

George Wimpey Plc

Meeting the Growth Challenge

UK vs US

Citigroup Investor Presentation

Monday 25 April 2005

Agenda

- George Wimpey strategy
- The business environment
- Management priorities
- Summary



The George Wimpey strategy



Creating shareholder value: strategic framework

- Step 1: generate free cash flow before growth and dividends
 - develop competitive advantage through skills or scale
 - focus on areas of competitive advantage
 - avoid areas where no competitive advantage
- step 2: invest free cash flow to create shareholder value
 - invest where returns $>$ cost of capital and sustainable
 - avoid growth for the sake of growth
 - if cannot invest well, return cash to shareholders

Strategy: Group

- Target long term volume growth in UK and US
 - long-term aim 20,000 in UK
 - medium-term aim >10,000 in US
- Pace and priorities driven by
 - business and market environment
 - ability to sustain returns > cost of capital
- Focus on areas of competitive advantage
- Maintain above average asset turns to generate cash
- Provide shareholders with enhanced short-term returns through strong dividend growth



Strategy: UK

Plan in place: implement as market permits

- Scope to expand within existing structure
 - optimal scale 600-750 units
 - most regions still below optimal scale
- Plans in place to grow regional structure
 - satellites including Scotland, East Midlands, Sussex
- Growth of Laing as second brand
 - new regions including East, SW England and Scotland
 - use of both brands from 2006 on larger sites
- Limit exposure to inner city developments, social housing

Strategy: US

4 strategies for growth

- Well positioned in strong growth markets
 - in states with highest population and permit growth
 - 2005 job growth of c50,000 in Phoenix, Houston & Dallas
- Address underperforming businesses in Atlanta and Texas
- Continue successful satellite growth model
 - reduces overhead costs
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- Growth through product development
 - Lower price points, townhomes, low-rise condominiums



The Business environment

Business environment

UK

- Market has slowed down
 - lower sales rates
 - broadly stable prices
 - limited long term growth
- Increased Govt regulation
 - planning no better
 - limited action on Barker
 - increased costs
 - increased regulation
- Land market
 - competitive

US

- Market remains strong
 - high sales rates
 - price momentum
 - long-term growth
- Pro-development culture
 - supports growth
 - limited taxes and regulation
- Land market
 - competitive
 - but good availability



UK market: short-term

Sales rates

- Recent trends
 - 2004: a year of two halves
 - Jan-Feb 05: encouraging recovery
 - Mar/Apr 05: stable below strong Q1 04 but above H2 04
- Underlying causes
 - political / economic uncertainty
 - second hand market
- Outlook positive
 - underlying supply / demand balance
 - consumer confidence / visitor levels
- Independent evidence consistent with our view
 - RICS survey

RICS Survey: 19 April 2004

“Purchase enquiries and sales showed no movement in March with continued uncertainty over interest rate prospects also limiting activity.

Newly agreed sales showed little change in March having risen over the prior two months, showing an uneven recovery. Surveyors are commenting that unrealistic pricing by sellers is restricting sales activity. However, surveyors are still envisaging an upturn in sales as underlying economic conditions are improving with household confidence in the early months of 2005 at the highest levels in more than six years.”



UK market: short-term

Selling prices

- Recent trends
 - grew strongly to Q1 04 in north: in south flat since Q2 03
 - headline prices broadly stable since September 2004
 - increased use of incentives to support sales momentum
 - estimated impact for George Wimpey circa 2%
- Underlying factors
 - need to preserve sales momentum
 - some statistics distorted by mix changes
- Outlook
 - volume recovery likely to remain slow
 - stable pricing likely/incentives expected to decline

UK market: longer-term

- Demand continues to exceed supply
 - population growth/household formation exceeding forecasts
 - c17,000+ demolitions / removals p.a.
- Barker
 - Government has restated commitment to Barker agenda
 - but planning environment has deteriorated
 - and there is no indication of time-line for implementation
 - Conservatives now committed to more housing
- Regulation
 - Government involved in design, performance and technology
 - impacts cost and risk through ability to respond to market

