THIS PROSPECTUS AND OTHER ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000, as amended (the "FSMA") if you are in the United Kingdom (the "UK") or, if not, from another appropriately authorised independent financial adviser.

This document comprises a prospectus (the "**Prospectus**") relating to Barratt Developments plc ("**Barratt**" or the "**Company**", and together with its subsidiaries from time to time, the "**Barratt Group**") prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the "**FCA**") made under section 73A of the FSMA. This Prospectus has been approved by the FCA, as competent authority, under Regulation (EU) 2017/1129 as it forms part of assimilated law as defined in the European Union (Withdrawal) Act 2018 as amended (the "**EUWA**") (the "**UK Prospectus Regulation**") in accordance with section 85 of the FSMA. This Prospectus has been filed with the FCA in accordance with the Prospectus Regulation Rules and together with the documents incorporated into it by reference (as set out in Part XV — "*Documentation Incorporated by Reference*" of this Prospectus) will be made available to the public in accordance with Prospectus Regulation Rule 3.2 by the same being made available, free of charge, at www.barrattdevelopments.co.uk and at the Company's registered office at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF, United Kingdom.

The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation, and such approval should not be considered as an endorsement of the Company or of the quality of the New Barratt Shares that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the New Barratt Shares. This Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the UK Prospectus Regulation.

The Company and its directors, whose names appear in Part III — "*Barratt Directors, Proposed Directors, Barratt Company Secretary, Senior Managers, Combined Group Additional Senior Manager, Registered Office & Advisers*" of this Prospectus (the "**Barratt Directors**"), and the proposed directors who will join the Barratt Directors on the board of the Company on Completion whose names appear in Part III — "*Barratt Directors, Proposed Directors, Barratt Company Secretary, Senior Managers, Combined Group Additional Senior Manager, Registered Office & Advisers*" of this Prospectus (the "**Proposed Directors**"), accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Barratt Directors, the Company and the Proposed Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

You should read the whole of this Prospectus (including all the information incorporated by reference herein) carefully and in its entirety. In particular, your attention is drawn to Part I — "*Risk Factors*" for a discussion of certain risks and other factors that should be considered in connection with an investment in the New Barratt Shares. You should not rely solely on the information summarised in the section titled "*Summary Information*".

Barratt Developments plc

(incorporated and registered under the laws of England and Wales with registered number 00604574)

Proposed issue of 476,309,153 ordinary shares in the share capital of Barratt Developments plc in connection with the recommended all-share offer for the combination of Barratt Developments plc and Redrow plc, pursuant to which Barratt Developments plc will acquire the entire issued and to be issued ordinary share capital of Redrow plc (the "Combination")

Admission to listing on the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange

Lead Financial Adviser, Sole Sponsor and Corporate Broker	*Financial Adviser*
UBS AG London Branch	**Morgan Stanley & Co. International plc**

The ordinary shares in the capital of the Company with a nominal value of 10 pence each (the "**Existing Shares**") are listed on the premium listing segment of the Official List maintained by the FCA and traded on the main market for listed securities of London Stock Exchange plc (the "**London Stock Exchange**"). Application will be made to the FCA and to the London Stock Exchange for 476,309,153 ordinary shares in the share capital of the Company with a nominal value of 10 pence (the "**New Barratt Shares**" and together with the Existing Shares, the "**Shares**") to be admitted to listing on the premium listing segment of the Official List of the FCA (or, if there is no premium listing segment, the same listing segment as the Shares are trading on) and to trading on the main market for listed securities of the London Stock Exchange, respectively (the "**Admission**"). It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Barratt Shares will commence at 8.00 a.m. (London time) on or around the day which is three Business Days after the Court Hearing, which is expected to be during the second half of 2024 and, in any event, prior to the Longstop Date, subject to satisfaction (or, if applicable, waiver) of the Conditions. **No application is currently intended to be made for the New Barratt Shares to be admitted to listing or dealing on any other exchange**. The Company will comply with its obligation to publish a further supplementary prospectus containing further updated information required by law or any regulatory authority, but assumes no further obligation to publish additional information.

This Prospectus is not intended to, and shall not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the offer or otherwise. The Combination will be made solely through the Scheme Document, which will contain the full terms and conditions of the Combination, including the terms of how the Combination may be accepted by Redrow Shareholders. Any acceptance or other response to the Combination should be made only on the basis of the information in the Scheme Document.

UBS AG London Branch ("**UBS**") is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. It is authorised by the Prudential Regulation Authority (the "**PRA**") and subject to regulation by the FCA and limited regulation by the PRA in the United Kingdom. UBS is acting exclusively for the Company and no one else in connection with the Combination and the matters set out in this Prospectus. UBS will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Combination, and will not be responsible to anyone other than the Company for providing the protections

afforded to its clients or for the giving of advice in relation to the Combination, Admission or any transaction, matter or arrangement referred to in this Prospectus.

Morgan Stanley & Co. International plc ("**Morgan Stanley**"), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively as financial adviser to the Company and no one else in connection with the Combination. In connection with such matters Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the Combination, the contents of this Prospectus or any matter referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on UBS and Morgan Stanley by the FSMA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither UBS nor Morgan Stanley (together, the "**Banks**") nor any of their respective subsidiaries, holding companies, branches and affiliates nor any of their respective directors, officers, employees, agents or advisers, owes or accepts or shall assume any duty, responsibility or liability whatsoever (whether direct or indirect and whether arising in contract, in tort, under statute or otherwise) to any person in relation to the contents of this Prospectus or the Combination, Admission or any other matter or arrangement referred to in this Prospectus or for any acts or omissions of the Company and no representation or warranty, express or implied, is made by any of them as to the contents of this Prospectus, including its accuracy, completeness, verification or sufficiency, or for any other statement made or purported to be made by the Company, or on its behalf, or by any of the Banks, or on their behalf, in connection with the Company, the Barratt Group, the Combined Group, the Combination, the Admission or the New Barratt Shares, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether or not to the past or future. To the fullest extent permitted by law, the Banks and their respective subsidiaries, holding companies, branches and affiliates and their respective directors, officers, employees, agents or advisers accordingly disclaim all and any duty, responsibility or liability whatsoever (whether direct or indirect and whether arising in tort, contract, under statute or otherwise (save as referred to above)) which they might otherwise be found to have in respect of this Prospectus or any such statement or otherwise.

UBS, Morgan Stanley and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to the Company and its affiliates, for which they received customary fees. UBS, Morgan Stanley and their respective affiliates may provide such services to Barratt and its affiliates in the future.

Barratt Shareholders and prospective investors in the Shares (including the New Barratt Shares) will be deemed to have acknowledged that they have not relied on UBS, Morgan Stanley or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Prospectus for their investment decision.

Persons who come into possession of this Prospectus should inform themselves about and observe any applicable restrictions and legal, exchange control or regulatory requirements, and pay any issue, transfer or other taxes due, in relation to the distribution of this Prospectus and the Combination. Any failure to comply with such restrictions or requirements, and pay any issue, transfer or other taxes due, may constitute a violation of the securities laws of any such jurisdiction.

NOTICE TO UNITED STATES INVESTORS

The New Barratt Shares have not been, and will not be, registered under the US Securities Act of 1933 (the **"Securities Act"**) or under the securities laws of any state or other jurisdiction of the United States.

Accordingly, the New Barratt Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the Securities Act or an exemption therefrom. The New Barratt Shares are expected to be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. Redrow Shareholders who will be affiliates (within the meaning of the Securities Act) of Barratt or Redrow prior to, or of Barratt after, the Scheme Effective Date will be subject to certain US transfer restrictions relating to the New Barratt Shares received pursuant to the Scheme. For a description of these and certain further restrictions on offers, sales and transfers of the New Barratt Shares and the distribution of this Prospectus, see Part II — "*Presentation of Financial and Other Information*".

None of the securities referred to in this Prospectus have been approved or disapproved by the United States Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the fairness or merits of such securities or upon the adequacy or accuracy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO OTHER OVERSEAS INVESTORS

The release, publication or distribution of this Prospectus in certain jurisdictions other than the UK may be restricted by law. No action has been taken by the Company or by the Banks to distribute this Prospectus (or any other offering or publicity materials relating to the New Barratt Shares) in any other jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus nor any advertisement may be released, published or distributed in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Company and the Banks to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken by the Company or by the Banks that would permit an offer of the New Barratt Shares or rights thereto or possession or release, publication or distribution of this Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the UK.

Unless otherwise determined by the Company or required by and permitted by applicable law and regulation, the Combination will not be implemented and documentation relating to the Combination shall not be made available, directly or indirectly, in, into or from an excluded territory where to do so would violate the laws of that jurisdiction (an "**Excluded Territory**") and no person may vote in favour of the Combination by any use, means, instrumentality or form within an Excluded Territory or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Prospectus are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Excluded Territory and persons with access to this Prospectus and any other documents relating to the Combination (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Excluded Territory.

The availability of New Barratt Shares under the Combination to Redrow Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. This Prospectus has been prepared for the purpose of complying with English law and applicable regulations and the information disclosed may not be the same as that which would have been disclosed if this Prospectus had been prepared in accordance with the laws of jurisdictions outside the United Kingdom. This Prospectus is issued solely in connection with the Admission. This Prospectus does not constitute or form part of an offer or invitation to sell or issue, or any solicitation of an offer to purchase or subscribe for, any securities by any

person. No offer of Shares is being made in any jurisdiction. None of the securities referred to in this Prospectus shall be sold, issued or transferred in any jurisdiction in contravention of applicable law and/or regulation.

It is the responsibility of each person into whose possession this Prospectus comes to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the distribution of this Prospectus, the receipt of the New Barratt Shares and the implementation of the Combination and to obtain any governmental, exchange control or other consents which may be required, to comply with other formalities which are required to be observed and to pay any issue, transfer or other taxes due in such jurisdiction. To the fullest extent permitted by applicable law, the Company, the Barratt Directors, the Proposed Directors, the Banks and all other persons involved in the Combination disclaim any responsibility or liability for the failure to satisfy any such laws, regulations or requirements by any person.

Further details relevant for Redrow Shareholders in restricted jurisdictions are contained in the document (the "**Scheme Document**") to be despatched to Redrow Shareholders and persons with information rights relating to Redrow Shares setting out, amongst other things, the details of the Combination, the full terms and conditions of the Scheme and containing the notices convening the Redrow Court Meeting and the general meeting of Redrow Shareholders to be convened for the purpose of considering, and if thought fit approving, the Special Resolution in relation to the Combination (notice of which will be set out in the Scheme Document), including any adjournment, postponement or reconvention thereof (the "**Redrow General Meeting**").

NOTICE TO ALL INVESTORS

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information contained in this Prospectus for any purpose other than considering an investment in the New Barratt Shares is prohibited.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Banks or any other person. Neither the delivery of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Barratt Group or the Redrow Group since the date of this Prospectus or that the information in this Prospectus is correct as at any time subsequent to its date.

Without limitation, the contents of the website of the Barratt Group (or any other websites, including the content of any website accessible from hyperlinks on the websites of the Barratt Group and/or the Redrow Group) do not form part of this Prospectus.

Capitalised terms have the meanings ascribed to them, and certain technical terms are explained, in Part XVI — "*Definitions*" of this Prospectus.

This Prospectus is dated 19 April 2024.

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SUMMARY INFORMATION

A. INTRODUCTION AND WARNINGS

A.1.1 *Name and international securities identification number (ISIN) of the securities*

Ordinary shares of 10 pence each in the capital of Barratt Developments plc (the "**Shares**"). ISIN code GB0000811801.

A.1.2 *Identity and contact details of the issuer, including its legal entity identifier (LEI)*

Barratt Developments plc ("**Barratt**" or the "**Company**", and, together with its consolidated subsidiaries, the "**Barratt Group**") is a public limited company registered in England and Wales with company number 00604574. Its registered office is at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF, United Kingdom. The Company's telephone number is +44 (0) 1530 278278 and its legal entity identifier is 2138006R85VEOF5YNK29.

A.1.3 *Identity and contact details of the competent authority approving the prospectus*

This prospectus (the "**Prospectus**") has been approved by the Financial Conduct Authority (the "**FCA**"), as competent authority, with its head office at 12 Endeavour Square, London, E20 1JN, United Kingdom and telephone number: +44 (0) 20 7066 1000, in accordance with Regulation (EU) 2017/1129 as it forms part of assimilated law as defined in the European Union (Withdrawal) Act 2018 as amended (the "**UK Prospectus Regulation**").

A.1.4 *Date of approval of the prospectus*

This Prospectus was approved by the FCA on 19 April 2024.

A.1.5 *Warning*

This summary has been prepared in accordance with Article 7 of the UK Prospectus Regulation and should be read as an introduction to the Prospectus. Any decision to invest in the New Barratt Shares should be based on consideration of this Prospectus as a whole by the investor. Any investor could lose all or part of their invested capital. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate, or inconsistent when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the New Barratt Shares.

B. KEY INFORMATION ON THE ISSUER

B.1 *Who is the issuer of the securities?*

B.1.1 *Domicile, legal form, LEI, jurisdiction of incorporation and country of operation*

The Company is incorporated under the laws of England and Wales with its registered office in England and its legal entity identifier is 2138006R85VEOF5YNK29. The Company was incorporated and registered as a company limited by shares in England and Wales on 14 May 1958 with registered number 00604574 under the Companies Act 1948, and on 25 November 1981, the Company re-registered as a public limited company. The principal law and legislation under which the Company operates is the Companies Act 2006 (the "**Companies Act**") and regulations made thereunder.

B.1.2 *Principal activities*

Barratt is a major UK homebuilder with a vision to lead the future of homebuilding by putting customers at the heart of everything it does and is an industry-leading player in terms of quality, service and sustainability. In 2024, Barratt became the only homebuilder to have received a Home Builders Federation ("**HBF**") 5-Star customer rating for 15 consecutive years.

The Barratt Group offers a multi-brand proposition with a diverse product range and regionally balanced portfolio. The Barratt Group has a national footprint, operating in 29 divisions across the UK. The Barratt Group's divisions are structured to deliver a capacity of approximately 750 units annually including joint ventures, other than London and North Scotland which are structured to deliver about 1,500 to 2,000 and 500 to 550 units annually, respectively. Combined, the divisions have an overall volume capacity for homebuilding of more than 21,500 units (2023: 17,206 units). The business continues to make progress towards its strategy of achieving volume growth while maintaining excellence in build quality and customer satisfaction. Barratt joined CDP's Climate Change A List for Leadership in 2022.

Barratt builds in the private, affordable and private rented sectors. It however maintains and develops strong relationships with a diverse range of organisations ─ from Homes England, local authorities and housing associations to private landowners, financial partners, land promoters and property agents. These relationships ensure that Barratt's homes can be made available for additional markets and provide an additional outlet to drive home reservations.

Across 50 years and over 120,000 homes, Redrow is a major UK homebuilder that has earned a reputation for delivering high-quality, award-winning homes that are built in well-chosen locations with excellent place-making. Redrow prides itself on being a responsible developer, delivering sustainable developments and sustainable returns. Redrow's Heritage Collection forms the centre of its homebuilding strategy, combining the character of older homes with the quality, energy efficiency and modern open plan interiors of new builds. The Redrow Group has been rated a 5-Star homebuilder by the HBF for six consecutive years.

B.1.3 *Major shareholders*

Insofar as it is known to the Company, the following persons are, as at 17 April 2024, being the latest practicable date prior to the publication of this Prospectus (the "**Latest Practicable Date**"), directly or indirectly interested (within the meaning of the Companies Act) in 3 per cent. or more of the total voting rights of the Company (being the threshold for notification of voting rights that apply to the Company and the holders of Shares in the capital of the Company (the "**Barratt Shareholders**") pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules made by the FCA under Part VI of the Financial Services and Markets Act 2000, as amended):

Shareholder	Number of Shares as at Latest Practicable Date	Percentage of Share capital as at Latest Practicable Date	Number of Shares as at Admission[(1)]	Percentage of Combined Issued Share Capital as at Admission[(2)]
BlackRock Inc.	100,397,120	10.3%	122,536,665	8.4%
Bridgemere Securities Limited	0	0%	76,106,615	5.2%
FMR LLC	63,235,257	6.5%	70,824,215	4.9%
Vanguard Group	47,448,486	4.9%	66,179,486	4.6%
Phoenix Asset Management Partners	43,455,418	4.5%	43,455,418	3.0%
Franklin Templeton	41,360,527	4.2%	41,360,527	2.9%
SSGA	31,044,193	3.2%	35,861,062	2.5%

Notes:

(1) Assuming that (other than the issue of the New Barratt Shares (as defined below)) no further issues of Shares or of shares in the capital of Redrow plc ("**Redrow Shares**") or any changes in the holdings of such persons in Shares or Redrow Shares occur between the Latest Practicable Date and Admission (being admission of the New Barratt Shares (as defined below) to the premium listing segment of the official list of the FCA (the "**Official List**") (or, if there is no premium listing segment, the same listing segment as the Shares are trading on) in accordance with the listing rules made by the FCA under Part VI of the Financial Services and Markets Act 2000, and to trading on the London Stock Exchange plc's ("**London Stock Exchange**") main market for listed securities (the "**Main Market**") (together "**Admission**")).

(2) "**Combined Issued Share Capital**" means the number of Shares in issue immediately following the date on which either: (i) the proposed scheme of arrangement under Part 26 of the Companies Act between Redrow and the holders of Redrow Shares to implement the Combination (as defined below) (the "**Scheme**") becomes effective in accordance with its terms; or (ii) if the Combination (as defined below) is implemented by way of a takeover offer (as defined in Chapter 3 of Part 28 of the Companies Act), the date on which such takeover offer becomes or is declared unconditional (in each case, "**Completion**").

B.1.4 *Key managing directors of the Company*

David Thomas is the Chief Executive Officer, Steven Boyes is the Chief Operating Officer and Deputy Chief Executive and Mike Scott is the Chief Financial Officer.

B.1.5 *Identity of the statutory auditors*

Deloitte LLP, whose registered address is at 1 New Street Square, London, EC4A 3HQ, United Kingdom. Deloitte LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

B.2 ***What is the key financial information regarding the issuer?***

Barratt Group

The tables below set out selected key financial information for the Barratt Group for the financial year ended 30 June 2023 and for the six-month period ended 31 December 2023, as reported in accordance with the International Financial Reporting Standards, as adopted by the UK and as amended from time to time.

The audited consolidated financial information for the Barratt Group as of and for the financial year ended 30 June 2023 has been extracted without material adjustment from the audited consolidated financial statements of the Barratt Group for the financial year ended 30 June 2023. The unaudited consolidated financial information for the Barratt Group as of and for the six months to 31 December 2023 has been extracted without material adjustment from the unaudited interim consolidated financial statements of the Barratt Group for the six months to 31 December 2023.

There are no qualifications in the audit report to the audited historical financial information of the Barratt Group incorporated by reference in this Prospectus.

Table 1: Selected information from the Consolidated Income Statement	**Six months ended 31 December 2023**	**Year ended 30 June 2023**
	(Unaudited)	
	(£ millions)	
Revenue	1,850.8	5,321.4

Cost of sales	(1,612.3)	(4,346.5)
Gross profit	238.5	974.9
Profit from operations	97.8	707.4
Profit before tax	95.2	705.1
Tax	(26.4)	(174.8)
Profit and total comprehensive income recognised for the period	68.8	530.3

Table 2: Selected information from the Balance Sheets

	As at 31 December 2023	**As at 30 June 2023**
	(Unaudited)	
	(£ millions)	
Non-current assets	1,292.5	1,283.7
Current assets	6,290.0	6,720.3
Total assets	7,582.5	8,004.0
Non-current liabilities	(864.0)	(953.2)
Current liabilities	(1,278.9)	(1,454.4)
Total liabilities	(2,142.9)	(2,407.6)
Net assets	5,439.6	5,596.4
Total equity	5,439.6	5,596.4

Table 3: Selected information from the Cash Flow Statements

	Six months ended 31 December 2023	**Year ended 30 June 2023**
	(Unaudited)	
	(£ millions)	
Net cash (outflow)/inflow from operating activities	(74.8)	465.5
Net cash inflow/(outflow) from investing activities	3.5	55.4
Net cash outflow from financing activities	(244.8)	(590.6)
Net decrease in cash, cash equivalents and bank overdrafts	(316.1)	(69.7)
Cash, cash equivalents and bank overdrafts at the beginning of the period	1,265.7	1,335.4
Cash, cash equivalents and bank overdrafts at the end of the period	949.6	1,265.7

Redrow Group

The tables below set out selected key financial information for Redrow plc ("**Redrow**") and its subsidiaries and subsidiary undertakings **(**together with Redrow, the "**Redrow Group**"**)** for the 52 weeks ended 2 July 2023 and for the 26 weeks ended 31 December 2023, as reported in accordance with the International Financial Reporting Standards, as adopted by the UK and as amended from time to time.

The audited consolidated financial information for the Redrow Group as of and for the 52 weeks ended 2 July 2023 has been extracted without material adjustment from the audited consolidated financial statements of the Redrow Group for the 52 weeks ended 2 July 2023. The unaudited consolidated financial information for the Redrow Group as of and for the 26 weeks ended 31 December 2023 has been extracted without material adjustment from the unaudited interim consolidated financial statements of the Redrow Group for the 26 weeks ended 31 December 2023.

There are no qualifications in the audit reports on the audited historical financial information of the Redrow Group included in this Prospectus.

Table 1: Selected information from the Consolidated Income Statement

	26 weeks ended 31 December 2023	**52 weeks ended 2 July 2023**
	(Unaudited)	
	(£ millions)	
Revenue	756	2,127
Cost of sales	(613)	(1,619)
Gross profit	143	508
Operating profit	86	399

Profit before tax	84	395
Income tax expense	(24)	(97)
Profit for the period	60	298

Table 2: Selected information from the Balance Sheets

	As at 31 December 2023	As at 2 July 2023
	(Unaudited)	
	(£ millions)	
Total non-current assets	38	39
Total current assets	2,894	3,047
Total assets	2,932	3,086
Total equity	2,023	2,026
Total non-current liabilities	199	195
Total current liabilities	710	865
Total liabilities	909	1,060
Total equity and liabilities	2,932	3,086

Table 3: Selected information from the Cash Flow Statements

	26 weeks ended 31 December 2023	52 weeks ended 2 July 2023
	(Unaudited)	
	(£ millions)	
Net cash (outflow)/inflow from operating activities	(50)	158
Net cash inflow/(outflow) from investing activities	3	—
Net cash (outflow) from financing activities	(67)	(211)
(Decrease) in net cash and cash equivalents	(114)	(53)
Net cash and cash equivalents at the beginning of the period	235	288
Net cash and cash equivalents at the end of the period	121	235

Pro forma financial information

The unaudited pro forma statement of net assets of the Combined Group has been prepared based on the unaudited consolidated balance sheet of the Barratt Group as at 31 December 2023 and the unaudited consolidated balance sheet of the Redrow Group as at 31 December 2023 to illustrate the effect on the net assets of the Barratt Group of the Combination as if it had taken place on 31 December 2023.

The unaudited pro forma income statement of the combined Barratt Group and Redrow Group (the "**Combined Group**") for the six months ended 31 December 2023 has been prepared based on the unaudited consolidated income statement of the Barratt Group for the six months ended 31 December 2023 and the unaudited consolidated income statement of the Redrow Group for the 26 weeks ended 31 December 2023 to illustrate the effect on the consolidated income statement of the Barratt Group of the Combination as if it had taken place on 1 July 2023.

The unaudited pro forma financial information has been prepared for illustrative purposes only in accordance with the UK version of Annex 20 of Commission Delegated Regulation (EU) 2019/980 (which forms part of assimilated law as defined in the European Union (Withdrawal) Act 2018 as amended (the "**EUWA**") by virtue of the EUWA). Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Barratt Group's actual financial position or results. It may not, therefore, give a true picture of the Barratt Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited consolidated pro forma profit before tax of the Combined Group for the six months ended 31 December 2023 is £111.7 million. The unaudited consolidated pro forma net assets of the Combined Group as at 31 December 2023 is £7,572.3 million.

B.3 ***What are the key risks that are specific to the issuer?***

- Changes in the UK macroeconomic environment, brought about by uncertainty, loss of consumer confidence, increasing inflation, higher interest rates and higher energy prices, could lead to lower mortgage availability, decreased affordability and reduced demand for housing and falling house prices, which could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow and the Combined Group.
- Barratt and Redrow are subject to, and, following Completion, the Combined Group will be subject to, legal obligations and policies associated with remediation undertakings, including fire safety issues, on legacy properties which may result in additional costs.

- Barratt, Redrow and, following Completion, the Combined Group, may not be able to secure planning permission for developments on a timely basis or on economically viable terms (or at all) and there is uncertainty resulting from potential future reforms to the planning system by the UK Government.
- Failure to maintain construction quality, through construction defects and defective works as well as an inability to keep pace with technological change whilst continuing to maintain a desirable product, may adversely impact the reputation, business, prospects and operations of Barratt, Redrow and, following Completion, the Combined Group.
- A failure in, or cyber-attacks on, the IT systems and infrastructure of Barratt, Redrow or, following Completion, the Combined Group could disrupt the business or result in the inappropriate disclosure of confidential information of Barratt, Redrow or the Combined Group.
- The employees and contractors of Barratt, Redrow and, following Completion, the Combined Group may fail to operate in accordance with laws and regulations (such as health, safety and environment laws as well as anti-bribery and corruption and anti-cartel laws and regulations).
- Constraints on the availability of mortgage products and the exit of mortgage providers from the UK market, as well as higher costs of mortgage funding may adversely affect the home sales of Barratt, Redrow and, following Completion, the Combined Group
- Barratt and Redrow rely, and, following Completion, the Combined Group is expected to rely, on its senior management team and may be unable to attract and/or retain key managers or a highly skilled and experienced workforce.
- The performance of Barratt, Redrow and, following Completion, the Combined Group depends (or will depend, as applicable) on the ability to purchase land suitable for their purposes.
- Completion is subject to a number of conditions which may not be satisfied or waived or which may be satisfied subject to conditions imposed by regulatory bodies or other third parties and may result in Completion being delayed, the Combination not completing, or Barratt or Redrow being subject to some other adverse impact in order to satisfy any such conditions so imposed (e.g. UK merger remedies).
- The Combination is conditional on obtaining the CMA Clearance.
- Barratt and Redrow are subject to a competition investigation by the CMA in relation to suspected exchanges of competitively sensitive information.

C. KEY INFORMATION ON THE SECURITIES

C.1 *What are the main features of the securities?*

C.1.1 *Type, class, and ISIN*

The Shares are ordinary shares in the share capital of the Company with a nominal value of 10 pence each. The international securities identification number ("**ISIN**") of the Shares is GB0000811801. The Company is proposing to issue 476,309,153 Shares in connection with the Combination (the "**New Barratt Shares**"). The New Barratt Shares will constitute approximately 32.8 per cent. of the Combined Issued Share Capital. When admitted to trading, the New Barratt Shares will be registered with ISIN number GB0000811801.

C.1.2 *Currency, denomination, par value, number of securities issued and duration*

The aggregate nominal value of the share capital of the Company as at 17 April 2024 (the "**Latest Practicable Date**") was £97,459,226.10 comprising 974,592,261 ordinary shares of 10 pence each, all of which were fully paid or credited as fully paid. The currency of the Shares is British pounds sterling. At the date of this Prospectus, the nominal value of one issued Share is 10 pence. As at the Latest Practicable Date, Barratt held no shares in treasury.

C.1.3 *Rights attached to the New Barratt Shares*

The rights attaching to the New Barratt Shares will be uniform in all respects and they will form a single class for all purposes together with the existing ordinary shares in the capital of the Company, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

On a show of hands, every Barratt Shareholder who is present in person shall have one vote and every proxy present who has been duly appointed by a member entitled to vote on the resolution shall have one vote and, on a poll, every Barratt Shareholder shall have one vote per Share.

Except as provided by the rights and restrictions attached to any class of shares, Barratt Shareholders will, under general law, be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings.

C.1.4 *Rank of securities in the issuer's capital structure in the event of insolvency*

The Shares are the only class of ordinary shares in the Company and comprise the entire issued share capital of the Company. The Shares do not carry any rights with respect to capital to participate in a distribution (including on a winding-up) other than those that exist as a matter of law. There is no difference in the seniority between the Shares.

C.1.5 *Restrictions on the free transferability of the securities*

The New Barratt Shares are freely transferable and there are no restrictions on transfer. However, the making of the proposed offer of New Barratt Shares to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the UK may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of such New Barratt Shares.

C.1.6 *Dividend or payout policy*

Barratt's dividend policy is periodically reviewed by the board of directors of Barratt (the "**Barratt Board**" or the "**Barratt Directors**") in combination with potential returns of surplus capital. Barratt's existing dividend policy is 1.75x ordinary dividend cover based on adjusted earnings per share.

It is intended that the Combined Group's dividend policy will be consistent with Barratt's existing dividend policy of 1.75x ordinary dividend cover based on adjusted earnings per share. The Barratt Directors recognise the importance of returning surplus capital to shareholders. Excess cash is expected to be returned to the Combined Group's shareholders via a share buyback or special dividend, if appropriate, following investment in the business and the payment of an ordinary dividend.

C.2 ***Where will the securities be traded?***

Application will be made to the FCA and the London Stock Exchange, respectively, for all the New Barratt Shares to be admitted to the premium listing segment of the Official List (or, if there is no premium listing segment, the same listing segment as the Shares are trading on) and to trading on the London Stock Exchange's main market for listed securities.

C.3 ***What are the key risks that are specific to the securities?***

- The price of the Shares could be volatile, which could result in a loss to Barratt Shareholders.
- The sale of substantial numbers of Shares following Admission could depress the price of the Shares.
- The issue of the New Barratt Shares and any future issue of Shares, including in connection with an offering, any future acquisitions, any share incentive or share option plan or otherwise, may have a dilutive effect on the holdings of Barratt Shareholders.

D. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

D.1 ***Under which conditions and timetable can I invest in this security?***

It is expected that admission of the New Barratt Shares to listing on the premium listing segment of the Official List (or, if there is no premium listing segment, the same listing segment as the Shares are trading on) and to trading on the London Stock Exchange's main market for listed securities will become effective and that unconditional dealings will commence at 8.00 a.m. (UK time) on or around the day which is three business days after the hearing of the High Court of Justice in England and Wales to sanction the Scheme pursuant to section 899 of the Companies Act, which is expected to be during the second half of 2024 and, in any event, prior to the Longstop Date, subject to satisfaction of (or, if applicable, waiver) of the relevant conditions to the Combination (as defined below).

Expected Timetable of Principal Events

The dates and times given in the table below are a summary of the key events in connection with the Combination (as defined below) and are indicative only; they are based on the Company's current expectations and are subject to change. Barratt will give adequate notice to Barratt Shareholders of all those dates and times, when known, by announcement through a regulatory information service. All times shown are London times unless otherwise stated.

EVENT	**TIME AND/OR DATE**
Announcement of the Combination	7.01 a.m. on 7 February 2024
Publication of the Prospectus and posting of the Barratt Circular and the Scheme Document	19 April 2024
Barratt general meeting	**10.00 a.m. on 15 May 2024**
Redrow court meeting	11.00 a.m. on 15 May 2024
Redrow general meeting	11.15 a.m. on 15 May 2024(1)
Court hearing to seek sanction of the Scheme	a date expected to be in the second half of 2024 subject to the satisfaction (or, if applicable, waiver) of the relevant conditions and, in any event, prior to the longstop date ("**D**")
Scheme effective date	D+1*(2)
Suspension of trading, and dealings in, Redrow Shares	7.30 a.m. on D+2*
New Barratt Shares issued to Redrow Shareholders	by 8.00 a.m. on D+3*
Admission and commencement of dealings in the New Barratt Shares on the Main Market of the London Stock Exchange	**by 8.00 a.m. on D+3***
Cancellation of listing and admission to trading of Redrow Shares	by 8.00 a.m. on D+3*
Longstop date	7 February 2025(3)

Notes:

(1) To commence at the time fixed or as soon thereafter as the Redrow court meeting concludes or is adjourned.

(2) The scheme shall become effective as soon as a copy of the Court Order has been delivered to the Registrar of Companies. This is expected to occur following the scheme record time and prior to the suspension of trading in Redrow Shares. The events which are stated as occurring on subsequent dates are conditional on the scheme effective date and operate by reference to that date.

(3) This is the latest date by which the scheme may become effective, provided that a Phase 2 CMA reference has not occurred. However, the longstop date will be extended to 7 August 2025 in the event of a Phase 2 CMA reference and may, in either case, be extended to such later date as may be agreed in writing by Barratt and Redrow (with the Takeover Panel's consent and court approval (if such approval(s) are required)).

All dates by reference to "D+1", "D+2" and "D+3" will be to the date falling the number of indicated Business Days immediately after date "D", as indicated above.

Delivery of New Barratt Shares

The New Barratt Shares will, when issued and fully paid, be in registered form and capable of being held and transferred in certificated or uncertificated form through CREST. The Company's existing ordinary shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the New Barratt Shares.

The New Barratt Shares issued to existing holders of Redrow shares ("**Redrow Shareholders**") pursuant to the Combination will be issued credited as fully paid and will rank *pari passu* in all respects with Existing Shares, including the right to receive dividends and other distributions declared, made or paid on the New Barratt Shares. The New Barratt Shares will trade under the same ISIN number as the Existing Shares.

Dilution

Barratt proposes to issue 476,309,153 New Barratt Shares in connection with the Combination. The New Barratt Shares will constitute approximately 32.8 per cent. of the Combined Issued Share Capital.

Immediately following Completion, assuming that 476,309,153 New Barratt Shares are issued in connection with the Combination, existing Barratt Shareholders at the Latest Practicable Date will, together, own approximately 67.2 per cent. of the Combined Issued Share Capital and the Redrow Shareholders will hold in aggregate approximately 32.8 per cent. of the Combined Issued Share Capital.

Estimated expenses

The total estimated expenses payable by the Company in connection with the Admission amount to approximately £42.6 million (excluding VAT). No amount of any expenses are expected to be charged to the Redrow Shareholders.

D.2 ***Why is this Prospectus being produced?***

On 7 February 2024, the Barratt Board and the board of directors of Redrow jointly announced that they had reached an agreement on the terms of a recommended all-share offer for the combination of Barratt and Redrow, pursuant to which Barratt will acquire the entire issued and to be issued ordinary share capital of Redrow to form the Combined Group (the "**Combination**"). It is intended that the Combination will be effected by means of a court-sanctioned scheme of arrangement of Redrow under Part 26 of the Companies Act, although Barratt reserves the right to implement the Combination by means of a takeover offer (subject to the consent of the takeover panel and the terms of the Co-operation Agreement).

The Barratt Board believes that the Combination will create an exceptional UK homebuilder in terms of quality, service, and sustainability, delivering excellence and driving innovation for customers, employees, sub-contractors and the supply chain. The Combination would bring together three highly respected brands – Barratt Homes, David Wilson Homes and Redrow – with which to accelerate the delivery of much-needed homes across the UK. The Combination also offers all shareholders the opportunity to participate in future value creation in the Combined Group.

As consideration for the Combination, the Company proposes to issue 476,309,153 New Barratt Shares for the acquisition of Redrow. The Prospectus is being produced in connection with the admission of the New Barratt Shares to listing on the premium listing segment of the Official List (or, if there is no premium listing segment, the same listing segment as the Shares are trading on) and to trading on the Main Market of the London Stock Exchange. There are no proceeds receivable by Barratt as a result of or in connection with the Combination, other than where Redrow Shareholders have individual fractional entitlements to amounts (net of expenses) not exceeding £5 which will be retained for the benefit of the Combined Group.

This Prospectus does not constitute an offer or invitation to any person to subscribe for or purchase any shares in the Company. It has been prepared in connection with the application to list on the premium listing segment of the Official List (or, if there is no premium listing segment, the same listing segment as the Shares are trading on) and to trading on the London Stock Exchange of the New Barratt Shares.

Conflicts of interest

There are no conflicting interests that are material to Admission.

PART I
RISK FACTORS

*Before investing in the New Barratt Shares, prospective investors should carefully consider the risks and uncertainties described below, together with the other information contained or incorporated by reference in this Prospectus. Due to the fact that a significant part of the operations of the Barratt Group and the Redrow Group are similar in nature, some of the risks set out below (including those specific to the Combination) are not new risks which arise only on Completion but are existing material risks, and in certain cases the potential impact of such risks may be increased by the Combination. Therefore, although this Part I — "Risk Factors" describes discretely material risk factors affecting the Barratt Group and the Redrow Group, the risks will, following Completion and unless otherwise stated, be equally relevant to, and will be material risk factors for, the group comprising the Barratt Group and the Redrow Group (the "**Combined Group**").*

The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, could have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Barratt Group, the Redrow Group or, following Completion, the Combined Group. In that event, the value of the Shares could decline and an investor might lose part or all of its investment.

All these risk factors and events are contingencies that may or may not occur. The Barratt Group, the Redrow Group and, following Completion, the Combined Group may face a number of these risks simultaneously, and one or more risks described below may be interdependent. In accordance with Article 16 of the Prospectus Regulation Rules, the most material risk factors have been presented first in each category, but the order in which the remaining risk factors are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the business, prospects, financial condition and/or results of operations of the Barratt Group, the Redrow Group and, following Completion, the Combined Group.

The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, although the Company believes that the risks and uncertainties described below are the most material risks and uncertainties concerning the businesses of the Barratt Group, the Redrow Group and, following Completion, the Combined Group as well as the New Barratt Shares, they are not the only risks and uncertainties relating to the businesses of the Barratt Group, the Redrow Group and, following Completion, the Combined Group as well as the New Barratt Shares. Other risks, factors or circumstances not presently known to the Company or that the Company currently deems to be immaterial could, individually or cumulatively, prove to be important and could have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Barratt Group, the Redrow Group or, following Completion, the Combined Group. The value of the Shares could decline as a result of the occurrence of any such risks, facts or circumstances, or as a result of the events or circumstances described in these risk factors, and investors could lose part or all of their investment.

Prospective investors should read and carefully review the entire Prospectus and the documents incorporated by reference in this Prospectus and should reach their own views before making an investment decision with respect to any New Barratt Shares. Furthermore, before making an investment decision with respect to any New Barratt Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers, and carefully review the risks associated with an investment in the New Barratt Shares and consider such an investment decision in light of their personal circumstances.

1 Macroeconomic risks related to Barratt, Redrow and the Combined Group

1.1 *Changes in the UK macroeconomic environment, brought about by uncertainty, loss of consumer confidence, increasing inflation, higher interest rates and higher energy prices, could lead to lower mortgage availability, decreased affordability and reduced demand for housing and falling house prices*

The potentially highest impact risks, from the point of view of the viability of Barratt, Redrow and, following Completion, the Combined Group, arise either from a further downturn in the economic

environment (including a recession), or from fundamental changes in UK Government or Bank of England policy. Such changes have the potential to have adverse effects on consumer confidence and the demand for new homes, with consequential impact on revenues, profits and potentially asset carrying values.

Barratt and Redrow are, and, following Completion, the Combined Group will be, dependent on the UK residential property market and are therefore subject to macroeconomic factors as well as any factor that reduces sales prices or transaction volumes or otherwise presents constraints in the supply chain in the UK property market.

Historically, the strength of the UK residential property market has been linked to that of the UK economy as a whole, which in turn is influenced by both European and global macroeconomic conditions, as well as internal factors within the UK. An economic slowdown in the UK or other adverse changes in the macroeconomic climate could negatively affect Barratt's, Redrow's or, following Completion, the Combined Group's sales volumes or the prices for which they sell homes as the ensuing uncertainty continues to exert a drag on sentiment and activity.

Recent interest rate rises, the headwinds from higher inflation and energy price fluctuations are all expected to have an impact on household incomes and savings. Reduced purchaser liquidity, particularly in the first-time buyer market, and/or tightened mortgage availability could further impact the affordability of new residential properties. See "*–Constraints on the availability of mortgage products, the exit of mortgage providers from the UK market, as well as higher costs of mortgage funding may adversely affect the home sales of Barratt, Redrow and, following Completion, the Combined Group*." As a result, Barratt, Redrow or, following Completion, the Combined Group could see reduced sales volumes that adversely affect the ability to provide profitable growth. These macroeconomic risks are more likely to occur if Barratt, Redrow or, following Completion, the Combined Group fails to maintain positive relationships with mortgage lenders, fails to maintain a competitive customer offering, fails to maintain a strong balance sheet or otherwise fails to plan effectively in response to macroeconomic forecasts.

In addition to the macroeconomic factors referred to above, the UK residential property market could also be adversely impacted by, among other things:

- inflation, declining income (in real terms) and the associated increase in the cost of living;
- rising costs of housing that make homes unaffordable to large segments of the population;
- mortgage affordability, which is primarily driven by interest rates and house prices;
- restrictions on the availability of mortgages and other forms of credit for home buyers;
- population trends and demographic changes;
- increases in unemployment levels;
- changes in government budgets or funding initiatives;
- changes in government regulation or policy, including infrastructure policies and planning, safety and environmental regulations; and
- increases in tax rates, including income tax, national insurance contributions, VAT, stamp duty, council tax and any form of "mansion tax", if introduced.

Any of these factors could decrease the demand for new homes, lower sales prices in the UK residential property market or reduce the funding available to local authorities and housing associations for partnership projects with Barratt, Redrow and, following Completion, the Combined Group, any of

which could have a material adverse impact on Barratt, Redrow and, following Completion, the Combined Group's business, prospects, financial condition and/or results of operations.

1.2 ***Constraints on the availability of mortgage products and the exit of mortgage providers from the UK market, as well as higher costs of mortgage funding may adversely affect the home sales of Barratt, Redrow and, following Completion, the Combined Group***

Home purchases in the UK are often facilitated through mortgage lending. Over the past decade, and more recently in response to the Truss/Kwarteng mini-budget in September 2022, access to residential mortgage credit in the UK has been restricted relative to historical norms, particularly at higher loan-to-value ratios, due to a number of factors including: (i) the exit of a number of mortgage providers from the UK market; (ii) a significant reduction in the number of available mortgage products; (iii) a more cautious approach to valuations of properties by surveyors (which in turn reduces the value of the mortgages that can be obtained on a given property); (iv) stricter underwriting standards by lenders that have resulted in more stringent mortgage application requirements for borrowers, including increased down payments; (v) the introduction, under the 2014 Mortgage Market Review, of mandatory interest rate "stress testing" when assessing affordability; and (vi) a desire by certain lenders to limit their lending exposure in relation to specific types of housing developments.

A significant decrease in the availability of mortgage credit, mortgage products and the exit of mortgage providers from the UK market could further constrain the growth in sales volumes and prices in the wider UK homebuilding industry for both first-time buyers and existing homeowners. Even if potential homebuyers do not themselves need financing, adverse changes in interest rates and mortgage availability could make it harder for them to sell their existing homes to other potential buyers who need mortgage financing, thereby constraining their ability to purchase a new home. Any decrease in the availability of products and providers of mortgage financing in the future may make it more difficult for Barratt, Redrow and, following Completion, the Combined Group, to sell homes, which could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or, following Completion, the Combined Group.

As of the Latest Practicable Date, the Bank of England base rate was 5.25 per cent. This reflects a recent sharp increase from the historically low Bank of England base rates over the past decade.

Increases in the base rate have a negative impact on the UK property market because interest rates charged on mortgages increase correspondingly, thereby making it more expensive for prospective buyers to purchase residential property. Higher interest rates (and, in turn, higher monthly interest payments) may also make mortgages unobtainable or unaffordable for some prospective buyers. Investor buyers are also sensitive to interest rate fluctuations, as higher interest rates negatively affect their investment returns. The Monetary Policy Committee of the Bank of England has indicated that interest rates are expected to remain at 5.25 per cent. pending further evidence that inflation rates would continue to fall (12-month CPI inflation was at 3.2 per cent. in March 2024, above the Monetary Policy Committee's target of 2.0 per cent.) Notwithstanding this, the Bank of England may nevertheless raise its base rate at any time to combat the rate of inflation in the UK, which could have an adverse impact on transaction volumes and prices in the UK's residential property market, and may in turn reduce the volume and value of property transactions facilitated by Barratt, Redrow and, following Completion, the Combined Group, and the revenue derived from them. Any increase in the costs for mortgage financing in the future may make it more difficult for Barratt, Redrow and, following Completion, the Combined Group, to sell homes, which could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or, following Completion, the Combined Group.

1.3 ***Barratt and Redrow are, and, following Completion, the Combined Group will be, dependent on third-party suppliers, contractors, sub-contractors and other service providers to execute their projects***

Each of Barratt and Redrow depends, and, following Completion, the Combined Group will depend, on third-party suppliers, contractors, sub-contractors and other service providers to execute their projects, as well as for warranty repairs. Barratt and Redrow are, and, following Completion, the Combined Group will be, exposed to the risk of litigation or claims from customers and third parties relating to breaches of contract by third-party suppliers, contractors and sub-contractors. Furthermore, the delivery by suppliers, contractors or sub-contractors of faulty equipment or raw materials or substandard work by contractors or sub-contractors could result in customer and third-party claims against Barratt, Redrow or, following Completion, the Combined Group for failure to meet required project specifications. These risks are compounded during times of economic downturn, as third-party suppliers, contractors and sub-contractors may experience financial difficulties or find it difficult to obtain sufficient financing to fund their deliveries or operations. If contractors, sub-contractors or suppliers are liable to Barratt, Redrow or, following Completion, the Combined Group following a contractual breach, there can be no guarantee that they will have sufficient funds to pay the amounts due to Barratt, Redrow or the Combined Group. If a contractor, sub-contractor or supplier were to file for insolvency, Barratt, Redrow or, following Completion, the Combined Group would not only face delays and potential increased costs, but also may not have any means of recovery from the insolvent company. In addition, it can be a lengthy process to settle claims with customers for additional payments for contract variations and to settle claims with sub-contractors and suppliers.

Increasing production across the industry may lead to shortages of both materials and sub-contracted labour. If Barratt, Redrow or, following Completion, the Combined Group are unable to find or hire qualified and reliable third-party suppliers, contractors or sub-contractors for any of their projects, their ability to complete projects within budget, on time or at all could be impaired. Furthermore, if any of these third parties fails to provide timely or adequate services, labour, equipment or raw materials, due to financial difficulties, reduced availability as a result of increased market demand, or for any other reason, Barratt, Redrow or, following Completion, the Combined Group may be required to source these products and services at a higher price than anticipated and may face delays at their project sites until they are able to identify an appropriate alternative supplier, contractor or sub-contractor.

The failure of one or more suppliers of Barratt, Redrow and, following Completion, the Combined Group, to meet increased demand and supply products on a timely basis, or at all, or at the prices expected, may have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or the Combined Group.

Suppliers, contractors and sub-contractors may intentionally overestimate their costs to Barratt, Redrow or, following Completion, the Combined Group and may attempt to defraud them through illegitimate invoices and false accounting of goods and services provided. Any of these events could negatively affect the profitability and cash position of Barratt, Redrow or, following Completion, the Combined Group, each of whom (as applicable) may not be able to pass on any increased costs to their purchasers, and they may be liable for penalty payments resulting from project execution delays, any of which could have an adverse effect on the reputation of Barratt, Redrow or the Combined Group and their ability to maintain high-quality standards of their developments. Any of these issues could cause financial and reputational harm to Barratt, Redrow or, following Completion, the Combined Group, which could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or the Combined Group.

1.4 ***Significant unanticipated costs might arise in relation to the execution of Barratt, Redrow and, following Completion, the Combined Group's developments***

Barratt, Redrow and, following Completion, the Combined Group are subject to risks related to build cost inflation, including the cost of materials and labour in connection with the completion of their developments. Part of the inflationary pressures currently being experienced includes the rising cost of raw materials and the lagged impact of increases in energy costs that began in autumn of 2021 following the COVID-19 pandemic and which were further compounded by the conflict in Ukraine. Wages have also been on the rise, with average earnings excluding bonuses increasing at an annualised rate of 6.0 per cent. between December 2023 and February 2024, and increased labour costs are further exacerbated by a current shortage of skilled workers.

Unanticipated costs can arise during the course of a development due to a number of factors, including errors, omissions, unforeseen technical conditions (such as site contamination), increases in contractor and sub-contractor costs, increases in materials costs (such as timber framing, bricks, concrete and steel), labour shortages, and construction defects (including cladding) which may give rise to contractual or other liabilities. It is possible that these increased costs would prove to be irrecoverable from the customers of Barratt, Redrow and, following Completion, the Combined Group through an increase in the prices charged to them, in particular where a project has been forward-sold. These unanticipated costs are more frequent in a high inflation economy.

The profitability of a significant proportion of Barratt's, Redrow's and, following Completion, the Combined Group's developments depends on costs being controlled and developments being completed on time, so that costs are contained within the pricing structure of the relevant development. There are risks associated with contracts that fix the price of projects prior to completion. For example, section 106 agreements expose Barratt and Redrow, and forward sales of affordable and private rented sector housing expose Barratt, to the risk of cost changes in the future. If actual costs exceed the revenues available under such a contract or are not allowable under the provisions of the contract, Barratt, Redrow or, following Completion, the Combined Group, may not receive reimbursement for all of these costs.

A significant number of Barratt's and Redrow's are and, following Completion, the Combined Group's developments will be based in part on cost estimates that are subject to a number of assumptions, estimates and judgements, which may ultimately prove to be inaccurate. If this is the case or circumstances change, a lower profit or a loss on the development may result. In addition, if a sub-contractor's or supplier's cost estimates or quotes to Barratt, Redrow or, following Completion, the Combined Group are incorrect, Barratt, Redrow or, following Completion, the Combined Group (as applicable) may incur additional costs or be required to source products and services at a higher price than anticipated, as well as face delays at their project sites if the estimate is incorrect by a large enough margin that the development is better served by finding an alternative contractor or supplier. Any unanticipated costs arising during the execution of Barratt's, Redrow's or, following Completion, the Combined Group's developments may cause material delays and may result in Barratt, Redrow or the Combined Group (as applicable) incurring losses or lower profits than anticipated, or their reputations being damaged leading to difficulties securing future work, which could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow and, following Completion, the Combined Group.

2 Planning, UK Government policy and regulatory risks related to Barratt, Redrow and the Combined Group

2.1 *Barratt and Redrow are subject to, and, following Completion, the Combined Group will be subject to, legal obligations and policies associated with remediation undertakings, including fire safety issues, on legacy properties which may result in additional costs*

Following on from events such as the tragic Grenfell Tower fire in June 2017, authorities have increased (and may increase further) regulations relating to cladding and remedial fire safety work. In light of such increased regulation (or future increased regulation), there is a risk that, in addition to any such issues or works identified, further properties owned and/or developed by Barratt, Redrow or, following Completion, the Combined Group may in the future be discovered to have been built with materials that are assessed to be and/or have the potential to be, the cause of, or a contributing factor to, a fire or other destruction of properties, or compromise residents' safety, or built with insufficient protection to prevent the spread of fire to the degree required by current or future regulations.

In March 2023, Barratt and Redrow signed the self-remediation terms and contract (the "**SRTC**") with the UK Government and in April 2023 signed the equivalent agreement with the Welsh Government, committing to additional legal and constructive obligations to undertake or fund remedial work on legacy buildings in England and Wales. See "*–Barratt, Redrow and, following Completion, the Combined Group, are subject to risks related to the policies of the current UK Government, those of other political parties and/or judicial or quasi-judicial bodies which may influence future policy pertaining to the businesses of Barratt, Redrow and/or the Combined Group*." Barratt and Redrow are consequently required to address life-critical fire-safety issues on all residential and mixed-use (including one or more residential units) buildings 11 metres and above in England developed by them in the 30 years prior to 5 April 2022. As part of the SRTC, Barratt and Redrow have agreed not to claim any funds from the UK Government's Building Safety Fund (the "**Building Safety Fund**") and to reimburse claims made by leaseholders and other affected parties to the Building Safety Fund. On 31 May 2023, Barratt signed the Scottish Safer Buildings Accord, committing Barratt to similar remedial responsibilities for legacy properties in Scotland. While the Scottish Safer Buildings Accord is not legally binding, Barratt has begun incurring costs on Scottish developments with identified defects as it evaluates remediation needs. Barratt anticipates that the Scottish Safer Buildings Accord will be incorporated through a legal form contract in the future, which will increase Barratt's legal obligations in respect of remediation costs and potential action by the Scottish Government. It is not yet clear whether the standard of remediation in Scotland will be the same as that in England and Wales. As a result, Barratt has paused further remediation in its Scottish properties pending new legislation coming into force in Scotland.

