



THE ART OF **SEEING** THINGS DIFFERENTLY

Annual Review 2015



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Above all, it's about people



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2015 AT A GLANCE

WATES CONSTRUCTION £613M TURNOVER

Wates Construction focuses on designing and building projects for Government and public sector, education and commercial customers. As much as 75% of our business is from repeat customers and, operating nationally through a network of strategically placed local offices, we have delivered some of the UK's most notable buildings.

SES ENGINEERING SERVICES £30M (TURNOVER FOR THREE MONTHS OF OWNERSHIP)

SES Engineering Services (SES) is the UK's pre-eminent design-led M&E provider, delivering for our customers in a wide range of environments. We operate an exceptional level of technical authority and deliver bespoke solutions optimised for the whole construction team, maximising off-site manufacture in our production facility SES PRISM. We recently became the first Mechanical, Electrical and Public Health Services (MEP) contractor to achieve BRE BIM Level 2 Certification.

WATES DEVELOPMENTS £78M TURNOVER

Wates Developments is expert in land, planning and joint ventures for residential developments throughout Southern England. Our financial strength, corporate stability and commitment to residential development make us a strong and attractive purchaser or partner for both land owners and developers.

WATES LIVING SPACE HOMES £148M TURNOVER

Wates Living Space Homes is working as a strategic development partner with housing association and local authorities to address the UK's urgent need to deliver more homes for affordable rent and sale. We are experts in large-scale, mixed-use developments that provide homes for both public and private sector rent or sale.

WATES LIVING SPACE MAINTENANCE £272M TURNOVER

Wates Living Space Maintenance is a leading national provider of maintenance, refurbishment and energy retrofit services. We deliver a broad range of solutions for local authority and housing association partners, supporting the regeneration of disadvantaged communities and improving standards of living for residents by renewing existing housing stock through planned and responsive maintenance programmes.

WATES SMARTSPACE £131M TURNOVER

Wates Smartspace delivers high quality fit-out, refurbishment and maintenance solutions nationally, which are designed to optimise our customers' operating environments. Our customers include commercial offices, retail, airports, developers, public sector, distribution centres and banks.

NEEDSPACE? £2.3M TURNOVER

Needspace? provides quality managed workspace to the growing number of small businesses in Greater London and the South East. We offer a range of office, workshop and studio units to small businesses looking to grow in an entrepreneurial environment. Our aim is to provide a series of entrepreneurial communities that encourage businesses to network, thrive and support each other.

£1.27BN 21%
GROUP TURNOVER

£30.3M 26%
PROFIT (PBT)

£4BN
FORWARD ORDER BOOK

£93M 7.9%
GROUP NET ASSETS

3,703
PEOPLE
(at 31 December 2015)

+ 1,160
NEW EMPLOYEES
(incl. Shepherd)

88
APPRENTICES

GOLD
INVESTORS IN PEOPLE GOLD
AWARD RE-ACCREDITATION

40%
IMPROVEMENT IN ONE
DAY PLUS ACCIDENT
FREQUENCY RATE (AFR)
(2014-2015)

40
CCS WATES AVERAGE SCORE

97.2%
WASTE DIVERTED FROM
LANDFILL

£1.3M
SPENT WITH THE SOCIAL
ENTERPRISE SECTOR

69%
PARTNERS (OVER £1M)
ARE MEMBERS OF SUPPLY CHAIN
SUSTAINABILITY SCHOOL (SCSS)

74
PROJECTS COMPLETED AND
4,700 HOURS VOLUNTEERED
DURING WATES COMMUNITY
WEEK

£1M
PROVIDED BY WATES GIVING
TO SUPPORT 258 CAUSES
ACROSS THE UK

£105,000
RAISED TO DATE FOR THE PRINCE'S
TRUST, OUR CHARITY PARTNER

92%
BUSINESS IN THE COMMUNITY
CORPORATE RESPONSIBILITY
INDEX SCORE (3.5 STARS)

131
YOUNG PEOPLE BENEFITTED
FROM OUR BUILDING
FUTURES PROGRAMME

Mark Thornhill
Construction Manager
Wates Living Space Homes



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CHAIRMAN'S WELCOME

“I would like to thank the Group's Board of Directors and all of its employees for their ongoing commitment to the Wates Group and for their support in helping to grow and develop the business for the future.”

James Wates CBE
Chairman

I am pleased to report that 2015 was marked by a very strong performance for the Wates Group.

Once again, we achieved solid growth during the year, both organically and through acquisition. Performance has been strong across all of our businesses throughout the year.

We welcomed 1,208 new colleagues as a result of our acquisition of Shepherd Engineering Services Limited including Shepherd FM, together with a significant number of contracts and strategic frameworks from Shepherd Construction Limited. Our investment in acquiring this highly reputable family-owned construction business brings significant growth opportunities for us, expands our capabilities and opens up new markets.

While the Group grew faster than our sector generally, there remain challenging market conditions, including material and cost inflation and ongoing shortages of skilled labour across the industry.

Despite these challenges, we performed extremely well, generating Group turnover of £1.27bn.

2015 was also an exceptional year for securing work-in-hand. We entered 2016 with a forward order book of £4bn, which is nearly 35% up on the start of 2015.

These achievements are testament to the quality and commitment of our people, the strength of our relationships with our customers and delivery partners, and our robust financial management.

Critical to the Group's future growth – and meeting our target of annual turnover of £2bn – is building upon these relationships and investments, and recruiting and retaining the best people to deliver the work.

We continue to invest in our people through training, development, and other opportunities – making good on our saying that 'Above all, it's about people'. We continue to work hard to maintain our Gold Investors in People accreditation. Investors in People Assessor Bob Morrison said of us: "The achievement of two successive Investors in People Gold accreditations is outstanding and well deserved, placing the Wates Group in the top 3% of organisations that have achieved this worldwide. The accolade underlines the strong and genuine commitment to developing the talents of everyone."

We have joined the 5% Club, which reflects our commitment to ensure that 5% of our headcount over the next five years consists of apprentices, sponsored students, or trainees on a formal development programme.

More recently, in 2016 we have been honoured with the prestigious Queen's Award for Enterprise in the Sustainable Development category for the second consecutive time. We are one of very few companies, regardless of industry or profession, to have achieved this. In particular, the Award judges recognised the significant investment and support that Wates gives to social enterprise.

As a family-owned business that bears the family name, our reputation is everything. The way we do business, and the impact and legacy we leave in the communities in which we work, is reflected in our values of integrity, intelligence, performance, teamwork and respect.

Finally, on behalf of the shareholders, I would like to thank our Board of Directors and all of our employees for their ongoing commitment to the Wates Group and for their support in helping to grow and develop the business for the future.

James Wates CBE
Chairman



Wates
GIVING





CHIEF EXECUTIVE'S REVIEW

“2015 has been a successful and exciting year for the Wates Group. The business has grown significantly during this time and we entered 2016 with 3,703 people and a forward order book of £4bn.”

Andrew Davies
Chief Executive

The Group has continued to make significant investment to support its growth strategy.

In 2015, we grew the business organically, as well as acquiring the equity in Shepherd Engineering Services Limited including Shepherd FM and the trade and assets of a number of construction projects from Shepherd Construction Limited.

This acquisition has ensured that we have a more geographically balanced construction business, strengthened our mechanical and electrical engineering capability, opened up opportunities within new markets and sectors, and enhanced our non-domestic property services offering.

The priorities for 2016 and beyond are to ensure that we successfully integrate our new businesses, putting the right systems, processes and people in place to secure our long-term growth strategy on a sustainable basis.

STRONG PERFORMANCE

The Wates Group turnover, including its share of joint ventures' and associates' turnover, was £1.27bn in 2015. This is a 21.2% increase year-on-year.

Profit before tax was 25.9% up on 2014 at £30.3m. The Group's gross cash increased by 45.9% to £127.4m, despite investment in acquisitions, residential developments and our Needspace? business.

Despite challenging market conditions, the consistency of our performance demonstrates our excellent capabilities, resilience and determination to deliver for our customers.

INVESTING FOR THE FUTURE

In 2015, in addition to acquiring the equity in Shepherd Engineering Services Limited and the trade and assets of a number of construction projects from Shepherd Construction Limited, the Group also successfully completed the integration of the Purchase Group, which it acquired in November 2014.

We successfully transitioned the Purchase Group's 130-strong workforce to the Wates Group in order to grow our responsive and planned maintenance business in the Midlands, Wales and the North West.

In addition to investment to support business growth directly, our stable financial position enables the company to continue to invest in our people, systems, capabilities (including BIM) and the evolution of our brand identity, with the launch of a new fresh look across the Group.

THE JOURNEY TO ZERO HARM

Keeping people safe from harm and creating a healthy and safe environment wherever Wates operates remains the number one priority and we continue our steadfast drive towards Zero Harm.

In 2015 the Group's RIDDOR AFR was flat at 0.114, but there was a 40% reduction in one day plus AFR to 0.126.

The Group deeply regrets that it suffered its first fatality for more than ten years in 2015. In a separate incident, an individual was seriously injured in 2015. He subsequently passed away in early 2016.

Both of these incidents were subject to a thorough investigation and we are focused firmly on addressing and mitigating all of our health and safety risks, and on ensuring that we operate a continuous process of learning and improvement in this area.

BUILDING COMMUNITIES

The Group's corporate responsibility agenda, Reshaping Tomorrow, and Delivering the Promise programme, underpinned by our Operating Framework, ensure that we deliver consistently for our customers to the highest standards of quality and safety, whilst developing a sustainable tomorrow.

Wates has a deep commitment to the communities in which it works. Our financial stability, family ownership and long-term commitment to the construction industry enable us to make a tangible and positive difference to the environment and to the communities in which we work, both now and for future generations.

In 2015, the Group continued its partnership with The Prince's Trust to help disadvantaged young people develop the skills and identify opportunities for employment. Through our volunteering schemes, our people gave 4,700 hours across 74 projects to support Wates Community Week. Through Wates Giving, £1m was donated to charity.

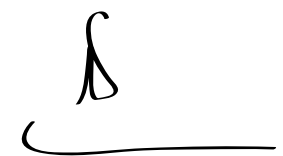
We celebrated 10 years of delivering our Building Futures Programme, which aims to engage with over 20,000 people to make positive changes to their lives through employability programmes including our new school engagement programme Build Yourself. During the year we continued to invest in Building Futures, as well as in industry campaigns such as Go Construct.

2016 AND BEYOND

With a forward order book of £4bn, a strong and stable financial position and a clear strategy for growth, the Wates Group is positioned well for the future.

Our strategy for 2016 and beyond sets out a clear vision to be the most trusted partner in the built environment to deliver high quality services and products and investments safely on time and on budget, every time.

Our mission is to become an even more sustainably profitable business by continuing to build a balanced portfolio of work across the markets in which we operate.



Andrew Davies
Chief Executive



RESHAPING TOMORROW

Sustainability was very much on the global agenda in 2015 with the launch of the 2030 World Business Council Sustainable Development Goals and the Paris COP21, where 200 nations signed up to tackle climate change. Decisions made at this level have an impact on the construction industry and 2015 saw a step change for us when we launched our new five year strategy Reshaping Tomorrow 2020.

Cara Palmer
Sustainability Manager
Group Services

WORKING IN PARTNERSHIP TO ACHIEVE OUR GOALS

Reshaping Tomorrow is about growing our business responsibly by understanding and supporting our customers, suppliers and communities; bringing about systemic behaviour change and driving new solutions. It is based on our heritage as a company whose values are firmly rooted in the way we do business and we have worked hard to achieve the targets we set. Partnership with employees, customers, suppliers and others is critical to delivery, through cross sector collaborations, influencing government policy and adopting a stewardship role.

UNLOCKING SOCIAL VALUE

During 2015 a range of leadership activities were delivered, which continued to position Wates as a leader, particularly around the social value agenda. Work included a follow-on study to our thought leadership Communities Count Phase 2 report – ‘A Practical Guide to Unlocking Social Value’ – with partners Social Enterprise UK, the Chartered Institute of Housing (CIH), PwC and the Orbit Group. This provided commissioners with practical tools to embed and measure social value within procurement and shared a number of examples of best practice. In addition, we continued to benchmark our performance in this area, using the Business in the Community Corporate Responsibility Index and were awarded a score of 94% achieving 3.5 stars – an improvement from 2014.

“Responsible business behaviour drives prosperity. Wates understands this, and is committed to making a positive impact on local communities and economies, showing leadership and commitment on issues such as trust, employment, education and skills. Through its involvement in campaigns such as the CBI’s Great Business Debate, it has worked hard to show how the sector continues to thrive and how business can be a force for good.”

John Foster
Head of the Great Business Debate, CBI

SUPPORTING THE PRINCE’S TRUST

Wates Giving, the charitable programme run by the Wates Family Enterprise Trust, is one of our key partners in supporting Reshaping Tomorrow. Among the many partnerships supported by Wates Giving in 2015 was our long term work with The Prince’s Trust in which funding was provided to support the Built Environment Leadership Group (BELG), which James Wates Chairs.

The BELG promotes the Trust’s ‘Get into Construction’ programme designed to help young people build a career in construction. The Prince’s Trust is also Wates’ current charitable partner and in 2015 we raised over £75K, which has supported The Trust’s TEAM programme – a 13 week personal development course for young people. Together with other construction companies, we are also delighted to be part of the Million Pound Challenge that will help more than 1,000 disadvantaged young people who are not in education, training or employment.

OUR COMMITMENT TO DRIVING CHANGE

Our Reshaping Tomorrow framework is about making a real difference throughout our business. From training, employment and the health and safety of people working on our sites through to promoting positive environmental practices and challenging the way buildings are built, we are committed to working with colleagues, customers, partners, suppliers and communities to drive the change that’s needed. It builds upon our core values of performance, intelligence, teamwork, integrity and respect for people and communities. Our ultimate aim is to continue to strive to leave a positive legacy for future generations: our actions today impact everyone’s tomorrow.



Prince's Trust

Wates
GIVING



OUR RESHAPING TOMORROW PILLARS



Improving our health and safety performance with the right behaviours to achieve a Zero Harm culture.



Creating a positive impact on the environment through our work.



Working in partnership to enable local communities to prosper.



Ensuring we have the right team with the right skills and behaviours to do the job regardless of background.



Working with others to influence sustainable building design.