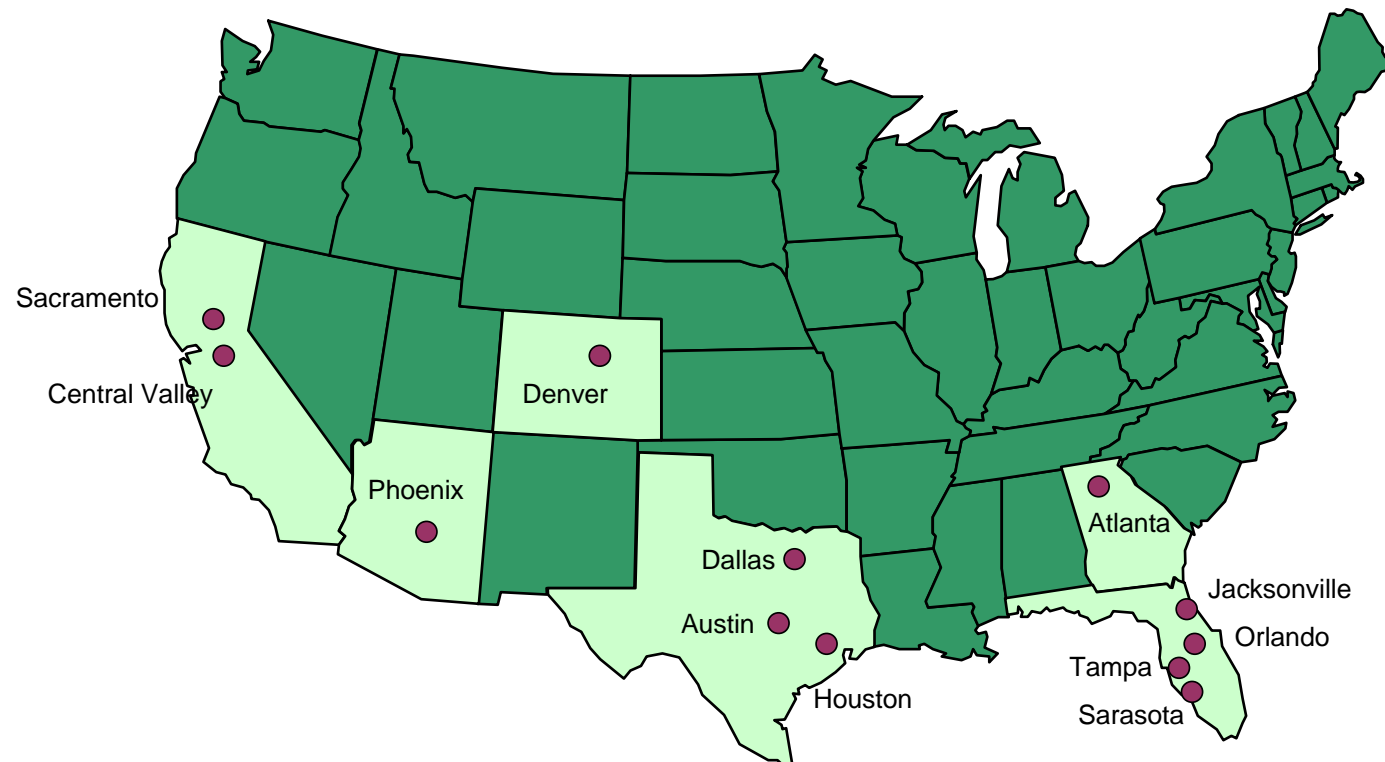
US market: short-term

US economy key indicators	2004	Q1 2005	Forecast 2005
GDP growth	4.4%	4.0%	3.5%+
Job growth	2.2m	0.5m	2.0m
30-yr fixed mortgage rate	5.75%	6.00%	6.5%

- 2004 another record year
 - 1.6m Single Family starts, 1.2m New Home sales
 - nationally prices up c.5-7% but 15-20% in some markets
- 2005 outlook very positive
 - 1.55m SF starts, 1.15 NH sales; moderate price growth
 - strongest Q1 for 15 years
 - sales, prices and margins all ahead of 2004

US market: short-term

Morrison markets



US market: short-term

Outlook particularly good for Morrison markets

2004 (000s)	Job growth	Rank	SF permits	Rank
Florida	281	1	185	1
California	217	2	147	3
Texas	121	3	148	2
Arizona	88	4	81	5
Colorado	47	9	39	12
Morrison markets	754		600	
Total US	2,200		1,600	
Morrison markets	34.3%		37.5%	



US market: long-term Fundamentals very strong

- 1.2M new household formations projected through 2020
- NAHB forecast 3% annual growth for next decade
- Strong population growth
 - sustained immigration
 - “echo-boomers” reaching peak home ownership age
- Affordability remains good
 - employment growth
 - more flexible mortgage market
- Growing owner occupation
- Morrison markets to show above average job growth