As at 31 December 2023, Barratt held unaudited provisions of £582.6 million for cladding external wall systems in relation to legacy fire-safety remediation works and Redrow held an unaudited legacy fire safety remediation provision of £181 million. The provision assessments in Barratt's and Redrow's financial statements and accounts are based on what Barratt and Redrow, respectively, estimate the cost and timing of remediation of in-scope buildings to be. It is possible that the number of buildings requiring remediation may increase, either because buildings which hold valid EWS1 certificates are found to require remediation or because investigatory works identify remediation not previously identified or because defects are identified by building owners or occupiers. It is also possible that as remediation work proceeds, additional remedial works are required which do not relate to cladding solutions. Such works may not have been identified from the reviews and physical inspections undertaken to date and may only be identified when detailed remediation work is in progress. For example, Barratt discovered structural deficiencies while performing cladding remediation on its Croydon Citiscape development in 2019. Barratt incurred costs as a result of the deficiencies at that development and began an associated review – and where required remediation – of other developments. Additional structural issues with reinforced concrete frames have been discovered at 60 of Barratt's buildings, requiring additional

remediation. A further 74 buildings were investigated and found to have no remediation required. There are no buildings that remain to be assessed.

Barratt held unaudited legacy property provisions of £63.4 million for reinforced concrete frames as at 31 December 2023. Analysis of the work required to prevent potential issues with reinforced concrete frames is however ongoing, and as such, the nature, timing, and extent of future costs is uncertain.

In addition, three of the buildings at Elektron, a four-building development in Limehouse, London, were constructed using a unitised curtain walls system which has not been used elsewhere in the Group. As at 31 December 2023, Barratt held a provision for the cost of the fire test and some minor remediation works already identified at Elektron, but the current estimate of the range of incremental costs to remediate cladding at Elektron is up to £90 million, with the upper end of the range supporting full replacement of the system if required. Further work will be required to refine the remediation estimate.

The UK government's policy towards cladding and remedial fire safety work may also require Barratt, Redrow and, following Completion, the Combined Group, to comply with additional obligations. Under the Building Safety Act 2022, Barratt, Redrow and, following Completion, the Combined Group are liable for the safety of the buildings that they build, regardless of height, including the safety of the occupants. They are required to comply with all applicable regulations and standards, and are responsible for ensuring that the buildings that they build are fire safe. They must also ensure that necessary safety measures and processes are in place, and that defects or risks are identified and addressed. The UK Government has also introduced various secondary legislation pursuant to the Building Safety Act 2022 which imposes additional obligations on Barratt and Redrow and gives the Secretary of State and the courts/first-tier tribunal wide-ranging powers to impose further liability on Barratt and Redrow. For example secondary legislation has been introduced to ensure that developers who do not comply with their remediation commitments will be severely restricted in their normal trading operations. Furthermore, buildings that are deemed to be "higher-risk" are required to be registered with the Building Safety Regulator and the first-tier tribunal has powers to impose remediation contribution orders on developers on the application of interested parties where they consider it to be just and equitable to do so.

In addition, the retrospective review of building materials and fire-safety matters continues to evolve. Estimated costs associated with remedial work on legacy properties are inherently subject to change and such costs may increase if, among other things, government legislation and regulation further expand the scope of required remediation. For example, there is a risk that the UK Government could issue further guidelines in relation to combustible materials, including aluminium composite material cladding, high pressure laminate, and/or wood cladding and/or other external structures including balconies, fire safety procedures or otherwise as result of which it may be necessary for Barratt, Redrow or, following Completion, the Combined Group to close or refurbish their buildings. If such an event occurs, the Barratt Group, Redrow Group or Combined Group's income from the particular property may be reduced, there may be significant costs and expenses to rebuild the property and/or rectify the problem and the returns of the Barratt Group, the Redrow Group or, following Completion, the Combined Group may decrease. The brand and reputation of Barratt, Redrow and, following Completion, the Combined Group may also be harmed.

Any change in policy relating to remediation work on legacy properties could have a material adverse effect on the business, prospects, financial condition and/or results of operations of Barratt, Redrow and, following Completion, the Combined Group.

2.2 ***Barratt, Redrow and, following Completion, the Combined Group, may not be able to secure planning permission for developments on a timely basis or on economically viable terms (or at***

all) and there is uncertainty resulting from potential future reforms to the planning system by the UK Government

Developments undertaken by Barratt, Redrow and, following Completion, the Combined Group require planning permission to be granted by a relevant planning authority before works can be undertaken, and such planning consents may be delayed. For outline planning permission, there may be a delay between purchasing the site upon achieving the consent and discharging the conditions attached to the permission. Similarly for detailed planning permission, there may be a delay between achieving detailed planning permission and being able to implement that permission. In FY2018 the approximate average time for Barratt to progress a detailed planning application (including reserved matters) was 26 weeks. This has increased to 49 weeks for the period covering the first three quarters of FY2024.

A longer than expected timescale for receipt of planning consents may result in a reduction in the number of homes available for sale within the proposed time frame.

Barratt and Redrow frequently source land for development prior to the grant of a planning permission. This may be through securing control of plots for long-term land promotion through option or hybrid promotion agreements in the belief that such land has the potential, in the medium to long term, to be allocated for housing development by the relevant local authority and thereafter receive planning permission. These contracts set out the basis upon which Barratt and Redrow and, following Completion the Combined Group, will promote the land for allocation through a plan-led process, and may include land promotion timetables and cost-bearing arrangements, as well as the terms upon which Barratt, Redrow or, following Completion, the Combined Group may or will acquire the land should planning permission be secured, ordinarily at a discount to open market value. Most of such contracts are conditional, providing that the planning permission must be satisfactory to the buyer for the transaction to be completed. In the event that planning is not secured in the future, Barratt, Redrow and, following Completion, the Combined Group may be unable to recoup fees and other resources, including time, expended on the attempted land purchase.

Additionally, Barratt and Redrow purchase freehold and leasehold land on a conditional and unconditional basis both with and without planning permission, based on the positive planning prospects of the land.

Securing timely planning permission on economically viable terms is important to the ability of Barratt, Redrow and, following Completion, the Combined Group, to realise value from their developments. However, planning delays are becoming more common, reflecting constrained planning resources at the local authority level and continued political uncertainty which has resulted in the delayed preparation or publication of new local plans. Regulatory issues are also affecting land availability, including challenges created by nutrient neutrality and the interpretation of the Habitat Regulations. Biodiversity net gain is mandated by the Environment Act 2021 and developers are required to deliver 10 per cent. biodiversity net gain for planning permissions granted in England after 12 February 2024 when building new housing, industrial and commercial developments.

There can be no certainty that Barratt, Redrow or, following Completion, the Combined Group will obtain planning permission for all schemes which are currently being promoted. The final permission may vary from the assumptions made at the time of entering the agreement, such that the gross development value of the site may be lower, or the costs to complete such development may be higher, potentially causing deterioration in a project's value. This may reflect planning policy and procedures which are also subject to change, and which could make the planning process more costly or time-consuming by adding new planning or regulatory burdens. Insufficient consented land and long-term land options at the appropriate cost and quality could affect the ability of Barratt, Redrow and, following Completion, the Combined Group to grow sales volumes and/or meet margin and site ROCE hurdle rates. Failure to obtain planning permission on economically viable terms, on a timely basis, or at all,

could thus have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow and, following Completion, the Combined Group.

The UK Government's approach to elements of the planning system currently remains under review, further to reform proposals set out in the summer of 2020 and the changes contained in the Levelling Up and Regeneration Act 2023 (the "**LURA**").

Amongst other changes, the LURA introduces reforms to the current system of developer contributions process (currently comprising section 106 agreements and the Community Infrastructure Levy). These typically govern a developer's commitments to build affordable housing and deliver infrastructure to mitigate the effects of the development. The proposed financial obligations contained in these agreements can have a material adverse effect on the viability of sites and the ability of Barratt, Redrow and, following Completion, the Combined Group to secure permission on economically viable terms. The LURA also allows for the introduction of a new infrastructure levy but this will only come into effect on the introduction of secondary legislation setting out further detail (drafts of which are yet to be published), and the UK Government recognises that this will need to be on a pilot ("test and learn") basis.

Following significant changes made to the National Planning Policy Framework ("**NPPF**") in December 2023, the UK Government has published proposals for further changes to the NPPF which have the aim of prioritising the development of brownfield (previously developed) land. The December changes to the NPPF have in certain cases led local authorities to rescind initial approvals for planning permission. Changes to the NPPF, the reforms contained in the LURA and other possible reforms to the planning system have the potential to introduce significant change to the planning regime. If such changes make the regime more onerous or costly, this could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow and, following Completion, the Combined Group.

The relationships of Barratt and Redrow with governmental bodies and other statutory consultees are important in delivering the necessary volume of planning consents and technical approvals required to meet the UK's housing shortage. Some planning authorities and consultees continue to be under-resourced, affecting their capacity to effectively determine applications and develop local plans.

There has been continued discussion about the volume of planning permissions secured, versus the build out rates of new developments. This has raised concerns about "landbanking", a practice whereby a person or entity obtains land but does not develop it or develops it many years after its purchase. Critics of "landbanking" argue that the practice contributes to inflated real estate prices by limiting the amount of land available for sale in a given area, whilst others, including for example Sir Oliver Letwin's 2018 Independent Review of Build Out, have suggested that this is not the case. Barratt and Redrow secure, and, following Completion, the Combined Group will secure, potential development sites through legal agreements at early stages of site promotion, often before planning permission is obtained. Depending upon the plan-making cycle, they may control these sites for certain periods before obtaining an implementable planning permission, developing the land and selling the homes. While neither Barratt nor Redrow believe that they engage in "landbanking", any change in legislation aimed at forcing landowners to develop or sell their real estate holdings within certain prescribed periods (e.g. "use it or lose it" policies) could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or, following Completion, the Combined Group.

2.3 ***Barratt, Redrow and, following Completion, the Combined Group, are subject to risks related to the policies of the current UK Government, those of other political parties and/or judicial or***

quasi-judicial bodies which may influence future policy pertaining to the businesses of Barratt, Redrow and/or the Combined Group

The policies of the current UK Government, those of other political parties and/or judicial or quasi-judicial bodies may influence future policy pertaining to the businesses of Barratt, Redrow and/or the Combined Group and may in turn alter the way in which Barratt, Redrow and, following Completion, the Combined Group carry out their business, which could result in unanticipated costs and/or delays in planning and construction.

In addition to the current planning policies of the UK Government, the current housing policies of the UK Government, Scottish Government and other quasi-judicial bodies include, but are not limited to the following:

- The Environment Act 2021, which established a new public body, the Office for Environmental Protection (the "**OEP**"), to replace the role of the European Commission following Brexit. The Environment Act 2021 sets out the OEP's powers and duties, which are split into four types of activities: (i) scrutinising environmental improvement plans and targets; (ii) scrutinising environmental law; (iii) advising government on environmental law; and (iv) enforcing against failures to comply with environmental law. Pursuant to the Environment Act 2021, the biodiversity net gain mandate came into effect in England on 12 February 2024, meaning that all developments for which planning permission is granted from 12 February 2024 are now required to deliver at least a 10 per cent. measurable improvement in the biodiversity of the site developed relative to the site had development not occurred. This mandate adds significant costs and complexity to the development of projects;

- nutrient neutrality requirements, which were advanced under the LURA and have affected planning consents. Natural England, a non-departmental public body sponsored by the Department for Environment, Food and Rural Affairs, intervened in the planning process in 2020 and 2022 to advise 74 local authorities that developments should not proceed if they increased the level of nutrients (nitrates and phosphates) in water courses and failed to deliver "nutrient neutrality". It is estimated that more than 145,000 planning consents have been blocked across the 74 local authority areas, with new homebuilding effectively under a moratorium in these areas and many smaller homebuilders facing business closure. An attempt to amend the LURA to unblock homes currently held up by the nutrient neutrality mitigation measures was voted down by the House of Lords on 13 September 2023. The LURA now imposes obligations on sewerage undertakers in England to upgrade their infrastructure in order to meet certain "nutrient pollution standards" by 2030. The LURA requires local authorities to assume that, when making a relevant assessment for a planning application (including an environmental impact assessment), the relevant nutrient pollution standard is met by the upgrade date, but this assumption can be revoked by the Secretary of State. This is expected to help unlock development in areas with nutrient issues in the long term, though may have little impact on easing the delays caused by nutrient neutrality issues in the shorter term;

- the Future Homes Standard, which is part of the UK Government's ambition to achieve net zero carbon emissions by 2050. New homes will need to be future-proofed with low-carbon heating and world-leading levels of energy efficiency. An average home built to the Future Homes Standard is expected to have 75-80 per cent. less carbon emissions compared to one built to 2013 energy efficiency requirements. It is anticipated that by 2025 the new standards under the Future Homes Standard, together with other similar building standard enhancements, will have materially altered the methods and standards of construction of new homes, which may materially increase the costs incurred by Barratt, Redrow and, following Completion, the Combined Group to construct their developments;

- the New Homes Quality Board (the "**NHQB**"), an independent not-for-profit body which was established in January 2021 for the purpose of developing a new framework to oversee reforms in the build quality of new homes and the customer service provided by developers. Both Barratt and Redrow have registered with the NHQB. The key objectives of the NHQB are to introduce a new industry code of practice, appoint a New Homes Ombudsman Service to provide independent redress and require the registration of all builders of new homes. The NHQB published its New Homes Quality Code on 17 December 2021 (the "**NHQB Code**"), which imposes a strict timetable for customer complaint processes. Barratt and Redrow both activated as registered developers under the NHQB Code in 2022. The New Homes Ombudsman Service may also create new challenges, as the ombudsman's remit and powers are still untested, and it is unclear what enforcement authority the ombudsman will have over Barratt, Redrow and, following Completion, the Combined Group. The maximum penalty under the New Homes Ombudsman Service is £75,000, and the ombudsman's ability to impose sanctions on Barratt, Redrow and, following Completion, the Combined Group may increase costs of operations. It is not clear either what the appeals process is, or, if available, what additional time and cost delays this could add to project completions by Barratt, Redrow and, following Completion, the Combined Group;

- new modernised regimes for building safety and construction products (including cladding) having been introduced, as well as steps to increase the representation of residents in the overall management of buildings. Both Barratt and Redrow have signed the DLUHC's Building Safety Pledge setting out their commitment to address life-critical fire-safety issues on all residential and mixed-use (including one or more residential units) buildings of 11 metres and above in England developed by Barratt and Redrow in the 30 years prior to 5 April 2022. On 13 March 2023, both Barratt and Redrow signed the self-remediation terms and contract with the UK Government, codifying the remediation commitments made under the Building Safety Pledge. The Welsh Government's Developers Pact has been introduced in Wales and the Scottish Safer Buildings Accord has been introduced in Scotland to guarantee similar remediation commitments from developers. Barratt and Redrow signed the Welsh Government's Developers Pact on 3 October 2022 and 5 October 2022, respectively, and the legal agreement with the Welsh Government on 24 April 2023 and 18 April 2023, respectively. Barratt signed the Scottish Safer Buildings Accord on 31 May 2023, though industry negotiations over the legal agreement between the Scottish Government and Homes for Scotland are ongoing. The Scottish Government's progress on fundamental points related to remediation activities is unclear, including the future form and scope of the fire risk appraisal process. As a result, remediation activities in Scotland may experience delay, creating uncertainties for homebuilders; and

- other policies introduced by devolved governments, which may affect the sector. For example, the Scottish Parliament's introduction of rent control through the Cost of Living (Tenant Protection) (Scotland) Act 2022 continues to impact Scotland's private rented housing sector. The Welsh Government's extension of the Help to Buy Wales home equity scheme will further impact regional housing affordability.

Initiatives at a local authority level, particularly related to environmental issues, could also alter the way in which Barratt, Redrow and, following Completion, the Combined Group carry out normal business and result in unanticipated costs and delays in planning and construction.

In addition, the UK is expected to hold a general election in the second half of 2024, which may result in a change in the party in power. This potential change to the UK Government means that the housing policies of the UK Government may be subject to change.

2.4 ***Barratt and Redrow rely, and, following Completion, the Combined Group is expected to rely, on maintaining strong relationships with local authorities, Homes England and housing***

associations, and these entities may be subject to reduced funding and other changes to their operations due to economic and political factors outside their control

The success of Barratt, Redrow and, following Completion, the Combined Group is influenced in part by the ability to maintain strong relationships with local authorities, Homes England, housing associations, private rented sector providers (including asset managers and local authorities) and other public entities in the UK.

Barratt's, Redrow's and, following Completion, the Combined Group's, reputation among, and relationships with, those organisations is relevant to the success of their respective businesses. In addition, local authorities often have oversight and authority over multiple potential development sites and previous local authority clients are sometimes a source of referral and repeat business for Barratt, Redrow and, following Completion, the Combined Group.

Local authorities, Homes England, housing associations and other public entities in the UK can be subject to reduced funding and other changes to their operations and structure as a result of both economic and political factors outside their control. For example, challenging economic conditions in the UK may reduce funding available to local authorities to undertake or continue large-scale and long-term regeneration projects. In addition, governmental bodies may seek to influence or change the scope or direction of local authorities' activities for political reasons, and even without direct pressure, changes in national UK Government policy may affect local authorities' decisions on local planning issues. It should be noted that currently all of the three main political parties support an expansion of the supply of affordable homes in the UK.

Maintaining a strong working relationship with the UK Government and Homes England is important to the operations of Barratt, Redrow and, following Completion, the Combined Group, as a deterioration of this relationship could result in both reputational and financial consequences for Barratt, Redrow and, following Completion, the Combined Group. Barratt and Redrow have previously received grants and loans from the UK Government and/or Homes England, and Barratt and Redrow and, following Completion, the Combined Group, may seek additional funding from the UK Government and/or Homes England in the future.

2.5 ***Barratt, Redrow and, following Completion, the Combined Group, may be adversely affected by changes in, interpretation or application of law and regulations***

Barratt and Redrow are required, and, following Completion, the Combined Group will be required to comply with a wide range of laws, regulations, administrative requirements and policies in the UK which relate to, among other matters, planning, developing, building, land use, fire, health and safety, environment, employment, bribery, competition and money laundering. Any uncertainty or changes in relevant laws, regulations or policies, or the interpretation thereof, in any jurisdictions in which Barratt, Redrow or, following Completion, the Combined Group operate may delay or prevent Barratt, Redrow or the Combined Group from being able to achieve their strategic plans, give rise to substantial compliance, remediation and other costs, and/or could prohibit or severely restrict Barratt, Redrow or the Combined Group from developing and building in certain locations. There may also be changes in law or regulation between the time when initial planning permission is given for a particular site and when Barratt, Redrow or, following Completion, the Combined Group (as applicable) begins construction, which may cause delays, increase costs, reduce the expected rate of return or make a proposed development financially unviable.

These matters are likely to be beyond the control of Barratt, Redrow or the Combined Group, and any resulting delays could affect future revenue streams of Barratt, Redrow or the Combined Group, and have a material adverse effect on the reputation, business, prospects, financial condition and/or results of operations of Barratt, Redrow and, following Completion, the Combined Group.

3 Key personnel risks related to Barratt, Redrow and the Combined Group

3.1 *Barratt and Redrow rely, and, following Completion, the Combined Group is expected to rely, on its senior management team and may be unable to attract and/or retain key managers or a highly skilled and experienced workforce*

The success of Barratt and Redrow and, following Completion, the Combined Group depends on retaining, developing and recruiting highly skilled, competent people at all levels of the organisation. Barratt and Redrow experience, and, following Completion, the Combined Group is expected to experience, a degree of regular employee turnover, which could place strain on the business of Barratt, Redrow and the Combined Group during periods of high activity. The success of Barratt, Redrow and, following Completion, the Combined Group may make their employees attractive hiring targets for competitors. To retain key employees, Barratt, Redrow and, following Completion, the Combined Group may be required to keep pace with increases in salaries due to competitive pressures. In addition, Barratt and Redrow rely on their respective project managers and skilled personnel for the day-to-day execution of their respective projects, and qualified personnel for these key positions are in high demand and short supply.

Each of Barratt and Redrow has a strong senior management team who have significant experience in the homebuilding industry and have developed strong reputations and relationships among those with whom they, respectively, do business including, in particular, local authorities and Homes England. Following Completion, the Combined Group's future success will depend in large part upon the continued service of a strong senior management team, who are critical to the overall management of the Combined Group as well as the development of its business, culture and strategic direction. Neither Barratt nor Redrow maintains key person insurance. If, following Completion, the Combined Group is not able to attract and retain key personnel or develop a succession plan for senior management, the Combined Group may not be able to maintain its standards of service or continue to grow as anticipated. The risk that key personnel are not retained by the Combined Group may be heightened by virtue of the planned integration process following Completion. See "*–The Combination subjects Barratt, Redrow and, following Completion, the Combined Group and their investors to potential significant risks as a result of the integration process and unanticipated liabilities.*"

4 Other risks related to Barratt, Redrow and the Combined Group

4.1 *Failure to maintain construction quality, through construction defects and defective works as well as an inability to keep pace with technological change whilst continuing to maintain a desirable product, may adversely impact the reputation, business, prospects and operations of Barratt, Redrow and, following Completion, the Combined Group*

Cost overruns, whether due to inefficiency, poor design where the developer has design responsibilities, faulty estimates, cost overruns by sub-contractors or other factors, may result in lower profit or loss on a development. Construction defects may come to light some time after the completion of a particular development (for example as identified by Barratt in relation to its Croydon Citiscape development, see "*–Barratt and Redrow are subject to, and, following Completion, the Combined Group will be subject to, legal obligations and policies associated with remediation undertakings, including fire safety issues, on legacy properties which may result in additional costs.*"), and, although Barratt seeks to obtain warranty, guarantee or indemnity protection in its projects and contracts with designers, contractors, sub-contractors and suppliers, it may not be able to obtain this protection in all cases or the protection may not cover all risks. Suppliers and sub-contractors may be unable to fund rectification or may have gone out of business in the period since construction. Significant liabilities may not be identified or may only come to light after the expiry of warranty, guarantee or indemnity periods. In calculating its liabilities, Barratt has assumed that it will not be able to recover sums from third party suppliers and sub-contractors where remediation responsibilities are shared, until such recovery is virtually certain. Any claims relating

to defects arising on a development attributable to Barratt, Redrow or, following Completion, the Combined Group may give rise to contractual or other liabilities which can extend, depending on the relevant contractual or statutory provisions, for a number of years following the completion of the development. Unexpected levels of expenditure attributable to defects (including those caused by third parties) arising on a project may have a material adverse effect on the return generated by a particular development and the overall performance of Barratt, Redrow or, following Completion, the Combined Group. Furthermore, widespread or significant defects could generate significant adverse publicity and have a negative impact on the reputation and key relationships of Barratt, Redrow or, following Completion, the Combined Group, as well as on the ability of Barratt, Redrow or, following Completion, the Combined Group to sell housing and acquire new land. This could, in turn, have a material adverse effect on the business, prospects, financial condition and/or results of operations of Barratt, Redrow and, following Completion, the Combined Group.

The inability to develop and implement new and innovative construction methods or to keep pace with changes in technology advancement could also result in Barratt, Redrow and, following Completion, the Combined Group experiencing increased costs, future remediation liabilities and poor product quality. In addition, a failure to recognise changing trends and to continue to design and build desirable homes for customers at an appropriate price could undermine Barratt's, Redrow's and, following Completion, the Combined Group's ability to compete and maintain adequate demand for its homes. See also "*–The operations of Barratt, Redrow and, following Completion, the Combined Group, may be adversely affected in the long term if they fail to comply with climate change and sustainability standards to which they have publicly committed or fail to comply with the changing regulatory landscape*." These failures could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow and, following Completion, the Combined Group.

4.2 ***A failure in, or cyber-attacks on, the IT systems and infrastructure of Barratt, Redrow or, following Completion, the Combined Group could disrupt the business or result in the inappropriate disclosure of confidential information of Barratt, Redrow or the Combined Group***

Barratt and Redrow are, and the Combined Group will be, dependent on reliable and efficient IT systems. Each of Barratt and Redrow also routinely transmits and receives, and, following Completion, the Combined Group is expected to routinely transmit and receive, personal, confidential and proprietary information by email and other electronic means and therefore relies on the secure processing, storage and transmission of such information. The financial, accounting, data processing, IT, communications or other systems and facilities, and/or third-party infrastructure on which Barratt and Redrow rely, and, following Completion, the Combined Group is expected to rely, may: (i) fail to operate properly or become disabled as a result of events that are wholly or partially beyond their control; and (ii) be vulnerable to unauthorised access and data loss (from within the organisation or by third parties), computer viruses, malicious code, cyber-threats that have a security impact, and the interception or misuse of information transmitted or received by them. Barratt and Redrow have suffered limited data protection breaches in the past and there can be no assurances that the Combined Group will not suffer such events in the future. Where the collation of data has been centralised within a business function, it is more likely that a data protection breach would result in the loss of a large amount of data.

In particular, cyber-crime can be technologically sophisticated and it may be difficult or impossible to detect and defend against. A significant malfunction or disruption to the IT system of Barratt, Redrow and, following Completion, the Combined Group, or those of their respective third-party service providers, or a security breach that compromises the confidential and sensitive information stored in any of those systems, could disrupt the business of Barratt, Redrow and, following Completion, the Combined Group. Each of Barratt and Redrow has put, and, following Completion, the Combined Group is expected to put, in place data security provisions that they believe are appropriate, in particular in respect of their centralised IT function, but breaches may still occur. If one or more of such events occurs, it could result in the loss of confidential and other information of Barratt, Redrow or the Combined

Group, or their respective customers, or otherwise cause material disruption or malfunctions in the operations of Barratt, Redrow or the Combined Group, or their customers or third parties. Barratt, Redrow or, following Completion, the Combined Group may be required to expend significant additional resources to modify their protective measures or to investigate and remedy vulnerabilities or other exposures, and they may be subject to litigation, reputational harm (including amongst their respective customer bases), ransom demands and financial losses that are either not insured against or not fully covered through any insurance maintained by them. Any of the foregoing could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or, following Completion, the Combined Group.

Additionally, from time to time, Barratt, Redrow and, following Completion, the Combined Group may implement new or upgraded IT systems. The implementation of new IT systems could distract management from other critical business operations. Issues may be experienced during the implementation of new IT systems, either within a business or businesses or across Barratt, Redrow or the Combined Group, which may potentially lead to increased costs resulting from errors in, for example, the planning of projects. The failure to properly implement new IT systems may also impact the ability of Barratt, Redrow or, following Completion, the Combined Group to properly report on their financial performance or comply with their other regulatory requirements. Any of the foregoing could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow and, following Completion, the Combined Group.

4.3 ***The employees and contractors of Barratt, Redrow and, following Completion, the Combined Group may fail to operate in accordance with laws and regulations (such as health, safety and environment laws as well as anti-bribery and corruption and anti-cartel laws and regulations)***

Unsafe practices in the activities of Barratt, Redrow or, following Completion, the Combined Group may cause injury or death to stakeholders. This could lead to a loss of trust in the ability of Barratt, Redrow and, following Completion, the Combined Group to build homes safely and in an environmentally responsible way, affecting the reputation and financial health of Barratt, Redrow and, following Completion, the Combined Group. Operating in the homebuilding industry poses certain HSE-related risks, and the UK Government, housing associations, together with the Barratt Group's, the Redrow Group's and, following Completion, the Combined Group's, suppliers and customers is/are increasingly focused on ESG-related issues.

Each of Barratt and Redrow has adopted, and, following Completion, the Combined Group is expected to maintain, policies and procedures to seek to ensure that their employees operate to high ethical standards and in accordance with all related applicable laws and regulations including in relation to HSE laws as well as anti-bribery and corruption and anti-cartel laws and regulations. They also have procedures in place designed to seek to ensure that their suppliers, contractors and sub-contractors similarly comply. Compliance with HSE laws, regulations and policies may result in the delay of projects or may give rise to substantial compliance, remediation and/or other costs.

In the event that any employees, suppliers, contractors and/or sub-contractors are in breach of any of these laws or regulations (whether past or present), or in the event of a significant HSE incident at one of the developments of Barratt, Redrow or, following Completion, the Combined Group, or in the event of a general deterioration in the HSE standards of Barratt, Redrow or, following Completion, the Combined Group, Barratt, Redrow or the Combined Group (as applicable) could be subject to investigation, adverse publicity, reputational damage, loss of relationships with public sector entities and ultimately to prosecution and/or the imposition of fines. More generally, any failure in HSE performance, including any delay in responding to changes in HSE regulations, particularly in light of evolving standards and potential new implementing legislation, may result in penalties for non-compliance with relevant regulatory requirements. HSE legislation is continually evolving and the trend has been towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent

environmental assessments of proposed developments and increasing responsibility for companies and their officers, directors and employees. In the future, monitoring and ensuring HSE best practices may become increasingly expensive for Barratt, Redrow and, following Completion, the Combined Group, and HSE risks may become more acute as Barratt, Redrow and, following Completion, the Combined Group undertake larger-scale projects, or during periods of intense activity. Any of these risks, were they to materialise, could have a material adverse effect on the operating results, business prospects and financial condition of Barratt, Redrow and, following Completion, the Combined Group.

Additionally, with respect to the environment, Barratt, Redrow or, following Completion, the Combined Group may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on, under or in a property currently or formerly owned, leased or occupied by Barratt, Redrow or the Combined Group, whether or not it caused or knew of the pollution. Barratt, Redrow or, following Completion, the Combined Group may also be deemed responsible for latent or historical risks from unknown contamination or may incur greater liability or costs than originally anticipated. Barratt, Redrow or, following Completion, the Combined Group may also be subject to penalties and fines as a result of non-compliance with contamination-related regulations. The costs of remediation or defending against environmental claims can be substantial, and they may not be covered by the insurance policies of Barratt, Redrow or the Combined Group. Although Barratt and Redrow commission, and, following Completion, the Combined Group will commission third-party environmental reports on such sites and endeavour to factor all identified risks into the project costs, no assurances can be given that material claims or liabilities relating to these developments will not arise in the future.

4.4 ***The performance of Barratt, Redrow and, following Completion, the Combined Group depends (or will depend, as applicable) on the ability to purchase land suitable for their purposes***

The procurement of land on which to build new homes is essential for the continuation and future performance of Barratt, Redrow and, following Completion, the Combined Group. Purchasing land at the right time and price and investing in the most appropriate geographical locations for an appropriate hurdle rate are fundamental to the strategy of Barratt, Redrow and, following Completion, the Combined Group. Increased demand for land from the competitors of Barratt, Redrow and, following Completion, the Combined Group may lead to increases in the prices that Barratt, Redrow and, following Completion, the Combined Group are required to pay to procure land for their business, including to levels that may subsequently be considered to be inflated. In addition, any future reduction in the size of the land pipeline of Barratt, Redrow or the Combined Group, or its quality, may adversely affect the number and saleability of new homes that Barratt, Redrow or, following Completion, the Combined Group can build. Failure to identify suitable land (including due to deficiencies in the due diligence procedures of Barratt or Redrow), obstacles within the purchasing process, failure to manage land purchases to meet the demands of the business or increases in the costs of such purchases could mean that any of Barratt, Redrow or the Combined Group are unable to obtain an adequate supply of land or could result in returns on capital employed on their development being lower than those targeted by Barratt, Redrow or the Combined Group, respectively. Any of the foregoing risks could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or, following Completion, the Combined Group.

4.5 ***Barratt and Redrow are subject to a competition investigation by the CMA in relation to suspected exchanges of competitively sensitive information***

On 26 February 2024, the CMA launched an investigation into suspected breaches of competition law by eight housebuilders, including Barratt and Redrow, relating to concerns that the housebuilders may have exchanged competitively sensitive information (the "**CMA Investigation**"). The investigation is at an early stage and the CMA has not reached a view as to whether there is sufficient evidence of an infringement of competition law. An adverse outcome of the CMA's investigation, which may include a finding of infringement and the levying of fines, may have a material adverse impact on the business,

prospects, financial condition, reputation and/or results of operations of Barratt, Redrow and, following Completion, the Combined Group.

4.6 ***Barratt, Redrow and, following Completion, the Combined Group are subject to risks related to business resilience and continuity***

Barratt, Redrow and, following Completion, the Combined Group, may experience interruption to their respective businesses or may be unable to continue their core business activities due to a major unanticipated incident or event, such as a natural disaster, global pandemic or UK epidemic, disruption to national infrastructure, or a large-scale fraud event. Such an unexpected event could cause significant disruption to business operations, employees, customers, supply chains or other third parties. Certain risks to business resilience and continuity may be difficult to identify or take steps to plan for, especially in the case of an unknown threat. While business continuity plans have been developed for critical business processes, there is no guarantee that these plans will be effective in reducing risks associated with disruptive events or prevent losses.

4.7 ***The operations of Barratt, Redrow and, following Completion, the Combined Group, may be adversely affected by the physical effects of climate change***

Homebuilding businesses such as Barratt, Redrow and, following Completion, the Combined Group, may be subject to physical and transitional risks in connection with climate change. Physical risks include severe weather events that may affect development sites or could otherwise impact planned development activities. An increased frequency of severe weather, such as extreme heat, cold or precipitation, could cause disruption to build activity. Extreme weather events such as floods could cause damage to construction sites. As a result of long-term shifts in climate patterns and severe weather, Barratt, Redrow and, following Completion, the Combined Group, may be forced to discontinue certain operations or may experience decreased productivity.

Barratt, Redrow and, following Completion, the Combined Group, may be required to increase capital expenditures to mitigate the effects of climate change or to protect properties from the consequences of severe weather events. It is not guaranteed that site infrastructure implemented to mitigate extreme weather events, for example flood barriers and balancing ponds, will successfully prevent damage to sites. In addition, prolonged increased temperatures in summer may require Barratt, Redrow and, following Completion, the Combined Group to make changes to house specifications, such as implementing additional cooling solutions in homes at risk of overheating. As a result of long-term shifts in climate patterns and severe weather, Barratt, Redrow and, following Completion, the Combined Group, may experience increased build cost of sales.

The physical effects of climate change could also negatively impact regional and local economic activity, which could adversely affect customers or otherwise impact the communities where Barratt, Redrow or the Combined Group operate.

Reduced supply availability could also result from the consequences of long-term shifts in climate patterns and extreme weather events. Severe climate events such as floods or wildfires could occur where key building materials such as timber are sourced. As a result, Barratt, Redrow and, following Completion, the Combined Group, may be unable to source materials at economically viable prices or may experience delays in supply. The varied effects of climate change could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or the Combined Group.

4.8 ***The projects of Barratt, Redrow and, following Completion, the Combined Group, are subject to execution risk, including delay, non-completion and financial loss***

During the execution of projects, Barratt, Redrow and, following Completion, the Combined Group may encounter unexpected planning or operational issues or difficulties, including those related to technical engineering issues, regulatory changes, disputes with third-party contractors, sub-contractors and

suppliers, accidents, bad weather and changes in purchaser requirements that require Barratt, Redrow and, following Completion, the Combined Group to delay or terminate a project. For larger projects, these risks are inherently greater.

A failure to meet deadlines could also affect the reputation and future prospects of Barratt, Redrow or, following Completion, the Combined Group and expose them to additional costs and result in contractual penalties (or surety bonds being called by a purchaser) that may reduce their profits and result in the termination of contracts. Furthermore, any delays or underperformance in the projects of Barratt, Redrow or, following Completion, the Combined Group, may lead to conflicting demands on resources allocated to be used on other projects.

In relation to the homebuilding projects of Barratt and Redrow, even for timely project completions, projects typically require substantial capital outlays during construction periods, and it may take months or years before positive cash flows can be generated by pre-sales of properties to be completed or by sales of completed properties. In addition, for some projects, Barratt and Redrow may be required to build commercial spaces and mixed-use facilities, posing additional execution risks.

In addition, the integration process of the Combined Group following Completion may lead to the loss of retained knowledge or a reduction in delivery as those individuals who may exit the organisation fail to oversee performance. This could manifest itself with the loss of key information regarding specific sites, or short-termism as individuals achieve immediate goals whilst not sufficiently safeguarding future budgets, leading to insufficient funds and reporting issues in later years.

Any of the foregoing could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or, following Completion, the Combined Group.

4.9 ***The operations of Barratt, Redrow and, following Completion, the Combined Group, may be adversely affected in the long term if they fail to comply with climate change and sustainability standards to which they have publicly committed or fail to comply with the changing regulatory landscape***

Climate change, sustainability and the reduction of carbon emissions are important issues for Barratt and Redrow, and following Completion, will be important issues for the Combined Group. Barratt and Redrow have adopted and, following Completion, the Combined Group will adopt, certain environmental, social and governance ("**ESG**") policies and sustainability objectives in relation to their respective operations in the homebuilding industry. In particular, both Barratt and Redrow have committed to a net zero carbon target in line with the UK Government's commitment and roadmap to net zero carbon by 2050 and each of Barratt and Redrow have published their own net zero carbon targets. Barratt has signed up to the "Business Ambition for 1.5°C" and the United Nations Framework Convention on Climate Change "Race to Zero" and has set the following science-based targets: (i) reduce absolute scope 1 and 2 greenhouse gas ("**GHG**") emissions by 29 per cent. by 2025 and to net zero by 2040; and (ii) reduce scope 3 emissions intensity by 24 per cent. by 2030. Redrow has also signed up to the "Business Ambition for 1.5°C" and has set the following science-based targets: (i) reduce absolute scope 1 and 2 GHG emissions by 42 per cent. by 2030; (ii) reduce absolute scope 3 GHG emissions by 25 per cent. by 2030; and (iii) achieve net zero carbon by 2045 (pending verification by the Science Based Target Initiative). The Combined Group (or, to the extent Completion has not occurred, Barratt and Redrow) will also be required to comply with the Future Homes Standard which is expected to become mandatory in 2025, and which will require new homes to produce at least 75 per cent. less carbon emissions compared with 2013 building regulations.

Failure to articulate or meet sustainability objectives may adversely impact the reputation and potentially, the financial performance of Barratt, Redrow and, following Completion, the Combined Group. It is not certain that the Combined Group will be able to successfully develop and implement innovative construction methods to help achieve these targets. Design and technical teams could fail to

expand the usage of modern methods of construction due to strategic mistakes or supply chain constraints. For example, the supply of timber, a key component of the Combined Group's MMC strategy, could suffer material reductions due to long-term shifts in climate patterns, extreme weather events or supplier failures, threatening the broader employment of MMC. Similarly, the Combined Group may fail to adopt new technological advancement in line with the Future Homes Standard. It is also possible that the Combined Group could experience ESG compliance failures or otherwise fail to adequately understand and measure its sustainability impact. Such failures could increase costs, result in poor product quality and expose the Combined Group to future remediation liabilities.

Barratt, Redrow and, following Completion, the Combined Group operate in the UK, where regulations or laws have been, are being, or could be considered to limit or reduce GHG emissions. The immediate financial effect of these regulatory and legal changes could result in an increase in the cost of carbon intensive products and/or the cost of carbon, the imposition of levies for emissions in excess of certain levels and an increase in administrative costs for monitoring, reporting and verification of GHG emissions. Regulatory and other initiatives designed to curb GHG emissions could increase Barratt's, Redrow's and, following Completion, the Combined Group's energy, production, transport and/or other operating costs. Future measures could require Barratt, Redrow and, following Completion, the Combined Group to make operational and other changes to reduce its direct GHG emissions or energy use. New and/or future climate change legislation may therefore affect Barratt's, Redrow's and, following Completion, the Combined Group ability to continue to operate as currently operated or planned to be operated. Any changes to these current or planned operations could materially adversely affect the Barratt Group's business, results of operations, financial condition and/or prospects.

Failure to keep pace with customers' and society's expectations for action to manage and mitigate climate-related risk or a failure to keep up with the increasing level of interest and reporting requirements from governments, investors, customers and civil society to build in more environmentally sustainable ways, may result in a decline in demand for Barratt's, Redrow's and, following Completion, the Combined Group's products or could result in penalties and negative attention, which could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or the Combined Group.

4.10 ***The businesses of Barratt, Redrow and, following Completion, the Combined Group, are subject to inherent liquidity risks, particularly as land can be an illiquid asset and can therefore be difficult to sell***

Homebuilding businesses, such as Barratt, Redrow and, following Completion, the Combined Group, are subject to liquidity risk as an inherent part of their business. Liquidity risk is the risk of failure to generate enough liquidity to manage debts as they fall due, including short-term and long-term funding or investment requirements.

The potential impact of liquidity risk on Barratt, Redrow and, following Completion, the Combined Group, may in the longer term include the inability to service debt, comply with borrowing covenants or generate sufficient cash. An inability to manage liquidity requirements may also in the longer term impact the preparedness of Barratt, Redrow and, following Completion, the Combined Group, for potential changes in the economic environment and to take advantage of appropriate land buying or investment opportunities to help deliver improved financial performance.

Land and real estate properties can be relatively illiquid assets, meaning that they may not be easily sold and converted into cash, and that any sale may not be capable of being completed quickly without accepting a lower price than may be otherwise offered. Barratt, Redrow and, following Completion, the Combined Group, may seek to sell certain of its owned land from time to time, including if changes in economic, property market or other conditions make certain land uneconomical to develop for an extended period. If Barratt, Redrow and, following Completion, the Combined Group, were unable to sell any of its land, such illiquidity may expose Barratt, Redrow or the Combined Group to onerous land

creditor obligations. If the ability of Barratt, Redrow and, following Completion, the Combined Group, to value, dispose of or liquidate part of its land portfolio in a timely fashion and at satisfactory prices is reduced, it could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or the Combined Group.

4.11 ***Barratt, Redrow and, following Completion, the Combined Group may not be able to access debt financing on favourable terms in the longer term and/or restrictions in the terms of Barratt's or Redrow's future borrowings may restrict Barratt's, Redrow's or, following Completion, the Combined Group's activities or business plans and adversely affect Barratt's, Redrow's or the Combined Group's ability to finance ongoing operations, strategic acquisitions and investments in the longer term***

Each of Barratt and Redrow has historically financed and currently finance, and, following Completion, the Combined Group is expected to finance, their operations in part from borrowings under available credit facilities. Upon the expiry of their respective existing credit facilities from, in the case of Barratt, November 2028 and, in the case of Redrow, September 2025, there is a risk that they will be unable to secure sufficient further funding for their business operations on equivalent terms or at all. Barratt, Redrow and, following Completion, the Combined Group, may also in the future seek additional bank borrowings or issue debt for future expansion and development of the business in the longer term. No assurance can be given as to the availability of such additional financing at the relevant time or, if available, whether it would be on acceptable terms. If, in the longer term, Barratt, Redrow or the Combined Group do not successfully obtain further financing (should they be required to fund their future investments), this may constrain the ability of Barratt, Redrow and, following Completion, the Combined Group to grow, which could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow and, following Completion, the Combined Group.

Additionally, the credit facilities and other borrowings of Barratt and Redrow impose certain restrictions on Barratt and Redrow, which could limit the ability of Barratt or, following Completion, the Combined Group to operate freely and to take actions which their respective boards of directors consider desirable. These include restrictions on the ability of Barratt and Redrow to create or permit to subsist any charges, liens or other encumbrances in the nature of a security interest; incur additional indebtedness by way of borrowing, leasing commitments, factoring of debts or granting of guarantees; make any substantial change to the general nature of their businesses as presently conducted; sell, transfer, lease or otherwise dispose of all or a substantial part of their assets; enter into transactions with affiliates; or, in the case of Barratt, acquire any businesses. If Barratt or Redrow were to seek to vary or waive any of these restrictions (for example, in the aftermath of material adverse movements in the valuation of their assets) and the relevant lenders did not agree to such variation or amendment, the restrictions may limit the ability of Barratt, Redrow or, following Completion, the Combined Group to plan for or react to market conditions or meet capital needs or otherwise restrict their activities or business plans and adversely affect their ability to finance ongoing operations, strategic acquisitions and investments.

In particular, if Barratt or Redrow failed to comply with the financial covenants in their credit facilities or other borrowings (due, for example, to deterioration in financial performance or falls in asset valuations), it could result in acceleration of either of their obligations to repay those borrowings or the cancellation of those credit facilities or an inability to refinance borrowings more generally. Barratt and Redrow currently operate within their financial covenants. However, without prejudice to the working capital statement contained elsewhere in this Prospectus, Barratt's and Redrow's performance may, in the longer term, be impacted by adverse developments in external factors outside their control (including with respect to the macroeconomic environment) which could lead to breaches in, among other things, gearing ratios (for example, if property valuations fall), interest cover ratios (for example, if income falls), minimum tangible net worth requirements (for example, if Barratt or Redrow make operating

losses) and, in the case of Redrow, land and work-in-progress value requirements (for example, if the value of land held for development falls).

These risks may have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or the Combined Group.

4.12 ***Barratt, Redrow or the Combined Group may suffer material losses in excess of insurance proceeds***

While each of Barratt and Redrow maintains, and, following Completion, the Combined Group will maintain, commercial insurance at a level they believe is appropriate against risks commonly insured in their industry, there is no guarantee that they will be able to obtain the desired levels of cover on acceptable terms in the future. Therefore, the properties or developments of Barratt, Redrow and, following Completion, the Combined Group could suffer physical damage, resulting in losses which may not be fully compensated by insurance. In addition, certain types of risks (such as cladding or other contingent liabilities under the Building Safety Act 2022) may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by the insurance policies of Barratt, Redrow or the Combined Group. In addition, Barratt, Redrow or, following Completion, the Combined Group could be liable to repair damage to a property or development caused by uninsured risks out of their own funds. They would also remain liable for any debt or other financial obligation related to the affected property, even if the property is no longer available for its intended use. Any of the foregoing could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or the Combined Group.

4.13 ***If Barratt or, following Completion, the Combined Group, identify suitable acquisitions or divestments, they may not successfully complete or manage those acquisitions or divestments***

If Barratt or following Completion, the Combined Group consider it to be in accordance with their strategy, Barratt or the Combined Group (as applicable) may, from time to time, make acquisitions in order to expand their businesses. The risks associated with such acquisitions include the availability of suitable acquisition opportunities, obtaining regulatory approval for any acquisitions, the availability of financing (on appropriate terms) and integration issues, such as the success or failure to realise operating benefits or synergies. The process of integrating an acquired company or business is risky and may create unforeseen operating difficulties and expenditures, including: (i) difficulties in integrating the operations, technologies, services and personnel of acquired businesses; (ii) unexpected costs or liabilities of acquired businesses; (iii) ineffectiveness or incompatibility of acquired technologies or services; (iv) failure to realise operating benefits or synergies from completed transactions; (v) potential loss of key employees and cultural challenges associated with integrating employees; (vi) inability to maintain the key business relationships and the reputations of acquired businesses; and (vii) diversion of management's attention from other business concerns. In addition, liabilities associated with acquired businesses may be substantial and may exceed previously forecast liabilities, and Barratt and, following Completion, the Combined Group may not be able to recover amounts in respect of any representations, warranties and indemnities given by the sellers in connection with such acquisitions. If any of the acquisitions of Barratt or, following Completion, the Combined Group fails to perform in accordance with assumptions, any goodwill or other intangible assets associated with the acquisition could be subject to impairment and reduce the profitability and net assets accordingly of Barratt and, following Completion, the Combined Group.

It is also possible that Barratt and, following Completion, the Combined Group may, from time to time, seek to divest certain businesses. The risks associated with such divestments include the failure to find a buyer at an acceptable price and the diversion of management's attention from other matters.

If Barratt or, following Completion, the Combined Group is unsuccessful in effectively integrating an acquired company or divesting or demerging a business, their business, prospects, financial condition and/or results of operations may be materially adversely affected.

4.14 ***Barratt, Redrow and, following Completion, the Combined Group may suffer adverse tax consequences as a result of changes in tax law or other factors***

Tax rules, including stamp duty land tax provisions and their interpretation, may change, and new taxes may be introduced, such as the additional stamp duty on second homes introduced in 2016, in addition to the residential property developer tax at a rate of 4 per cent. on profits from 1 April 2022 substantively enacted on 2 February 2022. Any change in the tax status of Barratt, Redrow or the Combined Group, in taxation legislation or its interpretation, or in HMRC practice, could affect the value of property held by Barratt, Redrow or the Combined Group, potential sales and the post-tax returns to Barratt, Redrow and, following Completion, the Combined Group. References in this Prospectus concerning the taxation of Barratt, Redrow or the Combined Group are based upon current tax law and practice that is subject to change, possibly with retrospective effect. Any such change could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, Redrow or the Combined Group.

4.15 ***Barratt, Redrow or, following Completion, the Combined Group may become subject to litigation or other regulatory enforcement action***

Barratt, Redrow and, following Completion, the Combined Group, may become subject to litigation or other regulatory enforcement action in respect of the past, current or future actions of Barratt, Redrow and, following Completion, the Combined Group. This may include disputes with customers, land owners, contractors, commercial parties with whom it maintains relationships or other commercial parties in the property or related industries or investigations by regulators. Damages, fines, costs or other actions claimed, enforced or incurred under such litigation or enforcement action may be material or may be indeterminate, and the outcome could materially impact on Barratt's, Redrow's or, following Completion, the Combined Group's, business, prospects, financial condition and/or results of operations. Whether or not any dispute or action proceeds or has no merit, Barratt, Redrow and, following Completion, the Combined Group, may be required to devote significant management time, attention and resources to such claims or actions to achieve a successful resolution. In addition, the adverse publicity surrounding such claims or enforcement actions may have a material adverse effect on the reputation of Barratt, Redrow or, following Completion, the Combined Group.

4.16 ***Changes in privacy laws could adversely affect the ability of Barratt, Redrow or, following Completion, the Combined Group to interact effectively with third parties***

Barratt, Redrow and, following Completion, the Combined Group will hold and may have held various personal data on a range of people, including suppliers, employees, future employees, building users, sub-contractors and potential sub-contractors and customers or potential customers who acquire homes from Redrow. Barratt, Redrow and, following Completion, the Combined Group will also have engaged and will engage in various direct marketing activities in seeking potential customers to buy their housing units. Any expansion of existing or new laws and regulations regarding marketing, solicitation or data protection, including as a result of the General Data Protection Regulation (EU) 2019/679 (as it forms part of assimilated law as defined in the European Union (Withdrawal) Act 2018 (as amended) and implemented through the Data Protection Act 2018) (the "**GDPR**"), could adversely affect the operation of Barratt, Redrow and, following Completion, the Combined Group's business by limiting their ability to market their housing products.

In addition, Barratt, Redrow and, following Completion, the Combined Group may be vulnerable to data breaches, which could result in unauthorised access and data loss. See "*–A failure in, or cyber-attacks on, the IT systems and infrastructure of Barratt, Redrow or, following Completion, the Combined Group could disrupt the business or result in the inappropriate disclosure of confidential information of Barratt, Redrow or the Combined Group*." Any failure of Barratt, Redrow and, following Completion, the Combined Group to comply with data protection laws, including the GDPR, could result in reputational

damage to Barratt, Redrow and, following Completion, the Combined Group and material fines being levied on the Combined Group.

