

Taylor Wimpey plc

Half Year Results Presentation for the period ended 3 July 2011

3 August 2011

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Introduction

Pete Redfern, Chief Executive

Agenda

- Introduction
- Financial review
- Operational review
- Strategy and outlook

Pete Redfern

Ryan Mangold

Pete Redfern

Pete Redfern

Introduction

Half year 2011 summary

- Step up in operational performance in the UK
 - Above expected growth in margin in H1 and in land portfolio
 - Significant additional build cost savings achieved
 - Increasing success in acquiring and promoting strategic land
 - Proactively adapting business to changing planning environment
 - Customer satisfaction increased to 89.5% (H1 2010: 83.1%)
 - Further improved reportable injury frequency rate of 0.09 per 100,000 hours worked (H1 2010: 0.14)
- Balance sheet in a strong position
 - North America sale complete 13 July

Introduction

Key performance highlights

- UK operating margin increased to 9.3% (H1 2010 underlying: 6.1%*)
- UK contribution per plot increased to £30.0k (H1 2010: £22.4k)
- Continuing operations ROCE of 6.5% (H1 2010: 2.9%*)
- Tangible net asset value per share 57.0p (H1 2010: 47.0p)
- Pro forma** net debt of £165.9m (H1 2010: £633.9m)

* Excludes £12.0m pension curtailment credit. Reported margin for H1 2010 was 7.5% and ROCE was 3.5%.

** Adjusted for North America sales proceeds, transaction costs and one-off pension deficit repair payment.

Financial review

Ryan Mangold, Group Finance Director

Financial review

Summary results

| Continuing Group £m | H1 2011 | H1 2010** | Change | FY 2010** |
|---|---------|-----------|--------|-----------|
| Revenue | 817.8 | 846.0 | (28.2) | 1,767.7 |
| Operating profit* | 67.2 | 39.1 | 28.1 | 88.3 |
| Operating margin % | 8.2% | 4.6% | 3.6ppt | 5.0% |
| Net finance costs before exceptional items | (38.3) | (53.4) | 15.1 | (116.2) |
| Profit/(loss) before taxation and exceptional items | 28.9 | (14.3) | 43.2 | (27.9) |
| Adjusted basic earnings/(loss) per share | 0.4p | (0.2)p | 0.6p | (4.0)p |
| Tangible NAV per share | 57.0p | 47.0p | 10.0p | 56.9p |
| Return on net operating assets | 7.1% | 2.9% | 4.2ppt | 5.3% |

* Profit on ordinary activities for continuing operations before finance costs, exceptional items and tax and after share of results of joint ventures.

** Restated for discontinued operations and a one-off pension curtailment credit of £12.0m in H1 2010 and FY2010.

Financial review

Summary income statement*

| Continuing Group £m | H1 2011 | H1 2010** | Change | FY 2010** |
|---|--------------|---------------|-------------|---------------|
| Revenue | 817.8 | 846.0 | (28.2) | 1,767.7 |
| Cost of sales | (686.4) | (739.3) | 52.9 | (1,537.9) |
| Gross profit | 131.4 | 106.7 | 24.7 | 229.8 |
| Net operating expenses*** | (64.5) | (67.2) | 2.7 | (141.2) |
| Profit on ordinary activities before finance costs and tax | 66.9 | 39.5 | 27.4 | 88.6 |
| Net finance cost | (38.3) | (53.4) | 15.1 | (116.2) |
| Share of results of JVs | 0.3 | (0.4) | 0.7 | (0.3) |
| Profit / (loss) before tax | 28.9 | (14.3) | 43.2 | (27.9) |
| Tax charge | (17.1) | (4.4) | (12.7) | (31.3) |
| Profit / (loss) for the period | 11.8 | (18.7) | 30.5 | (59.2) |

* Before exceptional costs

** Restated for discontinued operations

*** Excludes the one-off pension curtailment credit of £12.0m in H1 2010 and FY 2010

Financial review

H1 segmental analysis

| Continuing Group | Revenue | | Operating profit* | | Operating margin* | |
|------------------|--------------|---------------|-------------------|-------------|-------------------|-------------|
| | £m | Change | £m | Change | 2011 | 2010 |
| UK Housing*** | 809.2 | (17.9) | 75.6 | 25.5 | 9.3% | 6.1% |
| Spain Housing** | 8.6 | (10.3) | (1.1) | 0.8 | (12.8)% | (10.1)% |
| Corporate | - | - | (7.3) | 1.8 | | |
| Total | 817.8 | (28.2) | 67.2 | 28.1 | 8.2% | 4.6% |

* Profit / (loss) on ordinary activities before exceptional items and finance costs, including share of results of joint ventures.

