Immediate release 12 January 2011

Barratt Developments PLC

TRADING UPDATE

Barratt Developments PLC is today issuing a trading update for the Company and its subsidiary undertakings ("the Group") for the six months to 31 December 2010 ("the period") ahead of its interim results announcement.

Highlights

- Group revenues of c. £875m, in-line with prior year equivalent period, with total completions of 4,832 units (Note 1)
- Average selling price ("ASP") against the prior year equivalent period increased by c. 6% to £176k, with private ASP increasing by c. 11% to £192k, driven by changes in mix. Underlying selling prices remained stable during the period
- Significant improvement in operating profit with operating margin increasing to around 5% in the period, up from 2.4% (Note 2) in the prior year equivalent period
- Net debt lower than expectations at c. £540m, with full year guidance maintained at £400m to £450m
- Forward sales as at 31 December 2010 in-line with the prior year at £645.7m

Mark Clare, Group Chief Executive commented,

"The Group has delivered a significant improvement in both average selling prices and operating margin even though sales volumes have been affected by difficult trading conditions. We are on course to make further progress in the second half as we open new higher margin sites and continue to be value and quality focused."

Trading

During the period the Group operated from an average of 352 active sites, down from 368 for the equivalent period in the prior year and 353 in the second half of FY 2009/10. The Group opened 79 active sites and closed 52 active sites, resulting in a net increase in active sites to 366 as at 31 December 2010. In the second half we expect to open a further c. 110 sites, and taking into account site closures, the net increase in active sites as at 30 June 2011 is expected to be c. 60, taking active sites at 30 June 2011 to c. 400.

Net private reservations per active site per week were down in the period at 0.39 (H1 2009/10: 0.49), reflecting weaker customer sentiment. The cancellation rate for the first half was 20.1% (H1 2009/10: 17.8%).

Total completions (Note 1) for the period were 4,832 units (H1 2009/10: 5,053) with private completions of 3,669 (H1 2009/10: 4,381), social housing completions of 1,127 (H1 2009/10: 647) and joint venture completions of 36 (H1 2009/10: 25). Social housing accounted for 23.5% (H1 2009/10: 12.9%) of completions (excluding joint ventures). The social housing mix has increased due to the higher level of new site openings over the past twelve months and the phasing of social delivery upon existing sites.

Given the constraints on mortgage finance, particularly at higher loan to value ratios, shared equity products have remained an important part of our sales mix. In the period, total shared equity product represented 28% of completions (H1 2009/10: 27%). Of these completions, 537 (H1 2009/10: 754) used the Government HomeBuy Direct initiative and the remainder used our own schemes. We have also targeted and achieved an increase in part-exchange, with 13% (H1 2009/10: 10%) of our completions supported by this in the period. We continue to manage our part-exchange stock effectively.

Today we are also announcing a tie-up with Hitachi Capital (UK) PLC that will allow parents to borrow money to help their children onto the property ladder. The product is unique in the market and is specifically designed to address current mortgage restrictions on loan to value.

For the first six months, ASP (excluding joint ventures) increased by c. 6% to c. £176k (H1 2009/10: £166.3k). Private ASP increased by c. 11% to c. £192k (H1 2009/10: £173.2k) and social ASP increased by c. 4% to c. £124k (H1 2009/10: £119.0k). This increase in ASP was driven by changes in mix, with houses representing 65% of first half year completions as compared to 60% in the prior year.

We recognise that the Group is not immune to future pricing trends in the wider housing market. However, during the period we have achieved stability in underlying prices which is testament to our focus on achieving the best possible prices for our homes. We have seen geographic variation, with relative strength in the South East.

Group revenues for the period were c. £875m (H1 2009/10: £872.4m), in-line with prior year, driven by lower completion volumes and the significant uplift in ASP.

Operating margin for the period is expected to be around 5%, up from 2.4% (Note 2) in the prior year equivalent period and 4.4% in the full year 2009/10. This significant improvement reflects the Group's strategy of driving profitability through achieving full value for its products and a focus on operational efficiency.

Forward sales

As at 31 December 2010, forward sales for the Group were in-line with the prior year at £645.7m (H1 2009/10: £651.2m), equating to 4,353 plots (H1 2009/10: 3,995). Of these sales £491.6m (76%) was contracted (H1 2009/10: £471.1m (72%)) (Note 3).

Land and planning

During the first half we have continued to pursue land opportunities where they provided attractive returns.

In the six months to 31 December 2010 we have agreed terms on £318.0m of land purchases equating to a total of 57 sites and 6,078 plots, of which 81% are for houses (Note 4). For the full year 2010/11 we anticipate agreeing terms on around 8,000 plots (mid 2009 to June 2010: 13,359 plots).

The majority of the Group's landbank already has outline or detailed planning consent. Specifically the Group has detailed planning consent for 100% of budgeted volumes for FY 2010/11. For FY 2011/12, 86% of budgeted volumes have detailed planning consent, with a further 7% having outline planning consent.

The Group's owned land bank totalled around 50,800 plots as at 31 December 2010 (2009: 50,990). This equates to approximately 4.5 years supply based on FY 2009/10 completion volumes.

