

## **TRADING UPDATE**

**TUESDAY 6 JULY 2010**

Persimmon plc announces the following trading update ahead of its Half Year Results to 30 June 2010, which will be released on Tuesday 24 August 2010.

Legal completions for the six months to 30 June 2010 increased by over 16% to 4,657 homes (H1 2009: 4,006). Average selling price was c. 8% ahead at £168,500 with underlying price growth of c. 3% since 1 January 2010. Turnover for the period was up by c. 26% at c. £785 million. We expect operating margins for the first half, before exceptional items, to have increased to c. 7.5% (H1 2009: 1.5%).

Whilst sales prices and margins have continued to increase from the beginning of the year, since early May we have experienced the normal seasonal slow down in private sale reservations. We believe this was also due partly to the uncertainty created prior to the announcement of the new Government's Budget proposals. In the short period since the Budget, sales have been in line with our expectations. Cancellations remain at low levels in line with the prior year at c. 16%

Total sales for the year, including legal completions to date, contracted properties and forward reservations are c. £1.5 bn (30 June 2009: £1,317 million).

We are continuing to invest in new site openings in readiness for the normally stronger housing market in the autumn, however, we remain cautious in our investment decisions until mortgage availability improves further.

We have now successfully replanned the bulk of our existing landbank with c. 85% of our plots having planning for traditional two and three storey housing for which demand is strongest.

In addition, during the last six months we have acquired c. 4,000 plots at attractive margins and mainly on deferred terms. We have also agreed terms on a further c. 3,500 plots which are proceeding to contract. This maintains our total land holdings at a similar level as at 31 December 2009.

Borrowings at 30 June 2010 were c. £122 million (June 2009: £494 million) representing gearing of c. 7%. This is a further reduction in borrowings of over £145 million since 1 January 2010.

In summary, we have made good progress with our planned strategy of debt reduction and margin improvement. Whilst we remain cautious, we have a strong platform for profit growth as and when the housing market improves further.

Full details in respect of our half year results will be provided when we announce our Half Year Results for the period on Tuesday 24 August 2010.

*Mike Farley and Mike Killoran will host a conference call with analysts at 9:00am today. To participate please dial +44 (0) 20 3037 9221. The password is 'Persimmon'.*

**For further information, please contact:**

Mike Farley, Group Chief Executive  
Mike Killoran, Group Finance Director

Persimmon plc  
Tel: +44 (0) 1904 642199

Edward Orlebar  
Charlotte McMullen  
Marylène Guernier  
M:Communications  
Tel: +44 (0) 20 7920 2369