** Spain Housing includes the results of Gibraltar in 2010.

*** Excludes the one-off pension curtailment credit of £12.0m in H1 2010 and £12.0m in FY 2010.

Financial review

UK performance summary

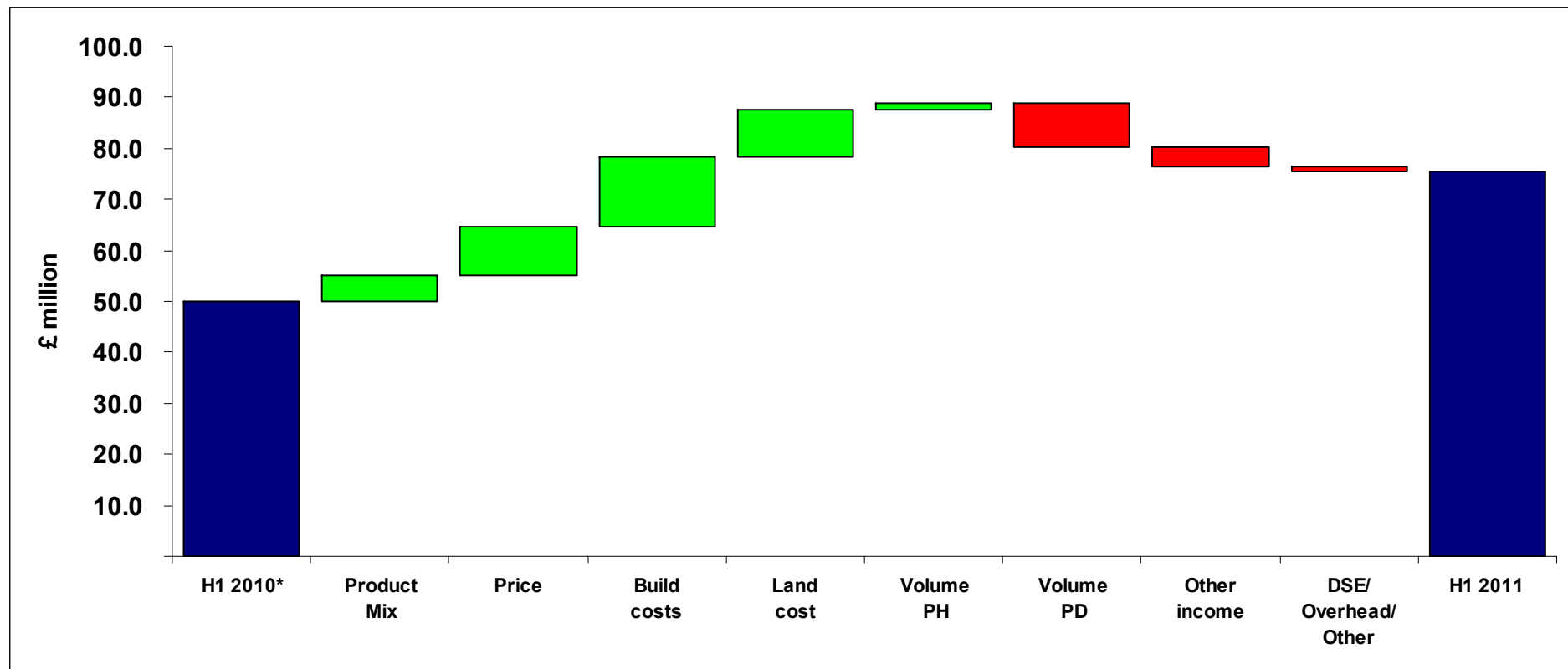
| | H1 2011 | H1 2010 | Change % | FY 2010 |
|--------------------------------|---------|---------|----------|---------|
| Legal completions – total | 4,707 | 4,804 | (2.0)% | 9,962 |
| Private | 3,675 | 3,925 | (6.4)% | 8,103 |
| Affordable | 1,004 | 866 | 15.9% | 1,824 |
| JVs | 28 | 13 | 115.4% | 35 |
| Ave selling price – total £000 | 168 | 168 | - | 171 |
| Private £000 | 182 | 180 | 1.1% | 184 |
| Affordable £000 | 117 | 116 | 0.9% | 116 |
| Operating profit £m* | 75.6 | 50.1** | 50.9% | 111.0** |
| Operating margin %* | 9.3 | 6.1** | 3.2ppt | 6.4** |
| Asset turn – times | 1.0 | 1.0 | - | 1.1 |