Ixion
Ixion Construction Skills Centre



SUPPLY CHAIN SUSTAINABILITY
SCHOOL

KEEPING PEOPLE SAFE FROM HARM



SAFETY, HEALTH AND ENVIRONMENT IS AT THE FOREFRONT OF EVERYTHING WE DO

The health and safety of our colleagues, supply chain operatives and the people within the communities we work, including our customers and the users of our buildings and services, is our number one priority.

Our mission is to achieve Zero Harm through a programme of continuous improvement that addresses behaviours and embeds best practice across the Wates Group. We aim to create a culture where people are engaged and empowered to look out for one another by promoting and championing the right behaviours to keep people safe, and the confidence to challenge when they are not.

2015 was another strong year for Wates' Safety, Health and Environment initiatives, which were recognised with a Gold Award from RoSPA (Royal Society for the Prevention of Accidents).

Over 1,400 people underwent Wates health and safety training and over 100,000 health and safety observations were registered. We achieved an 8% reduction in dangerous incidents, a 23% reduction in Lost Time Injury Rate (LTIR), and a 40% reduction on One Day Plus injury AFR compared to 2014.

FOCUS ON OCCUPATIONAL HEALTH AND SAFETY

In 2015 we began monitoring employee health referrals, which identified that 50% of referrals relate to mental health and musculoskeletal disorders. As a result, we are now placing emphasis on occupational health and are developing a health strategy to tackle these issues in 2016 and beyond.

WATES AWARDED GOLD ROSPA

In August 2015, Wates was recognised with a Gold award in the RoSPA (Royal Society for the Prevention of Accidents) Occupational Health and Safety Awards 2015.

Judges praised Wates' commitment to accident and ill-health prevention, recognising the company's continuous improvement in its occupational health and safety management systems, and its excellent leadership and workforce involvement.



2020 HEALTH AND SAFETY STRATEGY

Wates family shareholders, the Board of Directors, and the Executive Committee have signed up to a long-term strategy that aims to achieve a Zero Harm culture across the Wates Group by 2020. Our Safety, Health and Environment strategy has six defined paths, or instruments for change.

- 1. Lead:** Every leader commits to Zero Harm and inspires their people to make it happen
- 2. Simplify:** We make sure our systems and processes help people, not get in the way
- 3. Re-think:** We take a look at what we do with fresh eyes and we challenge the status quo. We re-engineer how we do things to eliminate risk
- 4. Involve:** We engage everyone who works for us, contributing to Zero Harm in everything they do
- 5. Learn:** We seek out and share what works well, we adapt it for our own environment, then make it what we do
- 6. Track:** We identify where we can improve, how to close the gap

"We are committed to our vision of being leaders in safety, health and welfare. Our 2020 strategy for Zero Harm is a sure step forward towards meeting our goal. By working together we are stronger and smarter. Together we are safer."

John Dunne
Wates Group, Health, Safety and Environment Director



OUR COMMITMENT TO ZERO HARM: WE'RE SAFER TOGETHER

Underpinning this strategy for Zero Harm is our 'We're Safer Together' campaign, which comprises a simple message that summarises our belief that everyone has a vital role to play in ensuring the safety and wellbeing of one another.

How we define Zero Harm:

- Zero fatalities to workers or third parties
- Zero permanent disabling injuries
- Zero new cases of long term harm to health
- Eliminating the realistic likelihood of serious harm
- Our sites are as safe as an office environment
- A ceiling LTIR of 0.10 across the Group

A full suite of campaign materials, as well as all Wates PPE and hoardings now carry our 'We're Safer Together' badge.

MAKING SAFETY, HEALTH AND ENVIRONMENT TRAINING EASIER AND MORE ACCESSIBLE

Training plays a key part in keeping our colleagues and supply chain partners informed about the risks they potentially face on site and in our office environments. We recognise there are a number of ways to take on new skills, including a blended learning approach. To support our 'We're Safer Together' campaign, we have launched a new suite of Safety, Health and Environment e-learning modules to complement our established health and safety training assets. These modules cover a variety of topics, ranging from manual handling and electrical safety through to stress management.

LEADING BEHAVIOURAL SAFETY BY EXAMPLE

In addition to the Safety, Health and Environment e-learning programme, we are making a significant investment in the development of our employees through a new behavioural safety leadership programme. The aim of the programme is to equip our leadership teams with the skills to champion good safety behaviours with a view to giving our people the skills and knowledge required to create the right environment to achieve Zero Harm.



MAKING OUR OFFICES AND SITES SAFER

Our new safety observation programme was introduced in 2015 to help us make the workplace safer and to support our Zero Harm objectives. A system of 'Stop', 'Go' and 'Near Miss' cards are designed to highlight safety issues and situations that could result in harm and promote positive safety habits and behaviours. In time, the programme will help provide better data analysis, which is essential in tracking trends and mitigating risks.




KEY HIGHLIGHTS

 **100,000+**
HEALTH AND SAFETY
OBSERVATIONS REGISTERED

 **1,400**
PEOPLE UNDERWENT
HEALTH AND SAFETY TRAINING

 **8%** REDUCTION IN
DANGEROUS
INCIDENTS (2014-2015)

 **40%**
REDUCTION ON ONE DAY
PLUS INJURY AFR (2014-2015)

 **23%**
REDUCTION IN LOST
TIME INJURY RATE (LTIR)
(2014-2015)

ABOVE ALL, IT'S ABOUT PEOPLE

Our people make all the difference to our customers and the communities in which we work. We want to grow every part of our business and it is vital that we attract, develop and retain the best talent; not just in the industry but within the professions that support our business too.



OUR COMMITMENT TO EQUALITY

We believe that everyone should be employed and promoted on the basis of their personal merit and contribution. Under our Tomorrow's People umbrella – part of our strategic Reshaping Tomorrow programme – we are committed to eliminating discrimination from our workforce and to treating everyone with fairness and respect.

In 2015, we set out clear plans and targets to ensure that equality, diversity and inclusion are at the heart of what we do and the way we operate. As a result of our efforts we were awarded with the C2E Gold Diversity Assured Accreditation. With a growing skills issue within the built environment, we need to think differently about the way we attract, recruit and retain the best people regardless of their background. Our Junior Board, the future leaders of our business, helped us think through some of these issues by undertaking a gap analysis on our projects. Their recommendations are now part of our 2016 delivery plans.



GROWING OUR BUSINESS IN LINE WITH OUR ASPIRATIONS

The Wates Group has set an ambitious but clear target to become a £2bn company. Key to this growth is the recruitment and development of our people.

In 2015, over 484 new recruits joined Wates including several key senior appointments across the Group who are now supporting our business plans to deliver our target.

In addition, in October 2015, we acquired various parts and assets of the Shepherd Group, a great strategic fit for Wates, bringing a further 1,208 people into our business.

INVESTORS IN PEOPLE GOLD AWARD

Our investment in our people was recognised by our second consecutive Investors in People Gold Status accreditation. This is testament to how robust our core values are and how well our culture of excellence has been maintained by everyone in the business.



DEVELOPING OUR PEOPLE AND TRAINING

Developing our people is crucial for growth and we continue to make a substantial investment in building skills for the future. In 2015 the Group invested around £1m in learning and development, addressed over 5,200 individual training needs and launched new initiatives to further enhance our leadership development, behavioural, safety, and specific technical skills training.

As we grow, our people strategy will enable us to attract and retain the best people both within the industry and within the professions required to support the business. Our learning and development strategy will support this by a continued investment of over £1m to ensure we are best positioned for both business and personal growth.

“Outstanding people management based upon strong values and inspirational leadership at all levels is clearly built into the DNA of the Wates Group, ensuring everyone shares a passion for quality and high performance.”

Bob Morrison
Investors in People Assessor

RECRUITMENT DRIVE AND FORWARD STRATEGY

Attracting new talent into the construction sector is a particular focus for Wates. In 2015 we appointed an apprentice manager who joined our early careers team to build our pipeline of school leavers, apprentices and higher level entrants.

We recruited 43 new trainees who help make up the 76 people now on the Wates trainee programme. This cohort of rising talent is receiving comprehensive training and experience across our business to build their careers and position them to help deliver our strategy. We also continued to support the recruitment and development of 88 apprentices through our various framework commitments and our dedicated Wates Apprenticeship Training Agency (WATA).

KEY HIGHLIGHTS

 **3,703**
HEADCOUNT AT THE END OF 2015

 **+1,208**
NEW EMPLOYEES VIA ACQUISITION OF PARTS OF THE SHEPHERD GROUP

 **484**
NEW RECRUITS

 **43** TRAINEES

 **88** APPRENTICESHIPS

 **£1M** SPENT ON LEARNING AND DEVELOPMENT





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Environment

A POSITIVE IMPACT ON THE ENVIRONMENT

Supporting and engaging our supply chain on sustainability is one of our key 2020 objectives as without them we can only achieve so much. One of the ways we work towards achieving this is through our partnership with The Supply Chain Sustainability School (SCSS).



This multi-award winning initiative is a unique collaboration of over 40 partners designed to develop sustainability competence via an online platform, which provides resources in 10 sustainability subject areas. It is a free resource available to any supplier and is part of our continued commitment to lead the industry into a brighter, more sustainable future.

SCSS covers a range of sustainability topics, ranging from carbon, to the sourcing of materials, ethics and social values, together with supplier development days and workshops where best practice is shared.

Wates is a partner sitting on the SCSS leadership group that helps to steer the direction and development of the school. The initial focus was on the construction sector, with dedicated schools for infrastructure and facilities management. 2015 saw the launch of the Homes School at the Royal Institute of British Architects, which was attended by

over 90 representatives from the housing industry and its supply chain. This initiative was led by Wates Living Space and was an industry-first for the housing sector.

The syllabus has been developed to help support the house building supply chain in delivering the Government's ambitious target to build one million homes by 2020. This requires a significant jump in sector output of almost 50% per annum and the Homes School aims to ensure that sustainability, efficiency and quality are firmly positioned at the heart of this commitment.

During the year we further embedded the SCSS by hosting four supplier events which were attended by over 200 Wates supply chain companies and funded by Wates Giving. 69% of the sub-contractors with whom we trade over £1m are now members of the SCSS and we will continue to extend this across our supply chain and see the benefits that a collaborative approach can bring to the built environment.



"Every now and again something comes along that is a game-changer. We believe that the Supply Chain Sustainability School is just that in the field of sustainable development. It has already made a significant contribution to sustainability at Jackson and many of our core supply chain partners. The school is practical, professional and effective."

Stephen Livingstone
Environmental Manager, Jackson Civils



OUR £167M PROJECT AT GREENWICH PENINSULA SECURED AN OUTSTANDING SCORE OF 45 ON THREE CCS SITE VISITS.

"The site teams at Greenwich are thrilled with our latest CCS assessment, especially as it is the third time we have achieved the excellent score of 45!"

Phil Whitby
Project Director at Greenwich Peninsula
Wates Construction London

BEING A GOOD NEIGHBOUR

Wherever we work, we want to ensure we have a positive impact on the area around us. Being an Associate Member, of the Considerate Constructor Scheme (CCS), gives us the opportunity to demonstrate our commitment to work safely within a neighbourhood with consideration for people and the environment.

The CCS is a non-profit-making, independent organisation founded in 1997 by the construction industry to improve its image and encourage best practice above and beyond basic statutory requirements. It is a voluntary scheme that focuses on the impact that construction activity may have on the general public, the workforce and the environment. The code covers five core areas: improving the image of construction, protecting the environment, respecting the local community, ensuring everyone's safety, and caring for the workforce.



In 2015, a total of 201 Wates sites were monitored by CCS and we achieved an average score of 40 compared to the average Associate Member score of 38.4 and the industry average of 35.6. Over 60% of projects achieved a score of 40 or more.

In 2015, 42 of our projects were recognised with a CCS award with one site achieving National Runner Up, which is an exceptional achievement. These awards recognise sites that have made the greatest contribution towards improving the image of construction and have raised the bar for considerate construction.

We place great value on the CCS and the standards it helps set and maintain for our industry and we are fully committed to improving our performance and scores even further in the years to come.

KEY HIGHLIGHTS

✓ **40**
WATES AVERAGE CCS SCORE AGAINST AN INDUSTRY ASSOCIATE MEMBERSHIP SCORE OF 38.4 AND INDUSTRY AVERAGE OF 35.6

🏆 **42** CCS AWARDS WON ACROSS THE GROUP

🌍 **97.2%**
WASTE DIVERTED FROM LANDFILL

🔗 **69%**
PARTNERS (OVER £1M) ARE MEMBERS OF SUPPLY CHAIN SUSTAINABILITY SCHOOL

👥 **2,368**
WATES MANAGERS AND SUPPLY CHAIN SUPERVISORS PASSED SITE ENVIRONMENTAL AWARENESS TRAINING SCHEME (SEATS) TRAINING IN 2015

TOMORROW'S COMMUNITIES

We recognise the wider role that Wates has to play as a responsible contractor and we are committed to leaving a positive and lasting legacy in the communities in which we work.



DRIVING CHANGE IN OUR COMMUNITIES

We believe that good business, done well, is a force for good and our key priorities are to help to raise the aspirations of young people and increase training and employment opportunities for those marginalised from the workplace. We meet this commitment in a number of ways including trading with social enterprises, delivering our own employability programme 'Building Futures' and working with others such as The Prince's Trust on their 'Get into Construction' and TEAM programmes.

BUILDING A SUSTAINABLE SUPPLY CHAIN

One of our Reshaping Tomorrow 2020 targets is to create employment and training opportunities through a £20m cumulative investment into the social enterprise sector. Social Enterprises (SE) trade to tackle social problems, support communities, increase people's life chances or improve the environment. They make their money by selling goods and services in the open market, but they reinvest their profits back into the business or the local community – so when they profit, society profits.

INCORPORATING SOCIAL ENTERPRISES INTO OUR SUPPLY CHAIN

Working with our national partner, Social Enterprise UK (SEUK), we continued to drive our ambition to build an innovative, diverse and responsible supply chain by procuring a social enterprise business on every Wates construction project. This was supported by our bespoke Social Enterprise Brokerage (SEB) – an online directory of approved social enterprise suppliers to Wates: an industry first.

“Wates is widely recognised by the social enterprise community as a leader in the field of working and trading with social enterprises. When SEUK are asked who is setting the benchmark for other companies we point to Wates.”

