Immediate release

14 November 2012

Barratt Developments PLC
Interim Management Statement

Barratt on track to deliver significantly improved profits in the first half year

Barratt Developments PLC will be holding its Annual General Meeting ("AGM") this afternoon at 2:30pm at the Royal College of Physicians, London and is today issuing the Interim Management Statement for itself and its subsidiaries (the "Group"), which covers the period from 1 July to 11 November 2012 (the "period").

Highlights

- Net private reservations per site per week slightly up on the prior year at 0.54 (2012: 0.53)
- Stable underlying selling prices
- Increase in private forward sales of 21.1% to £768.5m (2012: £634.5m)
- We continue to secure land at attractive prices across the country with £226.8m (2012: £111.3m) of new higher margin land, equating to 29 (2012: 23) sites, approved in the period. Half of full year completions expected to come from newer higher margin land
- Reduction in overall indebtedness remains a key objective with target for zero net debt as at 30 June 2015. Net debt guidance for 31 Dec 2012 reduced to c. £400m, primarily reflecting the timing of land payments

Mark Clare, Group Chief Executive commented,
"We have traded well over the period. Our strategy of securing higher margin land and bringing it into production as quickly as possible is delivering. The Group is on track to report a significant improvement in profitability for both the half and full year."

Trading
We have traded well over the period. Market conditions have remained stable with no adverse impact from the Olympics, and our London business in particular is continuing to trade strongly.

Average active sites (excluding joint ventures ('JVs')) in the last 18 weeks were 375 (2012: 375) with average JV sites of 5 (2012: 3). We have seen an increased momentum in site openings from new land in recent weeks and continue to expect average site numbers for the full year to be marginally ahead of the prior year.

Average net private reservations per active site per week (excluding JVs) were 0.54 (2012: 0.53) in the last 18 weeks (Note 1), and the cancellation rate (excluding JVs) was 16.0% (2012: 15.5%).

For the full year we expect social completions to be around 18% of total completions. The delivery of social units is expected to be more weighted to the second half resulting in lower social completions in the first half than in the prior year equivalent period.

The Group expects the split of total completions between the first half and second half of the financial year to be approximately 40% in H1 2013 and 60% in H2 2013, consistent with the split in prior years.

Overall underlying prices have remained stable during the period, with greater strength in London and the South East. Further changes in product mix are expected to deliver growth in private average selling price in the first half and full year 2013.

The Group continues to retain a firm control on costs, in particular capitalising on our scale, maximising central procurement for materials, and benchmarking costs across the Group.

Private forward sales (excluding JVs) were up 21.1% on the prior year to £768.5m (2012: £634.5m) with plots up 12.0% on the prior year at 3,514 plots (2012: 3,137 plots). Total forward sales (excluding JVs) were up 2.1% to £946.6m (2012: £926.7m) (Note 2).

Joint ventures
We are making good progress with our JV developments, in particular on our more complex London sites. We expect completions and profits from JVs to increase significantly over the next 2 to 3 years, reflecting the delivery profile of these sites (Note 3). Private JV forward sales were £38.2m (2012: £10.2m) equating to 120 plots (2012: 49 plots) (Note 2).

We continue to review JV opportunities which allow us either to access sites that may not otherwise be available, or to reduce the investment required and improve the return on capital employed through construction management or marketing fees.

Government initiatives
The acceleration of housebuilding remains an important economic objective for the Government and there are a range of Government-backed initiatives to support the industry.

Interest in the NewBuy mortgage indemnity scheme has increased during the Autumn selling season and, for the period, reservations supported by NewBuy totalled 9% of private reservations (excluding Scotland and Wales).

In September the Government announced additional funding for the FirstBuy shared equity scheme. During October we received an initial tranche of this further funding and expect our full allocation to be determined ahead of the Spring selling season. The Group will target the use of FirstBuy on sites where affordability remains a key issue, in particular focusing the product to drive sales on older and impaired developments.

The Group expects to receive c. £35m in low-cost development finance in FY13 from the Government's Get Britain Building Scheme which is designed to kick start stalled developments.

Despite the positive impact of these Government initiatives, we continue to believe that a step change in mortgage lending is required to see a sustainable increase in the number of new homes being built. The Bank of England's Funding for Lending Scheme, launched in July, has the potential to stimulate mortgage lending, with around 30 lenders now signed up to the programme, including the UK's five largest lenders.

Land and planning
We are making good progress in transforming our landbank as we continue to bring more recently acquired, higher margin land into production as quickly as possible.