* Operating profit is defined as profit on ordinary activities before finance costs and exceptional items, after share of results of joint ventures

** Excludes £12.0m pension curtailment credit.

Financial review

UK Housing profit drivers



* Excludes £12.0m pension curtailment credit in H1 2010

Financial review

Consolidated net finance cost

| Continuing Group £m | H1 2011 | H1 2010** | FY 2010** |
|---------------------------------|--------------|--------------|--------------|
| Interest on borrowings | 34.2 | 39.2 | 85.2 |
| Interest receivable | (3.4) | (0.2) | (3.4) |
| Sub-total | 30.8 | 39.0 | 81.8 |
| Pensions | 6.9 | 10.6 | 23.0 |
| Derivatives and FX | (3.3) | (1.6) | 2.4 |
| Land creditors and other | 3.9 | 5.4 | 9.0 |
| Total net finance cost * | 38.3 | 53.4 | 116.2 |
| Average net debt*** | 877.9 | 761.5 | 750.9 |

* Pre-exceptional

** Restated for discontinued operations

*** Excludes North America net cash balances

Financial review

Summarised balance sheet

| £m | 3 Jul 2011 | 31 Dec 2010* | Change |
|---------------------------------------|----------------|----------------|---------------|
| Long term assets and JVs | 39.2 | 40.3 | (1.1) |
| Land | 1,957.9 | 1,989.1 | (31.2) |
| WIP | 767.1 | 691.5 | 75.6 |
| Debtors | 137.2 | 125.4 | 11.8 |
| Land creditors | (280.0) | (320.4) | 40.4 |
| Other creditors | (624.6) | (600.6) | (24.0) |
| Pensions and post retirement benefits | (236.8) | (246.0) | 9.2 |
| Provisions | (97.5) | (103.3) | 5.8 |
| Net Operating Assets | 1,662.5 | 1,576.0 | 86.5 |
| Net assets held for sale | 731.9 | 699.5 | 32.4 |
| Tax | 280.2 | 298.9 | (18.7) |
| Net debt | (848.8) | (751.3) | (97.5) |
| Net assets | 1,825.8 | 1,823.1 | 2.7 |
| Gearing % | 46.5% | 41.2% | 5.3ppt |

* Restated to show North America net assets as held for sale.

Financial review

UK work in progress

| £m | 3 Jul 2011 | 31 Dec 2010 | 4 Jul 2010 |
|--------------------------------|--------------|--------------|--------------|
| WIP (excluding part exchange) | | | |
| Gross | 779.3 | 726.4 | 785.1 |
| NRV | (71.5) | (83.0) | (101.8) |
| Net | 707.8 | 643.4 | 683.3 |
| Part exchange units | 27.8 | 19.4 | 18.7 |
| Total WIP | 735.6 | 662.8 | 702.0 |
| WIP per closing outlet* | 2.5 | 2.4 | 2.8 |
| WIP turnover** % | 44.4 | 44.4 | 46.8 |

* Calculated on gross WIP excluding part exchange.

** Calculated as a three-point average of gross closing WIP excluding part exchange

Financial review

Discontinued operations

£m

| | |
|---|---------------|
| Proceeds | 731.9 |
| Net assets disposed of: | |
| Net assets at 31 December 2010 | (699.5) |
| Profit after tax of discontinued operations for the period | (24.5) |
| Net capital invested and foreign currency movements | (31.9) |
| | (755.9) |
| Transaction costs | (16.5) |
| Loss on disposal reported at 3 July | (40.5) |
| Profit after tax of discontinued operations | 24.5 |
| Loss from discontinued operations as at 3 July 2011 | (16.0) |
| Realisation of cumulative translation reserve gains | 59.1 |
| Profit from discontinued operations as at 13 July 2011 | 43.1 |

Financial review

Capital structure

- Pro forma net debt of £165.9m and pro forma gearing of 9.1% at 3 July 2011
- Total committed facilities* of £950m, with average maturity of 3.7 years:
 - £600m revolving credit facility*
 - £250m Senior Notes
 - £100m term loan facility
- Land creditors a useful tool for financing land acquisitions
 - Maintain careful control
 - Cash payment may give better overall value
- Strengthened balance sheet provides significantly increased financial capacity
 - Investment in UK land
 - Assess dividend policy in light of future economic and market conditions

* £350m 'Tranche A' of the original £950m RCF was retired on completion of the North America disposal.

