

TRADING UPDATE
TUESDAY 7 JULY 2009

Persimmon plc announces the following trading update ahead of its Interim Results to 30 June 2009, which will be released on Tuesday 25 August 2009.

During the six months ended 30 June 2009 we legally completed 4,006 homes with total sales revenue of c. £625 million (June 2008: £998 million). Borrowings at 30 June 2009 were lower than originally anticipated at c. £495 million (June 2008: £906 million), representing a gearing level of c. 32%. This places the business in a strong position to deliver the £450 million year end borrowings previously indicated.

At 23 April 2009 we stated that sales for the first 16 weeks of the year were ahead of our expectations. Since then sales volumes have consistently been ahead of the same period of 2008. More recently, both volume and revenues have shown increasing improvement on the comparative weeks of the previous year.

Forward sales revenue into the second half of 2009 is c. £700 million. This compares with forward sales revenue of c. £458 million at 1 January 2009 and c. £650 million at the same time last year.

We expect this improving trend to continue against the weak conditions experienced throughout the second half of 2008. House prices have continued to decline throughout the six month period with an underlying reduction of c. 4% for the Group. The rate of decline has however reduced and our recent experience is that prices are now stabilising in some locations.

Further indications of an improved housing market are evidenced by the historically low level of cancellations of c. 16% we are currently experiencing and the significant reduction in our part exchange stock to c. £17 million (June 2008: £120 million).

Whilst we continue to monitor work in progress levels very closely, we have invested where we can realise good sales and cash flow. During the first half of this year we opened 45 new developments and plan to commence work on a further c. 50 sites during the second half. Currently we have c. 390 operating sales outlets (January 2009: c. 420) (June 2008: c. 460).

Our landbank consists of c. 64,500 plots (June 2008: 76,159 plots). This represents a very healthy c. 7 years' supply at current rates of sale. Given the good geographic spread and focus on more traditional house types within our landbank, currently we do not need to acquire more land to sustain our business. However, we are identifying a small number of opportunities where we are able to agree terms to purchase new land on favourable terms. Despite this we have not experienced any noticeable increase in the availability of good quality land at attractive prices.

At the end of 2008 we carried out a prudent review of our landbank in the light of market conditions which we anticipated would lead to further market weakness. Unless there is a substantial change in current market conditions, we do not expect any requirement for further provisions.-

We are encouraged by the improvement in sales rates when compared to last year, but will remain cautious until mortgage availability improves further and employment prospects stabilise. In the meantime, we will continue to focus on cash generation and the reduction of debt levels in our business to ensure that Persimmon remains in a strong position.

Mike Farley and Mike Killoran will host a meeting with analysts at 9.00am at Merrill Lynch, 2 King Edward Street, London EC1A 1HQ.

Analysts wishing to participate remotely may dial 01452 569 103 followed by the conference ID 15224487.

For further information, please contact:

Persimmon plc

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