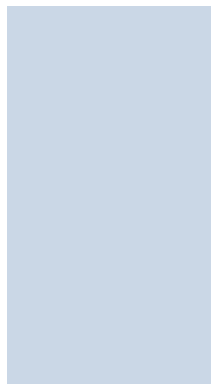


Presentation by Barry Dye and Andrew Shepherd

Delivering New Homes The Laing O'Rourke Way

19 June 2013



Agenda

Welcome

- Introductions
- LOR – brief overview
- Current Housing Market
- LOR Response
- Design for Manufacture and Assembly
- Our Vision for the Future of Housing



Laing O'Rourke

Where we operate

Europe Hub

- 254 active projects
- £5.5bn order book
- 12,028 employees



Australia Hub

- 90 active projects
- £2.7bn order book
- 5,324 employees



Housing Market

Current constraints

- The business model of major industry participants is inimical to innovation, investment is low to ensure delivery of shareholder expectations.
- Traditional build solutions are driven by house-builders focused on maximising profits per site
- Traditional build solutions are now of lower quality than in the 1930's
- Substantial increase needed in number of households being built, but in aggregate neither Local Authorities or house-builders able or willing to fill the gap
- Response to environmental requirements is to game the system rather than embrace new and necessary standards
- If the market were to double in size to meet need without innovation, very significant price inflation and severe skills constraints would emerge
- Despite huge latent potential, too many institutional investors unable/unwilling to invest in housing due to poor quality build delivered by majority of the market and the inability to defray the impact on returns of lengthy construction programmes.



Application to Housing

LOR Response to the Market

- Build homes that are spacious, energy efficient and that people want to live in.
- Build houses that are sustainable and substantial, i.e. will last 100 years like those delivered in the 1930's and are therefore suitable for investment by institutional investors.
- Maximise efficiencies by manufacturing housing in a quality controlled, automated environment.
- Invest in modern technology to help increase the delivery capacity of the wider market.
- Invest in people through creating careers in a manufacturing facility that have longevity and a future.
- Use innovative structures to create the linkage between institutional investors and end users to deliver new homes (e.g. Barking Social Housing, delivering 477 high quality, affordable homes).
- Work with Local Authorities and RSLs to focus on performance specification, rather than design specifications for new schemes.

Application to Housing

LOR Response to the Market

Our solutions for offsite housing include:

- Smart wall
- Sandwich panels
- Lattice slabs
- Twin wall
- Bathroom pods with integrated vertical risers



Application to Housing

LOR Response to the Market



Application to Housing

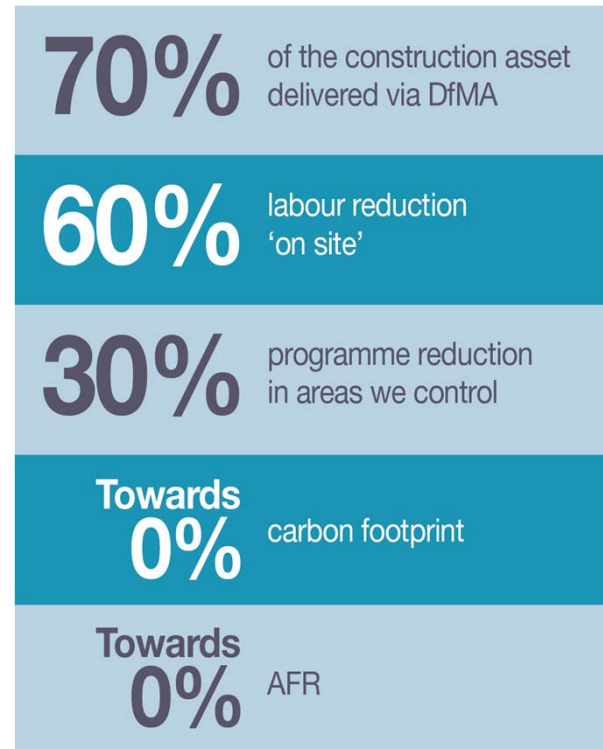
LOR Response to the Market



Design for Manufacture and Assembly (DfMA)

Simple promise

Through **the application of DfMA principles** we will deliver projects with integrity and care in a shortened time period to an outstanding level of quality and with lower costs



APPLICATION OF DFMA TO HOUSING TODAY

“First of all, we need to build more homes. Over the last fifteen years the pace of house building has failed to keep pace with demand. It’s causing real problems for millions of people: overcrowding: thirty year olds still living with Mum and Dad; and workers not able to take a job because they cannot get somewhere to live... If the housing market were responding properly then you would expect it to respond to this rising demand and deliver the homes needed. But the truth is the housing market is highly volatile, while often failing to deliver the homes where people need them.”

Mark Prisk, *Minister for Housing*

90+

OUR VISION FOR THE FUTURE OF HOUSING



Our vision for the future of housing

The 90+ solution

- A highly automated, factory built solution
- Skilled jobs in a manufacturing environment, with continuous training and certainty of employment
- Homes that are, as a minimum, London Housing Design Guide and Code for Sustainable Homes 4 compliant, achieving Code 5 with localised additions
- Suitable for housing and apartments up to 20 storeys.
- Will allow homes to be built to the highest quality in a day on prepared sites
- NinetyPlus potential will in first instance (next five years) gain traction in
 - Build-to-rent institutional market (institutions welcome the reduced risk associated with off site construction solutions due to the increased cost and delivery certainty)
 - Major regeneration schemes with substantial affordable RSL/local authority components
 - Medium rise apartments

Our vision for the future of housing

Delivery – Examples

Barking Social Housing

- Laing O'Rourke is currently on site delivering 477 homes
- Range of tenures to suit Local Authority's requirements
- Local Authority will retain ownership
- Local Authority places and manages its tenants
- Project is entirely self-financing from rental income
- Range of property types from 1-4 bedrooms
- The London Borough of Barking & Dagenham has entered into a partnership agreement with Laing O'Rourke and an Institutional Investor to deliver the homes. Laing O'Rourke builds the homes for a council owned SPV. The Council owned SPV then enters into a lease and lease back with the Institutional Investor for the term of the agreement
- The project was procured and secured planning in less than 9 months from initial inception
- The new homes will be delivered in less than 18 months from starting on site, benefitting from DfMA





LAING O'ROURKE