Financial review

Cash flow and net debt

- Positive operating result for the continuing Group
- Net land investment of £23m in the UK (H1 2010 net sales: £112m)
- WIP at 3 July 2011 higher, due to weighting of completions towards the second half
- Working capital discipline with trade payables
- Pension contribution in line with triennial valuation at £12.6m (H1 2010: £11.8m)

| £m | 03 Jul 2011 | 31 Dec 2010 |
|---|--------------|--------------|
| Reported net debt | 848.8 | 654.5 |
| North America net cash reported as assets held for sale | (153.1) | - |
| Net debt | 695.7 | 654.5 |
| North America proceeds (excluding net cash and transaction costs) | (562.3) | |
| One-off pension deficit reduction payment | 32.5 | |
| Pro forma net debt | 165.9 | |

Financial review

Progress on priorities

- Disciplined approach to working capital management
- Review of overheads underway
- Progress on pension deficit
 - Enhanced transfer value exercise commenced
- Balance sheet repaired
- Progress towards returning to investment grade credit rating

Operational review

Pete Redfern, Chief Executive

Operational review

2011 market conditions

- UK market conditions broadly stable, with small price rise in the early part of the year
- Mortgage availability remains constrained
 - Monthly house purchase approvals remain below 50,000
 - Number of higher LTV products increasing slowly
- Continuing uncertainty in the national and global economy
- Homebuyer confidence has remained stable
- UK housing supply remains constrained

- Market in Spain remains tough

Operational review

UK sales performance

| | H2 2011 (to w/e 31 Jul 2011) | H1 2011 | H2 2010 | H1 2010 | H2 2009 | H1 2009 |
|-----------------------------|---------------------------------|------------|------------|------------|------------|------------|
| Ave outlets open | 308 | 303 | 282 | 295 | 322 | 363 |
| Ave sales rate (net) | 0.59 | 0.76 | 0.53 | 0.69 | 0.63 | 0.65 |
| Ave sales price £000 | 171 | 163 | 167 | 172 | 160 | 164 |
| Private sales rate (net) | 0.51 | 0.56 | 0.41 | 0.58 | 0.48 | 0.61 |
| Private sales price £000 | 187 | 180 | 180 | 179 | 178 | 169 |
| Cancellation rate (private) | 19% | 15% | 21% | 16% | 19% | 19% |
| Order book value £m | 989 | 932 | 715 | 952 | 819 | 853 |

- H1 2011: 61 new outlets opened (FY 2010: 109, H1 2010: 46)

Please note: data based on reservations excluding JVs

Operational review

Land portfolio net cost

| | 3 Jul 2011 | | | 31 Dec 2010 | 4 Jul 2010 |
|---------------------|--------------|------------|--------------|--------------|--------------|
| £m | Owned | Controlled | Total | Total | Total |
| Detailed planning | 1,173 | 2 | 1,175 | 1,140 | 1,122 |
| Outline planning | 490 | 2 | 492 | 506 | 471 |
| Resolution to grant | 29 | 3 | 32 | 38 | 53 |
| Sub-total | 1,692 | 7 | 1,699 | 1,684 | 1,646 |
| Strategic | 105 | 30 | 135 | 170 | 178 |
| Total | 1,797 | 37 | 1,834 | 1,854 | 1,824 |

- Short term land portfolio of 64,357 plots
 - 52,870 owned plots and 11,487 controlled plots
 - Equivalent to 6.6 years supply at current completion levels

NRV is wholly allocated to land – comparable basis to peers

Operational review

Land portfolio geographic mix

| As at 3 July 2011 | No. of Outlets* | Short term owned landbank plots | Cost per plot £000 | Land cost per plot as a % of ASP | Strategic land plots (>50% probability) |
|--------------------------|-----------------|---------------------------------|--------------------|----------------------------------|---|
| Scotland and North East | 50 | 7,701 | 18.5 | 10.8% | 16,410 |
| Yorkshire and North West | 51 | 5,352 | 26.5 | 18.7% | 10,598 |
| West Midlands | 36 | 4,853 | 16.1 | 10.3% | 8,830 |
| North Division | 137 | 17,906 | 20.2 | 12.8% | 35,838 |
| Eastern | 64 | 10,346 | 39.2 | 22.6% | 19,913 |
| South West | 50 | 9,090 | 38.0 | 21.8% | 9,549 |
| South East and London | 58 | 15,528 | 37.7 | 19.3% | 12,488 |
| South Division | 172 | 34,964 | 38.2 | 20.9% | 41,950 |
| Total | 309 | 52,870 | 32.0 | 18.4% | 77,788 |