4.17 ***A proportion of Barratt's business is, and, following Completion, a proportion of the Combined Group's business is expected to be, carried out through joint venture arrangements, over which Barratt and the Combined Group do not have sole operational control and may lead to contract counterparty risk***

Barratt is involved, and, following Completion, the Combined Group is expected to be involved, in numerous joint ventures, either through joint venture companies or limited liability partnerships, or as co-operative contractual consortia and joint venture operations that do not involve the formation of a separate entity.

Barratt or the Combined Group may bid for a particular contract jointly with a joint venture partner. In these circumstances, the ability of Barratt or the Combined Group to maximise the profitability of any contract awarded to them may be adversely affected by the performance of their joint venture partners. In addition, Barratt or, following Completion, the Combined Group may be dependent on the expertise of such partners in assessing certain costs of the contract. In the event that the partners of Barratt or the Combined Group are unable to perform as required or provide the anticipated expertise, Barratt or the Combined Group may be unable to perform their obligations under the contract or may be subject to unexpected increased costs. In certain circumstances, Barratt is, and, following Completion, the Combined Group will be exposed to the potential risk of the insolvency of joint venture partners as they may be jointly and severally liable for the acts or omissions of their partners.

On a number of the projects undertaken or to be undertaken by most of Barratt's or the Combined Group's joint ventures, Barratt or, following Completion, the Combined Group is expected to act as the project manager for the development. As project manager, Barratt or the Combined Group (as applicable) is responsible for a significant proportion of the joint venture's operations, which may include sales, accounting and administrative matters, as well as project management of the planning, design and build of projects. Certain decisions, however, relating to the joint venture's activities, the properties held or secured through joint ventures and the operations of the joint ventures, including internal controls and financial reporting, may not be exclusively within the control of Barratt or, following Completion, the Combined Group and may depend upon the consent or approval of the joint venture partners of Barratt or the Combined Group. The joint venture partners of Barratt or, following Completion, the Combined Group may also have different approaches to operating the business (including with respect to risk management, operational and commercial matters and financial performance), which may result in delayed decision-making, a failure to agree on material issues or the joint venture not performing in line with expectations.

Barratt and, following Completion, the Combined Group may have disputes with their joint venture partners and may not be able to resolve all the issues that arise with respect to such disputes, despite procedures dictated by the joint venture agreement. Such disputes may lead to delays in the development and completion of the project, or the project being developed in such a way that it will not achieve its highest potential rate of return. In addition, Barratt or the Combined Group may accept risks or responsibilities in the course of their joint venture operations that exceed those which they typically would be prepared to accept when contracting on a sole provider basis.

There can be no guarantee that Barratt or, following Completion, the Combined Group will be able to find suitable joint venture partners in the future, and the attractiveness as a joint venture partner of Barratt or the Combined Group could be negatively affected by actual or perceived shortcomings in the project execution (including any actual or perceived deterioration to their levels of customer service) of Barratt or the Combined Group. Should any of the aforementioned events occur, they could have a material adverse impact on the business, prospects, financial condition and/or results of operations of Barratt, or following Completion, the Combined Group.

5 Risks related to the Combination

5.1 *Completion is subject to a number of conditions which may not be satisfied or waived or which may be satisfied subject to conditions imposed by regulatory bodies or other third parties and may result in Completion being delayed, the Combination not completing, or Barratt or Redrow being subject to some other adverse impact in order to satisfy any such conditions so imposed (e.g. UK merger remedies)*

The Combination is subject to the terms and conditions set out in the Scheme Document and shall only become effective if, among other things, the following events occur on or before 11.59 p.m. on the Longstop Date:

- the approval of the Scheme by a majority in number of the Redrow Shareholders on the register of members of Redrow at the Scheme Voting Record Time who are present and vote, whether in person or by proxy, at the Redrow Court Meeting and who represent 75 per cent. or more in value of the Redrow Shares voted by those Redrow Shareholders;
- the Special Resolution required to approve and implement the Scheme being duly passed by Redrow Shareholders representing the requisite majority of votes cast at the Redrow General Meeting;
- the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Redrow and Barratt);
- the delivery of a copy of the Court Order to the Registrar of Companies;
- the Competition and Markets Authority issuing a conditional (in terms reasonably satisfactory to Barratt), or unconditional decision that it does not intend to make a Phase 2 CMA Reference (being an in-depth investigation into whether the Combination may be expected to result in a substantial lessening of competition), or in the event the CMA makes a Phase 2 CMA Reference, the CMA confirming that the Combination may proceed (with, or without, undertakings or conditions (in terms reasonably satisfactory to Barratt));
- the Barratt Resolution being passed by a simple majority of the votes cast by Barratt Shareholders at the Barratt General Meeting; and
- the FCA having acknowledged that the application for Admission has been approved and the London Stock Exchange having acknowledged that the New Barratt Shares will be admitted to trading on the Main Market.

The Scheme will lapse if:

- the Redrow Court Meeting and the Redrow General Meeting are not held by 6 June 2024, or if later, the date of the Barratt General Meeting (or such later date as may be agreed between Barratt and Redrow);
- the Court Hearing is not held by the later of: (a) the 22nd day; and (b) the day that is equal to the number of days that the Redrow Court Meeting and Redrow General Meeting were held after 15 May 2024, or if later, after the date of the Barratt General Meeting, after the expected date of such hearing set out in the Scheme Document (or such later date as may be agreed between Barratt and Redrow);
- the Scheme does not become effective by 11.59 p.m. on the Longstop Date,

provided, however, that the deadlines for the timing of the Redrow Court Meeting, the Redrow General Meeting and the Court Hearing as set out above may be waived by Barratt, and the deadline for the Scheme to become effective may be extended by agreement between Redrow and Barratt.

There is no guarantee that the Conditions will be satisfied (or waived, if applicable) in the necessary time frame and the Combination may, therefore, be delayed or not complete. Any delay to Completion will prolong the period of uncertainty for Barratt and Redrow and both delay and failure to complete may result in the accrual of additional costs to their respective businesses (for example, there may be an increase in costs in relation to the preparation and issue of documentation or other elements of the planning and implementation of the Combination) without any of the potential benefits of the Combination having been achieved. In addition, the management of Barratt and Redrow have spent time in connection with the Combination, which could otherwise have been spent more productively in connection with the other activities of Barratt or Redrow, as applicable. Therefore, the consequences of a material delay in completing or failure to complete the Combination, when taken in aggregate, may have a material adverse effect on the business, prospects, financial condition and/or results of operation of Barratt, Redrow and, in the case of a delay only, the Combined Group.

5.2 ***The Combination is conditional on obtaining the CMA Clearance***

The Combination is subject to receipt of the CMA Clearance on terms reasonably satisfactory to Barratt. To secure the CMA Clearance, the CMA may require undertakings (in terms reasonably satisfactory to Barratt), which may include (but are not limited to) the divestment of assets of Redrow and/or Barratt. The implementation of any such undertakings may have a negative impact on the value of the Combined Group.

5.3 ***The Combination subjects Barratt, Redrow and, following Completion, the Combined Group and their investors to potential significant risks as a result of the integration process and unanticipated liabilities***

Barratt's, Redrow's and, following Completion, the Combined Group's future prospects will, in part, be dependent upon Barratt's, Redrow's and the Combined Group's ability to integrate Redrow successfully and completely, without disruption to their existing businesses. Barratt and Redrow currently operate, and until Completion, will continue to operate, as separate and independent businesses. The Combination will lead to the combination of these businesses and the success of the Combined Group will depend, in part, on the ability of the Combined Group to realise anticipated benefits and cost savings. While Barratt believes that the synergies of the Combination have been reasonably estimated, unanticipated events, liabilities, tax impacts or unknown pre-existing issues may arise or become apparent which could result in the costs of integration being higher than the realisable benefits and/or the synergies being lower than expected, resulting in a material adverse effect on the business, prospects, financial condition and/or results of operations of the Combined Group and the market price of the Shares. No assurance can be given that the integration process will deliver all or substantially all of the expected benefits, including that of implementing a more centralised operating model, within the assumed timeframe. Additionally, some of the potential challenges in combining the businesses into the Combined Group may not become known until after Completion.

It is also possible that the process of integrating Barratt's existing business with that of Redrow, including any IT systems, may take longer or be more costly than anticipated, or could result in the disruption of the Combined Group's businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of the Combined Group to maintain relationships with suppliers, contractors, sub-contractors, housing associations, local authorities, government agencies and customers and to maintain quality standards. In relation to suppliers, the Combined Group may find difficulty in switching to and integrating suppliers to meet the demands of the Combined Group, and this may lead to initial delays or changes to call-off processes during the period of integration. The Combination could also potentially lead to difficulties in connection with employees, including difficulties in retaining key members of staff as well as difficulties in integrating employees from each of the separate businesses together into the Combined Group and harmonising work practices across the Combined Group.

In addition, if the Combined Group fails to deliver product quality and service standards that meet customers' expectations, which currently trend at a 5-star HBF Customer Satisfaction Rating for each of Barratt and Redrow, or a fall in the standards expected from supervisory bodies may diminish the reputation of the Combined Group, which may have an adverse effect on sales volumes and returns. Additionally, excessive time and expense spent rectifying and compensating customers may impact planned business operations. Any such drop in the standard of customer service following Completion could adversely affect the Combined Group's business, prospects, financial condition and/or results of operations.

The market price of the Shares may decline as a result of the Combination if, among other factors, the integration of Redrow's business into Barratt is delayed or unsuccessful, the expected benefits and synergies of the Combination are delayed or do not materialise at all or to the extent expected, if the impact of the Combination on the financial results of Barratt or Redrow is not consistent with Barratt Shareholders' expectations or if Barratt Shareholders sell a significant number of Shares in the open market following Completion.

The due diligence conducted by Barratt on Redrow in connection with the Combination may not have revealed all relevant considerations, liabilities or regulatory issues in relation to Redrow, including the existence of facts that may otherwise have impacted the determination of the consideration per Redrow Share or the formulation of a business strategy for Barratt, Redrow or the Combined Group subsequent to the Combination. In addition, information provided during the due diligence process may have been incomplete, inadequate or inaccurate.

The materialisation of any of the risks described above could have a material adverse effect on Barratt, Redrow and, following Completion, the Combined Group's business, prospects, financial condition and/or results of operations and the market price of the Shares.

5.4 ***The Combined Group's intended strategy for effectively positioning and integrating the Barratt Homes, David Wilson Homes and Redrow brands as part of a multi-brand portfolio may be unsuccessful***

Following Completion, the Combined Group intends to drive value and realise cost synergies through the strategic positioning and integration of the Barratt Homes, David Wilson Homes and Redrow brands on shared development sites. The Combined Group's strategy of site trading and multi-branded sites aims to optimise sales channels and reduce overheads by utilising shared personnel and resources where possible. However, the realisation of these synergies is not guaranteed, and the site-sharing strategy may pose additional risks for the Combined Group which could undermine the potential benefits.

The Combined Group's three brands are likely to perform differently at different sites. It may not be predictable at the outset which of the Barratt Homes, David Wilson Homes and Redrow brands is best suited to allow the Combined Group to capitalise on specific development sites. The Combined Group may fail to realise unrecognised site-specific opportunities, where one brand may have an advantage over the other, leading to suboptimal brand allocation and, consequently, reduced sales volumes and returns.

The Combined Group will also face the risk of a dilution in the individual identities of its three brands, which maintain distinct design specifications and target different market segments. It is not guaranteed that the Combined Group will be able to maintain the distinct identities of the Barratt Homes, David Wilson Homes and Redrow brands following Completion, and the Combined Group may be unable to take advantage of the optionality provided by a multi-brand portfolio.

There is also a risk that the market positioning of the Barratt Homes, David Wilson Homes and Redrow brands may be impacted if personnel are interchanged or if design and brand guidelines become blurred during the integration. If the Combined Group fails to maintain brand discipline and distinctiveness within the multi-brand strategy, this could lead to confusion in the market, unsatisfactory customer

experience and ultimately a negative impact on sales volumes and profitability. Any failure in this regard may adversely affect the Combined Group's business, prospects, financial condition and/or results of operations.

5.5 ***There may be changes to Barratt or Redrow prior to Completion***

During the period from publication of this Prospectus through to Completion, events or developments may occur, including changes in trading, operations or outlook of Barratt or Redrow, or external market factors, which could make the terms of the Combination less attractive for Barratt. Barratt would not have the ability to terminate the Combination as a result of such events or developments. This may have an adverse effect on the Combined Group's business, prospects, financial condition and/or results of operations.

5.6 ***The value of Redrow may be less than anticipated***

Barratt will only be entitled to not implement the Combination in certain limited circumstances. In the event that there is an adverse event affecting the value of Redrow or the value of Redrow's business declines prior to Completion, Barratt would not have the ability to terminate the Combination as a result of such events or developments and the value of Redrow acquired by Barratt may be less than previously anticipated. Accordingly, following Completion, the net assets of the Combined Group could be reduced, which could have an adverse impact on the business, prospects, financial condition and/or results of operations of the Combined Group and the price of the Shares.

5.7 ***Change of control provisions in Redrow's agreements may be triggered upon Completion and may lead to adverse consequences***

The Combination may constitute a change of control event under certain of Redrow's commercial agreements, which may give the respective counterparties to those agreements the right to terminate those agreements or impose other obligations on Redrow. For example, Redrow has issued approximately £48 million of promissory notes in favour of certain financial institutions, which contain change of control provisions triggered as a result of the Combination. If a counterparty to an agreement, including any financial institutions that are lenders under Redrow's promissory notes, exercises its right to terminate that agreement or seeks to renegotiate its contracts, this could have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Combined Group.

5.8 ***There may be an adverse impact on Barratt's reputation if the Combination does not complete***

If the Combination does not complete, there may be an adverse impact on the reputation of Barratt as a result of media scrutiny arising in connection with the attempted Combination. In the future, this may make it more difficult for Barratt to make other acquisitions. Any such reputational risks could adversely affect Barratt's business, prospects, financial condition and/or results of operations.

5.9 ***Combination-related costs may exceed Barratt's expectations***

Barratt expects to incur costs in relation to the Combination, including integration and post-Completion costs, in order to implement the Combination successfully and deliver anticipated costs savings. The actual costs may exceed those estimated and there may be additional and unforeseen expenses incurred in connection with the Combination. In addition, Barratt and Redrow have incurred, and will incur, legal, accounting and transaction fees and other costs relating to the Combination, a material part of which are payable whether or not the Combination completes. Costs that exceed Barratt's expectations could materially and adversely affect Barratt's or, following Completion, the Combined Group's business, prospects, financial condition and/or results of operations.

6 Risks related to the Shares

6.1 *The price of the Shares could be volatile*

Equity market conditions may affect the Shares regardless of the operating performance of Barratt and, following the Combination, the Combined Group. Share market conditions are affected by many factors, such as general economic and political conditions, terrorist activity, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards the property market and the supply and demand of capital.

Accordingly, the market price of the Shares may not reflect the underlying value of Barratt's, Redrow's and, following Completion, the Combined Group's assets, and the price at which investors may dispose of their Shares at any point in time may be influenced by a number of factors, only some of which may pertain to Barratt, Redrow or, following Completion, the Combined Group while other factors, such as the operations and share price performance of other companies that investors may consider comparable to Barratt, Redrow or the Combined Group and speculation about Barratt, Redrow or the Combined Group in the press or investment communities, may be outside the control of Barratt, Redrow or, following Completion, the Combined Group. Barratt does not have a fixed winding-up date and therefore, unless shareholders vote to wind up Barratt, shareholders will only be able to realise their investment through the market.

6.2 *The sale of substantial numbers of Shares following Admission could depress the price of the Shares*

The sale of substantial amounts of Shares in the public market, or the perception that these sales may occur, could depress the market price of the Shares. Barratt is unable to predict whether substantial amounts of the Shares will be sold in the open market following Admission, nor the effect that such sales may have on the prevailing market price of the Shares.

6.3 *The issue of New Barratt Shares and any future issue of Shares, including in connection with an offering, any future acquisitions, any share incentive or share option plan or otherwise, may have a dilutive effect on the holdings of Barratt Shareholders*

The issue of New Barratt Shares will be on the basis of a share-for-share exchange with Redrow Shareholders (that is, for non-cash consideration). This will dilute the interests of the Existing Barratt Shareholders in the Company, which will consequently mean that their proportionate ownership and voting interests in the Company will be reduced, and the percentage that their shares will represent of the total share capital of the Company will decrease accordingly. It is anticipated that Existing Barratt Shareholders will be diluted by approximately 32.8 per cent..

In the case of future issues of Shares for cash, Barratt Shareholders have certain statutory pre-emption rights unless those rights are disapplied by a special resolution of the Barratt Shareholders at a general meeting. An issue of Shares not for cash or when pre-emption rights have been disapplied could dilute the interests of the then existing Barratt Shareholders. Even where pre-emption rights do apply, holders of Shares who are located in certain restricted jurisdictions (e.g. the US) may not be able to exercise their pre-emption rights unless a registration statement under the laws of the relevant jurisdiction is effective with respect to such rights or an exemption from the registration requirements is available thereunder. There can be no assurance that Barratt will file any such registration statements, or that an exemption to the registration requirements of the local jurisdiction will be available, which would result in Barratt Shareholders in restricted jurisdictions being unable to participate in any such future issue.

If Barratt Shareholders do not or cannot participate in future issues of Shares, their proportionate ownership and voting interests in the Company may be reduced and the percentage that their Shares will represent of the total share capital of the Company will be reduced accordingly. This could also have an adverse impact on the market price of the Shares, the value of a Barratt Shareholder's interest in the Company and the ability of the Company to raise funds to meet its business requirements.

6.4 ***Redrow Shareholders may suffer an immediate loss and may not be able to sell their Shares at a price equal to or greater than the price at which those shares were valued pursuant to the terms of the Combination***

The public trading market price of the Shares may decline below the price of the shares at the time they were offered to Redrow Shareholders in connection with the Combination. Should this happen, Redrow Shareholders who receive New Barratt Shares in connection with the Combination will suffer an immediate loss as a result. Moreover, Redrow Shareholders who receive New Barratt Shares in connection with the Combination may not be able to sell their Shares at a price equal to or greater than the price at which those shares were valued pursuant to the terms of the Combination.

6.5 ***Barratt Shareholders outside the UK may have fewer rights than they would as UK shareholders or as shareholders of companies organised in their local jurisdiction***

The ability of an Overseas Shareholder to bring an action against Barratt may be limited under law. Barratt is a public limited company incorporated in England and Wales. The rights of holders of Shares are governed by English law and by the Barratt Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations. In particular, English law significantly limits the circumstances under which shareholders of companies may bring derivative actions. Under such law generally, only a company can be the proper claimant in proceedings in respect of wrongful acts committed against it. In addition, it may be difficult for an Overseas Shareholder to prevail in a claim against Barratt under, or to enforce liabilities predicated upon, non-UK securities laws.

An Overseas Shareholder may not be able to enforce a judgement against some or all of the Barratt Directors and/or the Proposed Directors. All of the Barratt Directors and the Proposed Directors are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Barratt Directors and/or the Proposed Directors within the Overseas Shareholder's country of residence or to enforce against the Barratt Directors or the Proposed Director judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Barratt Directors and/or the Proposed Directors who are residents of the UK or countries other than those in which the judgment is made. In addition, English or other courts may not impose civil liability on the Barratt Directors and/or the Proposed Directors in any original action based solely on the foreign securities laws brought against the Company, the Proposed Directors or the Barratt Directors in a court of competent jurisdiction in England or other countries.

6.6 ***Pre-emption rights for US and other non-UK holders of Shares may be unavailable***

In the case of certain increases in Barratt's issued share capital, existing holders of Shares are generally entitled to pre-emption rights to subscribe for such shares, unless Barratt Shareholders waive such rights by a resolution at a shareholders' meeting. US holders of ordinary shares in UK companies are customarily excluded from exercising any such pre-emption rights they may have, unless a registration statement under the Securities Act is effective with respect to those rights, or an exemption from the registration requirements thereunder is available. Barratt does not intend to file any such registration statement, and Barratt cannot assure prospective US investors that any exemption from the registration requirements of the Securities Act or applicable non-US securities law would be available to enable US or other non-UK holders to exercise such pre-emption rights or, if available, that Barratt will utilise any such exemption.

6.7 ***There are certain limitations as to Barratt's and following Completion, the Combined Group's, ability to pay dividends***

Under English company law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. Barratt's and following Completion, the Combined Group's, ability to pay cash dividends in the future may be affected by a number of factors, including the ability to receive sufficient dividends from subsidiaries. The payment of dividends to Barratt and following Completion, the Combined Group, by their respective subsidiaries is, in turn, subject to restrictions, including certain regulatory requirements and the existence of sufficient distributable reserves and cash in the subsidiaries of Barratt and following Completion, the Combined Group.

The ability of these subsidiaries to pay dividends and the ability of Barratt and following Completion, the Combined Group, to receive distributions from their respective investments in other entities may be subject to applicable laws and regulatory requirements and other restrictions. These laws and restrictions could limit the payment of dividends and distributions to Barratt and following Completion, the Combined Group, by their respective subsidiaries. which could in future restrict the ability of Barratt and following Completion, the Combined Group, to fund other operations or to pay a dividend to holders of the Existing Shares or New Barratt Shares. The requirement to ensure compliance with the financial covenants in some of the credit facilities of Barratt, and following Completion, the Combined Group, could also restrict the ability of Barratt to pay a dividend to holders of the Existing Shares or New Barratt Shares.

6.8 ***Barratt Shareholders may be subject to exchange rate risks***

The Shares are priced in British pounds sterling and will be quoted and traded in British pounds sterling. In addition, any dividends Barratt may pay will be declared and paid in British pounds sterling. Accordingly, Barratt Shareholders resident in non-UK jurisdictions are subject to risks arising from adverse movements in the value of their local currencies against the pound, which may reduce the value of the Shares, as well as that of any dividends.

6.9 ***If the Company is a passive foreign investment company for US federal income tax purposes for any taxable year, US Holders of New Barratt Shares could be subject to adverse US federal income tax consequences***

A non-US corporation will be classified as a passive foreign investment company (a "**PFIC**") for any taxable year if either: (a) at least 75 per cent. of its gross income is "passive income" for purposes of the PFIC rules or (b) at least 50 per cent. of the gross value of its assets (generally determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. Based on the current and projected composition of the Company's income and assets, and the estimated value of the Company's assets, the Company does not believe that it was a PFIC in its most recent taxable year and does not expect to be a PFIC in its current taxable year. However, the Company's possible status as a PFIC must be determined annually after the close of each taxable year, and therefore may be subject to change. In addition, the Company's possible status as a PFIC will also depend on the application of complex statutory and regulatory rules that are subject to potentially varying or changing interpretations. Accordingly, there can be no assurance that the Company will not be considered a PFIC for any taxable year. If the Company were a PFIC, a US Holder (as defined in paragraph 3 of Part XIII — "*Taxation*") of New Barratt Shares generally will be subject to adverse US federal income tax consequences, such as taxation at the highest marginal ordinary income tax rates on gains and certain actual or deemed distributions, interest charges on certain taxes treated as deferred, and additional reporting requirements. For further information, see paragraph 3 of Part XIII — "*Taxation*" of this Prospectus.

PART II
PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

This Prospectus comprises a simplified prospectus for the purposes of Article 14 of the UK Prospectus Regulation and is issued in compliance with the Listing Rules.

This Prospectus does not constitute an offer by, or an invitation to any person by or on behalf of, the Company, Redrow, the Barratt Directors, the Redrow Directors or the Banks to subscribe for or purchase any New Barratt Shares in any jurisdiction where it is unlawful to make such an offer or invitation. The distribution of this Prospectus may be restricted by law. Persons into whose possession this Prospectus comes are required by the Company, the Barratt Directors, the Redrow Directors and the Banks to inform themselves about and to observe any such restrictions.

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with Admission and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, Redrow, the Barratt Directors, the Redrow Directors, or the Banks. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA and PR 3.4.1 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor any subscription or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company, Redrow or of the Barratt Group or the Redrow Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The Company does not undertake to update this Prospectus, unless required pursuant to Article 23 of the UK Prospectus Regulation, and therefore investors should not assume that the information in this Prospectus is accurate as of any date other than the close of business on 17 April 2024 (being the latest practicable date prior to the date of the Prospectus for ascertaining certain information contained herein) (the "**Latest Practicable Date**") or the date of this Prospectus, as applicable.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each investor should consult their own lawyer, financial adviser, or tax adviser for legal, financial or tax advice in relation to any action in respect of the New Barratt Shares or the Existing Shares. In making an investment decision, each investor must rely on their own examination, analysis, and enquiry of the Company, including the merits and risks involved.

None of the Company, Redrow, the Barratt Directors, the Redrow Directors or the Banks, or any of their respective representatives, is making any representation to any Barratt Shareholder or purchaser of the New Barratt Shares or Existing Shares regarding the legality of an investment by such Barratt Shareholder under the laws applicable to such Barratt Shareholder or purchaser.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Banks by the FSMA or the regulatory regime established thereunder, neither of the Banks nor any of their respective subsidiaries, holding companies, branches or affiliates nor any of their respective directors, officers, employees, agents or advisers, owes or accepts or shall assume any duty, responsibility or liability whatsoever (whether direct or indirect and whether arising in contract, in tort, contract under statute or otherwise) to any person in relation to the Combination, Admission or any other matter or arrangement referred to in this Prospectus or for any acts or omissions of the Company and no representation or warranty, express or implied, is made by any of them as to the contents of this Prospectus, including its accuracy, completeness, verification or sufficiency, or for any other statement made or purported to be made by the Company, or on its behalf, or by any of the Banks, or on their behalf, in connection with the Barratt Group, the Combined Group, the Combination, the Admission or the New

Barratt Shares, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether or not to the past or future. To the fullest extent permitted by law, the Banks and their respective subsidiaries, holding companies, branches and affiliates and their respective directors, officers, employees, agents or advisers accordingly disclaim all and any duty, responsibility or liability whatsoever (whether direct or indirect and whether arising in tort, contract, under statute or otherwise (save as referred to above)) which they might otherwise have in respect of this Prospectus or any such statement or otherwise.

Without limitation, the contents of the websites of the Barratt Group and the Redrow Group (or any other websites, including the content of any website accessible from hyperlinks on the websites of the Barratt Group and the Redrow Group) do not form part of this Prospectus.

Notice to investors in the United States of America

The New Barratt Shares have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Barratt Shares may not be offered, sold, resold, delivered, distributed, or otherwise transferred, directly or indirectly, in or into the United States absent registration under the Securities Act or an exemption therefrom. The New Barratt Shares are expected to be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof.

The New Barratt Shares generally should not be treated as "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and persons who receive securities in the Scheme (other than "affiliates" as described in the paragraph below) may resell them without restriction under the Securities Act.

Under the US federal securities laws, persons who are deemed to be affiliates of Barratt prior to or after the Scheme Effective Date may not be able to sell the New Barratt Shares received pursuant to the Scheme without registration under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Whether a person is an affiliate of a company for such purposes depends on the circumstances, but affiliates of a company can include certain officers and directors and significant shareholders. Redrow Shareholders who believe that they may be affiliates for the purposes of the Securities Act should consult their own legal advisers prior to any resale of New Barratt Shares received pursuant to the Scheme.

For the purposes of qualifying for the exemption from the registration requirements of the Securities Act afforded by Section 3(a)(10), Redrow will advise the Court through counsel that its sanctioning of the Scheme will be relied upon by the Company as an approval of the Scheme following a hearing on its fairness to Redrow Shareholders, at which hearing all Redrow Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all Redrow Shareholders.

None of the securities referred to in this Prospectus has been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Combination is proposed to be effected by means of a scheme of arrangement under the laws of the United Kingdom. A transaction effected by means of a scheme of arrangement is not subject to proxy solicitation or tender offer rules under the United States Exchange Act of 1934 (the "**Exchange Act**"). The Combination is subject to UK procedural and disclosure requirements, which are different from certain United States procedural and disclosure requirements. The financial information included or incorporated by reference in this Prospectus has been or will be prepared in accordance with IFRS UK and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

Each US holder of Redrow Shares is urged to consult his, her or its independent professional adviser immediately regarding the tax consequences of the Combination.

It may be difficult for US Redrow Shareholders to enforce their rights and any claims they may have arising under the US federal securities laws in connection with the Combination, since the Company and Redrow are located in countries other than the United States, and some or all of their officers and directors may be residents of countries other than the United States. US Redrow Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel Barratt, Redrow, or their respective affiliates to subject themselves to a US court's judgement.

Notice to other overseas investors

The distribution of this Prospectus in certain jurisdictions other than the UK may be restricted by law. No action has been taken by the Company or the Banks to distribute this Prospectus (or any other offering or publicity materials relating to the New Barratt Shares) in any other jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Company, Redrow, the Barratt Directors, the Redrow Directors and the Banks to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken by the Company or by the Banks that would permit an offer of the New Barratt Shares or rights thereto or possession or distribution of this Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the UK.

Forward-looking statements

This Prospectus and the information incorporated by reference into this Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “goal”, “target”, “aim”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this Prospectus and the information incorporated by reference into this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Barratt Directors, the Redrow Directors, the Company, Redrow, the Barratt Group or the Redrow Group concerning, among other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Barratt Group, the Redrow Group and, following Completion, the Combined Group, and the industry in which they operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company’s or Redrow’s ability to control or predict. Forward-looking statements are not guarantees of future performance. The Barratt Group’s, the Redrow Group’s and following Completion, the Combined Group’s, actual operating results, financial condition, dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this Prospectus and/or the information incorporated by reference into this Prospectus. In addition, even if the operating results, financial condition, and dividend policy of the Barratt Group, the Redrow Group and following Completion, the Combined Group, and the development of the industry in which they operate, are consistent with the forward-looking statements contained in this Prospectus and/or the information incorporated by reference into this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause these differences include, but are not limited to, changes to the UK macroeconomic environment, legal obligations and policies associated with remediation undertakings (including fire safety issues) on legacy properties, ability to secure planning permission for developments, ability to maintain construction quality and keep pace with technological change, a failure in (or cyber-attacks on) IT systems, ability to operate in accordance with laws and regulations (including HSE laws), constraints on the availability of mortgage products and the exit of mortgage providers from the UK market and higher costs of mortgage funding, ability to attract and/or retain key managers or a highly skilled and experienced workforce, ability to purchase land suitable for their purposes and other risks, including those described in Part I — "*Risk Factors*".

You are advised to read this Prospectus and the information incorporated by reference into this Prospectus in its entirety, and, in particular, Part I — "*Risk Factors*", for a further discussion of the factors that could affect the Barratt Group's, the Redrow Group's and, following Completion, the Combined Group's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Prospectus and/or the information incorporated by reference into this Prospectus may not occur.

Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules, and the Market Abuse Regulation), neither the Company, Redrow nor the Banks undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

Nothing in this Prospectus constitutes a qualification to the opinion of the Company as to working capital set out in paragraph 15 of Part XIV — "*Additional Information*" of this Prospectus.

Financial information incorporated by reference into, or included in, this Prospectus

The audited consolidated financial statements of the Barratt Group as at and for the year ended 30 June 2023 and the notes thereto as well as the unaudited interim consolidated financial statements of the Barratt Group for the six months ended 31 December 2023 are incorporated by reference into this Prospectus as further detailed in Part XV — "*Documentation Incorporated by Reference*" of this Prospectus.

The audited consolidated financial statements of the Redrow Group as at and for the 52 weeks ended 27 June 2021, 53 weeks ended 3 July 2022 and 52 weeks ended 2 July 2023 and the notes thereto as well as the unaudited interim consolidated financial statements of the Redrow Group for the 26 weeks ended 31 December 2023 are set out at Appendix II — "*Historical Financial Information of the Redrow Group*" of this Prospectus.

Presentation of financial information

Unless otherwise stated, financial information for the Barratt Group has been extracted without material adjustment from the annual report and accounts of the Barratt Group for the year ended 30 June 2023 and from the unaudited interim consolidated financial statements of the Barratt Group for the six months ended 31 December 2023. Where information has been extracted from the audited consolidated financial statements of the Barratt Group, the information is audited unless otherwise stated. Where the information has been extracted from the interim consolidated financial statements, the information is unaudited but has been reviewed by Deloitte, the Company's auditors.

Unless otherwise indicated, financial information for the Barratt Group in this Prospectus and the information relating to the Barratt Group incorporated by reference into this Prospectus has been prepared in accordance with IFRS UK and as regards the financial statements of the Barratt Group, as applied in accordance with the provisions of the Companies Act and should be read in conjunction with the independent auditor's report thereon.

Unless otherwise stated, financial information for the Redrow Group in this Prospectus has been extracted without material adjustment from the annual report and accounts of the Redrow Group and its subsidiaries for the 52 weeks ended 27 June 2021, 53 weeks ended 3 July 2022 and 52 weeks ended 2 July 2023 and from the unaudited interim consolidated financial statements of the Redrow Group and its subsidiaries for the 26 weeks ended 31 December 2023. Where information has been extracted from the audited consolidated financial statements of the Redrow Group, the information is audited unless otherwise stated. Where the information has been extracted from the interim consolidated financial statements, the information is unaudited.

Unless otherwise indicated, financial information for the Redrow Group in this Prospectus has been prepared in accordance with IFRS UK and as regards the financial statements of the Redrow Group, as applied in accordance with the provisions of the Companies Act and should be read in conjunction with the independent auditor's report thereon.

Shareholders should ensure that they read the whole of this Prospectus and do not rely on financial information summarised within it.

The information presented in this Prospectus has in some cases been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column in a table may not conform exactly to the total figure given for that column. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Pro forma financial information

In this Prospectus, any reference to "pro forma" financial information is to information which has been extracted without material adjustments from the unaudited pro forma financial information contained in Part XI — "*Unaudited Pro Forma Financial Information of the Combined Group*".

The unaudited pro forma financial information contained in this Prospectus has been prepared for illustrative purposes only to illustrate the effect on the Barratt Group's consolidated income statement and net asset statement of its acquisition of Redrow as if it had taken place on 1 July 2023, in the case of the income statement for the six months ended 31 December 2023, and on 31 December 2023, in the case of the net assets statement. The unaudited pro forma financial information has been derived from: (i) the unaudited consolidated financial statements of the Barratt Group for the six months ended 31 December 2023, which have each been prepared in accordance with IFRS UK as adopted by the UK and incorporated by reference in this Prospectus; and (ii) the unaudited consolidated financial statements of the Redrow Group for the 26 weeks ended 31 December 2023, which have each been prepared in accordance with IFRS UK and are set out at Appendix II — "*Historical Financial Information of the Redrow Group*" of this Prospectus.

The unaudited pro forma financial information is for illustrative purposes only. Because of its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the actual financial position or results of the Barratt Group, the Redrow Group, or, following Completion, the Combined Group. Adjustments and assumptions have been made regarding the Combined Group after giving effect to the Combination. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with accuracy. Moreover, the unaudited pro forma financial information does not reflect all costs that are expected to be incurred by the Combined Group in connection with the Combination. For these and other reasons, the actual business, financial condition, and results of operations of the Combined Group following the Combination may not be consistent with, or evident from, this unaudited pro forma financial information.

The assumptions used in preparing the unaudited pro forma financial information may not prove to be accurate, and other factors may affect the Combined Group's business, financial condition or results of operations following the transaction. Any decline or potential decline in the Combined Group's business, financial

condition or results of operations may cause significant variations in the Company's share price. See Part XI — "*Unaudited Pro Forma Financial Information of the Combined Group*".

Quantified Financial Benefits Statement

The statements in the Quantified Financial Benefits Statement relate to future actions and circumstances which, by their nature, involve risks, uncertainties, and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. No statement in the Quantified Financial Benefits Statement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following Completion, or in any subsequent period, would necessarily match or be greater than or be less than those of the Barratt Group and/or the Redrow Group for the relevant preceding financial period or any other period.

The estimated pre-tax cost synergies referred to in this Prospectus are unaudited and are based on analysis by Barratt's management and on the Barratt Group's internal records and certain of the Redrow Group's internal records. They reflect both the beneficial elements and relevant costs.

Further information underlying the Quantified Financial Benefits Statement is contained in paragraph 4 of Part VI — "*Information about the Combination*" and paragraph 17 of Part XIV — "*Additional Information*". The Quantified Financial Benefits Statement is set out in full at Appendix I — "*Quantified Financial Benefits Statement*" of this Prospectus.

No profit forecast or profit estimate

Other than as described in Part XII — "*Profit Forecast*", no statement in this Prospectus is intended as a profit forecast or estimate and no statement in this Prospectus should be interpreted to mean that earnings per Share for the current or future financial years would necessarily match or exceed the historical published earnings per Share.

Other information relating to the Redrow Group

This Prospectus contains information regarding the Redrow Group which has been accurately reproduced from information published by Redrow or information provided to Barratt by Redrow for inclusion in this Prospectus or the Barratt Circular. As far as Barratt is aware and is able to ascertain from information published by Redrow or otherwise provided to Barratt by Redrow, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Alternative performance measures and non-IFRS UK measures

This Prospectus contains certain alternative performance measures ("**APMs**") that are not defined or recognised under IFRS UK. These APMs are not measures of financial performance under IFRS UK and should not be considered as alternatives to other indicators of the Barratt Group's or the Redrow Group's operating performance, cash flows or any other measure of performance derived in accordance with IFRS UK. Information regarding these APMs is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculations of these APMs and the criteria upon which these measures are based can vary from company to company. These APMs, by themselves, do not provide a sufficient basis to compare the Barratt Group's or the Redrow Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

The APMs included in this Prospectus are as follows:

- Return on capital employed ("**ROCE**");
- Adjusted gross profit;
- Gross margin;
- Adjusted operating margin; and
- Adjusted gross margin.

A reconciliation of APMs and non-IFRS UK measures used by the Barratt Group to the nearest IFRS UK line item can be found in the Barratt Annual Report & Accounts 2023 and the Barratt Half Year Report 2024, the relevant parts of which are incorporated by reference into this Prospectus as set out in Part XV — "*Documentation Incorporated by Reference*".

A reconciliation of APMs and non-IFRS UK measures used by the Redrow Group to the nearest IFRS UK line item can be found in the Redrow Annual Report & Accounts 2023, the relevant parts of which are set out at Appendix II — "*Historical Financial Information of the Redrow Group*".

Currency presentation

Unless otherwise indicated, all references in this Prospectus to "**British pounds sterling**", "**£**" or "**pence**" are to the lawful currency of the UK. The Company prepares its financial information in British pounds sterling.

Market and industry data

Market data and certain industry forecasts used in this Prospectus were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information, and industry publications.

Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy or completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Similarly, internal surveys, reports and studies and market research, while believed by the Company to be reliable and accurately extracted by the Company for the purposes of this Prospectus, have not been independently verified and the Company makes no representation as to the accuracy of such information. The Company confirms that all third-party information, data and statistics contained in this Prospectus have been accurately reproduced and, so far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Enforcement of civil liabilities

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Shares are governed by English law and by the Company's memorandum and the Barratt Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

An Overseas Shareholder may not be able to enforce a judgement against some or all of the Barratt Directors, the Proposed Directors and/or executive officers. The Barratt Directors, the Proposed Directors and executive officers are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Barratt Directors, the Proposed Directors and/or executive officers within the Overseas Shareholder's country of residence or to enforce against the Barratt Directors, the Proposed Directors and/or executive officers judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be

able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Barratt Directors, the Proposed Directors and/or executive officers who are residents of the UK or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Barratt Directors, the Proposed Directors and/or executive officers in any original action based solely on the foreign securities laws brought against the Company, the Proposed Directors and/or the Barratt Directors in a court of competent jurisdiction in England or other countries.

Available information

If, at any time, the Company is neither subject to Section 13 or Section 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company will furnish, upon request, to any holder or beneficial holder of the New Barratt Shares, or any prospective purchaser designated by any such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. In such cases, the Company will also furnish to each such owner all notices of general Barratt Shareholders' meetings and other reports and communications that the Barratt Group generally makes available to Barratt Shareholders.

PART III
BARRATT DIRECTORS, PROPOSED DIRECTORS, BARRATT COMPANY SECRETARY, SENIOR MANAGERS, COMBINED GROUP ADDITIONAL SENIOR MANAGER, REGISTERED OFFICE & ADVISERS

Board of Directors, Barratt Company Secretary and Senior Managers

A list of the current members of the Barratt Board, the Barratt Company Secretary and the Senior Managers is set out below. Also set out below is a list of the Proposed Directors and the Combined Group Additional Senior Manager who are expected to join the Barratt Board and the Barratt Executive Committee immediately following Completion.

As set out in paragraph 8.1 of Part VI — "*Information about the Combination*", additional members of Redrow's senior management may, subject to further review, join the Barratt Executive Committee as part of the integration process following Completion. As part of the preservation of and commitment to grow the Redrow brand, employees and management of the Combined Group will be a combination from both businesses based on a "best in class" philosophy.

Barratt Executive Directors	David Thomas (Group Chief Executive) Steven Boyes (Chief Operating Officer & Deputy Chief Executive) Mike Scott (Chief Financial Officer)
Barratt Non-Executive Directors	Caroline Silver (Non-Executive Chair) Jock Lennox (Independent Non-Executive Director and Senior Independent Director) Katie Bickerstaffe (Independent Non-Executive Director) Jasi Halai (Independent Non-Executive Director) Nigel Webb (Independent Non-Executive Director) Chris Weston (Independent Non-Executive Director)
Barratt Company Secretary	Tina Bains (Group Company Secretary)
Proposed Directors	Matthew Pratt (to be appointed Chief Executive Officer, Redrow and Group Executive Director on Completion) Nicky Dulieu (to be appointed Non-Executive Director on Completion) Geeta Nanda (to be appointed Non-Executive Director on Completion)
Senior Managers	Bukky Bird (Group Sustainability Director) Tim Collins (Group Corporate Affairs Director) Sally Austin (Group HR Director) Louise Ruppel (Group General Counsel)
Combined Group Additional Senior Manager	Barbara Richmond (currently Group Finance Director of Redrow and to be appointed Redrow Chief Financial Officer and Group Integration and Synergies Director on Completion)
Registered Office of the Company	Barratt House Cartwright Way Forest Business Park Bardon Hill Coalville

	Leicestershire LE67 1UF
Lead Financial Adviser, Sole Sponsor and Corporate Broker	UBS AG London Branch 5 Broadgate London EC2M 2QS
Financial Adviser	Morgan Stanley & Co. International plc 25 Cabot Square Canary Wharf London E14 4QA
Auditors to the Company	Deloitte LLP 1 New Street Square London EC4A 3HQ1
Reporting Accountant	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Reporting Accountant	KPMG 15 Canada Square, Canary Wharf, London E14 5GL
Legal advisers to the Company as to English and US law	Linklaters LLP One Silk Street London EC2Y 8HQ
Legal advisers to the Sponsor as to English and US law	Davis Polk & Wardwell London LLP 5 Aldermanbury Square London EC2V 7HR
Registrar	Equiniti Group Aspect House Spencer Road Lancing, West Sussex BN99 6DA

PART IV
EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates and times given in the table below in connection with the Combination are indicative only and are based on the Company's current expectations and are subject to change. In particular, the dates and times associated with the Scheme are indicative only and are subject to change, and will depend on, among other things, the date on which the Conditions to the Scheme are satisfied or, if capable of waiver, waived, and the date on which the Court sanctions the Scheme and the Court Order is delivered to the Registrar of Companies. Barratt will give adequate notice to Barratt Shareholders of any changes to these dates and times, when known, by issuing an announcement through a Regulatory Information Service. All times shown are London, United Kingdom times unless otherwise stated.

EVENT	**TIME AND/OR DATE**
Announcement of the Combination	7.01 a.m. on 7 February 2024
Publication of the Prospectus and posting of the Barratt Circular and the Scheme Document	19 April 2024
Latest time and date for lodging Forms of Proxy (or appointing a proxy electronically or submitting a proxy via CREST) for the Barratt General Meeting	10.00 a.m. on 13 May 2024
Latest time and date for lodging Forms of Proxy (or appointing a proxy electronically or submitting a proxy via CREST) for the Redrow Court Meeting	11.00 a.m. on 13 May 2024[(1)]
Latest time and date for lodging Forms of Proxy (or appointing a proxy electronically or submitting a proxy via CREST) for the Redrow General Meeting	11.15 a.m. on 13 May 2024[(2)]
Scheme Voting Record Time	6.00 p.m. on 13 May 2024[(3)]
Voting Record Time for the Redrow General Meeting	6.00 p.m. on 13 May 2024[(4)]
Voting Record Time for the Barratt General Meeting	6.30 p.m. on 13 May 2024[(5)]
Barratt General Meeting	**10.00 a.m. on 15 May 2024[(6)]**
Redrow Court Meeting	11.00 a.m. on 15 May 2024
Redrow General Meeting	11.15 a.m. on 15 May 2024[(7)]
Court Hearing to seek sanction of the Scheme	a date expected to be in the second half of 2024, subject to the satisfaction (or, if applicable, waiver) of the relevant Conditions and, in any event, prior to the Longstop Date ("**D**")
Last day for dealings in, and for registration of transfer of, and disablement in CREST of, Redrow Shares	D+1*
Scheme Record Time	6.00 p.m. on D+1*
Scheme Effective Date	D+1*[(8)]
Suspension of trading, and dealings in, Redrow Shares	7.30 a.m. on D+2*
New Barratt Shares issued to Redrow Shareholders	by 8.00 a.m. on D+3*
Admission and commencement of dealings in the New Barratt Shares on the Main Market of the London Stock Exchange	**by 8.00 a.m. on D+3***
Cancellation of listing and admission to trading of Redrow Shares	by 8.00 a.m. on D+3*
CREST accounts of Redrow Shareholders credited with New Barratt Shares	on or as soon as possible after 8.00 a.m. on D+3* but not later than 14 days after the Scheme Effective Date
Latest date for CREST accounts to be credited with New Barratt Shares and despatch of share certificates in respect of New Barratt Shares to be issued	within 14 days after the Scheme Effective Date

CREST accounts of Redrow Shareholders credited with cash due in relation to the sale of fractional entitlements	within 14 days after the Scheme Effective Date
Longstop Date	7 February 2025[9]

Notes:

(1) It is requested that BLUE Forms of Proxy for the Redrow Court Meeting be lodged not later than 48 hours prior to the time appointed for the Redrow Court Meeting or, if the Redrow Court Meeting is adjourned, 48 hours prior to the time fixed for any adjourned Redrow Court Meeting (excluding any part of such 48 hour period falling on a day that is not a working day). If the BLUE Form of Proxy for the Redrow Court Meeting is not lodged by 11.00 a.m. on 13 May 2024, it may be presented in person to the Computershare representative who will be present at the Redrow Court Meeting or to the Chair of the Redrow Court Meeting, at any time prior to the commencement of the Redrow Court Meeting (or any adjournment thereof).

(2) In order to be valid, the WHITE Forms of Proxy for the Redrow General Meeting must be lodged not later than 11.15 a.m. on 13 May 2024 or, if the Redrow General Meeting is adjourned, 48 hours prior to the time fixed for the adjourned Redrow General Meeting (excluding any part of such 48 hour period falling on a day that is not a working day).

(3) If the Redrow Court Meeting is adjourned, the Scheme Voting Record Time will be 6.00 p.m. on the day which is two Business Days prior to the date of the Redrow Court Meeting.

(4) If the Redrow General Meeting is adjourned, the Voting Record Time for the Redrow General Meeting will be 6.00 p.m. on the day which is two Business Days prior to the date of the Redrow General Meeting.

(5) To be entitled to attend, speak, and vote at the Barratt General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered on the register of members of the Company at 6.30 p.m. on 13 May 2024 (or, in the event of any adjournment, at 6.30 p.m. on the date which is two Business Days before the time of the adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Barratt General Meeting.

(6) If the Barratt General Meeting is adjourned, the Voting Record Time for the Barratt General Meeting will be 6.30 p.m. on the day which is two Business Days prior to the date of the Barratt General Meeting.

(7) To commence at the time fixed or as soon thereafter as the Redrow Court Meeting concludes or is adjourned.

(8) The Scheme shall become effective as soon as a copy of the Court Order has been delivered to the Registrar of Companies. This is expected to occur following the Scheme Record Time and prior to the suspension of trading in Redrow Shares. The events which are stated as occurring on subsequent dates are conditional on the Scheme Effective Date and operate by reference to that date.

(9) This is the latest date by which the Scheme may become effective, provided that a Phase 2 CMA Reference has not occurred. However, the Longstop Date will be extended to 7 August 2025 in the event of a Phase 2 CMA Reference and may, in either case, be extended to such later date as may be agreed in writing by Barratt and Redrow (with the Panel's consent and Court approval (if such approval(s) are required)).

*All dates by reference to "D+1", "D+2" and "D+3" will be to the date falling the number of indicated Business Days immediately after date "D", as indicated above.

PART V
SHARE CAPITAL AND COMBINATION STATISTICS

Number of Shares in issue at Latest Practicable Date[(1)]	974,592,261
Number of New Barratt Shares to be issued as consideration for the Combination[(2)]	476,309,153
Number of Shares in issue immediately following Completion[(3)]	1,450,901,414
New Barratt Shares as a percentage of the Combined Issued Share Capital[(4)]	32.8%

Notes:

(1) Number of Shares in issue as at the Latest Practicable Date. As at the Latest Practicable Date, Barratt held no Shares in treasury.

(2) Number of Shares to be issued to Redrow Shareholders in consideration for the Combination ("**New Barratt Shares**").

(3) An estimation based on the number of Shares in issue as at the Latest Practicable Date and the issue of 476,309,153 New Barratt Shares as consideration for the Combination.

(4) An estimation based on the number of Shares in issue as at the Latest Practicable Date and the issue of 476,309,153 New Barratt Shares as consideration for the Combination.

PART VI
INFORMATION ABOUT THE COMBINATION

1 Introduction

On 7 February 2024, the Barratt Board and the Redrow Board jointly announced that they had reached an agreement on the terms of a recommended all-share offer for the combination of Barratt and Redrow, pursuant to which Barratt will acquire the entire issued and to be issued ordinary share capital of Redrow to form the Combined Group. It is intended that the Combination will be effected by means of a court-approved scheme of arrangement between Redrow and the Redrow Shareholders, who are on the register of members of Redrow at the Scheme Record Time, under Part 26 of the Companies Act, although Barratt reserves the right to implement the Combination by means of a Takeover Offer (subject to the consent of the Panel and the terms of the Co-operation Agreement).

Under the terms of the Combination, Redrow Shareholders will be entitled to receive:

for each Redrow Share	**1.44 New Barratt Shares**

Under the terms of the Combination, Redrow Shareholders will, in aggregate, receive approximately 476,309,153 New Barratt Shares.

The consideration will therefore consist of the issue to Redrow Shareholders in aggregate of approximately 476,309,153 new ordinary shares of 10 pence each in the capital of Barratt (the "**New Barratt Shares**"). The Scheme is subject to a number of Conditions which are summarised in paragraph 9.2 of this Part VI — "*Information about the Combination*". The full terms and conditions of the Scheme are set out in the Scheme Document.

On the basis of the Closing Price per Barratt Share of 446 pence as at the Latest Practicable Date, the terms of the Combination imply a value of 642 pence per Redrow Share, valuing the entire issued and to be issued ordinary share capital of Redrow at approximately £2,124 million. As at 31 December 2023 (being the date of the latest published balance sheet of the Barratt Group before the date of this Prospectus), the tangible net asset value per Barratt Share was 451 pence.

The terms of the Combination represent a premium of approximately 2 per cent. to the Closing Price per Redrow Share of 630 pence as at the Latest Practicable Date and a premium of approximately 27.2 per cent. to the Closing Price per Redrow Share of 600 pence on 6 February 2024 (being the latest practicable date prior to the 2.7 Announcement).

Immediately following Completion, Redrow Shareholders will hold approximately 32.8 per cent. of the Combined Group and Barratt Shareholders will hold approximately 67.2 per cent. of the Combined Group.

