

Interim Results Presentation

6 Months to 31 December 2011



Agenda



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- Chairman's Overview Steve Morgan
 - Financial Results Barbara Richmond
 - Review of Operations John Tutte
 - Summary and Outlook Steve Morgan

Overview



- Pre-tax Profits up 80% to £15.3m
- Reservations up 15% at £180m
- New Heritage 61% of private Turnover in H1
- GDV of over £450m acquired and contracted in H1



Financials

Barbara Richmond – Group Finance Director

H1 Financial Highlights



- Private homes revenue (ex Scotland) up 17% at £214.0m
- Private ASP up 19% to £204,000
- Pre-tax profit up 80% to £15.3m (2011: £8.5m)
- EPS up from 2.0p to 3.7p
- Private order book of £82m up 14% on last year (ex Scotland)
- ROCE 6.4% (2011: 4.9%)
- Gearing 21% (June 2011: 16%)



Income Statement



£m	H1 2012 £m	H1 2011 Ex Scotland £m	H1 2011 Reported £m
Revenue	232.8	200.8	216.1
Gross profit	35.8	28.3	29.0
Operating expenses	(18.4)	(15.7)	(16.9)
Operating profit	17.4	12.6	12.1
Interest	(2.1)	(3.6)	(3.6)
Profit before tax	15.3	9.0	8.5

Analysis of private plots in Cost of Sales



	H1 2012	H1 2011
Average plot cost eliminated*	£45k	£36k
Average plot cost as percentage of ASP*	22	20
Number of eliminated plots with NRV provision	710	970

*Excludes Debut, In the City and Partnership

Sales Analysis



- Private LFL revenue up 27%
- Private LFL ASP up 13%
- Social housing 5.6% of homes revenue (2011: 8%)

	Revenue (£m)				Volume				ASP (£k)			
	H1 12	H1 11	Var	% Var	H1 12	H1 11	Var	% Var	H1 12	H1 11	Var	% Var
Private ex London	210.6	166.0	44.6	27	1,036	923	113	12	203	180	23	13
London	2.1	-	2.1	N/A	1	-	1	N/A	2,100	-	N/A	N/A
Total Ongoing	212.7	166.0	46.7	28	1,037	923	114	12	205	180	25	14
Debut / In the City	1.3	16.8	(15.5)	(92)	14	145	(131)	(90)	93	116	(23)	(20)
Scotland	-	15.3	(15.3)	N/A	-	94	(94)	N/A	-	163	(163)	N/A
Total Private	214.0	198.1	15.9	8	1,051	1,162	(111)	(10)	204	171	33	19
Social	12.6	16.7	(4.1)	(25)	117	150	(33)	(22)	107	111	(4)	(4)
Total Homes	226.6	214.8	11.8	5	1,168	1,312	(144)	(11)	194	164	30	18

Sales by Type



- Revenue from houses up 25% and now comprise 92% of Homes Revenue (2011: 78%)
- Final Debut/In the City apartments sold in H1 2012

	Revenue (£m)				Volume				ASP (£k)			
	H1 12	H1 11	Var	% Var	H1 12	H1 11	Var	% Var	H1 12	H1 11	Var	% Var
Houses	209.1	166.8	42.3	25	1,045	919	126	14	200	182	18	10
Apartments	17.5	48.0	(30.5)	(64)	123	393	(270)	(69)	142	122	20	16
Total Homes	226.6	214.8	11.8	5	1,168	1,312	(144)	(11)	194	164	30	18

	Revenue (£m)				Volume				ASP (£k)			
	H1 12	H1 11	Var	% Var	H1 12	H1 11	Var	% Var	H1 12	H1 11	Var	% Var
Private Houses	196.6	153.9	42.7	28	929	811	118	15	212	190	22	12
Private Apartments	17.4	44.2	(26.8)	(61)	122	351	(229)	(65)	143	126	17	13
Total Private Homes	214.0	198.1	15.9	8	1,051	1,162	(111)	(10)	204	171	33	19

Private Sales Analysis



- New Heritage 61% of private turnover in 2012 (2011: 30%)
- New Heritage ASP up 9% to £215,000
- ASP ex London up 13% due to change in mix