Peter Holbrook
CEO, SEUK

Trading directly with social enterprises helps us procure locally and deliver social value with our customers in the communities where we work. In our 2014 Communities Count report, produced in partnership with the Chartered Institute of Housing, SEUK, PwC and Orbit Group, 90% of the 200 Local Authorities and Housing Associations consulted stated that SEs are the route-way to unlocking social value.

In 2015 Wates traded over £1.3m with the SE sector and 65% of our construction projects have integrated SEs into their supply chain. This brings our total investment since 2010 to £6.6m. Wates Giving also contributed £124,500 in 2015, bringing their total investment to £532,657, helping to build capacity within the social enterprise sector and enabling greater impact on communities across the UK. Our work in this area was awarded Highly Commended in the Enterprise Growth category at the 2015 BiTC Responsible Business Awards, recognising our contribution towards helping this sector fulfil its purpose.

We are also delighted to be amongst the founding members of the Buy Social Corporate Challenge initiative, which brings together a group of high profile businesses with the joint aim of spending £1bn with social enterprises by 2020. The challenge is led by SEUK in partnership with the Cabinet Office and is designed to help generate real support for this very important sector, which employs 70,000 people in the UK and contributes £24bn to the economy. It is also a fantastic platform for working with like-minded businesses to support the social enterprise sector to grow, to employ more people, to develop new markets, and to contribute to the sustainable growth of the UK economy.



BUILDING FUTURES IN CONSTRUCTION

Building Futures is our flagship and award winning employability programme developed by Wates and designed to create opportunities for adults not in employment, education or training to join the construction sector. The unique two week Qualifications and Credit Framework (QCF) accredited vocational training programme provides basic construction training underpinned with return to work or training skills.

The programme is delivered by Wates employees in a national partnership with Ixion Holdings. It was launched in 2005 when we recognised the role business has to play in addressing the issues of worklessness within the communities in which we work – including many areas of high deprivation. It is funded by Ixion Holdings leveraging annual funds from the Skills Funding Agency and Wates Giving (which awarded £40K in 2015, bringing their total donation to £349K since 2008).

Building Futures is designed to showcase careers within the construction industry and provide the basic qualifications required to work on a UK construction site. There are currently 1.75m unemployed adults in the UK, and Building Futures is helping to grow the future workforce by offering entry level

training and a route into a career within the sector for new entrants and those returning to work. Adult retraining initiatives are particularly important in helping to address short term skills gaps. Building Futures will also play an important role in contributing towards fulfilling the 182,000 new construction jobs that will be created over the next three years.

In 2015 we delivered 13 programmes and up-skilled 131 unemployed adults who had been distanced from the labour market, with 54% moving into employment or training. The programme also forms an important part of Wates being awarded the BiTC Community Mark, an accreditation for excellence in community investment. 2015 was the 10th anniversary of Building Futures and we marked this by conducting a social return on investment (SROI) analysis with NEF Consulting. SROI is a cost-benefit study to understand an initiative's social and environmental value. The results concluded that the programme generates £1.83 of social value for every £1 invested. Other benefits included a 28% increase in unskilled construction employment compared with a baseline of 8% for similar construction initiatives. Our ambition is to continue growing and improving Building Futures so we can help provide more people with the skills they need to prosper and to make a valuable contribution to their communities.

KEY HIGHLIGHTS

 **£1.3M**
TRADE WITH SOCIAL ENTERPRISE SECTOR IN 2015

 **£6.6M**
INVESTED IN THE ENTERPRISE SECTOR SINCE 2010

 **£20M**
TARGET INVESTMENT WITH THE SOCIAL ENTERPRISE SECTOR BY 2020

 **65%**
PROJECTS INTEGRATED ENTERPRISE SECTOR IN SUPPLY CHAIN

 **£124,500**
IN ENTERPRISE SECTOR GRANTS FROM WATES GIVING IN 2015

 **13** BUILDING FUTURES PROGRAMMES DELIVERED

 **131** UNEMPLOYED ADULTS UP-SKILLED WITH 54% MOVING INTO EMPLOYMENT OR TRAINING

 **£1.8**
OF SOCIAL VALUE FOR EVERY £1 INVESTED





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Wates GIVING

“We believe firmly that business has a key role to play in the community by blending wealth creation with social responsibility. Wates Giving is a charitable programme that provides the means for the Wates family to make a positive impact by empowering social initiatives in the communities where the Wates Group works. We want Wates Giving to be a model example of how 21st century businesses can harness philanthropic resources for the benefit of our communities and we are delighted that the many successes and achievements of 2015 have helped to further reinforce this ambition.”

Tim Wates

Tim Wates
Director



Prince's Trust

PROUD TO BE A
PATRON

MEASURING SOCIAL RETURN ON INVESTMENT

As mentioned on page 19, in 2015 Wates Giving introduced SROI analysis. SROI measures investments on the full range of social and economic benefits they create. Conducted by the New Economics Foundation, SROI will enable us to judge more fully spend versus impact. We take great pleasure in supporting a wide range of philanthropic activities and are looking forward to continuing our work with the people, charities and causes that are helping to build a better future.

A YEAR OF GIVING BACK GENEROUSLY

Wates Giving works closely with the Wates Group in the development of its corporate responsibility strategy – Reshaping Tomorrow – and helps financially to enable its delivery in the key areas of people, community and environment. In 2015 the Trust made 151 new awards to the value of £1,060,613 across a range of social initiatives, investing in the futures of disadvantaged people in local communities and in supporting Wates employees' individual charitable efforts.

EMPLOYEE PROJECTS

Wates Giving makes awards in support of charitable endeavours initiated by Wates employees. In 2015 we made 107 awards to match funds raised by Wates employees for their own personal charity work by undertaking, amongst other things, sponsored runs, climbs, raffles and catering events. This boosted charitable funds raised to over £124,000 in 2015. We made 33 awards with a value of £47,671 to support Wates employees who work in their local communities as trustees, governors or in other volunteer roles such as fundraisers, sports coaches or general helpers. Support to local youth soccer and rugby teams was high on the list for 2015 and school and other memorial gardens were also popular causes.

COMMUNITY DAY

2015 marked the 10th anniversary of the Wates Community Day and was once again strongly supported throughout the Wates Group. More than 2,000 Wates employees volunteered 4,700 hours to tackle over 70 local community projects from Cornwall to Scotland. As well as time volunteered by employees, Wates Giving awarded a total of £30,000 to a range of local projects including transforming community centres, the renovation of scout huts, business skills training for charities and CV workshops for school leavers.

GIVE AS YOU EARN

Through Wates Giving, the family owners of the Wates Group also back the charities that our people support through the Wates Give As You Earn scheme. This boosts employees' personal giving as they choose to make regular donations from their salary. In 2015 Wates Giving added £16,368 to our five-year total of almost £140,000 for a wide variety of employee charities throughout the UK, demonstrating our desire to help Wates employees give something back to the community.

PRINCE'S TRUST

The Prince's Trust is Wates Group's current Charity of the Year, while Wates is also part of The Trust's Built Environment Leadership Group. We continued our support in 2015 with a grant of £15,000 to The Trust's 'Get into Construction' programme, which is designed to help young people build a career in the construction industry. Our investment over nearly nine years has contributed to the support of more than 4,500 young people through 415 courses. Some 32% of participants have subsequently gained employment and a further 17% moved on to education or learning programmes.

WATES GIVING KEY HIGHLIGHTS

151 NEW AWARDS TOTTALLING
 **£1,060,613**

107 AWARDS IN SUPPORT
OF EMPLOYEE CHARITABLE
ENDEAVOURS, TOTAL RAISED
 **£124,000**

33 AWARDS TOTTALLING
 **£47,671**
IN SUPPORT OF EMPLOYEE
COMMUNITY INVOLVEMENT

 **£30,000**
AWARDED TO LOCAL
CHARITIES IN SUPPORT OF
WATES COMMUNITY WEEK

 **£16,368**
VIA GIVE AS YOU EARN
(£140,000 FIVE YEAR TOTAL)

 **£15,000**
GRANT AWARDED TO THE
PRINCE'S TRUST 'GET INTO
CONSTRUCTION' PROGRAMME





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Wates

OUR BUSINESSES



WATES CONSTRUCTION

Wates Construction continued to enjoy strong growth in 2015. With a turnover of £613m (incl. £30m from contracts acquired from Shepherd Construction) and new business worth over £1bn already secured, we're in a strong position to hit our 2016 and 2017 targets.

Ramzies Dacres
Commercial Manager
Wates Construction



GROWING OUR BUSINESS

Having successfully completed the acquisition of projects and people from Shepherd Construction Limited (SCL), we now have a stronger foothold in the North and are well-positioned for further growth in the region, providing a truly national business. Our internal M&E delivery capability, Wates Building Services, continues to go from strength-to-strength, enabling us to protect margins and offer a flexible, fast and repeatable service to our customers.

BALANCING A DIVERSE PORTFOLIO

With over 400 new colleagues welcomed into the construction business in 2015, our team continues to expand. We also promoted 76 employees and celebrated 56 people reaching 25 years' service.

Forecasting the UK economy remains a challenge and our focus in 2015 was to serve a balance of public and private sector customers in key areas including:

- Public sector frameworks (we're on 80% of major regional frameworks)
- National Defence Infrastructure Organisation (DIO), Ministry of Justice and Education Funding Agency frameworks
- Private sector inner-city residential programmes
- Blue chip commercial developers
- Senior living and student accommodation sectors

FOCUS ON RESIDENTIAL

Our residential focus includes a £130m, 362 unit, residential design and build apartment project for Quintain at Wembley, with completion scheduled for late 2017 (see project Alto image on pages 2/3).

In addition, following the successful delivery of plots 114 and 115 on the Greenwich Peninsula, we were appointed on another significant residential project with Knight Dragon at plot 104. The £76m project will see Wates Construction build a 32-storey tower, the tallest we have ever built.

COMMERCIAL, MANUFACTURING AND SENIOR LIVING SECTORS

The business continues to perform well for our blue chip and commercial customers across the country with continued growth in the manufacturing and senior living sectors.

We have secured our first project with Jaguar Land Rover following our success in delivering other manufacturing facilities as for Haribo. We have also been appointed on multiple schemes with Signature Care Homes and Audley Retirement, in what is becoming a significant sector for our business.

Other key appointments include Kingdom Street for British Land, a £61m commercial and retail scheme, and a £48m redevelopment of the old post office site at 148 Old Street for Great Portland Estates.

LOOKING NORTH

As our flagship £50m commercial scheme at Central Square in Leeds looks toward completion in 2016, our work continues along Wellington Street with a £15m scheme at 5 Wellington Place (transferred from Shepherd Construction) due to complete later in 2016.


DELIVERING EXCELLENCE IN EDUCATION

In the public sector our strong education credentials continue to feed our pipeline and 2015 saw Wates appointed as the main contractor for three schools under the Barking, Dagenham and Newham Priority School Building Programme (PSBP) batch and three University Technical Colleges under the London UTC batch for the Education Funding Agency.

MAKING A DIFFERENCE IN THE COMMUNITY

Our commitment to the communities in which we work is key to the way we do business and, as a result, we have spent nearly £285k with social enterprises and achieved an average CCS score of 40.7 in 2015, including two gold awards. This is a testament to how we are delivering our promises to the local communities in which we work.

WATES CONSTRUCTION KEY HIGHLIGHTS

TURNOVER
 **£613M**
INCL. £30M FROM SCL
ACQUIRED CONTRACTS

AVERAGE CCS SCORE
 **40.7**

 **19** CCS AWARDS

SOCIAL ENTERPRISE SPEND
 **£284,863**

 **12** APPRENTICES

 **98%** WASTE DIVERTED
FROM LANDFILL

SUPPLY CHAIN SCHOOL
MEMBERSHIP OF SUPPLIERS
WITH >£1M IN TRADING:

 **72%**

REFURBISHMENT AND MODERNISATION OF MAJOR MARYLEBONE LANDMARK FOR HIGHER LEARNING

THE LONDON BUSINESS SCHOOL

Wates Construction was appointed by the London Business School in 2015 to restore the Old Marylebone Town Hall building, to a full state of repair. The £54m project will create a modern learning environment within the historic premises, and includes the careful conservation of early twentieth century period features.

The 11,469m² development will expand the London Business School's teaching facilities and will be an integral part of the campus, creating a triangle of educational facilities between Sussex Place, the Taunton Centre and Old Marylebone Town Hall. Works include the part-demolition and restructuring of the former Westminster Council House and annexe buildings, plus the construction of new auditoriums, seminar rooms, a library, offices, faculty spaces and a student lounge all with state-of-the-art AV and IT facilities.



Through Wates Giving, we are providing an award of £21,000 over three years to 2017 to fund Masters in Business Management bursaries.

"From the tender submission date in early October 2014, there were six weeks to complete a comprehensive value engineering exercise to drive down costs without compromising quality. Wates performed well and working closely with the client delivered a proposal that enabled the contract to be signed and work to proceed without significant delay."

Jonathan Buckingham
Development Manager
The London Business School



DELIVERING EXCELLENCE IN EDUCATION FOR THE EDUCATION FUNDING AGENCY



Wates has a longstanding relationship with the Education Funding Agency (EFA) creating quality schools across England. We are currently providing construction services on two national and five regional frameworks. Since the EFA launched its PSBP programme, we have been appointed as main contractor to deliver over £150m of new and refurbished school buildings. This includes 19 PSBP schools in Coventry, the North West, East of England, Kent and London.

LITTLE ILFORD SCHOOL

As well as Canterbury Primary School (pictured above), in 2015 we were appointed as main contractor for Little Ilford Secondary School, the first of three schools to be developed as part of the Barking, Dagenham and Newham PSBP batch. The £22.8m, 1,525 place, four-storey secondary school is designed by CPMG Architects and will incorporate a 25 place autistic spectrum disorder unit. Works include the fitting out of internal space for teaching and administration support offices, new kitchen and associated facilities, and a multi-use games area.

"When I walked into the corridor on the ground floor I had an emotional moment as I realised that our new school was coming and it was going to be great."

Ian Wilson
Headteacher, Little Ilford School



The new school has been designed utilising our component-based design solution for schools (Adapt) which offers significant time and cost efficiencies in the delivery of new school buildings.



