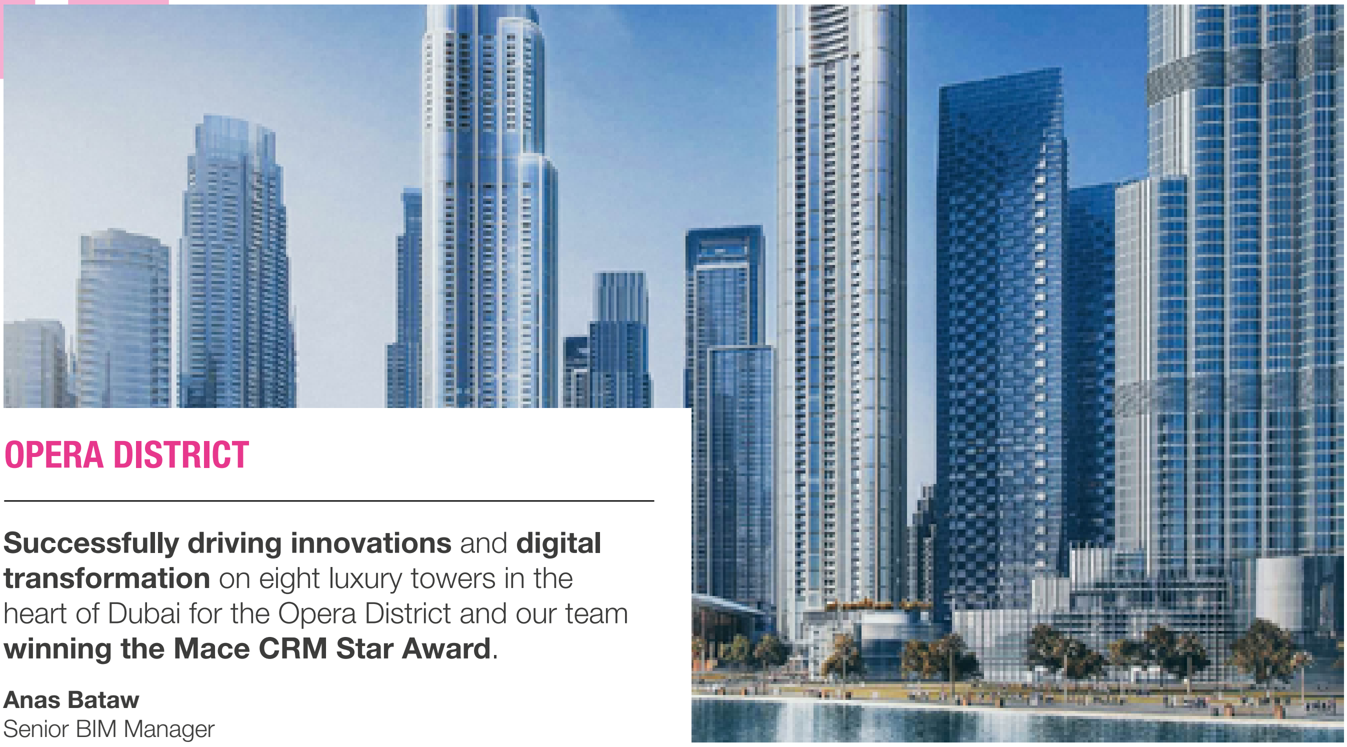
Completing Citibank's Johannesburg fit out project to meet the **look, feel and quality** of the **client's vision**.

Lisa Mbobo
Project Manager

V&A WATERFRONT

Seeing the V&A Waterfront development come to life – **visited by 23 million people every year**, setting a new standard for commercial and residential developments in South Africa was an amazing 2018 achievement.

Kelvin Byres
Operations Director



OPERA DISTRICT

Successfully driving innovations and **digital transformation** on eight luxury towers in the heart of Dubai for the Opera District and our team **winning the Mace CRM Star Award**.

Anas Bataw
Senior BIM Manager

NAVEED HAQUE, ALULA

Completing the time driven AlUla project in just **16 weeks** and seeing the first event go ahead successfully at the concert hall.

Naveed Haque
Associate Director

STEPHEN VENNEY, ONE ZA'ABEEL

Completing a **complex and lengthy engineering process** at One Za'abeel allowing us to begin assembling the Link – a glass concourse **connecting two towers over a four lane carriageway**.

Stephen Venney
Operations Director

70 St Mary Axe
London, UK

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OUR CONTRIBUTION TO THE INDUSTRY

Mace is proud to use its global platform and expertise to help solve important challenges for our industry, community, clients and countries in which we work.

One of the ways that we do this is by releasing a series of research reports, Mace Insights, which provide fresh thinking and analysis on the most important issues of the day.

Over 2018 we released reports that looked at how we can boost the productivity of the workplace and the construction industry, how Free Ports can boost our economy, and how modern methods of construction can help the UK tackle its housing shortfall and deliver public projects at better value for the taxpayer.

SUPERCHARGED FREE PORTS: THE ULTIMATE BOOST FOR BRITAIN'S ECONOMY

Mace is one of the founding members of the UK's Northern Powerhouse Partnership which campaigns to rebalance the economy so that the North of England closes the productivity gap, creates high-value jobs and generates more wealth.

In June 2018, we researched the possibility of integrating 'Free Ports' (or Free Trade Zones) with enterprise zones. Our research showed this idea would add £9bn a year to the Northern economy, which is equivalent to £1,500 a year extra for each Northern household, and create as many as 150,000 high-value jobs.

Leaving the EU Customs Union will allow the UK government to apply 'Supercharged Free Port' status to seven ports in the North of England, ensuring Britain is ready to fulfil its global trading potential on day one after leaving the European Union. Doing so would boost international trade by £12 billion and add £9 billion a year (double the current economic output of York) to the UK's GDP.

This idea also proved extremely popular with the general public from across the political spectrum. According to private polling done by Mace for the report, 4 out of 5 people (83%) would support the creation of Supercharged Free Ports.

Following our report the UK's Department for International Trade and Treasury continued the research, considering whether to implement it as a formal policy position.

CITY LIVING: HOW MODERN METHODS OF CONSTRUCTION CAN HELP BRITAIN BUILD THE HOMES IT NEEDS?

The dramatic rise in city living around the globe presents some significant challenges and opportunities for policy makers and the construction sector.

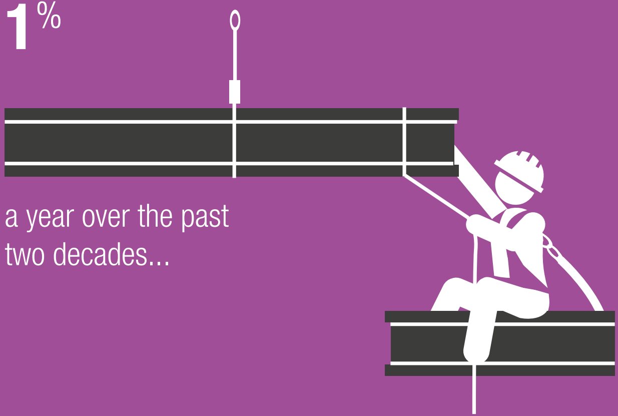
We looked at how a global urban renaissance – with more than half of all global populations living in cities – will lead to increasing demand for high rise living. By embracing modern methods of construction (MMC) developed in Britain, homes, offices and schools across the world could be built more quickly and more safely.

MMC, which includes off-site manufacturing and advanced digital design, have been identified as a way to produce well-designed, energy efficient homes at pace with a leaner and high-skilled workforce.

We looked at how we can ensure we are ready to take advantage of MMC, what's next for the future of our construction sector and what we can learn from the automotive sector to boost productivity levels.

Globally labour–productivity growth in construction has averaged only...

1%



a year over the past two decades...

Defects and errors in traditional projects add up to...

20%

to their final cost

Landmark 81
Ho Chi Minh City, Vietnam

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OUR ENGINES FOR GROWTH

DEVELOP

Mixed-use developments can transform neighbourhoods and communities, blending residential, commercial, retail and community facilities to create great new places, but due to their complexity they often face delays in design, planning and construction.

In 2012 Mace invested in a government brownfield land development that had been stalled for ten years, working through the complex issues to finally unlock the site. With phase 1 successfully delivered in 2016 the team moved onto the construction of phase 2 in 2018.

Matt Bowyer, Associate Director for Development, is responsible for the delivery of Greenwich Square and with Mace also leading the construction, the team introduced a fully integrated project model which has put the project ten weeks ahead of programme and is raising the quality of design and finish.

"As developer and contractor, Mace had the opportunity to deliver phase 2 with a fully integrated approach. We brought our construction experts into the team at the start of design and the 'one team approach' has meant we designed and procured the project with full integration between the design team and our construction supply chain. The development is scheduled to complete in 2020 and we are ahead of our business plan for selling the units off plan. We're also ahead of programme so I'm hopeful that this 'Greenwich Square Model' will set a benchmark for future developments."

Matt Bowyer
Associate Director for Development

“IT’S A COLLABORATIVE APPROACH WHICH MEANS EVERYONE INVOLVED IS PART OF THE DECISION PROCESS AND, AS A RESULT, WE’VE MITIGATED THE RISKS ASSOCIATED WITH A DEVELOPMENT OF THIS SCALE.”

CONSULT

Major sporting events have the power to enable positive change and leave a lasting legacy. This is integral to the success of the Lima 2019 Pan American and Parapan American Games, with Peruvians set to benefit from the world-class venues for decades to come.

In mid-2017, we were appointed by the UK's Department for International Trade to help deliver the venues for the Lima 2019 Games. 2018 was an important year for the team, with significant progress made to get the venues ready for the opening ceremony in July 2019.

We're responsible for developing and executing the overarching games infrastructure delivery strategy, establishing and implementing an integrated programme management office, and supporting the delivery of key venues.

Kate Flint is leading this work across five world-class venue clusters. Building on her experience from the London 2012 Olympic Games, she's overseen an approach that's refreshed the way Peru's construction industry thinks:

"An innovative procurement approach was essential in driving positive change within the supply chain, but it's our people that have really been the key to success. Our team has fully embraced life in Lima. So, while building the venues on time is our number one priority, we also like to give back to local communities and leave our own legacy. Seeing the team make the most of the opportunities in Peru and grow as individuals has been a real highlight for me."

Kate Flint
Associate Director for Consultancy

WHEN WE WERE APPOINTED, WE RECOGNISED THERE WERE CHALLENGES THAT NEEDED ADDRESSING TO GET THINGS BACK ON TRACK.

CONSTRUCT

Whether we are delivering record-setting skyscrapers, transformative regeneration schemes or large infrastructure programmes, our mission – to continuously pursue a better way – means we consistently challenge the status quo.

In 2018 Mace delivered two high–rise residential buildings in east London, but with demand for housing reaching new highs we took an innovative approach to delivery that saw us construct each floor in just 55 hours while raising quality and reducing safety risks.

Dave Bones, Associate Director in Construction who led the build of Plot No.8 for clients Delancey and Qatari Diar was integral to the development and delivery of our pioneering approach.

“Our approach to developing No.8 came in the shape of the UK’s first Rising Factory. We developed and constructed a six storey ‘jump factory’, around the tower, effectively creating an indoor construction site which rose as we built each floor. Not only did it reduce the noise for local residents, it reduced safety risks and prevented delays caused by environmental factors.

“Each floor was constructed with unprecedented speed and thanks to groundbreaking pre–fabrication, we pushed the boundaries of pace as well as quality – using innovative techniques at every turn.

“We had a ‘one team’ approach. Without everyone working together, toward the same goals, it wouldn’t have been possible. Everyone worked like they were in a relay race.”

“BY OUR VERY NATURE IF THERE IS A CHALLENGE TO OVERCOME AND AN OPPORTUNITY TO INNOVATE, WE’LL GRASP IT WITH BOTH HANDS. THAT’S WHAT WE DID WITH OUR RISING FACTORY.”

Dave Bones
Associate Director for Construction

OPERATE

Our commitment to delivering an outstanding facilities management experience for our clients has resulted in long–standing client relationships that span the globe – with 2018 seeing us enter new countries, expand our service offer and grow with our clients.

In 2009, Mace Macro was appointed to provide FM services at Standard Chartered Bank's offices in the United Arab Emirates and Saudi Arabia. Since then our partnership has expanded into 23 countries, covering over two million square feet of commercial space.

In early 2018, with the help of Leesman, a global business intelligence tool, we conducted a comprehensive research programme to measure employee experience across the Bank's offices.

The data generated was instrumental in creating a workplace to attract and retain the talent our client needed to support their growth.

Orla Phillips is the regional workplace lead for the MENA region and received the coveted FM Manager of Year Award at the 2018 Middle East Facilities Management Awards. From her base in Dubai she manages over 1.2 million square feet of commercial office and retail space in over ten countries for Standard Chartered Bank.

"The research data was instrumental in benchmarking our workplace and employee satisfaction against the Bank's global average, in particular in Pakistan, where Standard Chartered Bank has one of its largest commercial real estate spaces. It's resulted in some instrumental changes that are already benefitting the workforce here."

Orla Philips
Regional Workplace Lead for MENA

“FOR MACE MACRO AND STANDARD CHARTERED BANK, FACILITIES MANAGEMENT HAS BECOME MORE THAN SIMPLY MAINTAINING A PORTFOLIO. WE ARE ENHANCING EMPLOYEE EXPERIENCE BY OFFERING A WORKPLACE THAT ENCOURAGES PRODUCTIVITY AND CREATIVITY.”


mace

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2022 BUSINESS STRATEGY

Mace people share a common drive to succeed, with an enthusiasm for their work and a passion for providing an exceptional service to our clients and the communities where we work.

Our 2022 Business Strategy outlines a clear vision and plan for the next five years.

TARGETS

To track our progress over the next five years, and to provide focus, we have a series of targets. By 2022 we want to achieve the following:

Engage, develop and inspire our people

STAFF TURNOVER REDUCED TO
10%

STAFF SATISFACTION INCREASED TO
90%

Achieve stable and sustainable growth

MARGIN
2.5+%

REVENUE TARGET
£2.2bn

FIVE YEAR CUMULATIVE PROFIT
£180m

Drive innovation to improve service excellence

PRODUCTIVITY
10% year-on-year improvement

INNOVATION FUNDING
3%
of turnover

SERVICE EXCELLENCE
20%
year-on-year improvement

Be a responsible business

ACCIDENT FREQUENCY RATE REDUCED TO
0.05

LOST TIME INJURY
0.21
(per 100,000 hours worked)

ANNUAL CONTRIBUTION TO SOCIETY IN 2022
£500m
source: value2society

In 2018 we have made significant progress across all areas of our strategy and four business priorities.

We have continued to invest in and develop our people, invested in building the expertise and diversity of our company and expanded internationally into new markets and geographies.

With an entrepreneurial and adventurous approach in our DNA, our teams are pushing the industry forward in areas such as modern methods of construction, BIM and new technological and digital solutions.

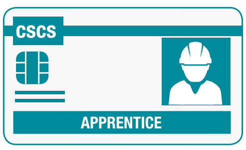
ENGAGE, DEVELOP AND INSPIRE OUR PEOPLE

6,376

EMPLOYEES (INCLUDING CONSULTANTS AND TEMPORARY WORKERS)

41%

OF GRADUATE INTAKE WERE FEMALE



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APPRENTICES, TRAINEES AND GRADUATES

It is our people that allow Mace to deliver fantastic results across the globe. Without the diverse perspectives provided by our people, we couldn't deliver the results that we do for our clients.

At the end of 2018, Mace's total headcount reached more than 6,300 people; reflecting the trend laid out in our 2022 Business Strategy. We continued to invest in building the expertise, resilience and diversity of our people, as well as strengthening our talent pipeline.

To ensure that Mace is able to keep growing and evolving, we have to continue to invest in and develop our people. Our aim is to be an employer of choice – to provide our people with challenges that define their careers and give them purpose. To that end, 2018 saw a number of initiatives:

BEHAVIOURS FOR SUCCESS

Mace aspires to become a 'learning organisation' – one that is constantly striving to learn from our own work and others. To support this we launched 'Behaviours for Success framework'.