Market summary

UK

- Short-term: challenging – but downside risk limited
- Medium-term: positive, but timing of improvement uncertain
- Long-term: positive

US

- Short-term: very strong
- Medium-term: strong: Morrison markets to outperform
- Long-term: strong: Morrison markets to outperform



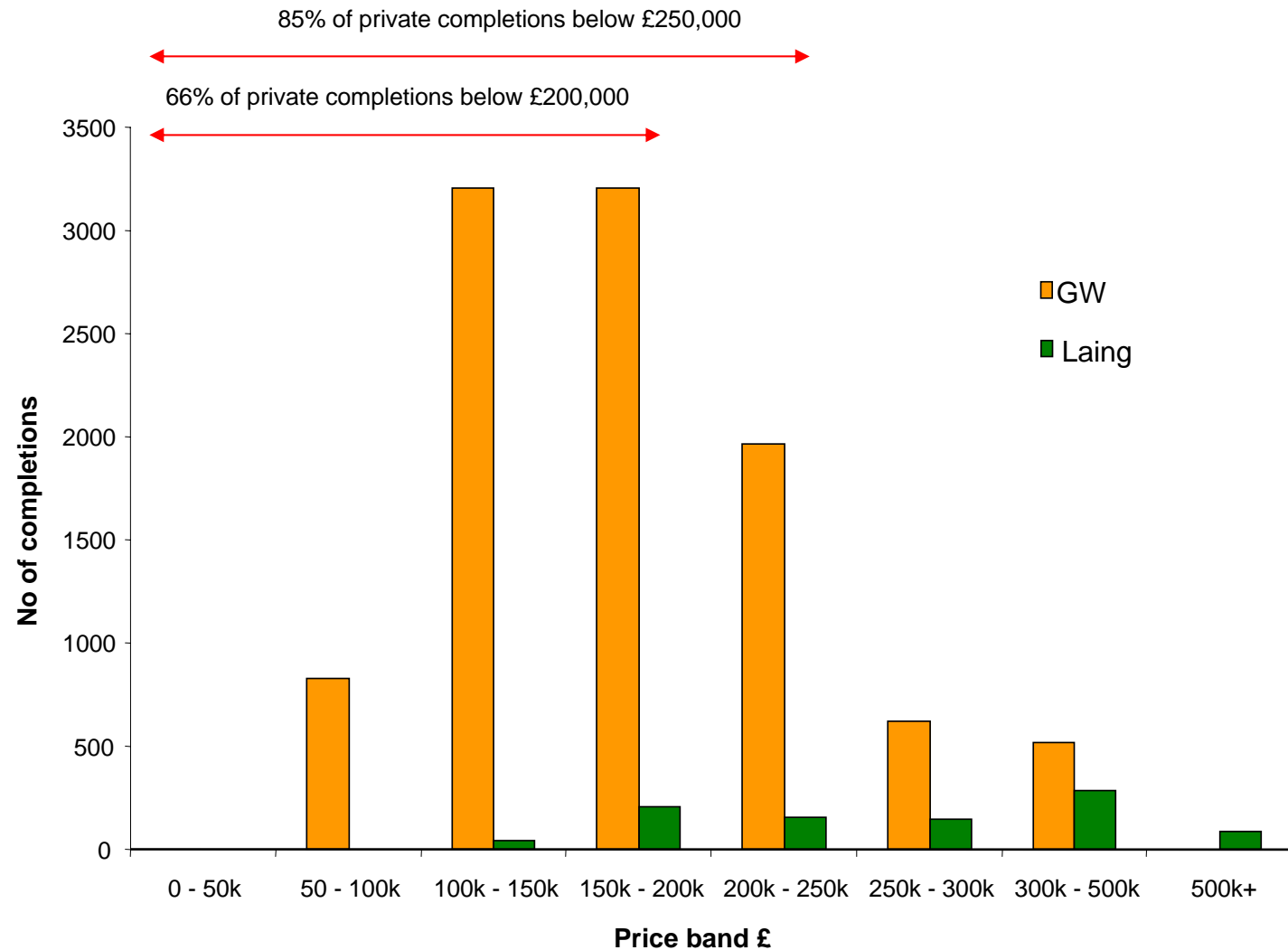
Management priorities

Management priorities: UK

- Outlets +10-12%: mostly effect of slower selling rates
- Incentives: effective, measurable, controllable
 - incentives not used: part exchange, shared equity
- Professional sales approach is key strength
 - customer service and customer options
 - sales and site presentation
- Product mix
 - balance mix detached / compact / flats
 - 85% sales below £250,000; 66% below £200,000
- Control costs
 - £20 million cost reduction programme

