



24 July 2013

BARRATT DEVELOPMENTS PLC

Barratt accelerates investment in London – 1,100 new homes for the capital announced

Barratt today announces an expansion of its London business with confirmation that two further joint ventures ('JVs') would bring the gross development value ('GDV') of the Group's JVs in the capital to over £2.0 bn.

The two new JVs taken together would bring a total of c.1,100 much needed new homes for London and Barratt confirmed that it was now targeting 2,000 completions per year from its London business in the medium term.

In their first major partnership, British Land and Barratt London have secured planning permission for 463 homes, a 160 room hotel, retail and office space at Aldgate Place on the edge of the City. The development, which is adjacent to the Barratt London Alie Street site, will include three towers of over 20 storeys as well as public open space and a pedestrian street. It will have a GDV of around £250m and work is scheduled to start early in 2014.

Barratt London has also confirmed that it is progressing a further JV with L&Q, to develop the Sainsbury's site at Nine Elms. The site has GDV of £425m with a detailed planning permission for 645 homes, a new Sainsbury's store and c. 27,000 sq. ft. of retail and office space. This will be the Group's fourth JV in London with L&Q.

When speaking at the Company's analyst briefing on its London business Mark Clare, Group Chief Executive, will say: "Our Barratt London business is expanding fast and we are now working on £2 bn of new developments with four JV partners - British Land, L&Q, Morgan Stanley Real Estate Investing and Metropolitan Housing. We are planning to deliver 2,000 new homes a year in London and our technical capability to deliver complex schemes in the capital is providing us with a competitive edge in securing new business."

Analyst briefing

Barratt Developments PLC is today hosting an event for sell-side analysts to provide an overview of the Group's London operations which will include a visit to sites at Altitude, Alie Street and Fulham Riverside, Fulham.

Mark Clare, Group Chief Executive will present a brief overview of Barratt's London operations. The London management team including Alastair Baird, Regional Managing Director, Greg Tillotson, Regional Development Director and Gary Patrick, Regional Sales Director, will give more in-depth presentations specifically focused on Barratt's operations, land acquisition & planning, and sales & marketing capability within London.

No material new information will be provided during the presentation and there will be no update on current trading. The presentation materials will be available on the Group's website (www.barrattdevelopments.co.uk) from 5.30pm today.

London financial performance

The financial performance of the London business has strengthened in the year.

	Year ended 30 June 2012	Year ended 30 June 2013 (unaudited)
Completions	1,233	1,362
Joint venture completions	59	224
Total completions	1,292	1,586
Average selling price including JVs	£247k	£284k
Total revenue (excluding JVs)	£309m	£402m

London operational model

The Group is planning to grow the London business to an annual output of 2,000 completions including JV completions with 1,586 completions having been delivered in the year ended 30 June 2013.

The London business will continue to develop a range of residential and mixed use developments primarily in Central London and then tactically in other London boroughs. In the current portfolio, the residential units have selling prices ranging from £160k to £6m.

The London business management team have an enormous collective experience of the London market and are led by Alastair Baird, Regional Managing Director, London.

1. Joint ventures

Overview

In the last three years the Group has developed a JV model for the London business. Operationally, this provides the business with a greater presence for the consumer and also creates more activity in the land market. Financially, it reduces peak investment per site, reduces concentration risk and enhances Return on Capital Employed.

Our partners

L&Q

The Group has active JV arrangements with L&Q which commenced in 2011 with the site at Altitude, Alie Street. L&Q is one of London's largest residential developers and owns or manages more than 70,000 homes across London and the South East.

The L&Q joint ventures now incorporate three active developments and one site at the Sainsbury's Nine Elms where we are the preferred bidder.

Site	Total units	Private units	Private sales to date units	GDV £m
Active developments				
Altitude, Alie Street	235	171	110	116
Queensland Terrace, Islington	375	375	107	144
Fulham Riverside, Fulham	462	396	57	438
Preferred developer				
Nine Elms, Vauxhall	645	593	-	425
Total	1,717	1,535	274	1,123

The construction and sales activity is progressing well on the three active sites.

The JVs are largely equity funded with a small funding line being provided by L&Q to the Alie Street JV entity.

In conjunction with L&Q we are exploring options to provide bank finance to the JVs. Whilst any funding would be at modest levels of financial gearing it is logical to have an equity and debt funding structure rather than entirely equity. We are reasonably confident that due to the quality of the developments and the financial strength of the partners that we will secure appropriate funding.

British Land plc

We have a JV with British Land plc for a mixed use development at Aldgate Place. Planning permission was recently obtained for this development for 463 homes, a 160 room hotel and retail and office space at Aldgate Place.

We will commence on site in January 2014 and expect the initial completions in FY16.

Morgan Stanley Real Estate Investing

We have a joint venture with a fund managed by Morgan Stanley Real Estate Investing to build 770 homes with a gross development value estimated at £275m on a riverside site in the Royal Borough of Greenwich. The historic 8.9 acre site has 130 metres of river frontage and is located between the centre of Greenwich and the O2 Arena.

Construction of the residential elements, including 154 affordable homes, will start in autumn 2013.

Metropolitan Housing

We have a joint venture with Metropolitan Housing to develop a site in West Hendon. Phase 1 of this development was recently completed and has delivered 194 homes. An application for planning permission has been submitted for Phase 2 of this development, which is expected to deliver a further 2,000 homes.

JV income

As announced on 10 July, Housebuilding JV profit for the Group for the year to 30 June 2013 will be around £8m (2012: £0.8m). In the year to 30 June 2014 we expect this to increase to around £20m.

2. Other London sites

The London business had a total of 14 active sites at 30 June 2013 excluding JVs and a substantial pipeline for future delivery.

We have been particularly successful within the London market in 2013 and have approved six new major sites in central London (excluding JVs) with an aggregate gross development value of c. £771m.

Site	Total units	Private units	GDV £m
Cannon Wharf, Surrey Quays	679	562	222
Ladywell Village, Catford	589	416	118
Blackfriars Road, Southwark	368	255	164
Camden Road, Camden	169	85	72
Westleigh Rise, Putney	145	145	100
Great Minster East, Westminster	60	60	95
Total	2,010	1,523	771

This announcement 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.

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