MORGAN SINDALL PLC

THE CONSTRUCTION BRANDS GROUP

COMPANY PROFILE OCTOBER 2003

THE BRANDS

Construction
National construction business with strong track record in health, education and industrial sectors

Fit Out
UK's leading fit out organisation

Infrastructure Services
National provider of tunnelling, specialist civils and utility services. Specialising in partnering, design and construct, and PFI projects. Core markets water, electricity and transport

Affordable Housing
UK's leading provider of affordable housing, specialising in mixed tenure developments

CONSTRUCTION

- Commercial market tight but expanding public sector market

  - Health: 4th wave of NHS LIFT
  - Education: introduction of LIFT
  - Local Authorities: framework contracts

- Contract wins since half year

  - Norfolk CC property services framework contract secured
  - Shortlisted for Birmingham CC framework contract with Lovell

- Division on track

  - Continuing to focus on specific target markets (health, education industrial sheds, property services)
  - On line to deliver modest profit for 2003 on streamlined turnover

FIT OUT

- Increase in level of enquiries from commercial market
- Strong public sector workload eg DEFRA, Inland Revenue, Department of Work & Pensions
- Performance benefitting from market leadership and Perfect Delivery programme
- Order book and prospects list stable

INFRASTRUCTURE SERVICES

- Next cycle of spend in water sector (AMP4) likely to increase above current (AMP3)
- Scottish Water framework contract secured (£200m over 3 to 5 years)
- Work started on A92 PFI contract (£55m over 3 years)
- Confirmed by Highways Agency as one of the key contractors for further large contracts
- Major projects (Newport, CTRL, Heathrow T5) making good progress
- Future priority margin improvement

- Changed focus of group

  - Better balance
  - Longer order book
  - Lovell requires investment to increase scale
  - Therefore additional facilities for medium term put in place earlier this year

- More opportunities for joined up solutions

  - Birmingham CC framework contract
  - Casualty Plus
  - Utilities work

- On track to deliver 2003 objectives

LOVELL

Profile
October 2003

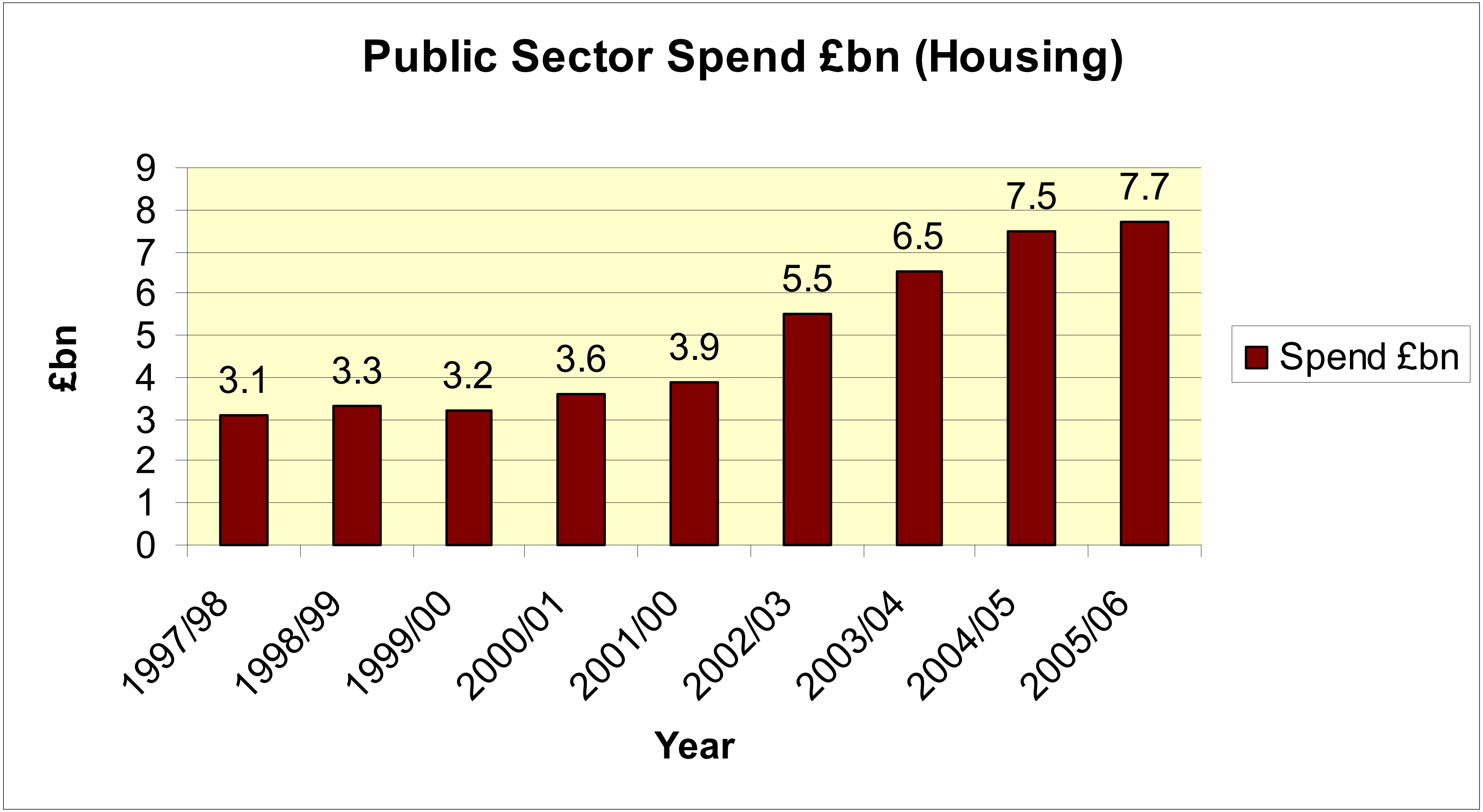
The Affordable Housing Market

- Affordable open market
- Local authority
- Registered social landlords
- Mixed tenure