* Excluding JVs

Operational review

Approvals in H1 2011 – short term land

| | North | South | Total |
|--------------------------------------|-------|-------|-------|
| No. of plots | 2,001 | 3,288 | 5,289 |
| Average cost per plot (exc. fees) £k | 45.1 | 41.2 | 42.7 |
| % of affordable housing | 9% | 27% | 20% |

- Steady number of good opportunities
- London land market overheated in places
- Within the new land approvals
 - 18% are apartments
 - Plot cost is 23% of ASP
- Further 1,559 plots approved in H2 to date

Operational review

Strategic land

- c.19,000 gross acres
- 77,788 potential plots
 - Recognition based on current view of greater than 50% chance of obtaining planning
 - 37% owned, 63% controlled
- H1 2011 achievements include:
 - Acquired 764 acres from UK Coal with potential for c.4,000 plots
 - Obtained resolution to grant for 872 homes at Church Crookham
 - Obtained resolution to grant for 527 homes at Brackley
 - Commenced work at former strategic site at Cranbrook, near Exeter, to deliver c. 900 homes
- Provides opportunity to deliver further margin improvement beyond 2012

Operational review

Changing planning environment

- Localism Bill/National Planning Policy Framework
 - Expected to be finalised in the autumn
 - Gives local communities greater influence over development and planning decisions
 - Presumption in favour of sustainable development
- Taylor Wimpey response
 - Ongoing engagement with government and local authorities
 - Significant programme of internal training
 - Rolling out a framework of processes to ensure consistency of engagement
 - Well-positioned to benefit from opportunities that new system provides

Operational review

Margin improvement

| | Last 18 months | Next 18 months | 2013+ |
|---------------------------------|----------------|----------------|-------|
| Volume growth | — | — | ▲ |
| Sales price increases | ▲ | — | ▲ |
| Land costs | | | |
| Replans | ▲ ▲ | ▲ | ▲ |
| Strategic land | ▲ | ▲ ▲ | ▲ ▲ ▲ |
| Short term land acquisition | — | ▲ | ▲ ▲ ▲ |
| Build costs | | | |
| Productivity and efficiency | ▲ ▲ | ▲ | ▲ |
| Rate reductions/materials costs | ▲ ▲ | — | ▼ |
| Standard construction details | ▲ | ▲ ▲ | ▲ ▲ |
| Regulatory impact | — | — | ▼ |
| Overheads | — | ▲ | ▲ |

Key: ▲ = positive contribution to margin; ▼ = negative impact on margin; — = neutral impact on margin

Strategy and outlook

Pete Redfern, Chief Executive

Focused UK residential developer

Creating value through land

- Land acquisition, planning and site development are the key drivers of value generation
- Strategic land portfolio is an essential part of a quality return strategy
- Focus is on acquiring and managing a land portfolio, rather than ‘feeding the machine’
- Relationship/partnership based approach to significant proportion of land acquisitions
- Industry leading planning capabilities
- Relentless focus on value optimisation, from site acquisition through to final adoption

Focused UK residential developer

Delivering value through homebuilding

- Efficient national product range that delivers customers' aspirations
 - Efficient procurement and production machine to deliver high quality homes
 - Strong Operating Framework that delivers quality and cost consistency and good quality processes
 - High quality sales and marketing function
 - 'Fit for purpose' overheads
-
- Proactively flex the land portfolio, business structure and capital structure to manage the cycle more effectively

Outlook and summary

- Ongoing uncertainty in the national and global economy
- Continue to expect a relatively stable housing market in the UK
- Well-positioned for further improvement in margin and returns
 - Strong balance sheet
 - Attractive partner for land vendors
 - Operational initiatives delivering improving margins from existing landbank
 - New land acquired on attractive operating margins
 - Significant strategic land portfolio

Future investor communications

- 19 September 2011 Analyst and Investor Day
- November 2011 Interim Management Statement
- January 2012 Trading Update
- March 2012 Full Year Results
- April 2012 IMS and AGM

Q&A



Taylor Wimpey plc

Half Year Results Presentation for the period ended 3 July 2011

Appendices

Appendices

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- Group financial information
- UK Housing financial information
- Spain Housing financial information

Group completions – H1 2011

| Continuing Group | Completions | | Ave selling price | |
|-------------------------------|--------------|---------------|-------------------|-------------|
| | No | Change* | £000 | Change* |
| UK private | 3,675 | (6.4)% | 182 | 1.1% |
| UK affordable | 1,004 | 15.9% | 117 | 0.9% |
| UK joint ventures | 28 | 115.4% | 155 | (1.6)% |
| UK total | 4,707 | (2.0)% | 168 | (0.1)% |
| Spain** | 30 | (63.9)% | 266 | 23.8% |
| Continuing Group total | 4,737 | (3.1)% | | |
| (Discontinued operations) | | | | |
| US | 1,022 | (25.6)% | 190 | 10.5% |
| Canada | 778 | 65.5% | 214 | (23.8)% |
| Discontinued total | 1,800 | (2.3)% | 201 | 0.5% |

