

TRADING UPDATE

TUESDAY 5 JULY 2011

Persimmon plc announces the following update ahead of its Half Year Results to 30 June 2011, which will be released on Tuesday 23 August 2011.

Market conditions during the first half of the year have been stable allowing the business to focus on delivering improved operating margins, generating good levels of free cash flow and successfully securing residential consents on a number of strategic land parcels.

During the first six months of 2011 we have legally completed 4,439 homes (2010: 4,657) with sales improving from the lower sales order book at the start of the year. As previously indicated we anticipate delivering a similar number of legal completions this year as in 2010, with an increase in volume in the second half over the prior year. Turnover for the first six months was c. £715 million. Sales rates continued to improve through the spring selling season. Since our Interim Management Statement in April the value of our private sales reservations is 6% higher than the same period last year. Our order book at 30 June 2011 is now ahead of the same point last year with forward sales at c. £725 million. This places us in a strong position for the second half.

We are currently selling new homes from c. 380 sites and healthy visitor levels demonstrate that underlying demand is resilient. We have successfully opened 70 new sites in the first half of the year and have identified a further c. 70 sites for sales release during the second half. Cancellation rates continue to run at a low level of c. 17%.

Underlying pricing remains firm for the year to date. Average selling price for the first half of the year was c. £162,000 (2010: £168,936) reflecting the legal completion of a greater proportion of smaller house types in the period. However, we anticipate that our average selling price for the full year will increase as we legally complete more detached house sales already included in our forward order book.

We anticipate underlying operating margins for the first half, before exceptional items and goodwill charges, will show further improvement to c. 9.0% (H1 2010: 8.0%).

Any meaningful increase in industry output will only occur with a significant improvement in the currently constrained mortgage lending conditions. We continue to see some modest improvement in mortgage lending with a greater number of higher loan to value products available in the market. We have been successful in securing c. £35 million of funding from the Government under their FirstBuy Scheme to support first time buyers in the market. We look forward to introducing this facility to our customers across the c. 290 sites where c. 2,100 new homes have been allocated support. Our customers have also been keen to take

advantage of our part exchange facilities which provide a very convenient method for acquiring a newly built home.

We continue to invest in high quality land, which will support both the improvement in the Company's profitability over the medium term and an expansion in legal completions as and when market conditions allow. During the last six months we have acquired c. 7,500 plots of land, c. 36% of which have been secured through successfully converting strategic land positions. Notable successes have been c. 800 plots at Gatwick in the South East and c. 200 plots at Whinmoor in Leeds, West Yorkshire. These anchor sites will deliver superior returns for the business in the coming years.

At 30 June 2011 our borrowings were c. £15 million (June 2010: £122 million). As previously announced we arranged a new five year £300 million revolving credit facility during the first half of the year. The combination of our strong liquidity and these new facilities on improved terms will lead to lower finance costs in future periods, supporting further growth in profitability.

We continue to operate successfully in the current market and remain focussed on delivering further margin growth and free cash flow, supported by our strong high quality landbank.

We will announce our Half Year Results on Tuesday 23 August 2011 and provide further details at that time.

Mike Farley and Mike Killoran will host a conference call with analysts at 9.00 a.m. today. To participate please dial +44 (0)20 3059 5845. The password is 'Persimmon'.

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