Subject to the satisfaction or, where applicable, waiver of the relevant Conditions, it is expected that the Scheme will become effective during the second half of 2024 and, in any event, prior to the Longstop Date, with the New Barratt Shares admitted to listing on the premium segment of the Official List and to trading on the Main Market by 8.00 a.m. on the second Business Day after Completion.

2 Barratt Shareholder Approval of the Combination

In view of the size of the transaction, the Combination constitutes a Class 1 transaction (as defined in the Listing Rules) for Barratt and the Combination requires the approval of Barratt Shareholders. The Barratt Directors also do not currently have the authority to issue and allot the New Barratt Shares in accordance with section 551 of the Companies Act and therefore the approval of Barratt Shareholders is also required to grant the Barratt Directors this authority.

The Combination is therefore conditional on, among other things, the Barratt Resolution being passed by a simple majority of the votes cast by Barratt Shareholders at the Barratt General Meeting.

The Barratt General Meeting has been convened for 10.00 a.m. on 15 May 2024 at the Seligman Theatre, Royal College of Physicians, 11 Saint Andrew's Place, London, NW1 4LE. Barratt Shareholders will be asked to vote in favour of the Barratt Resolution to approve the Combination and the issue and allotment of the New Barratt Shares.

The Barratt Board considers the Combination to be in the best interests of Barratt and Barratt Shareholders as a whole and unanimously recommends that Barratt Shareholders vote in favour of the Barratt Resolution at the Barratt General Meeting, as those Barratt Directors who hold Shares have irrevocably undertaken to do so in respect of their own beneficial holdings of Shares.

The Combination has also been unanimously recommended by the Redrow Board, with the Redrow Directors who hold Redrow Shares having irrevocably undertaken to vote in favour of the Scheme at the Redrow Court Meeting and the Special Resolution at the Redrow General Meeting in respect of their own beneficial holdings. The recommendation of the Redrow Board and the background and reasons for such recommendation are set out in full in the Scheme Document.

3 Background to and reasons for the Combination

The Barratt Directors and the Redrow Directors believe that the Combination will build on the excellent reputations for quality, service and sustainability that both Barratt and Redrow have developed, creating an exceptional UK homebuilder in those areas, delivering excellence and driving innovation for customers, employees, sub-contractors and the supply chain. The Combination will bring together two companies with highly complementary geographic footprints and three highly respected brands – Barratt Homes, David Wilson Homes and Redrow – with which to accelerate the delivery of much-needed homes across the UK and provide the opportunity for shareholders to participate in future value creation in the Combined Group.

The Barratt Directors and the Redrow Directors believe the Combination is a uniquely compelling opportunity to:

3.1 Bring together complementary offerings to create an exceptional UK homebuilder in terms of quality, service and sustainability

The Barratt Directors and the Redrow Directors believe that the Combined Group will bring together two organisations with likeminded cultures and a shared commitment to customers, creating an exceptional UK homebuilder in terms of quality, service and sustainability, delivering excellence and driving innovation for customers, employees, sub-contractors and the supply chain.

The Combination brings together Barratt's and Redrow's highly complementary geographic footprints and product offerings to create an attractive portfolio of sites in progress, a strong total land pipeline of 92,345 plots[1], and the capacity to accelerate delivery of homes and together build in excess of 22,000 homes per annum in the medium term.

Barratt and Redrow are companies which put the customer firmly at the heart of everything they do:

- **Quality**: Barratt is dedicated to delivering high-quality, sustainable homes which are built to the highest standards. Barratt's site managers have been awarded more "Pride in the Job" Awards than any other homebuilder for 19 years in a row. Redrow shares this commitment, also receiving a significant number (20) of "Pride in the Job" Awards in 2023.
- **Service**: Barratt is committed to putting its customers first and in 2024 was awarded an HBF 5 Star rating by its customers for the 15th successive year, more than any other homebuilder.

[1] The total land pipeline of 92,345 plots reflects the total of the land pipeline positions of Barratt and Redrow as at 31 December 2023, being 67,780 plots and 24,565 plots, as stated in the Barratt Half Year Report 2024 and the Redrow Half Year Report 2024, respectively.

Redrow also has a strong track record of achieving 5-Star HBF customer satisfaction ratings for six consecutive years.

- **Sustainability**: Barratt and Redrow share a commitment to sustainability. Barratt is included in the CDP A List for Leadership on sustainability and was awarded the 2023 Innovation Award for its eHome2 project which reflects Barratt's pioneering efforts towards a low carbon and climate resilient future. Redrow holds an AA MSCI ESG rating for its commitment to environmental, social and governance (ESG) investment standards and remains a constituent of the FTSE4Good Index Series for its continued demonstration of strong ESG practices.

3.2 Create a strong brand portfolio with three high-quality, complementary brands including Redrow positioned as its premium brand

Against the backdrop of a significant shortage of homes in the UK, the Combination creates an enhanced platform to accelerate the delivery of high-quality homes through a three-brand strategy. The Combined Group will add the Redrow brand to Barratt's existing brand portfolio (consisting of Barratt Homes and David Wilson Homes) to create a broader offering for customers, across a greater range of home types and price points.

The Barratt Directors and the Redrow Directors see potential to accelerate land pipeline utilisation by introducing Redrow brands on certain appropriate Barratt sites and vice versa. Multi-branded sites have strategic benefits, diversifying appeal to customers and in Barratt's experience its dual-branded sites have sales volumes that are meaningfully higher than single-branded sites.

For example, Barratt successfully dual-branded the Greytowers Village site in the North-East of England in Nunthorpe, near Middlesbrough, meaningfully increasing completions and the reservation rate as a result. Greytowers Village was a David Wilson Homes site when acquired and subsequently Barratt dual-branded Greytowers Village, adding Barratt homes and opening a Barratt sales outlet and show home suite to the site. Completions increased from an average of 24 before the dual-branding to an average of 51 in FY2022 and FY2023. In addition, the reservation rate increased from an average rate of 0.47 to an average rate of 0.94 in FY2022 and FY2023.

Multi-branding sites will allow the Combined Group to drive increased output through higher outlet numbers, driving reservation rates across its combined pipeline, accelerating the delivery of the new homes the UK needs.

Barratt is committed to preserving and growing the Redrow brand within the broader Barratt brand stable. The Combined Group will be able to target a wider customer base with Barratt Homes continuing to serve first time buyers and families, David Wilson Homes providing beautifully designed, larger homes, and the Redrow brand established as the premium brand in the portfolio. The Combination will also reinforce the Combined Group's ability to meet customers' needs across a wider range of price points, increasing its addressable market and increasing volume delivery.

Barratt has a strong track record of nurturing and investing in brands it acquires – David Wilson Homes, Oregon Timber Frame and Gladman Developments.

- Barratt acquired Wilson Bowden plc (the owner of David Wilson Homes) in 2007, successfully integrating the business over a period of 18 months with original synergy targets exceeded and savings of at least £60 million delivered in that period.
    - Barratt has invested in and grown the David Wilson Homes brand since acquisition and been a good brand steward, improving the service and quality associated with it and dual-branding sites and divisions across England, Scotland and Wales.

- Since the acquisition, David Wilson Homes has grown from 26 per cent. to 34 per cent. of Barratt completions, with David Wilson Homes delivering 5,849 homes in its most recent trading update.

- Barratt acquired Oregon Timber Frame in 2019, helping Barratt develop a timber frame manufacturing capability. The volume produced by Oregon Timber Frame has nearly doubled and new jobs have been created at Oregon Timber Frame's development sites, including a new state of the art manufacturing facility in Derby.

- Barratt acquired Gladman Developments in 2022, and has successfully integrated Gladman Developments' land promotion and planning capabilities into the Barratt Group.

3.3 Realise significant cost synergies from procurement savings and a rationalisation of divisional and central functions which are expected to drive a combined lower cost base

The Combination will provide the opportunity to realise the benefits of significant cost savings from procurement savings and a rationalisation of divisional and central functions which are expected to drive a combined lower cost base.

The Barratt Directors, having reviewed and analysed the potential cost synergies of the Combination, and taking into account the factors they can influence, believe that the Combined Group can deliver at least £90 million of pre-tax cost synergies on an annual run-rate basis by the end of the third year following Completion, of which approximately 90 per cent. is expected to be delivered by the end of the second year following Completion.[2]

The level of synergies is consistent with precedent public homebuilder transactions in the UK. These synergies are deliverable through:

- procurement-related savings (primarily direct materials) driven by:
  - price harmonisation through moving existing business to the best price currently available to Barratt and Redrow; and
  - volume-based pricing savings across the Combined Group;
- consolidation, subject to applicable informing and consultation requirements, of the divisional office structure, including employees and premises and associated headcount, lease and maintenance costs. This will be achieved by drawing on the best talent from both organisations to create the optimal group structure, geographical coverage and infrastructure for the Combined Group, ensuring a stable long-term employer across the UK; and
- consolidation of central and support functions, including board, senior management, duplicate public company costs and other third-party costs.

Barratt management has a strong track record of integrating and delivering synergies from large-scale transactions. The acquisitions of Wilson Bowden plc (the owner of David Wilson Homes), Oregon Timber Frame and Gladman Developments are evidence of this. In the Wilson Bowden plc acquisition in 2007, the business was successfully integrated over a period of 18 months with original synergy targets exceeded and savings of at least £60 million delivered in that period.

[2] This statement constitutes a quantified financial benefits statement for the purposes of the Takeover Code. Please see Appendix I for further details of the estimated cost savings and synergies referred to in this Prospectus.

3.4 Maintain a robust balance sheet, better protected to operate through the cycle, and provide a strong platform from which to deliver improved shareholder returns over the medium term

The Combined Group is expected to benefit from a robust balance sheet, enhanced by the Combined Group's increased scale and expertise, building on Barratt and Redrow's unaudited pro forma net assets of £7,572.3 million as at 31 December 2023. Based on the Barratt Half Year Report 2024 and Redrow Half Year Report 2024, Barratt and Redrow have an unaudited pro forma cash and cash equivalents position of £945.5 million as at 31 December 2023.

Going forward, the Combined Group intends to maintain a robust balance sheet consistent with Barratt's existing policy, targeting net cash including land creditors. The Combined Group's dividend policy will be consistent with Barratt's existing dividend policy of 1.75x ordinary dividend cover based on adjusted earnings per share. The Barratt Directors recognise the importance of returning surplus capital to shareholders. Excess cash is expected to be returned to the Combined Group's shareholders via a share buyback or special dividend, if appropriate, following investment in the business and the payment of an ordinary dividend.

3.5 Deliver significant benefits for all of the Combined Group's wider stakeholders

As well as the benefits for shareholders identified above, significant benefits will accrue to the Combined Group's wider stakeholders.

The Combined Group's employees will benefit from the additional opportunities the Combined Group will provide for development and from being a part of a homebuilder with an industry leading employee reward programme. The Barratt Directors and the Redrow Directors believe there is a strong cultural fit between both businesses which will enable a smooth integration underpinned by shared values.

The Combined Group's supply chains will benefit from greater visibility and certainty of delivery and the acceleration of development through the deployment of brands on Barratt and Redrow's respective sites and land pipelines. This should give sub-contractors confidence to invest in developing the skilled labour pool and production facilities which are so important to the future of the sector.

Customers and the country as a whole will benefit from the Combined Group's ability to deliver more high-quality homes, across a broader product range, and to accelerate the creation of strong, sustainable communities across the UK. As a Combined Group, the business will be better placed to help tackle the country's current need for homes and drive economic growth across the country.

4 Financial benefits and effects of the Combination and potential synergies

The Combination is expected to be accretive to Barratt and Redrow's respective adjusted earnings per share in the first year after Completion (excluding one-off costs of delivering synergies).

The Barratt Directors, having reviewed and analysed the potential cost synergies of the Combination, and taking into account the factors they can influence, believe that the Combined Group can deliver at least £90 million of pre-tax cost synergies on an annual run-rate basis by the end of the third year following Completion.

The quantified cost synergies, which are expected to originate from the cost bases of both Barratt and Redrow, are expected to be realised primarily from:

- procurement-related savings (primarily direct materials) driven by:
    - price harmonisation through moving existing business to the best price currently available to Barratt and Redrow; and
    - volume-based pricing savings across the Combined Group,

  expected to contribute approximately 38 per cent. (£34 million) of the full run-rate pre-tax cost synergies;

- optimisation of the divisional office structure, expected to contribute approximately 37 per cent. (£33 million) of the full run-rate pre-tax cost synergies; and
- consolidation of central and support functions, including board, senior management, duplicate public company costs and other third-party costs, expected to contribute approximately 25 per cent. (£23 million) of the full run-rate pre-tax cost synergies.

The Barratt Directors expect that approximately 50 per cent. (£45 million) of the annual run-rate pre-tax cost synergies will be realised by the end of the first year following Completion and approximately 90 per cent. of the annual run-rate pre-tax cost synergies will be realised by the end of the second year following Completion, with the full run-rate achieved by the end of the third year following Completion.

The Barratt Directors estimate that the realisation of the quantified cost synergies will result in one-off costs of approximately £73 million, with approximately 57 per cent. incurred in the first year following Completion, approximately 32 per cent. expected to be incurred in the second year following Completion and the remainder by the end of the third year following Completion.

Potential areas of dis-synergy expected to arise in connection with the Combination have been considered and were determined by the Barratt Directors to be immaterial to the above analysis.

The identified cost synergies will accrue as a direct result of the Combination, and would not be achieved on a standalone basis. The identified pre-tax cost synergies reflect both the beneficial elements and relevant costs.

These statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to herein may not be achieved, may be achieved later or sooner than estimated, or those actually achieved could be materially different from those estimated. For the purposes of Rule 28 of the Takeover Code, the statements of estimated cost savings and synergies contained in this Prospectus are solely the responsibility of Barratt and the Barratt Directors. Any statement of intention, belief or expectation for the Combined Group following the Scheme Effective Date is also an intention, belief or expectation of the Barratt Directors and not of the Redrow Directors.

These statements are not intended as a profit forecast and should not be interpreted as such. No part of these statements, or this Prospectus generally, should be construed or interpreted to mean that the Combined Group's earnings in the first year following Completion, or in any subsequent period, would necessarily match or be greater than or be less than those of Barratt and/or Redrow for the relevant preceding financial period or any other period.

Further information underlying the Quantified Financial Benefits Statement is contained in paragraph 17 of Part XIV — "*Additional Information*". The Quantified Financial Benefits Statement is set out in full at Appendix I — "*Quantified Financial Benefits Statement*" of this Prospectus.

5 Summary of the key terms of the Combination

Under the terms of the Combination, which is subject to the Conditions and to the full terms and conditions which are set out in the Scheme Document, each Redrow Shareholder will receive, in respect of each Scheme Share in issue at the Scheme Record Time, 1.44 new ordinary shares of 10 pence each in the capital of the Company.

Under the terms of the Combination, Redrow Shareholders will, in aggregate, receive approximately 476,309,153 New Barratt Shares. Immediately following Completion, Redrow Shareholders will own approximately 32.8 per cent. of the Combined Issued Share Capital (based on the existing ordinary issued share capital of Barratt and the issue of 476,309,153 New Barratt Shares to Redrow Shareholders).

The Combination is expected to become effective during the second half of 2024 and, in any event, prior to the Longstop Date, subject to satisfaction or, where applicable, waiver of the relevant Conditions and certain further terms and conditions set out in the Scheme Document.

Following Completion, the New Barratt Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares, including, subject as outlined in paragraph 10 below, the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any other return of value (whether by reduction of share capital or share premium account or otherwise) made, in each case by reference to a record date falling on or after the Scheme Effective Date, save for any Barratt Additional Permitted Dividends and any Barratt Equalising Dividend. Further details on the New Barratt Shares are provided at paragraph 12 of this Part VI — "*Information about the Combination*".

Applications will be made to the FCA for the New Barratt Shares to be admitted to the premium listing segment of the Official List (or, if there is no premium listing segment, the same listing segment as the Shares are trading on) and to the London Stock Exchange for the New Barratt Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities alongside the Existing Shares.

The Redrow Shares acquired under the Combination will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third-party rights or interests of any nature and together with all rights now or hereafter attaching or accruing to them, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any form of capital return (whether by reduction of share capital or share premium account or otherwise) made or paid on or after the Scheme Effective Date, save for the Redrow Interim Dividend, any Redrow Additional Permitted Dividends and any Redrow Equalising Dividend.

The structure of the Scheme and the Conditions relating to the Combination are summarised at paragraph 9 of this Part VI — "*Information about the Combination*".

6 Strategic plans for Redrow

6.1 Barratt's intentions and strategic plans for Redrow

Prior to the 2.7 Announcement, consistent with market practice, Barratt was granted due diligence access to targeted information and Redrow's senior management for the purposes of confirmatory due diligence and conducting its synergy assessment. This process has informed Barratt's view on the prospects of the Combined Group, the synergies described in paragraph 4 above and Barratt's initial plans for the integration of Redrow.

In connection with the work described above, Barratt's management, following discussions with the senior leadership of Redrow and having considered Redrow's priorities, has undertaken a preliminary operational review of the Combined Group and developed an integration plan for the Combined Group.

Barratt is confident, based on the information available and work conducted to date, that the integration plan is robust and will equip the Combined Group to conduct an efficient integration whilst ensuring continuity in the delivery of the Combined Group's operations. Barratt will continue to review Redrow's business in the period prior to Completion and Barratt expects that the operational review and more detailed integration planning work will be substantially concluded during the period prior to Completion. Following Completion, Barratt will be well placed to refine and implement this plan. Key areas of focus in the operational review and development of the integration plan include:

- maintaining Redrow's strong brand as distinct, with its attractive proposition to homebuyers: the character of older homes combined with high-quality, energy efficiency and modern open plan interiors;
- continuing to evolve and develop strong and innovative products across all three brands – Barratt Homes, David Wilson Homes and Redrow – focused on design excellence and build quality by

adding the quality and design of Redrow's home types and its focus on sustainable place-making to Barratt's portfolio, while maintaining the differentiation of each brand;

- consolidating activities in central and support functions, based on a "best in class" philosophy in which the Combined Group seeks to retain the best practices and capabilities from both organisations;
- reviewing Redrow's and Barratt's systems and digital technology and exploring ways in which these can best benefit the Combined Group;
- reviewing the divisional office structure to optimise the Combined Group's geographical coverage footprint across the UK, including potentially consolidating offices in areas where both companies already have a presence, but these decisions will depend on an assessment of demand trends for each brand in the relevant geographic area; and
- building upon the initial synergy assessment undertaken to date to further consider the potential synergy benefits that might be possible, including with access to further Redrow data.

In further refining, and in implementing, the integration plan, there will be a clear focus on maintaining operational excellence, build quality and customer service. A key objective of integration will be the careful delivery of the cost synergies and other benefits of the Combination. Based on the work conducted to date, Barratt believes that both integration planning and execution will be assisted by:

- the strong experience of Barratt, and lessons learned, in successfully integrating businesses, in particular Wilson Bowden plc (the owner of David Wilson Homes) following its acquisition by Barratt in 2007, and more recently Oregon Timber Frame and Gladman Developments;
- the skills, experience and commitment of both the Barratt and Redrow teams; and
- similarities between the Barratt Group's and the Redrow Group's culture, statements of purpose, business models and operating platforms.

Barratt intends to substantially complete the implementation of an integration plan within 18 months of Completion, with synergies expected to be realised fully within three years following Completion.

7 Information on the Combined Group

7.1 Business of the Combined Group

Following Completion and subsequent integration, the Combined Group will build upon the respective strengths and likeminded performance-driven cultures of both Barratt and Redrow, in particular a mutual focus on customers, quality and sustainability, to ensure the continued delivery of high-quality homes and communities that the country needs.

The Combined Group will have a strong brand portfolio of three high-quality, complementary brands including Redrow positioned as the premium brand therein. The portfolio will be able to meet customers' needs across a wider range of price points, increasing the Combined Group's addressable market. The Combined Group will continue to evolve and develop strong and innovative products across all three brands focused on design excellence and build quality.

The Combined Group expects to be able to increase volumes through a three-brand strategy, with the potential to accelerate the delivery of homes from the combined and complementary land pipeline by introducing the Redrow brand on appropriate Barratt sites and vice versa. The Combined Group will

take advantage of the complementary geographical footprints of Barratt and Redrow, with a total land pipeline of 92,345 plots as at 31 December 2023.[3]

The Combined Group will provide an opportunity for both sets of shareholders to realise the benefits of significant cost synergies from procurement savings and a rationalisation of divisional and central functions which are expected to drive a lower cost base.

7.2 Key financial information of the Combined Group

Barratt and Redrow generated aggregate revenue of c. £7,448 million in FY2023, delivering total completions of 22,642.[4]

The Combined Group is expected to benefit from a robust unaudited pro forma balance sheet, building on Barratt and Redrow's unaudited pro forma cash and cash equivalents position of £945.5 million as at 31 December 2023, providing the Combined Group flexibility to manage the business for the long term, resilience through the cycle and the flexibility to respond to changing market conditions. The Combined Group will continue Barratt's and Redrow's existing practice of prudently managing the balance sheet and maintaining a selective approach to land buying. Furthermore, the Barratt Directors believe the Combined Group's robust balance sheet will allow it to capitalise on future land opportunities.

7.3 Combined Group name

The Combined Group will be renamed "Barratt Redrow plc" from Completion.

8 Management, Employees and Office Locations

8.1 Board and executive leadership team of the Combined Group

Immediately following Completion, Caroline Silver, Barratt's Non-Executive Chair, will lead the Combined Group as Non-Executive Chair. Barratt's Chief Executive, David Thomas will be Group Chief Executive of the Combined Group. Mike Scott, Chief Financial Officer of Barratt, will be Chief Financial Officer of the Combined Group, and Steven Boyes, Chief Operating Officer and Deputy Chief Executive of Barratt, will be Chief Operating Officer and Deputy Chief Executive of the Combined Group.

Immediately following Completion, the board of directors of the Combined Group will be a combined board comprising the existing executive and non-executive directors of Barratt, with the addition of (i) Matthew Pratt, currently Group Chief Executive of Redrow, who will join the Combined Group and assume the role of Chief Executive Officer, Redrow, and Group Executive Director, and (ii) Nicky Dulieu, currently Senior Independent Director of Redrow, and Geeta Nanda, currently Non-Executive Director of Redrow, who will both join as Non-Executive Directors.

Barbara Richmond, Group Finance Director of Redrow has agreed to join the Combined Group in the role of Redrow Chief Financial Officer and Group Integration and Synergies Director to support the integration for a period of not less than 12 months to ensure continuity and with a view to realising the benefits of the Combination for both sets of shareholders.

Additional members of Redrow's senior management may, subject to further review, join the Barratt Executive Committee following Completion as part of the integration process referred to in paragraph 8.2 below.

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[3] The total land pipeline of 92,345 plots reflects the total of the land pipeline positions of Barratt and Redrow as at 31 December 2023, being 67,780 plots and 24,565 plots, as stated in the Barratt Half Year Report 2024 and Redrow Half Year Report 2024, respectively.

[4] The aggregated revenue of £7,448 million reflects the total revenue of Barratt and Redrow during FY2023, being £5,321 million and £2,127 million, respectively, and calculated in accordance with Barratt and Redrow's respective accounting policies. The aggregated completions of 22,642 reflects the total completions of Barratt and Redrow during FY2023, being 17,206 and 5,436, respectively.

Any executive or non-executive directors of Redrow not appointed to the board of the Combined Group will step down from the Redrow Board upon Completion.

8.2 Employees and management

Barratt has great respect for Redrow's management and employees and attaches huge importance to their active participation in and commitment to the Combined Group. Barratt recognises that they, together with Barratt's management and employees, will be key to the success of the Combined Group and Barratt is excited for the employees and management of Redrow to join the Combined Group.

Following Completion, Barratt intends to retain the best talent of Barratt and Redrow to support its customers, clients and partners to utilise the knowledge and expertise across Barratt and Redrow and maintain operational momentum and a focus on growth.

Barratt expects that, in order to achieve the expected benefits of the Combination, operational and administrative restructuring will be required following Completion. While no decisions have been taken or proposals formulated at this stage, the synergy work carried out to date has confirmed Barratt's intention to reduce the duplication of roles between Barratt and Redrow.

This could lead, subject to a review of the requirements of the Combined Group after Completion and any applicable informing and consulting requirements, to a reduction in the total number of employees by circa 10 per cent. of the Combined Group's total number of employees (on a full-time equivalent basis). This reduction is intended to come from employees and management, overlapping central and support functions and divisions affected by the rationalisation programme as a result of the Combination, some of which is expected to take place via natural attrition. Please see Appendix I — "*Quantified Financial Benefits Statement*" for further details of the estimated cost savings and synergies referred to in this Prospectus.

As part of the preservation of and commitment to grow the Redrow brand, the employees and management of the Combined Group will be a combination from both businesses based on a "best in class" philosophy. Barratt intends to look to reallocate employees from any discontinued roles arising from the integration to other appropriate new roles, growth-related new opportunities or existing vacancies, where possible. Barratt and Redrow each currently engage some members of staff on a temporary or contractor basis whilst vacancies in permanent positions in each business are filled. Barratt intends to first retain employees in permanent positions, including to fulfil such vacancies, in relation to any reduction of roles.

Barratt does not intend that there will be any material reduction of building site-based employees or sales office-based employees as existing sites will continue to operate in a similar way.

Barratt intends that any restructuring referred to above would be phased over 12 months following Completion. The detailed steps for such restructuring are subject to further review and would be subject to comprehensive and detailed planning, appropriate engagement with representatives and wider stakeholders, including affected employees and any appropriate employee representative bodies in accordance with the legal obligations of the Combined Group. Barratt intends to start this engagement process long enough before any final decisions are taken so as to ensure that relevant legal obligations are complied with. Other than as described above, Barratt does not intend that there will be any material change to the balance of skills and functions of the employees and management in the Combined Group.

Following Completion and as part of integration planning, Barratt may review the alignment of the remuneration and incentivisation arrangements as between employees and management of Barratt and the Combined Group, as well as redundancy and other policies operated within the Combined Group, with a view to harmonising the position for employees and management across the Combined Group (in particular, those in equivalent positions) over time as is appropriate. However, save as described in paragraph 8.6 below, Barratt does not have any detailed plans or intentions in this regard and does not

intend to discuss details of remuneration and incentivisation arrangements with employees and management prior to Completion.

Barratt intends to safeguard the existing contractual and statutory employment rights of the employees of Barratt and Redrow in accordance with applicable law upon Completion. Other than as described above, Barratt does not intend to make any material change in the employment of, or in the conditions of employment of, Redrow employees, unless otherwise agreed with the relevant employee.

For a period of 12 months after Completion, Redrow employees will be entitled to applicable redundancy and severance payments, benefits and arrangements that are no less favourable than those under any policy or established Redrow practice in existence at local or Group wide level as at (and notified to Barratt or Barratt's legal advisers prior to) the date of the Co-operation Agreement and/or any policy or arrangement agreed between Barratt and Redrow from time to time.

8.3 Pension schemes

Barratt does not intend to make any changes to the agreed employer contributions into Redrow's existing defined benefit and defined contribution pension schemes (including with regard to current arrangements for the funding of any scheme deficit in the defined benefit pension scheme), the accrual of benefits for existing members or the admission of new members to such pension schemes following Completion, unless such changes are more favourable to the scheme member.

8.4 Headquarters and locations

The Combination also provides the opportunity to consolidate and combine some of Barratt's offices with Redrow's offices. After Completion, Barratt will review the expanded office footprint with a set of objective criteria, which will include: considering where the Combined Group has offices in similar locations, accounting for new regional boundaries to be drawn, assessing whether there is scope for consolidation in order to optimise rental and lease expenses, ensuring minimisation of impact on employees and understanding how the Combined Group can best utilise its employees' talents to enable colleagues to work more closely together within and across their functions and enhance the corporate culture. This review will include all Barratt and Redrow offices, and it is intended that a combination of existing Barratt and Redrow offices would be retained rather than only retaining Barratt offices.

Barratt currently has 29 divisional offices and Redrow has 12 offices across the country. Preliminary analysis indicates that optimisation of the current footprint would involve the closure of around nine offices. Barratt intends that the Combined Group will maintain Barratt's current Group Support Centre in Coalville, Leicestershire, United Kingdom as its headquarters from where it will run the majority of its corporate and support operations. Redrow's current headquarters in Ewloe, Flintshire, United Kingdom, will be retained as one of the Combined Group's main offices.

Barratt does not intend any material change to its operations in Scotland as Redrow does not operate in Scotland or its operations in London as Redrow only operates one large site in London.

Barratt does not intend any other changes to the redeployment of Barratt's or Redrow's existing material fixed assets, which are minimal. Owing to the nature of the respective businesses of Redrow and Barratt, neither business has specific research and development functions, instead having innovation and development embedded into their processes across the businesses. No changes are intended to Barratt's and Redrow's respective research and development capabilities as part of the Combined Group.

8.5 Brands and corporate names

From Completion, the Combined Group name will be changed to "Barratt Redrow plc". In addition, following Completion, Barratt intends to maintain Redrow's strong brand position as the premium and distinct component of the Combined Group's brand portfolio, alongside Barratt Homes and David Wilson Homes. Barratt is committed to the long-term future of the Redrow brand.

8.6 Arrangements between Barratt and Redrow management

In order to promote the retention of certain Redrow Group employees (including the Redrow executive directors) following Completion, as detailed in the Co-operation Agreement, Barratt has agreed that:

- as soon as reasonably practicable after Completion, it will grant transition awards over Shares to all individuals who: (i) held outstanding Redrow 2023 LTIP Awards immediately prior to the date on which the Court sanctions the Scheme (the "**Relevant Awards**"); and (ii) were employed by any member of the Redrow Group on Completion (or immediately before Completion and who became employees of the Barratt Group on or around Completion) (the "**Transition Awards**"). Each eligible participant's Transition Award will be granted under (or on equivalent terms to) the Barratt LTPP (being, for the purpose of this paragraph 8.6, the 2023 Barratt LTPP) and will be equal in value to the value of the Relevant Awards held by the relevant individual which was lost due to the application of time pro-rating. Each Transition Award will be payable in full on the original vesting date of the participant's Relevant Award that it replaces or on the date the participant leaves employment in certain limited circumstances (including redundancy) which are described in the Co-operation Agreement, subject to the relevant individual remaining in employment with a member of the Barratt Group (or leaving employment in certain limited circumstances, as applicable) and with no further assessment of performance conditions on that date. If an individual leaves employment in certain limited circumstances (including redundancy) which are described in the Co-operation Agreement after Completion but before their Transition Award is granted, the Transition Award will instead be paid in cash as soon as practicable after the individual's employment is terminated; and

- any Redrow 2024 LTIP Awards will automatically lapse on Completion (if Completion occurs prior to the normal vesting date) and Barratt will grant replacement awards under the Barratt LTPP as soon as reasonably practicable after Completion to all individuals who: (i) are employed by any member of the Redrow Group on Completion (or immediately prior to Completion and who became employees of the Barratt Group on or around Completion); and (ii) held outstanding Redrow 2024 LTIP Awards immediately prior to Completion ("**Replacement Awards**").

Such Replacement Awards will be equal in value to the value of, and subject to the same performance conditions as, awards under the Barratt LTPP for the relevant financial year granted to Barratt Group employees with equivalent seniority to the Redrow Group award participant. The Replacement Awards will be subject to the same vesting/payment dates, post-vesting holding periods and good leaver provisions as awards granted under the Barratt LTPP in the relevant financial year. The Replacement Awards will be subject to time pro-rating applying from the start of the performance period in accordance with the rules of the Barratt LTPP. If any individual who was eligible to receive a Replacement Award leaves employment in certain limited circumstances (including redundancy) which are described in the Co-operation Agreement after Completion but before the Replacement Award is granted, the Replacement Award will instead be paid in cash at the time that the Replacement Award would have vested under the rules of the Barratt LTPP (taking into account the application of time pro-rating applying from the start of the performance period in accordance with the rules of the Barratt LTPP and performance assessment).

Matthew Pratt

As noted in paragraph 8.1 above, Matthew Pratt, currently Group Chief Executive of Redrow, has agreed to join the Combined Group and assume the role of Chief Executive Officer, Redrow, and Group Executive Director. The financial terms on which Matthew Pratt will hold that role are summarised in the Scheme Document.

Barbara Richmond

As noted in paragraph 8.1 above, Barbara Richmond, currently Group Finance Director of Redrow, has agreed to join the Combined Group to support the integration for a period of not less than 12 months from Completion to ensure continuity and with a view to realising the benefits of the Combination for both sets of shareholders. The financial terms on which Barbara Richmond will hold that role are summarised in the Scheme Document.

8.7 Other

No statements in this paragraph 8 constitute "post-offer undertakings" for the purposes of Rule 19.5 of the Code.

9 Structure of the Combination

9.1 Scheme of arrangement

It is intended that the Combination will be effected by means of a Court-approved scheme of arrangement between Redrow and the Redrow Shareholders, who are on the register of members of Redrow at the Scheme Record Time, under Part 26 of the Companies Act, although Barratt reserves the right to implement the Combination by means of a Takeover Offer (subject to the consent of the Panel and the terms of the Co-operation Agreement).

The purpose of the Scheme is to provide for Barratt to become the holder of the entire issued and to be issued ordinary share capital of Redrow. In order to achieve this the Scheme Shares held by Scheme Shareholders as at the Scheme Record Time will be transferred to Barratt. In consideration for this transfer, Barratt will allot and issue the New Barratt Shares to Scheme Shareholders (at the Scheme Record Time) on the basis set out in paragraph 1 above.

To become effective, the Scheme must be approved by a majority in number of the Scheme Shareholders on the register of members of Redrow at the Scheme Voting Record Time who are present and vote, whether in person or by proxy, at the Redrow Court Meeting and who represent 75 per cent. or more in value of the Scheme Shares voted by those Scheme Shareholders. The Scheme also requires the Special Resolution to be approved by the requisite majorities of the voting rights of Redrow Shareholders present and voting, either in person or by proxy, at the Redrow General Meeting and the Barratt Resolution being passed by a simple majority of Barratt Shareholders at the Barratt General Meeting.

Following the Redrow Court Meeting, the Redrow General Meeting and the Barratt General Meeting, the Scheme shall not become effective unless the Scheme is sanctioned by the Court (with or without modification but subject to any modification being on terms acceptable to Redrow and Barratt) and the Court Order is delivered to the Registrar of Companies for registration.

The Scheme is also subject to further terms and conditions that are set out in the Scheme Document and summarised below.

The Scheme Document includes full details of the Scheme, together with an explanatory statement providing details of the Combination, and the notices convening the Redrow Court Meeting and the Redrow General Meeting. The Scheme Document also contains the expected timetable for the Combination and specifies the necessary actions to be taken by Redrow Shareholders. The Scheme Document and the related forms of proxy are being made available to all Redrow Shareholders at no charge for them. For the purposes of paragraph 3(a) of Appendix 7 of the Code, the Panel has consented to an extension of the applicable date for posting the Scheme Document.

Once the necessary approvals from Redrow Shareholders and Barratt Shareholders have been obtained and the other Conditions have been satisfied or, where applicable, waived and the Scheme has been

sanctioned by the Court, the Scheme will become effective upon delivery of the Court Order to the Registrar of Companies for registration.

Upon the Scheme becoming effective, it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time, irrespective of whether or not they attended or voted in favour of, or against, the Scheme at the Redrow Court Meeting or in favour of, or against, or abstained from voting on the Special Resolution at the Redrow General Meeting.

If the Scheme does not become effective by the Longstop Date, or such later date, if any, as may be agreed in writing by Redrow and Barratt (with the Panel's consent and as the Court may approve (if such approval(s) is/are required)) the Scheme will never become effective.

The Scheme is governed by English law and is subject to the jurisdiction of the Court. The Scheme is subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

9.2 Conditions

The Combination is subject to the terms and conditions set out in the Scheme Document, and shall only become effective, if, among other things, the following events occur on or before 11.59 p.m. on the Longstop Date:

(i) the approval of the Scheme by a majority in number of the Scheme Shareholders on the register of members of Redrow at the Scheme Voting Record Time who are present and vote, whether in person or by proxy, at the Redrow Court Meeting and who represent 75 per cent. or more in value of the Scheme Shares voted by those Scheme Shareholders;

(ii) the resolutions required to approve and implement the Scheme being duly passed by Redrow Shareholders representing the requisite majority or majorities of votes cast at the Redrow General Meeting;

(iii) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Redrow and Barratt);

(iv) the delivery of a copy of the Court Order to the Registrar of Companies;

(v) the Competition and Markets Authority issuing a conditional (in terms reasonably satisfactory to Barratt), or unconditional decision that it does not intend to make a Phase 2 CMA Reference (being an in-depth investigation into whether the Combination may be expected to result in a substantial lessening of competition), or in the event the CMA makes a Phase 2 CMA Reference, the CMA confirming that the Combination may proceed (with, or without, undertakings or conditions (in terms reasonably satisfactory to Barratt));

(vi) the Barratt Resolution being passed by a simple majority of the votes cast by Barratt Shareholders at the Barratt General Meeting; and

(vii) the FCA having acknowledged that the application for Admission has been approved and the London Stock Exchange having acknowledged that the New Barratt Shares will be admitted to trading on the Main Market.

The Scheme will lapse if:

- the Redrow Court Meeting and the Redrow General Meeting are not held by 6 June 2024, or if later, the date of the Barratt General Meeting (or such later date as may be agreed between Barratt and Redrow);
- the Court Hearing is not held by the later of: (a) the 22nd day; and (b) the day that is equal to the number of days that the Redrow Court Meeting and Redrow General Meeting were held after 15

May 2024, or if later, after the date of the Barratt General Meeting, after the expected date of such hearing set out in the Scheme Document (or such later date as may be agreed between Barratt and Redrow);

- the Scheme does not become effective by 11.59 p.m. on the Longstop Date,

provided, however, that the deadlines for the timing of the Redrow Court Meeting, the Redrow General Meeting and the Court Hearing as set out above may be waived by Barratt, and the deadline for the Scheme to become effective may be extended by agreement between Redrow and Barratt.

9.3 Procedure

Before the Court is asked to sanction the Scheme, the Scheme will require the approval of Scheme Shareholders at the Redrow Court Meeting and the passing of the Special Resolution at the Redrow General Meeting.

9.4 Redrow Court Meeting

The Redrow Court Meeting, which has been convened for 11.00 a.m. on 15 May 2024, is being held at the direction of the Court to seek the approval of Redrow Shareholders entitled to vote for the Scheme.

At the Redrow Court Meeting, voting will be by way of poll and each Scheme Shareholder present (and entitled to vote), in person or by proxy, will be entitled to one vote for each Scheme Share held as at the Scheme Voting Record Time. In order for the resolution to be passed, it must be approved by a majority in number of the Scheme Shareholders on the register of members of Redrow at the Scheme Voting Record Time who are present and vote, whether in person or by proxy, at the Redrow Court Meeting and who represent 75 per cent. or more in value of the Scheme Shares voted by those Scheme Shareholders.

9.5 Redrow General Meeting

The Redrow General Meeting has been convened for 11.15 a.m. on 15 May 2024, or as soon thereafter as the Redrow Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass the Special Resolution to:

- authorise the Redrow Board to effect the Scheme; and
- approve certain amendments to the Redrow Articles of Association to ensure that, subject to the Scheme becoming effective, any Redrow Shares issued (other than to Barratt or its nominees): (i) between the Redrow General Meeting and the Scheme Record Time will be subject to the Scheme; and (ii) after the Scheme Record Time, will automatically be acquired by Barratt on the same terms as under the Scheme. These provisions will avoid any person (other than Barratt or its nominees) holding Redrow Shares after dealings in such shares have ceased on the London Stock Exchange.

The proposed amendments to the Redrow Articles of Association referred to above are set out in full in the Scheme Document.

At the Redrow General Meeting, voting will be by way of poll and each Redrow Shareholder present, in person or by proxy, will be entitled to one vote for each Redrow Share held. In order for the Special Resolution to be passed, they must be approved by votes in favour representing the requisite majority or majorities of votes cast at the Redrow General Meeting (or any adjournment thereof).

9.6 Scheme sanction

Before the Scheme can become effective in accordance with its terms, the Court must sanction the Scheme at the Court Hearing and issue the Court Order. Redrow will give adequate notice of the date and time of the Court Hearing, once known, by issuing an announcement through a Regulatory Information Service.

The Scheme will become effective on delivery of a copy of the Court Order to the Registrar of Companies.

Upon the Scheme becoming effective:

- it will be binding on all Scheme Shareholders holding Scheme Shares at the Scheme Record Time irrespective of whether or not they attended or voted in favour of, or against, the Scheme at the Redrow Court Meeting or in favour of, or against, or abstained from voting on the Special Resolution the Redrow General Meeting;
- share certificates in respect of Redrow Shares will cease to be valid documents of title and should be destroyed, or at the request of Redrow, delivered up to Redrow or to any person appointed by Redrow to receive the same; and
- entitlements to Redrow Shares held within the CREST system will be disabled from the Scheme Record Time and expired and removed soon thereafter.

The Redrow Shares will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights attaching or accruing to them.

If the Scheme does not become effective in accordance with its terms by the Longstop Date, or such later date, if any, as may be agreed in writing by Redrow and Barratt (with the Panel's consent and as the Court may approve (if such approval(s) is/are required)) the Scheme will never become effective.

The Scheme is governed by English law and is subject to the jurisdiction of the courts of England and Wales. The Scheme is also subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

9.7 Modifications to the Scheme

The Scheme contains a provision for Redrow and Barratt jointly to consent (on behalf of all persons concerned) to any modification of, or addition to, the Scheme or to any condition which the Court may approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in those circumstances for the purpose of approving any such modification, addition or condition.

9.8 Fractional entitlements

Fractions of New Barratt Shares will not be allotted or issued to Redrow Shareholders. Entitlements will be rounded down to the nearest whole number of New Barratt Shares and all fractional entitlements to New Barratt Shares will be aggregated, allotted and issued to a person appointed by Barratt and sold in the market. The net proceeds of such sale (after deduction of all expenses and commissions, including VAT thereon, incurred in connection with the sale) will be distributed by Barratt in due proportion to the Scheme Shareholders who would otherwise have been entitled to such fractions. However, individual entitlements to amounts of less than £5 will not be paid to Redrow Shareholders but will be retained for the benefit of the Combined Group.

9.9 Redrow Share Plans

Participants in the Redrow Share Plans will be contacted regarding the effect of the Combination on their rights under the Redrow Share Plans and appropriate proposals will be made to such participants in due course. Further details of the terms of such proposals will be included in the Scheme Document and in separate letters to be sent to participants in the Redrow Share Plans.

9.10 Mandates

Each mandate and other instructions, including dividend instructions and communication preferences, given to Redrow by Scheme Shareholders and that is in force at the Scheme Record Time shall, unless and until amended or revoked, under the terms of the Scheme be deemed as from the Effective Date to be an effective mandate or instruction in respect of the corresponding New Barratt Shares.

10 Capital allocation and dividend policy of the Combined Group

It is intended that the Combined Group will maintain Barratt's existing dividend policy of 1.75x ordinary dividend cover based on adjusted earnings per share.

The Barratt Directors believe that this would result in a significant uplift in dividend payments to Redrow Shareholders, with the scale and balance sheet strength of the Combined Group further underpinning its ability to maintain increased future dividend payments.

The Barratt Directors recognise the importance of returning surplus capital to shareholders. Excess cash is expected to be returned to the Combined Group's shareholders via a share buyback or special dividend, if appropriate, following investment in the business and the payment of an ordinary dividend.

11 Dividends

Under the terms of the Co-operation Agreement, Barratt and Redrow have agreed that:

- Redrow Shareholders are entitled to retain the dividend of 5.0 pence per Redrow Share in respect of the six-month period ended 31 December 2023 as set out in the Redrow Half-Year Report 2024 announced immediately before the publication of the 2.7 Announcement and paid on 8 April 2024 (the "**Redrow Interim Dividend**");
- Barratt Shareholders will be entitled to receive a dividend of 4.4 pence per Barratt Share in respect of the six-month period ended 31 December 2023 as set out in the Barratt Half Year Report 2024 announced immediately before the publication of the 2.7 Announcement, scheduled to be paid on 17 May 2024 (the "**Barratt Interim Dividend**");
- to the extent Completion occurs after the record date in respect of any Redrow dividend in respect of each of the successive six-month periods ending 30 June 2024, 31 December 2024 or 30 June 2025 (as relevant), Redrow Shareholders will be entitled to receive and retain any such dividend, provided in each case that it is in accordance with Redrow's existing dividend policy, consistent with past practice in relation to the payment of dividends and Redrow and Barratt have agreed the record date for such dividend (each such dividend a "**Redrow Additional Permitted Dividend**"); and
- to the extent Completion occurs after the record date in respect of any Barratt dividend in respect of each of the successive six-month periods ending 30 June 2024, 31 December 2024 or 30 June 2025 (as relevant), Barratt Shareholders will be entitled to receive and retain any such dividend, provided in each case that it is in accordance with Barratt's existing dividend policy, consistent with past practice in relation to the payment of dividends and Redrow and Barratt have agreed the record date for such dividend (each such dividend a "**Barratt Additional Permitted Dividend**").

If, on or after the date of the 2.7 Announcement and on or prior to Completion, Redrow announces, declares, makes or pays: (i) the Redrow Interim Dividend, a Redrow Additional Permitted Dividend or a Redrow Equalising Dividend, and the quantum of such dividend is in excess of the amount which Redrow is entitled to pay to Redrow Shareholders pursuant to the terms of the Co-operation Agreement; or (ii) any other dividend, distribution or form of capital return, Barratt shall be entitled to either:

- adjust the Exchange Ratio by an amount equivalent to all or any part of such excess (in the case of the Redrow Interim Dividend, a Redrow Additional Permitted Dividend or a Redrow Equalising Dividend (as relevant)) or by the amount of all or part of any such other dividend, distribution or form of capital return, in which case references to the Exchange Ratio will be deemed to be a reference to the Exchange Ratio as so adjusted; or

- pay an equalising dividend to Barratt Shareholders so as to reflect the value attributable to all or any part of such excess (in the case of the Redrow Interim Dividend, a Redrow Additional Permitted Dividend or a Redrow Equalising Dividend (as relevant)) or by the amount of all or part of any such other dividend, distribution or form of capital return (a "**Barratt Equalising Dividend**"), without any consequential change to the Exchange Ratio.

In such circumstances, Redrow Shareholders will be entitled to retain the full amount of any such excess or such other dividend, distribution or form of capital return declared, made, or paid.

If and to the extent that any such excess or other dividend, distribution or form of capital return has been declared or announced, but not paid or made, or is not payable by reference to a record date on or prior to the Scheme Effective Date and is or will be (i) transferred pursuant to the Combination on a basis which entitles Barratt to receive the excess or the dividend, distribution or form of capital return and to retain it; or (ii) cancelled, the Exchange Ratio will not be subject to change in accordance with this paragraph 11 of Part VI (*Information about the Combination*) of this Prospectus.

If, on or after the date of the 2.7 Announcement and on or prior to Completion, Barratt announces, declares, makes or pays: (i) the Barratt Interim Dividend, a Barratt Additional Permitted Dividend or a Barratt Equalising Dividend, and the quantum of such dividend is in excess of the amount which Barratt is entitled to pay to Barratt Shareholders pursuant to the terms of the Co-operation Agreement; or (ii) any other dividend, distribution or form of capital return, Redrow shall be entitled to pay an equalising dividend to Redrow Shareholders so as to reflect the value attributable to all or any part of such excess (in the case of the Barratt Interim Dividend, a Barratt Additional Permitted Dividend or a Barratt Equalising Dividend (as relevant)) or by the amount of all or part of any such other dividend, distribution or form of capital return (a "**Redrow Equalising Dividend**"), without any consequential change to the Exchange Ratio. In such circumstances, Barratt Shareholders will be entitled to retain the full amount of any such excess or such other dividend, distribution or form of capital return, declared, made, or paid.

Under the terms of the Co-operation Agreement, Barratt has undertaken not to declare, make or pay any dividend, distribution or form of capital return other than the Barratt Interim Dividend, any Barratt Additional Permitted Dividend and any Barratt Equalising Dividend.

12 New Barratt Shares

Subject to the Scheme becoming effective in accordance with its terms, Redrow Shareholders on the register of members of Redrow at the Scheme Record Time will receive 1.44 New Barratt Shares for each Scheme Share held.

The New Barratt Shares will be issued in registered form and will be capable of being held in certificated and uncertificated form.

The New Barratt Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares in issue at that time, including in relation to the right to receive notice of, and to attend and vote at, general meetings of Barratt, the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid, or any other return of value (whether by reduction of share capital or share premium account or otherwise), made, in each case by reference to a record date falling on or after the Scheme Effective Date, and to the right to participate in the assets of Barratt upon a winding-up of Barratt.

The New Barratt Shares will be issued free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third-party rights or interests of any nature whatsoever.

13 De-listing of Redrow Shares

The last day of dealings in Redrow Shares on the Main Market of the London Stock Exchange is expected to be the first Business Day following the Court Hearing, such that no transfers of Redrow Shares will be registered after 6.00 p.m. on that date (other than the registration of the transfer of the Redrow Shares to Barratt pursuant to the Scheme). Following this, all of the Redrow Shares will be suspended from the Official List and from trading on the London Stock Exchange's Main Market for listed securities, and Redrow Shares will be disabled in CREST.

Prior to the Scheme becoming effective in accordance with its terms, Redrow will make an application for the cancellation of trading of the Redrow Shares on the London Stock Exchange's Main Market for listed securities to take effect on the Business Day following the Scheme Effective Date and for the cancellation of the listing of Redrow Shares on the Official List to take effect on the date of Admission (and subject to the Scheme becoming effective).

On Completion, Redrow will become a wholly-owned subsidiary of Barratt and share certificates in respect of Redrow Shares will cease to be valid. In addition, entitlements to the Redrow Shares held within the CREST system will be disabled from the Scheme Record Time and expired and removed soon thereafter.

It is also proposed that, following Completion and after its shares are delisted, Redrow will be re-registered as a private limited company.

14 Listing, dealings and settlement of New Barratt Shares

Prior to Completion, applications will be made to the London Stock Exchange for the New Barratt Shares to be admitted to trading on its Main Market for listed securities and to the FCA for the New Barratt Shares to be admitted to the premium listing segment of the Official List (or, if there is no premium listing segment, the same listing segment as the Shares are trading on).

It is expected that Admission will become effective and dealings for normal settlement in the New Barratt Shares will commence at or shortly after 8.00 a.m. on the third Business Day following the Court Hearing. The Existing Shares are admitted to CREST. It is expected that all of the New Barratt Shares, when issued and fully paid, will be capable of being held and transferred by means of CREST.

No application has been made, or is currently intended to be made, by Barratt for the New Barratt Shares to be admitted to listing or trading on any other exchange.

15 Irrevocable Undertakings and Letters of Support

15.1 Redrow Shares

Barratt has received irrevocable undertakings from each of the Redrow Directors who hold Redrow Shares to vote in favour of the Scheme at the Redrow Court Meeting and the Special Resolution to be proposed at the Redrow General Meeting (or, in the event that the Combination is implemented by a Takeover Offer, to accept (or procure the acceptance of) such Takeover Offer), in respect of a total of 199,849 Redrow Shares, representing, in aggregate approximately 0.060 per cent. of the ordinary share capital of Redrow as at the Latest Practicable Date.

Barratt has also received an irrevocable undertaking to vote in favour of the Scheme at the Redrow Court Meeting and the Special Resolution to be proposed at the Redrow General Meeting from Bridgemere Securities Limited, the family investment vehicle of Steve Morgan, Redrow's founder and Redrow's

largest shareholder, in respect of a total of 52,851,816 Redrow Shares representing approximately 16 per cent. of Redrow's issued ordinary share capital as at the Latest Practicable Date.