For FY13 we expect around half of completions to come from this newer land, increasing to c. 70% in FY14 and c. 85% in FY15. This land continues to perform in line with or ahead of our required hurdle rates on acquisition, which include a gross margin of at least 20% and a return on capital employed of at least 25% (Note 4).

We also remain focused on maximising the value of our historic land holdings. We anticipate delivering c. 18% of completions in FY13 from impaired land which would, in turn, reduce the proportion of impaired plots in the owned land bank as at 30 June 2013 to c. 8% (2012: 15.2%). Where appropriate, we will also accelerate the utilisation of impaired land through land sales or swaps.

As at 30 June 2012 the Group had approximately 4.3 years of owned and controlled land based on FY12 volumes. We are targeting a similar length landbank in the current financial year. In the period we have agreed terms on £226.8m (2012: £111.3m) of land equating to 29 sites (2012: 23) and 3,685 plots (2012: 2,320) (Note 5). We continue to see good land opportunities across the country and our dual focus remains on ensuring we have the land supply necessary to support business growth over the next few years and to deliver it in a way that maximises return on capital.

We continue to seek to defer payment for new land where possible to drive higher return on capital. As at 30 June 2012, land creditors of £726.1m equated to 35% of our owned land bank and for FY13 we expect land creditors to remain fairly constant as a proportion of the land bank.

Planning consents continue to be achieved in line with our expectations. We have detailed planning consents for 98% of our expected FY13 completions and detailed consents for 73%, with outline consents on a further 11%, of our expected FY14 completions.

Net debt and interest

Reducing overall indebtedness remains a key objective of the Group with a target of zero net debt as at 30 June 2015.

As we increase site numbers, make scheduled payments on new land approvals and build work in progress, particularly in London, to deliver completions for Spring 2013, we expect net debt at 31 December 2012 to be c. £400m. The £75m reduction from previous guidance largely reflects the timing of land payments. In line with normal seasonal trends, over the second half of the year net debt will reduce and as at 30 June 2013 is expected to be at a similar level to the prior year.

For FY13 we expect the blended rate of interest to be c. 8.5% and that our total interest charge will be c. £75m, including a non-cash interest charge of c. £20m.

Board changes

As separately announced today, Nina Bibby will join the Group as a Non-Executive Director with effect from 3 December 2012. Nina is Global Chief Marketing Officer at Barclaycard, the payments subsidiary of Barclays PLC. Her mix of marketing, customer insight and digital skills will be a considerable asset to us as we strive to enhance further our relationship with our customers.

Bob Davies is stepping down at the conclusion of today's AGM as Senior Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee after some 9 years on the Board of the Company. Bob has made an outstanding contribution to the Group during his tenure. We wish him well for the future. Mark Rolfe will take over as Senior Independent Director and Richard Akers as Chairman of the Remuneration Committee.

Outlook

The Group is on track to deliver further significant improvement in profitability for both the half and full year 2013. Against a stable market backdrop, these improvements will be founded on the increased delivery of newer higher margin land in combination with the continued focus on driving efficiencies throughout the business. At the same time we will continue to identify and approve the purchase of new land that meets or exceeds our hurdle rates for profitability and return on capital.

Whilst we are supportive of the Government schemes such as NewBuy and FirstBuy, we continue to believe that any significant improvement in market conditions will be driven by increased mortgage availability and approvals.

Assuming a continuing stable market, the Board expects to recommence dividend payments, with a conservative dividend cover, by proposing a final dividend in respect of the financial year to 30 June 2013, payable in the final quarter of 2013.

Note 1 – Reservation rates (excluding JVs)

	Average net private reservations per week	**Net private reservations per week per active site[1]**
Last 18 weeks to 11 Nov 2012	202	0.54
Last 18 weeks to 13 Nov 2011	199	0.53

(1) An active site is defined by the Group as a site with at least one unit available for sale

Note 2 – Forward sales

Forward sales - owned

	11 Nov 2012	**13 Nov 2011**	**% change**
Private			
Value	£768.5m	£634.5m	21.1%
- due in H1	£424.6m	£385.6m	10.1%
- due after H1	£343.9m	£248.9m	38.2%
Plots	3,514	3,137	12.0%
Social			
Value	£178.1m	£292.2m	(39.0%)
- due in H1	£30.6m	£45.5m	(32.7%)
- due after H1	£147.5m	£246.7m	(40.2%)
Plots	1,806	2,842	(36.5%)
Total			
Value	£946.6m	£926.7m	2.1%
- of which contracted	£512.5m	£523.8m	(2.2%)
- % of which contracted	54%	57%	(3%)
- due in H1	£455.2m	£431.1m	5.6%
- due after H1	£491.4m	£495.6m	(0.8%)
Plots	5,320	5,979	(11.0%)
- % contracted	59%	65%	(6%)