*Change from HY 2010 H1 comparative

**Spain figures include 14 completions from Gibraltar in 2010

Land disposals

| Continuing Group £m | | H1 2011 | H1 2010 | FY 2010 |
|---------------------|--------------|---------|---------|---------|
| Proceeds | UK | 12.6 | 9.0 | 11.4 |
| | Spain | - | - | - |
| | Total | 12.6 | 9.0 | 11.4 |
| Profit | UK* | 3.6 | 5.1 | 6.7 |
| | Spain | - | - | - |
| | Total | 3.6 | 5.1 | 6.7 |

Land disposals are included in revenue and cost of sales.

* Includes land provision releases

Net operating assets by market

| Continuing Group £m | 3 Jul 2011 | 4 Jul 2010 | % change | 31 Dec 2010 |
|---------------------|----------------|----------------|-------------|----------------|
| UK Housing | 1,716.4 | 1,573.8 | 9.1% | 1,628.6 |
| Spain Housing | 71.5 | 88.6 | (19.3)% | 69.9 |
| Total Housing | 1,787.9 | 1,662.4 | 7.5% | 1,698.5 |
| Corporate | (125.4) | (48.8) | (157.0)% | (64.7) |
| Total | 1,662.5 | 1,613.6 | 3.0% | 1,633.8 |

Net operating assets exclude goodwill, current tax, deferred tax and net debt

Deferred tax assets

| £m | H1 2011 gross | H1 2011 tax | FY 2010 gross | FY 2010 tax |
|---------------------|------------------|----------------|------------------|----------------|
| Recognised | | | | |
| UK | 1,322 | 344 | 1,364 | 368 |
| Other | - | - | 11 | 4 |
| Recognised total | 1,322 | 344 | 1,375 | 372 |
| Unrecognised | | | | |
| UK | 260 | 68 | 291 | 79 |
| Other | 90 | 31 | 99 | 30 |
| Unrecognised total | 350 | 99 | 390 | 109 |
| Total | 1,672 | 443 | 1,765 | 481 |

* Table excludes discontinued operations (North America Housing).

** UK deferred tax recognised at 26% (FY 2010: 27%).

Pensions

| Movement in present value of defined benefit obligations | TWGPLAF | GWSPS | Total UK |
|--|--------------|-------------|--------------|
| £m | | | |
| 1 January 2011 | 172.6 | 71.4 | 244.0 |
| Contributions – employer | - | (12.6) | (12.6) |
| Interest cost | 26.0 | 21.8 | 47.8 |
| Expected return on assets | (21.5) | (19.4) | (40.9) |
| Actuarial gains | (2.4) | (1.1) | (3.5) |
| 3 July 2011 | 174.7 | 60.1 | 234.8 |

In the UK, the Joint Investment Committee formed focusing on asset returns, liability management and other efficiencies.

Following the disposal of the North American business £16.25m was contributed to each of the UK defined benefit pension schemes.

Cash flow summary

| £m | H1 2011 | H1 2010 | FY 2010 |
|---|---------------|--------------|--------------|
| Operating profit* - continuing | 66.9 | 51.5 | 45.1 |
| - discontinued | 34.6 | 24.8 | 76.1 |
| Net Non Cash exceptional items | - | - | 24.8 |
| Pension curtailment | - | (12.0) | (12.6) |
| Other non-cash items | (5.3) | (0.3) | (3.3) |
| (Increase)/decrease in inventories | (43.4) | 87.4 | 168.8 |
| Increase in receivables | (3.8) | (0.2) | (42.5) |
| (Decrease)/increase in payables | (50.1) | (19.9) | 91.9 |
| Pension in excess of income statement charge | (12.6) | (11.8) | (119.1) |
| Cash (used in)/generated by operations | (13.7) | 119.5 | 229.2 |

*Profit/(loss) on ordinary activities before finance costs, exceptional items and tax and after share of results of joint ventures.