	Turnover (£m)			Volume			ASP (£k)		
	H1 12	H1 11	Var	H1 12	H1 11	Var	H1 12	H1 11	Var
New Heritage Collection	129.7	57.7	72.0	603	291	312	215	198	17
Partnership	2.4	0.9	1.5	25	9	16	96	100	(4)
Other	78.5	107.4	(28.9)	408	623	(215)	192	172	20
Private ex London	210.6	166.0	44.6	1,036	923	113	203	180	23
London	2.1	-	2.1	1	-	1	2,100	-	N/A
Total Ongoing	212.7	166.0	46.7	1,037	923	114	205	180	25
Debut/In the City	1.3	16.8	(15.5)	14	145	(131)	93	116	(23)
Scotland	-	15.3	(15.3)	-	94	(94)	-	163	N/A
Private Total	214.0	198.1	15.9	1,051	1,162	(111)	204	171	33

Sales by Geography



- Over 45% of turnover is in the South of England
- Strong revenue growth in both the North and South

	H1 2012		H1 2011	
	£m	%	£m	%
Scotland	-	-	15.3	7
North	67.3	30	54.7	25
Central	56.6	25	57.1	27
South	102.7	45	87.7	41
	226.6	100.0	214.8	100.0



Cash Flow



	H1 2012 £m	H1 2011 £m		H1 2012 £m	H1 2011 £m
Operating cash flow			Net debt movement		
Operating profit	17.4	12.1	Operating cash flow	(27.8)	(1.6)
Depreciation	0.6	0.6	Interest	(1.8)	(2.8)
(Increase)/Decrease in land	(51.2)	(14.8)	Free cash flow	(29.6)	(4.4)
Movement in land creditors	30.3	5.5	Disposals	9.0	–
Net (investment)/decrease in land	(20.9)	(9.3)	Other	(2.8)	–
Movement in WIP	8.5	2.6	Net cash flow	(23.4)	(4.4)
Movement in NRV	(25.3)	(26.0)	Opening net debt	(75.4)	(47.1)
Other working capital movements	(8.1)	18.4	Closing net debt	(98.8)	(51.5)
Operating cash flow	(27.8)	(1.6)			
			Gearing	21%	16%

Balance Sheet



- NAV per share increased only 1p to £1.50 despite the profit improvement due to the impact of reduced bond yields on the pension provision
- Inventory of Part Exchanged properties £7.6m (June 2011: £7.2m)
- Net shared equity exposure £13.2m (June 2011: £10.7m)