Barratt has therefore received irrevocable undertakings to vote in favour of the Scheme at the Redrow Court Meeting and the Special Resolution to be proposed at the Redrow General Meeting in respect of a total of 53,051,665 Redrow Shares representing, in aggregate, approximately 16 per cent. of Redrow's issued ordinary share capital as at the Latest Practicable Date.

15.2 Barratt Shares

Redrow has received irrevocable undertakings from each of the Barratt Directors who hold Shares to vote in favour of the Barratt Resolution at the Barratt General Meeting in respect of a total of 1,690,704 Shares representing, in aggregate, approximately 0.173 per cent. of Barratt's issued ordinary share capital as at the Latest Practicable Date.

Redrow has therefore received irrevocable undertakings in respect of a total of 1,690,704 Shares representing, in aggregate, approximately 0.173 per cent. of Barratt's issued ordinary share capital as at the Latest Practicable Date.

16 Dilution

Barratt proposes to issue 476,309,153 New Barratt Shares in connection with the Combination. The New Barratt Shares will constitute approximately 32.8 per cent. of the Combined Issued Share Capital.

Immediately following Completion, assuming that 476,309,153 New Barratt Shares are issued in connection with the Combination, Existing Barratt Shareholders as at the Latest Practicable Date will, together, own approximately 67.2 per cent. of the ordinary share capital of the Combined Group and the Redrow Shareholders will hold in aggregate approximately 32.8 per cent. of the ordinary share capital of the Combined Group.

PART VII
BUSINESS OVERVIEW OF THE BARRATT GROUP

The following should be read in conjunction with the other information regarding the Barratt Group in this Prospectus, including Part I — "*Risk Factors*" and the Barratt Group's consolidated historical financial information and the related notes included in Part IX — "*Financial Information of the Barratt Group*". Unless otherwise stated, the financial information relating to the Barratt Group set out in this Part VII — "*Business Overview of the Barratt Group"* has been extracted without material adjustment from the financial information in Part IX — "*Financial Information of the Barratt Group*".

This section includes forward-looking statements that reflect the current view of the Company and involve risks and uncertainties. The actual results of the Barratt Group could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus.

1 Overview

Barratt is a leading UK homebuilder that has built more than 500,000 homes since it was founded in 1958, creating great new places to live throughout the country. Barratt's vision is to lead the future of homebuilding by putting customers at the heart of everything it does and is an industry-leading player in terms of quality, service and sustainability. In 2023 Barratt won more NHBC Pride in the Job Awards than any other homebuilder for the 19th year in a row and was one of fewer than 300 companies globally to be awarded membership of CDP's Climate Change A List for Leadership. In 2024 Barratt became the only major homebuilder to have received an HBF 5 Star customer rating for 15 consecutive years.

Through its 29 business divisions located across the UK, Barratt builds in the private, affordable and private rented sectors and in its last financial year delivered 17,206 new homes. Barratt targets a regionally balanced portfolio, with its geographic reach and record of delivery enabling it to maximise development opportunities right across the country both independently and in partnership with institutional investors, affordable home providers and public sector bodies.

The Barratt Shares are admitted to the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange. Barratt's current market capitalisation is £4,347 million as at the Latest Practicable Date.

2 History and development

The Barratt Group's origins date back to 1958, when Sir Lawrie Barratt established a local homebuilding company initially known as Greensitt Brothers. The Company was floated on the London Stock Exchange in 1968 under the name Greensitt & Barratt. The Company expanded from local homebuilder to national firm in the 1970s and in 1979 claimed the place of largest British homebuilder by turnover for the first time.

The Barratt Group acquired Wilson Bowden plc in 2007, comprising the national homebuilding brand David Wilson Homes, regional homebuilder Ward Homes and commercial property developer Wilson Bowden Developments.

In 2008, the Barratt Group unveiled the "Barratt Green House" prototype as a first step toward the Barratt Group's vision to become a pioneer for energy-efficient development. David Thomas was appointed as Chief Executive Officer of the Barratt Group in 2015.

In 2019, the Barratt Group acquired a UK timber frame manufacturer, Oregon Timber Frame, growing the Barratt Group's offsite building capabilities while also supporting its sustainability strategy. In 2022, Barratt completed its acquisition of Gladman Developments Limited, adding new land sourcing and promotion capabilities to the Barratt Group's portfolio.

3 Strategy and objectives

The Barratt Group is focused on delivering volume growth while maintaining excellence in build quality and customer satisfaction. Barratt is making progress toward its medium- to long-term targets of 23 per cent. gross margin (FY2023: 18.3 per cent.; FY2022: 17.1 per cent.) and 25 per cent. return on capital employed (FY2023: 22.2 per cent.; FY2022: 30.0 per cent.) over a three- to five-year period.

The Barratt Group's homebuilding business operates across the UK through 29 divisions. The Barratt Group's divisions are structured to deliver a capacity of approximately 750 units annually including joint ventures, other than London and North Scotland which are structured to deliver about 1,500 to 2,000 and 500 to 550 units annually, respectively. Combined, the divisions have an overall volume capacity for homebuilding of more than 21,500 units in the medium term (2023 total homebuilding completions including joint ventures: 17,206 units).

The Barratt Group's growth objectives are underpinned by a set of strategies that centre customer experience, build quality, sustainability and employee engagement.

Strategic positioning of the Barratt Group's consumer brands

The Barratt Group's portfolio offers a multi-brand proposition, with a diverse product range that allows Barratt to maximise development opportunities while maintaining a balanced development portfolio. Barratt utilises its complementary offerings by deploying its brands throughout the country to optimise performance and cost savings. This includes cross branding potential and site trading where appropriate, with an aim to increase the proportion of multi-branded developments across the Barratt Group's sites. Multi-branded sites have strategic benefits, diversifying appeal to customers and in Barratt's experience its dual-branded sites have sales volumes that are meaningfully higher than single branded sites. Introducing multiple brands across sites aims to drive increased output through higher outlet numbers, driving reservation rates across Barratt's combined pipeline, accelerating the delivery of new homes the UK needs.

The Barratt Group emphasises brand identity and brand performance, ensuring that its distinct brands are properly positioned to fully capture market demand. The Barratt Group maintains different ranges, design and brand guidelines for its Barratt and David Wilson Homes brands, following a strategy of strong brand discipline. As a result, the Barratt Group has been able to preserve and grow its various brands as distinct yet core components of the Barratt Group's portfolio.

Build Quality

Barratt embeds its commitment to excellent build quality throughout the business. Build quality is monitored across Barratt's developments by the NHBC, with each key stage of the home building process marked by NHBC inspections and the logging of reportable items. Barratt has a low rate of reportable items across the major homebuilders, achieving an average of 0.16 reportable items per NHBC inspection in FY2023.

Increased construction efficiency through standardisation and modern methods of construction

The Barratt Group is focused on furthering construction efficiency through greater standardisation of home types and increased use of modern methods of construction to reduce labour requirements and reduce waste.

The Barratt Group aims to increase the share of home completions using standard home types across all homebuilding divisions, while also increasing standardisation of key components, including, for example, staircases to enhance build efficiency and reduce waste. In FY2023, 71.0 per cent. of completed homes were built using standard home types (FY2022: 71 per cent.).

The Barratt Group's focus on MMC offers opportunities to build with greater speed and efficiency, mitigate the impact of skills shortages in the industry, reduce on-site waste, reduce embodied carbon and diversify the types of materials employed in construction. Growth in MMC capability is driven by Barratt's commitment to timber frame across its developments. In 2019, Barratt acquired Oregon Timber Frame, a UK timber frame manufacturer. The Barratt Group has recently completed construction of new Oregon Timber Frame facilities, helping grow its offsite building capabilities, nearly doubling kit volume and offering further opportunities to

expand timber frame adoption across Barratt's home type range. Timber frame is a sustainable material which also supports the production of larger homes. Timber frame construction may also provide a cost advantage by reducing reliance on wet trades (e.g. bricklaying).

In FY2023, 32.0 per cent. of completed homes were built using MMC (FY2022: 27.0 per cent.), which includes 26.5 per cent. usage of timber frame in completed homes (FY2022: 20.9 per cent.).

Innovation in sustainable building products and technologies

Barratt is committed to designing sustainable, low-carbon homes that will bring the Barratt Group's homes in line with the UK government's Future Homes Standard whilst providing customers with meaningful energy savings. Barratt's strategy centres a "fabric-first" building approach, augmented by new technologies where cost effective to deliver required home performance.

The fabric-first approach focuses on reducing heat loss in new homes through additional and/or improved insulation materials and increased airtightness across home types. Focusing efforts on long-lived building fabric helps to future-proof homes, meaning they will be less likely to require difficult and expensive refurbishment upgrades at a later date. The Barratt Group's developments also employ technologies such as photovoltaics and air source heat pumps to achieve carbon reduction. Barratt's energy-efficient new build homes help customers unlock significant annual savings, averaging up to £2,200 less per year on energy bills compared with purchasers of equivalent older homes.

A further milestone on the Barratt Group's journey toward the Future Homes Standard has been its construction of the eHome2 concept home in collaboration with the University of Salford, winning Barratt the 2023 NextGeneration Innovation Award. Built within an environmental chamber, the eHome2 can test the effects of climate change to determine ways new homes can cope with more extreme weather conditions, whilst cutting energy and water usage. The eHome2 will also test zero carbon performance in different temperatures and weather conditions to replicate the long-term expected increase in temperatures faced in the UK. With the University of Salford, the Barratt Group is working to create a blueprint that will enable the industry to design and build the low carbon homes of the future that will not only be attractive to customers but are also future proofed for climate change and less expensive to run through their dramatically improved energy efficiency.

Barratt's carbon neutrality strategy targets zero carbon for homes in use from 2030 and carbon neutrality across the Barratt Group's operations by 2040.

Designing and building great places

Barratt puts "placemaking" at the heart of its homebuilding strategy and is committed to designing and building great places. The Barratt Group's home designs are in alignment with the Government-endorsed "Building for Life 12" criteria and the updated "Building for a Healthy Life" standard, both of which encourage healthier lifestyles to be planned into new housing developments. Historically, Barratt achieved 96 "Built for Life" accreditations. Moving forward with the new assessment criteria inaugurated in 2023, four of the Barratt Group's developments were awarded "Building for a Healthy Life" commendations in FY2023. Barratt's commitment to creating high quality, beautiful and sustainable buildings and places aims to empower homeowners, while firmly establishing Barratt's design leadership in the industry.

Maintaining high levels of customer satisfaction

The Barratt Group is committed to putting its customers first. In 2024, Barratt was awarded the maximum 5-star HBF customer satisfaction rating for the fifteenth consecutive year, longer than any other major homebuilder. Barratt earned an HBF customer satisfaction score of 93.6 per cent. in Q4 of 2023, meaning that over 90 per cent. of customers would recommend the Barratt Group.

Beyond offering quality customer service and quality homes, Barratt aims to enhance customer care by delivering service beyond home completion for customers. To do this, Barratt has invested in processes to help customers through mortgage market volatility in the period post-completion. With the Barratt Group's new

status as a registered developer with the NHQB, and subsequent adoption of the NHQB Code, fairness will remain a focal point throughout the customer journey.

Driving home reservations through targeted use of incentives and by partnering with housing providers

The Barratt Group's approach to driving home reservations is two-pronged, involving both targeted use of sales incentives for private customers and an expansion of partnerships to help the Barratt Group access additional markets.

The Barratt Group's strategy for driving sales to private customers involves responding to demand through the continued use of sales incentives, increased marketing activity and strategically positioning the right product at the right price given market conditions. Barratt utilises its industry-leading customer service to attract private homebuyers and support them in finding accessible mortgage solutions, enabling a smoother path to buying a home. The Barratt Group also aims to help with housing affordability by promoting part-exchange offers.

Beyond serving private homebuyers, the Barratt Group is forging meaningful partnerships, such as that with Citra Living, to establish a solid footing in the private rental sector. There is also an emphasis on expanding relationships with registered providers of social housing, public sector bodies and other investors. A wider range of partners will support the Barratt Group's build activity and completions in the future.

Balancing land investment discipline with future growth opportunity

The Barratt Group has taken a cautious approach to land acquisition given market trends. It will maintain its selective approach to land buying, particularly as prevailing land prices have not yet adjusted to changed market conditions. Barratt expects to continue to apply its long-standing hurdle requirements for land investment.

Though the Barratt Group aims to maintain discipline in its land investments, it also prioritises investment in long-term land and promotional agreements to support future development.

Maintaining high levels of employee engagement

As at 30 June 2023, Barratt employed approximately 6,389 employees throughout the UK. The Barratt Group aims to maintain high levels of employee engagement by investing in employee development and training while offering competitive remuneration to reward hard work and retain the best talent. Barratt is working to improve the visibility of career paths in all functions, with individual development plans, line manager development and the proactive prioritising and tracking of internal promotions.

Identifying and supporting our leaders of the future, along with effective succession planning, are important elements of Barratt's long-term success. In FY2023, 344 (FY2022: 269) high-potential employees have attended or were attending the Barratt Group's "Rising Stars" programme. Other key initiatives, such as the Barratt Group's "Construction and Sales Academy" programmes develop talent within the business, and Barratt continues to work with the Home Building Skills Partnership around employee training, learning and development. Barratt also seeks to address skills shortages and prepare for the future by providing access to continuous learning. The "MyLearning" mobile app provides colleagues with flexibility and choice in how they access and consume learning content.

Remuneration and benefits are an important element of employee retention. The Barratt Group continues to review employee packages to ensure they are effective and competitive. Eligible employees are invited to participate in the Barratt Group's share ownership scheme, with 51.4 per cent. of employees participating in a scheme as at 30 June 2023. In FY2023, Barratt implemented an annual share award to all employees below managing director level, in recognition of the continued dedication, commitment and loyalty of Barratt's employees.

At the 2023 National NHBC "Pride in the Job" Awards, 96 Barratt Group site managers secured awards, more than any other homebuilder for the nineteenth consecutive year. Barratt is the leading volume housebuilder on Glassdoor with over 500 reviews and a score of 4.3/5.

4 Organisational structure

The Barratt Group operates through 29 business divisions spanning six geographic regions, comprising: three Scotland divisions, five northern divisions, five central divisions, six eastern divisions, four western divisions and six London and southern divisions. Barratt's operating model consists of centralised agenda-setting with local autonomy upon delivery.

Separate brands are maintained across multiple business lines: homebuilding (Barratt Homes and David Wilson Homes), commercial development (Wilson Bowden Developments) and land promotion (Gladman Developments Limited). The Barratt Group utilises a mixture of divisional structures, with some business divisions that are single-branded and other divisions that build or sell both brands. Other functions such as design and sales are controlled centrally across the brands. By combining centralised functions with decentralised business divisions, Barratt ensures more of its bids are deliverable and underpinned by a detailed and specialised understanding of local markets.

Following the Combination, Redrow will operate as a standalone homebuilding brand within the Combined Group, forming part of a three-brand strategy for homebuilding alongside Barratt Homes and David Wilson Homes.

5 Principal activities

Barratt is a national homebuilder and property developer that utilises its extensive in-house expertise and national delivery networks to design and execute developments that excite customers, support local communities and drive competitive returns for investors. With a geographically balanced multi-brand portfolio, Barratt is well-positioned to meet demand from the UK's undersupplied housing market.

Barratt is focussed on delivery of homes through its consumer brands, Barratt Homes and David Wilson Homes. Barratt Homes offers customers a range of energy efficient properties across the UK that are well-suited for first time buyers and families alike, at an entry-level price point. Barratt Homes focuses on creating sustainable homes that are built to last and encourage modern family life. Barratt Homes also offers a range of urban properties through its Barratt London sub-brand. Barratt London offers customers a diverse portfolio of London properties ranging from state-of-the-art luxury apartments to complex mixed-used developments and large-scale complex regeneration programmes.

David Wilson Homes offers customers a range of typically larger, executive-style properties across the UK at a mid-market price point. David Wilson Homes is known for its beautifully designed homes that are built to the highest quality with fixtures and fittings to match.

For FY2023, Barratt Homes properties represented 66 per cent. of the Barratt Group's total home completions, totalling 11,357 Barratt Homes properties (including 11 per cent. attributable to Barratt London, totalling 1,884 Barratt London properties). For FY2023, David Wilson Homes properties represented 34 per cent. of the Barratt Group's total home completions, totalling 5,849 David Wilson Homes properties.

Barratt's homebuilding brands are deployed across the Barratt Group's 29 divisions. In FY2023, there was an average of 367 active sales outlets. Each business unit targets annual output of c.750 homes per division, other than London and North Scotland which are structured to deliver about 1,500 to 2,000 and 500 to 550 units annually, respectively. Combined, the divisions have an overall volume capacity for homebuilding of over 21,500 units (FY2023: 17,206 completions).

The Barratt Group's homebuilding business is supported by a range of in-house functions, from land acquisition and planning through design and construction to marketing and sales. Consequently, Barratt can oversee development projects from inception to completion, avoiding the complications of using multiple contractors and suppliers. This expanded capacity helps ensure the Barratt Group can deliver on its promises to customers and other stakeholders.

The Barratt Group also works closely with a diverse range of partner organisations ─ from Homes England, local authorities and housing associations to private landowners, financial partners, land promoters and property agents. These relationships help ensure more of Barratt's homes can be made available for additional markets, including the private rental, affordable homes and social housing markets. Barratt is a partner of choice for the public sector, with a strong portfolio of partnership developments delivering some 1,371 new homes (8 per cent. of total output, excluding joint ventures) on public land in FY2023. These diverse projects are creating new sustainable urban extensions, redeveloping redundant hospitals and transforming failing social housing estates. Barratt is also a developer of affordable housing, delivering over 31,000 new affordable homes over the last 10 years.

In FY2023, the Barratt Group completed a total of 12,456 private residential properties, contributing £4,578.5 million to the Barratt Group's revenue. The Barratt Group also completed a total of 3,922 affordable residential properties in FY2023, contributing £655.8 million to the Barratt Group's revenue. The Barratt Group's total homebuilding output including joint ventures in FY2023 was 17,206 units. Home completions contributed £5,234.3 million to the Barratt Group's revenue in FY2023, excluding joint ventures.

6 Land acquisition and land pipeline

Land remains a key component of the Barratt Group's business. The Barratt Group's land management strategy is to maintain a geographically balanced land portfolio in the medium term with a target supply of owned land pipeline of c.3.5 years and a further c.1.0 years of controlled land pipeline.

The Barratt Group's current land pipeline provides the land required in the short to medium term to support development activity. The Barratt Group operates a "build and sell" model that seeks to run one of the shortest but most developable land pipelines in the industry. The Barratt Group seeks to begin development at the earliest opportunity after land is acquired to drive build efficiency and home completions, minimising capital employed and bringing forward returns.

As at 30 June 2023, the Barratt Group's land pipeline included a total owned and controlled land pipeline of 70,390 plots, representing approximately 3.6 years of owned land supply and about 0.7 years of controlled land supply, bringing the Barratt Group broadly in line with its target supply. As at 30 June 2023, the estimated future average selling price of the Barratt Group's owned land pipeline plots was £331,000, with an average land cost per plot of over £51,000.

Although the Barratt Group's owned land pipeline is short by design, it is complemented by investment into promotional agreements and long-term land.

There is a strong pipeline of land to be converted into owned land pipeline from the Barratt Group's long-term land pipeline and Barratt remains focused on securing long-term land to support future growth. The Barratt Group converted 777 plots of long-term land into its owned and controlled land pipeline in FY2023. As at 30 June 2023, around 23 per cent. of the Barratt Group's long-term land was allocated or included in draft local plans. Barratt targets around 30 per cent. of wholly owned completions from long-term and promotional land in the medium term and in FY2023, the Barratt Group delivered 3,938 or 24 per cent. of wholly owned home completions from long-term and promotional land.

As at 30 June 2023, the Barratt Group had a total of 101,784 long-term land pipeline plots and 96,844 promotional land plots.

7 Principal markets

The UK faces a fundamental shortage of homes, as evidenced both by the long-term growth in home prices relative to incomes and the significant inflationary pressures being seen in the rental market. As a result, an increasing number of households are being failed by inadequate housing supply across all tenures.

The market has consistently failed to meet the UK Government's housing target of 300,000 new homes each year. In the last reported 12-month period to 31 March 2023, there were a total of 234,400 net additional

dwellings in the UK, similar to the previous period (2021-22: 234,460 net additional dwellings). While this reflects a recovery in home-buying demand following the pandemic, trends in housing affordability have partly hampered growth in the housing market.

The UK Government's "Help to Buy" equity loan scheme was phased out in 2023, ending a programme that supported home purchases. Some first time buyers have had difficulties raising deposits as a result, causing a decline in first time buyer market participation in 2023. The lending environment has further become characterised by high interest rates, with the Bank of England base rate increasing from 4.25 per cent. as at 23 March 2023 to 5.25 per cent. as at the Latest Practicable Date. The changes in purchaser liquidity and tightened mortgage availability have significantly impacted the affordability of new residential properties.

The shortage of new homes for sale has created additional demand in the rental sector, increasing the average household rent by 7.4 per cent. over the year to 29 February 2024, with every region of the UK experiencing rent cost increases. Absent a significant reduction in mortgage interest rates, rental demand will continue to grow as potential homebuyers remain unable to buy.

The UK's complex planning system may also cause delays to the expected timescale for receipt of planning consents which may, for example, result in a reduction in the number of homes available for sale within a given time frame. A steady and consistent supply of land is thus difficult to achieve in this market environment. For more information, see "*Regulatory environment*".

8 Regulatory environment

Barratt and its subsidiaries are wholly UK-based, operating in England, Scotland and Wales. The UK Government has increased regulation of the industry in a manner that is likely to materially impact the Barratt Group's operations.

Government policies affecting the land planning process have contributed to constraints on housing supply. There has been a noticeable shift in housing delivery since the announcement in December 2022 that local housing targets were "advisory" rather than "mandatory", as well as to end the obligation on local authorities to maintain a rolling five-year land supply where they have a local plan in place. This has allowed 58 local authorities to stall, delay or withdraw their local housing delivery plans.

Land planning has also been affected by "nutrient neutrality" rules, which advise that developments should not proceed if they increase the level of nutrients in water courses and fail to deliver nutrient neutrality. It is estimated that more than 145,000 planning consents have been blocked across 74 local authorities, with new homebuilding effectively under a moratorium in these areas and many smaller homebuilders facing business closure. Government measures to amend the LURA to unblock homes currently held up by nutrient neutrality mitigation measures have failed to date.

Planning applications made from January 2024 onwards are required to identify and deliver a minimum biodiversity net gain of 10 per cent. under the Environment Act 2021. The new rule requires developers to create plans to deliver at least a 10 per cent. measurable improvement in the biodiversity of the site developed relative to the site had development not occurred. Surpassing this mandate, the Barratt Group has voluntarily committed to deliver a 15 per cent. biodiversity net gain and has embedded a comprehensive operational framework to implement this mandate across all relevant divisions, including colleague training, calculation tools, automated data collection, external consulting, and a network of divisional representatives championing biodiversity net gain.

From 2025, the Future Homes Standard will require new homes to produce 75 to 80 per cent. less carbon emissions than the standards applicable through to June 2022. The Barratt Group has thus begun substantial research and development efforts to evolve existing home types and trial new technologies to meet this standard.

The UK Government has also advanced regulation designed for consumer protection. In line with these policies, the Barratt Group has committed to the Building Safety Pledge relating to the remediation of fire safety works. Barratt has also adopted the NHQB Code, ensuring fairness is centred throughout the customer journey.

9 Trends

On 7 February 2024, the Barratt Group released its half-year trading update.

Despite the challenging macroeconomic backdrop, underlying demand for the Barratt Group's homes is strong. Since the start of January, the Barratt Group has seen early signs of improvement in both reservation rates and buyer sentiment, helped by expectations of lower interest rates and the introduction of more competitive mortgage rates. As at 28 January 2024, the Barratt Group's average weekly private reservation rate per active outlet for the calendar year to date remained ahead of the same period for the prior year at 0.60 (2023: 0.49), and as at 28 January 2024, the Barratt Group was 86 per cent. forward sold with respect to private wholly owned home completions for FY2024 (FY2023: 84 per cent.). Sales are still being supported through the use of incentives, which are stable at the 6 to 7 per cent. range.

For the six months ended 31 December 2023, the Barratt Group delivered 6,171 total home completions including joint ventures.

For the six months ended 31 December 2023, the Barratt Group reported an adjusted gross profit of £295.9 million (HY2022: £647.9 million), with reduced gross profitability reflecting the stabilisation of customer demand at lower levels, softening home prices, ongoing, but moderating, build cost inflation and the operational gearing impact of lower completions. The Barratt Group reported a decrease in adjusted operating margin, from 18.4 per cent. for the six months ended 31 December 2022 to 8.4 per cent. for the six months ended 31 December 2023, driven by reduced volumes, an impact of 660 bps, and the net impact of inflation, an impact of 540 bps, partly offset by some trading and cost normalisations. Whilst the Barratt Group has seen signs of an easing of total build cost inflation, with current materials purchases and labour costs now showing limited inflation on a year-on-year basis, the Barratt Group reported total build cost inflation of c.7 per cent. for the six months ended 31 December 2023. With decreased profits and a small impact from increased capital employed, the Barratt Group reported a decrease in return on capital employed, at 12.8 per cent. for the six months ended 31 December 2023 compared to 29.6 per cent. for the six months ended 31 December 2022.

Throughout the half-year, the Barratt Group has maintained its selective approach to investment in land reflecting the continuing uncertainty on the outlook for both the UK economy and the housing market. Reflecting the strength of the Barratt Group's existing land pipeline, the continuing uncertainty in the sales market and limited adjustment in broader market land values, Barratt anticipates that land approvals in FY2024 might be limited.

No additional trends have arisen since the date of the half-year trading update released by Barratt on 7 February 2024 that are reasonably likely to have a material effect on the Barratt Group's prospects for the current financial year, and as at the Latest Practicable Date the above trends remain the most significant recent trends identified in respect of the Barratt Group.

PART VIII
BUSINESS OVERVIEW OF THE REDROW GROUP

The following should be read in conjunction with the other information regarding the Redrow Group in this Prospectus, including Part I — "*Risk Factors*" and the Redrow Group's consolidated historical financial information and the related notes referred to in Part X — "*Financial Information of the Redrow Group*" and set out at Appendix II — "*Historical Financial Information of the Redrow Group*". Unless otherwise stated, the financial information relating to the Redrow Group set out in this Part VIII — "*Business Overview of the Redrow Group*" has been extracted without material adjustment from the financial information referred to in Part X — "*Financial Information of the Redrow Group*" and set out at Appendix II — "*Historical Financial Information of the Redrow Group*".

This section includes forward-looking statements that reflect the current view of Redrow and involve risks and uncertainties. The actual results of the Redrow Group could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus.

1 Introduction

Across 50 years and over 120,000 homes, Redrow has earned a reputation for delivering high-quality, award-winning homes that are built in well-chosen locations with excellent place-making. Redrow prides itself on being a responsible developer, delivering sustainable developments and sustainable returns. Redrow's purpose is to create a better way to live. It has a robust strategy in place to deliver on this aim, which is based on three core pillars: Thriving Communities, Building Responsibly and Valuing People.

Redrow is headquartered in Wales and operates 12 regional divisions across England and Wales. In its last financial year, Redrow delivered 5,436 completions across both private and affordable homes.

In 2022, Redrow became one of the first home builders to implement the new Code of Practice from the NHQB, an independent not-for-profit organisation that has been set up to offer better protection and increased transparency for customers. Redrow has received an HBF 5-Star customer rating for six consecutive years. This is in addition to the business' ongoing 'excellent' rating on Trustpilot.

Redrow was included in the Financial Times' annual listings of both Europe's Climate Leaders 2022 and Diversity Leaders 2023, for achieving significant reductions in its greenhouse gas emissions and leading in workplace diversity and inclusion respectively. It holds an AA MSCI ESG rating for its commitment to ESG investment standards and remains a constituent of the FTSE4Good Index Series for its continued demonstration of strong ESG practices.

The Redrow Shares are admitted to the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange. Redrow's market capitalisation was £2,082 million as at the Latest Practicable Date.

2 History and development

Redrow was founded in 1974 as a small civil engineering company in North Wales. In the 1980s, Redrow expanded into the private homes sector, while establishing a reputation as a quality national home builder. The early 1990s saw Redrow emerge as a leader in its sector and Redrow plc was floated on the London Stock Exchange in 1994. Redrow also launched its flagship Heritage Range in the early 1990s, offering new build homes with the character and style of traditional homes.

In 2010, Redrow officially launched its New Heritage Collection with homes inspired by the Arts & Crafts movement. The combination of premium, larger homes that featured traditional exteriors with modern open-plan interiors, quickly proved very popular with Redrow's customers. When coupled with Redrow's focus on developing desirable locations and quality and customer service, this has enabled the business to appeal more to discerning onward movers and downsizers.

This strategy was further enhanced in 2017 with the launch of the 'Lifestyle' product range. This saw Redrow offer customers the external design and large square footage of existing Heritage Collection homes with a new internal layout, including an en-suite to each bedroom. This strategy is designed to appeal to downsizers, who want to maintain a high standard of open-plan living space, while having the option for friends or older children to stay. The success of this approach is evident from the high proportion of cash purchasers of Redrow homes (FY2023: 36 per cent.).

In 2020, Redrow undertook a strategic review, which resulted in the decision to focus on its core strategy of larger family homes across England and Wales. As part of this, Redrow withdrew from the London market, with the exception of its existing strategic large site at Colindale.

In 2022, Redrow was included in the FT European climate leaders list, which comprises companies that have achieved the greatest reductions in their Scope 1 and 2 greenhouse gas emissions intensity over a five-year period. In the same year, Redrow was admitted to the FTSE4Good Index Series for demonstrating strong ESG practices.

In 2023, Redrow became the first large homebuilder to introduce air source heat pumps in upcoming developments, moving Redrow homes toward all-electric solutions in line with its target of achieving net zero carbon by 2045. In December 2023, Redrow developed and launched a first-of-its-kind mobile app to help homeowners find their new dream home.

3 Business Overview

Principal Activities

Redrow is a leading homebuilder across England and Wales with a reputation for building premium, characterful homes and thriving communities. Redrow offers home buyers an attractive proposition that combines the character of older homes with quality, energy efficiency and modern open-plan interiors. This approach also extends to place-making. Supported by eight design principles, Redrow puts people at the centre of its planning, building, sales and aftercare processes, allowing communities to thrive.

Redrow focuses on the premium segments, including home movers and downsizers and has evolved its designs to offer customers some of the most desirable and energy-efficient homes on the market. In 2023, Redrow became the first large homebuilder to integrate air source heat pumps with underfloor heating as standard on the ground-floor of larger homes, moving Redrow toward all-electric solutions, and creating a further selling point.

A pipeline for future growth

Redrow's experienced land planning and design teams leverage local and technical knowledge to ensure that each development is planned with a view to unlocking maximum value for stakeholders. The land planning function focuses on investment in and promotion of long-term land opportunities. This activity is supported by the business' strategic planning team, Harrow Estates. The combination of its land holdings and investment criteria controls enables Redrow to vary the level of investment in new land opportunities based on its assessment of the land market and homebuilding industry cycle. As at 2 July 2023, Redrow held circa 26,070 plots with planning permission (circa 24,912 owned and 1,158 contracted), to support long-term sustainable value.

Redrow's dedicated technical department handles all aspects of the design process from planning the layout of individual developments through to the provision of advice to the construction department and compliance with all aspects of current building regulations. Its product development team identifies and evaluates new construction techniques and focuses on how to make its developments sustainable, with a view to satisfying the needs of its target customers for a good quality of life today, without compromising the quality of life for future generations.

Delivering high-quality homes

Redrow's building strategy focuses on safety in the design, construction and use of its builds, with 87 per cent. of its building stages rated "good" to "outstanding" by NHBC Quality Construction Reviews in 2023. Responsibility for the management of construction on new developments sits with Redrow's construction division, working alongside sub-contractors and suppliers to deliver quality construction and workmanship meeting Redrow's exacting standards.

This activity is supported by Redrow's in-house developed systems. Its RedSM app enables site managers to capture and record all stages of the build quality inspection process, including ad hoc inspections. This helps to provide a complete audit trail for every Redrow home. The features continue to be enhanced and in the last year the app was updated to enable geotagging, helping to support key functionality required by the recent Part L Regulation changes.

Supplier partnerships

Redrow maintains both division-based and group-based commercial and procurement teams that work closely with local and national suppliers and sub-contractors, with the aim of ensuring high quality offerings at acceptable cost levels. Redrow's commercial teams are integral to the land buying, design and construction processes, while also playing a key role toward the implementation of its net zero carbon strategy.

Redrow's long-standing supplier partnerships are key to the business' success. These relationships have been consistently invested in, many of which go back across Redrow's 50-year history. These interactions are also supported by the business' in-house systems. For example, Redrow's sub-contractor portal enables all parties to be kept up to date with relevant details of post-completion works.

Creating lifelong profitable and positive relationships with customers

To help reach and engage with its target audience of premium purchasers, Redrow has introduced a number of innovations across the customer experience.

In 2019, the business brought together its group sales, customer service, marketing and communications functions within a single group team: Customer and Marketing. This has enabled the Group to focus its activities on customer satisfaction across the full homebuying experience, the success of which can be seen through the business' continued excellent Trustpilot rating.

The majority of Redrow's developments feature a 'Customer Experience Suite'. These modern sales centres were pioneered by Redrow and feature live information presented via digital screens, guided by dedicated sales consultants. Each team member has intimate knowledge of the product offering on a particular development and of the local market. Sales consultants handle the sales process from initial enquiry through to legal completion, and ensure that customers are updated on the progress of their new home. Sales, customer services and construction teams continue to work together to support customers throughout their home-buying journey.

Systems and Business Support

Robust group-wide central systems underpin Redrow's operations, enhancing control and consistency and providing timely management information to aid decision making. Its dedicated team of in-house IT specialists work closely with other group specialist business support departments and divisional teams. This helps to continue to improve and evolve its systems and IT security.

Group specialist business support departments, including the communities director and sustainability, legal, and human resources teams, evolve strategy and provide advice to the divisions. This is all underpinned by bespoke and dedicated learning and development programmes for colleagues.

Strategy and Objectives

Redrow is guided by its purpose: creating a better way to live for its customers and communities. At the heart of this strategy lies the Heritage Collection. This award-winning product range combines the character of older homes with the quality, energy efficiency and modern open-plan interiors of new builds. The Heritage

Collection's selling points appeal to buyers moving to larger homes as well as those who are downsizing. Redrow's focus on the home movers segment distinguishes it from other homebuilders.

Redrow's "better way to live" purpose is underpinned by three pillars:

Thriving Communities

Redrow is committed to creating better places to live, building well-designed and sustainable homes in master-planned neighbourhoods. The design quality of Redrow's homes reflects the aspirations of local communities, with design codes applied on larger mixed-use developments.

Equally important to Redrow's strategy is its "Redrow 8" placemaking principles. Placemaking is how the business plans and designs happy and healthy places to live – places that complement the surrounding community and support nature. The successful implementation of this strategy at each Redrow development is fundamental to its business model and trusted position in the marketplace.

Redrow applies its audited Redrow 8 placemaking principles to all developments, ensuring new communities are informed by the views of local people, are well-connected, offer opportunities to interact with nature, and deliver a good quality of life for residents.

Redrow's Nature for People strategy and Biodiversity Net Gain commitments aim to deliver tangible benefits for nature and people, with nature-rich green spaces supporting wildlife, as well as health and wellbeing for residents.

Redrow aims to create extensive and lasting socio-economic value for local communities by investing in infrastructure as well as affordable homes. In FY2023, the Redrow Group delivered 1,488 affordable homes, committing funds towards community infrastructure, section 106 spend and affordable housing.

Building responsibly

Building Responsibly sets out how Redrow upholds the highest standards of quality, safety, and sustainability. This applies to build, operations and in building relationships with customers and wider stakeholders.

The Redrow Group integrates the highest standards of HSE responsibility into all operations. Upholding the safety and wellbeing of customers, employees and contract staff remains among the top two most material issues for stakeholders.

Sustainability is fundamental to Redrow's purpose and strategy and the business has made good progress across its ESG metrics. The business is taking action on climate change by implementing measures before they become regulation. Redrow has invested in innovative decarbonisation technologies to reduce energy costs, respond to consumer preferences and manage the risks posed by climate change.

Redrow's 'Eco Electric' properties aim to enable customers to make further savings on their energy bills. With enhanced insulation, alongside air source heat pumps and underfloor heating as standard (on the ground-floor of larger properties), the homes reduce heat loss by 63 per cent. compared to those built in the 1970s. This contributes significantly to Redrow's net zero carbon value chain goals. Redrow has also trialled an artificial intelligence-based home energy management system for reducing consumption and maximising the use of renewable and off-peak energy; while not yet selected for rollout, the trial provided valuable data on how Redrow's homes perform and how residents consume energy, guiding Redrow as it progresses towards its sustainability goals.

Redrow is committed to resource efficiency and responsible disposal practices, and in FY2023 diverted 98.3 per cent. of its construction waste from landfills.

Redrow remains focused on quality and has earned its reputation for consistently delivering homes to a superior standard, as evidenced in 'Excellent' Trustpilot ratings and five-star HBF ratings for six years running.

Valuing people

Redrow remains focused on investing in its people and systems to uphold the highest quality and service standards. Redrow aims to inspire the next generation to build, and it creates future pipelines of talent by offering in-house learning and development opportunities, apprenticeships, work placements, graduate programmes and university partnerships.

The business is committed to fostering a diverse and inclusive workplace that also prioritises the work/life balance, professional growth, and physical and mental wellbeing of its people. Redrow also seeks to engage its people and partners around a common purpose, including responsible sourcing and community collaboration. Redrow targets an overall employee engagement score of 80 per cent. and in FY2023 achieved 84 per cent. in its annual employee survey. Engaging and developing Redrow's people helped enable 235 internal promotions during FY2023.

Digital customer experience

Redrow has carefully engineered a digital customer experience that spans pre-reservation to post-completion, enabled by its internally developed and integrated systems. All of this is encapsulated in the 'My Redrow' website.

Redrow's technology allows its customers to complete a home purchase entirely online, complemented with support from local Redrow teams. Redrow also provides a Homeowner Support portal, which allows customers to access self-help advice and report any defects they find once they have moved in.

Furthermore, Redrow has added the Redrow App to its digital customer experience to help customers find eco-friendly homes. Using the personalised search, customers can receive notifications when new homes that meet their criteria become available and can book and manage appointments within the app.

Trends

On 7 February 2024, the Redrow Group released its half-year trading update.

For the 26 weeks to 31 December 2023, Redrow reported revenue of £756 million and profit before tax of £84 million. Each were down versus figures reported in the first half of 2023 (revenue: £1,031 million; profit before tax: £198 million) due to the comparatively subdued housing market. This was also reflected in the Redrow Group's private sales rate per outlet per week, at 0.36 (HY2023: 0.38) including bulk sales and 0.35 (HY2023: 0.38) excluding bulk sales. The Redrow Group's return on capital employed was correspondingly down, at 15.4% (HY2023: 23.2%).

Redrow is nevertheless seeing a return of strong interest from customers. The Redrow Group entered the second half of FY2024 with a total order book of £0.8 billion of which £0.5 billion was private. The business' private reservation rate per outlet per week over the first 5 weeks of calendar year 2024 was 0.52 (HY2023: 0.51). Redrow believes it is very well positioned to capitalise on any market upturn with tight cost control and a highly desirable product range which occupies a differentiated position within the new homes market.

This is supported by Redrow's land portfolio, with 24,565 (June 2023: 26,070) plots in its current land holdings and 37,500 (June 2023: 36,100) plots in its long-term land portfolio, each as at 31 December 2023. Redrow's continued focus is on obtaining planning permissions for its owned and controlled land will hopefully be made easier with an increased spotlight on Local Authorities to deliver on their housebuilding plans.

As at the Latest Practicable Date the above trends remain the most significant recent trends identified in respect of the Redrow Group.

PART IX
FINANCIAL INFORMATION OF THE BARRATT GROUP

The following documents, which have been filed with, or notified to, the FCA and are available for inspection in accordance with paragraph 21 of Part XIV — "*Additional Information*" of this Prospectus, contain financial information about the Barratt Group:

- Barratt Annual Report & Accounts 2023, containing the Barratt Group's audited consolidated financial statements for the year ended 30 June 2023, together with the audit report in respect of that period and a discussion of the Barratt Group's financial performance; and
- Barratt Half Year Report 2024, containing the Barratt Group's unaudited financial results for the six months ended 31 December 2023.

The table below sets out the sections of these documents which are incorporated by reference into, and form part of, this Part IX — "*Financial Information of the Barratt Group*" of this Prospectus, and only the parts of the documents identified in the table below are incorporated into, and form part of, this Part IX of this Prospectus. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this Prospectus. To the extent that any part of any information referred to below itself contains information which is incorporated by reference, such information shall not form part of this Prospectus.

Reference	**Information incorporated by reference into this Part IX**	**Page number(s) in reference**
For the year ended 30 June 2023		
The Barratt Annual Report & Accounts 2023.....	Consolidated income statement and statement of comprehensive income	182
	Statement of changes in shareholders' equity	183-184
	Balance sheets	185
	Cash flow statements	186-187
	Notes to the financial statements	188-234
Auditor's report on the Barratt Annual Report & Accounts 2023.....	Independent auditor's report	173-181
For the six months ended 31 December 2023		
The unaudited Barratt Half Year Report 2024 for the six months ended 31 December 2023.....	Consolidated income statement and statement of comprehensive income	15
	Consolidated statement of changes in shareholders' equity	16
	Consolidated balance sheet	17
	Consolidated cash flow statement	18
	Notes to the financial statements	20-30

Capitalisation and indebtedness of the Barratt Group

The tables below set out the Barratt Group's capitalisation and indebtedness as at 28 January 2024. This statement of capitalisation and indebtedness has been prepared under IFRS UK using policies which are consistent with those used in the preparation of the Barratt Group's unaudited interim financial information for the six months ended 31 December 2023, which is incorporated by reference into this Part IX — "*Financial Information of the Barratt Group*" of this Prospectus.

The tables below do not reflect the effect of the Combination, and the following tables should be read together with Part V — "*Share Capital and Combination Statistics*", this Part IX — "*Financial Information of the Barratt Group*", Part XI — "*Unaudited Pro forma Financial Information of the Combined Group*" and Part XIV — "*Additional Information*".

Capitalisation

The capitalisation information as at 28 January 2024 has been extracted without material adjustment from the unaudited accounting records of the Barratt Group.

	As at 28 January 2024
	(£ millions)
Total current debt (including current portion of non-current debt)	
Guaranteed	-
Secured[(1)]	211.6
Unguaranteed / unsecured[(2)]	201.1
Total non-current debt (excluding current portion of non-current debt)	
Guaranteed	-
Secured[(1)]	92.6
Unguaranteed / unsecured[(2)]	227.6
Total indebtedness	**732.9**
Shareholders' equity[(3)]	
Share capital	97.5
Legal reserves[(4)]	1,109.0
Other reserves[(5)]	258.3
Total shareholder equity	**1,464.8**

Notes:

(1) Secured debt comprises amounts payable in respect of land purchased for development in the normal course of business of the Barratt Group, which are secured against the land purchased.

(2) Unguaranteed/unsecured debt comprises sterling US private placement notes, bank overdrafts and amounts payable in respect of leases.

(3) Shareholder equity excludes retained earnings.

(4) Legal reserves comprise the merger reserve.

(5) Other reserves comprise the share premium reserve and the capital redemption reserve.

There has been no material change in the capitalisation of the Barratt Group since 28 January 2024.

Indebtedness

The following table sets out the net consolidated financial indebtedness of the Barratt Group as at 28 January 2024, and has been extracted without material adjustment from the Barratt Group's unaudited accounting records.

	As at 28 January 2024
	(£ millions)
Cash	485.7
Cash equivalents[(1)]	581.1
Other current financial assets	-
Liquidity	**1,066.8**
Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(392.8)
Current portion of non-current financial debt	(19.9)
Current financial indebtedness[(2)(3)(4)]	**(412.7)**
Net current financial indebtedness	**654.1**
Non-current financial debt (excluding current portion and debt instruments)	(120.2)
Debt instruments[(5)]	(200.0)
Non-current trade and other payables	-
Non-current financial indebtedness[(3)(4)]	**(320.2)**
Total financial indebtedness	**333.9**

Notes:

(1) Cash equivalents comprise short-term bank deposits with an original maturity of three months or less from inception and are subject to insignificant changes in value. Fixed-term deposits may only be redeemed at maturity, unless an early release is negotiated with the depositee.

(2) Current financial indebtedness includes £184.3m of bank overdrafts.

(3) Current financial indebtedness includes £16.8m and non-current financial indebtedness includes £27.6m of amounts payable in respect of leases. Lease liabilities are initially recognised at the present value of those payments at the date of commencement and subsequently measured at amortised cost under the effective interest method. In accordance with accounting standards, the Barratt

Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of plant and machinery with a lease term of 12 months or less and leases of low value.

(4) Current financial indebtedness includes £211.6m and non-current financial indebtedness includes £92.6m of amounts payable in respect of land purchased for development in the normal course of business of the Barratt Group. Land payables are recognised at fair value at the date of acquisition of the related land and subsequently measured at amortised cost under the effective interest method.

(5) Debt instruments comprise US private placement notes that mature in August 2027.

There has been no material change in the indebtedness of the Barratt Group since 28 January 2024.

Indirect and contingent indebtedness

In the normal course of business, at 28 January 2024, the Barratt Group had given counter-indemnities totalling £1.7m in respect of performance bonds and financial guarantees to joint ventures in which it has an interest.

PART X
FINANCIAL INFORMATION OF THE REDROW GROUP

The historical financial information of the Redrow Group for the 52 weeks ended 27 June 2021, 53 weeks ended 3 July 2022, 52 weeks ended 2 July 2023 and for the 26 weeks ended 31 December 2023 is set out at Appendix II — "*Historical Financial Information of the Redrow Group*" of this Prospectus.

Such information has been sourced from the following documents:

- Redrow Annual Report & Accounts 2021 for the 52 weeks ended 27 June 2021, containing the Redrow Group's audited consolidated financial statements for the 52 weeks ended 27 June 2021, together with the audit report in respect of that period and a discussion of the Redrow Group's financial performance;
- Redrow Annual Report & Accounts 2022 for the 53 weeks ended 3 July 2022, containing the Redrow Group's audited consolidated financial statements for the 53 weeks ended 3 July 2022, together with the audit report in respect of that period and a discussion of the Redrow Group's financial performance;
- Redrow Annual Report & Accounts 2023 for the 52 weeks ended 2 July 2023, containing the Redrow Group's audited consolidated financial statements for the 52 weeks ended 2 July 2023, together with the audit report in respect of that period and a discussion of the Redrow Group's financial performance; and
- Redrow Half Year Report 2024, containing the Redrow Group's unaudited financial results for the 26 weeks ended 31 December 2023.

KPMG issued unqualified audit opinions on Redrow's consolidated financial statements for each of the 52 weeks ended 27 June 2021, 53 weeks ended 3 July 2022 and 52 weeks ended 2 July 2023.

The parts of the above documents which are not set out in Appendix II — "*Historical Financial Information of the Redrow Group*" are either not relevant for investors or are covered elsewhere in this Prospectus. To the extent that any part of any information set out in Appendix II — "*Historical Financial Information of the Redrow Group*" itself contains information which is incorporated by reference, such information shall not form part of this Prospectus.

The Barratt Directors and the Proposed Directors confirm that no material adjustment needs to be made to the financial information of the Redrow Group for the 52 weeks ended 27 June 2021, 53 weeks ended 3 July 2022 and 52 weeks ended 2 July 2023 and the 26 weeks ended 31 December 2023 to achieve consistency with the Barratt Group's accounting policies for the year ended 30 June 2023. The Redrow Group's accounting policies under which this financial information was prepared are not materially different to the Barratt Group's accounting policies.

PART XI
UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMBINED GROUP

Part A

Unaudited pro forma financial information relating to the Combined Group

The unaudited pro forma statement of net assets of the Combined Group and the unaudited pro forma income statement of the Combined Group (together, the unaudited pro forma financial information) have been prepared on the basis of the notes set out below to illustrate the effect of the Combination on the Barratt Group.

The unaudited pro forma statement of net assets of the Combined Group has been prepared based on the unaudited consolidated balance sheet of the Barratt Group as at 31 December 2023 and the unaudited consolidated balance sheet of the Redrow Group as at 31 December 2023 to illustrate the effect on the net assets of the Barratt Group of the Combination as if it had taken place on 31 December 2023.

The unaudited pro forma income statement of the Combined Group for the six months ended 31 December 2023 has been prepared based on the unaudited consolidated income statement of the Barratt Group for the six months ended 31 December 2023 and the unaudited consolidated income statement of the Redrow Group for the 26 weeks ended 31 December 2023 to illustrate the effect on the consolidated income statement of the Barratt Group of the Combination as if it had taken place on 1 July 2023.

The unaudited pro forma financial information set out in this Part A has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and, therefore, does not represent the Barratt Group's, the Redrow Group's or the Combined Group's actual results or financial condition.

The unaudited pro forma financial information does not reflect the effect of anticipated synergies and efficiencies or the related costs of achieving these synergies that may result from the Combination.

The unaudited pro forma financial information has been prepared on a consistent basis with the accounting policies and presentation adopted by the Barratt Group in relation to the audited consolidated financial statements for the year ended 30 June 2023 on the basis of the notes set out below and in accordance with section 3 of Annex 20 to the Prospectus Regulation Rules.

The adjustments in the unaudited pro forma financial information are expected to have a continuing impact on the Combined Group, unless stated otherwise.

Furthermore, the unaudited pro forma financial information set out in this Part XI — **"***Unaudited Pro Forma Financial Information of the Combined Group***"** does not constitute statutory accounts within the meaning of section 434 of the Companies Act. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part A of Part XI — "*Unaudited Pro Forma Financial Information of the Combined Group*".

Unaudited pro forma statement of net assets relating to the Combined Group as at 31 December 2023

		Adjustments			
	Barratt Group as at 31 December 2023[1] £m	**Redrow Group as at 31 December 2023[2] £m**	**Combination adjustments £m**	**Ref**	**Pro forma of the Combined Group £m**
Non-current assets					
Other intangible assets	189.7	1.0	—		190.7
Goodwill	852.9	—	87.7	3	940.6
Property, plant and equipment	58.2	20.0	—		78.2
Right-of-use assets	44.4	11.0	—		55.4
Investments accounted for using the equity method	144.3	—	—		144.3
Retirement benefit assets	—	5.0	—		5.0
Trade and other receivables	3.0	—	—		3.0
Deferred tax assets	—	1.0	—		1.0
	1,292.5	38.0	87.7		1,418.2
Current assets					
Inventories	5,188.9	2,743.0	—		7,931.9
Trade and other receivables	123.9	30.0	—		153.9
Cash and cash equivalents	949.9	121.0	(118.0)	4	952.9
Current tax assets	27.3	—	—		27.3
	6,290.0	2,894.0	(118.0)		9,066.0
Total assets	**7,582.5**	**2,932.0**	**(30.3)**		**10,484.2**
Non-current liabilities					
Loans and borrowings	(200.0)	—	—		(200.0)
Trade and other payables	(145.9)	(56.0)	24.5	5	(177.4)
Deferred tax liabilities	(50.4)	(3.0)	—		(53.4)
Lease liabilities	(31.1)	—	—		(31.1)
Provisions for liabilities and charges	(436.6)	(140.0)	—		(576.6)
	(864.0)	(199.0)	24.5		(1,038.5)
Current liabilities					
Loans and borrowings	(0.3)	—	—		(0.3)
Trade and other payables	(887.2)	(657.0)	23.0	5	(1,521.2)
Current tax liabilities	—	(5.0)	—		(5.0)
Lease liabilities	(14.5)	—	—		(14.5)
Provisions for liabilities and charges	(376.9)	(48.0)	—		(424.9)
	(1,278.9)	(710.0)	23.0		(1,965.9)
Total liabilities	**(2,142.9)**	**(909.0)**	**47.5**		**(3,004.4)**
Net assets	**5,439.6**	**2,023.0**	**17.2**		**7,479.8**

Notes:

(1) The Barratt Group financial information as at 31 December 2023 has been extracted, without material adjustment, from the Barratt Group's unaudited condensed consolidated interim financial statements for the six months ended 31 December 2023, which are prepared in accordance with IFRS as adopted by the UK and are incorporated by reference in Part XV — "*Documentation Incorporated by Reference*" of this Prospectus.