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FLAGSHIP SCHEME IN LEEDS CITY CENTRE

CENTRAL SQUARE, LEEDS

A flagship project for Wates Construction in the North East, the £50m Central Square development in Leeds for Roydhouse Properties comprises 11-storeys of predominantly Grade A office space, with retail provision on the ground floor plus a fully glazed winter garden with leisure facilities. It features an attractive sky garden on the ninth floor, providing entertaining opportunities and fantastic views across the city.

“There’s a growing demand for quality office space across Yorkshire and with building work at Central Square currently ahead of schedule, we are confident that this exceptional scheme will take pride of place in Leeds’ expanding commercial market.”

Richard Bland
Partner, Marrico LLP

Central Square has already attracted a substantial letting from professional services firm PwC, who are set to locate 700 employees across the seventh and eighth floors, occupying 55,000 sq ft. We have been selected to deliver their £5m interior fit-out package, which boasts high specification powered movable glazed walls and state of the art audio visual systems. Along with the adjacent projects at Wellington Place that have transferred from SCL, Central Square demonstrates that Wates is truly committed to our customers in the heart of Leeds.



A NEW HOME FOR THE ARTS IN MANCHESTER




HOME AT FIRST STREET, MANCHESTER

Wates Construction completed the £25m development of HOME at First Street in Manchester in 2015, a centre for international contemporary visual art, theatre and film. The new purpose-built complex is England's largest multi-art form centre outside London. It boasts a 500-seat theatre, 150-seat flexible studio space, 500m² gallery, five cinema screens, digital production and broadcast facilities, and a café, bar and restaurants. HOME was procured through the North West Construction Hub (NWCH) framework.

Wates GIVING In addition to our construction work, Wates Giving provided HOME with a £30,000 grant to fund ongoing creation of sustainable training opportunities for the arts.

“HOME is incredibly excited and proud to receive a substantial grant award from Wates Giving. It is really important to us as an organisation to provide sustainable training opportunities for young and emerging talent, and the grant is a significant contribution that will allow us to provide unique opportunities for apprentices, interns and volunteers alike.”


Dave Moutrey
Director and Chief Executive, Home

 AWARDS WON
RICS NW Awards Tourism and Leisure
RIBA North West Awards

NO. APPRENTICES

 11

 BREEAM
VERY
GOOD

LOCAL LABOUR USED
 80% within 20 miles 50% within 10 miles

WASTE DIVERTED FROM LANDFILL
 100%

CCS SCORE
 42



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PROVIDING WORLD CLASS TRAINING FACILITIES IN COVENTRY

ADVANCED MANUFACTURING TRAINING CENTRE, ANSTY PARK

Wates Construction was appointed as main contractor in 2015 for the £18m Lloyds Bank Advanced Manufacturing Training Centre (AMTC) at Ansty Park, Coventry. This project involved the design and build of a three-storey training centre comprising workshops, classrooms and lecture theatres, research areas, catering facilities, breakout space, office accommodation and a conference suite.

Off-site prefabrication was extensively used to guarantee improved quality control and increase the speed of construction to achieve the critical sectional completion date. The new training centre revolutionises engineering training and also makes a significant contribution towards solving the skills shortages that have been prevalent in the manufacturing industry. Our appointment follows the successful delivery of the state-of-the-art £13m Aerospace Research Centre for the Manufacturing Technology Centre (MTC) on the same campus.



“The development of the AMTC on Ansty Park in Coventry is a huge demonstration of the growing confidence in the industrial and manufacturing sectors in the Midlands and the MTC’s expansion will substantially bolster the campus’ prominence both in the UK and globally.”

Phil Harrison
Managing Director, Wates Construction,
Midlands and North

DELIVERING OUTSTANDING SENIOR LIVING IN THE SOUTH



SIGNATURE CARE HOMES, CAMBERLEY AND SUNNINGHILL

Wates Construction was appointed as main contractor in 2015 for two new-build care home schemes at Camberley and Sunninghill. With a combined project value of £34m, the care homes will offer 92 and 96 apartments respectively, including provision for specialist dementia care. The two-stage design and build schemes will feature cinema rooms, hair salons, therapy rooms, plus a Signature bistro and restaurant with private dining facilities.

Our appointment follows the successful completion of Bentley House in Hertford for Signature Care Homes.

“Wates has engaged with Signature to make these two projects work by using their internal resources and expertise to generate some value engineering opportunities and straightforward cost savings which have then enabled the projects to move forward.

I am delighted to be working with Wates as we seek to improve the product and how it is delivered.”

Ian Webb
Head of Construction,
Signature Senior Lifestyle





SES ENGINEERING SERVICES

2015 was a year of change for SES Engineering Services (SES) with service to our customers remaining our key focus as we transitioned successfully into the Wates Group. During a busy acquisition and integration period, trading remained positive and stable as the business completed its first quarter under new ownership.

Nathan Lutz
Engineering Manager
SES Engineering Services

STRATEGY FOR GROWTH

Exceptional progress has been made in terms of integration with Wates and aligned reporting and a common language are already in place. More importantly, SES's people are now firmly ensconced in our new environment with our new colleagues.

The most significant objective for SES is to realise the potential of our business going forward. Current market conditions are favourable and our competitive and differentiated offering to customers is second to none.

An ambitious 2020 growth strategy has been formulated to allow us to realise our potential, whilst meeting the aspirations and needs of all of our stakeholders.

FOCUS ON MAJOR CONTRACTS

We have a balanced portfolio of significant ongoing major contracts across the country. This includes the following highly complex projects:

- **Queensferry Crossing** – a major infrastructure project for Scotland
- **Defence and National Rehabilitation Centre** – providing a new facility for the rehabilitation of wounded armed forces personnel in Leicestershire
- **King's Cross** – Building S2 and the Gasholder Triplets with long-standing customers Argent and Carillion
- **Centre for Food and Health, Norwich** – building a new 14,055m² laboratory research complex on the Norwich Research Park

- **Project Capella** – a £79m research facility for the University of Cambridge

- **Margam Green Energy Plant** – a £160m wood-fired power station in Port Talbot

A FIRST IN BIM LEVEL 2

SES is also proud to have become the first Mechanical and Electrical (M&E) specialist contractor in the UK to achieve the Government's Level 2 BIM accreditation, which is a clear external validation of our differentiation in technical ingenuity.

As a digitally enabled business, innovation and improvement have been fundamental to revolutionising the way we work. A number of unique and complex projects in 2015 have allowed us to develop our BIM-led off-site manufacturing strategy via PRISM, our off-site manufacturing and assembly facility in York which is set to double its output in 2016.

CUSTOMER FOCUSED

Our focus on fostering the earliest possible engagement with our customers and our progress in securing a number of significant strategic projects underpin our strategy. Our forward order book is growing and we are looking confidently toward 2016 and beyond.



BIM Level 2 Business Systems Certification Scheme
Certificate Number BIM10007

SES KEY HIGHLIGHTS

TURNOVER
 **£30M**
FOR THREE MONTHS
OF OWNERSHIP

 **No.1**
THE FIRST BIM LEVEL 2 MEP
SPECIALIST CONTRACTOR

 **7M** HOURS
WORKED
RIDDOR FREE

 **12** MONTH ROLLING
AFR OF 0.00

UTILISING PRISM TOOK
 **130,000**
MAN HOURS OFF SITE

 **30** COMPLETED
PROJECTS IN 2015

 **37** APPRENTICES

 **98%** OF OFFICE
WASTE DIVERTED
FROM LANDFILL

A NEW ICON ACROSS THE FIRTH OF FORTH

QUEENSFERRY CROSSING

Queensferry Crossing is a major infrastructure project for Scotland, designed to safeguard a vital connection in the country's transport network and is Scotland's biggest transport infrastructure project in a generation. Transport Scotland has employed Forth Crossing Bridge Constructors (FCBC) consortium which consists of HOCHTIEF Solutions AG, American Bridge International, Dragados S.A and Morrison Construction, to undertake the works.

This new iconic structure being constructed over the Firth of Forth, linking Fife and Edinburgh. It will be the longest three tower cable-stayed bridge in the world and will also be the largest to feature cables which cross mid-span. The bridge has been designed to complement the existing road and rail crossings.

SES's work on this project will ensure the future of a vital element of Scotland's transport network. Our scope consists of the MEP installation for the cable stayed bridge sections, towers, north and south approach viaducts and the abutment buildings situated at the north and south of the bridge.

Our main delivery strategy is to maximise the amount of M&E services that can be installed within the individual CSB deck sections whilst remaining on-shore. In order to achieve this goal, we have set up a local PRISM off-site manufacturing and assembly facility in Rosyth to manufacture the containment and pipework service modules.

Image courtesy of Transport Scotland



"The Queensferry Crossing represents leading edge, 21st century civil engineering. It is a rare opportunity for all of us involved to build a major new infrastructure project of international significance. FCBC and all our subcontractors and suppliers are immensely proud to be a part of this project."

David Watt
Communications Manager, Forth Crossing Bridge Constructors



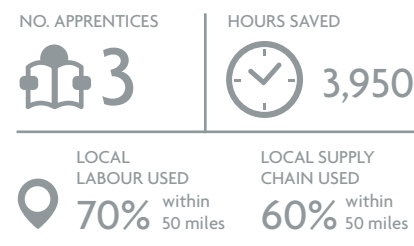
NATIONAL BIOLOGICS MANUFACTURING CENTRE

NATIONAL BIOLOGICS MANUFACTURING CENTRE

2015 saw the official launch of the £38m National Biologics Manufacturing Centre in Darlington, which is developed and managed by the Centre for Process Innovation. This new centre will provide companies with open access facilities and expertise to help them develop, prove and commercialise new and improved processes and technologies for biologics manufacture.

SES was appointed to provide M&E services to this highly complex and technical project to deliver a new three-storey laboratory facility with both HVAC and Process Installations providing flexible testing facilities for new process and technology development.

Demonstrating our technical authority on the project, the site team, PRISM and SES's BIM team worked tirelessly to deliver an inspiring world-class building with much of the construction being carried out off-site. This allowed thousands of hours to be taken off the programme's critical path and minimised road transportation and site congestion.



INNOVATION THROUGH OFF-SITE MANUFACTURING FOR LANDMARK SCHEME IN NEWCASTLE-UPON-TYNE



STEPHENSON QUARTER

Stephenson Quarter is a mixed-use development in the heart of Newcastle-upon-Tyne, which will create 2,000 jobs and add £100m per annum to the regional economy. Delivery of the first phase of this landmark £200m (£7m M&E value) master plan in 2015 was an extremely rewarding experience for SES.

SES's BIM and PRISM capabilities were crucial to the successful co-ordination of the complex M&E services for the Stephenson Quarter scheme. Together the teams delivered a series of innovative off-site solutions which significantly reduced costs as well as creating a safer working environment on the project, which saw a close collaboration with principal contractor Galliford Try and developer Clouston Group.



"We are delighted that we have reached completion of phase 1 of Stephenson Quarter, where we have had to overcome a number of complex challenges. We are now enjoying being open for business having created a new and valuable gateway site for the city of Newcastle."

Michelle Percy
Managing Director for Stephenson Hotel Ltd and
Commercial Director, Clouston Group

SUPPORTING THE MOD IN THE DELIVERY OF ARMED FORCES INFRASTRUCTURE



RNAS YEOVILTON

Also referred to as HMS Heron, Royal Naval Air Station (RNAS) Yeovilton is one of the Royal Navy's two principal air bases, and one of the busiest military airfields in Europe.

SES is working in partnership with Carillion on four major developments at RNAS to facilitate the co-location of the Royal Navy and Army Air Corps Wildcat helicopter forces. Code-named 'Project Winfra' by the Ministry of Defence (MoD), the £80m (£17m M&E value) project will deliver operating and maintenance efficiencies as a Central Operating Base for the combined force.

Our initial involvement began in 2014, and in March 2015 we delivered the first building for the Commando Helicopter Force (CHF), which operates the Merlin helicopters at Yeovilton. This included the full design and installation of all M&E services for a new three-storey building, incorporating a squadron office and training rooms to ensure the CHF team are able to train for deployment.

In November 2015 we completed and handed over the associated upgrade of all site infrastructure to accommodate the new build Quartermaster's Store, Motor Transport Workshop, new build Covered Troop Command Parking, new Command Helicopter Force open parking and B559 crèche alteration.

We are currently undertaking works to deliver a new build squadron HQ, the refurbishment of and alterations to existing squadron accommodation, an armoury facility, and the new video fire detection systems. Infrastructure works to various aircraft hangars and an extension to the existing fuel tanker park are also planned. Project Winfra is scheduled to complete later in 2016.

"We are enjoying this exceptional opportunity of working with the MoD and Carillion to use our extensive skills and experience to help deliver the first-class facilities this principal air base deserves."

Robert Doherty
Regional Director for Bristol and South West





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OFF-SITE MANUFACTURING FOR EFFICIENT DELIVERY IN KING'S CROSS, LONDON

KING'S CROSS P1 – THE PLIMSOLL BUILDING

2015 saw the culmination of SES's M&E contract on an £80m 67-acre landmark development in King's Cross central London. Working alongside long-standing customer, Carillion Construction Limited (CCL) and developer Argent, SES successfully provided full design and build M&E services to more than 255 apartments across 13 floors of The Plimsoll Building (P1) and two new schools including the Frank Barnes School for children who are hard of hearing.

In addition, SES has secured the contract to design, deliver and install M&E works for three pioneering circular residential buildings on the King's Cross Gasholders project.

P1 is a showcase for the latest off-site manufacturing techniques and has attracted widespread praise from the engineering industry. Through our pioneering and award-winning BIM2MOSAIC technology, we were able to develop our revolutionary 'box of wonders' – essentially a utility cupboard – one for each apartment incorporating all of its essential M&E plant and equipment.

Created off-site, these units would otherwise have required multiple trades on site working in a congested area: a major logistical and health and safety risk. By modularising these services we were able to dramatically reduce the number of hours on site by 14,600, helping to ensure the project was delivered on time.

"Both SES and CCL's approach from day one was to have trust in each other, succeed in every task and enjoy doing it. The early engagement and commitment of the prefabrication provided early benefits with the basement substantially completed months ahead of programme and the quality of the service cupboards were exemplar and used as the way forward on future King's Cross projects."

