

## **Bellway plc**

### **Interim Management Statement**

**5 June 2009**

Since the announcement of the Group's Interim Results on 31 March, there has been no major change in demand for our products. First time buyers continue to struggle to raise deposits and consequently access to the first step on the housing ladder remains difficult. Whilst conditions vary from region to region, the southern based divisions have experienced a marginally stronger market and it is envisaged that turnover in these divisions will be much higher by the year end than the northern based divisions whose markets still remain fragile, particularly in the Midlands, Yorkshire and North West England.

With entry to the mortgage market still restricted and lenders' valuation policies remaining inconsistent, cancellation rates are still running at historically high levels. Despite this, net reservations since 1 February have continued to average 105 per week thereby securing the volume target of 4,200 homes, thus underpinning the Group's performance for the year. To achieve these reservations, incentives in the form of cash discounting, part exchange and shared equity are still widely used, but are not increasing as a percentage of selling prices, therefore bringing some stability to our pricing structure. The level of completed stock units has now reduced from 1,000 at the end of January to 660 at 31 May.

With bank debt currently standing at GBP111.3 million, Bellway continues to operate well within its committed facilities. The focus of the business is changing from primarily one of simple debt reduction to selectively increasing production in certain parts of the country where demand is strongest. In addition, the Group has instructed its land teams to begin acquiring land suitable for traditional two storey housing.

The summer selling season normally heralds a slow down in activity and selling homes in the early stages of construction is difficult, given the current lending environment. Nevertheless, our current order book of reservations for completion after 31 July presently stands at GBP228 million (GBP283 million - 31 May 2008) and with a further 9 weeks of selling to go, the Board aims to have 50% of next year's volume target secured as it enters the new financial year.

The Group will announce its preliminary results for the financial year ending 31 July 2009 on Tuesday 13 October 2009.

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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