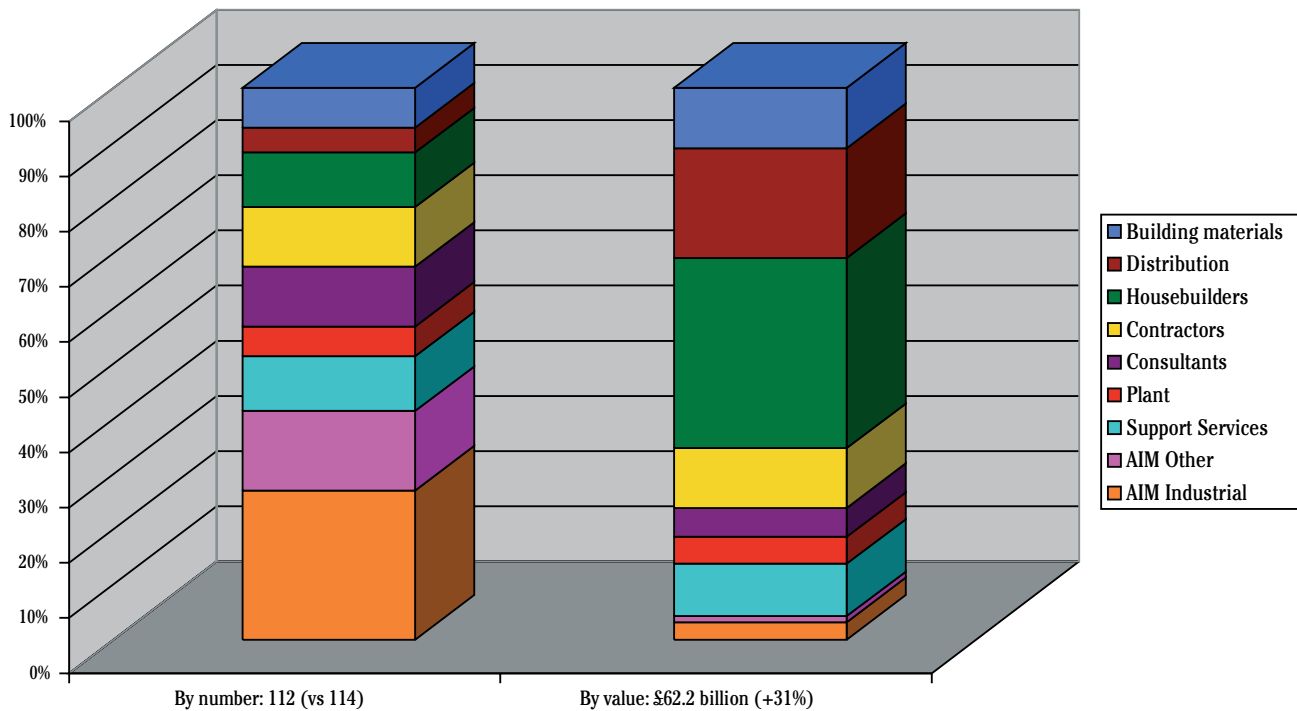


Building Value's UK Construction & Building Sector in 2007



The traditional FTSE Actuaries Index for UK Construction & Building Materials is now a shadow of its former self: housebuilders are listed in "Household Goods"; distributors in "Support Services" as are many other industry players. Nor should £2.4 billion of construction-related AIM stocks be ignored. Hence, the Building Value Index - published here for the first time.

On the 31st December 2006, the total market capitalisation of the UK Construction & Building Materials Industry was £62.2 billion. This comprises 112 companies (two less than last year), but is equal in value to just one - the Royal Bank of Scotland plc.

In terms of growth in 2006, the Sector increased in value, on a like for like basis, by 31%. The FTSE 100 and FTSE All Share Index rose 11% and 13% respectively, the FTSE 250 was up 27% and broke new ground in the process.

There are three FTSE 100 constituents in the Sector: Persimmon (+21% in the year); Hanson (+21%); and Wolseley (+1%). However, the best performer was ground engineer Keller (+110%) and the worst was consultant and professional support services group, Tribal (-35%). Note, this ignores stocks in special situations, those returning from suspension or involved in restructuring and the like.

In terms of numbers, the Sector lost eight constituents due to takeover bids but gained six through flotations. Those disappearing were: Birse; Bizspace; Knowles; Laing (£1bn); McCarthy & Stone (£1.2bn), MacLellan; Pilkington (£2.2bn); and Ultraframe. In total, these bids came to £4.7 billion and the weighted average bid premium was 40%. Flotations numbered six and totalled £623 million, most notably May Gurney (construction services), Scott Wilson (consultant) and Styles & Wood (retail property services).

18 companies (16% of constituents) have a market capitalisation in excess of £1 billion and together they account for 73% of the Sector's value; while 50 companies (45%) are valued at less than £100 million each and account for just 3% of value.

By activity, AIM Industrial stocks are the most numerous with 27% by number - but only 3% by value. Housebuilders, on the other hand, account for 10% of constituents but 35% of value. Distributors are similarly rewarded with 5% by number and 20% by value. Construction Consultants, however, account for 11% by number but only 5% by value.

The Building Value Index excludes 14 non-UK registered groups which have a London Stock Exchange listing and a total value of £34.4 billion. Most notable here are: Compagnie de Saint Gobain (£15bn); CRH (£11.5bn); Kajima Corp. (£2.4bn); Kingspan (£2.3bn); and Grafton (£2.0bn) - of which three are Irish.



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