Ian Cordery
Project Director, CCL



MAXIMISING EFFICIENCY THROUGH BIM TO DELIVER CUSTOMER SUSTAINABILITY GOALS



SHEFFIELD CUSTODY SUITES

SES was appointed by Willmott Dixon in 2015 to replace three outdated and inefficient custody suites in Sheffield and deliver a new £19m custodial accommodation (£2.7m M&E value) for up to 50 offenders and incorporate four cell wings and a two-storey office block. An intelligent, inventive and practical space, the custody suites are the first of their kind in the UK to generate up to 50kW using photo voltaic technologies and will be a UK police force flagship project.

BIM was an intrinsic part of the integrated project delivery approach. A fully co-ordinated model was established for all high level services, risers and plantrooms. This allowed the project team to validate the design early, to reduce operations and maximise efficiency. The team worked closely with the entire supply chain to reduce cost and waste and improve efficiency.

"One of the stand-out aspects of this collaboration was the level of accountability and inherent honesty. Easy information flow and quick warning system has been a game changing experience for the force, by breaking down barriers of communication, we had a true sense of trust."

Paula Ibberson
Custody Estates Project Manager, South Yorkshire Police



PRISM: REALISING THE BENEFITS OF OFF-SITE CONSTRUCTION AND INTEGRATED BUILD SOLUTIONS FOR OUR CUSTOMERS

SES PRISM is a leader in its industry sector for off-site construction engineering services and integrated build solutions. It offers customers a collaborative, innovative and forward-thinking solution that presents an accurate and affordable option to labour-intensive, time consuming, on-site production and assembly.

Our bespoke solutions can be designed and adapted to fit individual buildings.

SOLUTION EXAMPLES:

- 2D and 3D service modules (incorporating fire, acoustic and wall solutions)
- Fully packaged plantrooms (incorporating fully tested mechanical, electrical and controls services)
- Fully serviced risers
- Plantroom skids
- Prefabricated brackets
- Residential utility cupboards
- Wiring solutions
- Bespoke project requirements identified through collaborative workshops and pre-construction process

KEY BENEFITS OF PRISM ARE IMPROVED QUALITY CONTROL AND SAFETY

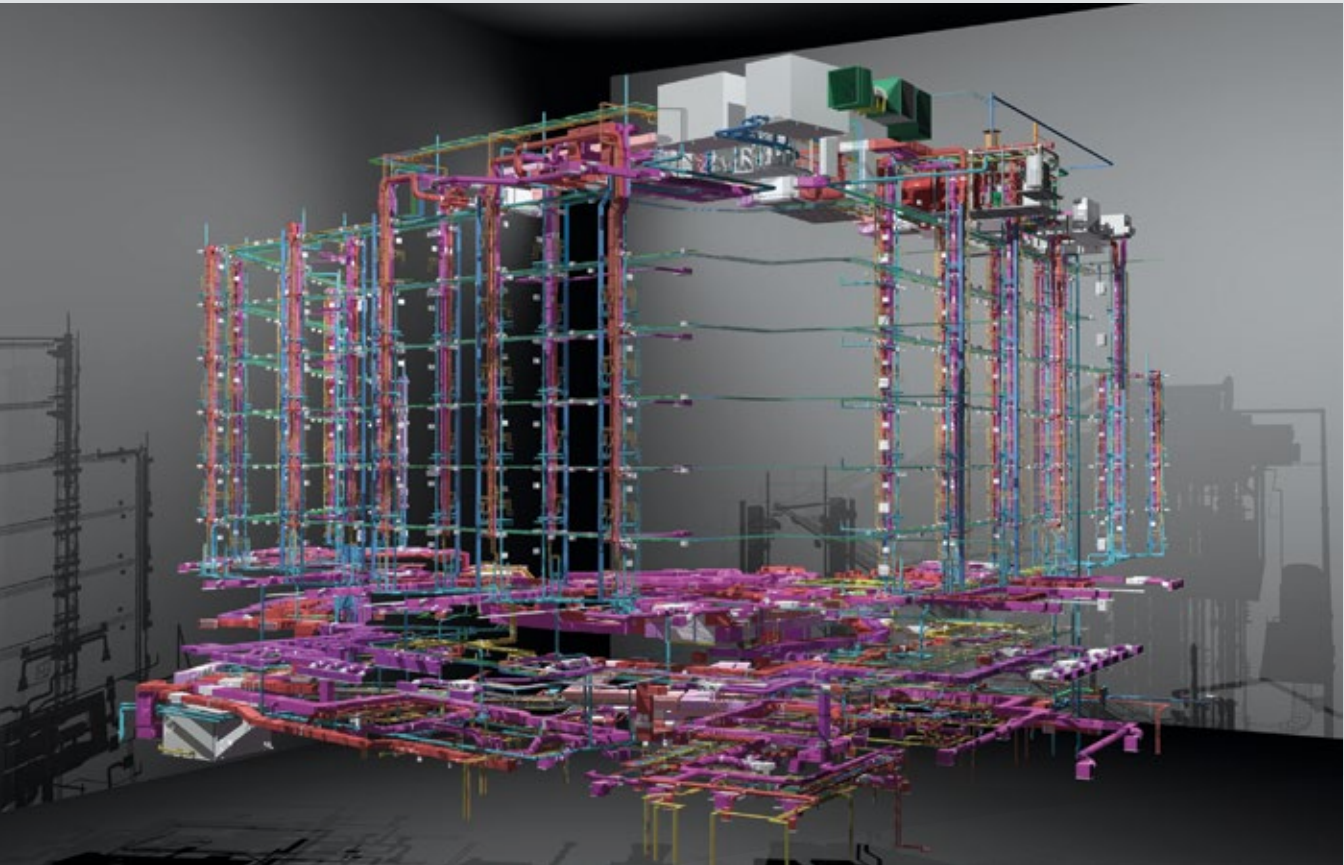
In 2015 the use of PRISM solutions contributed to SES's exemplary safety record in achieving zero harm across a record 365 incident-free days.

Other benefits of off-site manufacture are:

- Improved quality control
- Improved safety
- Less site congestion
- Minimal waste
- Reduced programme risk
- Reduction of hours worked on site



BIM: PROVIDING A PRACTICAL, COMMERCIAL AND COLLABORATIVE APPROACH TO THE MANAGEMENT OF OUR PROJECTS



Linked to the success of SES PRISM, and a critical focus for Wates, is its utilisation of BIM.

BIM is a key component of the SES pre-construction strategy and has proved invaluable in the delivery of many projects over the past five years.

In 2016, SES became the first mechanical, electrical and public health services (MEP) contractor to achieve BRE Accredited BIM Level 2 Business Certification, and did so ahead of the Government's public sector project compliance deadline.

In 2016, Wates' journey towards BIM adoption in all areas of its business is a key focus; ensuring that the Group is able to scale its BIM services to suit the varying requirements of its customers across all sectors, creating opportunities to improve the design, quality and efficiency of the business' operations.



BIM Level 2 Business Systems Certification Scheme
Certificate Number BIM10007

"Being the first MEP company to achieve BIM business certification represents a great achievement for SES, we hope their positive action will encourage others to follow their lead and keep pace with this business critical industry development."

Guy Hammersley
BRE Director, BIM



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WATES RESIDENTIAL DEVELOPMENTS GROUP

Wates has been building homes since the business was first established. Nearly 120 years on, we remain passionate about creating exceptional residential developments of all tenures for people to live and thrive in. Today our residential businesses, our investments, our partnerships, our schemes and our customers span the whole of the UK.

Emily Bloor
Senior Land Manager
Wates Developments

RESPONDING TO DEMAND

The residential sector continues to be a critical and attractive market for the company and is one where we are extremely well positioned to respond to the UK's housing challenge; to provide more homes of all types for our growing population. Over recent years we have witnessed significant changes to the sector. These concern a scale and structure of housebuilders, a significant shift within the planning environment, the terms on which the Housing Association sector is supported and the expectations placed upon Local Authorities to become true enablers of development for their communities.

A NEW STRATEGY FOR DELIVERY

At the end of 2015 we established a new strategic alignment in response to these changes and to make Wates stronger and better connected to the full sphere of activity encompassed in the word 'development'. We have now formed the Wates Residential Developments Group that comprises both Wates Developments and Wates Living Space Homes.

This group now spans public and private land and greenfield and brownfield sites. The depth of expertise within these businesses connects our land promotion, masterplanning and placemaking to our exceptional planning capability and design ethos. Our experience in front line residential contracting, development services and construction activities is mirrored by our extensive joint venture activities with housebuilders and united by a close focus on our markets, product and customer experience. From conception to completion, we span the entire development framework, working and partnering with a wide range of stakeholders who share a vision to provide quality homes that people aspire to live in.

SUSTAINABLE GROWTH

The Wates Residential Developments Group and its businesses have grown significantly over recent years. Wates Developments controls a large and exceptional land portfolio and maintains a wide range of active joint ventures with leading housebuilders. This business has gone from strength-to-strength and reports another impressive year of profitability in 2015.

The business continues to grow in both scale and quality of returns, maintaining its focus on London and Southern UK land, planning and residential markets. With over £100m in invested capital, Wates Developments has grown its potential development pipeline to over 9,000 plots, two thirds of this either has planning or is identified for development in emerging local plans. 536 units were consented in the year on eight sites in excellent market locations. The business' joint venture development investment has grown to 1,317 units with annual home completions of 287 in the year.

Wates Living Space Homes is a leading contractor and development partner to the Housing Association and Local Authority sectors, and is growing its operations and relationships year on year. The business has added sole development and joint ventures to its contracting and development services propositions. In 2015, we secured development opportunities for 1,800 homes in Manchester, Cardiff, London and Birmingham and will be delivering new homes sales from 2016.

The business achieved a turnover of £148m in 2015 from both construction and home sales and built 700 properties.

The Wates Residential Developments Group brings Wates' principal investment activities under one leadership team and underpins our commitment to housing in the UK.

WATES DEVELOPMENTS KEY HIGHLIGHTS

TURNOVER
 **£78M**

 **£100M**
INVESTED CAPITAL

 **>9,000**
PLOTS CONTROLLED

 **>6,000** IN LOCAL
PLANS

 **1,300+** HOMES
IN JOINT
VENTURES

WATES LIVING SPACE HOMES KEY HIGHLIGHTS

TURNOVER
 **£148M**

 **39.4** AVERAGE
CCS SCORE

 **8** CCS AWARDS

 **700** NEW
HOMES BUILT

SOCIAL ENTERPRISE SPEND
 **£365,598**

DEVELOPING NEW COMMUNITIES WITH BARRATT HOMES (SOUTHERN) ACROSS TWO SITES IN WEST SUSSEX

WORTHING

In 2011 Wates Developments entered into a joint venture with house builder Barratt Homes (Southern) for two new sites in the large seaside town of Worthing in West Sussex.

The first site, The Fieldings (2.6 acres), is now complete and fully sold while the second, Cissbury Chase (15 acres), is being built on the original Worthing College campus.

Completing in 2018, Cissbury Chase features a superior collection of two, three and four bedroom properties, providing much needed homes in Worthing.

Wates and Barratt Homes, who have worked in partnership on previous sites, acquired the land and secured the planning. Crucially, the purchase of both sites was conditional on obtaining planning permission for 296 homes. It was also necessary for Worthing College to be able to obtain planning permission to relocate to the existing Aviva commercial building, which was part of the wider local scheme.

This joint venture with Barratt Homes has sold 68 market properties and is an example of excellent performance in sales, quality and delivery.



SECURING COMMUNITY SUPPORT FOR OUR DEVELOPMENTS

IMBER COURT

Wates Developments was granted outline planning permission in December 2015 for up to 95 new homes, to include 40% affordable housing, to replace the 7.5 acre Imber Court industrial and warehouse estate in the leafy residential suburb of East Molesey, Surrey. The sensitive site is adjacent to green belt and an inlet from the River Thames.

This consent followed six years of community engagement with local people who assisted Wates Developments in securing the release of the site from its commercial property planning allocation. Local people recognised the benefits of the scheme and improvements planned for the wider environment as a result of the development coming forward.

This success will now allow Wates Developments to bring forward much needed and well designed homes on this very sustainable site. This is a prime example of a well executed site promotion strategy on behalf of a landowner partner.

“Working with Wates Developments has proved to be a text book example of how a joint venture should and can work. We have been particularly impressed with their ability to drive planning consents through to produce some exceptional development opportunities.”

Ian Menham
Managing Director, Barratt and David Wilson Homes Southern Counties



PROVIDING QUALITY HOMES ACROSS 26 ACRES IN WEST SUSSEX

SOUTHWATER

In 2013 the business secured a contract to act on behalf of landowners in Southwater, West Sussex, for the promotion of a 26 acre greenfield site for residential development. The site is within the jurisdiction of Horsham District Council, to whom Wates submitted an application for 193 homes to include 40% affordable housing.

The development scheme will consist of predominantly two-storey family housing and offer open space and a play area, with a country trail through retained ancient woodland. It will also provide an improved approach to the village of Southwater.

Thanks to a collaborative approach and effective engagement with local residents, stakeholders and the planning authority, this was achieved within two years of entering into the land agreement and is a great example of the business' expertise in planning, land and joint venture development

Work on site will commence in Autumn 2016 as part of a number of new joint ventures with Miller Homes and is expected to be fully complete by 2020.

“We are extremely confident with Wates Developments as a joint venture partner and we are really looking forward to working with them on a number of developments over the coming years, where together, we can build some great places for people to live.”

Tracey Lee
Regional Operations Director, Miller Homes



BUILDING HOMES THROUGH THE HOUSING AND COMMUNITIES AGENCY DELIVERY PARTNER PANEL



MANCHESTER HOUSING INVESTMENT FUND

As main contractor appointed through the Homes and Communities Agency (HCA) Delivery Partner Panel, Wates Living Space Homes successfully completed work on the £24m Manchester Housing Investment Fund project in 2015. We were responsible for the master planning and delivery of the new build residential scheme across five sites, providing 240 family homes for sale and high quality market rent.

Funding for the scheme was secured as part of a joint venture between Manchester City Council and the Greater Manchester Pension Fund, showcasing a new and innovative partnership model. Our unique offer included Wates Assured Homes, our BIM-designed affordable house types, which helped us achieve a start on site within twelve months.

Manchester businesses received a £12m boost as a result of the project and 45 unemployed local people secured work and training. We also invested £141,377 into community regeneration projects and charitable grants, investing £45,930 into social enterprises.

Wates GIVING Supporting our customer Manchester City Council, as part of the BBC's DIY SOS initiative, Wates Giving provided an award of £20,000 to Walking With the Wounded, which is helping Manchester Veterans to overcome barriers to employment.