This is a framework of behaviours for everyone who works at Mace, from the Group Board down. The framework was initially launched to directors at a conference called 'Leading for Success', and has now been cascaded across the organisation.

The framework provides a structure to identify, support and encourage the behaviours that we believe will make Mace a better place to work, supporting employee wellbeing and productivity. It also is a tool to challenge each other when behaviours are not what we expect.

Now that the programme has been launched, it will be further embedded and will have further engagement at director level.

OUR TALENT PIPELINE

Mace continues to work to build our pipeline of emerging talent, from our industry-leading apprenticeship and graduate schemes to our development programmes for more experienced employees.

This year, our emerging talent programmes – including graduates, apprenticeships and industrial placements – were made up of 32% women, a good result for our industry; but with room for improvement. We are particularly pleased that more than 41% of our first-year graduates are women.

Overall, Mace currently has 124 graduates, 71 apprentices and trainees and 14 people on industrial placements. This represents a significant investment from Mace into our talent pipeline, and reflects a huge amount of work to identify, recruit and retain the best young people and graduates.

STRATEGIC RESOURCE PLANNING

Looking beyond our current employees, construction faces a huge challenge attracting and retaining the right skills for the future. Alongside short-term risks like Brexit, long-term demographic shifts mean we face a shortage of skilled construction labour that could limit our growth.

As such, strategic resource planning has become more important than ever.

At Mace, we have worked carefully over the last 12 months to establish the future resource needs of our different businesses. In practice, this now means we have a longer view of potential requirements, and much more detailed data on a sector-by-sector basis.

Alongside better planning, this also means we can more accurately model the impact of short-term demands – like major project wins or other events that can occasionally lead to a shortage of available resource.

DIVERSITY AND INCLUSION

With those resource challenges in mind, it is more important than ever that we attract a diverse range of talent and experience into Mace.

In 2017, the Pride at Mace group was founded, with the aim of promoting the LGBT+ agenda. Over the last year, the group has grown to more than 50 members and has launched a number of initiatives that will make Mace a better place to work.

Building on that success, Mace has committed in 2019 to supporting the launch of EDIN, an employee-run ethnic diversity and inclusion network, and a similar network to promote gender diversity.

We have also begun to roll out unconscious bias training across the company. The training aims to help our people recognise and eliminate any biases they hold that may influence their decision-making or how they operate day to day. By delivering that training across the business, we can help and enable our people to be more inclusive.

Since we first published our gender pay gap report in April 2018, we have recognised that the ethnicity pay gap is another important metric. The decision was made that our 2019 inclusion pay gap report – would also include ethnicity data.

LOOKING FORWARD

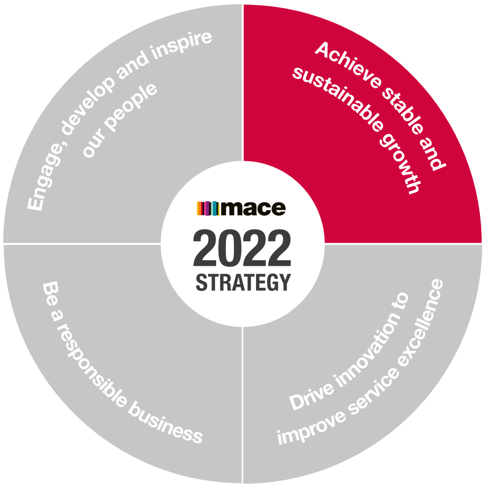
Mace has a fantastic brand and already employs some of the best people in the world. We are constantly striving to build on that success and ensure that our people are engaged, inspired and have access to the right development to help them grow.

Our 2022 Business Strategy sets out some clear KPIs around that goal, including targeting a staff satisfaction rate of 90% in our employee engagement survey, as well as reducing our regretted leaver rate to below 10%, which we achieved in the last two quarters of 2018.

We are proud that in 2018 saw significant progress against both of those goals – but we are not resting on our laurels. There is a lot of work to do, particularly around our behaviour framework.

In 2019, we continue to explore ways to embed the idea of becoming a ‘learning organisation’ across Mace. That means more effective knowledge sharing, better collaborative behaviours and a commitment across the business to learn from our mistakes.

ACHIEVING STABLE AND SUSTAINABLE GROWTH



1.4%
MARGIN IN 2018

£32.8m
OF £180M TARGET CUMULATIVE PROFIT BY 2022

£2.35bn
TURNOVER IN 2018

£831m
INTERNATIONAL TURNOVER IN 2018

£713m
VALUE OF WORK UNDER CONSTRUCTION MANAGEMENT CONTRACTS IN 2018

2018 was a year of growth and consolidation for Mace, and the first time in our company history that we achieved more than £2bn in turnover. It also represents our 28th consecutive year of profitability. Our 2022 Business Strategy outlines our commitment to achieving stable and sustainable growth across our four 'engines for growth' development, consultancy, construction and operations.

In order to achieve this, we aim to improve margins in our mature markets, achieve controlled growth in new sectors and geographies and intend to secure major projects and programmes that help us spread risk effectively.

In 2018, we realised all of these aims. We saw growth in our margins in the UK, our established sectors and our international operations, and we secured a number of major new projects and programmes that will deliver sustainable, long-term revenues and growth.

2018 IN REVIEW

Our development business continued to make a significant contribution to Mace's overall growth and net margin in 2018. Alongside a number of strategic project sales, the business continued to progress a number of investments and projects across the UK, including in Cardiff, Greenwich, Oxford and Exeter.

Alongside our own projects, Mace also provides fee-based development management for clients. In 2018, we were appointed as Development Manager for the £350m redevelopment and regeneration of Stevenage Town Centre.

A key element of our long term plan for our consultancy business is securing appointments to major UK and global infrastructure programmes. These appointments help to diversify our revenue base and hedge against market changes in more volatile sectors.

In 2018, although our consultancy revenues remained largely stable (£267m in 2017 to £274m in 2018) we secured roles on a number of major programmes that will help to deliver growth over the decade. These include work for the UK's Ministry of Defence and Ministry of Justice.

Mace's construction business also had a successful year, growing to deliver £1.99bn in turnover. The most prominent growth area was our delivery of international data centres, where our turnover grew to £675m in 2018, representing a significant proportion of our overall turnover.

We also expanded the value of the work we deliver under construction management contracts to £713m – such as the regeneration of Battersea Power Station. This value does not appear in our revenue figures as we take fee income for these roles and do not have direct contracts with the supply chain, but demonstrates the scale of our delivery in this area.

Finally, our operations and facilities management business, Mace Macro, grew slightly to deliver £66m of revenue over the year (£144m including costs recharged to clients). Mace Macro also saw a number of significant changes that have brought international and UK operations under a single leadership structure.

As we look towards 2019, we are more conscious than ever that it is vital to ensure that we grow in a sustainable and controlled way.

GLOBAL ECONOMIC OUTLOOK

The UN has suggested that global overall economic growth rates for 2019 and 2020 look set to continue at the 3% mark.

However, it voices concerns that the steady pace of global economic expansion in recent history masks an increase in downside risks that could have a significant impact on development and growth in many parts of the world.

From our position as a global consultancy and construction firm, we can see clearly that the global economy is facing risks, threats and uncertainty which could cause significant disruption. These include an escalation of trade disputes, an abrupt tightening of global financial conditions, and intensifying climate risks.

Coupled with an uncertain economic future for the UK and Europe – alongside a challenging operating environment in the UK construction sector – it is clear that there are a number of risks facing our business in the short to medium term.

LOOKING FORWARD

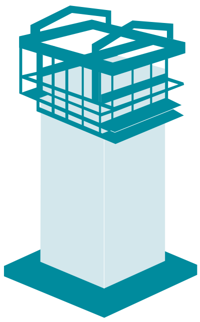
As a result, it is more important than ever for us to grow in a sustainable and controlled way. The Group Board is committed to following the guidance and aspirations laid out in the 2022 Business Strategy. These include a considered approach to risk management and mitigation across our entire business, taking into account the different market contexts that each of our four engines for growth operate in.

Beyond diversifying our revenue streams and securing work on long-term infrastructure and construction programmes that guarantee long-term income, Mace has taken a number of measures over the last 12 months to review our global supply chain and ensure that delivery is as resilient as possible.

Although we expect the UK construction market to continue to harden over the next 12 months, we are well positioned to continue to grow. Our international work and our long-term infrastructure contracts hedge against volatile market movements. We do not expect 2019 to be a year of turnover growth, but of further consolidation and improvements to our operating margin.

Over the next two to three years, it is likely that the construction and consultancy sectors will transform as the introduction of new technologies and processes gathers pace and our industry begins to innovate faster and improve the outcomes we deliver. Mace's four 2022 priorities will help to ensure that as that change comes, Mace is able to evolve with the sector; continuing to grow sustainably and deliver fantastic results for our clients.

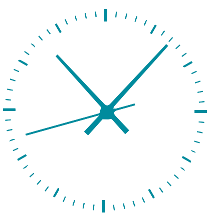
DRIVING INNOVATION TO IMPROVE SERVICE EXCELLENCE



‘RISING FACTORY’ AT EAST VILLAGE WON

4

OF THE TOP INDUSTRY INNOVATION AWARDS



13

HOURS PER WEEK SAVED FOR EACH MANAGER BY TRANSFORMING THEIR APPROACH TO DELIVERY

QUALITY OF SERVICE ROSE TO

85%

As a result of our mission – to continuously pursue a better way – we have always challenged the status quo and sought to exceed our clients’ expectations.

But we want to go further than that. We want to drive innovation to improve service excellence, not only by creating new and more efficient methods of delivery, but by improving the quality and overall value that we offer to our clients.

INNOVATION

Delivering some of the most complex and recognisable projects across the globe, such as Battersea Power Station, 70 St Mary Axe, The Big Data Institute in Oxford, Landmark 81 and the 2019 Pan and Parapan American Games affords us the opportunity, and responsibility, to improve the way our industry operates.

To tackle large-scale challenges like growing cities, technological change and sustainable development, we continued to drive change through our position on a range of influential industry boards in 2018.

As part of the Construction Leadership Council, and through our Insights report in July, our expertise in modern methods of construction saw us advising the House of Lords on opportunities for the construction industry to support the UK economy.

We also became a core member of the influential industry group, I3P, and led a ‘standardised components’ project that opened up opportunities for faster, higher quality design, manufacture and assembly.

In 2018 Mace’s Innovation Board was clear that to rapidly accelerate our work we needed to invest in the future, focusing on key appointments that would push us to use digital technology more progressively.

In March we appointed Michelle Barkess as our first Chief Information Officer to bring a more holistic approach to using technology across our business – linking people, processes and projects. In April we appointed to the Group Board Stephen Jeffery as Mace’s Chief Technical Officer to embed technical best practice, innovation, and drive forward the opportunities digital can offer.

AREAS OF FOCUS

Our Innovation Board identified a number of areas of focus, including the use of modern methods of construction, drones, augmented virtual reality, tag and track technology and BIM, and through digital transformation initiatives we increased productivity on our projects by up to 35%.

On one of our major data centre projects in Ireland we embraced a BIM construction field management platform, combining mobile technologies with cloud-based collaboration and reporting.
By integrating different technologies, the team transformed their approach to delivery, saving each manager 13 hours per week and won us the AEC Excellence Award.

The entrepreneurial spirit of our people led to groundbreaking work in prefabrication and assembly methods in 2018, accelerating us towards delivering 85% of all manufacturing off-site by 2020.

The leaps we made earned us a reputation as one of the boldest innovators in the industry. Throughout the year, the success of our 'Rising Factory' at East Village won us four of the top industry innovation awards: NCE 100 Awards – Construction Innovator of the Year; Building Awards – Product and Technical Innovation of the Year; British Construction Industry Awards – Productivity in Construction Initiative of the Year'; and the inaugural Sir Michael Latham Award at the Construction News Awards.

As we move into 2019 we continue to utilise technology and develop modern methods of construction with the aim of increasing productivity, quality and safety across all of our work.

SERVICE EXCELLENCE

We understand that each and every project and client is different – with unique challenges, preferred approaches and specific objectives. We put our clients' needs at the heart of every project, working with them to understand what really matters and delivering solutions that exceed their expectations.

In 2018 we continued to enhance the value we brought to new challenges with a relentless focus on raising the quality of our products and services without impacting time or cost.

Our customer satisfaction surveys continued to prove valuable in identifying opportunities to be more efficient, and celebrating teams and individuals that stood out for going the extra mile.

Construction is probably the only industry which effectively accepts handing over projects 'unfinished' with a snagging list to be worked through post–handover. In 2018 we challenged this traditional industry mindset as being unacceptable. In addition, we reviewed the top causes of defects in order to implement, amongst other things, robust design standards and quality management processes to help prevent errors and raise quality.

To that end, 2018 saw improvements across our customer satisfaction survey results. Including quality of relationship being rated 100%, up from 92% in 2017, and quality of service rising from 82% in 2017 to 85% in 2018.

A FRESH APPROACH

With over 6,000 employees, over 1,000 live projects and 28 years of experience, Mace is in a privileged position to access industry leading expertise across our divisions and geographical hubs. In 2018 we took a fresh approach to how we capture learning and share information across our business.

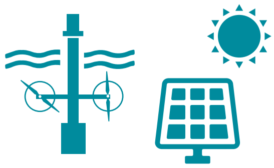
Under our new Chief Technical Officer, Stephen Jeffery, we introduced technical champions to work collaboratively with our supply chain partners to provide best practice advice and deliver technical training to our projects.

The development of Mace's 'Knowledge Hub' platform, which launched in early 2019, brought together best practice, lessons learnt, design standards and innovations – creating a primary source for our business to use.

In 2019 we will continue to drive quality through all of our projects, and standardising best practice, and developing innovative methods that enhance our services.

BE A RESPONSIBLE BUSINESS

£491m
VALUE TO SOCIETY



66%
RENEWABLE POWER

80%
REDUCTION IN CORPORATE PLASTIC WASTE

42/50
CCS AVERAGE SCORE

£872,000
DONATED BY THE MACE FOUNDATION AND MACE EMPLOYEES TO WORTHY CAUSES AND CHARITIES

Being a responsible business is firmly cemented in our vision – to be the industry leader in shaping cities and building sustainable communities.

As one of our four priorities we are committed to reducing the impact that our business has on communities and to influence positive change.

2018 marked the first full year into the delivery of our responsible business strategy and we took strides towards our 2022 targets. Having quantified our value to society in 2017 we identified where we could do more to move towards our £500m target. In 2018 we increased our value to society to £491m by focusing on wellbeing and opportunity, quality of environment and resource efficiency.

WELLBEING AND OPPORTUNITY

Creating opportunities for people to join our industry and for communities to thrive remains central to our strategy.

In 2018 we supported more community groups than ever before in providing education and training for future employment, and we doubled our spend with social enterprises to £157k from the previous year.

Our people are key to us achieving our responsible business ambitions and in 2018 they gave over 21,000 hours to pro-bono and voluntary causes; improving the quality of parks and nature reserves; delivering talks, site visits and education days to over 4,500 students globally; and, alongside the Mace Foundation, supporting over 120 charities around the world.

QUALITY OF ENVIRONMENT

Construction is still not recognised for being at the front-end of clean technology or pollution control. It is our ambition to change the status quo and reposition the industry as one that develops solutions rather than creates problems.

In 2018 we created and improved 8.6 hectares of green infrastructure, starting long-term projects to create new urban wildlife parks and providing access to nature in our city centres.

Research and development played a big part in our efforts to tackle poor air quality in cities in 2018, and in partnership with Kings College London we undertook a research project to monitor the impact on site-based workforces and piloted 14 clean technology solutions across our sites.

In December we were delighted to be recognised by the Clean Vehicles Partnership (CVP) for our work in the infrastructure and aviation sector. The CVP Leadership Award was awarded specifically for the approach we took to reducing green fleet emissions at Heathrow Airport and for engaging our supply chain partners to reduce their carbon emissions using innovative technology.