(2) The Redrow Group financial information as at 31 December 2023 has been extracted, without material adjustment, from the Redrow Group's unaudited condensed consolidated interim financial statements for the 26 weeks ended 31 December 2023, which are

prepared in accordance with IFRS as adopted by the UK and are set out at Appendix II — "*Historical Financial Information of the Redrow Group*" of this Prospectus.

(3) The unaudited pro forma financial information has been prepared on the basis that the Combination will be treated as a business combination in accordance with IFRS 3 Business Combinations. Under IFRS 3, it is necessary to fair value the consideration paid and all the assets and liabilities of the acquired business. The excess of consideration over the book value acquired has been reflected in this unaudited pro forma financial information as goodwill. A fair value exercise to allocate the purchase price will be completed following Completion of the Combination; therefore, no account has been taken in the unaudited pro forma financial information of any fair value adjustments that may arise on the Combination, or for the value of other intangibles that may be recognised on Completion. Similarly, no pro forma amortisation, or other income statement impact from the fair valuation of the Redrow Group balance sheet, has been applied. The allocation of the purchase price and fair value adjustments, when finalised post Completion of the Combination, may be material.

The pro forma adjustment to goodwill arising on the Combination has been calculated as follows:

	£ millions
Consideration for Redrow Group shares	2,110.7
Less Redrow Group net assets acquired (at 31 December 2023)	(2,023.0)
Pro forma goodwill adjustment	87.7

Consideration is calculated based on 473,254,090 New Barratt Shares being issued to the Redrow Shareholders multiplied by the share price of the Barratt Shares at the Latest Practicable Date of 446 pence. The number of shares is equal to the total of the Redrow Shares in issue at the Latest Practicable Date, excluding those held by the employee benefit trust that will not be used to satisfy any Redrow Share Plans that will vest on or before Completion of the Combination, multiplied by the agreed share ratio of 1.44.

(4) The adjustment to cash and cash equivalents comprises an estimated £70.5 million of adviser fees incurred by the Barratt Group and the Redrow Group in respect of the Combination and the repayment of £47.5 million of promissory notes issued by the Redrow Group that are redeemable on change of ownership.

(5) The adjustments to current and non-current trade and other payables of £23 million and £24.5 million respectively comprise the repayment of promissory notes held by the Redrow Group that are redeemable on change of ownership.

(6) In preparing the unaudited pro forma statement of net assets, no account has been taken of the trading or transactions of the Barratt Group or the Redrow Group since 31 December 2023.

Unaudited pro forma income statement relating to the Combined Group for the six months ended 31 December 2023

			Adjustments		
	Barratt Group for the six months ended 31 December 2023[1] £m	**Redrow Group for the 26 weeks ended 31 December 2023[2] £m**	**Combination adjustments £m**	**Ref**	**Pro forma of the Combined Group £m**
Revenue	1,850.8	756.0	—		2,606.8
Cost of sales	(1,612.3)	(613.0)	—		(2,225.3)
Gross profit/(loss)	**238.5**	**143.0**	—		**381.5**
Administrative expenses	(140.9)	(57.0)	(70.5)	3	(268.4)
Part-exchange income	132.1	—	—		132.1
Part-exchange expenses	(131.9)	—	—		(131.9)
Profit/(loss) from operations	**97.8**	**86.0**	**(70.5)**		**113.3**
Finance income	24.0	3.0	—		27.0

Finance costs	(26.6)	(5.0)	—		(31.6)
Net finance (costs)	(2.6)	(2.0)	—		(4.6)
Share of post-tax profit/(loss) from joint ventures	—	—	—		—
Profit/(loss) before tax	**95.2**	**84.0**	**(70.5)**		**108.7**
Tax	(26.4)	(24.0)	—		(50.4)
Profit/(loss) for the period	**68.8**	**60.0**	**(70.5)**		**58.3**

Adjusted items for the six months ended 31 December 2023

(Profit)/loss before tax	95.2	84.0	(70.5)		108.7
Cost associated with legacy properties	62.4	—	—		62.4
Legacy property recoveries	(0.5)	—	—		(0.5)
Reorganisation costs	—	—	70.5	3	70.5
Adjusted profit/(loss) before tax	**157.1**	**84.0**	**—**		**241.1**

Notes:

(1) The Barratt Group financial information for the six months ended 31 December 2023 has been extracted, without material adjustment, from the Barratt Group's unaudited condensed consolidated interim financial statements for the six months ended 31 December 2023, which are prepared in accordance with IFRS as adopted by the UK and are incorporated by reference in Part XV — "*Documentation Incorporated by Reference*" of this Prospectus.

(2) The Redrow Group financial information for the 26 weeks ended 31 December 2023 has been extracted, without material adjustment, from the Redrow Group's unaudited condensed consolidated interim financial statements for the 26 weeks ended 31 December 2023, which are prepared in accordance with IFRS as adopted by the UK and set out at Appendix II — "*Historical Financial Information of the Redrow Group*" of this Prospectus.

(3) The £70.5 million adjustment to administrative expenses relates to adviser fees relating to the Combination incurred by both the Barratt Group and the Redrow Group. This adjustment will not have a continuing impact on the Combined Group income statement. Adviser fees will be presented as an adjusted item and is therefore deducted in the calculation of adjusted profit before tax.

(4) In preparing the unaudited pro forma income statement for the six months ended 31 December 2023 no account has been taken of the trading or transactions of the Barratt Group or the Redrow Group since 31 December 2023.

Part B

Accountant's report on the unaudited pro forma financial information relating to the Combined Group

The directors and the proposed directors (the "**Directors**")
Barratt Developments PLC
Barratt House, Cartwright Way
Forest Business Park
Bardon Hill, Coalville
Leicestershire
LE67 1UF
United Kingdom

UBS Group AG London Branch
5 Broadgate
London
EC2M 2QS
United Kingdom

19 April 2024

Dear Ladies and Gentlemen

Barratt Developments PLC (the "Company")

We report on the unaudited pro forma financial information (the "**Pro Forma Financial Information**") set out in Part A of Part XI of the Company's prospectus dated 19 April 2024 (the "**Prospectus**").

This report is required by section 3 of Annex 20 to the PR Regulation and item 11.5 of Annex 3 to the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
(b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the Directors to prepare the Pro Forma Financial Information in accordance with sections 1 and 2 of Annex 20 to the PR Regulation and item 11.5 of Annex 3 to the PR Regulation.

It is our responsibility to form an opinion, as required by section 3 of Annex 20 of the PR Regulation and item 11.5 of Annex 3 to the PR Regulation, as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

No reports or opinions have been made by us on any financial information of the Company and Redrow plc ("**Redrow**") used in the compilation of the Pro Forma Financial Information. In providing this opinion we are not providing any assurance on any source financial information of the Company and Redrow on which the Pro Forma Financial Information is based beyond the above opinion.

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, www.pwc.co.uk

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules of the Financial Conduct Authority (the "**Prospectus Regulation Rules**") to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 3 to the PR Regulation, consenting to its inclusion in the Prospectus.

Basis of preparation

The Pro Forma Financial Information has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the acquisition of Redrow might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 30 June 2023.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council ("**FRC**") in the United Kingdom. We are independent in accordance with the Revised Ethical Standard 2019 issued by the FRC as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of item 5.3.2R(2)(f) of the Prospectus Regulation Rules we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 3 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART XII
PROFIT FORECAST

Profit Forecast of the Redrow Group

1 General

1.1 Redrow's annual general meeting trading update issued on 10 November 2023 for the 18 weeks to 3 November 2023 included the following statement:

> "*We continue to expect our results to be in the guidance range we gave in September 2023 of revenue between £1.65bn and £1.7bn and profit before tax of between £180m and £200m.*
>
> *However, with the lower than anticipated sales rate due to the more subdued Autumn housing market they are more likely to be towards the lower end of the range.*"

(the "**Redrow Profit Forecast**").

1.2 The Redrow Profit Forecast was repeated in the Redrow Half Year Report 2024 on 7 February 2024 as follows:

> "

Revenue (£bn)	*1.65-1.70*
Underlying Profit Before Tax (£m)	*180-200*

> *As we reported at the time of the AGM in November 2023, due to the subdued Autumn housing market we expect the 2024 results to be towards the lower end of the above range.*"

1.3 The Redrow Profit Forecast was also repeated in the 2.7 Announcement.

1.4 The Redrow Profit Forecast constitutes a profit forecast under the Prospectus Regulation Rules. The Barratt Directors and the Proposed Directors confirm that the Redrow Profit Forecast continues to be valid as at the date of this document.

2 Basis of preparation

The Redrow Profit Forecast (and its subsequent repetition) has been properly compiled on the basis of the assumptions stated below. The accounting policies applied in preparing the Redrow Profit Forecast are consistent with those applied in the preparation of the Barratt Group's annual results for the financial year to 30 June 2023 which are in accordance with IFRS UK.

For the avoidance of doubt, costs arising in respect of the Combination, and any exceptional items, including material additional exceptional legacy fire safety remediation costs, are not included in "Underlying Profit Before Tax" and are not taken into account for the purposes of the Redrow Profit Forecast.

3 Assumptions

The Redrow Profit Forecast is based on the assumptions listed below. Barratt cannot be certain that these assumptions will prove to be correct, and a change in these factors could materially change the outcome of the Redrow Profit Forecast.

3.1 Factors outside the influence or control of the Redrow Directors:

3.1.1 there will be no changes to existing prevailing macroeconomic, regulatory or political conditions in the markets and regions in which Redrow operates that would materially affect Redrow;

3.1.2 the inflation and tax rates in the markets and regions in which Redrow operates will remain materially unchanged from the prevailing rates;

3.1.3 there will be no material adverse events that will have a significant impact on Redrow's financial performance, including litigation, adverse weather events or natural catastrophes that affect key products, supply chain or markets or the construction process;

3.1.4 there will be no material change in the availability or cost of key sub-contractors and resources from prevailing conditions;

3.1.5 there will be no material changes in market conditions over the forecast period to 30 June 2024 in relation to either customer demand or competitive environment, including the availability of mortgage financing for Redrow's private home customers, home prices, interest rates or legislative or regulatory requirements;

3.1.6 there will be no material impact on stakeholder relationships arising from the Combination;

3.1.7 there will be no material adverse outcome from any ongoing or future disputes with any customer, competitor, regulator or tax authority;

3.1.8 there will be no material change in employee attrition rates and no material change in Redrow's labour costs, including medical and pension and other post-retirement benefits driven by external parties or regulations;

3.1.9 there will be no material changes in legislation, taxation, regulatory requirements, applicable standards or the position of any regulatory bodies impacting on Redrow's operations or on its accounting policies; and

3.1.10 there will be no material costs incurred at any site under development as a result of unforeseen groundworks or any other build costs that would constitute abnormal costs under Redrow's consideration of build variance.

3.2 Factors within the influence or control of the Redrow Directors:

3.2.1 there will be no material change to the present management of Redrow;

3.2.2 there will be no major corporate acquisitions or disposals, developments, partnership or joint venture agreements being entered into by Redrow, prior to 30 June 2024 (for the avoidance of doubt, other than the Combination);

3.2.3 there will be no material changes in the dividend or capital policies of Redrow;

3.2.4 Redrow's accounting policies will be consistently applied over the forecast period;

3.2.5 there will be no material change in the operational strategy of Redrow; and

3.2.6 there will be no drawdown of debt or refinancing of existing committed facilities prior to 30 June 2024.

4 Barratt Directors' confirmation

In accordance with the requirements of the Prospectus Regulation Rules, the Barratt Directors and the Proposed Directors confirm that the Redrow Profit Forecast has been compiled and prepared on a basis which is both:

(i) comparable with the historical financial information of the Redrow Group referred to in Part X — "*Financial Information of the Redrow Group*" and set out at Appendix II — "*Historical Financial Information of the Redrow Group*"; and

(ii) consistent with the accounting policies of the Barratt Group.

PART XIII
TAXATION

1 General

The comments in this Part XIII — "*Taxation*" are of a general nature and are not intended to be exhaustive. Any Barratt Shareholders who are in doubt as to their own tax position should consult their professional advisers. In particular, each Barratt Shareholder and prospective Barratt Shareholder should be aware that the tax legislation of any jurisdiction where they are resident or otherwise subject to taxation (as well as the tax legislation of the UK, the jurisdiction of incorporation and residence of the Company) may have an impact on the tax consequences of an investment in the New Barratt Shares, including in respect of any income or gains received from the New Barratt Shares.

2 United Kingdom

The following statements are intended only as a general guide to certain UK tax considerations in relation to the New Barratt Shares and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of New Barratt Shares. They are based on current UK tax law as applied in England and Wales and what is understood to be the current published practice of HM Revenue & Customs ("**HMRC**"), in each case, as at the latest practicable date before the date of this Prospectus (which may not be binding on HMRC), both of which may change, possibly with retroactive effect. They apply only to Barratt Shareholders who are resident and, in the case of individuals domiciled or deemed domiciled, for tax purposes in (and only in) the UK and to whom "split year" treatment does not apply (except: (i) insofar as express reference is made to the treatment of non-UK resident or domiciled Barratt Shareholders; and (ii) in relation to the statements on stamp duty and stamp duty reserve tax in paragraph (c) below, which apply to all Barratt Shareholders), who hold their New Barratt Shares as an investment (other than in an individual savings account or self-invested personal pension plan) and who are the absolute beneficial owners of both the New Barratt Shares and any dividend paid on them. This Part XIII – "*Taxation*" does not address all possible tax consequences relating to an investment in the New Barratt Shares. The tax position of certain categories of Barratt Shareholders who are subject to special rules (such as persons acquiring their New Barratt Shares in connection with employment, dealers in securities, non-domiciled individuals, insurance companies and collective investment schemes or persons transferring their New Barratt Shares to a connected company(ies)) is not considered.

All Barratt Shareholders and prospective Barratt Shareholders, and in particular those who may be resident or otherwise subject to tax in a jurisdiction other than the UK or who may be unsure as to their UK tax position, should seek their own professional advice on the potential tax consequence of subscribing for, purchasing, holding or selling New Barratt Shares under the laws of their country and/or state of citizenship, domicile or residence. In particular, Barratt Shareholders should be aware that the tax legislation of any jurisdiction where a Barratt Shareholder is resident or otherwise subject to taxation may have an impact on the tax consequences of an investment in the New Barratt Shares including in respect of any income received from the New Barratt Shares.

(a) Taxation of dividends from the Company

The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend (whether the payment is made to a UK resident shareholder or a non-UK resident shareholder).

(i) UK resident individual Barratt Shareholders

Dividends received by a UK resident individual Barratt Shareholder from the Company will generally be subject to tax as dividend income.

The first £1,000 (and, under current law, reducing to £500 from 6 April 2024) (the "**Nil Rate Amount**") of the total amount of dividend income received by such Barratt Shareholder in a tax

year will be taxed at a nil rate (and so no UK income tax will be payable in respect of such amounts). For these purposes, "**dividend income**" includes UK and non-UK source dividends and certain other distributions in respect of shares received by a UK resident individual. It also includes dividends received by the Barratt Shareholder from the Company.

If a UK resident individual Barratt Shareholder's total dividend income for a tax year exceeds the Nil Rate Amount (such excess being referred to as the "**Taxable Excess**"), then the Taxable Excess will be subject to UK income tax depending on the tax rate band or bands it falls within. The relevant tax rate band is determined by reference to the Barratt Shareholder's total income charged to income tax (including the dividend income charged at a nil rate by virtue of the Nil Rate Amount) less relevant reliefs and allowances (including the Barratt Shareholder's personal allowance). The Taxable Excess is, in effect, treated as the top slice of any resulting taxable income and:

(a) to the extent that the Taxable Excess falls below the basic rate limit, the Barratt Shareholder will be subject to UK income tax on it at the dividend basic rate of 8.75 per cent.;

(b) to the extent that the Taxable Excess falls above the basic rate limit but below the higher rate limit, the Barratt Shareholder will be subject to UK income tax on it at the dividend upper rate of 33.75 per cent.; and

(c) to the extent that the Taxable Excess falls above the higher rate limit, the Barratt Shareholder will be subject to UK income tax on it at the dividend additional rate of 39.35 per cent.

(ii) UK resident corporate Barratt Shareholders

A UK resident Barratt Shareholder who is within the charge to UK corporation tax will be subject to corporation tax on dividends paid by the Company, unless (subject to special rules for such shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each Barratt Shareholder's position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class, subject to certain targeted and general anti-avoidance rules.

(iii) Barratt Shareholders resident outside the UK

A Barratt Shareholder that is not resident for tax purposes in the UK will not generally be subject to UK tax on dividends it receives in respect of the New Barratt Shares, unless the Barratt Shareholder is carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Barratt Shareholder, in connection with a trade carried on in the UK through a permanent establishment in the UK) from or through which the dividend arises (directly or indirectly) or in respect of which the New Barratt Shares are used or held. Such Barratt Shareholders may be subject to foreign taxation on dividend income under local law. Barratt Shareholders to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

(b) Taxation of disposals

(i) UK resident Barratt Shareholders

Barratt Shareholders who are resident in the UK may depending on their circumstances (including the availability of exemptions or reliefs), be liable to UK taxation on chargeable gains in respect of gains arising from a sale or other disposal of their New Barratt Shares.

(ii) Barratt Shareholders resident outside the UK

Individual shareholders who cease to be resident in the UK for a period of five years or less may depending on their circumstances (including the availability of exemptions or reliefs), be liable to UK taxation on chargeable gains in respect of gains arising from a sale or other disposal of their New Barratt Shares.

In general (and subject to certain specific cases), non-UK resident shareholders should not otherwise be subject to UK tax in respect of gains arising from a sale or other disposal of their New Barratt Shares unless their New Barratt Shares are held in connection with or for the purposes of a trade, profession or vocation carried on by them in the UK through a branch or agency in the UK, or in the case of a corporate holder, a trade carried on by it in the UK through a permanent establishment in the UK.

(c) Stamp duty and Stamp Duty Reserve Tax ("SDRT")

The statements in this paragraph (c) are intended as a general guide to the current UK stamp duty and SDRT position, and apply to any holders of the New Barratt Shares, irrespective of whether they are resident or domiciled in the UK. Special rules apply to certain transactions such as transfers of New Barratt Shares to a company connected with the transferor and those rules are not described below. Barratt Shareholders should also note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

(i) Issue of New Barratt Shares

No stamp duty or SDRT will arise on the issue of the New Barratt Shares in registered form by the Company.

(ii) Transfers outside of depositary receipt systems and clearance services

Stamp duty at the rate of 0.5 per cent. (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring the New Barratt Shares. A charge to SDRT will also arise on an unconditional agreement to transfer the New Barratt Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is duly paid on that instrument, or that instrument is exempt from stamp duty, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee. An exemption from stamp duty is available on an instrument transferring New Barratt Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

Special rules apply where listed securities are transferred between connected companies. Corporate holders of New Barratt Shares should consult an appropriate professional adviser if they intend to transfer their New Barratt Shares at less than full market value to a company with which they are connected.

(iii) Transfers of New Barratt Shares through paperless means, including CREST

Paperless transfers of the New Barratt Shares, such as those occurring within CREST, are generally liable to SDRT rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. The charge is generally borne by the purchaser. Deposits of New Barratt Shares into

CREST will not generally be subject to SDRT or stamp duty unless the transfer into CREST itself is for consideration, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise.

(iv) Transfers of New Barratt Shares to and within depositary receipt systems and clearance services

Special rules would apply if the New Barratt Shares were transferred (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, (including in each case within CREST to a CREST account of such person). In such circumstances, stamp duty or SDRT may be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the New Barratt Shares. Similarly, special rules would apply to the transfer of the New Barratt Shares within a clearance service or in respect of agreements to transfer interests in depositary receipts. **Accordingly, specific professional advice should be sought in relation to stamp duty and SDRT if the New Barratt Shares are to be transferred to, within or via a clearance service or depositary receipt system.**

3 United States

The following is a summary of certain US federal income tax consequences of the ownership and disposition of the New Barratt Shares by US Holders (as defined below). This summary deals only with US Holders that receive New Barratt Shares pursuant to the Combination and that will hold their New Barratt Shares as capital assets. However, this discussion does not address the US federal income tax consequences of the disposition of Redrow Shares, and the receipt of New Barratt Shares, pursuant to the Combination. Accordingly, US Holders should consult their tax advisers regarding the consequences to them of the Combination in their particular circumstances. Moreover, the discussion does not cover all aspects of US federal income taxation that may be relevant to the ownership or disposition of New Barratt Shares by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-US or other tax laws (such as estate or gift tax laws). This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 5 per cent. or more of the equity interests of the Company (by vote or value), nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, holders that will hold their New Barratt Shares as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, persons that have ceased to be US citizens or lawful permanent residents of the United States, investors holding the New Barratt Shares in connection with a trade or business conducted outside the United States, US citizens or lawful permanent residents living abroad, or investors whose functional currency is not the US dollar).

As used herein, the term "**US Holder**" means a beneficial owner of New Barratt Shares that is, for US federal income tax purposes: (i) an individual citizen or resident of the United States; (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to US federal income tax without regard to its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds New Barratt Shares will depend on the status of the partner and the activities of the partnership. US Holders that are entities or arrangements treated as partnerships for US federal income tax purposes and their partners should consult their tax advisers concerning the US federal income tax consequences to them in respect of the ownership and disposition of New Barratt Shares by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed US Department of the Treasury regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and the United Kingdom (the "**US-UK Treaty**"), all as of the date hereof and all of which are subject to change at any time, possibly with retroactive effect. No rulings have been requested from the IRS and there can be no guarantee that the IRS would not challenge, possibly successfully, the treatment described below.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE COMBINATION, OWNING AND DISPOSING OF THE NEW BARRATT SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE US-UK TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS, AND POSSIBLE CHANGES IN TAX LAW.

(a) Distributions

(i) General

Distributions paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes) will generally be taxable to a US Holder as ordinary dividend income and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the New Barratt Shares and thereafter as capital gains. However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles.US Holders should, therefore, assume that any distribution by the Company with respect to New Barratt Shares will be reported as ordinary dividend income.

Dividends paid by the Company will generally be taxable to a non-corporate US Holder at the special reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the US-UK Treaty and certain holding period and other requirements are met (including that the Company is not, and is not treated with respect to the US Holder as, a PFIC for the taxable year in which the dividends are received or in the preceding taxable year). US Holders should consult their own tax advisers regarding the US federal income tax consequences of a distribution by the Company, including the availability of the reduced rate in their particular circumstances and the applicability of the foreign tax credit and source of income rules to distributions received from the Company.

(ii) Foreign currency dividends

Dividends paid in British pounds sterling will be included in income in a US dollar equivalent amount calculated by reference to the exchange rate in effect on the day the dividends are received by the US Holder, regardless of whether the British pounds sterling are converted into US dollars at that time. If dividends received in British pounds sterling are converted into US dollars at the spot rate applicable on the day they are received, the US Holder should generally not be required to recognise foreign currency gain or loss in respect of the dividend income.

(b) Sale or Other Taxable Disposition

This section is subject to further discussion under "*Passive Foreign Investment Company Considerations*" below.

Upon a sale or other taxable disposition of New Barratt Shares, a US Holder will generally recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other taxable disposition and the US Holder's adjusted tax basis in the New Barratt Shares, in each case, as determined in US dollars. This capital gain or loss will be long-term capital gain

or loss if the US Holder's holding period in the New Barratt Shares exceeds one year. Non-corporate US Holders are subject to tax on long-term capital gain at reduced rates. The deductibility of capital losses is subject to significant limitations. Any gain or loss recognised from the sale or other taxable disposition of New Barratt Shares will generally be US source. US Holders should consult their own tax advisers about how to account for proceeds received on the sale or other taxable disposition of New Barratt Shares that are not paid in US dollars. The foreign tax credit rules are complex, and US Holders should consult their own tax advisers regarding the US federal income tax consequences in the case non-US taxes (if any) are imposed on disposition gains.

(c) Passive Foreign Investment Company Considerations

A non-US corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules", either: (i) at least 75 per cent. of its gross income is "passive income"; or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. For these purposes, "passive income" generally includes interest, dividends, royalties, rents and gains from commodities and securities transactions. In general, cash is a passive asset for these purposes.

Based on the Company's historical and anticipated operations, and the projected composition of the Company's income and assets, the Company does not believe that it was a PFIC for its most recent taxable year and does not expect to be a PFIC for the current taxable year. However, the Company's possible status as a PFIC must be determined annually after the close of each taxable year, and therefore may be subject to change. In addition, the Company's possible status as a PFIC will also depend on the application of complex statutory and regulatory rules that are subject to potentially varying or changing interpretations. Accordingly, there can be no assurance that the Company will not be a PFIC for any year in which a US Holder holds the New Barratt Shares. The Company does not intend to conduct annual assessments of its PFIC status.

If the Company is a PFIC in any year during which a US Holder holds New Barratt Shares, and such holder has not made any of the elections described below, the US Holder will generally be subject to special rules (regardless of whether the Company continues to be a PFIC) with respect to (i) any "excess distribution" (generally, the excess of the distributions received by the US Holder on the New Barratt Shares in a taxable year over 125 per cent. of the average annual distributions received by the US Holder in the three preceding taxable years or, if shorter, the US Holder's holding period for the New Barratt Shares) and (ii) any gain realised on the sale or other disposition of the New Barratt Shares. Under these rules (a) the excess distribution or gain will be allocated rateably over the US Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Company is a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. Additionally, dividends paid by the Company will not be eligible for the special reduced rate of tax described above under paragraph (a) above. If the Company is a PFIC for any taxable year during which a US Holder holds New Barratt Shares, the Company would generally continue to be treated as a PFIC with respect to such US Holder for all succeeding years during which such holder owns the New Barratt Shares, even if the Company ceases to meet the threshold requirements for PFIC status (unless the US Holder makes a deemed sale election with respect to the New Barratt Shares once the Company is no longer a PFIC). If the Company is a PFIC for any taxable year and any entity in which it owns or is deemed to own equity interests is also a PFIC, US Holders should consult their tax advisers regarding the application of the PFIC rules to their ownership of the New Barratt Shares as well as their indirect ownership of equity interests in such lower-tier PFICs.

If the Company is a PFIC for any taxable year, to the extent any of its subsidiaries (or other entities in which it owns an equity interest) are also PFICs, a US Holder will generally be deemed to own equity interests in such lower-tier PFICs that are directly or indirectly owned by the Company in the proportion which the value of the New Barratt Shares owned by such US Holder bears to the value of all of the Company's equity interests, and such US Holder will generally be subject to the tax consequences described above (and the IRS Form 8621 reporting requirement described below) with respect to the equity interests of such lower-tier PFIC the US Holder is deemed to own. As a result, if the Company receives a distribution from any lower-tier PFIC or sells equity interests in a lower-tier PFIC, a US Holder will generally be subject to tax under the excess distribution rules described above in the same manner as if such US Holder had held a proportionate share of the lower-tier PFIC equity interests directly, even if such amounts are not distributed to the US Holder. The application of the PFIC rules to indirect ownership of any lower-tier PFIC held by the Company is complex and uncertain, and US Holders should therefore consult their own tax advisers regarding the application of such rules to their ownership of New Barratt Shares.

If the Company is a PFIC in a taxable year and the New Barratt Shares are treated as "marketable stock" in such year, a US Holder may make a mark-to-market election with respect to its New Barratt Shares. A US Holder that makes such election generally will not be subject to the PFIC rules described above. Instead, in general, such US Holder will include as ordinary income each year the excess, if any, of the fair market value of the New Barratt Shares at the end of the taxable year over the US Holder's adjusted basis in the New Barratt Shares. Such US Holder will also be allowed to take an ordinary loss in respect of the excess, if any, of such holder's adjusted basis in the New Barratt Shares over the fair market value of such New Barratt Shares at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The US Holder's basis in the New Barratt Shares will be adjusted to reflect any such income or loss amounts. Any gain that is recognised on the sale or other taxable disposition of New Barratt Shares would be ordinary income and any loss would be an ordinary loss to the extent of the net amount of previously included income as a result of the mark-to-market election and, thereafter, a capital loss. However, because a mark-to-market election cannot be made for equity interests in any lower-tier PFICs of the Company that are not "marketable stock" themselves, a US Holder would continue to be subject to the excess distribution rules (and corresponding basis adjustments, as discussed above) with respect to subsidiaries of the Company that are PFICs, any distributions received by the Company from a lower-tier PFIC, and any gain recognised by the Company upon a sale of equity interests of a lower-tier PFIC, even if a mark-to-market election has been made by the US Holder with respect to its New Barratt Shares. The interaction of the mark-to-market rules and the rules governing lower-tier PFICs is complex and uncertain, and US Holders should therefore consult their own tax advisers regarding the availability and advisability of the mark-to-market election as well as the application of the PFIC rules to their ownership of the New Barratt Shares.

In some cases, a shareholder of a PFIC may be subject to alternative treatment by making a qualified electing fund ("**QEF**") election to be taxed currently on its share of the PFIC's undistributed income. To make a QEF election, the Company must provide US Holders with certain information compiled according to US federal income tax principles. The Company currently does not intend to provide such information for US Holders, and therefore it is expected that this election will be unavailable.

A US Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Company is classified as a PFIC may be required to file IRS Form 8621. Prospective purchasers should consult their tax advisers regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime.

(d) Backup Withholding and Information Reporting

Payments of dividends on and proceeds from the sale or other taxable disposition of New Barratt Shares by a US or US-connected paying agent or other US or US-connected intermediary may be subject to information reporting to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain US Holders are not subject to backup withholding. US Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of New Barratt Shares, including reporting obligations related to the holding of certain "specified foreign financial assets".

PART XIV
ADDITIONAL INFORMATION

1 Responsibility

The Company, the Barratt Directors and the Proposed Directors, whose names are set out in Part III — "*Barratt Directors, Proposed Directors, Barratt Company Secretary, Senior Managers, Combined Group Additional Senior Manager, Registered Office & Advisers*" of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company, the Barratt Directors and the Proposed Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

2 Incorporation and registered office

Barratt was incorporated and registered in England and Wales on 14 May 1958 under the Companies Act 1948 as a company limited by shares with registered number 00604574 with the name of Greensitt Bros. (Contractors) Limited. The name of the Company was changed several times – to Greensitt & Barratt Limited (30 April 1965), then to Barratt Developments Limited (1 November 1973). The Company re-registered as a public limited company on 25 November 1981 with the name of Barratt Developments plc. Its legal entity identifier is 2138006R85VEOF5YNK29. The registered and head office of the Company is located at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF, United Kingdom. The Company's telephone number is +44 (0) 1530 278278.

The principal legislation under which the Company operates, and under which the Shares have been created, is the Companies Act and the regulations made thereunder.

Deloitte, whose address is 1 New Street Square, London, EC4A 3HQ, is the auditor of the Company. Deloitte is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

3 Share capital

3.1 Issued share capital

The Existing Shares are listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's Main Market for listed securities.

The Existing Shares are denominated in British pounds sterling and are quoted in British pounds sterling on the London Stock Exchange. The Existing Shares have a nominal value of 10 pence each and are fully paid. The Company has one class of ordinary shares.

The issued and fully paid share capital of the Company as at the Latest Practicable Date, is as follows:

	Issued	
Class of shares	**Number**	**Amount (£)**
Ordinary	974,592,261	97,459,226.10

As at the Latest Practicable Date, Barratt held no Shares in treasury.

Barratt will issue the New Barratt Shares, credited as fully paid, to Redrow Shareholders in respect of their shareholding in Redrow *pro rata*, subject to the approach to fractional entitlements detailed in paragraph 9.8 of Part VI — "*Information about the Combination*" of this Prospectus, to their respective holdings of Redrow Shares. Accordingly (assuming no other Shares are issued by the Company prior to Admission pursuant to the exercise or vesting of options and awards under the Barratt Share Plans), the issued and fully paid share capital of Barratt following Admission is expected to be as follows:

	Issued	
Class of shares	**Number**	**Amount (£)**
Ordinary	1,450,901,414	145,090,141.40

On the Latest Practicable Date:

3.1.1 the Company held no Shares in treasury;

3.1.2 except for the Shares which are subject to options or awards under the Barratt Share Plans and any Shares which may be subject to options under the SAYE Rollover, no share capital of the Company or any other member of the Group is under any share option or is, or will, immediately following Admission, be agreed, conditionally or unconditionally, to be put under any share option;

3.1.3 the Company has no convertible securities, exchangeable securities or securities with warrants in issue;

3.1.4 other than in connection with the Combination, the Company has not granted any acquisition rights or obligations over authorised but unissued capital in the Company, nor has it given an undertaking to increase the capital of the Company; and

3.1.5 the Shares in respect of which a listing is sought on the Official List rank *pari passu* in respect of all rights.

3.2 History of the share capital

As at 1 July 2022, the Company's issued share capital comprised 1,022,562,819 shares of 10 pence each for a total share capital of £102,256,281.90.

Between 1 July 2022 and 30 June 2023, the Company: (i) issued 7,087 Ordinary Shares of 10 pence each due to exercises under Sharesave schemes; and (ii) bought back and cancelled 47,985,293 Ordinary Shares of 10 pence each. Following this, as at 30 June 2023, the Company's share capital comprised 974,584,613 shares of 10 pence each for a total share capital of £97,458,461.30.

Between 1 July 2023 and 31 December 2023, the Company issued 1,243 Ordinary Shares of 10 pence each to satisfy exercises under share option schemes. Following this, as at 31 December 2023, the Company's share capital comprised 974,585,856 shares of 10 pence each for a total share capital of £97,458,585.60.

Between 1 January 2024 and the Latest Practicable Date, the Company issued 6,405 Ordinary Shares of 10 pence each to satisfy exercises under share option schemes. Following this, as at the Latest Practicable Date, the Company's share capital comprised 974,592,261 shares of 10 pence each for a total share capital of £97,459,226.10.

Save as disclosed above there has been no change in the amount of the issued share capital of the Company and no material change in the amount of the issued share capital of any member of the Barratt Group (other than intra-group issues by wholly-owned subsidiaries) since 1 July 2022.

3.3 Existing resolutions and authorities

Pursuant to the Companies Act, with effect from 1 October 2009, the concept of authorised share capital was abolished and accordingly, there is no limit on the maximum number of shares that may be allotted by Barratt.

Pursuant to an ordinary resolution adopted by the Barratt Shareholders at the annual general meeting of Barratt held on 18 October 2023, the directors may be generally and unconditionally authorised, for a period expiring (unless previously renewed, varied or revoked at a general meeting of Barratt) at the end of the next annual general meeting of Barratt in 2024 or at close of business on 18 January 2025 (whatever is the earlier), to:

(a) allot shares in the Company and to grant rights to subscribe for, or convert any security into Shares of the Company, up to an aggregate nominal value of £32,486,193;

(b) allot shares up to an aggregate nominal amount of £9,745,857 for the purposes of a rights issue on a non-pre-emptive basis;

(c) allot shares up to an aggregate nominal amount of £9,745,857 in connection with acquisitions and specified capital investments, and up to an additional 20 per cent. of such amount for a follow-on offer; and

(d) make market purchases up to 97,458,579 shares in the Company (representing approximately 10 per cent. of the Company's issued share capital at the time).

3.4 Authorities to be proposed at the Barratt General Meeting

The Combination will be effected, and the New Barratt Shares will be issued, under the resolutions to be proposed at the Barratt General Meeting. As part of the proposed resolutions at the Barratt General Meeting, to enable the Barratt Group to take certain actions in connection with the Combination (should the Barratt Board elect to do so), the Barratt Shareholders will be asked to vote on and approve a resolution authorising Barratt to allot the New Barratt Shares, being 476,309,153 ordinary shares in the share capital of the Company with a nominal value of 10 pence each, to be issued in consideration for Barratt's acquisition of shares in Redrow.

The Barratt Resolution will be proposed as a resolution at the Barratt General Meeting but will be conditional on the Conditions to the Combination being satisfied and the Combination and Admission becoming effective.

The authorities to be provided under the Barratt Resolution proposed at the Barratt General Meeting are in addition to the relevant authorities previously obtained by Barratt at the Annual General Meeting.

4 Mandatory takeover bids, squeeze-out and sell-out rules and shareholders' rights and obligations

4.1 Mandatory takeover bids

The Company is subject to the provisions of the UK City Code on Takeovers and Mergers (the "**Code**"), including the rules regarding mandatory takeover offers set out in the Code. Under Rule 9 of the Code, when: (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the Code), carry 30 per cent. or more of the voting rights of a company subject to the Code; or (ii) any person who, together with persons acting in concert with them, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the Code, and such person, or any person acting in concert with him, acquires additional shares which increase his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.

4.2 Squeeze-out

The New Barratt Shares will also be subject to the compulsory acquisition procedures set out in sections 979 to 991 of the Companies Act. Under section 979 of the Companies Act, where an offeror makes a

takeover offer and has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. of the shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, that offeror is entitled to compulsorily acquire the shares of any holder who has not accepted the offer on the terms of the offer.

A minority shareholder may bring an application to the court under section 986 within six weeks of receiving a section 979 notice. The court may:

(a) order that the offeror shall not be entitled or bound to acquire the relevant shares; or

(b) specify terms of acquisition different from those of the offer.

4.3 Sell-out

Section 983 of the Companies Act gives minority shareholders a right to be bought out in certain circumstances by an offeror under a takeover offer. If a takeover offer related to all the ordinary shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror is required to give any shareholder notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

If a shareholder gives notice under section 983, both the shareholder and the offeror have the right to make an application to the court. The court has the power to vary the terms of the acquisition but cannot order that the offeror shall not be entitled or obliged to acquire the relevant shares.

Other than as provided by the Companies Act and the Code, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules in relation to the New Barratt Shares.

There has been no takeover offer (within the meaning of Part 28 of the Companies Act) for any Shares during the last financial year or the current financial year.

5 Articles of Association

The Barratt Articles of Association are available for inspection at the address specified in paragraph 21 of this Part XIV — "*Additional Information*".

5.1 Objects

The Company's objects are not restricted by the Barratt Articles of Association. Accordingly, pursuant to section 31 of the Companies Act, the Company's objects are unrestricted.

5.2 Limited liability

The liability of each member is limited to the amount, if any, unpaid on the shares held by that member.

5.3 Rights attaching to ordinary shares

Subject to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Barratt Board may decide.

Redeemable shares may be issued, subject to any rights attached to existing shares. The Barratt Board may determine the terms and conditions and the manner of redemption of any redeemable share so issued. There are no redeemable shares currently in issue.

There are no convertible shares currently in issue and the Barratt Articles of Association do not expressly provide for the issuance of convertible shares.

5.4 Form, holding and transfer of shares

All transfers of shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form which the Barratt Board may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, if any of the shares are not fully paid shares, by or on behalf of the transferee.

The directors may decline to register any transfer of shares in certificated form unless:

5.4.1 the instrument of transfer is in respect of only one class of share;

5.4.2 the instrument of transfer is left (duly stamped or duly certified or otherwise shown to the satisfaction of the Barratt Board to be exempt from stamp duty) at the office or at another place determined by the Barratt Board from time to time, accompanied by the relevant share certificate(s) (if any) and such other evidence as the Barratt Board may reasonably require to show the right of the transferor to make the transfer and (if signed by a person other than the transferor), the authority of that person to do so; and

5.4.3 it is in favour of not more than four transferees.

The Barratt Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may make arrangements for any class of share to become a participating class.

Where a share is held in uncertificated form, the Company shall be entitled to:

(a) require the holder of that uncertificated share by notice in writing to change that share into certificated form within such period as may be specified in the notice and to keep it as a certificated share for so long as the Barratt Board requires;

(b) appoint any person to take such other steps, in the name of the shareholder, as may be required to effect the transfer of such share and such steps will be effective as if they had been taken by the registered shareholder; and

(c) take such other action that the Barratt Board considers appropriate to achieve the transfer, disposal, forfeiture, re-allotment or surrender of that share or otherwise to enforce a lien in respect of that share.

5.5 Voting rights

Subject to any special terms as to voting upon which any shares may be issued, on a show of hands every member who is present in person shall have one vote and every proxy present who has been duly appointed by a member entitled to vote on the resolution shall have one vote and on a poll every member shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at any general meeting (personally or by proxy) unless all moneys payable by him in respect of the shares in the Company have been fully paid.

A simple majority of Barratt Shareholders may pass an ordinary resolution. To pass a special resolution, a majority of not less than three-quarters of the members entitled to vote at the meeting is required.

5.6 Variation of rights

Subject to the provisions of the Companies Act, the rights attached to any class of shares may from time to time be varied, whether or not the Company is being wound up, in such manner as those rights may provide, or (if no such provision is made) either: (i) with the written consent of the holders of not less

than three-fourths in nominal value of the issued shares of that class; or (ii) by way of a special resolution passed at a separate general meeting of the shareholders of the class.

Unless otherwise expressly provided in the rights attaching to the shares, shareholders' rights will not be deemed to be varied by the creation or issue of further shares ranking pari passu with their shares or by the purchase or redemption by the Company of any of its own shares.

5.7 Dividends

5.7.1 Declaration of dividends

Subject to the provisions of the Companies Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.

5.7.2 Apportionment of dividends

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends are apportioned and paid pro rata according to the amounts paid up on the share during any portion of the period in respect of which the dividend is paid.

5.7.3 Fixed and interim dividends

Subject to the provisions of the Companies Act, the Barratt Board may pay such interim dividends as appear to the Barratt Board to be justified by the financial position of the Company. The Barratt Board may also pay any dividend payable at a fixed rate at intervals settled by the Barratt Board whenever the financial position of the Company, in their opinion, justifies its payment. Provided that the directors act in good faith, they shall not incur any liability to shareholders for any loss they may suffer in consequence of the payment of an interim or fixed dividend on any other class of shares ranking *pari passu* with or after those shares.

5.7.4 Dividends *in specie*

The Company may, on the recommendation of the Barratt Board, by ordinary resolution direct, and the Barratt Board may in relation to any interim dividend direct, that such dividend shall be satisfied wholly or partly by the distribution of assets (in particular, paid up shares or debentures of any other company).

5.7.5 No interest on dividends

The Company shall not pay interest on any dividend or other sum payable on or in respect of a share unless otherwise provided by the rights attaching to the share.

5.7.6 Unclaimed dividends

If a dividend remains unclaimed after a period of 6 years from the date on which it was declared or became due for payment, such dividend shall be forfeited and shall revert to the Company.

5.7.7 Dividend restrictions

(a) The Barratt Board may withhold payment of all or any part of any dividends or other moneys payable in respect of the Company's shares from a person with a 0.25 per cent. or greater holding, in number or nominal value, of the shares of the Company or of any class of such shares (in each case, calculated exclusive of any shares held as treasury shares) if such a person has failed to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

(b) The Barratt Board may deduct from any dividend or other moneys payable to a shareholder by the Company on or in respect of any shares all sums of money (if any) presently payable by such shareholder to the Company on account of calls or otherwise in respect of shares of the Company.

(c) The Company cease payments of dividends if either (i) at least two consecutive payments have remained uncashed or are returned undelivered or that means of payment has failed; or (ii) one payment remains uncashed or is returned undelivered or that means of payment has failed and reasonable inquiries have failed to establish any new postal address or account of the holder.

5.7.8 Procedures for non-resident holders

There are no specific procedures relating to dividends for non-UK resident holders of shares set out in the Barratt Articles of Association.

5.7.9 Scrip dividends

The directors may, by ordinary resolution, offer to ordinary shareholders the right to elect to receive an allotment of new ordinary shares credited as fully paid in lieu of the whole or part of a dividend.

5.8 Lien and forfeiture

The Company has a lien on every partly paid share for all amounts payable to the Company in respect of that share. The Barratt Directors may make calls on the members in respect of any moneys unpaid on their shares and not payable on a date fixed by or in accordance with the terms of issue. If the whole or any part of a call remains unpaid after the day appointed for payment, the Barratt Board may give not less than 14 clear days' notice requiring payment of the amount unpaid together with any accrued interest. If the notice is not complied with, any share in respect of which it was given may be forfeited by a resolution of the Barratt Board. A forfeited share shall be deemed to be the property of the Company and may be sold or otherwise disposed of on such terms and in such manner as the Barratt Board shall decide.

5.9 Pre-emption rights

The rights of holders of shares to participate pre-emptively in any allotment of equity securities are prescribed by the Companies Act. Under the Companies Act, subject to certain statutory exceptions, a company proposing to allot equity securities (which includes the grant of rights to subscribe for shares) must first offer them on the same or more favourable terms to each holder of shares pro rata to their existing shareholding. The statutory pre-emption right also applies to a sale of shares that immediately before the sale were held by the Company as treasury shares. This statutory pre-emption right may be disapplied by special resolution in a general meeting. The statutory pre-emption regime does not apply to the allotment or transfer of shares under an employees' share scheme, the allotment of bonus shares or an allotment of equity securities for non-cash consideration.

5.10 Winding-up

The shares do not carry any rights to participate in a capital distribution (including on a liquidation) other than those that exist as a matter of law. Under the Companies Act, upon a liquidation, after the claims of creditors have been satisfied and subject to any special rights attaching to any class of shares, surplus assets (if any) are distributed among the shareholders in proportion to the number and nominal amounts of their shares.

6 Directors and Senior Managers of the Company

6.1 Barratt Directors

Summary biographical details of each of the Barratt Directors are described on pages 104 to 105 of the Barratt Annual Report & Accounts 2023, as described in Part XV — "*Documentation Incorporated by Reference*" of this Prospectus. Updates to these biographical details are available on the Company's website at www.barrattdevelopments.co.uk.

The business address of each of the Barratt Directors is the Company's registered address at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF, United Kingdom.

Set out below are the directorships and partnerships held by the Barratt Directors (other than directorships in the Company and, where applicable, directorships held in subsidiaries of the Company), in the five years prior to the date of this Prospectus:

Name	**Current directorships / partnerships**	**Former directorships / partnerships**[5]
Caroline Silver	The National Film and Television School	The British United Provident Association Ltd
	Tesco plc	PZ Cussons plc
	The V&A Foundation	Meggit plc
	ICE Clear Europe Ltd	M&G plc
	ICE Inc.	Moelis Capital Markets LLP*
		Victoria & Albert Museum
		London Ambulance Service NHS Trust
David Thomas[6]	Future Homes Hub Limited	N/A
	Home Builders Federation Limited	
	The Croydon Charitable Foundation Limited	
Steven Boyes[7]	N/A	N/A
Mike Scott[8]	N/A	Wychwood Park Golf Club Limited*
		Westframe Limited*
		Beaulieu Park Limited*
		Countryside Commercial & Industrial Properties Limited*
		Countryside Eight Limited*
		Countryside Build Limited*
		Millgate Homes Limited*
		Millgate Homes UK Limited*
		Lakenmoor Ltd*
		Countryside Investments Limited*
		Westleigh LNT Limited

[5] An asterisk ("*") denotes a company of which a Barratt Director has been a director at the time of or within a 12-month period preceding a voluntary liquidation of such company.

[6] During the five years prior to the date of this Prospectus, David Thomas has also been director of certain subsidiaries of the Company at the time of or within a 12-month period preceding their voluntary liquidation, being Barratt Pension Trustee Limited, Hartswood House Limited, VSM (Bentley Priory 2) Limited, VSM (Bentley Priory 4) Limited, VSM (Bentley Priory 5) Limited and VSM (Bentley Priory 6) Limited.

[7] During the five years prior to the date of this Prospectus, Steven Boyes has also been director of certain subsidiaries of the Company at the time of or within a 12-month period preceding their voluntary liquidation, being Hartswood House Limited and CHOQs 429 Limited.

[8] During the five years prior to the date of this Prospectus, Mike Scott has also been director of a subsidiary of the Company at the time of or within a 12-month period preceding its voluntary liquidation, being Barratt Pension Trustee Limited.