‘The Housing Investment Fund was designed to counteract a much-reduced rate in home building and the result was a completely new, innovative and pro-active approach to managing our residential growth.’

Councillor Bernard Priest
Deputy Leader, Manchester City Council

REPEAT CUSTOMER 	NO. APPRENTICES
2	20
AWARDS WON BUILDER AND ENGINEER AWARDS 2015 HOUSE BUILDER OF THE YEAR BUILDER AND ENGINEER AWARDS 2015 RISING STAR (JESSICA DILLON)	
BUILDING FUTURES 	
2	24
PROGRAMMES	CANDIDATES
71% ENTERING INTO EMPLOYMENT OR TRAINING	
LOCAL LABOUR USED 60%	LOCAL SUPPLY CHAIN USED 67%



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COMPLETION OF PHASE 1 AND ONGOING WORKS AT ERITH PARK

ERITH PARK PHASE 1

Wates Living Space Homes completed Erith Park Phase 1 in 2015. Designed by Broadway Malyan Architects, this £120m regeneration programme incorporates the demolition of five 1960s tower blocks to make way for 343 new low to medium-rise apartments and family homes. We acted as developer partner for Orbit Group, investing and taking responsibility for the development's 20% market sale element, as well as the role of design and build contractor for the affordable housing element.

The proposals adopt a 'fabric-first' approach to low-energy construction and will achieve Code for Sustainable Homes (CfSH) Level 4. All units were designed to meet Secured by Design, Lifetime Homes and the London Housing Design Guide.

The five-year scheme (across two phases) will completely regenerate the former run-down Larner Road Estate, creating almost 600 new homes for affordable rent, private sale and low cost home ownership. Phase 2 will complete in 2018.

REPEAT CUSTOMER 	NO. APPRENTICES  31 SUPPORTED THROUGHOUT PHASE ONE
 AWARDS WON GOLD CCS NATIONAL SITE AWARD WINNER 2015 RICS REGENERATION AWARD	
BUILDING FUTURES  1 PROGRAMME	17 CANDIDATES
41% ENTERING INTO EMPLOYMENT OR TRAINING	
 SOCIAL ENTERPRISE SPEND £20K	CCS SCORE  44
 WASTE DIVERTED FROM LANDFILL 97%	 CODE FOR SUSTAINABLE HOMES LEVEL 4

"Other major house builders told us our project timescale (imposed by funding restrictions) was impossible. Wates were the potential partners who were both prepared to accept the challenge and gave us confidence that they understood what this entailed."

Caroline Field
Regeneration Manager, Orbit Group

HELPING FACILITATE INDEPENDENT LIVING ACROSS THREE SITES IN HULL

HULL EXTRA CARE LIVING PFI

Wates Living Space Homes is working in partnership with Riverside to deliver a flagship extra care housing project for Hull City Council, the first scheme of its kind in the city.

Divided across three individual sites, the project will provide housing for people with special care needs, which could include older people, working age adults with disabilities, those with mental health needs or those with dementia. It has been designed so residents can live independently in vibrant communities with the security and access to care and support if needed.

In total, 316 apartments will be built by Wates Living Space Homes. The project will be completed in 2017 and thanks to the major investment that it has brought to the area, is providing a significant number of training and employment opportunities for the local community.



In August 2015, Futureworks (Yorkshire) Ltd were awarded a grant of £20,000 from

Wates Giving to assist with skills and training for job seekers in Hull. The aim was to create sustainable employment for residents long after construction of the Hull PFI was complete. To date, 14 new jobs and 12 volunteer opportunities have been created and 59 training courses have been delivered.

NO. APPRENTICES

48

NEW APARTMENTS

316

£5.4M

SPENT TO DATE WITH LOCALLY BASED BUSINESSES

We are delighted to be starting work on Hull's very first Extra Care housing scheme. This scheme will bring care, support and housing together under one roof and will give resident's greater choice, comfort and independence in their own homes. This major investment into the area also provides training and job opportunities for local people, which is paramount to the programme."

Councillor John Black
Portfolio Holder for Council Infrastructure,
Hull City Council



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Wates Residential Developments Group



COMPLETION OF A NEW 20-STOREY TOWER AS PART OF THE STOCKWELL PARK REGENERATION

WAYLAND HOUSE

Wates Living Space Homes successfully completed a £28m programme of works at Wayland House for Network Housing Group in 2015.

Designed by PRP Architects, the re-development comprises 159 apartments and replaces a dated 1960s structure with high quality new homes for affordable rent and sale (50% will be private sale units and 50% affordable housing). Works included the demolition of an existing 15-storey tower block and the design and construction of a new 20-storey mixed tenure residential tower.



20

STOREY BLOCK

159

APARTMENTS



50%

AFFORDABLE HOUSING



CCS SCORE

44



1

PROGRAMME

14

CANDIDATES

86%

ENTERING INTO EMPLOYMENT OR TRAINING

"The Wayland House site is held as an exemplar site within our portfolio both in terms of its management and the organisation and site set up that is employed. The site team are professional and show an acute attention to detail and quality which is essential within this 20-storey build, and the flagship project for our organisation. The 'Delivering the Promise' programme has helped focus minds across the organisation towards completion of the project."

Tom Dewey
Regeneration Project Manager, Network Housing



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WATES LIVING SPACE MAINTENANCE

Wates Living Space Maintenance enjoyed continued growth in 2015, increasing turnover to £272m and securing strategic customer relationships in support of the business' ambitious growth plans over the next four years and beyond.

Ben DeSanges
Commercial Director
Wates Living Space Maintenance

SUPPORTING THE REGENERATION OF OUR COMMUNITIES

As a leading national provider of planned and responsive maintenance, we now maintain in excess of 475,000 properties, supporting the regeneration of communities by renewing existing housing stock and improving residents' living standards.

DELIVERING QUALITY SERVICES TO OUR CUSTOMERS

In 2015 we delivered a number of significant programmes for our customers, including:

- **Hackney Homes** – a £30m planned maintenance contract
- **Thurrock Council** – a five year Transforming Homes programme to upgrade over 10,300 properties to Decent Homes standards
- **City of London Corporation** – a three year planned maintenance programme across three residential housing estates
- **Charnwood Borough Council** – a five year improvement works contract covering nearly 1,000 homes
- **St. Ledger Homes, Doncaster** – an £8.3m upgrade of over 7,000 properties
- **Walsall Housing Group** – the completion of a 12 year maintenance contract resulting in over 11,000 kitchen installations, 11,000 bathrooms, 3,500 re-wires and 2,500 heating upgrades.

PROVIDING NATIONAL COVERAGE

Our responsive maintenance service also continues to grow, following the acquisition of Purchase Group in 2014. The business has now been fully re-branded to Wates Living Space Maintenance, expanding our offer to customers to provide nationwide coverage for all their maintenance needs.

This market-leading capability was recognised in 2015 by Birmingham City Council who appointed us to deliver the largest maintenance contract in Europe. The flagship programme commenced in April 2016 and is worth £50m per annum for up to eight years. This will see us undertake over 90,000 repairs and planned maintenance for over 30,000 properties, in addition to bringing 2,300 void properties back to full use across Birmingham City Council's West, Central and East districts.

Our growth is enhanced by a commitment to leaving a lasting legacy in the communities where we work.

MAKING A DIFFERENCE IN OUR COMMUNITIES

In 2015 we published two significant reports. A practical toolkit called 'Communities Count' was developed to equip housing professionals with a means to embed lasting social value across their communities. This report was developed with a funding contribution from Wates Giving, produced by Social Enterprise UK and printed by the Royal British Legion's social enterprise RBL Industries. We also developed a best practice Leaseholder Engagement Guide for local authorities, leaseholders and social landlords in partnership with the Tenant Participation Advisory Service (TPAS).

Living Space Maintenance is well placed to continue to grow in 2016, as we look to support and retain key customers and enter relationships with new customers, through the excellent service that we deliver consistently in a highly competitive market.

WATES LIVING SPACE MAINTENANCE KEY HIGHLIGHTS

TURNOVER
 **£272M**

AVERAGE CCS SCORE
 **39.4**

 **7** CCS AWARDS

PROPERTIES BEING MAINTAINED
 **>475,000**

SOCIAL ENTERPRISE SPEND
 **£625,862**

 **24** APPRENTICES

BUILDING FUTURES
 **6** PROGRAMMES **53** CANDIDATES

64% ENTERING INTO
EMPLOYMENT
OR TRAINING

SUPPLY CHAIN SCHOOL
MEMBERSHIP OF SUPPLIERS
WITH >£1M IN TRADING

 **42%**



EXCEEDING CUSTOMER EXPECTATIONS THROUGH OUR DEDICATED MAINTENANCE PROGRAMME

CIRCLE HOUSING

Since our appointment to deliver an 18 month interim responsive repairs and void property contract for Circle Housing in 2015, Wates Living Space Maintenance has delivered an exceptional turnaround in customer satisfaction and service levels across all key performance indicators.

100% of all emergency jobs and 99.3% of all urgent jobs were completed on time between June and September 2015, exceeding a sector benchmark of 89%. In addition, 95.1% of routine jobs have been completed on time and 99.5% of all customer appointments kept, surpassing customer expectations.

By working collaboratively and co-locating offices with Circle, our operatives have achieved a seamless transition in service. We now maintain 16,800 properties for Circle 33 in London and 3,349 properties for Mercian in the West Midlands. Due to the urgent nature of the tender process, our contract was mobilised in just 10 days and from day one, our team has consistently delivered a market-leading repairs and maintenance service for Circle's customers.

As part of our commitment to the communities in which we work, we are also providing apprenticeships for five local people in a range of trades including electrics, plumbing, carpentry and administration.



DEVELOPING LOCAL SME THROUGH OUR HOUSING REFURBISHMENT PROGRAMME IN WOLVERHAMPTON

WOLVERHAMPTON STRATEGIC PARTNERSHIP

Wates Living Space Maintenance is working with Wolverhampton Homes, which manages over 23,000 properties on behalf of Wolverhampton City Council, on a £104m, 15 year housing refurbishment programme. The programme of works includes kitchens, bathrooms, external, environmental and structural improvements, property remodelling, roofing and high-rise internal and external refurbishment.

By partnering with Tenant Participation Advisory Service (TPAS), we were able to develop an accreditation course for our local SME subcontractors, making them the UK's first TPAS-accredited subcontractors working in residents' homes across Wolverhampton.

"Wates has played a key role in transforming the homes and lives of thousands of tenants across the city. We're looking forward to the future with Wates, continuing to improve tenants' homes, providing opportunities for local apprentices and making a positive impact in communities."

Shaun Aldis
Director of Property Services
Wolverhampton Homes



"Performance in all of the key areas has significantly improved upon that delivered by the previous provider and, in the case of customer complaints, improved to 'best ever' levels. This is down to Wates' philosophy of delivering good customer service above their commercial interests."

Jon Dowell
Head of Reactive Repairs, Circle Housing



DELIVERING REPAIRS AND MAINTENANCE SERVICES ACROSS 13 LONDON BOROUGHES



NEWLON HOUSING TRUST

Newlon Housing Trust is one of London's key developers of new affordable housing stock and manages around 8,000 affordable homes across a mix of affordable tenures in the capital. In 2015, Wates Living Space Maintenance was appointed by Newlon and a selection of its residents to deliver an initial five year responsive repairs and planned maintenance contract, extending across properties in 13 boroughs in North and East London.

For the first two years, we will solely provide a programme of responsive repairs (including voids). This will cover 6,739 fully-managed properties and 1,664 leasehold properties. Planned works will then commence in 2017.


Many of the properties we maintain house vulnerable residents. Our customer liaison manager is partnering with Outward, Newlon's care and support partner, to provide specialist care for the elderly, disabled and those with learning difficulties while repairs are being co-ordinated.

We are also actively supporting Newlon's local employment and training programmes, which aim to help residents further their career prospects through a range of apprenticeships and community initiatives. This includes our commitment to provide 15 apprenticeships, work experience, pre-employment workshops, careers fairs, site visits for young people and 100 places on one of our Building Futures courses for long term unemployed residents.



In partnership with Wates Giving, we secured a grant of £5,000 to support Newlon Fusion, one of Newlon's local initiatives, which promotes fitness and healthy living in Hackney. We also provided a grant of £7,000 to provide a bespoke Building Futures Retail and Hospitality course in 2016.

 **15** NO. APPRENTICES

 **6,739** FULLY MANAGED PROPERTIES

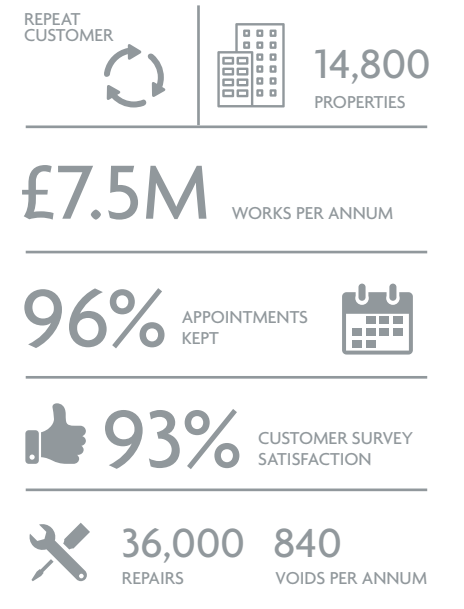
 **1,664** LEASEHOLD PROPERTIES

REAPPOINTMENT TO DELIVER A SEVEN YEAR MAINTENANCE AND REPAIRS CONTRACT ACROSS 14,800 PROPERTIES

NOTTING HILL HOUSING TRUST

Following the successful three year delivery of responsive repairs and maintenance services for the Notting Hill Housing Trust, Wates Living Space Maintenance was reappointed in 2015 to deliver a seven year contract through a Responsive Repairs, Minor Works, Voids and Planned Maintenance Framework. This includes the delivery of planned and responsive maintenance services across the south, north east and outer west areas of Notting Hill until March 2022. We are now responsible for managing a customer budget of £7.5m per annum – £5m responsive and £2.5m planned – across 14,800 properties, with an estimated 36,000 repairs and 840 voids undertaken per annum.