RESOURCE EFFICIENCY

Construction consumes 40% of global resources and has a long way to go before it can be considered an efficient industry. As one of many influencers in this space we are committed to doing more, both where we have direct control and where we act in an advisory capacity, and leading trials of new technology to advance our industry's efforts.

In 2017, Mace signed up to RE100, a commitment to source 100% of electricity from renewable sources by 2022. That partnership has supported us in procuring more renewable power than ever before (66%), and lead the way in regions where renewable sourcing is less advanced.

In our bid to eliminate our use of diesel to help deliver cleaner working environments and improve air quality, we trialled innovative hybrid power generation solutions, launched and shared a diesel alternatives database with our supply chain, and completed further trials across several of our sites that saw us adopt new practices.

Together, we are committed to keeping Mace at the forefront of sustainable measures, delivering leading best practices and progressing industry-wide adoption of responsible business behaviours.

WELLBEING AND OPPORTUNITY

Our team at Battersea Power Station, together with subcontractors GKR and Keltbray, worked with the charity Bounce Back that provides construction training to offenders inside HM Brixton prison and helps them to find work upon release.

In 2018 we participated in construction career awareness workshops and organised 'Meet the Employer' events where our subcontractors carried out speed interviews with prisoners and offered them employment opportunities.

QUALITY OF ENVIRONMENT

In India we created an eco-friendly site by organising a tree plantation programme, introducing eco-coolers for workers accommodation, replacing plastic bottles and cups with sustainable alternatives, and consistently making efforts to recycle, reuse or replace cement bags, conduit pipes and safety nets, plywood scraps, and plastic bags.

RESPONSIBLE BUSINESS

The construction industry is the second highest user of plastics after the packaging sector and every year Mace, alone, generates over 3,000 tonnes of plastic waste, so we set out to reduce single-use plastics on our construction sites by 20% and corporately by 80%.

Our global campaign 'Time to Act' inspired change throughout Mace that saw us surpass our ambitions ahead of the year end, and our industry wide event brought together leading experts to share knowledge and generate new ideas.

0.10
ACCIDENT FREQUENCY RATE

0.29
LOST TIME INJURY FREQUENCY RATE

66,355
YELLOWJACKET ACTIONS (-13%)

46
RIDDOR INJURIES

HEALTH, SAFETY AND WELLBEING

Health, safety and wellbeing is firmly ingrained in Mace's culture. Our legacy over the last 28 years has seen us continuously strive to reduce risks and protect our people and stakeholders by building a culture where safety comes first.

Whether we are developing student accommodation or managing the construction of an iconic building in London, programme managing a national workplace strategy in North America or running the operations of a building in the Middle East, our approach is consistent and clear, that our employees and supply chain should go home safe and well at the end of every day.

In 2018, 87% of our construction projects had no reportable injuries (an improvement of 4% on 2017) and in October, our facilities management business, Mace Macro, celebrated a year without a RIDDOR. However, an increase in first aid instances and RIDDORs highlighted the need to continually drive consistent behaviours, improve standards and procedures and tackle evolving risks.

Throughout the year we continued to develop the actions and behaviours of our employees and supply chain by further embedding health and safety standards in everything we do. Our 'Safety first. Second nature.' training programme has now reached over 8,520 Mace people since we launched it in 2011, and 17,000 supply chain personnel since we extended its reach in 2015.

RECOGNITION

The time and committment needed to be world-leading in our health, safety and wellbeing approach should not be underestimated and we are proud that our efforts received national and international recognition in 2018.

Our international technology business unit was awarded three Swords of Honour in recognition of the management of health and safety risks, and three Globes of Honour in celebration of our work in environmental management. We additionally won seven gold medals and three gold awards at the RoSPA Awards for highly developed occupational health and safety management systems and culture, outstanding control of risk and very low levels of error, harm and loss.

WELLBEING AND MENTAL HEALTH

The wellbeing of our people is as central to our strategy as their safety and in 2018 we took steps to developing healthy workplaces, preventing and managing occupational health risks and creating wellbeing opportunities.

Having conducted our first wellbeing survey at the end of 2017 the results provided us with clear opportunities for improvement and supported us in developing an evidence-based health and wellbeing strategy in 2018. In November, we repeated the survey, additionally seeking views on engagement, and measured our progress against the action we had agreed to take. An additional 500 people took part.

A key focus of our wellbeing agenda in 2018 was on mental health. With just 64% of Mace people saying they would feel comfortable telling someone at work if they had a mental health problem, we are working hard to create an environment in which colleagues feel supported and empowered to talk openly without fear of judgement.

As part of our commitment to challenge the stigma associated with mental health, we signed the Time to Change Employer Pledge and developed a mental health training programme and began training our staff through e-learning awareness and first aider training.

In November, we held our second International Wellbeing Week, championed by our growing network of wellbeing ambassadors. 50 Mace sites across all five of our hubs got involved and we recorded a 30% increase in activities across the business.

For the fifth year running we held our annual awards ceremony to recognise and reward the health, safety and wellbeing achievements of our people and supply chain partners. This year, the ceremony was our most spectacular to date, demonstrating the ever growing commitment to celebrating the efforts of our people and stakeholders, and inspiring change across our industry.

LOOKING FORWARD

In 2019, we are clear that to remain one of the leading companies in our sector, we must continuously strive to develop new, safer and healthier methods of delivery.

We will continue to do more, raise our standards and work with our industry to share and learn. Our ambition to be world-leading in our approach will continue to evolve.

Thank you to all Mace colleagues, partners, supply chain and clients for your commitment to making our business and industry safer and healthier, and for actively engaging in the wellbeing of each other.

7

ANNUAL ACCOUNTS

The directors present their annual report on the affairs of the Group, together with audited financial statements and auditor's report, for the year ended 31 December 2018.

Principal activity

Mace is an international consultancy and construction group whose principal activities continue to be construction delivery, project and programme management, cost consultancy and facilities management. In addition the Group has made certain investments in property development projects.

Results and dividends

The consolidated profit for the year before taxation amounted to £32.8m (2017: £35.7m). Mace Limited has paid dividends of £18.0m (2017: £14.7m) to the ultimate parent company. No further dividend is proposed for the year.

Strategic report

The Group is required by section 414A of the Companies Act 2006 to present a Strategic report in the Annual Report. This can be found on pages 19 to 36. The Strategic Report contains, where appropriate, an indication of the directors' view on likely future developments in the business of the Group.

Directors

The directors who held office during the year were:

Mark Castle

Amy Chapman

David Grover

Jonathan Holmes

Dennis Hone CBE

Stephen Jeffrey (appointed 1 January 2019)

Gareth Lewis

Jason Millett

Lee Penlington

Stephen Pycroft

Mark Reynolds

Mandy Willis

Ian Wylie (deceased 4 July 2019)

Financial instruments

Further information regarding the Group's financial instruments related policies and a consideration of its liquidity and other financing risks are in note 3 to the financial statements.

Directors' indemnity insurance

The Company provides a directors' and officers' insurance policy which was in place during the year and remains in force at the date of this report.

Going concern

The Group has considerable financial resources, with working capital cash balances net of overdrafts of £209m at 31 December 2018. At this date the Group had external borrowings of £202m which includes the corporate bond and limited recourse development loans which are secured against development assets. In addition the Group has long-term contracts and a diverse range of customers and suppliers across its business activities.

After making appropriate enquiries the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

Employees

The directors recognise that employees are fundamental to the Group's success and are committed to the involvement and development of employees at all levels. The directors wish to ensure that Mace is a diverse and inclusive Group that respects employee's protected characteristics including race, religion, sexual orientation and any disabilities.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Arrangements exist to keep all employees informed on matters of concern to them and information on Group performance and prospects is disseminated widely.

The Directors ensure that employees or their representatives are consulted on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests

Employees are encouraged to be concerned with the performance and efficiency of the Group and various profit sharing and bonus schemes operate to emphasise and reinforce this.

The directors would like to thank all our employees for their hard work during the year.

Research and development

The Group has invested £44m (2017: £49m) in research and development activities on projects in the course of seeking and delivering innovative solutions for our clients.

Disclosure of information to auditors

Each of the persons who is a director as at the date of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP resigned as auditor and the directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office. BDO LLP will be reappointed as auditor in accordance with Chapter 2 of Part 16 of the Companies Act 2006.

The financial statements are approved by the Board and signed by order of directors.

Carolyn Pate
Group Company Secretary

27 August 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with IFRS as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the Company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Opinion

We have audited the financial statements of Mace Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, Group Statement of Changes in Equity, Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

BDO LLP

Paul Fenner (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor

London
27 August 2019

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

	Notes	Year ended 31 December 2018 £000s	Year ended 31 December 2017 £000s
Group revenue	**4**	**2,349,770**	1,971,748
Cost of sales		**(2,194,043)**	(1,836,066)
Gross profit		**155,727**	135,682
Administrative expenses		**(125,532)**	(108,916)
Operating profit	**5**	**30,195**	26,766
Share of net profit of associates and joint ventures		**1,045**	386
Profit on disposal of a subsidiary		**1,920**	-
Profit on ordinary activities before interest		**33,160**	27,152
Finance income	**6**	**3,769**	12,464
Finance costs	**6**	**(4,112)**	(3,951)
Profit on ordinary activities before taxation		**32,817**	35,665
Income tax expense	**9**	**(8,643)**	(6,100)
Profit on ordinary activities after taxation		**24,174**	29,565
Profit for the year attributable for			
Owners of the parent		**23,424**	29,332
Non-controlling interest		**750**	233
		24,174	29,565
Other comprehensive income			
Items that will or may be classified to profit and loss			
Exchange differences on re-translation of foreign subsidiaries		**(398)**	(1,296)
Fair value movements on other investments classified as available for sale		**-**	957
Items that will not be classified to profit and loss			
Fair value movements on other investments classified as fair value through other comprehensive income	**25**	**7,500**	-
Total comprehensive income for the year		**31,276**	29,226
Total comprehensive income for the year attributable to			
Owners of the parent		**30,526**	28,993
Non-controlling interest		**750**	233
		31,276	29,226

The notes on pages 87 to 129 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31 December 2018 £000s	Restated 31 December 2017 £000s	Restated 31 December 2016 £000s
Non-current assets				
Property, plant and equipment	10	**14,807**	20,509	21,385
Intangible assets	11	**33,113**	22,062	13,606
Deferred tax assets	9	**2,905**	3,361	1,640
Investments in joint ventures	13	**9,272**	2,405	2,195
Other investments	13	**11,000**	3,500	2,000
Total non–current assets		**71,097**	51,837	40,826
Current assets				
Trade and other receivables	14	**519,081**	534,007	431,007
Development work in progress	15	**140,697**	70,689	22,516
Development loan to joint venture	15	**54,907**	37,287	-
Other work in progress		**1,976**	1,333	907
Cash at bank		**215,943**	215,119	116,623
		932,604	858,435	571,053
Current liabilities				
Trade and other payables	16	**(745,357)**	(707,999)	(587,107)
Net current assets		**187,247**	150,436	(16,054)
Total assets less current liabilities		**258,344**	202,273	24,772
Non–current liabilities				
Trade and other payables	17	**(33,470)**	(31,332)	(6,353)
Borrowings	17	**(201,644)**	(161,501)	-
Net assets		**23,230**	9,440	18,419
Capital and reserves				
Called up share capital	18	**1,000**	1,000	1,000
Accumulated losses		**20,541**	8,043	17,574
Equity shareholders' funds		**21,541**	9,043	18,574
Non–controlling interests		**1,689**	397	(155)
	25	**23,230**	9,440	18,419

These financial statements of Mace Limited (company number 2410626) were approved by the directors, authorised for issue on 27 August 2019, and are signed on their behalf by:

Mark Reynolds
Chief Executive Officer

Dennis Hone
Group Finance Director

The notes on pages 87 to 129 are an integral part of these consolidated financial statements.

	Notes	Year ended 31 December 2018 £000s	Restated 31 December 2017 £000s	Restated 31 December 2016 £000s
Non–current assets				
Property, plant and equipment	10	**10,804**	16,386	16,282
Intangible assets	11	**10,840**	-	-
Deferred tax asset		**1,704**	2,102	-
Investments in subsidiaries	13	**15,468**	7,968	7,828
Other investments	13	**11,007**	3,507	2,147
		49,823	29,963	26,257
Current assets				
Trade and other receivables	14	**508,131**	420,246	277,393
Work in progress		**1,534**	831	5,577
Cash at bank		**75,163**	111,351	38,036
		584,828	532,428	321,006
Current liabilities				
Trade and other payables	16	**(473,463)**	(421,082)	(359,391)
Net current assets		**111,365**	111,346	(38,385)
Total assets less current liabilities		**161,188**	141,309	(12,128)
Non–current liabilities				
Trade and other payables	17	**(22,640)**	(20,256)	(6,353)
Amounts owed to subsidiary undertakings	17	**(160,000)**	(160,000)	-
Net assets		**(21,452)**	(38,947)	(18,481)
Capital and reserves				
Called up share capital	18	**1,000**	1,000	1,000
Profit and loss account		**(22,452)**	(39,947)	(19,481)
Equity shareholders' funds	25	**(21,452)**	(38,947)	(18,481)

A separate profit and loss account for the Company (company number 2410626) is not presented as permitted by section 408 of the Companies Act 2006. The profit after taxation of the Company was £28.0m (2017: £17.1m) and total comprehensive income was £35.5m (2017: £18.1m)

These financial statements were approved by the directors, authorised for issue on 27 August 2019 and are signed on their behalf by

Mark Reynolds
Chief Executive Officer

Dennis Hone
Group Finance Director

The notes on pages 87 to 129 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31 December 2018 £000s	Year ended 31 December 2017 £000s
Cash flows from operating activities	19	**11,502**	(56,317)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(10,682)**	(4,693)
Acquisition of investments		**(7,500)**	
Acquisition of preferred shares in Mace Capital Limited			(1,123)
Disposal of subsidiary		**1,920**	-
Acquisition of business		**-**	(6,878)
Proceeds from disposals of fixed asset		**30**	55
Proceeds on disposal of investments		**-**	247
Net cash used in investing activities		**(16,232)**	(12,392)
Cash flows from financing activities			
Dividends paid to company shareholders		**(18,028)**	(14,700)
Dividends paid		**(194)**	-
Increase in borrowings		**40,143**	177,373
Excess cash payment over fair value on acquisition of other investments		**-**	(10,824)
Repayment of borrowings		**(5,000)**	(4,828)
Net cash generated in financing activities		**16,921**	147,021
Net increase in cash		**12,191**	78,312
Cash and cash equivalents at beginning of year		**195,817**	116,623
Effects of currency translation on cash and cash equivalents		**552**	882
Cash and cash equivalents at end of year		**208,560**	195,817

Cash at bank and bank overdrafts	Notes	2018 £000s	2017 £000s
Cash at bank		**215,943**	215,119
Bank overdrafts		**(7,383)**	(19,302)
		208,560	195,817

The notes on pages 87 to 129 are an integral part of these consolidated financial statements.

	Notes	Year ended 31 December 2018 £000s	Year ended 31 December 2017 £000s
Cash flows from operating activities	19	**(20,290)**	(86,727)
Purchase of property, plant and equipment		**(9,772)**	(4,475)
Dividends received from subsidiary undertakings		**20,296**	15,292
Acquisition of investments		**(7,500)**	
Acquisition of preferred shares in Mace Capital Limited			(1,123)
Net cash (used)/generated in investing activities		**3,024**	9,694
Cash flows from financing activities			
Dividends paid to company shareholders		**(18,028)**	(14,700)
Increase in borrowings		**-**	175,872
Excess cash payment over fair value on acquisition of other investments		**-**	(10,824)
Repayment of borrowings		**(5,000)**	
Net cash generated/(used) in financing activities		**(23,028)**	150,348
Net (decrease)/increase in cash		**(40,294)**	73,315
Cash and cash equivalents at beginning of year		**111,351**	38,036
Cash and cash equivalents at end of year		**71,057**	111,351

Cash at bank and bank overdrafts	Notes	2018 £000s	2017 £000s
Cash at bank		**75,163**	111,351
Bank overdrafts		**(4,106)**	-
		71,057	111,351

The notes on pages 87 to 129 are an integral part of these consolidated financial statements.