Name	Current directorships / partnerships	Former directorships / partnerships[5]
		Countryside Properties (WGL) Limited
		Countryside Properties (WPL) Limited
		Countryside Properties (UK) Limited
		Countryside Properties (Merton Abbey) Limited
		Countryside Properties (In Partnership) Limited
		Countryside (UK) Limited
		Countryside Properties (Booth Street 2) Limited
		Westleigh Homes Limited
		Countryside Properties (Accordia) Limited
		Countryside Properties (Northern) Limited
		Westleigh Construction Limited
		Countryside Properties (Special Projects) Limited
		Brenthall Park (One) Limited
		Millgate (UK) Holdings Limited
		Countryside Properties (Strategic Land) Limited
		Countryside Cambridge One Limited
		Countryside Residential Limited
		Countryside Properties (Salford Quays) Limited
		Countryside Four Limited
		Countryside Partnerships Limited
		Countryside Properties (Commercial) Limited
		Countryside Cambridge Two Limited
		Countryside Residential (South Thames) Limited
		Copthorne Holdings Limited
		Countryside Developments Limited
		Countryside Properties (Housebuilding) Limited
		Countryside Seven Limited

Name	Current directorships / partnerships	Former directorships / partnerships[5]
		Countryside Properties (WHL) Limited
		Countryside Residential (South West) Limited
		Countryside Thirteen Limited
		Millgate Developments Limited
		Countryside Properties Land (One) Limited
		Countryside Properties (Joint Ventures) Limited
		Countryside Properties (Southern) Limited
		Countryside Properties Land (Two) Limited
		Countryside Properties (London and Thames Gateway) Limited
		Knight Strategic Land Limited
		Dunton Garden Suburb Limited
		Berrywood Estates Limited
		Countryside Properties (Springhead) Limited
		Turley Farm Management Company Limited
Jock Lennox	Royal Wimbledon Golf Club Limited	Enquest plc
	Johnson Service Group plc	Hill & Smith plc
		Tall Ships Youth Trust
Katie Bickerstaffe	England and Wales Cricket Board Limited	OVO(s) Energy Services Limited
	Marks and Spencer Group plc	
Jasi Halai	Investors in Industry plc	Porvair plc
	3i International Holdings	BAM General Partner Limited
	Gardens Nominees Limited	3i Investments GP Limited*
	3i Infra GP 2022 (Scots) Limited	3i GP 2006-08 Limited*
	3i Zephyr GP (2022) Limited	Mayflower GP Limited*
	3i Aura GP (2022) Limited	GP CCC 08-10 Limited*
	3i Group plc	3i GP 08-10 Limited*
	3i Investments plc	3i PVLP Nominees Limited*
	3i plc	3i Aptech Nominees Limited*
	3i Holdings plc	3i EFIV Nominees Limited*
	3i NAI Holdings GP Limited	3i General Partner No 1 Limited*

Name	Current directorships / partnerships	Former directorships / partnerships[5]
	3i GP 2022 Limited	3i Aptech GP Limited*
	3i GP 2022 (Scots) Limited	3i EF4 GP Limited*
	3i IIF GP 2020 Limited	3i Networks Finland Limited*
	3i IP Acquisitions Limited	BEIF II Limited*
	3i GP 2020 Limited	
	3i GP 2019 (Scots) Limited	
	3i GP 2019 Limited	
	3i Europe plc	
	3i Nordic plc	
	3i SCI Holdings Limited	
	3i Managed Infrastructure Acquisitions GP Limited	
	GP 2016 Limited	
	3i GP 2016 Limited	
	GP CCC 2010 Limited	
	3i GC Nominees B Limited	
	3i EFV Nominees A Limited	
	3i Nominees Limited	
	3i Osprey GP Limited	
	3i GP 2004 Limited	
	3i DM GIF 2015 GP Limited	
	3i GC GP Limited	
	3i EFV GP Limited	
	3i GP 2010 Limited	
	GP 2013 LIMITED	
	BEIF Management Limited	
	IIF SLP GP Limited	
	BIIF GP Limited	
	3i GP 2013 Limited	
	3i International Services plc	
	3i GC Nominees A Limited	
	3i EFV Nominees B Limited	
Nigel Webb	EJM Investments Limited	British Land Acquisitions Limited
	EJM Consulting Limited	BL CWMBRAN Limited*
	Precede Capital Partners	Hyfleet Limited*
	Dorset 32-33 Management Co. Limited	Exchange House Holdings Limited*
	Precede Capital Partners Limited	Vintners' Place Limited*

Name	Current directorships / partnerships	Former directorships / partnerships[5]
	Victoria & Albert Museum	BF PropCo (No.4) Limited*
	Construction Productivity Taskforce	BF PropCo (No.1) Limited*
		The British Land Corporation Limited*
		BL Broadgate Fragment 1 Limited
		Pillar Nugent Limited
		BL Lancaster Investments Ltd
		Linestair Limited*
		BL Ealing Limited
		British Land Real Estate Limited
		350 Euston Road Limited
		Storey Offices Limited
		United Kingdom Property Company Limited
		BL Office (Non-City) Holding Company Limited
		10 Brock Street Limited
		Broadgate South Management Limited
		BL Shoreditch Development Limited
		BL Chess Limited
		British Land Superstores (Non Securitised) Number 2 Limited
		BL Bradford Forster Limited
		BF PropCo (No.3) Limited
		Drake Circus Centre Limited
		British Land Industrial Limited
		Euston Tower Limited
		Nugent Shopping Park Limited
		BL Shoreditch General Partner Limited
		1&4&7 Triton Limited
		BL Broadgate Fragment 5 Limited
		BL Intermediate Holding Company Limited
		Regent’s Place Holding Company Limited
		BL Broadgate Fragment 6 Limited
		BL Shoreditch No.1 Limited

Name	Current directorships / partnerships	Former directorships / partnerships[5]
		BL City Offices Holding Company Limited
		BL Superstores Holding Company Limited
		BLD (Ebury Gate) Limited*
		Longford Street Residential Limited
		BL High Street and Shopping Centres Holding Company Limited
		Union Property Holdings (London) Limited
		BLD (A) Limited
		Boldswitch Limited
		Moorage (Property Developments) Limited
		Broadgate Adjoining Properties Limited
		BL Osnaburgh ST Residential Ltd
		BL Aldgate Holdings Limited
		Hempel Holdings Limited
		Aldgate Place (GP) Limited
		BL Broadgate Fragment 2 Limited
		Meadowhall Opportunities Nominee 2 Limited
		British Land Property Management Limited
		20 Triton Street Limited
		Parwick Investments Limited
		Hempel Hotels Limited
		Osnaburgh Street Limited
		Bayeast Property Co Limited
		BL Retail Holding Company Limited
		Union Property Corporation Limited
		British Land Offices (Non-City) Limited
		Insistmetal 2 Limited
		Giltbrook Retail Park Nottingham Limited
		Exchange Square Management Limited
		St. Stephens Shopping Centre Limited

Name	Current directorships / partnerships	Former directorships / partnerships[5]
		BL Office Holding Company Limited
		British Land in Town Retail Limited
		10 Triton Street Limited
		BL Bluebutton 2014 Limited
		Aldgate Land One Limited
		338 Euston Road Limited
		B.L. Holdings Limited
		BF PropCo (No.5) Limited
		British Land (Joint Ventures) Limited
		20 Brock Street Limited
		British Land City Offices Limited
		BL Doncaster Wheatley Limited
		The Mary Street Estate Limited
		Ashband Limited
		Clarges Estate Property Management CO Limited
		17-19 Bedford Street Limited
		Adamant Investment Corporation Limited
		BL Residual Holding Company Limited
		Broadgate Management (Bishopsgate) Limited
		Cavendish Geared Limited
		Pillar Denton Limited
		BL Triton Building Residential Limited
		BL Piccadilly Residential Limited
		Drake Circus Leisure Limited
		BL Leisure and Industrial Holding Company Limited
		Meadowhall Opportunities Nominee 1 Limited
		Orbital Shopping Park Swindon Limited
		BL Broadgate Fragment 4 Limited
		39 Victoria Street Limited*
		Lonebridge UK Limited
		BLD Property Holdings Limited

Name	Current directorships / partnerships	Former directorships / partnerships[5]
		BL Broadgate Fragment 3 Limited
		Plymouth Retail Limited
		18-20 Craven Hill Gardens Limited
		Stockton Retail Park Limited
		Aldgate Land Two Limited*
		BLU Securities Limited
		BL Retail Warehousing Holding Company Limited
		BL Department Stores Holding Company Limited
		Storey Spaces Limited
		BL Shoreditch No.2 Limited
		WOSC 1 Nominee Limited
		WOSC 2 Nominee Limited
		WOSC GP Limited
		Apartpower Limited*
		BL HC Health and Fitness Holdings Limited
		BL HC Invic Leisure Limited
		BL HC Property Holdings Limited
		BL HC (DSCLI) Limited
		British Land Department Stores Limited*
		Clarges Mayfair Residential Management Co Limited
		Wardrobe Place Limited
		Wardrobe Court Limited
		Cornish Residential Property Investments Limited
		York House W1 Limited
		BF PropCo (No.13) Limited
		LHR 152 Limited
		WIIS Clarges Offices Limited
		WIIS Clarges Retail Limited
		TPP Investments Limited
		BL CW Holdings No2 Company Limited
		Horndrift Limited
		British Land Investments N.V.*

Name	Current directorships / partnerships	Former directorships / partnerships[5]
		BL Clifton Moor Limited*
Chris Weston	Thames Water Limited	Aggreko Limited
	Water UK	Aggreko UK Limited
	Sportquest Holidays Limited	Aggreko Holdings Limited
		Royal Navy

6.2 Senior Management

The business address of each of the Senior Managers is the Company's registered address at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF, United Kingdom.

Summary biographical details of the majority of the Senior Managers are described on page 106 of the Barratt Annual Report & Accounts 2023, as described in Part XV — "*Documentation Incorporated by Reference*" of this Prospectus. Updates to these biographical details, along with biographical details of Sally Austin, are available on the Company's website at www.barrattdevelopments.co.uk.

Set out below are the directorships and partnerships held by the Senior Managers (other than, where applicable, directorships held in subsidiaries of the Company), in the five years prior to the date of this Prospectus:

Name	Current directorships/partnership	Former directorships/ partnerships
Bukky Bird	N/A	N/A
Tim Collins	Church Farm (Whissendine) Management Company Limited	N/A
Sally Austin	Warwick Independent Schools Foundation	Wincanton Group Limited
		Costain Limited
Louise Ruppel	N/A	N/A

6.3 Barratt Company Secretary

The business address of the Barratt Company Secretary is the Company's registered address at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF, United Kingdom.

Summary biographical details of the Barratt Company Secretary are described on page 105 of the Barratt Annual Report & Accounts 2023, as described in Part XV — "*Documentation Incorporated by Reference*" of this Prospectus. Updates to these biographical details are available on the Company's website at www.barrattdevelopments.co.uk.

Set out below are the directorships and partnerships held by the Barratt Company Secretary (other than, where applicable, directorships held in subsidiaries of the Company), in the five years prior to the date of this Prospectus:

Name	Current directorships/partnership	Former directorships/ partnerships
Tina Bains[9]	N/A	N/A

6.4 Proposed Directors and Combined Group Additional Senior Manager

In respect of the Proposed Directors and the Combined Group Additional Senior Manager, summary biographical details are available on Redrow's website at www.redrowplc.co.uk.

The details of those companies and partnerships outside the Redrow Group and its joint arrangements of which the Proposed Directors and the Combined Group Additional Senior Manager are, or have been at any time during the previous five years prior to the date of this Prospectus, a member of the administrative, management or supervisory body or partner is as follows:

Name	Current directorships / partnership	Former directorships / partnerships
Matthew Pratt	N/A	N/A
Nicky Dulieu	WH Smith plc	Huntsworth Limited
	The Unite Group plc	Royal Norfolk Agricultural Association
		Norfolk Showground Limited
		John Lewis Partnership plc
		Adnams plc
		Marshall Motor Holdings Limited
		Notcutts Group Limited
		Notcutts Limited
Geeta Nanda	The PRS Reit plc	National Housing Federation Limited
	Providing Better Alternatives Consultancy Ltd	McCarthy and Stone Limited (formerly McCarthy and Stone plc)
	Metropolitan Housing Trust Limited	Fizzy Newco 1 Limited
	Thames Valley Housing Association Limited	
	TVH PRS 2 Limited	
	Metropolitan Funding plc	
Barbara Richmond	Lonza AG	N/A

[9] During the five years prior to the date of this Prospectus, Tina Bains has also been director of certain subsidiaries of the Company at the time of or within a 12-month period preceding their voluntary liquidation, being Knightsdale Homes Limited, Barratt Pension Trustee Limited, David Wilson Homes Land (No 12) Limited and Mountdale Homes Limited.

6.5 Other disclosures

6.5.1 As at the date of this Prospectus, none of the Barratt Directors, the Proposed Directors, the Barratt Company Secretary, the Senior Managers or the Combined Group Additional Senior Manager has at any time within the past five years:

(a) save as disclosed in paragraphs 6.1, 6.2, 6.3 and 6.4 above, been a director or partner of any companies or partnerships;

(b) had any convictions in relation to fraudulent offences (whether spent or unspent);

(c) been adjudged bankrupt or entered into any individual voluntary arrangements;

(d) save for the voluntary liquidations disclosed in paragraphs 6.1 and 6.3 above, been a director of any company at the time of or within a 12-month period preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with such company's creditors generally or with any class of creditors of such company;

(e) has been a partner of any partnership at the time of or within a 12-month period preceding any compulsory liquidation, administration, or partnership voluntary arrangement of such partnership;

(f) owned any assets which have been subject to a receivership;

(g) been partner of any partnership at the time of or within a 12-month period preceding any assets thereof being the subject of a receivership;

(h) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or

(i) ever been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company.

6.5.2 Save for their capacities as persons legally and beneficially interested in Shares, there are:

(a) no potential conflicts of interest between any duties to the Company of the Barratt Directors, the Proposed Directors, the Barratt Company Secretary, the Senior Managers and the Combined Group Additional Senior Manager and their private interests and/or other duties; and

(b) no arrangements or understandings with major Barratt Shareholders, members, customers, suppliers or others, pursuant to which any Barratt Director, Proposed Director, Barratt Company Secretary, Senior Manager or Combined Group Additional Senior Manager was selected.

(c) other than as described in paragraph 15 of Part VI — "*Information about the Combination*", no restrictions have been agreed by any of the Barratt Directors, the Proposed Directors, the Barratt Company Secretary, the Senior Managers and the Combined Group Additional Senior Manager on the disposal within a certain period of time of any of their holdings in the Company.

6.5.3 There is no family relationship between any of the Barratt Directors, the Proposed Directors, the Barratt Company Secretary, the Combined Group Additional Senior Manager or the Senior Managers.

7 Barratt Share Plans

The Company currently operates a number of employee share plans, the key features of which are described below. References to the "**Committee**" for the purposes of this paragraph 7 shall mean the Barratt Board, a duly authorised committee appointed by the Barratt Board, the remuneration committee of the Company, or any other duly authorised person as appropriate.

In addition, the Company has agreed to offer participants in the Redrow Sharesave Plan (the "**Redrow SAYE**") the opportunity to exchange outstanding options for equivalent options over Shares on and subject to the terms of the Barratt Savings-Related Share Option Scheme 2018 ("**Barratt SAYE**") (the "**SAYE Rollover**"). As a result of the SAYE Rollover, the Redrow SAYE will be operated by the Company from Completion. Details of the treatment of the Redrow Share Plans are set out in the Scheme Document.

7.1 Outstanding options and awards

As at the Latest Practicable Date, the number of outstanding options and awards under the Barratt LTPP, Barratt ELTIP, the Barratt DBP (each as defined below) and the Barratt SAYE were as follows:

Award type	Number of Shares subject to options or awards
LTPP awards in the form of conditional awards	10,407,076
ELTIP awards in the form of conditional awards	3,196,780
DBP awards in the form of conditional awards	1,623,499
SAYE options	10,815,036

7.2 The Long-Term Performance Plans

7.2.1 Overview and eligibility

The Barratt Developments Long Term Performance Plan 2023 (the "**2023 Barratt LTPP**") is a discretionary plan which is available to all employees of the Company and its subsidiaries, including the Barratt Executive Directors, and was approved by shareholders at a general meeting in October 2023. The 2023 Barratt LTPP replaced a previous long-term incentive plan (the "**2017 Barratt LTPP**") which expired in November 2023, but some participants still hold outstanding awards under the 2017 Barratt LTPP. The terms of the 2023 Barratt LTPP are substantially the same as the 2017 Barratt LTPP (together, the "**Barratt LTPP**"), and where there are material differences, these are noted below.

7.2.2 Grant of awards

The Committee (or their delegate) decides who participates in the plan and the size of their awards, subject to the applicable limits described below. Barratt LTPP awards can be made in the form of conditional awards, options (with or without an exercise price) or forfeitable shares (though conditional awards are typically used). At the Committee's discretion, awards may include a right to dividend equivalents in respect of the number of shares that vest, taking into account any dividends payable before vesting or the end of any holding period (see below) and the amount may be determined as if the dividends were reinvested and may include or exclude special dividends. Dividend equivalents are payable in cash unless the Committee decides to pay them fully or partly in shares.

Awards are normally only granted in the 42 days following the announcement of the Company's results or a general meeting but can be granted at other times in certain circumstances.

7.2.3 Vesting of awards and performance conditions

The vesting of an award may be subject to performance conditions set by the Committee at the time of grant. Awards to Barratt Executive Directors (other than Recruitment Awards, defined below) must be subject to performance conditions to the extent required by, and in line with, the prevailing remuneration policy. The Committee will determine the period over which any performance conditions are assessed (which is normally at least three financial years). The Committee determines the extent to which awards vest, taking into account: (a) the extent to which any relevant performance conditions have been satisfied; (b) the underlying performance of the Company and, in the case of the 2023 Barratt LTPP only, (c) the underlying performance of the participant, and any other factors that the Committee considers relevant.

The Committee may amend any performance condition in accordance with its terms or if anything happens which causes the Committee to consider it appropriate to do so, but the amended performance condition would not be materially less or more challenging to satisfy.

Under the 2017 Barratt LTPP, the approval of the Company at a general meeting is required to amend any performance condition (unless the change is immaterial).

7.2.4 Holding period

The Committee may also determine at grant that an award will be subject to an additional holding period following vesting, during which participants will not be able to deal in the Shares subject to the award. A holding period of two years usually applies to Barratt Executive Directors in line with the prevailing remuneration policy.

7.2.5 Individual limits

Awards will not be granted to a participant in respect of any financial year of the Company over Shares with a market value in excess of 200 per cent. of salary. Awards may, however, be granted in excess of this limit under the 2023 Barratt LTPP to compensate a new recruit for awards or entitlements forfeited as a result of leaving their former employer (a "**Recruitment Award**").

7.2.6 Malus and clawback

The Committee may apply malus to awards (i.e. reduce an award (including to zero) or impose additional conditions on an award) or apply clawback to awards (i.e. require a participant to return some or all of the Shares acquired under an award or make a cash payment to the Company in respect of the Shares delivered). The period during which malus and clawback may be operated under the 2023 Barratt LTPP is any time up to the fifth anniversary of grant (or later if an investigation is ongoing).

The Committee may invoke these malus and clawback provisions where it considers there are exceptional circumstances such as:

(a) a material misstatement in the published results of the Group or a Group member;

(b) an error in determining the number of Shares subject to an award or in assessing any performance conditions;

(c) the determination of the number of Shares subject to an award or the assessment of any performance conditions being based on inaccurate or misleading information;

(d) serious misconduct on the part of the relevant participant;

(e) a breach by the relevant participant of any restrictive covenants;

(f) the participant causing a material loss for the Group as a result of (i) reckless, negligent or wilful conduct; or (ii) inappropriate values or behaviour;

(g) a material breach of health and safety or environmental regulations;

(h) a material failure of risk management;

(i) the participant being responsible for or having management oversight over a Group member being censured by a regulatory body or suffering a significant detrimental impact on its reputation; or

(j) the Company or a material proportion of the Group becoming insolvent or otherwise suffering corporate failure.

Under the 2017 Barratt LTPP, the malus and clawback provisions are substantially the same for awards granted on or after 20 June 2019, but: (a) there is no express ability for the Committee to impose additional conditions on an award when applying malus; (b) the period during which malus may be operated is any time prior to vesting; (c) the period during which clawback may be operated is within two years of vesting; and (d) breach by the relevant participant of any restrictive covenant is not expressly included as an example of "exceptional circumstances" where malus and clawback may be invoked. Clawback is more limited for awards granted before 20 June 2019 and can only be operated where there is a restatement of results resulting in a larger award, material error in assessing performance conditions or where the participant leaves because of gross misconduct causing loss or damage to a member of the group.

7.2.7 Leaving employment

If a participant leaves employment (or, in the case of the 2023 Barratt LTPP, ceases to be a Barratt Director) their unvested award will normally lapse.

But where the participant leaves for certain specified "good leaver" reasons (i.e. death, ill-health, injury, disability, retirement (with the agreement of their employer), redundancy, or the sale of their employing business or company, or any other reason at the discretion of the Committee) their award will normally continue in effect and vest on the original vesting date or the Committee may decide that it will vest on or after the date of leaving. If the participant dies, the award will usually vest immediately.

The award will only lapse during a holding period if the participant is dismissed for misconduct and will otherwise be released in the normal course at the end of the holding period or, if the Committee so decides or in the case of death, on or after the date of leaving.

Under the 2023 Barratt LTPP, if the participant is a "good leaver" as a result of the sale of their employing business or company, the Committee may require that the award is exchanged for an equivalent award over shares in another company.

The Committee will determine the extent to which an award vests in these circumstances taking into account the satisfaction of any performance conditions, the underlying performance of the Company and of the participant, and such other factors that the Committee considers relevant, in each case, over the period until leaving unless the Committee decides otherwise. The awards will be scaled back on a time pro-rated basis, unless the Committee decides otherwise.

Under the 2017 Barratt LTPP, the leaver provisions are substantially the same, but death is (by default) treated in the same way as other "good leaver" reasons and the sale of a participant's employing business or company isn't expressly contemplated as a "good leaver" reason.

7.2.8 Change of control

If there is a takeover of the Company, awards may vest and any holding period will come to an end. The proportion of unvested awards which vest will be determined by the Committee in its discretion, taking into account: (a) the extent to which any performance conditions are then satisfied (or, in the case of the 2017 Barratt LTPP, would have been satisfied at the end of the performance period); and, in the case of the 2023 Barratt LTPP (b) the underlying performance

of the Company and of the participant and such other factors that the Committee considers, in its opinion, relevant. Awards will be reduced on a pro-rata basis to reflect early vesting unless, in the case of the 2023 Barratt LTPP, the Committee decides otherwise. Options will be exercisable for a limited period after which they will lapse. Alternatively, the Committee may require that awards are exchanged for equivalent awards over shares in the acquiring company (subject to the acquiring company's consent).

7.2.9 Other transactions

If the Company is wound up or there is a variation in the share capital (such as a rights issue), a demerger, special dividend or other transaction which, in the Committee's opinion, will materially affect the value of Shares, the Committee may decide that awards under the 2023 Barratt LTPP will vest as described above in relation to change of control and/or may adjust the number or class of Shares subject to awards and the exercise price.

The Committee may adjust awards under the 2017 Barratt LTPP in such manner as it considers appropriate if there is a variation of capital or in such other circumstances as it considers appropriate.

7.3 The Employee Long-Term Incentive Plan

7.3.1 The Barratt Employee Long-Term Incentive Plan (the "**Barratt ELTIP**") is a discretionary plan which is available to all employees of the Company and its subsidiaries other than the Barratt Executive Directors, and was originally approved by directors in December 2007.

7.3.2 The Barratt ELTIP is on broadly the same terms as the 2017 Barratt LTPP except that:

(a) awards cannot be satisfied with newly issued shares or treasury shares (and, accordingly, the limits on newly issued shares described below do not apply);

(b) shareholder approval is not required for changes to performance conditions or the rules unless the change would permit directors to participate or new issue or treasury shares to be used; and

(c) approval of both (i) the Group Chief Executive or the Chief Operating Officer; and (ii) the Company Secretary or Group HR Director is required for a good leaver's award to continue to vest on the original vesting date.

7.3.3 Barratt ELTIP awards are usually not subject to any performance conditions other than a continued employment condition, subject to good leaver provisions.

7.3.4 Barratt ELTIP awards are usually made in the form of conditional awards and the period over which any performance conditions are assessed is normally two financial years.

7.4 The Deferred Bonus Plans

7.4.1 The Barratt Deferred Bonus Plan (the "**2023 Barratt DBP**") is a discretionary plan which is available to all employees of the Company and its subsidiaries, including the Barratt Executive Directors, and certain former employees where they are eligible to receive a bonus for the period prior to their employment ceasing. It was approved by shareholders at a general meeting in October 2023. The 2023 Barratt DBP will replace a previous deferred bonus plan which is due to expire in November 2025 (the "**2017 Barratt DBP**") (and together with the 2023 Barratt DBP, the "**Barratt DBP**"). All participants in the deferred bonus plan hold their outstanding awards under the 2017 Barratt DBP.

7.4.2 The 2023 Barratt DBP allows for some or all of employees' or former employees' bonuses to be granted in the form of an award. The terms of the awards are broadly the same as the terms of awards under the 2023 Barratt LTPP except that:

(a) they are not subject to performance conditions or holding periods;

(b) malus and clawback apply for three years (not five years) from the date of award;

(c) the value of shares subject to award is only limited to the amount of the bonus; and

(d) if an award vests on or after leaving or on a change of control or similar transaction, it is not pro-rated.

7.4.3 2023 Barratt DBP awards are usually made in the form of conditional awards.

7.4.4 In addition to deferred bonus awards, the 2017 Barratt DBP also allows for the grant of matching awards on the basis of up to one share subject to the matching award for each share subject to a deferred bonus award. The vesting of any matching award is usually subject to performance conditions set by the Committee at grant. Awards may be in the form of nil-cost options or conditional awards. Also, under the 2017 Barratt DBP, any amount over 100% of salary is deferred, whereas under the 2023 Barratt DBP, the amount deferred is a fixed percentage as determined by the Committee. Otherwise, awards under the 2017 Barratt DBP are on broadly the same terms as awards under the 2017 Barratt LTPP.

7.5 Save As You Earn Plan

7.5.1 Overview and eligibility

The Barratt SAYE is an all-employee plan that operates in accordance with qualifying requirements of HMRC and applicable tax legislation, which was most recently approved by shareholders in October 2018.

All UK permanent employees and full-time directors of the Company and any participating subsidiaries can participate in the Barratt SAYE, excluding those who have not met any applicable qualifying period of service. When the Barratt SAYE is operated, all eligible employees must be invited to participate.

7.5.2 Grant of options

Barratt SAYE options are not subject to performance conditions and are exercisable at an exercise price which includes up to a 20 per cent. discount to the market price of the shares at the time of grant or invitation. For the Barratt SAYE, the discount is usually determined at the time of invitation.

7.5.3 Savings contract

Each participant must enter into a savings contract under which they agree to save up to £500 per month by deduction from their salary. The savings contract can last for three or five years.

7.5.4 Exercise of options

Options can normally only be exercised for six months following the end of the savings contract using the amount saved under the savings contract (including any interest or bonus).

7.5.5 Leaving employment

If a participant leaves the Barratt Group, their option will normally lapse on leaving if it is less than three years old (or if the participant leaves by reason of gross misconduct, their options will lapse even if more than three years old). However, a participant can exercise their option early if they leave because of injury, ill-health or disability, death, redundancy, retirement or sale of their employer out of the Barratt Group. In these circumstances, the participant can only exercise their option for six months from the date of leaving (or 12 months from the date of death) using savings made to the date of exercise (including any interest or bonus), or equivalent amounts.

7.5.6 Takeovers

Options can be exercised on a takeover, using savings made to the date of exercise (including any interest or bonus) or equivalent amounts, for a limited period, after which they will lapse. Alternatively, participants may be allowed to exchange options for equivalent options over shares in the acquiring company.

7.5.7 Changes in share capital

The number and/or type of shares subject to options and/or the exercise price may be adjusted in such manner as the Barratt Board considers reasonable to take account of any rights issue (or similar transaction) or other variation in the share capital of the Company.

7.6 Terms common to all the plans

7.6.1 Issues of new shares and treasury shares

Except in the case of the Barratt ELTIP, awards can be satisfied by the issue of new shares or transfer of existing shares, including treasury shares.

Issues of shares under all these plans are subject to the following limits:

(a) in any 10-year period, the number of Shares issued or issuable under discretionary share plans must not exceed 5 per cent. of the issued Share capital of the Company from time to time; and

(b) in any 10-year period, the number of Shares issued or issuable under other employees' share plans must not exceed 10 per cent. of the issued Share capital of the Company from time to time.

For the purposes of these limits (other than in relation to the 2017 Barratt LTPP), treasury Shares are treated as newly issued until such time as guidelines published by institutional investor representative bodies determine otherwise.

7.6.2 Amendments

The Committee can amend the plans in any way but, except in the case of the Barratt ELTIP, shareholder approval will be required to amend certain provisions to the advantage of participants. These provisions relate to eligibility, individual and plan limits, exercise price, rights attaching to awards and shares, adjustments on variation in the Company's share capital and the amendment power. But the Committee can, without shareholder approval:

(a) change the plans to obtain or maintain favourable tax treatment;

(b) make certain minor amendments (e.g. to benefit administration);

(c) establish further plans based on the plan but modified to take account of local securities laws, exchange controls or tax (but shares made available under such further plans will be treated as counting against any limits on participation as set out in the plan); or

(d) change any performance condition in accordance with its terms or if anything happens which causes the Committee to consider it appropriate to do so.

8 Interests of major Barratt Shareholders

8.1 Insofar as it is known to the Company, the following persons are, as at the Latest Practicable Date, directly or indirectly interested (within the meaning of the Companies Act) in 3 per cent. or more of the total voting rights of the Company (being the threshold for notification of voting rights that apply to the

Company and Barratt Shareholders pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules):

Shareholder	Number of Shares as at Latest Practicable Date	Percentage of Share capital as at Latest Practicable Date	Number of Shares as at Admission[(1)]	Percentage of Combined Issued Share Capital as at Admission[(1)]
BlackRock Inc.	100,397,120	10.3%	122,536,665	8.4%
Bridgemere Securities Limited	0	0%	76,106,615	5.2%
FMR LLC	63,235,257	6.5%	70,824,215	4.9%
Vanguard Group	47,448,486	4.9%	66,179,486	4.6%
Phoenix Asset Management Partners	43,455,418	4.5%	43,455,418	3.0%
Franklin Templeton	41,360,527	4.2%	41,360,527	2.9%
SSGA	31,044,193	3.2%	35,861,062	2.5%

Note:

(1) Assuming that (other than the issue of the New Barratt Shares) no further issues of Shares or Redrow Shares or any changes in the holdings of such persons in Shares or Redrow Shares occur between the Latest Practicable Date and Admission.

8.2 Insofar as is known to the Company, the Company is not, directly or indirectly, owned or controlled by another corporation, any foreign government, or any other natural or legal person, severally or jointly.

8.3 None of the major Barratt Shareholders referred to above has different voting rights from other Barratt Shareholders.

8.4 The Barratt Directors and the Proposed Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

9 Statutory auditors

The statutory auditors of the Barratt Group for the period from 2008 to date have been Deloitte, chartered accountants, whose address is at 1 New Street Square, London, EC4A 3HQ. Deloitte has no material interest in the Company.

Deloitte is registered to perform audit work by the Institute of Chartered Accountants in England and Wales.

10 Material contracts of the Barratt Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Barratt Group within the two years immediately preceding the date of this Prospectus, and are, or may be, material or have been entered into at any time by the Company or any member of the Barratt Group and contain provisions under which the Company or any member of the Barratt Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Barratt Group as at the date of this Prospectus:

10.1 Co-operation Agreement

On 7 February 2024, Barratt and Redrow entered into a co-operation agreement pursuant to which:

- Barratt has agreed to use all reasonable endeavours to obtain CMA Clearance and to satisfy, or procure the satisfaction of, the regulatory conditions as soon as is reasonably practicable

following the date of the 2.7 Announcement and in any event in sufficient time to enable the Scheme Effective Date to occur by the Longstop Date;

- Barratt shall have final authority to determine, acting reasonably and having consulted in good faith and on a timely basis with Redrow, and having considered in good faith any reasonable comments from Redrow, the strategy to be pursued for satisfying the regulatory conditions and obtaining CMA Clearance;
- Barratt and Redrow have agreed to certain customary undertakings to co-operate in relation to the regulatory conditions and the CMA Clearance; and
- Barratt has agreed to provide Redrow promptly with certain information as may be reasonably requested and is required for the Scheme Document, and Redrow has agreed to provide Barratt promptly with certain information as may be reasonably requested and is required for the Barratt Circular and the Barratt Prospectus.

The Co-operation Agreement records the intention of Barratt and Redrow to implement the Combination by way of the Scheme, subject to Barratt's right to switch to a Takeover Offer in certain circumstances. Barratt and Redrow have agreed to certain customary provisions if the Scheme should switch to a Takeover Offer.

The Co-operation Agreement also contains provisions that shall apply in respect of Barratt Shareholders' and Redrow Shareholders' dividend entitlements, directors' and officers' insurance and the Redrow Share Plans, other incentive arrangements and other employee-related matters.

The Co-operation Agreement shall be terminated with immediate effect:

- if Barratt and Redrow so agree in writing;
- upon service of notice by Barratt to Redrow if the Redrow Directors change their recommendation in respect of the Combination;
- upon service of written notice by either Barratt or Redrow to the other if: (i) a competing offer becomes effective or is declared or becomes unconditional; (ii) the Combination is withdrawn, terminates or lapses in accordance with its terms; (iii) prior to the Longstop Date, a Condition which either (a) is not capable of being waived; or (b) Barratt has confirmed it will not waive, notwithstanding that such Condition is capable of being waived, becomes incapable of satisfaction by the Longstop Date in circumstances where invocation of the relevant Condition is permitted by the Panel; (iv) the Scheme is not approved at the Redrow Court Meeting, the resolutions to be proposed at the Redrow General Meeting are not passed or the Court refuses to sanction the Scheme; (v) the Barratt Resolution is not passed at the Barratt General Meeting; or (vi) unless otherwise agreed by Barratt and Redrow in writing or required by the Panel, the Scheme Effective Date has not occurred by the Longstop Date; or
- upon service of notice by Redrow to Barratt if the Barratt Directors change their recommendation in respect of the Combination.

10.2 Sponsor's Agreement

On 19 April 2024, the Company and UBS entered into a sponsor's agreement in connection with UBS's role as the Company's sponsor in relation to the Combination and Admission (the "**Sponsor's Agreement**"). Pursuant to the Sponsor's Agreement, the Company has agreed to provide UBS with certain customary representations, warranties, undertakings and indemnities. UBS may terminate the Sponsor's Agreement and its role as Sponsor in certain customary circumstances.

10.3 Revolving Credit Facility Agreement

On 18 November 2022, Barratt as an original borrower and an original guarantor and BDW Trading Limited as an original borrower and an original guarantor entered into an amended and restated £700 million revolving credit facility agreement with (among others) Barclays Bank plc, Lloyds Bank plc, The Royal Bank of Scotland plc and Banco Santander S.A., London Branch as mandated lead arrangers and Lloyds Bank plc as agent (the "**Barratt RCF Agreement**"). In connection with the Combination, the lenders under the Barratt RCF Agreement have provided their consent to the Combination and the Barratt RCF Agreement has accordingly been amended to permit and reflect the Combination and other related matters and consequences of the Combination (including the insertion of a customary "clean-up" provision in relation to Redrow following Completion).

Under the Barratt RCF Agreement, the £700 million revolving credit facility (the "**Barratt RCF**") is available for drawing by Barratt and BDW Trading Limited (and any future additional borrower that may accede, subject, where applicable, to lender approval).

The Barratt RCF is unsecured, but is otherwise guaranteed by the original guarantors referenced above and other additional guarantors required to accede in accordance with the Barratt RCF Agreement's guarantor coverage provisions, which provide that the guarantors of the Barratt RCF must together hold directly at least 85 per cent. of the consolidated net assets of the Barratt Group, have a turnover representing not less than 85 per cent. of the consolidated turnover of the Barratt Group and have profit before tax and interest representing not less than 85 per cent. of the consolidated profit before tax and interest of the Barratt Group.

The Barratt RCF is to be applied towards the general corporate purposes of the Barratt Group.

The Barratt RCF Agreement is currently set to terminate on 18 November 2028, subject to an extension option of one year (at each lender's discretion), and is available for drawing in British pounds sterling up to the date falling one month prior to the applicable termination date.

The Barratt RCF Agreement contains customary representations, undertakings, covenants, indemnities and events of default with appropriate carve-outs and materiality thresholds, where relevant. The financial covenants comprise: (i) a gearing ratio test (where the ratio of total borrowings to consolidated tangible net worth must be equal to or less than 80 per cent. at the end of each 12-month period ending on the expiry of each financial year and half-year of Barratt (in this paragraph 10.3, a "**Measurement Period**")); (ii) an adjusted consolidated tangible net worth test (which must be at least £1.8 billion at the end of each Measurement Period); and (iii) an interest cover test (where the ratio of operating profit to interest payable must be at least 3:1 for each Measurement Period, subject to Barratt having the option, prior to the date falling one year prior to the then applicable termination date, to disapply the interest cover test for up to six consecutive Measurement Periods, provided that Barratt may only elect to commence a disapplication of the interest cover if the interest cover ratio was not disapplied for the previous Measurement Period. During any disapplication of the interest cover test, a cash cover test (where the ratio of cashflow to interest payable must be at least 2:1 at the end of each financial quarter of Barratt) will apply).

The Barratt RCF Agreement is governed by the laws of England and Wales.

10.4 US Private Placement Note Purchase Agreement

On 22 August 2017, the Company entered into a note purchase agreement (the "**Barratt Note Purchase Agreement**") and issued £200 million 2.77 per cent. senior notes due 22 August 2027 (the "**Barratt Notes**") thereunder to a group of institutional investors in, among others, the United States of America, the United Kingdom, Switzerland and Japan (such investors, as may become or cease to be holders of Barratt Notes from time to time in accordance with the Barratt Note Purchase Agreement (the "**Barratt Note Purchasers**")).

The Barratt Notes are unsecured obligations of the Company. All payments in respect of the Barratt Notes and the performance by the Company of its obligations under the Barratt Note Purchase Agreement are guaranteed by certain members of the Barratt Group (each being a "**Barratt Note Subsidiary Guarantor**") pursuant to separate subsidiary guarantee deeds. The only Barratt Note Subsidiary Guarantor as at the Latest Practicable Date is BDW Trading Limited.

The proceeds of the Barratt Notes are to be applied towards refinancing existing indebtedness and for general corporate purposes of the Company.

The Barratt Notes are fixed rate instruments with an interest rate of 2.77 per cent. per annum payable semi-annually.

The final maturity date of the Barratt Notes is 22 August 2027. The Company may elect to voluntarily prepay the Barratt Notes in an amount not less than £2,500,000, at 100 per cent. of the principal amount so prepaid (together with accrued but unpaid interest) plus a make-whole amount calculated in accordance with the provisions of the Barratt Note Purchase Agreement. In addition, the Barratt Note Purchase Agreement contains customary swap breakage provisions pursuant to which the Company is required to pay in US dollars the amount of any loss suffered by any applicable Barratt Note Purchaser following an early repayment or prepayment of the Barratt Notes or other permitted early termination of an applicable cross-currency swap. If a Barratt Note Purchaser makes a swap gain in equivalent circumstances, the applicable make-whole amount payable by the Company to such Barratt Note Purchaser is reduced by the amount of such swap gain.

The Barratt Note Purchase Agreement contains customary representations, undertakings, covenants, indemnities and events of default with appropriate carve-outs and materiality thresholds, where relevant. The Barratt Note Purchase Agreement contains, among other covenants, restrictions on disposals, the incurrence of indebtedness by any subsidiary of the Company (other than any subsidiary whose principal business is towards a development or construction of any asset or any Barratt Note Subsidiary Guarantor), and a negative pledge, in each case subject to customary carve-outs and materiality thresholds. The financial covenants comprise: (i) an interest coverage ratio of operating profit to interest payable for each 12-month period ending on the last financial year or half-year of the Company (in this paragraph 10.4, a "**Measurement Period**") of not less than 3.00 to 1.00; (ii) a gearing ratio such that the Company must ensure that total borrowings of the Barratt Group do not exceed 80 per cent. of the aggregate paid up share capital of the Barratt Group and amounts standing to the credit of the consolidated share premium account and other reserves (in this paragraph 10.4, the "**Consolidated Tangible Net Worth**"); and (iii) a net worth test, such that the Company must ensure that the Consolidated Tangible Net Worth of the Barratt Group as at the end of each Measurement Period is not less than £1,800,000,000 (in this instance, adjusted to exclude (a) any unrealised gains or losses on any hedging agreement and (b) any surplus or deficit attributable to retirement benefit obligations).

The Barratt Note Purchase Agreement also contains a right for Barratt Note Purchasers to demand prepayment following a change of control (formulated in a way customary for a company in the nature of the Company). Such prepayment is without any make-whole amount.

A make-whole amount calculated in accordance with the provisions of the Barratt Note Purchase Agreement would be payable by the Company in the case of any acceleration of the Barratt Notes by the Barratt Note Purchasers following the occurrence of any event of default set out in the Barratt Note Purchase Agreement.

The Barratt Note Purchase Agreement is governed by the laws of England.

11 Material Contracts of the Redrow Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by Redrow or another member of the Redrow Group within the two years immediately preceding the date

of this Prospectus, and are, or may be, material or have been entered into at any time by Redrow or any member of the Redrow Group and contain provisions under which Redrow or any member of the Redrow Group has an obligation or entitlement which is, or may be, material to Redrow or any member of the Redrow Group as at the date of this Prospectus:

11.1 Co-operation Agreement

See paragraph 10.1 of this Part XIV — "*Additional Information*" of this Prospectus.

11.2 Revolving Credit Facility Agreement

On 25 March 2021, Redrow as the borrower and Redrow Homes Limited as the original guarantor entered into an amended and restated £350 million revolving credit facility agreement with (among others) Barclays Bank plc, Lloyds Bank plc, National Westminster Bank plc, Santander UK plc Handelsbanken plc, acting through its Manchester Barbirolli Branch and HSBC UK Bank plc as original lenders, Barclays Bank plc, Lloyds Bank plc and National Westminster Bank plc as mandated lead arrangers and Lloyds Bank plc as agent (the "**Redrow RCF Agreement**").

Under the Redrow RCF Agreement, the £350 million revolving credit facility (the "**Redrow RCF**") is available for drawing by Redrow by way of loans and includes an option to request up to £100 million by way of letters of credit.

The Redrow RCF is unsecured, but is otherwise guaranteed by the original guarantor referenced above and other additional guarantors which may accede from time to time. The Redrow RCF contains a negative pledge, which restricts the ability of the Redrow Group to create or permit security to exist, but this is subject to several carve-outs, including security permitted in the ordinary course of business.

The Redrow RCF is to be applied towards the general corporate purposes of the Redrow Group. It is expected that, immediately following the Combination, the Redrow RCF will be cancelled in full.

The Redrow RCF Agreement terminates on 30 September 2025, and is available for drawing in British pounds sterling from the date of the Redrow RCF Agreement to the termination date.

The Redrow RCF Agreement contains customary representations, undertakings, covenants, indemnities and events of default with appropriate carve-outs and materiality thresholds, where relevant. Under the Redrow RCF Agreement, Redrow undertakes to ensure compliance with certain financial covenants, measured at the end of each 12-month period ending on the expiry of each financial year or half-year of Redrow, in relation to: (i) the consolidated tangible net worth of the Redrow Group; (ii) the ratio of consolidated adjusted total net borrowings to consolidated tangible net worth; (iii) the gearing ratio of consolidated land and work in progress value to consolidated adjusted total net borrowings; (iv) the ratio of consolidated EBIT to consolidated net interest payable; and (v) the aggregate gross assets of the guarantors as referenced above, as a proportion of total gross assets of the Redrow Group.

The Redrow RCF may be prepaid or cancelled by Redrow without premium or penalty, but subject to a limit of no more than five voluntary prepayments in aggregate in any 12-month period.

The Redrow RCF Agreement is governed by the laws of England and Wales.

Barratt intends to procure a cancellation of the Redrow RCF upon or shortly following Completion.

12 Related party transactions

The related party transactions entered into by members of the Barratt Group during the period covered by the historical financial information (i.e. between 1 July 2022 and 31 December 2023) are disclosed in the sections on related party transactions in the Barratt Half Year Report 2024 and the Barratt Annual Report & Accounts 2023 included or incorporated by reference in this Prospectus (see Part XV — **"***Documentation Incorporated by Reference***"**).

The table below sets out the section of the Barratt Half Year Report 2024 and the Barratt Annual Report & Accounts 2023 which contain information about related party transactions, and which are incorporated by reference in this Prospectus.

Topic	Barratt Half Year Report 2024	Barratt Annual Report & Accounts 2023
Related party transactions	pp. 30 ("Note 16 – Related party transactions")	pp. 222 ("Note 30 – Related party transactions")

Save as set out below, between 31 December 2023 and the Latest Practicable Date, members of the Barratt Group have not entered into any related party transactions:

Transactions between the Barratt Group and its joint ventures	*(£ millions)*
Charges in respect of development management and other services provided to joint ventures	2.1
Interest charges in respect of funding provided to joint ventures	0.6
Dividends received from joint ventures	4.1
Balances at Latest Practicable Date	
Capital due from joint ventures	83.6
Funding loans and interest due from joint ventures net of impairment	94.8
Other amounts due from joint ventures	30.6
Loans and other amounts due to joint ventures	(2.3)

13 Dividends

The dividend per share paid for the year ended 30 June 2023 was 33.7 pence, made up of one interim dividend of 10.2 pence paid on 18 May 2023 and one final dividend of 23.5 pence paid on 3 November 2023.

14 Litigation and arbitration proceedings

14.1 Barratt Group

Other than the CMA Investigation (see paragraph 4.5 of Part I — "*Risk Factors*" for more details), during the period covering at least the previous 12 months, there have been and are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company's or the Barratt Group's financial position or profitability.

14.2 Redrow Group

Other than the CMA Investigation (see paragraph 4.5 of Part I — "*Risk Factors*" for more details), during the period covering at least the previous 12 months, there have been and are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on Redrow's or the Redrow Group's financial position or profitability.

15 Working capital

In the opinion of the Company, taking into account the Barratt Notes and the Barratt RCF, the Barratt Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this Prospectus.

16 No significant change

16.1 Barratt Group

There has been no significant change in the financial performance or financial position of the Barratt Group since 31 December 2023, being the latest date at which interim financial information for the Barratt Group has been published.

16.2 Redrow Group

There has been no significant change in the financial performance or financial position of the Redrow Group since 31 December 2023, being the latest date at which interim financial information for the Redrow Group has been published.

17 Synergy Information

Paragraph 4 of Part VI — "*Information about the Combination*" contains statements of estimated cost and savings and synergies arising from the Combination (the "**Quantified Financial Benefits Statement**"). The Quantified Financial Benefits Statement is set out in full at Appendix I — "*Quantified Financial Benefits Statement*" of this Prospectus.

17.1 Bases of calculation of the Quantified Financial Benefits Statement

In preparing the Quantified Financial Benefits Statement, Redrow has provided Barratt with certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential synergies available from the Combination. In circumstances where data has been limited for commercial, regulatory or other reasons, Barratt management has made estimates and assumptions to aid its development of individual synergy initiatives. The assessment and quantification of the potential synergies have, in turn, been informed by the Barratt management's industry experience and knowledge of the existing businesses, together with close consultation with Redrow.

The cost base used as the basis for the quantified exercise is:

- relating to non-staff costs:
    - financial information for the year ended 30 June 2023 for the Barratt Group and the 52 weeks ended 2 July 2023 for the Redrow Group; and
    - procurement-related savings have been quantified based on combined build costs for the year ended 30 June 2023 for the Barratt Group and the 52 weeks ended 2 July 2023 for the Redrow Group, scaled down by c.20 per cent. to reflect expected combined completion volumes for the year ended 30 June 2024 (Barratt Group) and the 52 weeks ended 30 June 2024 (Redrow Group); and
- relating to staff costs, the latest available headcount and associated annualised direct per-head costs for both the Barratt Group and the Redrow Group.

For the potential synergies arising from the combination of group functions, organisation information was reviewed.

The assessment and quantification of such potential synergies have in turn been informed by Barratt management's industry experience as well as their experience of executing and integrating past acquisitions.

Cost-saving assumptions were based on a detailed, bottom-up evaluation of the benefits available from elimination of duplicate activities, the leverage of combined scale economics and operational efficiencies arising from consolidation of procurement and activities within operational facilities. In determining the estimate of costs savings achievable through the combination of Barratt and Redrow, no savings relating to operations have been included where no overlap exists.

In general, the synergy assumptions have in turn been risk-adjusted, exercising a degree of prudence in the calculation of the estimated synergy benefit set out above.

Where appropriate, assumptions were used to estimate the costs of implementing the new structures, systems and processes required to realise the synergies. In particular, the Barratt Directors have made the following assumptions, which are outside the influence of Barratt:

- there will be no material impact on the underlying operations of either the Barratt Group or the Redrow Group as a result of the Combination or their ability to continue to conduct their businesses;
- there will be no material divestments from the Redrow Group;
- there will be no material change to macroeconomic, political, inflationary, regulatory or legal conditions in the markets or regions in which the Barratt Group and the Redrow Group operate that will materially impact on the implementation of the synergy plans or costs to achieve the proposed cost savings;
- there will be no material change in current foreign exchange rates or interest rates;
- there will be no material change in accounting standards; and
- there will be no change in tax legislation or tax rates or other legislation in the United Kingdom that could materially impact the ability to achieve any benefits.

In addition, the Barratt Directors have made an assumption within the influence of Barratt that there will be no material divestments from the Barratt Group.

In addition, the Barratt Directors have assumed that the cost synergies are substantively within Barratt's control, albeit that certain elements are dependent in part on negotiations with third parties.

17.2 Important Notes

The statements of estimated pre-tax synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost synergies referred to may not be achieved, or those achieved could be materially different from those estimated.

No statement in the Quantified Financial Benefits Statement, or this Prospectus generally, should be construed as a profit forecast or interpreted to mean that Barratt's earnings in the full first full year following the Combination, or in any subsequent period, would necessarily match or be greater than or be less than those of Barratt and/or Redrow for the relevant preceding financial period or any other period.

Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost savings may be materially greater or less than those estimated.

18 Regulatory Disclosure

The following is a summary of the information disclosed in accordance with Barratt's obligations under the Market Abuse Regulation in the last 12 months:

18.1 Results and updates

- On 3 May 2023, Barratt provided an update on trading in respect of the period from 1 January 2023 to 23 April 2023.
- On 13 July 2023, Barratt provided an update on trading for the year ended 30 June 2023, ahead of the publication of its full-year results on 6 September 2023.
- On 6 September 2023, Barratt issued its full-year results for the 12-month period ended 30 June 2023, followed by the publication of its annual financial report on 14 September 2023.
- On 18 October 2023, Barratt published the results of its Annual General Meeting and provided an update on trading in respect of the period from 1 July 2023 to 8 October 2023.
- On 7 February 2024, Barratt issued its half-year results for the six-month period ended 31 December 2023.

18.2 Directors and Senior Management

- On 23 May 2023, Barratt announced that John Allan would be stepping down as Chair of the Board and as a Director of the Company from 30 June 2023, and that Caroline Silver will take over as Chair of the Board and of the Nomination Committee from 30 June 2023.
- On 1 June 2023, Barratt confirmed that Sharon White would step down as a Non-Executive Director on 30 June 2023.
- On 6 September 2023, Barratt announced that Nigel Webb would be appointed as an independent non-executive director of the company with effect from 1 October 2023.

18.3 Other announcements

- On 13 March 2023, Barratt announced that it had signed the Self-Remediation Terms and Contract (which incorporates into a contractual arrangement the commitments made by homebuilders under the Building Safety Pledge), in line with DLUHC's deadline of 13 March 2023.
- On 31 May 2023, Barratt announced that it had signed the Scottish Safer Buildings Accord, setting out its commitment to address life-critical fire-safety issues on all buildings of 11 metres and above in Scotland developed by the Barratt Group in the 30 years prior to 1 June 2022.
- On 30 June 2023, Barratt announced an agreed future sale of 604 homes to Citra Living for a total cash consideration of £168.4m.
- On 7 February 2024, Barratt and Redrow announced that they had reached agreement on the terms of a recommended all-share offer for the combination of Barratt and Redrow, pursuant to which Barratt will acquire the entire issued and to be issued ordinary share capital of Redrow.

19 Consents

19.1 UBS, which has acted as sponsor and lead financial adviser to Barratt, has given and not withdrawn its written consent to the inclusion of its name in this Prospectus in the form and context in which it is included.

19.2 Morgan Stanley, which has acted as financial adviser to Barratt, has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of the references to its name in the form and context in which they appear.

19.3 PricewaterhouseCoopers, of 1 Embankment Place, London, WC2N 6RH, has:

19.3.1 given and not withdrawn its written consent to the inclusion in this Prospectus of its report on the unaudited pro forma financial information in Part B of Part XI — "*Unaudited Pro Forma Financial Information of the Combined Group*"; and

19.3.2 authorised the contents of the part of this Prospectus which comprises its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

PricewaterhouseCoopers has no material interest in the Company. PricewaterhouseCoopers is registered to perform audit work by the Institute of Chartered Accountants in England and Wales.

20 Miscellaneous

The total estimated expenses payable by the Company in connection with Admission (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents) are estimated to amount to £42.6 million (excluding VAT). No amount of any expenses are expected to be charged to the Redrow Shareholders.

21 Documents available for inspection

Copies of the following documents may be inspected during usual business hours on any business day (Saturdays, Sundays and public holidays excepted) for a period of 12 months following Admission on the Company's website at www.barrattdevelopments.co.uk or at the Company's registered office at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF United Kingdom:

- the Barratt Circular;
- the Scheme Document;
- the 2.7 Announcement;
- the Barratt Articles of Association;
- the consent letters referred to in paragraph 19 above;
- the report from PricewaterhouseCoopers which is set out in Part B of Part XI — "*Unaudited Pro Forma Financial Information of the Combined Group*";
- the documents incorporated by reference into this Prospectus as described in Part XV — "*Documentation Incorporated by Reference*"; and
- this Prospectus.

PART XV
DOCUMENTATION INCORPORATED BY REFERENCE

1 The annual reports and accounts of Barratt for 2023

These contain the audited consolidated financial statements of the Barratt Group for the financial year ended 30 June 2023, prepared in accordance with IFRS UK, together with the audit report in respect of such year.

