

Bellway p.l.c.

Trading Update

For the Period Ending 31 July 2005

Wednesday 3 August 2005

Bellway is issuing the following Trading Update ahead of its preliminary results for the year ended 31 July 2005 which will be announced on Tuesday 18 October 2005. We are pleased to confirm that we will deliver record full year results for 2005 in line with market expectations.

Legal completions for the year were a new record at 7,001 homes, this is some 6% ahead of last year and shows an increase in output in both private and social homes. The overall average selling price achieved was circa £165,000 compared to £161,400 last year, still one of the lowest in the industry. This performance has been achieved against the backdrop of a less robust market place and is our fourteenth year of organic volume growth.

The Group's policy of forward selling as far as possible continues to be successful and the order book currently stands at £513 million compared to last year's exceptional level of £587 million. Since the summer of 2004, selling incentives have been more widely used to encourage hesitant home buyers to commit to a purchase. Our operating margin for 2004/5 will be similar to the prior year's 19.5%, however, if the level of selling incentives increases further, this margin will come under pressure in the current year.

The Group is currently selling from circa 10% more outlets compared to this time last year and this combined with our low average selling price encourages the Group as it aims for another year of increased volume. This growth however is ultimately dependent on the traditional uplift in sales activity in the Autumn and next Spring and would be further supported if interest rates were to fall.

Bellway has continued to invest in land to support our long term plans for organic growth. Our land bank with planning permission at 31 July is circa 21,500 plots compared to 20,700 at the same time last year. In addition, we have increased our involvement in regeneration schemes, having been recently nominated the contracted partner for projects in South Tyneside and North Solihull and preferred partner at Meden Valley.

Our focus on the middle market has been reinforced by this growing urban regeneration portfolio and should ensure that we are well positioned to continue to grow in the future.

FOR FURTHER INFORMATION, PLEASE CONTACT ALISTAIR LEITCH, FINANCE DIRECTOR ON 0191 217 0717 OR 07855 337001