Group statement of changes in equity	Foreign Exchange Reserve £000s	Share Capital £000s	Equity Investment Reserve £000s	Retained Earnings £000s	Attributable to owners £000s	Non–Controlling Interest £000s	Total £000s
Equity shareholders' funds as at 1 January 2017	(1,118)	1,000	-	61,510	**61,392**	(155)	**61,237**
Prior year adj (note 25)	-	-	(42,818)	-	**(42,818)**	-	**(42,818)**
Restated opening balance	**(1,118)**	**1,000**	(42,818)	**61,510**	**18,574**	**(155)**	18,419
Profit after tax for the year	-	-	-	29,332	**29,332**	233	**29,565**
Fair value movements on	-	-	957	-	**957**	-	**957**
other investments classified as					**-**	-	**-**
available for sale					**-**	-	
Retranslation gain/(loss)	(1,296)	-	-	-	**(1,296)**	38	**(1,258)**
Excess of consideration over fair value on acquisition of other investments	-	-	-	(23,824)	**(23,824)**	-	**(23,824)**
Dividends paid	-	-	-	(14,700)	**(14,700)**	-	**(14,700)**
Acquisition on non-controlling interest	-	-	-	-	**-**	281	**281**
Equity shareholders' funds as at 1 January 2018	(2,414)	1,000	(41,861)	52,318	**9,043**	397	**9,440**
Profit after tax for the year	-	-	-	23,424	**23,424**	750	**24,174**
Fair value movements on	-	-	7.500	-	**7,500**	-	**7,500**
other investments classified as fair value through other comprehensive income		-	-	-	**(398)**	12	**(386)**
Retranslation gain/(loss)	(398)	-	-	-	**-**	-	**-**
Dividends paid	-	-	-	(18,028)	**(18,028)**	(194)	**(18,222)**
Acquisition of non-controlling interest	-	-	-	-	**-**	724	**724**
Equity shareholders' funds as at 31 December 2018	**(2,812)**	**1,000**	**(34,361)**	**57,714**	**21,541**	**1,689**	**23,230**

Company statement of changes in equity	Equity Investment £000s	Share Capital £000s	Retained Earnings £000s	Total £000s
Equity shareholders' funds at 1 January 2017 previously stated	-	1,000	23,337	**24,337**
Prior year adjustment	(42,818)		-	**(42,818)**
Restated opening balance	(42,818)	1,000	23,337	**(18,481)**
Profit after tax for the year	-	-	17,101	**17,101**
Fair value movements on other investments classified as available for sale	957	-	-	**957**
Excess of consideration over fair value on acquisition of other investments	-	-	(23,824)	**(23,824)**
Dividends paid	-	-	(14,700)	**(14,700)**
Equity shareholders' funds as at 1 January 2018	(41,861)	1,000	1,914	**(38,947)**
Profit after tax for the year		-	28,023	**28,023**
Fair value movements on other investments classified as fair value through other comprehensive income	7,500	-	-	**7,500**
Dividends paid	-	-	(18,028)	**(18,028)**
Equity shareholders' funds as at 31 December 2018	**(34,361)**	**1,000**	**11,909**	**(21,452)**

The notes on pages 87 to 129 are an integral part of these consolidated financial statements.

1. Accounting policies

General information

Mace Limited (the "Company") is a private limited company incorporated, and domiciled in England and Wales. The address of the registered office is 155 Moorgate, London, EC2M 6XB. The principal activities of the Group and the Company are detailed in the directors' report.

The functional currency of the parent is pounds sterling because that is the currency of the primary economic environment in which the Group operates. Pounds sterling is also the presentation currency of the Company and Group. The amounts stated are denominated in thousands (£'000).

Basis of accounting

These consolidated financial statements have been prepared in accordance with EU adopted International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), IFRS Interpretations Committee (IFRS IC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit and loss. The Group has consistently applied all accounting standards and interpretations issued by the International Accounting Standards Board and IFRS IC, and endorsed by the EU, relevant to its operations and effective on 1 January 2018.

Basis of consolidation

The Group financial statements incorporate the results of Mace Limited, its subsidiary undertakings and the Group's share of the results of joint ventures. Subsidiaries are all entities over which the Group has control.

The exposure or right to variable returns from its involvement with an investee, and the ability to influence those returns, are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed to the income statement. The identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of any non-controlling interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of acquired subsidiaries are changed where necessary, to ensure consistency with policies adopted by the Group. The Company has guaranteed the liabilities of certain subsidiaries included within note 27. Where the Company has guaranteed the liabilities of the subsidiary and they are included within the consolidated financial statements the subsidiaries were exempt from the requirements of audit under section 479A of the Companies Act 2006.

Standards and interpretations in issue but not yet effective

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 31 December 2018. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application other than the following:

IFRS 16 – Leases

Adoption of IFRS 16 will result in the Group recognising right-of-use and lease liabilities for all contracts that are leased in the statement of financial position. For leases currently classified as operating leases, under current accounting requirements the Group does not recognise related assets or liabilities and instead spreads the lease payments over the lease term, disclosing in its annual financial statements the total commitment. The Group has determined it will apply the modified retrospective approach in IFRS 16, and therefore will only recognise leases in the Statement of Financial Position as at 1 January 2019. At 31 December 2018 the Group has operating lease commitments of £30.9m (note 23). The effect of discounting those commitments at an appropriate discount rate would result in right-of-use assets and lease liabilities of approximately £13m and £18.8m respectively.

Adoption of new and revised standards

IFRS 9 'Financial instruments: Classification and measurement'; effective 1 January 2018

The Group has reviewed the requirements of IFRS 9. The Group's principal financial assets are trade receivables, contract assets and loans to related parties which will continue to be measured at amortised cost. The Group has applied the simplified method of the expected credit loss model when calculating impairment losses on its financial assets measured at amortised costs. This resulted in increased judgement being required in order to assess the requirement for an impairment provision due to the need to factor in forward looking information when estimating the appropriate amount of provisions. No material impairment provisions were recognised as a result and the impact of this change was not material.

However, in applying IFRS 9, a material impact in relation to the carrying value of the investment in the preferred shares of Mace Capital Limited was identified as explained in note 4(h) and 25.

The principal accounting policies in use were;

1.1 IFRS 15 – 'Revenue from Contracts with Customers'

Revenue is measured under IFRS 15 at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business, net of discounts, VAT and other sales related tax.

(a) Construction contracts

Revenue arises from the increase in the value of work performed on construction contracts and on the value of services provided during the year. Where the outcome of a long term contract can be reliably estimated and it is probable that the contract will be profitable, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Stage of completion is assessed by reference to the proportion of contract costs incurred for the work performed to date relative to the estimated total costs. Variations and claims are included in revenue where it is probable that the amount, which can be measured reliably, will be recovered from the client. When the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

There are three main types of contracts in Construction,

i. Construction Management,
Nature, timing of satisfaction of performance obligations:
Contracts are typically accounted for as a single performance obligation. Mace typically receives payments from the customer based on a contractual schedule of value that reflects the timing and performance of the service delivery. Revenue is therefore recognised over time (the period of construction/service delivery) based on cost committed to date. Un-invoiced amounts are recognised as assets.

ii. Fixed Price
Nature, timing of satisfaction of performance obligations
A number of projects within construction management are undertaken using fixed price contracts. Contracts are typically accounted for as a single performance obligation, even when a contract (or multiple combined contracts) includes both design and build elements, they are considered to form a single performance obligation as the two elements are not distinct in the context of the contract given that each is highly interdependent on the other. The Group typically receives payments from the customer based on a contractual schedule of value that reflects the timing and performance of service delivery. Revenue is therefore recognised over time. Un-invoiced amounts are presented as contract assets.

iii. Cost–reimbursable
Nature, timing of satisfaction of performance obligations
A number of projects within construction management are undertaken using open-book/cost plus contracts. Contracts are typically accounted for as a single performance obligation with the majority of these contracts including a build only phase. The Group typically receives payment from the customer based on actual costs incurred. Revenue is therefore recognised over time based on an input model. Uninvoiced amounts are presented as contracts assets.

Nature of change in accounting policy
These contracts were previously accounted for under IAS 11 and as such were recognised over time as the service is provided. There is no change to the timing of revenue recognition under IFRS 15, with revenue continuing to be recognised over time, as the asset is constructed/service is delivered.

(b) Consultancy contracts
There are three main types of contracts in Consultancy,

i. Time and materials
Nature, timing of satisfaction of performance obligations
Contracts of this type comprise a fee based on an agreed day or hourly rate, which can be billed weekly or monthly. The duration risk of this type of pricing typically lies with the client. Satisfaction of the performance obligations are measured using the input method, whereby they are based on direct labour hours, time elapsed or resources consumed, and therefore revenue is recognised over time as the services are delivered with reference to these inputs.

Nature of change in accounting policy
These contracts were previously accounted for under IAS 18 and the approach followed the principle that revenue should be measured at the fair value of the consideration received or receivable. The fair value was considered to be the transaction price and therefore revenue was recognised over time as the services were provided. The guidance provided by IFRS 15 in regards to recognising revenue over time details an approach which is not dissimilar to the approach the Group adopted under IAS 18, being the input method detailed above, and therefore the Group are satisfied that there is no material impact in regards to the approach to revenue recognition as a result of the change in standard applied.

ii. Fixed fee

Nature, timing of satisfaction of performance obligations

Contracts of this type comprise a fixed fee which is typically (but not always) derived from a unit rate multiplied by time. The risk of the duration of the project is often transferred to Mace for a given scope of work/deliverable. Performance obligations contained in contracts of this type can be distinguished easily as the contract deliverables for which there is a clearly defined fee or fees. Satisfaction of the performance obligations are measured using outputs such as scope deliverables or conditional milestones reached and therefore revenue is recognised over time as the services are delivered with reference to the extent to which these outputs or conditions are being completed or met.

Nature of change in accounting policy

These contracts were previously accounted for under IAS 18 and the approach followed the principles for recognising revenue for the rendering of services as set out in the standard, whereby revenue was recognised based on the stage of completion of the project at the balance sheet date. The approach to recognising revenue under IFRS 15 is similar. Performance obligations can be clearly identified as being the contract deliverables and the transaction price is identifiable as the contract, purchase order or task order value. Revenue is recognised in reference to the performance obligations being satisfied. The Group is therefore satisfied there is no material impact in regards to the approach to revenue recognition as a result of the change in the standard applied

iii. Risk and reward

Nature, timing of satisfaction of performance obligations

Contracts of this type comprise a base fee, plus a risk and reward element. The base fee element of the contract can be on a time and materials basis or a fixed fee basis and will therefore be accounted for using the same principles as described above. The risk/reward element can be variable based on the outcomes achieved and is assessed regularly to establish the likely outcome. The Group applies the principle of prudence in regards to risk, whereby identifiable and measurable risks to revenue are recognised as soon as reasonably possible while income relating to reward is often deferred until there is a high level certainty of the successful outcome of the performance obligation.

Nature of change in accounting policy

These contracts were previously accounted for under IAS 18, whereby the base fee was accounted for on the basis of the time and materials or fixed fee approaches as described above. In regards to the contingent element, IAS 18 states that revenue should be recognised when it is probable that any future economic benefit associated with the revenue would flow to the Company. The Group are prudent in regards to the interpretation of "probable" and would typically defer this type of income until there was a higher level of certainty about the future economic benefits flowing to the Company. The approach is consistent with the requirements of IFRS 15 which states that variable amounts must only be included in the transaction price when it is highly probable that its inclusion will not result in a revenue reversal in the future when the certainty has subsequently been resolved. The Group is therefore satisfied there is no material impact in regards to the approach to revenue recognition as a result of the change in the standard applied.

(c) Facilities Management – Operate

The Company operates contracts with a varying degree of complexity across its service lines so accordingly, a range of methods are used for the recognition of revenue based on the principles set out in IFRS 15. Revenue represents income recognised in respect of services provided during the period based on the delivery of performance obligations.

The Company's customer contracts include a diverse range of payment schedules which are often agreed at the inception of long-term contracts under which it receives payments throughout the term of the arrangement. Payments for services transferred at a point in time may be at the delivery date, in arrears or part payment in advance. Where revenue recognised at the period end date is more than amounts invoiced, the Company records accrued income for the difference. Where revenue recognised at the period end date is less than amounts invoiced, the Company recognises deferred income for the difference.

(d) Developments
Revenue from other services contracts is recognised when the service is provided. Revenue from the sale of land is recognised when the control has been transferred to the buyer, the amount of revenue can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the Group. Sale of goods revenue is recognised at legal completion in respect of the total proceeds of building and development. Revenue is measured at the fair value of consideration received or receivable and represents the amounts receivable for the property, net of discounts and VAT.

1.2 Segment information
Operating segments are reported in a manner consistent with the internal reporting provided to the Board. The main Group Board is responsible for allocating resources and assessing performance of the operating segments.

Disaggregation of revenue
As part of the implementation of IFRS 15 on 1 January 2018, the Group has assessed the appropriate presentation of its revenue (analysing the varying risk profiles and effect of economic factors on the nature, amount, timing and uncertainty of revenue). The material differences in risk between the different revenue streams have been captured by the Group's operating segments as this best depicts how the nature, timing and amount of revenue and cash flows are affected by economic factors. Therefore the Group has presented disaggregation in line with the segmental analysis as shown in note 4.

1.3 Goodwill and other intangible asset
Goodwill is initially recognised and measured as set out below.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGU) expected to benefit from the synergies of the combination. CGUs to which the goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Software is recognised as an intangible asset. It is recognised at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis. The estimated useful lives for the Group's finite life intangible assets are 10 years. Amortisation is recognised in administrative expenses.

1.4 Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.
Depreciation is calculated so as to write off the cost of a tangible asset less its estimated residual value over the estimated useful economic life of that asset on the following bases:

Leasehold improvements	over the period of the lease
Plant, motor vehicles and equipment	10% to 20% per annum on a straight line basis
Computer equipment	33% per annum on a straight line basis
Freehold property	5% per annum on a straight line basis

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.5 Impairment of property, plant & equipment and intangible assets excluding goodwill
At each reporting date, the Group reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

1.6 Retirement benefit costs
The Group contributes to the personal pension plans of certain employees of the Group on a defined contribution basis. The assets of these schemes are held in independently administered funds. The pension cost charged in the financial statements represents the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the statement of financial position.

1.7 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates prevailing in the year.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the statement of financial position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1.8 Development Work In Progress

Development WIP is initially stated at cost and then held as the lower of this initial amount and net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing work in progress to its present value. Cost also includes interest incurred on external borrowings funding the projects. Net realisable value represents the estimated selling price less all estimated costs of completion to be incurred.

1.9 Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The accounting policy has been amended in 2018 to incorporate considerations for IFRS 9, whereas the 2017 policy utilised the incurred loss model under IAS39. This amendment has not led to a significant change in policy (see note 24). The principal financial assets and liabilities of the Group are as follows:

(a) Financial assets at amortised costs

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less appropriate allowances for credit losses over the expected lifetime of the asset. The trade receivables are valued at amounts approximating to fair value. Trade receivables include applications to the extent that there is an unconditional right to payment and the amount has been certified by the customer. The recoverable amount of applications that have not been certified and other amounts that have not been applied for but represent the recoverable value of work carried out at the balance sheet date are recognised as contract assets.

The Group applies the simplified approach to measuring expected credit losses under IFRS 9 using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The Group’s contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less at inception. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

(c) Investments
Investments in subsidiary undertakings are stated at cost less any provision for impairment. Any contingent consideration is recognised as an accrual at the acquisition date and is measured at the present value of the expected settlement using a pre-tax discount rate that reflects current market assessment of the time value of money. The increase in the accrual due to the passage of time is recognised as an interest expense. Any change to the value of contingent consideration identified within 12 months from the acquisition date is reflected in the original cost of the investment. Subsequent changes to the value of contingent consideration are reflected in the statement of comprehensive income in the Group accounts.

