Bellway p.l.c.
Trading Update
5 February 2009

Bellway completed the sale of 2,014 homes (2008 - 3,252) in the six months ended 31 January with the average selling price of these homes reducing from £174,800 to £160,000, a reflection of not only increased levels of discounting but also the changing mix where social housing has increased to 20% of total completions in the period. Cash discounting, part exchange and shared equity have been used as incentives in virtually every private sale to maintain a sales rate which has been in line with our expectations. Margins continue to come under extreme pressure and could fall by more than 50% when compared to 18.1% posted in the six months ended 31 January 2008.

At the end of January the Group's order book stood at £296 million (2008 - £580 million) of which 70% is contracted; 89% of the current indicated targeted volume for the year ending 31 July 2009 has been secured.

Cost pressures have eased in recent months but the level of new development has slowed considerably, consequently, these full benefits are not as yet being realised. A further review of the holding cost of land may have to be undertaken to reflect conditions prevailing at the time of the Group's announcement of its interim results on Tuesday 31 March.

At present, our reduced divisional structure of thirteen operating divisions has around 1,000 completed stock plots and these are being targeted to sell quickly to expedite cash flow. Land expenditure in the first six months represented 75% of the land creditors due in the year, leaving the Group with a minimal commitment for the second half of the financial year. Whilst Bellway's land buying teams continue to appraise new opportunities, the Group is not, as yet, committing itself unconditionally to any new land purchases.

Bellway is primarily focused on reducing its indebtedness and, at present, is on target to reduce the year on year debt position at 31 July 2009 by around £100 million to £120 million. The Group continues to operate well within its current committed banking facilities of £402 million, which were negotiated and agreed in the second quarter of 2008 and extend out in annual tranches to 2015.

Whilst debt reduction remains the prime short term task, the Board is ever mindful of positioning the business for the medium and long term by ensuring that the Group's infrastructure is protected, as much as possible, so as to capitalise when confidence returns, thereby maximising shareholder value going forward.

FOR FURTHER INFORMATION PLEASE CONTACT:
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