Stock and work in progress

Stock and work in progress have been tightly controlled throughout the period. Unreserved stock units as at 31 December 2010 totalled 837 (2009: 691), 2.3 units per active site (2009: 1.9 units).

Treasury

Group net debt as at 31 December 2010 was approximately £540m (2009: £605.3m), the increase from 30 June 2010 (£366.9m) reflecting normal operational trends. We continue to expect net debt to be between £400m and £450m as at 30 June 2011.

As per our previous guidance, the net finance charge for H1 2010/11 will be around £50m (H1 2009/10: £68.9m before exceptional costs). This includes a non-cash finance charge (Note 5) of around £13m (H1 2009/10: £15.8m).

For FY 2010/11 we expect the total interest charge to be approximately £105m consisting of cash interest of around £75m on net debt including term debt (Note 6) and around £30m of non-cash finance charges.

The Group's existing bank facilities will mature in April and November 2012. We have commenced discussions regarding the re-financing of our facilities and expect this to be completed in the coming months.

Outlook

Mortgage lending remains at unusually low levels and we view this restricted availability of mortgage finance as continuing to be the key constraint on market growth in the near term.

Whilst the Group will benefit from the opening of c. 110 sites during the second half of FY 2010/11, we anticipate that any volume growth for the year will be limited.

We expect changes in mix to continue to drive increases in ASP but at a slower rate during the second half of FY 2010/11, reflecting the strong performance in the prior year equivalent period. For financial year we anticipate houses representing 65% of total volumes, up from 60% in the prior year.

We have seen significant improvement in the operating margin in the period, and with a greater proportion of completions coming from recently acquired higher margin land in the second half of FY 2010/11, we expect to continue to drive margin growth.

The Group's primary objective is to improve profitability through achieving full value for its products and retaining a firm grip on costs. This will remain our focus in the second half.

Notes:

Note 1 – Total completions

Total completions is defined as housebuilding completions plus completions from joint ventures in which the Group has a share

Note 2 – Operating margin

Operating margin is defined as Group profit from operations before exceptional items divided by Group revenue

Note 3 – Forward sales

	31 Dec 2010	31 Dec 2009
Private		
Value	£319.9m	£386.5m
- due in H2	£289.1m	£341.9m
- due after H2	£30.8m	£44.6m
Plots	1,376	1,804
Social		
Value	£325.8m	£264.7m
- due in H2	£122.7m	£107.1m
- due after H2	£203.1m	£157.6m
Plots	2,977	2,191
Total		
Value	£645.7m	£651.2m
- of which contracted	£491.6m	£471.1m
- % of which contracted	76%	72%
- due in H2	£411.8m	£449.0m
- due after H2	£233.9m	£202.2m
Plots	4,353	3,995
- % contracted	80%	76%

Note 4 – Land acquisition since mid 2009

	1 July 2010 to 31 December 2010	Mid 2009 to June 2010	Total since mid 2009
Total spend	£318.0m	£527.2m	£845.2m
Total number of plots	6,078	13,359	19,437
Location			
- South:North (by value)	59%:41%	66%:34%	63%:37%
- South:North (by plots)	45%:55%	51%:49%	49%:51%
Vendor			
- Government:Private	4%:96%	34%:66%	24%:76%
Type			
- Brownfield:Greenfield	29%:71%	60%:40%	50%:50%
- Houses:Flats	81%:19%	77%:23%	78%:22%
Status			
- Owned	n/a	n/a	57%
- Contracted	n/a	n/a	30%
- Progressing	n/a	n/a	13%
Payment			
- Paid 09/10	n/a	n/a	£40.2m
- Due in 10/11	n/a	n/a	£143.3m
- Due in 11/12	n/a	n/a	£240.2m
- Due after 11/12	n/a	n/a	£421.5m

Unless stated otherwise, % splits are by plots

Note 5 – Non-cash finance charge

Non-cash finance charge is defined as imputed interest on available for sale financial assets, amortisation of losses on cancelled interest rate swaps, imputed interest on deferred term land payables, finance costs related to employee benefits and amortisation of facility fees

Note 6 – Term debt

The £903m of debt classified as term includes:

- The £741m revolving credit facility which was fully drawn in August 2008 and which has since that date operated effectively as a term loan
- Total private placement notes of £162m

This Trading Update contains certain forward-looking statements about the future outlook for the Group. Although the Directors believe that these statements are based upon reasonable assumptions, any such statements should be treated with caution as future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

Conference call for analysts and investors

Mark Clare, Group CEO and David Thomas, Group FD will be hosting a conference call at 08:00am today, Wednesday 12 January 2011, to discuss this Trading Update.

To access the conference call:
Dial-in: +44 (0) 20 3140 0723

A replay facility will be available:
Dial-in: +44 (0) 20 3140 0698
Passcode: 375463#

For further information please contact:

Barratt Developments PLC	
Mark Clare, Group Chief Executive	020 7299 4898
David Thomas, Group Finance Director	020 7299 4896
Susie Bell, Head of Investor Relations	020 7299 4880

For media enquiries, please contact:

Barratt Developments PLC	
Dan Bridgett, Head of External Affairs	020 7299 4873
Maitland	
Liz Morley	020 7379 5151
Neil Bennett	