Where the Company or its subsidiaries has significant influence over an entity, normally being more than 20% and less than 50%, then that investment is classified as an associate and is equity accounted for.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may have suffered an impairment loss. If any such indication exists the Company makes an estimate of the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use represents the discounted net present value of expected future cash flows. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income of the Company.

(d) Other investments
This category comprises an equity investment. On the date of initial application of IFRS 9, the entity made an irrevocable election to present changes in the fair value of these investments in other comprehensive income. This item was previously carried at cost but it was restated as an available for sale asset under IAS 39 with gains and losses, other than impairment losses, recognised in other comprehensive income. This is fully explained in notes 4(h) and 25.

(e) Trade and other payables
Trade and other payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

(f) Trade receivables
Trade receivables are stated initially at fair value and subsequently held at amortised cost.

(g) Other borrowings
Interest-bearing bank and other loans are recorded at the fair value of the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for at amortised cost and on an accruals basis in the statement of comprehensive income using the effective interest method. Interest is added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

(h) Financial liabilities and equity
Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

(j) Derivative financial instruments
Financial assets and liabilities are recognised on the Group's Statement of Financial Position when the Group becomes party to the contractual provision of the instrument. The Group uses derivative financial instruments to manage its exposure to foreign exchange risks. In accordance

with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

1.10 Operating leases
Amounts due under operating leases are charged to the statement of comprehensive income in equal annual instalments over the period of the lease.

1.11 Foreign currencies
Transactions denominated in foreign currencies are recorded at the exchange rates in effect when they take place. Resulting foreign currency denominated assets and liabilities are translated at the exchange rates ruling at the reporting date. Exchange differences arising from foreign currency transactions are reflected in the income statement.

The assets and liabilities of overseas subsidiary undertakings are translated at the rate of exchange ruling at the reporting date. Trading profits or losses are translated at average rates prevailing during the accounting period. Differences on exchange arising from the retranslation of net investments in overseas subsidiary undertakings at the year-end rates are recognised in other comprehensive income. All other translation differences are reflected in the income statement.

2. Significant accounting estimates and judgements and key sources of uncertainty

Sources of uncertainty
The preparation of the financial statements requires the Group to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historical experiences and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent form other sources. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affects the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually made and based on his historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The directors believe the following to be key areas of estimation and judgement

(a) Revenue and profit recognition
The estimation techniques used for revenue and profit recognition in respect of construction contracts require forecasts to be made of the outcome of long-term contracts which require assessments and judgements to be made, changes in the scope of work, changes in contract programmes and changes in costs. Further information regarding the estimation techniques and judgements used in respect of revenue and profit recognition are provided in the ‘Revenue’ accounting policies on pages 24 to 26. Management has significant experience in making estimates around the percentage-of-completion, based on costs to complete and final project out-turn. Although there are likely to be fluctuations on individual contracts, using a portfolio basis the level of estimation uncertainty leading to a material adjustment within the next financial year is considered to be low. Estimation uncertainty which could have a material impact on contract assets has been mitigated where necessary by the use of independent quantum and legal experts who were assessed by the Directors for their ability, qualifications and experience in this field.

(b) Valuation of work in progress
The key judgements and estimates in determining the net realisable value of land and work in progress are:

- an estimation of costs to complete; and
- an estimation of the remaining revenues.

These assessments include a degree of uncertainty and therefore if the key judgements and estimates change unfavourably, write-downs of land and work in progress may be necessary.

(c) Recoverable value of recognised receivables
The recoverability of trade and other receivables is regularly reviewed in the light of available economic information specific to each receivable and provisions are recognised for balances considered to be irrecoverable. The Group reviews the ageing analysis of debtors on a regular basis. Unless specific agreement for late or alternative repayment is in place, the Group provides for 10% of trade debtors that are 61-90 days past due, 25% of trade debtors that are 91-120 days past due, 50% of trade debtors that are 121-180 days past due, 75% of trade debtors that are 181-270 days past due and 100% of trade debtors that are over 270 days past due. Construction only provide by exception.

(d) Goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the Cash Generating Units to which the goodwill has been allocated. The value requires an estimate to be made of the timing and amount of future cash flows expected to arise from the CGU and the application of a suitable discount rate in order to calculate the net present value. Cash flow forecasts for the next three years are based on the Group's budgets and forecasts. Other key inputs in assessing each CGU are revenue growth, operating margin and discount rate. The assumptions are set out in note 11 together with an assessment of the impact of reasonably possible sensitivities.

(e) Fair value of other investments
Determining the fair value of the preferred ordinary shares of Mace Capital Limited requires a significant estimate relating a financial model used to value the asset using best estimates of the redemption periods and the discount rates based on expected cash flows for the three years to 31 December 2018. (see note 3(h))

3. Financial risk management

General
The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Interest rate risk
- Credit risk
- Capital risk
- Revenue liquidity risks, foreign currency and exchange rate risk

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a Group Assurance function which is responsible for developing and monitoring the Group's risk management strategy and policies. 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.

The Group and Company operate within financial risk policies and procedures approved by the Board. It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's and Company's financial instruments principally comprise bank borrowings, cash and cash equivalents, receivables and payables, and foreign exchange forward contracts and put options that arise directly from its operations and its acquisitions.

(a) Market risk
The Group is exposed to land and property values via, in the main, their effect on demand for the Group's services. There is also market risk in respect of development schemes where anticipated sales values of apartments and commercial property may not be realised. The Group is exposed to commodity and materials price risk in respect of contracts which require the Group to contract for the provision of materials some years prior to the date of supply. This risk is managed through purchasing policies and contract arrangements with major suppliers.

(b) Interest rate risk
The Group has long term borrowings being a corporate bond which has a fixed rate of interest and a limited recourse finance facility for the use of the student accommodation developments in Exeter and Cardiff which has a variable rate of interest which has been fixed after the balance sheet date. These external borrowings amount to £201.6m as at 31 December 2018. Funding is in place covering the completion of all current projects and there is little interest rate risk associated with this short term financing. Cash resources are held in current floating rate accounts.

(c) Credit risk
The Group's credit risk is primarily attributable to its trade receivables and other current assets. During the year ended 31 December 2018, the Group's cash and cash equivalents were predominately held with Barclays. The concentration of credit risk from trade receivables and other current assets varies throughout the year depending on the timing of transactions and invoicing of fees. The amounts presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

(d) Capital risk management
The Board's policy is to maintain and develop a strong and flexible capital base in order to maintain investor and creditor confidence. Similar policies apply also to individual business segments so as to minimise demands for routine trading activities on finance obtained at Group level. This is seen as important for the sustenance of future developments in the business and the maintenance of flexibility of capital management strategies. The capital structure of the Group consists of cash and cash equivalents, equity and debt. At 31 December 2018 the Group had external debt of £202m (2017: £161m).

The Group is funded by ordinary shares, retained profits, the corporate bond issued in 2017 for the sum of £160m and the finance facility of £98.5m agreed in December 2017. This latter facility is limited recourse in that it is secured on the developments in Exeter and Cardiff but the lender has access only to the assets in the structure holding the developments. The Group's and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The capital requirements of the Group's divisions differ, with property development typically requiring equity and debt, and construction and consultancy typically being cash generative but the economic cycle of each business is different.

The Group manages its capital taking these differing requirements into account. In March 2017 the Group issued a 5 year bond amounting to £160m primarily for investment in development schemes. As at 31 December 2018 circa £140m had been utilised including a £55m investment loan to a joint venture arrangement of a mixed use development in West Oxford. In December

2017 the Group agreed a limited recourse finance facility of £98.5m for the development of student accommodation in Cardiff and Exeter and as at 31 December 2018 the Group had drawn down £41.6m. The Bond and the facility are subject to covenants over interest cover and gearing. This debt has changed the capital risk profile of the Group and this risk is managed through the Development Board, chaired by the Chief Executive, who have oversight of all developments. Total debt is expected to increase to £330m in 2020 as a result of the drawdown of loans already contracted to enable the developments to be completed.

(e) Revenue risk

Income from three major clients in relation to our major construction projects amounted to 38% (2017: 41%) of total Group revenue during 2018.

(f) Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board reviews regularly available cash to ensure there are sufficient resources for working capital requirements. The Corporate bond is repayable by 23 March 2022.

The table below summarises the maturities of the Group's undiscounted non-derivative financial liabilities at the reporting date, based on contractual payment dates.

	31 December 2018 £000s			
	Less than 1 year	**1 to 5 years**	**More than 5 years**	**Total**
Trade and other payables	145,471	-	-	**145,471**
Bank overdrafts	7,383	-	-	**7,383**
Directors' loans	10,872	-	-	**10,872**
Limited recourse finance	-	41,644	-	**41,644**
Corporate bond	-	163,550	-	**163,550**
Total	163,726	205,194	-	**368,920**

	31 December 2017 £000s			
	Less than 1 year	**1 to 5 years**	**More than 5 years**	**Total**
Trade and other payables	194,044	-	-	**194,044**
Bank overdrafts	19,302	-	-	**19,302**
Directors' loan	15,872	-	-	**15,872**
Limited recourse finance	-	1,501	-	**1,501**
Corporate bond	-	163,550	-	**163,550**
Total	229,218	165,051	-	**394,269**

(g) Foreign currency and exchange rate risks
Due to our geographical spread we are exposed to changes in national economic conditions, exchange rate fluctuations and local trading restrictions. However, we employ local people and suppliers and have established local operating companies in each of our global hubs so that exposure to exchange rate changes is limited and knowledge of the local business environment is strengthened.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. A ten per cent strengthening of sterling against the following currencies at 31 December 2018 would have decreased equity and profit or loss by the following amounts:

	2018 £000s		2017 £000s	
	Profit or loss	Equity	Profit or loss	Equity
Euro	(788)	(1,260)	(1,311)	(1,143)
USD	(858)	(4,571)	(464)	(3,858)

A ten per cent weakening of sterling against these currencies would have an opposite effect. A common analysis basis has been applied for both 2018 and 2017. This analysis assumes that all other variables, particularly interest rates, remain unchanged. The sensitivity is regarded as being representative of the position throughout the year.

At 31 December 2018 the Group held £112.1m, €53.6m and DKK286m in cash at bank.

(h) Fair values
The investment in Mace Capital Limited (note 13: Other Investments), which is owned by the same shareholders as Mace Finance Limited, represents preferred shares with no fixed coupon or repayment date. This instrument was redeemed by the parent on 4 July 2019. While in existence the instrument was exposed to the going concern risk bearing on the group as a whole. The parent was able to arrange redemption of the instrument at any time by conversion to debt but its ability to settle the underlying debt depends on the value of the group and the disposition of profits.

The instrument was not exposed to any other significant risks.

The instrument had been held at par value (see note 25) but with the adoption of IFRS 9 the group elected to designate this instrument as fair value through other comprehensive income. As the instrument confers no rights on Mace Limited to require redemption and as redemption is wholly at the gift of the parent undertaking it was determined that fair value could not be cost and this lead to the recognition that the fair value at inception also could not have been cost. As a result the group arranged for the instrument to be valued with the assistance of an independent expert as at 31 December 2016, 2017 and 2018. The values adopted resulted in the prior year adjustment described in note 25.

The shares are classified in level 3 in the hierarchy described in IFRS 13. The valuation was based on a discounted cash flow approach referencing an estimated market yield that would be required by a market participant and an estimated period to redemption. The assumptions used in the financial model were for the redemption periods and the discount rates applied, based on expected WACC. The redemption periods used were 20 years, 17 years and 10 years for the three years to 31 December 2018 respectively. The discount used was 17.8% for all three years. Because of the lack of rights and the potentially long redemption period the initial value returned was very low with an increase in value in 2017 and 2018 as the estimated period to redemption substantially reduced. No account was taken of the July 2019 redemption or of the community of interests between the Board of Mace Finance Limited and the Board of Mace Limited which are substantially the same.

The values adopted are largely insensitive to changes in the redemption periods in 2016 and 2017 because of the length of the period in those years. The values are similarly insensitive to, say, a 10% change in the discount rate. However if the redemption period in 2018 had been 3-5 years the fair value at that point would have been approximately £29m.

3. Financial risk management (continued)

Financial liabilities – derivative financial liabilities

The fair value of forex options and forward contracts are given below. These derivatives are measured at fair value and the value is calculated as the present value of estimated cash flows based on observable yield curves corresponding to level 2 as defined in IFRS13.

Current Liabilities	2018 £000s	2017 £000s
Fair value of forex on forward contract and options	**501**	824

Categorisation of other financial instruments and fair value of other financial assets and liabilities	2018 £000s	2017 £000s
Financial liabilities		
Borrowings	**219,899**	196,675
Current financial liabilities measured at amortised cost	**458,628**	428,162
Financial assets		
Financial assets at amortised cost	**335,512**	213,315
Cash and cash equivalents	**215,943**	215,119
Equity investment at fair value	**11,000**	3,500

Prepayments and accrued income are excluded from loans and receivables. Statutory liabilities, deferred income and payments on account are excluded from financial liabilities measured at amortised cost. There is no difference between the book value and fair value of other financial assets and liabilities.

4. Segmental analysis

Revenue

An analysis of the Group's revenue is as follows:

	2018 £000s	2017 £000s
Continuing operations:		
UK & Europe	**2,344,250**	1,949,395
Middle East North Africa	**82,127**	83,847
Asia	**11,545**	13,955
Sub–Saharan Africa	**4,241**	3,380
America	**14,317**	14,753
Intercompany trading	**(106,710)**	(93,582)
Total revenue	**2,349,770**	1,971,748

General

For management purposes the Group is currently organised into four operational business and group services which includes corporate overheads and support as shown in the table below. These divisions are the basis on which the Group reports primary segment information to the Board. Limited secondary information is presented for the operating segments of consultancy and other services, primarily for risk management purposes.

The Board assesses the performance of the divisions based on management accounts which reflect the allocation of cross charges, interest, depreciation and amortisation. The adjustments exclude the effects, if any, of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments resulting from any isolated, non-recurring event.

2018	Construction £000s	Consultancy £000s	Facilities Management £000s	Developments £000s	Group Services £000s	Total £000s
Group revenue	1,988,515	273,880	144,110	21,639	-	**2,428,144**
Costs recharged to clients	-	-	(78,374)	-	-	**(78,374)**
Total Group revenue	1,988,515	273,880	65,736	21,639	-	**2,349,770**
Cost of sales	(1,912,361)	(211,434)	(54,277)	(13,843)	(2,128)	**(2,194,043)**
Gross profit	76,154	62,446	11,459	7,796	(2,128)	**155,727**
Administrative expenses	(37,044)	(38,122)	(8,829)	(513)	(41,024)	**(125,532)**
Operating profit	39,110	24,324	2,630	7,283	(43,152)	**30,195**
Share of operating profit of JVs	-	611	367	67	-	**1,045**
Profit on disposal of a subsidiary	-	-	-	-	1,920	**1,920**
Net finance costs payable	108	-	(99)	3,308	(3,660)	**(343)**
Profit before tax	39,218	24,935	2,898	10,658	(44,892)	**32,817**

2017	Construction £000s	Consultancy £000s	Facilities Management £000s	Developments £000s	Group Services £000s	Total £000s
Group revenue	1,632,776	267,430	119,882	16,800	-	**2,036,888**
Costs recharged to clients	-	-	(65,140)	-	-	**(65,140)**
Total Group revenue	1,632,776	267,430	54,742	16,800	-	**1,971,748**
Cost of sales	(1,581,164)	(205,633)	(43,090)	(3,580)	(2,599)	**(1,836,066)**
Gross profit	51,612	61,797	11,652	13,220	(2,599)	**135,682**
Administrative expenses	(29,307)	(35,772)	(10,337)	(559)	(32,941)	**(108,916)**
Operating profit	22,305	26,025	1,315	12,661	(35,540)	**26,766**
Share of operating profit	-	453	-	(67)	-	**386**
Net finance costs payable	2	(111)	(117)	(34)	8,773	**8,513**
Profit before tax	22,307	26,367	1,198	12,560	(26,767)	**35,665**

A further analysis of the Group's construction revenue is as follows:

Continuing operations:	2018 £000s	2017 £000s
Fixed Price & Cost Reimbursement	**1,879,952**	1,584,776
Construction Management	**108,563**	48,000
Total revenue	**1,988,515**	1,632,776

Inter-segment sales are carried out at open market rates.