Cash flow summary - continued

| £m | H1 2011 | H1 2010 | FY 2010 |
|---|----------------|----------------|----------------|
| Cash (used in)/generated by operations | (13.7) | 119.5 | 229.2 |
| Tax | (15.4) | 44.3 | 25.7 |
| Interest paid | (29.7) | (40.3) | (167.0) |
| Other investing activities | 14.8 | 3.4 | 8.0 |
| Cash flow for the period | (44.0) | 126.9 | 95.9 |
| FX and fair values adjustments | 2.8 | (9.9) | 0.5 |
| Net debt b/f | (654.5) | (750.9) | (750.9) |
| NA net cash reclassification | (153.1) | - | - |
| Closing Net debt | (848.8) | (633.9) | (654.5) |

UK Housing Revenue analysis

| | | 2011 | 2010 | | |
|----------------|------------|-------|-------|-------|-------|
| | | H1 | H1 | H2 | FY |
| Private | volume* | 3,675 | 3,925 | 4,178 | 8,103 |
| | ASP £000 | 182 | 180 | 187 | 184 |
| | revenue £m | 670 | 706 | 781 | 1,487 |
| Affordable | volume* | 1,004 | 866 | 958 | 1,824 |
| | ASP £000 | 117 | 116 | 117 | 116 |
| | revenue £m | 117 | 100 | 112 | 212 |
| Other | revenue £m | 22 | 21 | 17 | 38 |
| Total | volume* | 4,679 | 4,791 | 5,136 | 9,927 |
| | ASP £000 | 168 | 168 | 174 | 171 |
| | revenue £m | 809 | 827 | 910 | 1,737 |
| Joint Ventures | volume | 28 | 13 | 22 | 35 |

* Excludes JVs

UK Housing

Contribution analysis per unit

| £000's | H1 2011 | H2 2010 | H1 2010 |
|--|-------------|-------------|-------------|
| ASP | 168.1 | 173.9 | 168.2 |
| Net land cost* | (32.6) | (38.7) | (37.4) |
| Build cost | (99.3) | (104.9) | (102.4) |
| Other direct cost | - | (1.5) | (0.2) |
| Selling expenses | (6.2) | (5.5) | (5.8) |
| Private and affordable contribution | 30.0 | 23.3 | 22.4 |
| Contribution margin % | 17.8% | 13.4% | 13.3% |
| Total average square footage per unit | 977 | 975 | 974 |

* NRV is wholly allocated to land – comparable basis to peers

UK Housing Build cost

| | H1 2011 | H2 2010 | H1 2010 | H2 2009 |
|--|---------|---------|---------|---------|
| Total build cost per plot £000 | 99 | 105 | 102 | 105 |
| % change* | (6)% | 3% | (3)% | (2)% |
| Private build cost per plot £000 | 102 | 109 | 106 | 110 |
| % change* | (6)% | 3% | (4)% | (1)% |
| Total build cost per sq ft (£/sq ft) | 101 | 107 | 105 | 108 |
| % change* | (6)% | 2% | (3)% | (4)% |
| Private build cost per sq ft (£/sq ft) | 100 | 108 | 104 | 109 |
| % change* | (7)% | 4% | (5)% | (4)% |

- H1 2011 contribution per completed plot of £30.0k (FY 2010: £22.7k, HY 2010: £22.4k)
- Current build cost environment balanced

* from previous 6 month period

UK Housing

Capital employed (excludes tax and intercompany)

| £m | 3 Jul 2011 | 4 Jul 2010 | 31 Dec 2010 |
|------------------------------|--------------|--------------|--------------|
| Fixed assets | 8 | 6 | 5 |
| Investment in joint ventures | 30 | 30 | 34 |
| Land | 1,905 | 1,926 | 1,937 |
| WIP | 736 | 702 | 663 |
| Total inventories | 2,641 | 2,628 | 2,600 |
| Debtors | 126 | 118 | 114 |
| Creditors | | | |
| Land | (276) | (278) | (317) |
| Other | (552) | (484) | (531) |
| Total creditors | (828) | (762) | (848) |
| Pension liability | (235) | (413) | (244) |
| Provisions | (26) | (33) | (33) |
| Capital employed | 1,716 | 1,574 | 1,628 |

UK Housing Development activity mix

| | 2011 | 2010 | | |
|-------------------------------------|-------|-------|-------|-------|
| | H1 | H1 | H2 | FY |
| Private average house size sq ft | 1,024 | 1,017 | 1,013 | 1,015 |
| Average selling price (£/sq ft) | 178 | 177 | 185 | 181 |
| Affordable average house size sq ft | 805 | 777 | 812 | 795 |
| Average selling price (£/sq ft) | 145 | 149 | 144 | 146 |

UK Housing Customer segmentation

| | H1 2011 | H2 2010 | H1 2010 | H2 2009 | H1 2009 |
|--------------------|---------|---------|---------|---------|---------|
| First Time Buyers | 29% | 28% | 29% | 27% | 32% |
| Second Time Buyers | 43% | 46% | 47% | 43% | 47% |
| Investors | 5% | 8% | 9% | 10% | 14% |
| Social housing | 23% | 18% | 15% | 20% | 7% |

2009-2011 figures based on gross sales.

