

TRADING UPDATE – 5 JANUARY 2017

Persimmon plc announces the following update ahead of its Final Results for the year ended 31 December 2016, which will be released on 27 February 2017.

Revenues for 2016 of £3.14bn were 8% higher than the prior year (2015: £2.90bn) with legal completion volumes increasing by 599 new homes to 15,171 (2015: 14,572). The Group's average selling price increased by 4% to c. £206,700 (2015: £199,127).

Sales reservations through the autumn season were strong with healthy customer demand for new homes. Buying a new-build home remains a compelling choice supported by competitive mortgage offers which continue to make a new home purchase very affordable. The Group's private sales rate for the second half of the year was 15% ahead of the prior year and second half legal completion volumes of 7,933 were 695 stronger than for the first half of the year (H1: 7,238).

We have continued to focus on disciplined high quality growth to achieve sustainable market share in our regional markets. The two new house building businesses we opened at the start of 2016 based in Perth, Scotland and Launceston, Cornwall have made good progress delivering over 650 new homes in their first year of operation. On 2 January 2017 we launched a further new business based in Mansfield, north of Nottingham, to support the delivery of increased volumes of new homes in this regional market. The value of our forward sales at 31 December 2016 of c. £1,230m is 12% ahead of the prior year (2015: £1,103m).

The Group successfully opened 255 new development sites across the UK during the year and is building on all sites which have an implementable planning consent. We expect our gross margin in the second half will have improved further due to a combination of the continued reduction in our land cost recoveries associated with opening new sites, and the continued strong control over development costs.

During the year we acquired c. 18,700 plots of new land in 83 locations with good deferred terms. We continue to see good opportunities to acquire additional land whilst remaining mindful of the risks associated with the uncertainty arising from the UK's decision to leave the EU. We continue to work hard to bring forward opportunities from the Group's strategic land portfolio which will add to the quality of the Group's asset platform. We expect local authorities to continue to progress their plans to support growth in housing delivery in line with the National Planning Policy Framework.

The Group held cash balances of c. £913m at 31 December 2016 (2015: £570m).

We will give a further update on our assessment of the housing market over the early weeks of 2017 when we announce our results for the year ended 31 December 2016 on Monday 27 February 2017.

Please Note

There will be a call for analysts at 09.00 GMT today. Please use the dial-in details below:

Telephone number : +44(0) 330 336 9105

Conference code : Persimmon

An audiocast of the call will be available on www.corporate.persimmonhomes.com

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