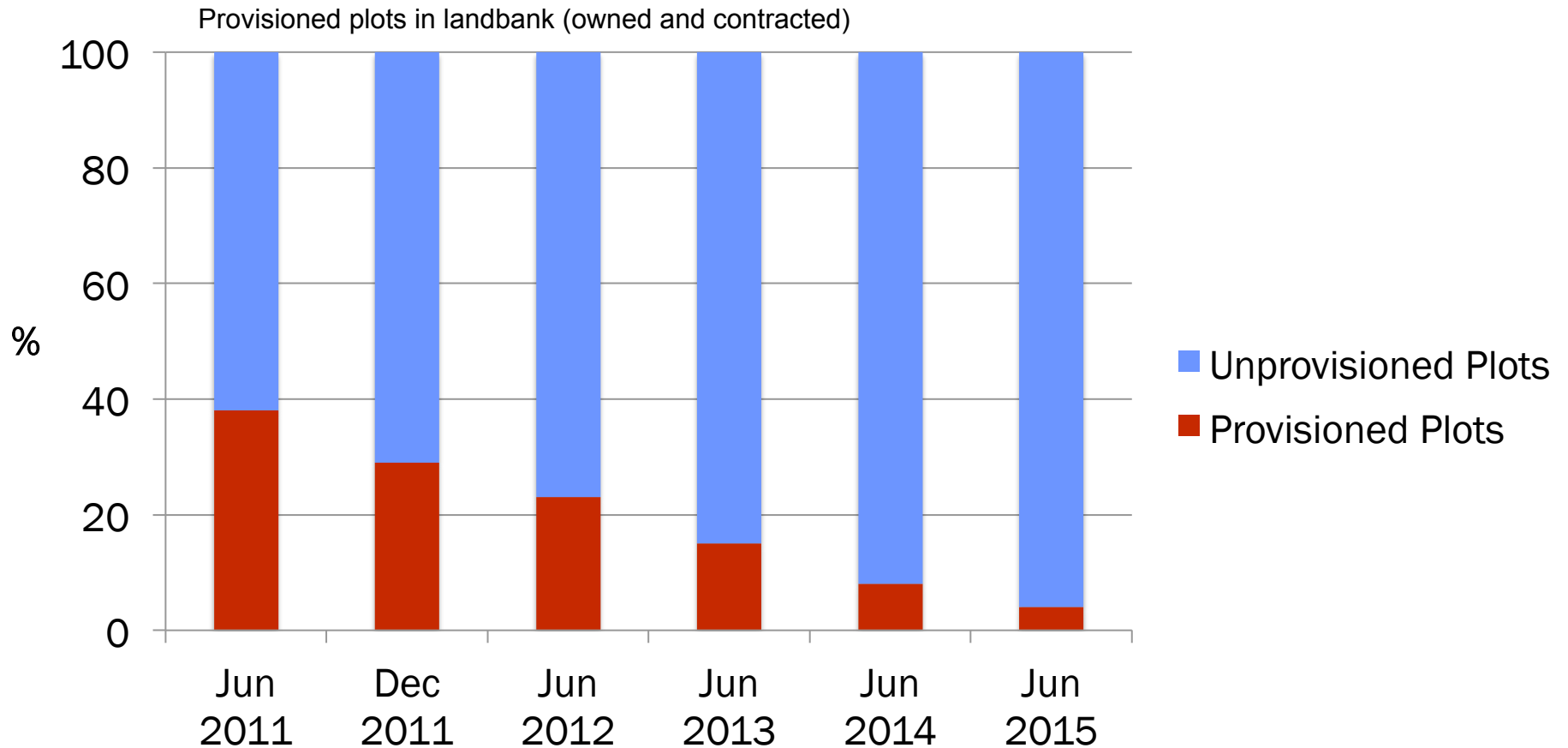


Net Assets



£m	Dec 11	Jun 11	Variance
Land (Gross)	564.0	512.8	51.2
WIP (Gross)	199.7	208.2	(8.5)
NRV Provision	(133.0)	(158.3)	25.3
Land creditors	(75.1)	(44.8)	(30.3)
Net investment in inventory	555.6	517.9	37.7
Payables, Receivables and other	(72.0)	(63.1)	(8.9)
Tax	58.0	62.0	(4.0)
Fixed Assets	19.3	17.2	2.1
Capital Employed	560.9	534.0	26.9
Net debt	(98.8)	(75.4)	(23.4)
Net Assets	462.1	458.6	3.5

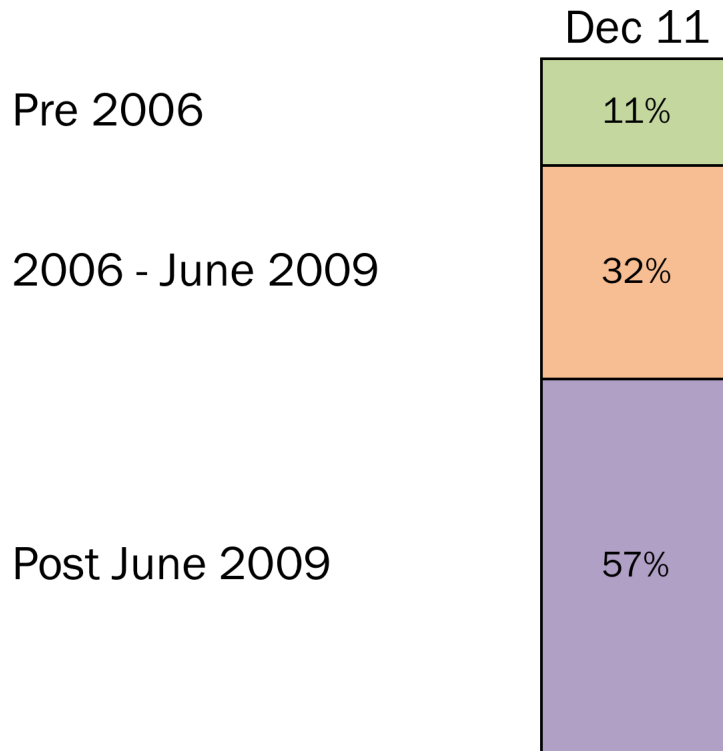
Profile of Provisioned Plots in Landbank