Income from three major clients in relation to our major construction projects amounted to 38% (2017: 41%) of total Group revenue during 2018.

Costs recharged to clients relates to our Facilities Management business. Adjusted 2018 Facilities Management Revenue is £144.1m (2017: £119.9m).

Facilities Management Revenue	2018 £000s	2017 £000s
Revenue	**65,736**	54,742
Costs recharged to clients	**78,374**	65,140
Total facilities management revenue	**144,110**	119,882

	Construction £000s	Consultancy £000s	Facilities Management £000s	Developments £000s	Total £000s
External borrowings	-	-	-	(201,644)	**(201,644)**
Goodwill	3,343	10,174	4,490	4,266	**22,273**
Development WIP & loan to joint venture	-	-	-	195,604	**195,604**
Contract assets	181,353	18,185	11,273	-	**210,811**
Contract liabilities	(240,075)	(9,898)	(3,691)	-	**(253,664)**

5. Operating Profit & EBITDA

	2018 £000s	2017 £000s
The operating profit is stated after charging:		
Depreciation of property, plant and equipment	**5,132**	5,568
Profit on disposal of fixed assets	**20**	13
Research and development costs	**44,000**	49,000
Operating lease rentals:		
Motor vehicles	**21**	55
Land and buildings	**5,127**	5,325
Profit on ordinary activities before interest	**33,160**	27,152
Depreciation of property, plant and equipment	**5,132**	5,568
Amortisation of intangible assets	**488**	-
EBITDA	**38,780**	32,720

Services provided by the Company's auditors and its associates

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

	2018 £000s	2017 £000s
Fees payable to the Company's auditor for the audit of the parent company and consolidated accounts	**67**	64
UK	**185**	129
Overseas	**48**	46
	300	239
Other fees		
Fees payable to affiliated auditors	**-**	9
Tax services	**70**	72
	370	**320**
Fees payable to other non associated component auditors	**85**	**79**

6. Interest (restated)

	2018 £000s	2017 £000s
Bank and other interest receivable	**3,769**	44
Gain on redemption of other investments classified as available for sale	**-**	12,420
	3,769	12,464
Bond and other interest payable	**(4,112)**	(3,951)

7. Directors' remuneration

	2018 £000s	2017 £000s
Remuneration for management services (including benefits)	**977**	951
Performance related remuneration	**130**	110
Pension contributions	**20**	34
	1,127	1,095

Pension's contributions were made in respect of 2 directors (2017: 3).

Directors' remuneration includes the following amounts in respect of the highest paid director of Mace Limited:

	2018 £000s	2017 £000s
Remuneration for management services (including benefits)	**502**	519
Pension contributions	**10**	10
	512	529

All key management are directors of the Company.

8. Staff costs and numbers

	2018 £000s	2017 £000s
Staff costs were as follows:		
Aggregate gross wages and salaries	**356,500**	314,822
Employer's social security costs	**31,601**	28,093
Other pension costs	**23,234**	20,215
	411,335	363,130

Average monthly number of persons employed by the Group during the year:

	2018 £000s	2017 £000s
Corporate support services	**351**	322
Project delivery staff	**5,025**	4,409
	5,376	4,731

The total number of direct employees as at the reporting date was:	**5,561**	5,042

9. Tax on profit on ordinary activities

	2018 £000s	2017 £000s
(a) Analysis of charge in year		
UK corporation tax at 19.00% (2017: 19.25%)	**2,299**	-
Group relief payment	**706**	966
Adjustments in respect of previous years	**896**	220
Overseas taxation	**4,604**	6,635
Deferred tax	**138**	(1,721)
Total current tax (note 9(b))	**8,643**	6,100
(b) Factors affecting tax credit for year		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:		
Profit on ordinary activities before tax	**32,817**	35,665
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	**6,235**	6,866
Effects of:		
Expenses not deductible for tax purposes	**628**	727
Temporary differences not recognised in deferred tax	**196**	(50)
Non-taxable profit on redemption of other investments	**-**	(2,391)
Non-taxable profit on disposal of investments	**(365)**	(89)
Unutilised foreign tax losses/(Utilisation of tax losses)	**650**	(322)
Non-taxable foreign branch income	**249**	-
RDEC credits	**304**	(570)
Different rates of tax on overseas earnings	**17**	550
Impact of deferred tax rate movements	**(20)**	275
Adjustments to tax charge in respect of previous years	**749**	1,104
Current tax charge for the year (note 9(a))	**8,643**	6,100

	2018 £000s	2017 £000s
Deferred tax		
Opening Deferred tax asset	**3,361**	1,640
Adjustments to tax charge in respect of previous years		
Deferred Tax income/(expense) for year	**(318)**	-
Closing Deferred tax asset	**(138)**	1,721
Closing deferred tax asset	**2,905**	3,361
Analysed as:		
Fixed asset temporary differences	**1,073**	1,617
Short–term temporary differences	**298**	709
Loss carried forward	**1,534**	1,035
	2,905	3,361

10. Property, plant and equipment

Group	Freehold property £000s	Leasehold improvements £000s	Computer Equipment & IT Systems £000s	Plant, motor vehicles & equipment £000s	Total £000s
Cost					
At 1 January 2017	2,481	12,330	21,492	1,603	**37,906**
Exchange differences	(223)	98	(117)	(68)	**(310)**
Additions	-	73	4,657	76	**4,806**
Disposals	-	(480)	(4,029)	(11)	**(4,520)**
At 31 December 2017	2,258	12,021	22,003	1,600	**37,882**
Transfer to intangible assets	-	-	(3,961)	-	**(3,961)**
Exchange differences	142	20	122	40	**324**
Additions	-	262	2,790	217	**3,269**
Disposals	-	(59)	(4,854)	(93)	**(5,006)**
At 31 December 2018	2,400	12,244	16,100	1,764	**32,508**
Depreciation					
At 1 January 2017	262	3,464	11,798	997	**16,521**
Exchange differences	(25)	(35)	(162)	(69)	**(291)**
Charge for the year	50	904	4,449	165	**5,568**
Disposals	-	(433)	(3,951)	(41)	**(4,425)**
At 31 December 2017	287	3,900	12,134	1,052	**17,373**
Transfer to intangible assets	-	-	(46)	-	**(46)**
Exchange difference	20	28	98	53	**199**
Charge for the year	49	845	4,005	233	**5,132**
Disposals	-	(59)	(4,848)	(50)	**(4,957)**
At 31 December 2018	356	4,714	11,343	1,288	**17,701**
Net book value					
At 31 December 2018	2,044	7,530	4,757	476	**14,807**
At 31 December 2017	1,971	8,121	9,869	548	20,509

Company	Leasehold improvements £000s	Computer Equipment & IT Systems £000s	Plant, motor vehicles & equipment £000s	Total £000s
Cost				
At 1 January 2017	10,884	14,520	240	**25,644**
Additions	68	4,385	22	**4,475**
Disposal	(433)	(3,951)	(11)	**(4,395)**
At 31 December 2017	10,519	14,954	251	**25,724**
Transfer to intangible assets	-	(3,961)	-	**(3,961)**
Additions	38	2,303	-	**2,341**
Disposal	(59)	(4,841)	(18)	**(4,918)**
At 31 December 2018	10,498	8,455	233	**19,186**
Depreciation				
At 1 January 2017	2,575	6,651	136	**9,362**
Charge for the year	675	3,664	32	**4,371**
Disposal	(433)	(3,951)	(11)	**(4,395)**
At 31 December 2017	2,817	6,364	157	**9,338**
Transfer to intangible assets	-	(46)	-	**(46)**
Charge for the year	662	3,322	24	**4,008**
Disposal	(59)	(4,841)	(18)	**(4,918)**
At 31 December 2018	3,420	4,799	163	**8,382**
Net book value				
At 31 December 2018	7,078	3,656	70	**10,804**
At 31 December 2017	7,702	8,590	94	16,386

11. Intangible assets

Group	Computer Software £000s	Goodwill £000s	Total £000s
Cost			
At 1 January 2017	-	13,606	**13,606**
Additions	-	8,456	**8,456**
At 31 December 2017	-	22,062	**22,062**
Additions – transfer from non-current assets	3,961	-	**3,961**
Additions	7,413	211	**7,624**
Amortisation – transfer from non-current assets	(46)	-	**(46)**
Amortisation	(488)	-	**(488)**
At 31 December 2018	10,840	22,273	**33,113**

Company	Computer Software £000s	Total £000s
Cost		
At 31 December 2017	-	**-**
Additions – transfer from non-current assets	3,961	**3,961**
Additions	7,413	**7,413**
Amortisation – transfer from non-current assets	(46)	**(46)**
Amortisation	(488)	**(488)**
At 31 December 2018	10,840	**10,840**

On review of the 2017 Property, Plant & Equipment it was identified that £4m relating to computer software should have been classified as an Intangible asset in 2017 and has been transferred to Intangibles in 2018.

Computer Software consists of the costs associated with the rollout of Oracle Fusion across the business as part of a new ERP system implementation. The HCM element of Oracle Fusion went live in 2017 and this is being depreciated over 10 years

Goodwill on consolidation represent the excess of cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries at the date of acquisition. The carrying amount of intangible assets is allocated to the CGUs as follows:

	2018 £000s	2017 £000s
Mace Macro Limited, engaged in facilities management	**4,265**	4,265
Como Group Limited, engaged in specialised fit out project work	**3,343**	3,343
Mace Cost Consultancy Limited, engaged in cost consultancy	**5,998**	5,998
Mace Developments Limited, engaged in property development	**4,266**	4,266
Mace Holdings Ltd (Saudi Arabia), engaged in project management	**225**	225
Mace, Consultoria E Gestao de Projectos E Construcai, Lda (Portugal), engaged in project management	**1,286**	1,286
Mace YMR Limited Liability Partnership (Kenya), engaged in cost consultancy & quantity surveying	**2,290**	2,079
MMQSMace Consultancy (Pty) Ltd (South Africa)	**600**	600
The major assumption used in value in use calculations is as follows:		
Pre–tax discount rate	**8%**	8%

Mace acquired 49% of YMR Partnership Kenya to form a joint venture to develop an integrated service offering across the East Africa region.

The directors estimate discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risk specific to the CGU. The pre-tax discount rate is based on a number of factors including the risk free rate in the UK and the inherent risk of the forecast income streams included in the Group's cash flow projections.

The value in use cash flows are based upon management approved forecasts for a period of four years ended 31 December 2022. These forecasts were prepared for a commercial purpose and rely on specific assumptions and projections on a project by project basis using management's detailed knowledge and expectations of the outcome of each project.

No account has been taken of cash flows forecast after 2022.

The results of the value in use calculations for each CGU shows they all exceeds their carrying amount in both the current and prior years.

A sensitivity analysis has been applied in each case where forecast income is reduced by 20% in each of the forecast years and no significant impact was identified.

12. Joint ventures and associates

Movement in interests in joint ventures can be summarised as follows:

The following represents the total results of joint venture and associate tangible fixed assets, current assets and creditors due within one year in which Mace has a part share:

	2018 £000s	2017 £000s
Non-current assets	**160**	93
Current assets	**90,483**	52,977
Cash and cash equivalents	**6,556**	4,663
Creditors	**(93,518)**	(55,500)
Total	**3,681**	2,233
Revenue	**11,937**	9,074
Expenses	**(9,659)**	(8,298)
Interest receivable	**39**	1
Income tax	**(620)**	(91)
Profit of the year	**1,697**	686

Joint ventures and associates are listed in note 26.

13. Investments

Group	Joint ventures & associates £000s	Re-stated other investments £000s	Total £000s
Cost less provisions			
At 1 January 2017	2,195	2,000	**4,195**
Additions	624	1,123	**1,747**
Disposal	-	(13,000)	**(13,000)**
Exchange difference	(244)	-	**(244)**
Adjustment	(580)	-	**(580)**
Fair value adjustment	-	13,377	**13,377**
Share of post–acquisition profit after tax	410	-	**410**
At 31 December 2017	2,405	3,500	**5,905**
Additions	7,500	-	**7,500**
Exchange difference	(752)	-	**(752)**
Adjustment	(593)	-	**(593)**
Fair value adjustment	-	7,500	**7,500**
Share of post–acquisition profit after tax	712	-	**712**
At 31 December 2018	**9,272**	**11,000**	**20,272**

The investment of £7.5m in Finsbury Tower was carried out via a new wholly owned subsidiary but represents an interest of approximately 20% of the proceeds of the underlying development and is therefore a joint venture from the perspective of the group.

The Group holds the following other investments:

Name	Country of incorporation	Shares held class	Shareholding	Principal activity
Mace Capital Limited	United Kingdom	Preference shares	100%	Special purpose vehicle

The registered office of Mace Capital Limited is 155 Moorgate, London, EC2M 6XB.

Company	Joint ventures & associates £000s	Re-stated other investments £000s	Subsidiaries £000s	Total £000s
Cost				
At 1 January 2017	7	2,674	10,704	**13,385**
Additions	-	1,123	-	**1,123**
Disposal of other investments	-	(674)	-	**(674)**
Disposal of preferred shares	-	(13,000)	(2,736)	**(15,736)**
Fair value adjustment		13,377	-	**13,377**
At 31 December 2017	7	3,500	7,968	**11,475**
Additions	-	-	7,500	**7,500**
Fair value adjustment	-	7,500	-	**7,500**
At 31 December 2018	7	11,000	15,468	**26,475**
Provision				
At 1 January 2017	-	527	2,883	**3,410**
Disposals	-	(527)	(2,883)	**(3,410)**
At 31 December 2017	-	-	-	**-**
At 31 December 2018	-	-	-	**-**
Net book value				
At 31 December 2018	**7**	**11,000**	**15,468**	**26,475**
At 31 December 2017	7	3,500	7,968	**11,475**

During the year the Group sold its subsidiary The People Group Limited for a profit of £1.920m.

14. Trade and other receivables

	Group		Company	
	2018 £000s	2017 £000s	2018 £000s	2017 £000s
Trade debtors	**201,203**	180,793	**94,667**	79,085
Amounts recoverable on construction contracts	**-**	99,245	**-**	63,414
Contract assets	**210,811**	-	**127,265**	-
Amounts owed by ultimate parent company	**33,424**	25,052	**34,271**	26,942
Amounts owed by immediate parent company	**43,340**	41,921	**43,526**	41,921
Amounts owed by subsidiary undertakings	**-**	-	**188,908**	123,845
Amounts owed by joint ventures and associates	**2,638**	1,522	**258**	26
Development loan	**-**	1,502	**-**	1,502
Taxation and social security receivable	**-**	4,238	**-**	-
Other debtors	**19,299**	23,812	**14,106**	16,875
Prepayments and accrued income	**8,366**	155,922	**5,130**	66,636
	519,081	534,007	**508,131**	420,246

The Group adopted IFRS 15 Revenue from Contracts with Customers on 1 January 2018. See note 24. Contract assets includes accrued income and amounts recoverable on construction contracts which have been reclassified in 2018.