Our approach to delivering these works is informed by Notting Hill's Altogether Better initiative. Developed using information submitted through tenant surveys, case studies and interviews, the initiative encourages the formation of positive working relationships based on mutual respect and trust between the maintenance provider, Notting Hill's housing officers and local residents. As a result, our recent customer satisfaction levels are consistently over 93%, with over 96% of all appointments kept and very few occasions on which we were unable to access properties on the arranged basis.



"Since my initial experience with Wates. I have never used another contractor to complete the works on my properties. The team's expertise and ability to deliver results has had a real impact on my team. Before I started working with Wates my voids were always over target – now I have a zero day turnaround. As such, our team is the best performing for voids in our region. This would not have been possible without Wates and its fantastic operatives."

Jasmine Smith
Housing Officer – Hammersmith and Fulham,
Notting Hill Housing Trust



WATES SMARTSPACE

Wates Smartspace delivered a strong performance in 2015, enjoying growth of 20% and an increase in turnover to £131m (including £7m from contracts acquired with Shepherd FM). £65m came from new customers.

John Daltrey
Project Director
Wates Smartspace



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DELIVERING OVER 1,500 PROJECTS NATIONALLY

We significantly strengthened our business' operational capability in 2015, enabling us to deliver more than 1,500 projects nationwide for an impressive customer base including Royal Mail, the Ministry of Justice, BBC, British Land, The Co-operative and American Express.

FOCUS ON FRAMEWORKS AND NEW CUSTOMERS

Our national delivery capability, commitment to a consistent supply chain, and diversity of skills helped us to win 70% of our contracts in 2015 through frameworks, allowing the business to secure a robust pipeline of future work, with over 80% of our customers being repeat customers.

Frameworks secured in 2015 include a number of key banking customers including:

- **Lloyds** – appointed as one of two contractors to deliver work for the high street bank until 2022 following a retender of the Lloyds Framework
- **TSB** – appointed as one of two contractors to deliver work over the next five years
- **Nationwide** – appointed as one of three contractors to deliver the branch network refurbishment programme being undertaken in 2016

ADDITION OF FACILITIES MANAGEMENT SOLUTIONS

As part of the acquisition of Shepherd FM in October 2015, we welcomed 250 new colleagues who now operate under the Wates Smartspace brand. They bring with them a quality customer base including Standard Chartered, TNT and the Rugby Football Union (RFU).

The FM team's outstanding reputation for excellent delivery was recognised formerly at the 2015 Premises and Facilities Management Awards, where they won the Partnership Award for their work for Mercedes AMG High Performance Powertrains.

DEVELOPING OUR PEOPLE

We are committed to ensuring continued development opportunities for our people. In 2015 we promoted 28 members of our team, met 339 training needs and celebrated two Wates Smartspace winners at the Wates Group Chairman's Awards for the second consecutive year. By the end of 2015, the Wates Smartspace team comprised 385 colleagues, all of whom underpin our success in delivering for our customers and the business' continued growth.

OUR MISSION

Wates Smartspace is a national provider of high quality fit-out, refurbishment, maintenance and facilities management solutions. We develop smart solutions that are tailored to our customers' needs. Our delivery teams specialise in creating spaces that maximise our customers' property portfolios, with a focus on overcoming difficult issues in logistically challenging environments, maintaining seamless customer service 24/7, and delivering within critical, secure, live and occupied environments to the highest standards of quality and safety.

WATES SMARTSPACE KEY HIGHLIGHTS

TURNOVER
£131M
INCL. £7M SFM

39.4 AVERAGE
CCS SCORE

8 CCS AWARDS

SOCIAL ENTERPRISE SPEND
 £26,408

97% WASTE DIVERTED
FROM LANDFILL

SUPPLY CHAIN SUSTAINABILITY
SCHOOL MEMBERSHIP OF
SUPPLIER >£1M TRADING

63%



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Wates Smartspace



PROVIDING QUALITY AND COMPASSIONATE SERVICES FOR OUR CUSTOMERS

ROYAL HOSPITAL FOR NEURO-DISABILITY

Wates Smartspace is an extension of the team at the Royal Hospital for Neuro-disability (RHN), working in partnership to provide a flawless M&E facilities management service across the entire estate since October 2015.

Founded in 1854, the RHN is one of the oldest independent hospitals and medical charities in London and provides rehabilitation for people with complex neurological disabilities. We place great emphasis on selecting the right people to work on site in this emotionally challenging environment and the programme is centred on providing the most comfortable setting to support the wellbeing of patients, their families and staff.

Our team has flexibility to amend or re-prioritise the services we provide to ensure patients receive the best care possible and that the standards required by the Care Quality Commission are met.

The Wates Foundation, the charity of the wider Wates family, has supported the RHN for a number of years between 1997 and 2003 with awards totalling £32,703.

 **170** PATIENTS ON SITE

“Not only have you delivered everything promised, but I’m very pleased with the operational delivery. I’ve seen an immediate change in the team’s behaviour to be more open. We now all behave with a ‘one team’ ethic.”

Phil Montague
Head of Estates, Royal Hospital for Neuro-disability



SUPPORTING THE DEVELOPMENT OF NEW SUSTAINABLE TECHNOLOGIES



Endotherm was the recipient of the CIBSE award for Energy Saving Product of the Year 2016. Image Courtesy of Carmen Valino

MAXIMISING VALUE AND BRAND EXPERIENCE IN RETAIL FOR LONG TERM CUSTOMER MARKS & SPENCER

MARKS & SPENCER

Wates Smartspace has a long-standing relationship with Marks & Spencer (M&S) and has been working in partnership with the retailer for 14 years on a range of fit-out and refurbishment projects. During this time we have delivered in excess of 500 projects across the UK and Ireland.

In 2015, we worked in collaboration with M&S to deliver nine Simply Food stores on time, within budget and with an average CCS score of 42.

We also refurbished 29 existing M&S stores, enabling our customer to maximise the value of its existing outlets and improving the brand experience for their customers. This included upgrading all of M&S' internal and external signage in line with the company's new corporate brand.

The successful and safe delivery of all schemes, to an excellent standard in 2015, resulted in M&S extending its current Framework agreement with Wates Smartspace until the end of 2016.



THE KNOWLEDGE TRANSFER PARTNERSHIP

The Knowledge Transfer Partnership Project is a collaboration between Wates Smartspace, Innovate UK and Plymouth University. The project aims to accelerate the uptake of innovative sustainable technologies by using a structured framework to support the business in selecting and implementing potential solutions to help deliver low carbon buildings.

Regular bespoke green Dragons' Den style workshops are organised and suitable innovations are screened and presented to a Wates Smartspace panel of green dragons who select the finalists. The products and services are then shared within the business to support the creation of Tomorrow's Buildings, and are included in tenders and used to enhance the services we provide to our customers.

The trial of one of the selected innovations 'Endotherm' at the Wates Warrington office has provided energy savings of 20%. Wates Smartspace was selected to champion TSB's 'Recycling and Sustainability' initiative based on this framework. Other customers have expressed strong interest in attending future workshops. The framework is also considered to be valuable amongst academic construction professionals and has been discussed at a number of conferences throughout the world.

The framework's positive impact has been wide-ranging. It provides a strong route to market for suppliers and meets customer demand for sustainability and innovation. It also serves to position the business as a leader and broker of innovation in the construction industry.

Wates GIVING The Knowledge Transfer Partnership Project was funded in part by a £50,000 Wates Giving grant.





MODERNISING AND UPGRADING ROYAL MAIL'S FACILITIES ACROSS THE NORTH



ROYAL MAIL

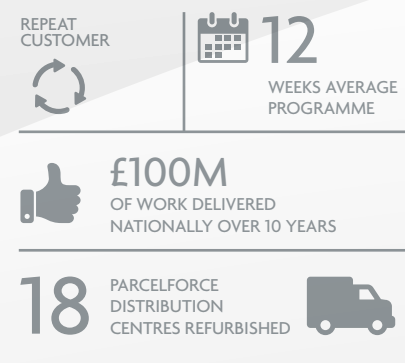
Wates Smartspace has delivered more than £100m of work for Royal Mail across the UK for over 10 years. In 2014 we were selected as the sole provider of Royal Mail's Northern Infrastructure Strategy, a programme seeking to upgrade and modernise its mail centre network. To date we have delivered four major mail centre improvement projects in Aberdeen, Tyneside, Birmingham and Chelmsford in support of this strategy.

In 2015, we successfully completed a 19,300 sq ft single-storey delivery office in Blackpool and completed additional schemes for Royal Mail's Parcelforce business, upgrading and expanding six distribution centres. This will offer Royal Mail's customers a faster and more effective service and enables Parcelforce to handle 30% more packages a year, removing the need to hire additional premises at peak times.

We continue to deliver an agile and flexible service for Royal Mail, providing a range of property services outside of its more traditional refurbishment and upgrade works. As a result, we have a strong collaborative relationship with this long-term customer, often playing an advisory role in shaping its construction delivery and procurement strategy.

"Wates' delivery of our distribution centres was an unqualified success: the procurement and construction times were much quicker than a standard approach and the fit-out costs were below Royal Mail's standard benchmark costs. In addition, everything was delivered to time enabling the business benefits to be realised as planned."

Jon Howard
Programme Manager, Parcelforce Worldwide
and Royal Mail International



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Wates Smartspace

SUPPORTING OUR CUSTOMERS' RE-LOCATION REQUIREMENTS USING TRIED AND TESTED TRANSITION PROCESSES

THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS (ACCA)

Wates Smartspace was awarded the contract to deliver a total facilities management solution for the Association of Chartered Certified Accountants (ACCA) in December 2015, across sites in London, Dublin and Glasgow. This four year contract was awarded during ACCA's relocation from Lincoln's Inn Fields to a new global head office in the Adelphi Building, City of London. It tested our robust transition processes, with the old and new sites both mobilising simultaneously.

Supporting the customer throughout, we completed staff consultations and transferred the incumbent FM providers, identifying training needs and compliance activities whilst allowing ACCA to maintain 'business as usual' without interruption.

Working in collaboration with key stakeholders and our customer, we supported the re-location of 300 ACCA employees into their new head office.

"They have seen this as a partnership with us. There has been a cultural fit and a behavioural fit at the same time, which makes a huge difference to the way that the services are delivered right through their whole structure"

Jan Lloyd
Head of Global Business Support, ACCA





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Needspace? 

Need space?

Needspace? is part of the Wates Group, operating in a specialist niche market offering flexible office space, studios and managed workspace to over 130 small businesses across London and the South East.

Needspace? focusses on providing office solutions to entrepreneurial businesses and SMEs in the growing business locations of Clapham, Crawley, Earlsfield, Horsham and Islington.

The recent resurgence of demand for flexible and affordable space in these locations, coupled with Needspace?'s customer-focused approach, resulted in another good performance for the business in 2015. Its profit before tax was ahead of budget on its underlying trading activities and the business also benefitted from a £2.3m upward revaluation of its property portfolio.

The highlight of 2015 was the development and marketing of St Marks Studios in Islington, London. Completed on budget in April 2015, this immaculately refurbished and iconic listed building has already achieved over 80% occupancy, generating income for the business ahead of forecast.

Further highlights include occupancy of its Clapham North Art Centre averaging 98.6%, significantly contributing to the business' total turnover in 2015 of £2.3m.

Its other properties in Horsham, Crawley and Earlsfield continued to maintain high levels of occupancy and in 2016 and beyond, the business will continue to invest in and optimise its property portfolio. It will also continue to consider suitable new acquisitions as the market for high quality flexible office space in the region continues to expand.

MAKING A MARK IN ISLINGTON

St Marks Studios is Needspace?'s fifth and latest acquisition following an investment of £5m to purchase and transform the Grade II listed former church which is located in the vibrant area of Islington near King's Cross in London.

Its original art deco features were sympathetically restored and we are now complemented by some striking new contemporary styling to offer 30 stunning office suites. Customers already benefitting from the space and excellent central London location include Animas Centre for Coaching, an organisation that provides courses and support to develop life-coaches.

"Working from St Marks Studios suits our business aspirations as the building is unbelievable, with its statement exterior columns, high ceilings, and plentiful floor space. As a growing company, we want to feel positive about what we do and we find the working environment at St Marks Studios really energising. The property is full of character and gives us the space to connect emotionally with our vision."

Nick Bolton,
Founder and Director, Animas



CORPORATE GOVERNANCE



WATES GROUP BOARD



JAMES WATES CBE
Chairman

James joined Wates Construction in 1983 and the Wates Construction Board as Marketing Director in 1994. He was appointed to the Wates Group Board in 1997 and became Chairman in 2013. He is also Chairman of the Nominations Committee.

Outside the Group James is involved with several industry bodies, reflecting his dedication to promoting the construction sector as well as ensuring access to employment opportunities for all. He is Chairman of the Construction Industry Training Board, Chairman of the BRE Trust, Past President of the Chartered Institute of Building, Co-Chairman of Build UK, a Member

of the CBI, a Trustee of The College of Estate Management, a Member of the government's Apprenticeship Delivery Board and a Non-Executive Board Director of Argent Services LLP.

James is also Chairman of The Prince's Trust Built Environment Leadership Group, Vice Chairman of the Queen Elizabeth's Foundation for Disabled People, a Governor of the Emanuel School and the University of Westminster, and a Patron of the Wates Family Enterprise Trust. In January 2012 James was awarded the CBE for services to construction and the charitable sector.



TIMOTHY WATES
Director

Tim started his career at Cazenove & Co. in the City, prior to joining the Wates Group. He re-joined the Board in 2011, having served previously from 2006 to 2008, and is a member of the Audit Committee. He chairs Wates Developments and the Wates Pension Fund and is Chairman of the Wates Family Council – the Family Shareholder forum.

Tim is a UKTI Business Ambassador, Chairman of the Coast to Capital Local Enterprise Partnership and a Non-Executive Director of Tampopo and Pedder Property. Tim is a Trustee of various Wates Family charities and Director of the Clink Charity. He has an MBA from the Judge Business School, University of Cambridge.



ANDREW WATES
Director

Andy joined the Wates Group in 1995 having spent six years gaining experience of the construction industry with Costain Construction and John Shreeves & Partners. Formerly the Managing Director of Wates Interiors, Andy was appointed to the Wates Group Board in May 2011 and is also a member of the Remuneration Committee. He is a Trustee of the Wates Family Enterprise Trust and chairs the Wates Investment Partnership, which is the family's long term investment portfolio outside of the Group.