Plots Carried Forward*



Age profile of plots



Plot cost

£k	Dec 11	Jun 11
Excluding London	47	43
Including London	56	49

*Owned and contracted

Operational Highlights



- Development update
- London
- Harrow Estates
- Landbank
- Current market



Development Update



- **Outlets**
 - Opened 5 and closed 6 in H1
 - 73 outlets at end H1
 - Plan to open 24 and close 17 in H2
 - Expect to have 80 outlets end H2
- **New Heritage Collection**
 - 53 outlets at end H1
 - Plan to open 21 in H2 and close 7
 - Expect to have 67 New Heritage Collection outlets at end H2
 - 66% of private H1 reservations by value



London Update



- 6 sites acquired by Dec 2011
- Owned and contracted London landbank now 553 plots
- GDV of landbank c.£300m
- Currently on site in 3 locations



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- Major sites progressing through planning:
 - Hauxton: Site remediation completed Nov 11; monitoring period commenced
 - Horsforth: Appeal decision expected Spring 2012
 - South Cerney, Nr Cirencester: S106 being finalised
 - Grange Farm, Cheshire: Planning application submitted
 - Sudbrook, Caldicot: Planning application being prepared
 - Further sites acquired in Exeter and Lydney, Gloucestershire
 - South East joint venture acquired first site

Movement in Land Holdings

Current Land



	Plots owned	Contracted plots	Total
At 1 July 2011	9,520	1,670	11,190
Legal completions	(1,168)	–	(1,168)
Additions	1,096	753	1,849
Transfers	527	(527)	–
Other (land sales and replans)	(380)	(126)	(506)
At 31 December 2011	<u>9,595</u>	<u>1,770</u>	<u>11,365</u>
London	234	319	553
Regions	<u>9,361</u>	<u>1,451</u>	<u>10,812</u>
	<u>9,595</u>	<u>1,770</u>	<u>11,365</u>

Forward Land



	Total Plots	
At 1 July 2011	22,150	
Additions	1,868	
Transfers to current land	(118)	
At 31 December 2011	23,900	
Analysis	Dec 11	Jun 11
Land owned without planning	2,226	1,295
Options – allocations	9,207	9,065
– realistic prospect	12,467	11,790
	23,900	22,150

Landbank by Geography



	Dec 11			
	Current Land	Forward Land	Total	%
North	4,143	9,570	13,713	39
Central	2,524	6,121	8,645	25
South	4,145	8,209	12,354	35
London	553	-	553	1
	<u>11,365</u>	<u>23,900</u>	<u>35,265</u>	<u>100</u>

	Jun 11			
	Current Land	Forward Land	Total	%
North	4,530	8,068	12,598	38
Central	2,678	5,803	8,481	25
South	3,640	8,279	11,919	36
London	342	-	342	1
	<u>11,190</u>	<u>22,150</u>	<u>33,340</u>	<u>100</u>

Current Sales Market*



H1	2012	2011
• Value of private net reservations	£180m	£156m
• Private ASP (ex London)	£194k	£175k
• Total private reservations per outlet per week	0.50	0.48
• Closing private order book	£82m	£72m
• Cancellation rate	19%	18%

Reservation statistics from 1 Jan 2012 - 17 Feb 2012

	2012	2011
• Volume of private net reservations	334	333
• Private reservations per outlet per week	0.67	0.67

*Comparatives exclude Scotland

Summary and Outlook



- Market
- NewBuy
- Planning
- Strategy
- Outlook



APPENDIX

2011 Income Statement

Excluding Scotland



	2011 Ex Scotland	2011 Reported
£m		
Revenue	420.3	452.7
Gross profit	62.1	64.3
Operating expenses	(30.6)	(33.1)
Operating profit	31.5	31.2
Interest	(5.9)	(5.9)
Profit before tax	25.6	25.3