TRADING UPDATE

TUESDAY 5 JULY 2016

Persimmon plc ("the Group") announces the following update ahead of its Half Year Results to 30 June 2016, which will be released on Tuesday 23 August 2016. This statement covers the period from 1 January 2016 to 30 June 2016.

Trading through the first half of the year has been strong. We have maintained our focus on maximising the value created from the capital employed in the business in support of controlled growth to meet market demand. The Group increased its legal completion volumes by 6% to 7,238 new homes in the period (2015: 6,855). With the average selling price of c. £205,500 having increased by 6% (2015: £194,378), Group revenues of £1.49bn were 12% ahead of last year (2015: £1.33bn).

As anticipated, low borrowing costs and healthy labour market conditions continued to support consumer confidence through the first half of the year. Mortgage approvals for home purchase in the first quarter of 2016 were 18% ahead of the prior year. Approvals remained ahead of last year for the April/May period despite a period of increasing uncertainty leading up to the EU referendum and notwithstanding strong prior year comparatives in the period following the UK election in May 2015. We continued to take good levels of sales through May and June with our private sales rate being c. 1% ahead year on year.

During the period we took action to improve the accuracy of "move-in" dates advised to our customers by releasing houses for sale later in the construction process. As a result, we have already started construction on 35 sites which have very strong customer interest but have not yet been launched for sale. We will be releasing these sites for sale over the next four weeks in line with our plans. Reflecting this change the Group's active outlet network stands at 345 sites (1 Jan 2016: 375 sites) and includes 108 new sites opened in the period. With the support of the new sites launched through the first half of the year we expect the Group's first half operating margin will be ahead of the 23.0% delivered in the second half of 2015.

We continue to experience delays to the start of construction on new development sites due to local inefficiencies in the planning system and despite the welcome improvements that continue to be made to planning processes by the Government. However, the Group has an excellent pipeline of a further c.100 new outlets on which construction is expected to commence in the second half.

Site visitor numbers during the first six months of the year were 8% stronger than last year and the Group's weekly private sales rate per site for the first half was 0.75, 4% ahead of last year, which in turn was 11% ahead of 2014. The average number of active sales sites in the first half of the year was 9% lower than last year at 355 sites.

Despite our later release of 35 sites for sale, the Group's total forward sales value at 30 June 2016 of £1.36bn is level with last year and provides a strong platform for the second half of the year. The average selling price of the 4,083 new homes sold forward into the private sales market is c. £227,000, 6% ahead of last year.

We have continued to be selective in our new land acquisitions targeting opportunities that will provide high quality future returns. The Group has acquired c. 7,100 new plots of land across 38 new outlets during the first half of the year. Within this we converted c. 2,800 plots from our strategic land portfolio, representing 38% of our first half consumption. Our land spend totalled c. £305m (2015: £300m).

A key feature of the Group's strategy is our commitment to return surplus capital to shareholders over the long term. On 23 February 2016 the Board announced a £860 million increase to the original Capital Return Plan, raising the total value of the plan by 45% to c. £2.76 billion, or £9.00 per share, to be returned to shareholders by the end of 2021. The accelerated fourth instalment of the Capital Return Plan amounting to £338 million, or 110p per share was paid on 1 April 2016. We remain confident in our ability to deliver the Capital Return Plan to our shareholders.

At 30 June the Group held £462m of cash (2015: £278m).

The ten year strategy put in place by the Group in 2012 is designed to position Persimmon for success through the housing cycle and was structured to accommodate periods of uncertainty that could be expected over such a long term timescale. The cumulative success of the strategy to date has ensured that the Group has retained the flexibility, financial strength and land bank resources to continue to meet its strategic objectives.

Since the launch of the Group's long term strategy at the start of 2012 we have increased the number of new homes delivered to customers by over 60% creating c. 24,000 new jobs*, invested c. £2,400 million in new land and opened 845 new development sites. We have also returned a total of £1,071 million of surplus capital to shareholders, c. £550 million more than was originally planned by this time.

It remains too soon to judge the effect that the result of the EU Referendum will have on the UK new homes market. We believe that market fundamentals remain strong, supported by long term unfulfilled demand, and that the UK housing market will continue to provide good opportunities for those companies with the right strategic focus and the balance sheet strength to navigate future changes in trading conditions. We believe our focus on building traditional family housing in attractive locations for all purchasers from first time buyers to home movers will continue to attract customers in good numbers. The Group remains committed to building the new homes across the country that Britain needs.

We remain confident in the Group's prospects based upon our long term strategy, the hard work and dedication of all our team, the Group's excellent forward orders, strong land bank and robust financial position.

We will announce our Half Year Results on Tuesday 23 August 2016.

* estimate of jobs created from increase in new homes built ref. "The Economic Footprint of UK House Building" HBF March 2015