Management priorities: UK

Maintaining good product affordability



Management priorities: US

4 strategies for growth

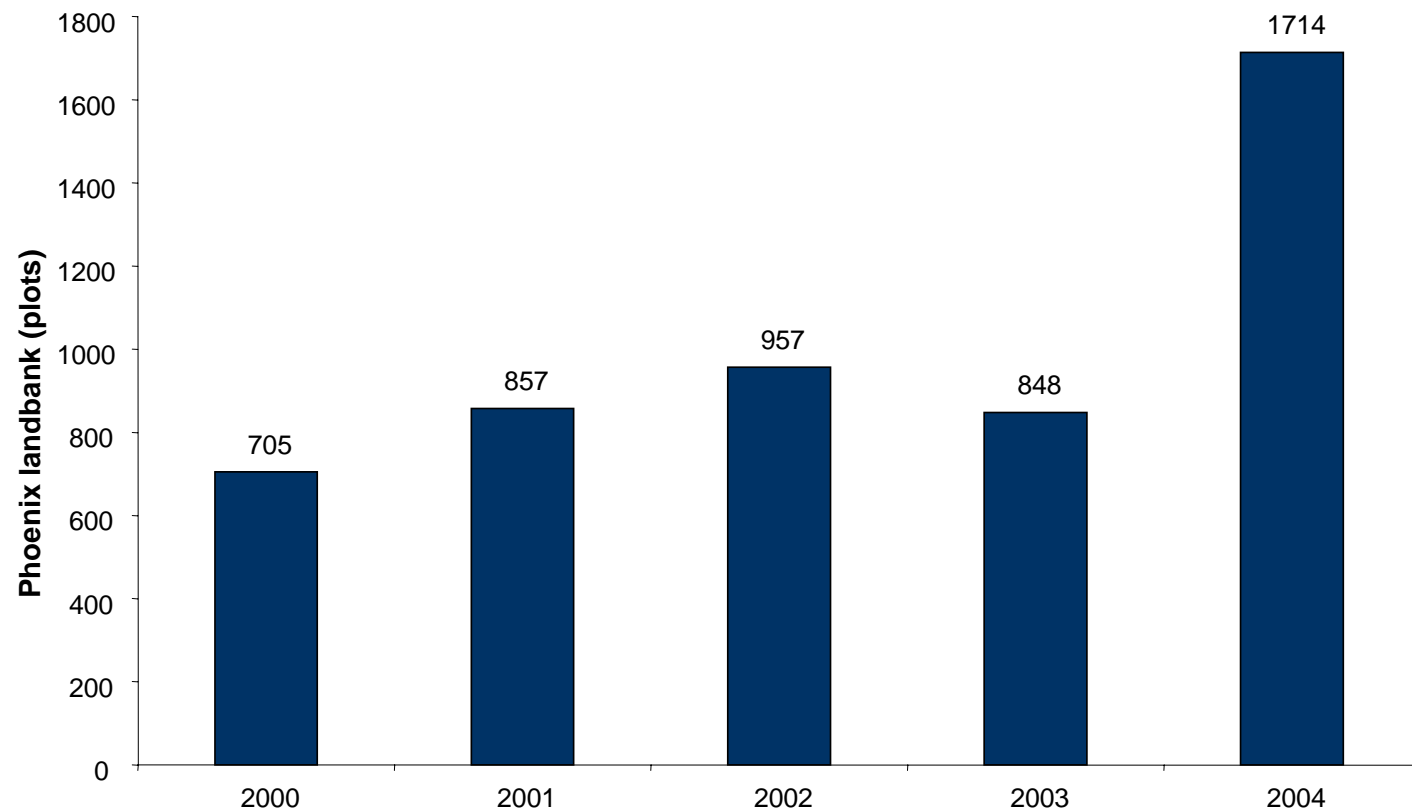
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Growth markets: Phoenix

Population		3,500,000
2004 Single Family Permits		60,825
% change from 2003		27.46%
Position in US		1
Job growth	2003	+20,600
	2004	+40,800
	2005E	+46,600
Morrison closings	2004	542