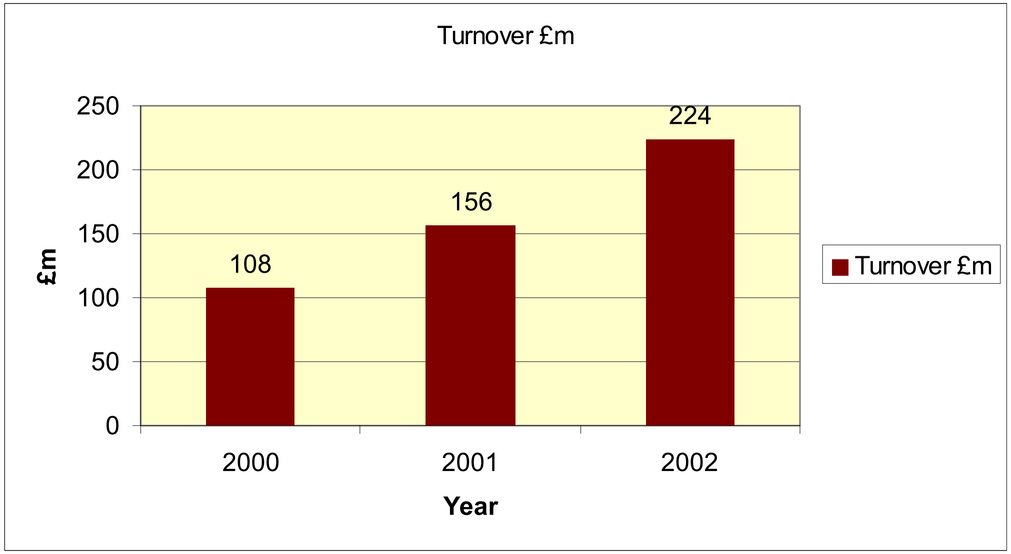
Market Dynamics

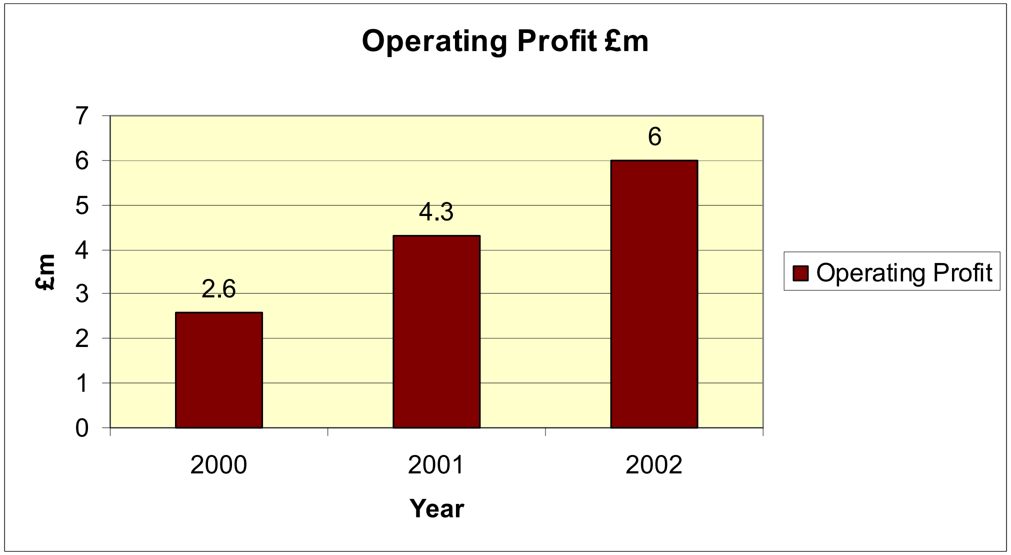
- Communities plan
- Decent homes
- Stock transfers
- PFI

Market Dynamics



Lovell Profile





The Lovell Product

Hard Issues

- Affordable housing for sale
- New build social housing
- Refurbishment for rent & sale
- Mixed tenure & mixed use

Soft Issues

- Resident consultation
- Partnering
- Training

Lovell Strengths

- National framework – autonomous regions
- Group structure
- One stop shop
- Lovell Choice (low cost home ownership)
- Rural housing
- Relationships
- Reputation & track record

Lovell Successes

- First mixed tenure development in Scotland – The Terraces
- First stock transfers
  - England
  - Scotland
  - Wales
- First demand led mixed tenure development – Trowbridge, London
- Strategic Partnerships
- PFI – first non HRA
- Developer funding (Social Housing Grant)

Workload

- 125 schemes on site
- Awards expected – 49No, £347m
- Key Schemes
- **Southhouse - Edinburgh**, £19m, 149 new homes & 176 refurbished
- **Pennine 2000 - Halifax**, £150m, refurb. 12,500 homes
- **Whitefriars - Coventry**, £120m, refurb. 10,000 homes
- **St. Mary's Field - Cardiff**, £13m, 123 new homes
- **Sommerville Crescent - Ellesmere Port**, £8m, 116 homes
- **Neave Mews - Abingdon**, £14m, 48 new homes & Foyer
- **Five Links - Basildon**, Phase 1 - £15m, 202 homes, Phase 2 - £18m, 249 homes + Phase 3 to follow

Improving Margins

- Increase mixed tenure
- Co-operative arrangements
- Strategic partnerships
- Developer of choice