Debtors past and overdue

	Group		Company	
	2018 £000s	2017 £000s	2018 £000s	2017 £000s
Trade receivables not due	**143,372**	143,378	**59,945**	63,354
Trade receivables past due 1–30 days	**41,998**	24,908	**29,705**	11,520
Trade receivables past due 31–60 days	**8,849**	6,971	**2,711**	2,433
Trade receivables past due 61–90 days	**3,518**	2,873	**859**	774
Trade receivables past due over 90 days	**7,672**	5,730	**2,919**	2,280
Gross trade receivables	**205,409**	183,860	**96,139**	80,361
Less provision for expected credit losses	**(4,206)**	(3,067)	**(1,472)**	(1,276)
Trade debtors	**201,203**	180,793	**94,667**	79,085

15. Development work in progress

	2018 £000s	2017 £000s
Work in progress	**140,697**	70,689
Loan to joint venture	**54,907**	37,287
	195,604	107,976

Work in progress on development schemes includes £10.9m of capitalised interest during the year (2017: £3.9m).

16. Trade and other payables

	Group		Company	
	2018 £000s	2017 £000s	**2018** £000s	2017 £000s
Bank overdraft (see below)	**7,383**	19,302	**4,106**	-
Trade payables	**145,471**	194,044	**104,482**	133,279
Taxation and social security payable	**40,088**	34,915	**17,284**	13,490
Contract Liabilities	**238,116**	-	**166,059**	-
Other creditors	**4,280**	23,997	**48**	1,319
Directors loans	**10,872**	15,872	**10,872**	15,872
Accruals	**299,147**	419, 869	**170,612**	257,122
	745,357	707,999	**473,463**	421,082

The Group Adopted IFRS 15 Revenue from Contracts with Customers on 1 January 2018. See note 24. Contract liabilities includes deferred income and amounts payable on construction contracts which have been reclassified in 2018.

In the prior year the bank overdraft was disclosed net in cash balances. This has been re-stated in the current year as there is no right of set-off.

17. Non-current liabilities

	Group		Company	
	2018 £000s	2017 £000s	**2018** £000s	2017 £000s
Payments received on account	**-**	20,256	**-**	20,256
Contract liabilities	**22,639**	-	**22,640**	-
Corporate bond	**160,000**	160,000	**-**	-
Bank loan for development projects	**41,644**	1,501	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**160,000**	160,000
Accruals for land acquisition	**10,831**	11,076	**-**	-
	235,114	192,833	**182,640**	180,256

Bank borrowings and corporate bond

	Group		Company	
	2018 £000s	2017 £000s	**2018** £000s	2017 £000s
Due within one year	**7,383**	19,302	**4,106**	-
Due within two to five years	**201,644**	161,500	**160,000**	160,000
	209,027	180,802	**164,106**	160,000

See note 3(d) for further details of the corporate bond and external borrowings. Interest is charged on these borrowings at between 6-8%.

18. Share capital - Group and Company

	Number of shares	Ordinary shares
Ordinary Shares at 100p each	997,281	997
A Ordinary shares at 1p each	348,000	3
At 31 December 2017 and 2018	1,345,281	1,000

The A Ordinary shares have no voting rights and do not participate in profits. Subject to a veto right of Ordinary shareholders the Board may pay a dividend on these shares.

Reserves

The foreign exchange reserve holds gains and losses on the re-translation of subsidiaries denominated in foreign currencies.

The equity investment reserve holds gains and losses arising from fair value movements on certain financial instruments.

19. Notes to the cash flow statement

Group

Reconciliation of operating activities to operating cash flows

Statement of cash flows	2018 £000s	2017 £000s
Cash flows from operating activities		
Profit before finance costs	33,160	27,152
Adjustments for:		
Profit on disposal of fixed assets	20	13
Profit on disposal of investments	-	(247)
Share of net profits of joint ventures	(295)	(93)
Depreciation	5,132	5,568
Amortisation	488	-
Foreign exchange - retranslation	(398)	(1,808)
Cash flows before changes in working capital	38,107	30,585
Working capital changes:		
Decrease/(Increase) in trade and other receivables	18,397	(104,721)
Increase in work in progress	(88,270)	(85,886)
Increase in trade payables	58,944	115,845
Increase in working capital	(10,929)	(74,762)
Income taxes paid	(5,937)	(7,498)
Net finance costs	(9,739)	(4,642)
Net cash from operating activities	11,502	(56,317)

Reconciliation of changes in liabilities arising from financing liabilities

	2018 £000s	2017 £000s
Opening loans on 1 January	177,373	4,828
Repayment in year	(5,000)	(4,828)
New borrowings	40,143	177,373
	212,516	177,373

Liabilities represented by;

Directors loans	10,872	15,872
Bank borrowings and corporate bond	201,644	161,501

Company

Reconciliation of operating activities to operating cash flows

Statement of cash flows	2018 £000s	2017 £000s
Cash flows from operating activities		
Profit before finance costs	**28,071**	3,604
Adjustments for:		
Depreciation	**4,008**	4,371
Amortisation	**535**	-
Dividends received from subsidiary undertakings	**(20,296)**	(15,292)
Cash flows before changes in working capital	**12,318**	(7,317)
Working capital changes:		
Increase in trade and other receivables	**(85,782)**	(144,955)
Increase in trade payables	**54,804**	65,175
(Increase)/Decrease in work in progress	**(703)**	4,746
Increase in working capital	**(31,681)**	(75,034)
Net finance costs	**(927)**	(4,376)
Net cash from operating activities	**(20,290)**	(86,727)

Reconciliation of changes in liabilities arising from financing liabilities

	2018 £000s	2017 £000s
Opening loans on 1 January	**15,872**	15,872
Repayment in year	**(5,000)**	-
New borrowings	**-**	-
	10,872	15,872

Liabilities represented by;

Directors loans	**10,872**	15,872

20. Contingent liabilities

The Company is party to a Group liability arrangement with its principal bankers providing a right of set-off of all Group balances. Whilst certain Group companies have overdrawn balances, at 31 December 2018 there was no net Group indebtedness to its bankers and therefore the directors consider that no contingency arises.

The Company is in a joint venture arrangement, The Botley Development Company, to deliver a mixed use development in Oxford. The joint venture has secured funding to progress the construction of the development and if The Botley Development Company was to default then Mace Limited would be required to honour the obligations to the provider but would thereby obtain sole title to the development.

21. Related party transactions

Company	2018 £000s	2017 £000s
Transactions between the company and its subsidiaries		
Trading transactions		
Sales	**36,536**	45,306
Purchases	**106,095**	104,004
Non-trading transactions		
Dividends	**20,296**	15,292
Interest payable	**(2,915)**	(2,924)

Balances between Mace Limited and its subsidiaries can be found in note 14, 16 & 17.

Loans from directors

On 30 January 2017 the Company borrowed £15,871,569 from Mark Holmes and Mark Reynolds at commercial rates for development funding purposes. On 29 March 2018 the company paid back £5,000,000 to Mark Holmes. While Mace Limited has sufficient funds to repay these loans the terms of the Bond issue subordinates certain payments to owners. These loans are short term and are both fully outstanding at 31 December 2018. The outstanding balances sits as part of current liabilities at the year end.

Preferred shares

In addition of the above, transactions have been undertaken in relation to the other investments during the year ended 31 December 2017 (see note 25).

22. Ultimate parent undertaking

The Company is a wholly owned subsidiary of Mace Group Limited and its ultimate parent is Mace Finance Limited. Both companies are incorporated in England and Wales. The results of the Company are included in the consolidated accounts of Mace Finance Limited, copies of which are available from Companies House.

23. Future commitments

At 31 December 2018 the Group had commitments under non-cancellable operating leases as set out below:

	2018 £000s	2017 £000s
Land and buildings		
Leases expiring:		
Within one year	**4,789**	5,021
Between two and five years	**15,621**	15,716
After five years	**10,463**	14,184
	30,873	34,921
Other		
Leases expiring:		
Within one year	**56**	58
Between two and five years	**-**	-
	56	58

The Group has no capital commitments.

Our main operating lease is our head office in London which is a 20 year lease expiring in 2032.

24. Impact of the adoption of new and revised standards

IFRS 15 Revenue from Contracts with customers

The Group has adopted IFRS 15 from 1 January 2018 and as a result, has changed its accounting policy for revenue recognition as detailed in note 1. The Directors have completed their comprehensive assessment of the impact of IFRS 15. The Group performed reviews with representatives from both financial and commercial functions across all of the Group's division and concluded that IFRS 15 has no material impact on the Companies Consolidated Statement of Comprehensive Income or Consolidated Statement of Financial Position.

The Group's notes to the accounts (specifically 'trade and other receivables', 'trade and other payables' and 'other non-current liabilities) are impacted as a result of moving away from IAS11 Balance Sheet captions to those prescribed by IFRS 15. The main reclassification adjustment is in relation to reclassifying 'Amounts recoverable on construction contracts' and 'Payments received on account on construction contracts' to 'Contract Assets' or 'Contract Liabilities'. Additionally, the relevant accrued income balances which were previously presented within 'Prepayments and accrued income' and deferred income balances which were presented within 'Accruals and deferred income' for contracts that were ongoing at the time in line with the requirements of IAS 11, have now been presented within 'Contract liabilities' as appropriate.

IFRS 9 'Financial instruments: Classification and measurement'; effective 1 January 2018

The Group has reviewed the requirements of IFRS 9. The Group's principal financial assets are trade receivables and loans to related parties which will continue to be measured at amortised cost. However the Group has adopted the expected credit loss model when calculating impairment losses on its financial assets measured at amortised costs. This resulted in increased judgement being required in order to assess the requirement for an impairment provision due to the need to factor in forward looking information when estimating the appropriate amount of provisions. No material impairment provisions were recognised as a result of the adoption of IFRS 9 and the impact of this change was not material. The adoption of IFRS 9 has also affected the accounting for the group's other investments (see note 25).

25. Prior year adjustment

Since 2014 Mace Limited has held an equity investment in Mace Capital Limited, a special purpose vehicle created as part of the acquisition of shares in Mace Group Limited (see note 1.9(d), 3(h) and 13). Upon the adoption of IFRS Accounting Standards the investment was carried at its par value in the Financial Statements and amounted to £56.8m. The introduction of IFRS 9 has led to a review of the accounting for this investment in previous Financial Statements and it was concluded that the investments should have been carried at their fair value as an available for sale financial instrument under IAS 39. Consequently, the Board assessed, with the assistance of an independent external valuer, the appropriate carrying values as at 31 December 2016, 31 December 2017 and 31 December 2018: these were £2m, £3.5m and £11.0m respectively. The other investments that existed as at 31 December 2018 were redeemed at par in July 2019. The implementation of this has resulted in the following prior year non-cash technical adjustment. Only the Group statement of financial position is shown; the same amount is processed in the company statement of financial position.

Group	As previously stated 2017 £000s	Effect of adjustment	2017 £000s	
Group revenue	1,971,748	-	**1,971,748**	
Cost of sales	(1,836,066)	-	**(1,836,066)**	
Group profit	135,682	-	**135,682**	
Administrative expenses	(108,916)	-	**(108,916)**	
Operating profit	26,766	-	**26,766**	
Share of net profit of associates and joint ventures	386	-	**386**	
Profit on ordinary activities before interest	27,152	-	**27,152**	
Finance income	44	12,420	**12,464**	
Finance costs	(3,951)	-	(3,951)	
Profit on ordinary activities before taxation	23,245	-	**35,665**	
Income tax expense	(6,100)	-	**(6,100)**	
Profit on ordinary activities before taxation	17,145	-	**29,565**	
Other comprehensive income	-	-	**-**	
Fair value adjustment	-	957	**957**	(G)
Exchange differences on re-translation of foreign subsidiaries	(1,296)	-	**(1,296)**	
Total comprehensive income for the year	15,849		**29,226**	
Total comprehensive income for the year				
Owners of the parent	15,616	-	**28,993**	
Non-controlling interest	233	-	**233**	
	15,849	-	**29,226**	

(G) Effect of change of fair value in 2017. In the year to 31 December 2018 there was a further fair value adjustment of £7.5m increasing the carrying value of the instrument from £3.5m to £11.5m.

	As previously stated 31 Dec 2017 £000s	Effect of adjustment	31 Dec 2017 £000s		As previously stated 1 Jan 2017 £000s	Effect of adjustment	1 Jan 2017 £000s	
Other non-current assets	45,932		**45,932**		34,991		36,631	
Investments in joint ventures	2,405		**2,405**		2,195		2,195	
Other investments	46,765	(43,265)	**3,500**	(A)	9,818	(7,818)	2,000	(B)
Total non-current assets	**95,102**		**51,837**		**47,004**		**40,826**	
Other current assets	858,435		858,435		572,639		571,053	
Current asset investment	10,000	(10,000)	0	(C)	35,000	(35,000)	0	(D)
	868,435		**858,435**		**607,639**		**571,053**	
Current liabilities	(707,999)		**(707,999)**		(587,107)		**(587,107)**	
Net current assets	160,436		**150,436**		20,532		**(16,054)**	
Total assets less current liabilities	**255,538**		**202,273**		**67,536**		**24,772**	
Non-current liabilities	(192,833)		**(192,833)**		(6,353)		**(6,353)**	
Net assets	**62,705**		**9,440**		**61,183**		**18,419**	
Capital and reserves								
Called up share capital	1,000		**1,000**		1,000		**1,000**	
Accumulated reserves	61,308	(53,265)	**8,043**	(E)	60,392	(42,818)	**17,574**	(F)
Equity shareholders' funds	**62,308**		**9,043**		**61,392**		**18,574**	
Non-controlling interests	397		**397**		(155)		**(155)**	
	62,705		**9,440**		**61,237**		**18,419**	

A, C & E – Restatement of investment from cost to fair value of £3.5m reducing net assets by £53m.
B, D & F – Restatement of investment from cost to fair value of £2m reducing net assets by £43m.

On 4th July 2019 the investment in Mace Capital Limited was redeemed at the full value of £56.8m and this Post Balance sheet event and the impact on the Financial Statements of Mace Limited are set out below:

	2018 Position £000s	2018 Adjusted £000s
Non - current assets	**60,097**	60,097
Trade and other receivables	**519,081**	575,846
Non - current asset investment	**11,000**	-
Other current assets	**413,523**	413,523
Current liabilities	**(745,357)**	(745,357)
Long term liabilities	**(235,114)**	(235,114)
Net Assets	**23,230**	68,995
Retained Earnings	**23,230**	68,995

26. List of joint ventures and associate undertakings

The following is a list of joint ventures and associate entities of Group

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Engenharia E Servicos Ltda	Angola	47	Project management
AMA Nuclear Limited (In liquidation)	England & Wales	33	Project management
Botley DevManCo Limited	England & Wales	50	Property development
Botley Investments Limited	England & Wales	50	Property development
Botley Developments (Holdings) Limited	England & Wales	50	Property development
CLM Delivery Partner Limited	England & Wales	25	2012 Olympic delivery partner
Commercial Road Development Management Limited	England & Wales	50	Property development
MPD Trinity LLP	England & Wales	33	Property development
New Burlington Developments Limited	England & Wales	50	Construction delivery
The Botley Development Company Limited	England & Wales	50	Property development
MMQSMace Consultancy (Pty) Limited	South Africa	49	Project management
MMQS Mace (Pty) Limited	South Africa	49	Project management

27. List of subsidiary undertakings

The following is a list of the direct and indirect subsidiary entities of the Group.