Growth markets: Phoenix

- Landbank in place to grow to 800 units in 2006
- Potential to increase growth to >1,000 units by 2007
- Potential for satellite in Tucson



Management priorities: US

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Addressing underperformers

Texas



Job Growth	Austin	Houston	Dallas / Ft Worth
2003	-6,100	-16,300	-28,500
2004	4,500	17,300	12,400
2005E	17,000	43,000	57,000

- Key business improvement areas
 - leadership and management
 - expansion to lower price points
 - rationalise product range
 - sales staffing and sales execution

Addressing underperformers

Texas

- Significant changes have been made in the past 9 months
 - we are seeing first signs of progress
 - Austin will reach performing status this year
 - Houston and, especially Dallas will take more time
 - must take time to get fundamentals right
- Employment growth now positive in all three markets
 - almost 100,000 permits in 2004
 - further growth expected 2005
- Potential for substantial Morrison growth
- Meanwhile, maintain cautious approach to land purchases

Managing the market: US

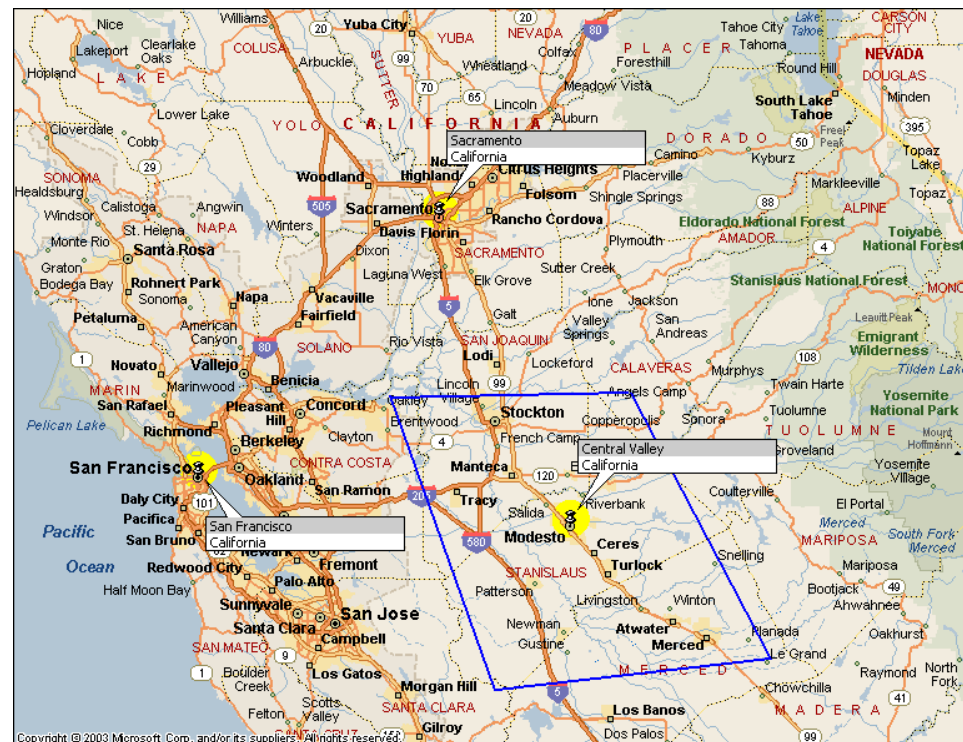
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Satellites