Forward sales – Joint ventures

	11 Nov 2012	13 Nov 2011	% change
Private			
Value	£38.2m	£10.2m	274.5%
- due in H1	£6.5m	£5.5m	18.2%
- due after H1	£31.7m	£4.7m	574.5%
Plots	120	49	144.9%
Social			
Value	£9.9m	£15.8m	(37.3%)
- due in H1	£1.1m	£1.9m	(42.1%)
- due after H1	£8.8m	£13.9m	(36.7%)
Plots	90	102	(11.8%)
Total			
Value	£48.1m	£26.0m	85.0%
- of which contracted	£34.3m	£19.8m	73.2%
- % of which contracted	71%	76%	(5%)
- due in H1	£7.6m	£7.4m	2.7%
- due after H1	£40.5m	£18.6m	117.7%
Plots	210	151	39.1%
- % contracted	57%	75%	(18%)

Note 3 – Joint ventures

London

Site	**Altitude**	**Queensland Terrace**	**Fulham Wharf**	**Hendon Waterside**
Location	Aldgate	Islington	Fulham	West Hendon
JV partner	London & Quadrant	London & Quadrant	London & Quadrant	Metropolitan Housing
Ownership	50:50	50:50	50:50	75:25
GDV	£106m	£137m	£427m	£41.5m
Total units	235	375	462	191
Private/social mix (%)	73:27	100:0	85:15	80:20
JV landbank plots (30 June 12)	206	375	-	164
Forecast delivery profile				
Commencement on site	Jan 11	May 12	Aug 12	Jul 10
Private legal completions start	Aug 13	Nov 13	May 14	Sept 12
Off site	Mar 14	Jun 15	Dec 17	Jun 13

Non-London

Site	**The Acres**	**Windmill Place**	**Bluebell Gate**	**The Fieldings / Cissbury Chase**
Location	Horley	Thame	East Grinstead	Worthing
JV partner	Wates	Wates	Wates	Wates
Ownership	78.5:21.5	50:50	50:50	50:50
GDV	£150m	£25m	£48.8m	£67.5m
Total units	501	99	142	301
Private/social mix (%)	78:22	60:40	70:30	95:5
JV landbank plots (30 June 12)	229	4	142	-
Forecast delivery profile				
Commencement on site	Feb 08	Jan 11	May 12	Nov 12
Private legal completions start	Feb 09	Mar 11	Dec 12	Apr 13
Off site	Jun 16	Dec 12	Jun 15	Jun 14

Note 4 - Return on capital employed

Return on capital employed is defined as site operating profit (site trading profit less sales overheads and allocated administrative overheads) divided by average investment in site land and work in progress

Note 5 – Land acquisition since mid 2009

	IMS period from 1 July 2012 to 11 November 2012	IMS period from 1 July 2011 to 13 November 2011	Total since mid 2009
Total land approvals	£226.8m	£111.3m	£1,786.2m
Total number of plots	3,685	2,320	37,990
Total number of sites	29	23	340
Location			
- South:North (by value)	67% : 33%	60% : 40%	59% : 41%
- South:North (by plots)	56% : 44%	41% : 59%	47% : 53%
Vendor			
- Government : Private	32% : 68%	32% : 68%	26% : 74%
Type			
- Houses : Flats	53% : 47%	81% : 19%	80% : 20%
Status			
- Owned	n/a	n/a	65%
- Contracted	n/a	n/a	22%
- Progressing	n/a	n/a	13%
Payment			
- Paid FY10	n/a	n/a	£40.2m
- Paid in FY11	n/a	n/a	£132.9m
- Paid in FY12	n/a	n/a	£222.5m
- Due in FY13	n/a	n/a	£468.4m
- Due after FY13	n/a	n/a	£922.2m

Unless stated otherwise, % splits are by plots

This Interim Management Statement 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 08:30am today, Wednesday 14 November 2012, to discuss this Interim Management Statement.

To access the conference call:
Dial-in: +44 (0) 20 3140 0668
Toll-free: 0800 368 1950
Passcode: 898216#

A replay facility will be available shortly after:
Dial-in: +44 (0) 20 3140 0698
Toll-free 0800 368 1890
Passcode: 387934#

Annual General Meeting
Barratt Developments PLC will be holding its Annual General Meeting today at 2:30pm at the Royal College of Physicians, 11 St Andrews Place, Regent's Park, London NW1 4LE.

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