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Australia Proprietary Limited Level 5 1 Chifley Square, Sydney NSW 2000 Australia	Australia	100	Project management
Mace Limited Liability Company Tolbuhina 2-313 Premise 10a Minsk 220012 Belarus	Belarus	100	Project management
Mace Macro Brazil Consultoria Em Projetos E Construcao Ltda Avenida Nações Unidas, 6917 Pinheiros, São Paulo, CEP: 05477-000	Brazil	100	Facilities management
Mace Macro Chile Spa Padre Mariano No 272 Office 602 Providencia Santiago Chile	Chile	100	Facilities management
Mace (China) Limited Room C04 Lane 1392 North Shanxi Road Putuo District Shanghai China	China	100	Project management
Mace Zagreb d.o.o. Petrinjska 42 a Zagreb 10000 Croatia	Croatia	100	Project management
Callomin Property Solutions Limited 59-61 Acropolis 3rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	100	Project management
Mace Holdings Limited 59-61 Acropolis 3rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	100	Holding company

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace International Limited 59-61 Acropolis Savvides Court 3rd floor, Nicosia 2012 Cyprus	Cyprus	100	Project management
Mace Macro International Limited 59-61 Acropolis 3rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	100	Facilities management
Mace Technology Denmark ApS Harbour House Sundkrogsgade 21 2100 Copenhagen Denmark	Denmark	100	Construction delivery and project management
Mace Egypt for Project Management L.L.C. 10 Al-Obour Buildings Salah Salem Road Cairo, Egypt	Egypt	100	Project management
Bethnal Green Regeneration Limited	England & Wales	51	Property development
Cambridge Heath Road Developments Limited*	England & Wales	70	Property development
City Fringe Limited*	England & Wales	100	
Como Construction Limited*	England & Wales	100	Dormant
Como Group Limited*	England & Wales	100	Holding company
Como Homes Limited*	England & Wales	100	Dormant
Como Interiors Limited* (Change of Name 1/11/18)	England & Wales	100	Dormant
Court Orchard Limited (in liquidation) Jupiter House, Warley Hill Business Park, The Drive, Brentwood, Essex, CM13 3BE	England & Wales	100	Property development

Company	Country of registration/ incorporation	Voting rights	Nature of business
FM24 Limited*	England & Wales	100	Facilities management
Frontier Finance Plc*	England & Wales	100	Public limited company
Graduation Cardiff Management Limited*	England & Wales	100	Development
Graduation Exeter (Phase 2) Limited*	England & Wales	100	Development
Graduation Exeter Management Limited*	England & Wales	100	Development
Graduation Student Living Limited*	England & Wales	100	Development
Greenwich Square Commercial Limited*	England & Wales	100	Development
Greenwich Square Limited*	England & Wales	100	Development
Mace (New Zealand) Limited*	England & Wales	100	Consultancy
Mace (Poland) Limited*	England & Wales	100	Consultancy
Mace (Russia) Limited*	England & Wales	100	Consultancy
Mace (Slovakia) Limited*	England & Wales	100	Consultancy
Mace Angola Special Projects Limited*	England & Wales	100	Consultancy
Mace Business School Limited*	England & Wales	100	Construction
Mace Construct Limited*	England & Wales	100	Construction
Mace Construction (International) Limited*	England & Wales	100	Construction
Mace Consult Limited*	England & Wales	100	Consult
Mace Consultancy (Europe) Limited*	England & Wales	100	Consultancy
Mace Consultancy (Netherlands) Limited*	England & Wales	100	Consultancy
Mace Consultancy (Peru) Limited*	England & Wales	100	Consultancy
Mace Cost Consultancy Limited*	England & Wales	100	Consultancy
Mace Develop Limited*	England & Wales	100	Development

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Developments (Cardiff) Limited*	England & Wales	100	Development
Mace Developments (Exeter) Limited*	England & Wales	100	Development
Mace Developments (Greenwich) Limited*	England & Wales	100	Development
Mace Developments (Hoyle St) Limited*	England & Wales	100	Development
Mace Developments Limited*	England & Wales	100	Development
Mace Developments (Stevenage) Ltd	England & Wales	100	Development
Mace Interiors Group Limited* (Change of Name 1/11/18)	England & Wales	100	Fit out
Mace International (UK) Limited*	England & Wales	100	Consultancy
Mace International Overseas Limited*	England & Wales	100	Consultancy
Mace Living Limited*	England & Wales	100	Construction
Mace Macro (Asia Pacific) Limited*	England & Wales	100	Facilities management
Mace Macro (The Americas) Limited*	England & Wales	100	Facilities management
Mace Macro Africa Limited*	England & Wales	100	Facilities management
Mace Macro Europe Limited*	England & Wales	100	Facilities management
Mace Macro Limited*	England & Wales	100	Facilities management
Mace MEP Services Limited*	England & Wales	100	Construction
Mace Operate Limited	England & Wales	100	Facilities management
Mace Plus Academies Limited*	England & Wales	100	Construction delivery
Mace Plus Group Limited*	England & Wales	100	Construction delivery
Mace Plus Limited*	England & Wales	100	Construction delivery

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Projects (South Africa) Limited*	England & Wales	100	Project management
Mace Sustain Limited*	England & Wales	100	Dormant
Mace Tech Limited	England & Wales	100	
Msecure Limited*	England & Wales	100	Project management
Observatory Inspiration Limited* (in liquidation) Jupiter House, Warley Hill Business Park, The Drive, Brentwood, Essex, CM13 3BE	England & Wales	100	Property development
Mace Projets Sarl 27 Place de la Madeleine 75008 Paris France	France	100	Project management
Mace GmbH Hamburger Allee 45, 60486 Frankfurt, Germany	Germany	100	Project management
Mace Management Service Limited Kwakkranya Street Accra 1359, Ghana	Ghana	100	Project management
Mace Limited Room 1101 11/F East Town Building 41 Lockhart Road Wanchai, Hong Kong	Hong Kong	100	Project management
Mace Project & Cost Management Private Company Limited 7th Floor, 703, Vatika City Point MG Road, Haryana India 122002	India	100	Project management
Mace Macro India (FM Solutions) Private Limited 7th Floor, 703, Vatika City Point MG Road Haryana India 122002	India	100	Facilities management

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Consultancy (Ireland) Limited 5th Floor, Beaux Lane House Lower Mercer Street, Dublin 2 Ireland	Ireland	100	Project management
Mace Macro (Ireland) Limited Joyce House 22/23 Holles Street, Dublin 2 Ireland	Ireland	100	Facilities management
Mace Technology (Ireland) Limited 5th Floor, Beaux Lane House Lower Mercer Street, Dublin 2, Ireland	Ireland	100	Construction delivery and project management
Cambridge Heath Road Developments (Jersey) Limited (in liquidation) 44 Esplanade , St Helier JE4 9WG Jersey	Jersey	70	Property development
Graduation Cardiff (Jersey) Limited (in liquidation) 44 Esplanade St Helier, JE4 9WG Jersey	Jersey	100	Property development
Graduation Exeter and Cardiff (Jersey) Limited ,44 Esplanade St Helier, JE4 9WG Jersey	Jersey	100	Property development
Graduation Hoyle St (Jersey) Limited (in liquidation), 44 Esplanade St Helier, JE4 9WG Jersey	Jersey	100	Property development
Mace Developments (Cambridge) Limited (in liquidation), 44 Esplanade ,St Helier, JE4 9WG Jersey	Jersey	100	Property development

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Macro International Investments Limited – Jordan 720 Level 7 Waha Ammoun Building Gardens Street, Amman, 45662 Jordan	Jordan	100	Facilities management
Mace Management Services LLP 78, Baitursynuly Street Apartment 38, Almalinskiy District 050022 Almaty Kazakhstan	Kazakhstan	100	Project management
Mace Management Services Limited Plot L.R. No 12081/10 Sameer Business Park Block C, Unit C1, 1st floor Mombasa Road, P.O. Box 10032-00100 Nairobi, Kenya	Kenya	100	Project management
Mace YMR Limited Liability Partnership 4th Floor, East Wing, Lion Place, Nairobi, Kenya	Kenya	51	Consultancy
Mace Macro Luxembourg S.à r.l. 45 rue des Scillas L – 2529 Howald Luxembourg	Luxembourg	100	Facilities management
Mace Limitada Alameda Dr. Carlos d'Assumpcao, no. 263 ,China Civil Plaza 6o. andar M e N Macau	Macau	100	Project management
Mace International Dooel Skopje Bulevar Partizanski odredi, Br. 15A, Skopje 1000 Macedonia	Macedonia	100	Project management

*Companies are registered at head office address in the UK: 155 Moorgate, London, EC2M 6XB

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace d.o.o. Podgorica Bulevar Dzordza Vasingtona No.44 81000 Podgorica Montenegro	Montenegro	100	Project management
Mace Management Services, SARL 106, Rue Abderrahman Sehraoui Casablanca, 20070, Morocco	Morocco	100	Project management
Mace Management Services B.V. Zuidplein 116 Tower H, Level 14, 1077XV Amsterdam Netherlands	Netherlands	100	Construction delivery
Utremace B.V. Fellenoord 39 5600AM, Eindhoven Netherlands	Netherlands	100	Holding company
Mace Management Services Limited 1c Etim Inyang Crescent, Victoria Island, Nigeria	Nigeria	99	Project management
Mace International LLC PO Box 686 Muscat Governatorate Mutrah, Ruwi 112 Oman	Oman	65	Project management
Mace Macro International Limited LLC Office 201, 2nd Floor, Maktabi 1, Al Khuwair, PO Box 1119, Muscat,111 Oman	Oman	70	Facilities Management
Mace Macro Pakistan (Pvt) Limited 4th Floor, Central Hotel Building Civil Lines Mereweather Road Karachi, Pakistan	Pakistan	100	Facilities management
D.C.G.P.- Gestão de Projectos, Unipessoal, Lda Edificio Novo Chiado, Travessa de Trindade n.16 – 3C 1200 – 469, Lisbon, Portugal	Portugal	100	Project management
Mace – Consultoria e Gestao de Projectos e Construcao, Lda Rua Nova Stella No 7 2760 – 087, Caxias Portugal	Portugal	100	Project management
Mace Polska Spolka zoo Al Jana Pawla II 29 00-867 Warszawa Poland	Poland	100	Project management
Mace Management Services Limited Umujyi wa Kigali Gasabo, Kacyiru Rwanda	Rwanda	100	Dormant
Mace Holdings Limited Al Mousa Centre, Tower 4 Unit 435, Olaya Street, PO Box 9817, Riyadh 12241 Saudi Arabia	Saudi Arabia	50	Project management
Mace Macro Saudi Arabia Limited Madd Tatweer, Olaya Main Street, 6th Floor – Office 602, Lulu Tower, PO Box 301550, Riyadh 11372, Saudi Arabia	Saudi Arabia	50	Facilities management
Macro Saudi Arabia Limited PO Box 1001, Amir Sultan Street Jeddah 21424, KSA	Saudi Arabia	49	Facilities management

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace d.o.o. Association for consulting, engineering, production, construction, trading and services, Belgrade 1/3/7 Lazarevacka Street, Belgrade Savski Venac, Serbia	Serbia	100	Project management
Mace Pte. Ltd (in liquidation), 80 Robinson Road No. 02-00, Singapore 068898	Singapore	100	Dormant
Mace Asia Consultancy Pte Ltd 80 Robinson Road No. 02-00, Singapore 068898	Singapore	100	Project management
Mace Holdings South Africa (Pty) Limited Floor 2 Building 1 Waverley office Park, 15 Forest Road, Bramley Johannesburg Gauteng 2199 South Africa	South Africa	100	Project management
Mace Management Services (Pty) Limited Floor 2 Building 1 Waverley office Park 15 Forest Road, Bramley, Johannesburg Gauteng 2199 South Africa	South Africa	100	Project management
Mace Projects Pty Ltd (in liquidation) Floor 2 Building 1 Waverley office Park, 15 Forest Road, Bramley Johannesburg Gauteng 2199 South Africa	South Africa	100	Dormant
Ukwakha Ubunye (Pty) Limited Floor 2 Building 1 Waverley office Park,15 Forest Road, Bramley Johannesburg Gauteng 2199 South Africa	South Africa	100	Project management
Mace Management Services S.A Paseo de la Castellana, 135 Edificio Cuzco III Planta 3, 28046 Madrid, Spain	Spain	100	Project management
Macro Qatar LLC Office No.3, 3rd Floor, Building No. 7, Al Hitmi Village C Ring Road Doha, P.O.BOX 31237, Qatar	State of Qatar	49	Facilities management
Management and Excellence Consultancy (Qatar) Limited 2nd Floor, Office 204, Building 63, Al Matar Street 310, Zone 27, Doha, Qatar	State of Qatar	100	Project management
Mace GmbH c/o Urs Schneebeli Scheideggstrasse 66, 8038, Zurich, Switzerland	Switzerland	100	Project management
Mace Management Services AG C/O IWP Consulting GmbH Steinenring 8 4051, Basel Switzerland	Switzerland	100	Project management
Mace Syria LLC No registered office	Syria	100	Dormant
Mace Construction Management and Consultancy Services Limited Maçka Cad.Tuncer Building, No:29 D.13, Maçka, Sisli Istanbul,Turkey	Turkey	100	Project management

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Macro International Investments Limited Bin Shabib & Associates (BSA) LLC, DIFC Building 3, 6th floor P.O. Box 262, Dubai, United Arab Emirates	UAE	100	Project management
Mace Macro Owners Association Management Co Office 28, Level 3, Oasis Centre Sheikh Zayed Road ,Dubai United Arab Emirates	UAE	100	Project management
Mace Macro Technical Services LLC Warehouse 4, Plot 365-153, Al Qouz Dubai, United Arab Emirates	UAE	51	Consultancy
YMR Partnership Uganda Plot 24b Akibua Road, Nakasero Ericson Building 3rd Floor, Kampala Uganda	Uganda	51	Consultancy
Mace North America Limited 3500 Lenox Road Suite 1500 Atlanta GA 30326 United States of America	USA	100	Project management
Mace Vietnam Company Limited Floor 13, BIDV Tower, No. 194, Tran Quang Khai Street, Ly Thai To Ward, Hanoi City Vietnam	Vietnam	100	Project management

The Company has guaranteed the liabilities of the following subsidiaries exempt from audit under section 479A of the Companies Act 2006. The company names and registered numbers (CRN) are below:

Cambridge Heath Road Developments Limited	(CRN: 8692442)
City Fringe Limited	(CRN: 11479888)
Como Construction Limited	(CRN: 4643980)
Como Group Limited	(CRN: 4643572)
Como Homes Limited	(CRN: 4969652)
Como Interiors Limited	(CRN: 11489706)
FM24 Limited	(CRN: 3773320)
Graduation Cardiff Management Limited	(CRN: 10723597)
Graduation Exeter (Phase 2) Limited	(CRN: 11115650)
Graduation Exeter Management Limited	(CRN:10627359)
Graduation Student Living Limited	(CRN: 7773718)
Greenwich Square Commercial Limited	(CRN: 8136122)
Greenwich Square Limited	(CRN: 08220809)
Mace (New Zealand) Limited	(CRN: 9653353)
Mace (Poland) Limited	(CRN: 8120932)
Mace (Russia) Limited	(CRN: 8127292)
Mace (Slovakia) Limited	(CRN: 8950843)
Mace Angola Special Projects Limited	(CRN: 10675311)
Mace MEP Services Limited	(CRN: 5726148)
Mace Plus Academies Limited	(CRN: 5897947)
Mace Plus Group Limited	(CRN: 5349265)
Mace Plus Limited	(CRN: 5282952)

Mace Business School Limited	(CRN: 5601050)
Mace Construction (International) Limited	(CRN: 9887082)
Mace Consultancy (Europe) Limited	(CRN: 11604881)
Mace Consultancy (Netherlands) Limited	(CRN: 10827128)
Mace Consultancy (Peru) Limited	(CRN: 10874751)
Mace Cost Consultancy Limited	(CRN: 05032803)
Mace Developments (Cardiff) Limited	(CRN: 9846987)
Mace Developments (Exeter) Limited	(CRN: 10600741)
Mace Developments (Greenwich) Limited	(CRN: 6987720)
Mace Developments (Hoyle St) Limited	(CRN: 10955062)
Mace Interiors Group Limited	(CRN: 04643976)
Mace International (UK) Limited	(CRN: 7094851)
Mace International Overseas Limited	(CRN: 7463976)
Mace Living Limited	(CRN: 5156449)
Mace Macro (Asia Pacific) Limited	(CRN: 7407865)
Mace Macro (The Americas) Limited	(CRN: 6910338)
Mace Macro Africa Limited	(CRN: 10448074)
Mace Macro Europe Limited	(CRN: 6897543)
Mace Projects (South Africa) Limited	(CRN: 9623284)
Mace Sustain Limited	(CRN: 5979486)
MSecure Limited	(CRN: 5072221)

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