UK Housing

Private development geographic mix

| | H1 2011 | | H1 2010 | |
|--------------------------|--------------|------------|--------------|------------|
| | Completions | ASP £000 | Completions | ASP £000 |
| Scotland and North East | 590 | 173 | 579 | 177 |
| Yorkshire and North West | 730 | 165 | 756 | 155 |
| West Midlands | 477 | 159 | 516 | 157 |
| North | 1,797 | 166 | 1,851 | 162 |
| Eastern | 657 | 193 | 741 | 198 |
| South West | 537 | 172 | 689 | 171 |
| South East and London | 684 | 222 | 644 | 219 |
| South | 1,878 | 198 | 2,074 | 196 |
| Total | 3,675 | 182 | 3,925 | 180 |
| Joint Ventures | 28 | 155 | 13 | 158 |

UK Housing

Private development product mix

| | 2011 | 2010 | | |
|----------------------|------|------|-----|-----|
| Completions % | H1 | H1 | H2 | FY |
| Apartments | 26 | 24 | 27 | 26 |
| 1 / 2 / 3 bed houses | 39 | 42 | 39 | 40 |
| 4 / 5 bed houses | 35 | 34 | 34 | 34 |
| Total | 100 | 100 | 100 | 100 |

UK Housing Land portfolio

| | 3 Jul 2011 | | | | 31 Dec 2010 |
|-------------------------|---------------|---------------|--------------|----------------|----------------|
| | Owned | Controlled | Pipeline | Total | Total |
| Detailed planning | 34,969 | 1,506 | 64 | 36,539 | 34,803 |
| Outline planning | 15,927 | 5,414 | 1,337 | 22,678 | 23,142 |
| Resolution to grant | 1,974 | 4,567 | 33 | 6,574 | 6,325 |
| Sub-total | 52,870 | 11,487 | 1,434 | 65,791 | 64,270 |
| Allocated strategic | 3,854 | 5,373 | - | 9,227 | 10,182 |
| Non allocated strategic | 24,716 | 43,845 | 751 | 69,312 | 66,878 |
| Total | 81,440 | 60,705 | 2,185 | 144,330 | 141,330 |

UK Housing Land portfolio valuation

| Owned plots Cost per plot £000 | H1 2011 | FY 2010 | H1 2010 | FY 2009 | FY 2008 |
|--|----------------|----------------|----------------|----------------|----------------|
| Opening landbank | 31 | 30 | 30 | 35 | 45 |
| Closing landbank | 32 | 31 | 31 | 30 | 35 |
| Weighted average ASP in landbank | 175 | 169 | 169 | 166 | 149 |
| Plot cost as a % of weighted average ASP | 18% | 18% | 18% | 18% | 23% |

- Plot cost for H1 2011 completions £33k (FY 2010: £38k; H1 2010: £37k)

Please note: above relates to land with detailed or outline planning consent, or resolution to grant
2008-2011 cost per plot is post land NRV
NRV is wholly allocated to land – comparable basis to peers

Spain Housing**

Financial summary

| £m | H1 2011 | H1 2010** | Change % |
|--------------------------------|---------|-----------|----------|
| Average number of active sites | 17 | 16 | (6.3)% |
| Legal completions | 30 | 83 | (63.9)% |
| Mainland Spain | 10 | 27 | (63.0)% |
| Mallorca | 20 | 42 | (52.4)% |
| Gibraltar | - | 14 | - |
| Average selling prices (£000) | 266 | 215 | 23.7% |
| Revenue £m | 8.6 | 18.9 | (54.5)% |
| Operating margin £m* | (1.1) | (1.9) | 42.1% |
| Operating margin %* | (12.8)% | (10.1)% | (2.7)ppt |
| Order book £m | 17 | 9 | 88% |
| Capital employed | 71.5 | 88.6 | (19.3)% |
| Short term landbank plots | 1,699 | 1,818 | (6.5)% |

* Pre-exceptional and continuing operations ** Spain includes the results of Gibraltar in its 2010 results

Average exchange rate: 1.13 (H1 2010: 1.16) and closing rate: 1.11 (H1 2010: 1.21)