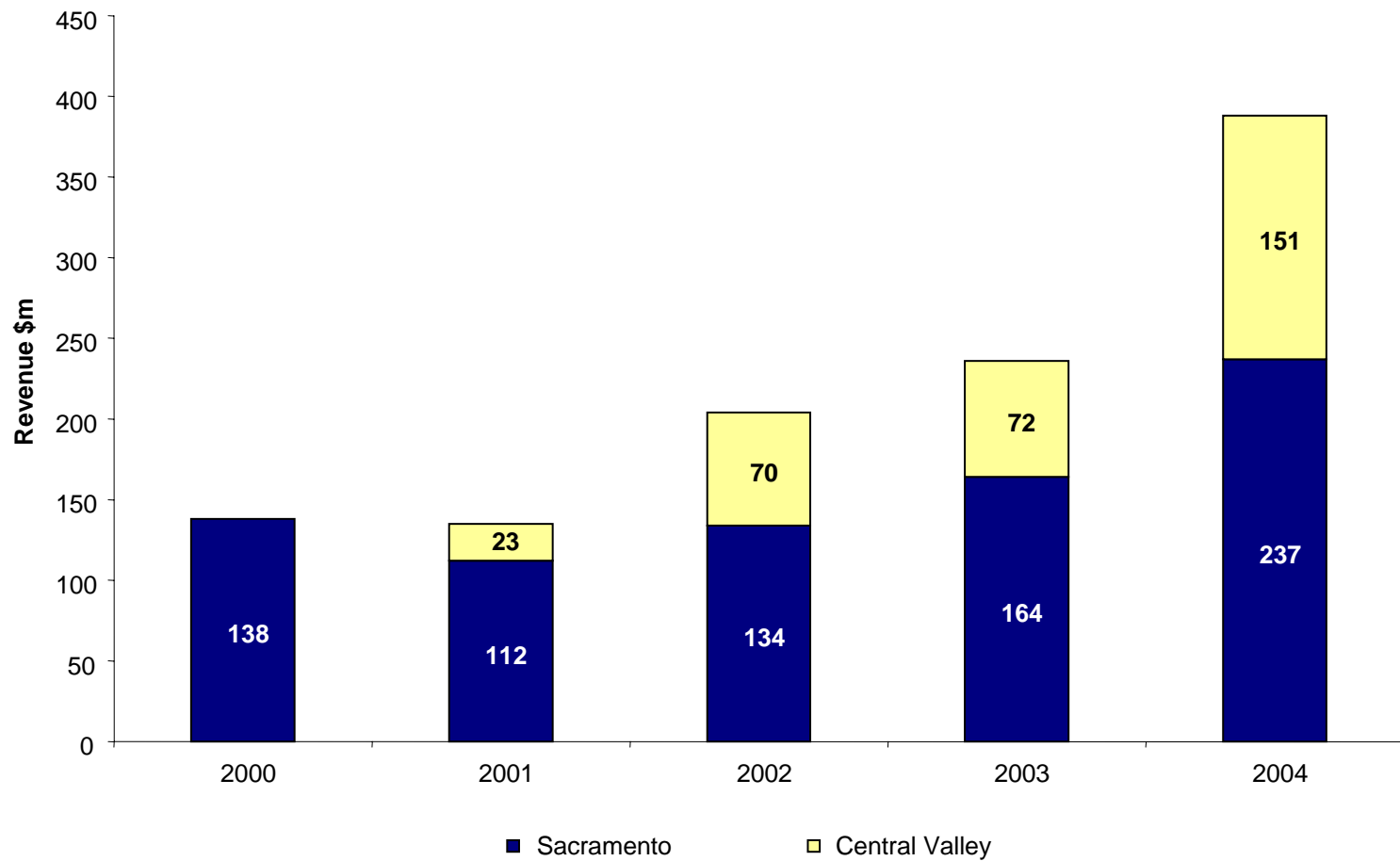
Central Valley

- The Sacramento Division started a satellite operation in the Central Valley region and within three years turned it over to the new Division Management Team



Satellites

Central Valley revenue growth



Satellites

- Other satellites created in Central Florida
 - Jacksonville: created a division in 2003
 - Sarasota: created a division in 2005
- New satellites planned in
 - Northern California
 - Central Florida
- And in the longer term in
 - Arizona
 - Texas

Managing the market: US

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Product development

Very good affordability



Product development

Growth through product development

Townhomes

- Product designed to maintain positioning in core price segments
- Opportunity to move into prime inner-city and infill locations
- Huge demand has led to controlled releases
- 17 further communities planned in Orlando and Tampa

Greystone development, Orlando Fl.

- 130 sales in 10 months – all through lottery
- Current sales at 40% margin



Morrison Homes landbank



	2004	2003	2002	2001	2000
Lots owned / under option	18,892	15,304	11,796	10,160	8,330
Lots controlled	2,687	1,663	1,643	2,075	1,640
Total landbank	21,579	16,967	13,439	12,235	9,970
Land spend \$m	282	203	173	132	119



Summary

Summary

UK

- Current market challenging
- But fundamentals are sound
- GW in good position to take advantage of recovery
- And we are well placed for longer term growth

US

- Short-term outlook is very strong
- Long term fundamentals are also very positive
- Morrison have land and strategy in place to take advantage of opportunities that this market presents



George Wimpey