Sheryl Palmer
President and CEO, North America Housing

We remain focused in the short to medium term on cost reductions and cash management

North America key performance indicators	2008
Operating margin*	6.1%
Order book as a percentage of 2008 revenue	50.0%
Average outlet numbers	234
Sales rate (per outlet per week)	0.4
Customer satisfaction	85.4%
Health and safety injury frequency rate (per 100,000 hours worked, excluding sub-contractors)	0.041

North America strategy

- Goal is to be the homebuilder of choice in each of our markets
- Current priority is cash management and cost reductions, whilst preserving the inherent value in our long term land positions

North America approach to challenging markets

- Drive sensible sales rates for each site
- Deliver additional build cost and overhead savings
- Continue to reduce investment in land and work in progress spend where appropriate

North America housing market

Markets in the US have continued to be extremely challenging throughout 2008. Although we saw some pockets of stabilisation during the first half, the market weakened during the second half of 2008 and particularly in the wake of the turmoil in the global financial markets. Whilst inventory levels within the industry have been brought under tighter control, the number of foreclosures has risen, putting further pressure on pricing.

Our markets in North America benefit from significant inward migration and job growth. According to data from the US Census Bureau, three of our markets (California, Texas and Florida) rank among the four largest States by population and Arizona and Texas were among the three fastest growing States by population in 2008.

The downturn started in some States in the third quarter of 2005, but we continue to see weakening market conditions. For example, building permits in Arizona fell by nearly 50% during 2008, with those in California down by nearly 45% (source: US Census Bureau). The Case Shiller Home Prices Indices report an average fall of 19% for the 20 areas that it covers. The largest recorded fall of 34% was in Phoenix, Arizona, with markets in California and Florida also showing significant falls. By contrast, the smallest recorded falls for 2008 of approximately 4% were in Texas and Colorado.

Our Canadian business continued to benefit from a robust operating environment throughout most of 2008, although it experienced some softening in the fourth quarter.

Strategy

In the current market conditions, we remain focused in the short term on cost reductions and cash management, whilst preserving the inherent value in our long term land positions.

We have a good quality and well respected business in North America, with strong brands and a growing market share, as evidenced by our recent recognition as a top 10 homebuilder in the US. Taylor Morrison was one of very few US homebuilders that traded profitably in 2008.

We entered 2008 with very lean overheads in North America, and whilst we have made additional savings, the key area of improvement has been build costs, both in terms of the price that we pay for materials and labour and the efficiency of our operations on site. We have re-bid contracts across our North American operations and have also reviewed all of our national and regional strategic sourcing.

Work in progress and land spend traditionally represent the largest cash outflows in our business. We have remained cautious regarding land spend throughout 2008 and have reduced the number of unsold completed homes from 908 at 31 December 2007 to 455 at 31 December 2008.

These short term actions will both maintain the underlying value of the business and put us in the best position to reinvest in new sites as value becomes available.

Financial review

North America housing revenue was broadly stable at £981.6 million (2007: £986.8 million), as the enlarged scale of the business following the merger and the benefit of a stronger US Dollar compared to Sterling were offset by the effect of continuing weakness in our US markets.

Operating profit* was £59.9 million (2007: £67.5 million). Exceptional items were £76.6 million (2007: £321.3 million). The operating margin* for 2008 was 6.1% (2007: 6.8%).

Due to the ongoing weakness in market conditions experienced during the year, we have conducted regular reviews of the carrying value of our land holdings. As a result of these reviews, we have taken land and work in progress write downs totalling £71.1 million during 2008 (2007: £283.4 million).

Net operating assets in North America stood at £677.8 million at 31 December 2008 (2007: £680.3 million).

Sales, completions and pricing

The business operated with an average of 234 outlets during 2008 (2007: 183), reflecting the impact of the first full year of the merger.

Total home completions were 5,421 (2007: 5,197).

The average selling price of our North American homes in 2008 was £175,000 (2007: £182,000), with the ongoing market weakness partially offset by the effect of a stronger US Dollar on currency translation.

Our year-end order book stood at £491 million (2007: £529 million).

Product range

We offer a wide range of homes to our customers in North America, ranging from entry level to luxury homes. Our product range includes high-rise condominiums, single family homes, townhomes and full service country club communities. At present our only active and upcoming high-rise projects are in the Canadian market.

Our US homebuilding operations trade under the Taylor Morrison brand, with land development branded Taylor Woodrow Communities whilst our Canadian business continues to operate as Monarch.