In 2014 Andy was appointed Chairman of Construction Youth Trust, as well as a member of the IFB Policy Committee. In the following year Andy was appointed Chair of Wates Foundation and Chair of IFB South East Region, along with becoming a Board member of the European Family Businesses. He also holds an MBA from Roffey Park Business School.



CHARLES WATES
Director

Charlie is a chartered surveyor with over ten years' experience in the commercial property sector. He is founder and joint Managing Director of Needspace?, the Wates Group managed workspace division.

Charlie joined the Wates Group Board in May 2011 and is a member of the Developments Executive Committee. He is a member of the British Council for Offices and a Governor of Dawnay School.



ANDREW DAVIES
Chief Executive

Andrew joined Wates in January 2014 as Chief Executive. Prior to joining Wates, Andrew was Managing Director of BAE Systems' Maritime business. Andrew graduated from Sheffield University and in his earlier career within BAE worked in the Commercial Aircraft Division, was Managing Director of their Land Systems Division and was Group Strategy Director, sitting on the Executive Committee.

Andrew chairs the Executive Committee and its Sustainability and CR Committee and has overall board level responsibility for our approach to sustainability and CR.



DAVID ALLEN
Chief Financial Officer and Company Secretary

David joined Wates as Group Chief Financial Officer and Company Secretary in January 2016. He is responsible for the financial affairs of the Group and also has board level responsibility for Information Technology and for the Needspace? managed workspace business.

Before arriving at Wates, David was Crossrail's Finance Director and one of the three Executive members of the £15bn project's board.

David had joined Crossrail in March 2009 from Laing O'Rourke, where he was Finance Director for its European Construction business.

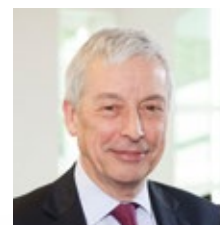
Prior to entering the construction industry in 2004, David worked in Accenture's Strategy Consulting practice and HSBC Investment Bank's Corporate Finance and Advisory Division.



DAVE SMITH
Chief Operating Officer and Managing Director, Wates Construction

Dave started his career in construction as a surveyor with Sir Robert McAlpine Ltd. He joined Wates in 1985, later leading the specialist refurbishment division in London; and in 1999 became MD of Wates' public sector business.

In 2005, Dave was appointed Managing Director of the construction business, taking responsibility for the company's education, commercial and public sector work. He was appointed to the Wates Group Board in October 2009.



DAVID BARCLAY
Independent Non-Executive Director

David was appointed Non-Executive Director of Wates Group in December 2012 and is the Group's Senior Independent Director. He is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. He also holds Non-Executive positions at The British Library, where he is Deputy Chairman and Wessex Water Services, where he is Senior Independent Director

and Chairman of the Audit Committee. He is former Non-Executive Deputy Chairman of the John Lewis Partnership and Vice Chairman of Dresdner Kleinwort, the investment bank. Earlier in his career, he spent ten years in the UK civil service, including two years as private secretary to the then Prime Minister, Margaret Thatcher.



GRAEME MCFALL
Independent Non-Executive Director

Graeme was appointed Non-Executive Director of the Wates Group in September 2009 and has chaired the Audit Committee since July 2011. He is also a member of the Wates Remuneration Committee.

Graeme is currently Chairman of the Suttons Group, Chairman of Delin Capital Asset Management and chairs the charity, Transaid. He was previously the CEO of Wincanton.



DEENA MATTAR
Independent Non-Executive Director

Deena was appointed Non-Executive Director of Wates Group in February 2013 and is a member of the Audit and Remuneration Committees. Until its 2014 sale to Schneider Electric Deena was a Non-Executive Director of the global technology company Invensys and Chairman of its Audit Committee. She is a Non-Executive Director and Chairman of the Audit Committee for the information

and communication technology company RM, which provides IT products and services to educational institutions. Deena started her career with KPMG in their property and construction division, later joining Kier Group and becoming the Group Finance Director.

WATES EXECUTIVE COMMITTEE

Wates Executive Committee is made up of 10 people who are experts in their professions. Together, they are responsible for the day-to-day management of the Group's business affairs under the leadership of the Chief Executive. This includes formulating strategy proposals for Board approval and ensuring that the agreed strategy is implemented in a timely and effective manner.



ANDREW DAVIES
Chief Executive



DAVID ALLEN
Chief Financial Officer
and Company Secretary



STUART TOGWELL
Group Commercial
Director



DAVE SMITH
Chief Operating Officer
and Managing Director,
Wates Construction



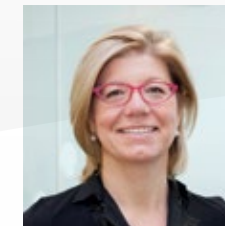
JOHN HOWELL
Group Production
Director



STEPHEN BEECHEY
Group Strategy Director
and Managing Director,
Government Affairs



PAUL ROWAN
Group HR Director



HELEN BUNCH
Managing Director,
Wates Smartspace



DAVID MORGAN
Managing Director,
Wates Living Space
Maintenance



DAVID BROCKLEBANK
Managing Director,
Wates Residential
Developments Group

2015 CORPORATE GOVERNANCE

UK CORPORATE GOVERNANCE CODE

As a private family-owned company the Group is not required to comply with the UK Corporate Governance Code 2014 (the 'Code'). However, it has included certain additional disclosures regarding corporate governance over and above those it is required to provide, where it is believed these disclosures would be helpful to the readers of the Annual Accounts and Reports.

The Board believes that good business and sustained performance stems from good corporate governance and remains firmly committed to achieving the highest standards in the interest of all stakeholders. Governance supports open and honest business, ensures that we have the right safeguards in place and makes certain that every decision we take is underpinned by the right considerations.

This approach enables us to protect the integrity of our business, meet our strategic objectives, create value for our shareholders and build a long-term sustainable business.

The Board is clear that by doing the right things in the right way we can protect our brand, reputation and relationships with shareholders, customers, employees, supply chain and the local communities in which we work.

THE ROLE OF THE BOARD

The Board's primary responsibility is to promote the long-term success of the Company by creating and delivering sustainable shareholder value. The Board seeks to achieve this by setting out its strategy, monitoring performance against strategic objectives and reviewing implementation of the strategy by the Executive Committee.

We maintain a formal schedule of matters reserved for Board approval, including determination of the Group's strategy and long-term direction, approval of budgets, capital expenditure, organisation changes, including new business ventures, the acquisition or disposal of assets, and changes in key policies. The Board also monitors the Group's systems of internal control, governance and risk management.

The Board delegates authority for all day-to-day management of the Group's affairs to the Executive Committee. In addition, certain governance responsibilities are delegated to Board committees, which support the Board in carrying out its duties. These committees are made up of Independent Non-Executive Directors, together with Non-Executive Directors from the Wates family, and provide the Board with independent oversight.

THE ROLE OF THE CHAIRMAN

The Chairman plays a pivotal role by creating the conditions for overall Board and individual director effectiveness. The Chairman is responsible for appraising the Board of all matters affecting the Group and its performance. He is responsible for effective operation and chairing of the Board, ensuring the efficient use of the Board's time, that the agenda is forward looking and concentrates on strategy. The Chairman ensures that sufficient time is allocated to discuss complex or contentious issues, so that decisions are reached in a consensual and timely manner, arranging pre-board preparation as necessary, to avoid unrealistic deadlines for decision-making. The Chairman also has responsibility to ensure effective communication with shareholders and that all Board members are aware of the views of shareholders.

BOARD OF DIRECTORS

Our Board comprises Chairman, Chief Executive, Chief Financial Officer, Chief Operating Officer, three Independent Non-Executive Directors and three family Directors.

Jonathan Wates stepped down from the Board on 30 April 2015 and will re-join the Board in 2016. On 4 January 2016 Huw Davies stepped down from the Board and was replaced by David Allen as the new Chief Financial Officer of the Group.

Our Directors update their skills, knowledge and familiarity with the Company by attending appropriate external seminars and training courses, meeting with senior management and visiting regional and divisional operating offices. We have an induction programme for all new Directors, which is tailored to specific experience and knowledge, and which provides access to all parts of the business, including access to shareholders.

INDEPENDENT DIRECTORS

The Board is satisfied that the number and calibre of our Independent Non-Executive Directors, together with their diverse backgrounds and experiences, ensures that the principles of the UK Corporate Governance Code are met. The Board believes that the Independent Non-Executive Directors are wholly independent in that they have no material business or relationships with the Group that might influence their independence or judgement.

BOARD MEETINGS

The Board has a programme of nine principal meetings every year, plus two additional days for the annual strategy conference with the Executive Committee. The Board receives regular and timely information on the financial performance of the business,

together with reports on operational matters, market conditions, sustainability, competitor environment and corporate responsibility. The Directors have equal voting rights when making decisions, except the Chairman, who has a casting vote. All Directors have access to the advice and services of the Company Secretary and may, if they wish, take professional advice at the Group's expense.

From time to time, matters arise which require urgent approval prior to the next scheduled Board meeting and in such instances approval of all Directors is sought via a telephone conference call.

BOARD DIVERSITY

The Group is an equal opportunities employer and promotes an environment free from discrimination. The Group's policy on diversification extends to the Board. New Board appointments are based on a balance of skills and experience and will always be objective, free from bias and based solely upon relevant experience, knowledge and individual merit.

COMMITTEES

Audit Committee

The Board delegates a number of specific duties to the Audit Committee, in order to assist in the discharge of its duties and to bring independent oversight to the Group's activities. The Committee's primary concerns are the integrity of the Group's financial statements; the effectiveness of internal controls; the performance of the internal audit function; performance and independence of the external auditors; and compliance with legal and regulatory requirements.

Internal Audit

Reporting to the Audit Committee, Internal Audit is an independent objective assurance and advisory function established by the Board to provide assurance on controls and operations. Its primary task is to assist the operating businesses accomplish their objectives by bringing a systematic, disciplined approach to the evaluation and improvement of controls, risk management and asset protection.

External Auditors

PricewaterhouseCoopers was re-appointed external auditors at the Group's AGM in April 2015. The Committee assesses the effectiveness of its performance every year after completion of the annual audit plan.

Remuneration Committee

The Committee's primary objective is to set remuneration at a level that will enhance the Group's resources by attracting, retaining and motivating quality senior management who can deliver the Group's strategic ambitions within a framework aligned with shareholder interests.

Nominations Committee

The Board operates a Nomination Committee to ensure that the Board remains balanced and effective, that succession plans are in place, and that its structure, composition and skills remain aligned to the Group's strategic objectives.

Executive Committee

See page 73.

Group Risk Committee

The Group operates a Risk Committee to ensure that inherent and emerging risks in the business are identified and managed in a timely manner and at an appropriate level. The Committee reviews the organisation's response to specific areas of risk, and approves standards and processes where control weaknesses are considered to exist.

Reshaping Tomorrow Committee

The Reshaping Tomorrow Committee is a delegated authority of the Executive Committee, with the primary purpose of providing strategic leadership, direction and oversight and setting the Group's policy on corporate responsibility. Its scope covers environment issues; community investment; diversity and inclusion.

INTERNAL CONTROLS

The Board takes ultimate responsibility for the Group's systems of risk management and internal control, and for reviewing their effectiveness.

For the full 2015 Corporate Governance Report contact Deborah Hawkes, Company Secretariat at Deborah.Hawkes@wates.co.uk

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £000s	2014 £000s
Turnover:		
Group and share of joint ventures and associates	1,272,497	1,050,297
Less share of turnover of joint ventures and associates	(65,627)	(48,124)
Group turnover	1,206,870	1,002,173
Cost of sales	(1,087,147)	(903,734)
Gross profit	119,723	98,439
Administrative expenses	(104,801)	(82,662)
Net surplus on revaluation of investment properties	2,299	925
Profit on sale of investment in joint venture	1,253	-
Group operating profit	18,474	16,702
Share of post-tax profit from joint ventures and associates	6,781	3,129
Total operating profit: Group and share of joint ventures and associates	25,255	19,831
Analysed between:		
Total operating profit before interest and tax	31,481	24,732
Net interest payable – joint ventures and associates	(4,012)	(3,649)
Taxation – joint ventures and associates	(2,214)	(1,252)
Net interest receivable	2,832	2,976
Profit on ordinary activities before taxation	28,087	22,807
Analysed between:		
Profit before taxation	30,301	24,059
Taxation – joint ventures and associates	(2,214)	(1,252)
Taxation on profit on ordinary activities	(5,222)	(4,295)
Profit for the financial year	22,865	18,512

The above results have been derived from continuing operations.

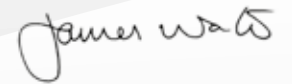
The financial information set out on pages 76 to 77 of this Annual Review does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 2014, but is derived from those accounts. Statutory accounts for 2014 and 2015 have been delivered to the Registrar of Companies. The auditors have reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2015

	2015 £000s	2014 £000s
Fixed assets		
Intangible assets – goodwill	62,953	31,302
Tangible assets	34,968	28,101
Investments in joint ventures	70,389	66,974
Other investments	3,371	3,509
	171,681	129,886
Current assets		
Stocks	8,184	16,451
Debtors		
- due within one year	285,732	218,020
- due after one year	26,499	25,894
	312,231	243,914
Cash at bank and in hand	127,445	87,370
	447,860	347,735
Creditors: amounts falling due within one year	(450,865)	(320,867)
Net current (liabilities)/assets	(3,005)	26,868
Total assets less current liabilities	168,676	156,754
Creditors: amounts falling due after more than one year	(27,301)	(26,820)
Provisions for liabilities	(48,089)	(43,477)
Net assets	93,286	86,457
Capital and reserves		
Called up share capital	14,777	14,777
Share premium account	956	956
Capital redemption reserve	17,447	17,447
Profit and loss account	60,106	53,277
Shareholders' funds	93,286	86,457

Approved by the Board of Directors on 10 March 2016 and signed on its behalf by:



James G. M. Wates CBE
Chairman



D. O. Allen
Chief Financial Officer

ADDRESSES



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United Arab Emirates
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Wates Construction International LLC
Joint Venture office
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AL Fara'a Corporate Head Office
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Defence Area, Abu Dhabi
United Arab Emirates
Tel: +971 2 643 1882

FRONT COVER:

Sarah-Jane Piscotti
Senior Design Manager
Wates Construction

BACK COVER:

Fred Sherlock
Assistant Surveyor
Wates Construction



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[wates.co.uk](https://www.wates.co.uk)

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