8 May 2014

**Barratt Developments PLC**

**Interim Management Statement**

Barratt Developments PLC is today issuing an Interim Management Statement in respect of the 18 weeks from 1 January 2014 to 4 May 2014 (the 'period'). Barratt Developments PLC year end is 30 June 2014.

**Highlights**

- Strong sales performance continues with 0.77 (2013: 0.68) net private reservations per active site per week for the period

- Net private reservations up 24.6% at 0.71 (2013: 0.57) per active site per week for the financial year to date

- Total forward sales as at 4 May 2014 up by 46.5% to £1,922.9m (5 May 2013: £1,312.3m), providing a strong position going into FY15

- Continuing to secure excellent land opportunities across all regions which meet or exceed our stringent minimum hurdle rates, and expect to approve c. 21,000 plots in FY14 (FY13: 18,536 plots)

- Confident we will deliver our FY16 ROCE(1) target of 18% significantly ahead of schedule

Mark Clare, Group Chief Executive commented:

"The improvements in our operational performance have been embedded in the business and will continue to serve us well in a stronger market. Our focus is now on FY15, and by June we expect to have secured more than 25% of our FY15 private sales, with planning now in place for 98% of total FY15 completions. Our disciplined approach to land buying will enable us to maintain an owned landbank of around 3.5 years and will support a significant increase in profitability and return on capital employed."

(1) Return on Capital Employed ('ROCE') is calculated as earnings before interest, tax, operating charges relating to the defined benefit pension scheme and operating exceptionals, divided by average net assets adjusted for goodwill and intangibles, tax, cash, loans and borrowings, retirement benefit obligations and derivative financial instruments

**Trading update**

The Group has continued to trade well in the second half of the financial year, with strong results seen across all key performance indicators. We have a well balanced national portfolio and are seeing strong trading across all of our regions.

Increased buyer confidence and the availability of attractive mortgage finance continue to support strong consumer demand for our homes. Sales rates in the period were strong and have returned to optimal levels, averaging 0.77 (2013: 0.68) net private reservations per active site per week.

The Government's Help to Buy equity scheme remains a very attractive opportunity for our customers and, in particular, is supporting first time buyers. In the period, 2,150 of our reservations used the scheme.

In line with our previous guidance, we expect FY14 completions of c. 14,250 units plus c. 650 completions from joint ventures. Looking ahead, our focus is on driving optimum output from the Group's existing operating structure of 27 divisions. Against this backdrop, volume growth will depend on our ability to continue to secure land that at least meets our minimum hurdle rates, assuming no future house price inflation.

With stronger market conditions we continue to see reduced incentive costs driven by the low cost of Help to Buy, and some ongoing improvements in underlying selling prices in all regions. For FY14 we expect to see an increase in total average selling price driven by a combination of ongoing mix changes and some underlying price improvement.

**Forward sales**

Our forward sales position remains very strong and by June we expect more than 25% of next year's private completions to be forward sold. This gives us confidence for FY15 and will help to rebalance the proportion of full year completions delivered in the first half of the financial year.

As at 4 May 2014, total forward sales (excluding JVs) were up by 46.5% on the prior year to £1,922.9m (2013: £1,312.3m), equating to 9,382 plots (2013: 7,155 plots). Private forward sales (excluding JVs) were up by 50.5% on the prior year to £1,525.8m (2013: £1,013.5m), equating to 5,703 plots (2013: 4,373 plots). JV private forward sales, which are predominantly based in our London region, were £182.7m (2013: £117.2m), equating to 326 plots (2013: 247 plots).

**Land and planning**

We continue to expect around two thirds of completions in the current financial year to come from our newer high margin land, increasing to c. 79% in FY15. We remain disciplined in our approach to land buying with our minimum hurdle rates set at a 20% gross margin and 25% return on capital employed[2], assuming no future house price inflation.

(2) Site ROCE on land acquisition is calculated as site operating profit (site trading profit less sales overheads less allocated administrative overheads) divided by average investment in site land, work in progress and equity share

The land market remains attractive and we continue to secure excellent land opportunities across all regions. In the more competitive markets of London and the South East we are focused on securing public land and more complex sites which play to our competitive strengths. We continue to use our very effective dual branding capability to optimise sales on larger sites. We have also increased the amount of land secured through strategic options, thereby strengthening our longer term position.

For the financial year to date, we have approved a total of 19,439 plots (2013: 16,118 plots) and expect to approve a total of c. 21,000 plots for FY14 (FY13: 18,536 plots). The Group continues to target a 4.5 year land bank with c. 3.5 years of owned land and c. 1.0 year of conditionally contracted land.

We continue to seek to defer payment for new land where possible to drive a higher return on capital. Land creditors are expected to be c. 35% of the owned land bank as at 30 June 2014 (30 June 2013: 35%).

The Group has made good progress on achieving planning consents in the period and has detailed planning for 91% of our expected FY15 completions and outline consent for a further 7%.

**Treasury**

We expect net debt as at 30 June 2014 to be minimal (30 June 2013: £25.9m).

The Group's net finance charge for FY14 is expected to be c. £60m (FY13: £68m), consisting of cash finance charges of c. £30m (FY13: £47.5m) and c. £30m (FY13: £20.5m) of non-cash charges.

**Outlook**

We remain positive on the outlook for the Group and expect to deliver a very strong performance for the full financial year whilst also being very well positioned for FY15. We are confident we will deliver our FY16 ROCE target of 18% significantly ahead of schedule.

**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, Thursday 8 May 2014, to discuss this Interim Management Statement.

To access the conference call:
Dial-in: +44(0)20 7138 0815
Passcode: 1989230

A replay facility will be available shortly after:
Dial-in: +44(0)20 3427 0598
Passcode: 1989230

**For further information please contact:**

| | |
|---|---|
| **Barratt Developments PLC** | |
| David Thomas, Group Finance Director | 020 7299 4896 |
| Susie Bell, Head of Investor Relations | 020 7299 4880 |
| | |
| **For media enquiries, please contact:** | |
| Patrick Law, Corporate Affairs Director | 020 7299 4892 |
| **Maitland** | |
| Liz Morley | 020 7379 5151 |

www.barrattdevelopments.co.uk