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

North America housing market at a glance

Key drivers

- Migration to sunbelt States
- Affordability levels
- Customer confidence
- Employment levels

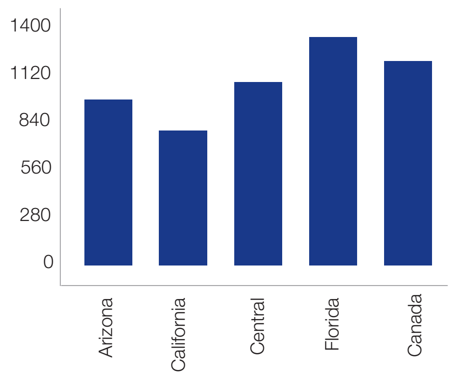
Potential risk factors

- Continuing restriction of credit availability
- Increased level of foreclosures
- Ongoing house price deflation

Taylor Morrison performance

- Reduced number of unsold completed homes by 50%
- Landbank plots reduced by 28%
- Net land and work in progress write downs of £71.1 million taken during 2008

North America Housing Completions by region



Quality and customers

Taylor Morrison won a series of sales and marketing awards in 2008. Our Houston Division won seven awards in the annual PRISM (Professional Results in Sales and Marketing) Awards organised by the Greater Houston Builders Association. Our Southern California Division won one MAME (Major Achievements in Marketing Excellence) Award and several categories of the regional Laurel Awards.

Monarch Corporation achieved third place in the J.D.Power ranking for customer satisfaction of condominium buyers in the Greater Toronto Area in 2008. We were also a finalist in the high-rise category of the Tarion Awards of Excellence for customer service in the Province of Ontario. Readers of Sacramento's Modesto Bee newspaper voted Taylor Morrison their favourite area builder for the second year in a row.

We are running a series of best practice conferences to learn from the customer care experience of our legacy businesses. This consultation process will inform the development of core practices and guidelines.

Our customer surveys are now undertaken by Avid Advisors, a customer loyalty management firm that works with over 400 housebuilders throughout the United States and Canada. We are proud of the fact that 89.9% of our customers would recommend us to their family and friends and our total homebuyer satisfaction score was 85.4%. These scores compare favourably to the average scores of 400 builders in North America of 86.6% and 83.0% respectively.

Our North America Housing key performance indicators

Given the significant changes in our operating environment during the course of 2008, we will be amending our suite of key performance indicators for 2009 to more accurately reflect the way in which we run the business.

	Operating margin	Order book as a percentage of revenue	Average outlet numbers
Objective	We aim to deliver industry-leading profit margins in each of our businesses.	We aim to hold an appropriate level of order book to give us visibility of profits for the forthcoming year.	In normal market conditions, we aim to increase outlet numbers over time in order to grow our business.
Definition	Profit on ordinary activities before finance costs, exceptional items and amortisation of brands divided by revenue.	Year-end order book value divided by revenue for that year.	Weighted average number of outlets open over the course of a year.

6.1%
for 2008
(6.8% for 2007)

50.0%
for 2008
(53.6% for 2007)

234
for 2008
(183 for 2007)

Landbank

We remain extremely cautious with regard to land purchases in the US, although we are starting to see some attractive opportunities in certain markets. We continued to invest in land for our Canadian operations selectively during the first part of 2008 and also made some opportunistic land purchases in Arizona in the fourth quarter.

At the year end, we had a landbank of 29,178 plots (2007: 40,603 plots).

Current trading

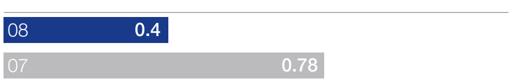
Market conditions have remained challenging. Sales rates for the year to date are slightly below our expectations, although we have seen some improvement in recent weeks and pricing movements are relatively small. Our current order book stands at £585 million. We expect that the significant improvements in affordability, reducing levels of available stock and the actions of the US Government will start to impact positively on the market during 2009.

We have maintained a meaningful presence in the markets in which we choose to operate and are successfully growing our market share in our key markets against a backdrop of reducing market sizes. We are well placed to take advantage of future opportunities to capitalise on the strong Taylor Morrison reputation.

Sales rate per outlet per week

We aim to achieve an appropriate sales rate per week to prioritise cash generation over operating margin and completion volumes.

Annual net reservations divided by the average number of outlets, divided by 52.



0.4
for 2008
(0.78 for 2007)

Customer satisfaction

We strive to maintain and improve our customer satisfaction scores.

Our customer surveys are now undertaken by Avid Advisors, a customer loyalty management firm that works with over 400 housebuilders throughout the United States and Canada.

85.4%
Total homebuyer satisfaction for 2008

Health and safety

We want to send our employees and sub-contractors home safely and uninjured day after day.

Reportable injury frequency rate per 100,000 hours worked, excluding sub-contractors.

0.041
for 2008
(0.212 for 2007)