



MANAGING DIRECTOR'S REVIEW 2007/8

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Whilst 2007/8 showed further growth and excellent returns for the Group, as one might expect it is approaching 08/09 with significantly more caution.

The development profile and land bank opportunities that have been amassed over the last few years will allow the organic growth of the Group to continue at a steady, albeit carefully appraised pace.

It is perhaps interesting to note that through its 18 year history growth spurts have tended to result at G1, at times of economic decline or sector market place opportunities. G1 is of the opinion that its strong asset base (97% freehold) keeps it particularly well positioned in its continuing ability to control costs and to offer banking partners the strong asset security which gives them comfort to continue backing its expansion plans.

Despite significant opportunities presented South of the border, the Board's focus will continue to remain in Scotland where it holds the advantage of local knowledge and experience. That said, towns and cities where G1 Group had little or no exposure a year or so ago, could potentially enjoy the same focus that Glasgow has had for so many years. It is expected that both managed and tenanted operations will continue to expand, sharing the strong and increasingly sophisticated Head Office infrastructure.

A large part of this year's budget is dedicated to the continuing systems analysis and development which, with an updated communication system, will allow the Group to maximise on its extensive database which has been built up over many years.