

Bellway p.l.c.

Interim Management Statement

Friday 7 June 2013

Bellway is today updating the market with regard to its current trading position by issuing an Interim Management Statement in respect of the period from 1 February to 31 May 2013.

Market

The Group's performance since the beginning of the second half of the financial year has been encouraging, with strong consumer demand for new homes. Wider accessibility to affordable, higher loan to value mortgages has led to visitor numbers and reservations being ahead of expectations and these have been further enhanced by an increase in the number of active sales outlets.

Trading

Reservations since 1 February have averaged 160 per week, a 31% increase compared with the same period last year and there has been an improvement in customer interest since the launch of the government's Help to Buy scheme on 1 April.

Bellway's previous restriction on the use of shared equity incentives has now been lifted due to the introduction of full government funding for Help to Buy shared equity loans. Whilst lenders' credit scoring procedures remain robust, Help to Buy continues to gather momentum, having been used in some 360 reservations. The Board is therefore hopeful that this initial momentum since launch can be maintained as more lenders begin to offer this product.

The average selling price of reservations has increased as a result of changes in product mix, although on certain new sites, especially in the south, prices achieved have been modestly above management's expectations. As a result, the average selling price of reservations taken since 1 February is £200,300, some 5% ahead compared to the same period last year. It is anticipated that this increase will mainly benefit the average selling price of completions in the next financial year.

Land

The Group has continued to invest in new land where the gross margin meets its acquisition criteria of at least 20% and in doing so has expended £270

million on land and land creditors since 1 August. In addition, the Group has heads of terms agreed on a further 4,900 plots.

The Group had net bank debt of £95 million at 31 May and remains well positioned to continue its investment in land, provided opportunities continue to offer attractive rates of return. Bellway retains its ability to be selective in its approach to site acquisitions with the required land already in place to meet the Group's growth aspirations for the next financial year, together with a strong pipeline of land progressing through the planning system.

Outlook

As a result of its investment in land, Bellway is now operating from 223 sites (2012 – 213 sites) and the Board therefore expects that approximately two thirds of completions in the year ending 31 July 2013 will arise from land acquired since the downturn. This should result in the Group achieving around a 200 basis point improvement in the operating margin, compared to the 11.4% achieved last year.

Subject to construction delivery, Bellway has already secured its initial target of increasing volumes by at least 5% and the Board therefore now expects to increase the number of legal completions by around 7% in the year ending 31 July 2013. Furthermore, the Group has reservations in place with a value of £380 million for completion in the next financial year (2012 – £270 million).

The Board is encouraged by the gradual improvement in market conditions and is hopeful that this will facilitate further organic growth through geographic expansion. Given recent history and the wider economic uncertainties, a disciplined approach to land investment will be maintained, thereby leading to a sustainable enhancement in shareholder return.

FOR FURTHER INFORMATION PLEASE CONTACT:

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FROM 7:30 AM ONWARDS ON 0191 217 0717.**

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