The Barratt Annual Report & Accounts 2023 is available for inspection in accordance with paragraph 21 of Part XIV — "*Additional Information*" of this Prospectus. These documents are also available on the Company's website at www.barrattdevelopments.co.uk.

2 The Barratt Half Year Report 2024

This contains the unaudited condensed consolidated financial statements of the Barratt Group for the six months ended 31 December 2023, prepared in accordance with IFRS UK, together with a review opinion in respect of such results.

The Barratt Half Year Report 2024 is available for inspection in accordance with paragraph 21 of Part XIV — "*Additional Information*" of this Prospectus. These documents are also available on the Company's website at www.barrattdevelopments.co.uk.

PART XVI
DEFINITIONS

In this Prospectus the following expressions have the following meaning unless the context otherwise requires:

"2017 Barratt DBP"	has the meaning given to it in paragraph 7.4.1 of Part XIV — "*Additional Information*";
"2023 Barratt DBP"	has the meaning given to it in paragraph 7.4.1 of Part XIV — "*Additional Information*";
"2017 Barratt LTPP"	has the meaning given to it in paragraph 7.2.1 of Part XIV — "*Additional Information*";
"2023 Barratt LTPP"	has the meaning given to it in paragraph 7.2.1 of Part XIV — "*Additional Information*";
"2.7 Announcement"	the joint announcement dated 7 February 2024 made by Redrow and Barratt which confirmed that they had reached an agreement on the terms of a recommended all-share offer for the combination of Barratt and Redrow pursuant to which Barratt will acquire the entire issued and to be issued ordinary share capital of Redrow to form the Combined Group;
"Admission"	admission of the New Barratt Shares to the premium listing segment of the Official List (or, if there is no premium listing segment, the same listing segment as the Shares are trading on) and to trading on the Main Market;
"Annual General Meeting"	the annual general meeting of Barratt held on 18 October 2023;
"Banks"	UBS and Morgan Stanley;
"**Barratt Additional Permitted Dividend**"	has the meaning given to it in paragraph 11 of Part VI — "*Information about the Combination*";
"Barratt Annual Report & Accounts 2023"	the annual report and accounts of the Barratt Group and its subsidiaries for the year ended 30 June 2023;
"Barratt Articles of Association"	the articles of association of the Company which are described in paragraph 5 of Part XIV — "*Additional Information*";
"Barratt Board" or **"Barratt Directors"**	the directors of Barratt as at the date of this Prospectus or, where the context so requires, the directors of Barratt from time to time;
"Barratt Circular"	the circular relating to approval of the Combination sent by the Company to Barratt Shareholders on or around the date of this Prospectus, summarising the background to and reasons for the Combination and including a notice convening the Barratt General Meeting;
"**Barratt Company Secretary**"	the Group Company Secretary of Barratt, whose name appears in Part III — "*Barratt Directors, Proposed Directors, Barratt Company Secretary, Senior Managers, Combined Group Additional Senior Manager, Registered Office & Advisers*" of this Prospectus;
"Barratt DBP"	has the meaning given to it in paragraph 7.4.1 of Part XIV — "*Additional Information*";
"Barratt ELTIP"	has the meaning given to it in paragraph 7.3.1 of Part XIV — "*Additional Information*";

"Barratt Equalising Dividend"	has the meaning given to it in paragraph 11 of Part VI — "*Information about the Combination*";
"Barratt Executive Committee"	the executive committee Barratt as at the date of this Prospectus or, where the context so requires, the executive committee of Barratt from time to time;
"Barratt Executive Directors"	the executive directors of the Company as at the date of this Prospectus;
"Barratt General Meeting"	the general meeting of the Company to be held at the Seligman Theatre, Royal College of Physicians, 11 Saint Andrew's Place, London, NW1 4LE at 10.00 a.m. on 15 May 2024 (including any adjournment thereof), to be convened for the purpose of considering, and if thought fit approving, the Barratt Resolution, notice of which is set out in the Barratt Circular to Barratt Shareholders;
"Barratt Group"	Barratt and its subsidiary undertakings from time to time and, where the context permits, each of them;
"Barratt Half Year Report 2024"	the unaudited consolidated financial statements of the Barratt Group for the six months ended 31 December 2023;
"Barratt Interim Dividend"	has the meaning given to it in paragraph 11 of Part VI — "*Information about the Combination*";
"Barratt LTPP"	has the meaning given to it in paragraph 7.2.1 of Part XIV — "*Additional Information*";
"Barratt Non-Executive Directors"	the non-executive directors of the Company as at the date of this Prospectus;
"Barratt RCF"	has the meaning given to it in paragraph 10.3 of Part XIV — "*Additional Information*";
"Barratt RCF Agreement"	has the meaning given to it in paragraph 10.3 of Part XIV — "*Additional Information*";
"**Barratt Resolution**"	the ordinary shareholder resolution of Barratt necessary to approve, effect and implement the Combination including the resolution to: (i) approve the Combination as a "Class 1 transaction" for the purposes of the Listing Rules; and (ii) grant authority to the Barratt Directors to allot the New Barratt Shares (and any amendment(s) thereof);
"Barratt SAYE"	has the meaning given to it in paragraph 7 of Part XIV — "*Additional Information*";
"Barratt Share Plans"	the Barratt LTPP, the Barratt ELTIP, the Barratt DBP and the Barratt SAYE, each as amended from time to time;
"Barratt Shareholders"	the holders of Shares;
"Barratt Shares" or "Shares"	the allotted and issued ordinary shares of 10 pence each in the capital of the Company having the rights set out in the Barratt Articles of Association as described in paragraph 5 of Part XIV — "*Additional Information*";
"Building Safety Pledge"	the pledge signed by developers (including Barratt and Redrow) committing to remediate life-critical fire safety works in buildings

	over 11 metres that they have played a role in developing or refurbishing over the last 30 years in England;
"Building Safety Regulator"	the building control authority for higher-risk buildings in England, established under The Building Safety Act 2022 to regulate high-rise residential buildings with at least seven floors or 18 metres in height and at least two residential units;
"Business Day"	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business in London;
"certificated" or **"in certificated form"**	a share or other security which is not in uncertificated form (that is, not in CREST);
"Chair"	the chair of the Company;
"Closing Price"	the closing middle market price of a Redrow Share or a Share (as relevant) on a particular trading day as derived from the Daily Official List;
"CMA"	the Competition and Markets Authority, a UK statutory body established under the Enterprise and Regulatory Reform Act 2013;
"CMA Clearance"	the approval, consent, clearance, or confirmation from the CMA, as is necessary and/or expedient to satisfy the following conditions: (i) as at the date on which all other Conditions are satisfied or waived in relation to the Combination, the CMA has not (a) requested submission of a merger notice under section 96 of the Enterprise Act 2002 (the "EA"); or (b) indicated to either party that it intends, or is considering whether, to commence a Phase I investigation; or (c) indicated that the statutory review period in which the CMA has to decide whether to make a reference under section 34ZA of the EA has begun; or (d) requested documents, information, or attendance by witnesses (including under section 109 of the EA) which may indicate that it is considering whether to request submission of a merger notice or whether to commence the aforementioned statutory review period, or (ii) the CMA issues a decision in terms reasonably satisfactory to Barratt that it is not the CMA's intention to subject the Combination or any matter arising therefrom or related thereto or any part of it to a Phase 2 CMA Reference, such decision being either unconditional or conditional on the CMA's acceptance of undertakings in lieu under Section 73 of the EA which are reasonably satisfactory to Barratt (or the applicable time period for the CMA to issue either decision having expired without it having done so and without it having made a Phase 2 CMA Reference); or (iii) in the event that a Phase 2 CMA Reference is made, confirmation from the CMA either: (a) that the Combination may proceed without any undertakings or conditions; or (b) that the Combination and any matter arising therefrom or relating thereto may proceed on terms reasonably satisfactory to Barratt;
"CMA Investigation"	has the meaning given to it in paragraph 4.5 of Part I — "*Risk Factors*";
"Combination"	the proposed all-share offer for the combination of Barratt and Redrow pursuant to which Barratt will acquire the entire issued

	and to be issued ordinary share capital of Redrow, to be effected by means of the Scheme or, should Barratt so elect, and subject to the consent of the Panel and the terms of the Co-operation Agreement, by means of a Takeover Offer and where the context permits, any subsequent reversion, variation, extension or renewal thereof;
"Combined Group"	has the meaning given to it in Part I — "*Risk Factors*";
"Combined Group Additional Senior Manager"	the additional senior manager expected to join the Barratt Executive Committee immediately following Completion;
"Combined Issued Share Capital"	the number of Barratt Shares in issue immediately following Completion;
"Community Infrastructure Levy"	the planning charge introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area, with new developments that create net additional "gross internal area" of 100 square metres or more, or create new dwellings, potentially liable for the levy;
"Companies Act"	the UK Companies Act 2006, as amended from time to time;
"Company" or **"Barratt"**	Barratt Developments plc, a public limited company incorporated in England and Wales with registered number 00604574, whose registered office is Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF, United Kingdom;
"Completion"	the date on which either: (i) the Scheme becomes effective pursuant to its terms; or (ii) if the Combination is implemented by way of a Takeover Offer, such takeover offer having been declared and become unconditional in all respects;
"Conditions"	the conditions to the implementation of the Combination, as detailed in this Prospectus and set out in the Scheme Document;
"Co-operation Agreement"	the agreement dated 7 February 2024 between Barratt and Redrow relating to, amongst other things, the implementation of the Combination (as amended from time to time);
"Court"	the High Court of Justice in England and Wales;
"Court Hearing"	the hearing by the Court of the application to sanction the Scheme under Part 26 of the Companies Act, and any adjournment, postponement or reconvening thereof;
"Court Order"	the order of the Court sanctioning the Scheme;
"CREST"	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland International Limited;
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
"Deloitte"	Deloitte LLP;
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA, as amended;

"DLUHC"	the UK Government's Department for Levelling Up, Housing and Communities;
"ESG"	environmental, social and governance;
"EU"	the European Union;
"Euroclear"	Euroclear UK and International Limited, incorporated in England and Wales with registered number 02878738;
"EUWA"	the European Union (Withdrawal) Act 2018, as amended;
"Exchange Act"	the United States Exchange Act of 1934, as amended;
"Exchange Ratio"	1.44 New Barratt Shares for every 1 Redrow Share and, where the terms of the Combination allow, any subsequent adjustment thereof;
"Existing Barratt Shareholders"	the holders of Existing Shares;
"Existing Shares"	the existing Shares in issue immediately preceding the issue of the New Barratt Shares;
"FCA" or **"Financial Conduct Authority"**	the UK Financial Conduct Authority or its successor from time to time;
"Forms of Proxy"	the forms of proxy in connection with each of the Redrow Court Meeting and the Redrow General Meeting, which will accompany the Scheme Document and/or the forms of proxy in connection with the Barratt General Meeting, which will accompany the Barratt Circular, as applicable;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"Future Homes Standard"	the set of standards known as the Future Homes Standard that will complement existing building regulations to ensure new homes built in the UK from 2025 will produce 75-80 per cent. less carbon emissions than homes delivered under current regulations;
"FY2018"	for Barratt, the financial year ended 30 June 2018;
"FY2022"	(i) for Barratt, the financial year ended 30 June 2022; and (ii) for Redrow, the 53 weeks ended 3 July 2022;
"FY2023"	(i) for Barratt, the financial year ended 30 June 2023; and (ii) for Redrow, the 52 weeks ended 2 July 2023;
"Habitat Regulations"	the Conservation of Habitats and Species Regulations 2017 (as amended);
"**HBF**"	the Home Builders Federation;
"**HBF Customer Satisfaction Rating**"	the rating from the National New Homes Customer Satisfaction Survey (out of a total of 5 stars);
"**HMRC**"	HM Revenue & Customs;
"Home Building Skills Partnership"	a collaboration of home builders and supply chain organisations set up by the Home Builders Federation in 2016, working together to attract and develop the workforce of the future;
"**Homes England**"	Homes England, the non-departmental public body that funds new affordable housing in England;

"**Homes for Scotland**"	the homebuilding industry organisation that engages with government officials to deliver more homes for Scotland by advocating an increase in housing supply;
"**HSE**"	health, safety and environment;
"HY2022"	for Barratt, the six months ended 31 December 2022;
"HY2023"	for Redrow, the 26 weeks ended 31 December 2023;
"IFRS UK"	the International Financial Reporting Standards, as adopted by the UK and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, as amended from time to time;
"IRS"	the US Internal Revenue Service;
"ISIN"	the International Securities Identification Number;
"IT"	information technology;
"KPMG"	KPMG LLP;
"Latest Practicable Date"	17 April 2024, being the latest practicable date prior to the publication of this Prospectus;
"Listing Rules"	the rules and regulations made by the Financial Conduct Authority under the FSMA, and contained in the publication of the same name, as amended from time to time;
"London Stock Exchange"	London Stock Exchange plc or its successor;
"Longstop Date"	7 February 2025 or, in the event of a Phase 2 CMA Reference, 7 August 2025 (or, in either case, such later date as may be agreed in writing by Barratt and Redrow (with the Panel's consent and as the Court may approve (if such approval(s) are required)));
"**LURA**"	has the meaning given to it in paragraph 2.2 of Part I — "*Risk Factors*";
"Main Market"	the main market of the London Stock Exchange;
"Market Abuse Regulation"	Regulation (EU) No 596/2014 and the delegated acts, implementing acts, technical standards and guidelines thereunder as it forms part of assimilated law as defined in the EUWA;
"MMC"	modern methods of construction;
"Morgan Stanley"	Morgan Stanley & Co. International plc;
"New Barratt Shares"	the new Shares proposed to be issued and allotted to Scheme Shareholders pursuant to the Scheme and in connection with the Combination or in consideration for the transfer to Barratt of Redrow Shares pursuant to the Redrow Articles of Association, as amended by the Special Resolution;
"New Homes Ombudsman Service"	the New Homes Ombudsman Service, established by the NHQB;
"**NHBC**"	National House Building Council;
"**NHBC Quality Construction Review**"	the independent, site-based review of construction quality undertaken by NHBC subject experts;
"NHQB"	has the meaning given to it in paragraph 2.3 of Part I — "*Risk Factors*";

"**NHQB Code**"	has the meaning given to it in paragraph 2.3 of Part I — "*Risk Factors*";
"Official List"	the official list maintained by the FCA;
"Overseas Shareholders"	the Barratt Shareholders (or nominees of, or custodians or trustees for Barratt Shareholders) not resident in, or nationals or citizens of, the UK;
"Panel"	the UK Panel on Takeovers and Mergers;
"Part L Regulations"	Part L of Schedule 1 to the Building Regulations 2010;
"**PFIC**"	has the meaning given to it in paragraph 6.9 of Part I — "*Risk Factors*";
"Phase 2 CMA Reference"	a reference of the Combination under section 33 of the Enterprise Act 2002 to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;
"PricewaterhouseCoopers"	PricewaterhouseCoopers LLP;
"Pro Forma Financial Information"	the unaudited pro forma financial information of the Combined Group;
"Proposed Directors"	the directors whose names appear in Part III — "*Barratt Directors, Proposed Directors, Barratt Company Secretary, Senior Managers, Combined Group Additional Senior Manager, Registered Office & Advisers*" of this Prospectus as Proposed Directors who will join the Barratt Directors on the board of the Company from Completion;
"Prospectus"	this prospectus approved by the FCA and published on 19 April 2024 as a prospectus prepared in accordance with the Prospectus Regulation Rules;
"Prospectus Regulation Rules"	the prospectus regulation rules made by the FCA under Part VI of the FSMA, as amended;
"QEF"	has the meaning given to it in paragraph 3(c) of Part XIII — "*Taxation*";
"Quantified Financial Benefits Statement"	the statements of estimated cost savings and synergies arising out of the Combination set out in paragraph 4 of Part VI — "*Information about the Combination*" and Appendix I — "*Quantified Financial Benefits Statement*" of this Prospectus;
"Recruitment Award"	has the meaning given to it in paragraph 7.2.5 of Part XIV — "*Additional Information*";
"Redrow"	Redrow plc, a public limited company incorporated in England and Wales with registered number 02877315, whose registered office is at Redrow House, St David's Park, Flintshire, CH5 3RX United Kingdom;
"Redrow 2023 LTIP Awards"	awards granted on 19 September 2023 under the Redrow LTIP;
"Redrow 2024 LTIP Awards"	awards granted for the financial year beginning on 1 July 2024 on or around September 2024 under the Redrow LTIP;
"**Redrow Additional Permitted Dividend**"	has the meaning given to it in paragraph 11 of Part VI — "*Information about the Combination*";

"Redrow Annual Report & Accounts 2021"	the annual report and accounts of the Redrow Group for the 52 weeks ended 27 June 2021;
"Redrow Annual Report & Accounts 2022"	the annual report and accounts of the Redrow Group for the 53 weeks ended 3 July 2022;
"Redrow Annual Report & Accounts 2023"	the annual report and accounts of the Redrow Group for the 52 weeks ended 2 July 2023;
"Redrow Articles of Association"	the current articles of association of Redrow or, where the context so requires, the articles of association of Redrow from time to time;
"Redrow Board" or "Redrow Directors"	the directors of Redrow at the time of this Prospectus or, where the context so requires, the directors of Redrow from time to time;
"Redrow Court Meeting"	the meeting of Redrow Shareholders to be convened pursuant to an order of the Court under the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) including any adjournment thereof, notice of which is contained in the Scheme Document;
"Redrow DBP"	the Redrow Deferred Bonus Plan 2022, as amended from time to time;
"Redrow Equalising Dividend"	has the meaning given to it in paragraph 11 of Part VI — "*Information about the Combination*";
"Redrow Interim Dividend"	has the meaning given to it in paragraph 11 of Part VI — "*Information about the Combination*";
"Redrow General Meeting"	the general meeting of Redrow Shareholders (including any adjournment thereof) to be convened in connection with the Scheme, notice of which is included in the Scheme Document;
"Redrow Group"	Redrow and its subsidiary undertakings from time to time and, where the context permits, each of them;
"Redrow Half Year Report 2024"	the unaudited consolidated financial statements of the Redrow Group for the 26 weeks ended 31 December 2023;
"Redrow LTIP"	the Redrow 2014 Long Term Incentive Plan, as amended from time to time;
"Redrow RCF"	has the meaning given to it in paragraph 11.2 of Part XIV — "*Additional Information*";
"Redrow RCF Agreement"	has the meaning given to it in paragraph 11.2 of Part XIV — "*Additional Information*";
"Redrow SAYE"	has the meaning given to it in paragraph 7 of Part XIV — "*Additional Information*";
"Redrow Share Plans"	the Redrow LTIP, the Redrow DBP and the Redrow SAYE, each as amended from time to time;
"Redrow Shareholders"	the holders of Redrow shares;
"Redrow Shares"	the existing unconditionally allotted or issued and fully paid ordinary shares of 10.5 pence each in the capital of Redrow and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes effective;
"Registrar"	Equiniti Group, with registered address at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA;

"Registrar of Companies"	the Registrar of Companies in England and Wales;
"Regulatory Information Service"	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
"ROCE"	return on capital employed;
"SAYE Rollover"	has the meaning given to it in paragraph 7 of Part XIV — "*Additional Information*";
"Scheme"	the proposed scheme of arrangement under Part 26 of the Companies Act between Redrow and Redrow Shareholders in connection with the Combination, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Redrow and Barratt;
"Scheme Document"	the document dated 19 April 2024 addressed to Redrow Shareholders containing, amongst other things, the Scheme and the notices convening the Redrow Court Meeting and the Redrow General Meeting;
"Scheme Effective Date"	the time and date at which the Scheme becomes effective in accordance with its terms;
"Scheme Record Time"	the time and date specified as such in the Scheme Document;
"Scheme Shareholders"	the holders of Scheme Shares at any relevant date or times and a "**Scheme Shareholder**" shall mean any one of those Scheme Shareholders;
"Scheme Shares"	the Redrow Shares: 1 in issue at the date of the Scheme Document; 2 (if any) issued after the date of the Scheme Document and prior to the Scheme Voting Record Time; and 3 (if any) issued at, or after, the Scheme Voting Record Time but before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme, in each case (where the context requires), which remain in issue at the Scheme Record Time but excluding any Redrow Shares held in treasury and any Redrow Shares beneficially owned by Barratt or any other member of the Barratt Group;
"Scheme Voting Record Time"	the voting record time and date specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined, expected to be 6.00 p.m. on 13 May 2024 or if the Court Meeting is adjourned, 6.00 p.m. on the day which is two Business Days before such adjourned meeting;
"Scottish Government"	the devolved government of Scotland;
"Scottish Safer Buildings Accord"	the pledge signed by developers (including Barratt) committing to remediate life-critical fire safety works in buildings over 11 metres that they have played a role in developing or refurbishing over the last 30 years in Scotland;
"SDRT"	Stamp Duty Reserve Tax;
"**SEC**"	United States Securities and Exchange Commission;

"Securities Act"	the US Securities Act of 1933;
"Senior Managers"	the senior management of the Barratt Group who sit on the Barratt Executive Committee and whose names appear in Part III — "*Barratt Directors, Proposed Directors, Barratt Company Secretary, Senior Managers, Combined Group Additional Senior Manager, Registered Office & Advisers*" of this Prospectus;
"Special Resolution"	the special resolution to be proposed at the Redrow General Meeting necessary to facilitate the implementation of the Scheme, including, without limitation, the amendment of the Redrow Articles of Association by the adoption and inclusion of a new article under which any Redrow Shares issued or transferred after the Scheme Record Time (other than to Barratt and/or its nominee(s)) shall be automatically transferred to Barratt (or as it may direct) (and, where applicable, for consideration to be paid to the transferee or to the original recipient of the Redrow Shares so transferred or issued) on the same terms as the Combination (other than terms as to timings and formalities) and as set out in full in the Scheme Document;
"Sponsor" or **"UBS"**	UBS AG London Branch;
"Sponsor's Agreement"	the agreement entered into by the Company and UBS on 19 April 2024, pursuant to which UBS has agreed to act as the Company's sponsor in relation to the Combination and Admission;
"SRTC"	has the meaning given to it in paragraph 2.1 of Part I — "*Risk Factors*";
"Takeover Code" or "Code"	the City Code on Takeovers and Mergers;
"Takeover Offer"	should the Combination be implemented by way of a Takeover Offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of Barratt to acquire the entire issued and to be issued ordinary share capital of Redrow and, where the terms of the Combination permit, any subsequent revision, variation, extension or renewal of such takeover offer;
"UBS"	UBS AG London Branch
"UK" or **"United Kingdom"**	the United Kingdom of Great Britain and Northern Ireland;
"UK Government"	the central executive authority of the United Kingdom of Great Britain and Northern Ireland, including its departments, agencies and public bodies;
"UK Prospectus Regulation"	Regulation (EU) 2017/1129 as it forms part of assimilated law as defined in the EUWA;
"uncertificated" or **"in uncertificated form"**	recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
"United States" or **"US"**	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof;

"US Holder"	has the meaning given to it in paragraph 3 of Part XIII — "*Taxation*";
"**US-UK Treaty**"	has the meaning given to it in paragraph 3 of Part XIII — "*Taxation*";
"VAT"	within the UK, any value added tax imposed by the VAT Act 1994;
"Voting Record Time"	(i) for the Barratt General Meeting, 6.30 p.m. on 13 May 2024, or, if the Barratt General Meeting is adjourned, 6.30 p.m. on the day which is two Business Days before the date of such adjourned meeting; and (ii) for the Redrow General Meeting, 6.00 p.m. on 13 May 2024, or, if the Redrow General Meeting is adjourned, 6.00 p.m. on the day which is two Business Days before the date of such adjourned meeting; and
"**Welsh Government's Developers Pact"**	the agreement signed by developers (including Barratt and Redrow) committing to additional legal and constructive obligations to undertake or fund remedial work on legacy buildings in Wales.

APPENDIX I
QUANTIFIED FINANCIAL BENEFITS STATEMENT

Barratt has made the following quantified financial benefits statement in paragraph 4 of Part VI — "*Information about the Combination*" of this Prospectus.

"*The Barratt Directors, having reviewed and analysed the potential cost synergies of the Combination, and taking into account the factors they can influence, believe that the Combined Group can deliver at least £90 million of pre-tax cost synergies on an annual run-rate basis by the end of the third year following Completion.*

The quantified cost synergies, which are expected to originate from the cost bases of both Barratt and Redrow, are expected to be realised primarily from:

- *procurement-related savings (primarily direct materials) driven by:*
  - *price harmonisation through moving existing business to the best price currently available to Barratt and Redrow; and*
  - *volume-based pricing savings across the Combined Group,*

  expected to contribute approximately 38 per cent. (£34 million) of the full run-rate pre-tax cost synergies;
- *optimisation of the divisional office structure, expected to contribute approximately 37 per cent. (£33 million) of the full run-rate pre-tax cost synergies; and*
- *consolidation of central and support functions, including board, senior management, duplicate public company costs and other third-party costs, expected to contribute approximately 25 per cent. (£23 million) of the full run-rate pre-tax cost synergies.*

The Barratt Directors expect that approximately 50 per cent. (£45 million) of the annual run-rate pre-tax cost synergies will be realised by the end of the first year following Completion and approximately 90 per cent. of the annual run-rate pre-tax cost synergies will be realised by the end of the second year following Completion, with the full run-rate achieved by the end of the third year following Completion.

The Barratt Directors estimate that the realisation of the quantified cost synergies will result in one-off costs of approximately £73 million, with approximately 57 per cent. incurred in the first year following Completion, approximately 32 per cent. expected to be incurred in the second year following Completion and the remainder by the end of the third year following Completion.

Potential areas of dis-synergy expected to arise in connection with the Combination have been considered and were determined by the Barratt Directors to be immaterial to the above analysis.

The identified cost synergies will accrue as a direct result of the Combination, and would not be achieved on a standalone basis. The identified pre-tax cost synergies reflect both the beneficial elements and relevant costs."

The Barratt Directors believe that the Combined Group will be able to achieve the synergies set out in the Quantified Financial Benefits Statement.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below.

Bases of calculation of the Quantified Financial Benefits Statement

In preparing the Quantified Financial Benefits Statement, Redrow has provided Barratt with certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential synergies available from the Combination. In circumstances where data has been limited for commercial, regulatory or other reasons, Barratt management has made estimates and assumptions to aid its development of individual

synergy initiatives. The assessment and quantification of the potential synergies have, in turn, been informed by the Barratt management's industry experience and knowledge of the existing businesses, together with close consultation with Redrow.

The cost base used as the basis for the quantified exercise is:

- relating to non-staff costs:
    - financial information for the year ended 30 June 2023 for the Barratt Group and the 52 weeks ended 2 July 2023 for the Redrow Group; and
    - procurement-related savings have been quantified based on combined build costs for the year ended 30 June 2023 for the Barratt Group and the 52 weeks ended 2 July 2023 for the Redrow Group, scaled down by c.20 per cent. to reflect expected combined completion volumes for the year ended 30 June 2024 (Barratt Group) and the 52 weeks ended 30 June 2024 (Redrow Group); and
- relating to staff costs, the latest available headcount and associated annualised direct per-head costs for both the Barratt Group and the Redrow Group.

For the potential synergies arising from the combination of group functions, organisation information was reviewed.

The assessment and quantification of such potential synergies have in turn been informed by Barratt management's industry experience as well as their experience of executing and integrating past acquisitions.

Cost-saving assumptions were based on a detailed, bottom-up evaluation of the benefits available from elimination of duplicate activities, the leverage of combined scale economics and operational efficiencies arising from consolidation of procurement and activities within operational facilities. In determining the estimate of costs savings achievable through the combination of Barratt and Redrow, no savings relating to operations have been included where no overlap exists.

In general, the synergy assumptions have in turn been risk-adjusted, exercising a degree of prudence in the calculation of the estimated synergy benefit set out above.

Where appropriate, assumptions were used to estimate the costs of implementing the new structures, systems and processes required to realise the synergies. In particular, the Barratt Directors have made the following assumptions, which are outside the influence of Barratt:

- there will be no material impact on the underlying operations of either the Barratt Group or the Redrow Group as a result of the Combination or their ability to continue to conduct their businesses;
- there will be no material divestments from the Redrow Group;
- there will be no material change to macroeconomic, political, inflationary, regulatory or legal conditions in the markets or regions in which the Barratt Group and the Redrow Group operate that will materially impact on the implementation of the synergy plans or costs to achieve the proposed cost savings;
- there will be no material change in current foreign exchange rates or interest rates;
- there will be no material change in accounting standards; and
- there will be no change in tax legislation or tax rates or other legislation in the United Kingdom that could materially impact the ability to achieve any benefits.

In addition, the Barratt Directors have made an assumption within the influence of Barratt that there will be no material divestments from the Barratt Group.

In addition, the Barratt Directors have assumed that the cost synergies are substantively within Barratt's control, albeit that certain elements are dependent in part on negotiations with third parties.

Important Notes

The statements of estimated pre-tax synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost synergies referred to may not be achieved, or those achieved could be materially different from those estimated.

No statement in the Quantified Financial Benefits Statement, or this Prospectus generally, should be construed as a profit forecast or interpreted to mean that Barratt's earnings in the full first full year following the Combination, or in any subsequent period, would necessarily match or be greater than or be less than those of Barratt and/or Redrow for the relevant preceding financial period or any other period.

Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost savings may be materially greater or less than those estimated.

APPENDIX II
HISTORICAL FINANCIAL INFORMATION OF THE REDROW GROUP

PART A

Set out below is the financial information of the Redrow Group for the 52 weeks ended 27 June 2021, as extracted from the Redrow Annual Report & Accounts 2021:

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REDROW PLC

1. Our opinion is unmodified

We have audited the financial statements of Redrow plc ("the Company") for the period ended 27 June 2021 which comprise the Consolidated Income Statement, the Group and Company Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity, the Group and Company Statement of Cash Flows, and the related notes, including the accounting policies on pages 180 to 217.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 27 June 2021 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 13 November 2019. The period of total uninterrupted engagement is for the two financial periods ended 27 June 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	£15.7m (2020: £15.4m) 5% (2020: 5%) of group profit before tax	
Coverage	99% (2020: 100%) of group profit before tax	
Key audit matters		**vs 2020**
Recurring risks	Cost of sales recognition and carrying amount of both land held for development and work in progress	◀▶
	Valuation of defined benefit obligation (group and company risk)	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Cost of sales recognition and carrying amount of both land held for development and work in progress Cost of sales (£1,525 million; 2020: £1,097 million) ; carrying amount of land held for development (£1,526 million; 2020: £1,538 million) and work in progress (£910 million; 2020: £972 million) *Refer to page 110 (Audit Committee Report), page 187 (accounting policy) and page 190 and 209 (financial disclosures).*	**Subjective estimates** The Group holds inventory in the form of land for development, work in progress and showhomes. The amount of cost of sales recognised in the period includes an allocation of whole site costs to each plot sold. Due to development timescales, for certain sites (typically large multiphased sites or sites with significant infrastructure and development costs still to be incurred, the calculation of whole site costs can include significant estimates of future costs. As a result, for certain sites cost of sales recognised in the year is subject to estimation uncertainty. Infrastructure and development works are often finalised towards the latter stages of the development therefore the level of estimation uncertainty can be significant where the future infrastructure and development requirements are large and complex. The level of estimation uncertainty is higher at the beginning of the development when fewer actual infrastructure and development costs are known. The assessment of recoverability of the carrying amount of work in progress is also dependant on estimates of costs of completion, including future infrastructure and development costs. The carrying value of land not yet in development is assessed based on a number of key assumptions including the likelihood of favourable planning applications and recoverability of pre-development costs. Changes in any of the key assumptions could lead to a material change in the estimation of the carrying value of land for development. The estimates made are profit impacting and therefore there is an incentive for management to manipulate the assumptions made to meet profit targets.	We performed the tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support relying on them. **Our procedures included:** **Test of details:** For a sample of undeveloped land sites and capitalised pre development costs, we corroborated explanations received from management as to their planning status by assessing underlying planning and legal documents and quantity surveyor assessments where applicable to assess the completeness and accuracy of related net realisable value provisions recorded; For a sample of sites which, due to either their size, complexity or performance or a combination, we considered at higher risk of misstatement we inspected whole site build cost budgets and infrastructure and development budgets and challenged management's inputs and assumptions by performing the following procedures: **Test of details:** compared the period end carrying value of work in progress recorded to that determined by the Quantity Surveyor and performed a comparison to the actual costs incurred to verify that any abnormal costs or build variances incurred, have been appropriately identified and accounted for in the period. **Test of details:** We assessed the accuracy of site build costs and infrastructure and development budgets by selecting a sample of forecast costs included in the budgets and agreeing these to supporting documents such as invoices, quotations and planning obligations;

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF REDROW PLC

	The risk	Our response
Cost of sales recognition and carrying amount of both land held for development and work in progress	The effect of these matters is that as part of our risk assessment we determined that cost of sales and carrying amount of work in progress and land held for development have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount. The financial statements (note 1) disclose the key judgements and sources of estimation for the Group.	**Test of details:** We recalculated the cost of sales release with reference to site build costs and infrastructure and development budgets and compared to the group's calculations; **Sector expertise:** We used our own Quantity surveyor specialists to challenge areas of risk within the build cost forecasts, particularly in respect of incomplete site-wide infrastructure and development works, to assess whether the risk was appropriately reflected in both forecast costs and cost of sales for sold units. **Test of details:** For all sites with unit sales during the year, comparing the gross profit margin recognised to the site build cost budgets and infrastructure and development budgets and initial land appraisals and determining whether variances are supportable. **Test of details:** We identified low and negative margin sites and challenged the completeness and accuracy of the group's related net realisable value provisions recorded in relation to these sites. **Test of details:** For a sample of sites not considered at higher risk of misstatement, we compared year end positions to valuations performed by internal Quantity Surveyors and assessed the accuracy of infrastructure and development budgets by agreeing a sample of budgeted costs to supporting documents such as invoices, quotations and planning obligations. **Historical comparisons:** For a sample of sites completed in the year, we performed a retrospective review to compare the overall build cost budget (including infrastructure and development costs) and sales forecasts to actual costs and selling prices achieved to assess the accuracy of site budgets and forecasts. **Assessing transparency:** Assessing the adequacy of the Group's disclosures about the degree of estimation involved in calculating cost of sales and carrying value of land and work in progress. **Our results:** We consider the cost of sales recognition and the carrying amount of both land held for development and work in progress to be acceptable (2020: acceptable).

	The risk	Our response
Valuation of the defined benefit obligation Group and Company: (£137 million; 2020: £151 million) *Refer to page 110 (Audit Committee Report), page 188 (accounting policy) and pages 198 to 201 and 190 (financial disclosures).*	**Subjective estimates** Changes in the assumptions used to determine the liabilities of The Redrow Staff Pension scheme, in particular those relating to price inflation rate and the discount rate, can have a significant impact on the valuation of the liabilities. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the valuation of the defined benefit obligation had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we reassessed the degree of estimation uncertainty to be less than that materiality.	We performed the tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support relying on them. **Our procedures included:** – **Use of specialist:** We used our actuarial specialists to challenge the key assumptions applied in the calculation of the liability, including those relating to price inflation rate and the discount rate, against externally derived market data. – **Assessing actuaries' credentials:** We assessed the competence, independence, and integrity of Group's actuarial expert. – **Assessing transparency:** We considered the adequacy of the Group's disclosures relating to the sensitivity of the obligation to the assumptions. **Our results:** The results of our testing were satisfactory and we consider the carrying amount of defined benefit obligation to be acceptable (2020: acceptable).

We continue to perform procedures over going concern as outlined in section 4 of our report. However, following the recovery of performance of the Group following COVID and increased cash position, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF REDROW PLC

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £15.7 million (2020: £15.4 million) determined with reference to a benchmark of Group profit before tax in the period to 27 June 2021 of £314 million (2020: normalised group profit before tax of £308.7 million), of which it represents 5% (2020: 5%).

Materiality for the parent company financial statements as a whole was set at £15.7 million (2020: £15.3 million), determined with reference to a benchmark of net assets, of which it represents 1.7% (2020: 1.6%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the group was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to £10.2m (2020: £10m). We applied this percentage in our determination of performance materiality based on the level of identified misstatements and control deficiencies during the prior period.

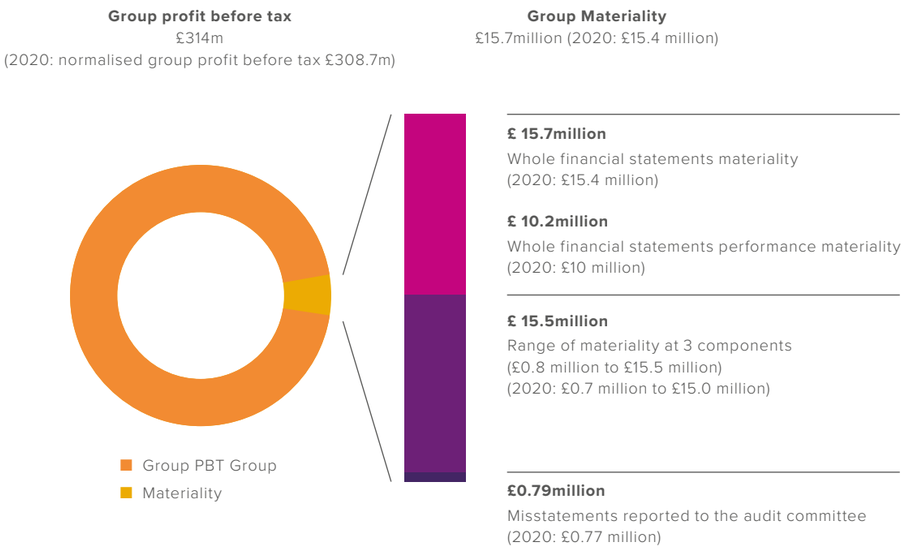
Performance materiality for the parent company was set at 75% (2020: 65%) of materiality which equates to £11.8 million (2020: £9.9 million). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.79 million (2020: £0.77 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 9 (2020: 11) reporting components, we subjected 3 (2020: 3) to full scope audits for group purposes. For the residual 6 (2020: 8) components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these. The components within the scope of our work accounted for the percentages illustrated opposite.

The component materialities ranged from £0.8 million to £15.5 million (2020: £0.7 million to £15 million), having regards to the mix of size and risk profile of the Group across the components.

Our audit of the group and components was all performed by the group audit team.



4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and parent Company's available financial resources over this period was a possible reduction in sales volumes and prices as a consequence of changes in the economic environment such as the end of the stamp duty holiday, including the impact of COVID-19, leading to sustained medium-term decline in revenue and profits.

We also considered less predictable but realistic second order impacts, such as cost inflation due to disruption to the Group's supply chain.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the Directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- critically assessing assumptions in the base case and downside scenarios, particularly in relation to forecast liquidity, by confirming the completeness and accuracy of forward secured sales and consistency with external information such as industry and economic forecasts;
- assessing whether downside scenarios applied mutually consistent assumptions in aggregate, taking into account all reasonably possible downsides, using our assessment of the possible range of each key assumption and our knowledge of the Group and the industry;
- comparing past budgets to actual results to assess the directors' track record of budgeting accurately;
- inspecting confirmation from banks of the level of cash and cash equivalents held at year end and loan facility documentation including covenant requirements; and
- considering whether the going concern disclosure on page 184 of the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF REDROW PLC

Our conclusions based on this work:

– we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

– we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;

– we have nothing material to add or draw attention to in relation to the Directors' statement on page 163 of the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure on page 184 to be acceptable; and

– the related statement under the Listing Rules set out on page 163 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

– enquiring of Directors, the audit committee, internal legal counsel and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud;

– reading Board and all relevant committee minutes;

– considering remuneration incentive schemes and performance targets for management and directors, including any revenue and trading margin targets for management remuneration; and

– using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indicators of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as cost of sales recognition and the carrying amount of work in progress and land held for development.

On this audit we do not believe there is a fraud risk related to revenue recognition as the accounting for the majority of the Group's revenue is non-complex and only recognised on the legal completion of the sale, being the point at which the balance of the sales is paid for and title of the property transfers to the customer. There are therefore limited levels of judgement with limited opportunities for manual intervention in the sales process to fraudulently manipulate revenue.

We also identified a fraud risk related to the cost of sales recognition and carrying amount of both land held for development and work in progress in response the significance of the accounting estimate and possible pressures to meet profit targets.

Further detail in respect of Cost of sales recognition and carrying amount of both land held for development and work in progress is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

– Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unexpected account combinations, including revenue and cash and transfers of work in progress between developments

– Assessing significant accounting estimates for bias

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussions with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence as well as discussion with the Director's and other management around the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indicators of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: UK planning and building and fire safety regulations, health and safety, anti bribery, anti-money laundering and sanctions checking, employment laws, data protection laws and environmental laws. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;

— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the viability statement page 78 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;

— the risk management report describing disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF REDROW PLC

— the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 78 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

— the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;

— the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and

— the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Governance Report relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review, and to report to you if a governance report has not been prepared by the company. We have nothing to report in these respects.

Based solely on our work on the other information described above:

— with respect to the Governance Report disclosures about internal control and risk management systems in relation to financial reporting processes and about share capital structures:

  — we have not identified material misstatements therein; and

  — the information therein is consistent with the financial statements; and

— in our opinion, the Governance Report has been prepared in accordance with relevant rules of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 168 to 169, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

15 September 2021

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Note	52 weeks ended 27 June 2021 £m	52 weeks ended 28 June 2020 £m
Revenue	2	**1,939**	1,339
Cost of sales		**(1,525)**	(1,097)
Gross profit		**414**	242
Administrative expenses		**(93)**	(94)
Operating profit	2	**321**	148
Financial income	3	**1**	2
Financial costs	3	**(8)**	(10)
Net financing costs		**(7)**	(8)
Profit before tax		**314**	140
Income tax expense	4	**(60)**	(27)
Profit for the year		**254**	113
Earnings per share – basic	6	**73.7p**	32.9p
– diluted	6	**73.6p**	32.8p

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

		GROUP		COMPANY	
	Note	52 weeks ended 27 June 2021 £m	52 weeks ended 28 June 2020 £m	52 weeks ended 27 June 2021 £m	52 weeks ended 28 June 2020 £m
Profit for the year		**254**	113	**–**	2
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of post employment benefit obligations	7e	**16**	1	**16**	1
Deferred tax on actuarial gains taken directly to equity		**(9)**	–	**(9)**	–
Other comprehensive income for the year net of tax		**7**	1	**7**	1
Total comprehensive income for the year	19	**261**	114	**7**	3

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

BALANCE SHEETS

		GROUP		COMPANY	
	Note	As at 27 June 2021 £m	As at 28 June 2020 £m	As at 27 June 2021 £m	As at 28 June 2020 £m
Assets					
Intangible assets	8	**–**	2	**–**	–
Property, plant and equipment	9	**19**	19	**–**	–
Lease right of use assets	10	**6**	7	**–**	–
Investments	11	**–**	9	**–**	–
Deferred tax assets	12	**1**	1	**–**	–
Retirement benefit surplus	7e	**40**	22	**40**	22
Trade and other receivables	13	**–**	–	**420**	774
Total non-current assets		**66**	60	**460**	796
Inventories	14	**2,513**	2,585	**–**	–
Trade and other receivables	13	**100**	38	**361**	300
Current corporation tax		**1**	7	**1**	1
Cash and cash equivalents	15f	**160**	44	**144**	41
Total current assets		**2,774**	2,674	**506**	342
Total assets		**2,840**	2,734	**966**	1,138
Equity					
Retained earnings at 29 June 2020/1 July 2019		**1,522**	1,481	**839**	908
Profit for the year		**254**	113	**–**	2
Other comprehensive income for the year		**7**	1	**7**	1
Dividend paid	5	**(21)**	(72)	**(21)**	(72)
Movement in LTIP/SAYE		**6**	(1)	**–**	–
Retained earnings at 27 June 2021/28 June 2020	19	**1,768**	1,522	**825**	839
Share capital	18	**37**	37	**37**	37
Share premium account	19	**59**	59	**59**	59
Other reserves	19	**8**	8	**7**	7
Total equity		**1,872**	1,626	**928**	942
Liabilities					
Bank loans	15	**–**	170	**–**	170
Trade and other payables	16	**152**	120	**–**	–
Deferred tax liabilities	12	**15**	5	**10**	–
Long-term provisions	17	**34**	8	**–**	–
Total non-current liabilities		**201**	303	**10**	170
Trade and other payables	16	**767**	805	**28**	26
Total current liabilities		**767**	805	**28**	26
Total liabilities		**968**	1,108	**38**	196
Total equity and liabilities		**2,840**	2,734	**966**	1,138

The financial statements on pages 180 to 217 were approved by the Board of Directors on 14 September 2021 and were signed on its behalf by:

MATTHEW PRATT
Director

BARBARA RICHMOND
Director

Redrow plc Registered Number 2877315

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

The Group

	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
Total equity at 1 July 2019		37	59	8	1,481	1,585
Profit for the year		–	–	–	113	113
Other comprehensive income for the year		–	–	–	1	1
Total comprehensive income relating to the year (net)		–	–	–	114	114
Dividends paid – distributions to owners	5, 19	–	–	–	(72)	(72)
Movement in LTIP/SAYE	19	–	–	–	(1)	(1)
Total equity at 28 June 2020		37	59	8	1,522	1,626
Profit for the year		–	–	–	254	254
Other comprehensive income for the year		–	–	–	7	7
Total comprehensive income relating to the year (net)		–	–	–	261	261
Dividends paid – distributions to owners	5, 19	–	–	–	(21)	(21)
Movement in LTIP/SAYE	19	–	–	–	6	6
Total equity at 27 June 2021		**37**	**59**	**8**	**1,768**	**1,872**

The Company

	Note	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
Total equity at 1 July 2019		37	59	7	908	1,011
Profit for the year		–	–	–	2	2
Other comprehensive income for the year		–	–	–	1	1
Total comprehensive income relating to the year (net)		–	–	–	3	3
Dividends paid – distributions to owners	5, 19	–	–	–	(72)	(72)
Movement in LTIP/SAYE	19	–	–	–	–	–
Total equity at 28 June 2020		37	59	7	839	942
Profit for the year		–	–	–	–	–
Other comprehensive income for the year		–	–	–	7	7
Total comprehensive income relating to the year (net)		–	–	–	7	7
Dividends paid – distributions to owners	5, 19	–	–	–	(21)	(21)
Movement in LTIP/SAYE	19	–	–	–	–	–
Total equity at 27 June 2021		**37**	**59**	**7**	**825**	**928**

The above items are presented net of tax where appropriate. See note 4 and note 12 for information on income tax and deferred tax expense. As permitted by Section 408 of the Companies Act 2006, the Income Statement of Redrow plc is not presented as a part of these financial statements.

The consolidated profit on ordinary activities after taxation for the financial year, excluding intra-Group dividends, is made up as follows:

	2021 £m	2020 £m
Holding company	**–**	2
Subsidiary companies	**254**	111
	254	113

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

	Note	GROUP 52 weeks ended 27 June 2021 £m	GROUP 52 weeks ended 28 June 2020 £m	COMPANY 52 weeks ended 27 June 2021 £m	COMPANY 52 weeks ended 28 June 2020 £m
Cash flows from operating activities					
Profit for the year		**254**	113	**–**	2
Depreciation and amortisation		**7**	7	**–**	–
Financial income		**(1)**	(2)	**(4)**	(4)
Financial costs		**8**	10	**4**	3
Income tax expense		**60**	27	**–**	–
Adjustment for non-cash items		**4**	1	**(1)**	(3)
(Increase)/decrease in trade and other receivables		**(62)**	20	**293**	(184)
Decrease/(increase) in inventories		**72**	(181)	**–**	–
(Decrease)/increase in trade and other payables		**(6)**	(75)	**2**	(4)
Increase in provisions		**26**	–	**–**	–
Cash inflow/(outflow) generated from operations		**362**	(80)	**294**	(190)
Interest paid		**(4)**	(5)	**(4)**	(3)
Tax paid		**(54)**	(64)	**–**	–
Net cash inflow/(outflow) from operating activities		**304**	(149)	**290**	(193)
Cash flows from investing activities					
Acquisition of software, property, plant and equipment		**(2)**	(7)	**–**	–
Interest received		**–**	–	**4**	4
Receipts from/(payments to) joint ventures		**9**	(3)	**–**	–
Net cash inflow/(outflow) from investing activities		**7**	(10)	**4**	4
Cash flows from financing activities					
Issue of bank borrowings		**–**	170	**–**	170
Repayment of bank borrowings		**(170)**	(80)	**(170)**	(80)
Payment of lease liabilities		**(3)**	(3)	**–**	–
Purchase of own shares		**(1)**	(16)	**–**	–
Dividend paid	5	**(21)**	(72)	**(21)**	(72)
Net cash (outflow)/inflow from financing activities		**(195)**	(1)	**(191)**	18
Increase/(decrease) in net cash and cash equivalents		**116**	(160)	**103**	(171)
Net cash and cash equivalents at the beginning of the year		**44**	204	**41**	212
Net cash and cash equivalents at the end of the year	20	**160**	44	**144**	41

The accompanying notes form an integral part of the financial statements.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

BASIS OF PREPARATION

These Group and Parent Company financial statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and these Group financial statements were also in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606|2002 as it applies in the European Union. The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Whilst these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates (refer to note 1).

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons outlined below.

The Group renewed its available banking facilities in March 2021. As a result, the Group has a £350m Revolving Credit Facility (RCF) (2020: £350m) provided by an established syndicate of six banks being Barclays Bank PLC, Lloyds Bank Plc, The Royal Bank of Scotland Group Plc, Santander, HSBC and Svenska. This expires in September 2025 (2020: December 2022) and is a committed unsecured facility. No change to the RCF covenants was made as a result of the renewal. As at 14 September 2021, £350m of this facility was undrawn. It is likely that the RCF will be renewed prior to its expiry in September 2025.

In addition the Group is in a net cash position at 27 June 2021 and 14 September and also has £3m of unsecured, uncommitted facilities.

The Directors have prepared forecasts including cashflow forecasts for a period of at least 12 months from the date of signing of these financial statements (the going concern assessment period). These forecasts indicate that the Group will have sufficient funds to meet its liabilities as they fall due, taking into account the following severe but plausible downside assumptions:

- A 10% price reduction on all unexchanged private and social legal completions for the going concern assessment period compared to the base case Board approved budgeted prices;
- A 15% volume reduction for the going concern assessment period compared to the base case Board approved budgeted volumes; and
- A 4% build cost increase on budgeted costs in Q1 of FY2023.

These downside assumptions reflect the further potential impact of COVID 19 being increased economic uncertainty, further Government lockdown restrictions and legislation and increasing rates of unemployment and the impact on consumer confidence levels.

Allowing for the above downside scenario, the model shows the Group has adequate levels of liquidity from its committed facilities and complies with all its banking covenants throughout the forecast period. The Directors therefore consider that the Group has adequate resources in place for the going concern assessment period and have therefore adopted the going concern basis of accounting in preparing these financial statements.

Redrow plc is a public listed company, listed on the London Stock Exchange and domiciled in the UK.

The principal accounting policies have been applied consistently.

The principal accounting policies are outlined below:

IMPACT OF NEW STANDARDS AND INTERPRETATIONS

a) The following standards have been issued but have not been applied by the Group in these financial statements. These amendments to standards and interpretations had no significant impact on the financial statements:

- Amendments to IFRS 3 'Definition of a Business'
- Amendments to IAS 1 and IAS 8 'Definition of Material'

b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 July 2020 and have not been early adopted:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current'
- Amendments to IFRS 9, IAS 39 and IFRS 7 'Interest Rate Benchmark Reform'
- IFRS 17 'Insurance Contracts'
- Amendments IAS 16 'Property, Plant and Equipment'
- Various standards Amendments to References to the Conceptual Framework in IFRS Standards

The new standards and amendments to the standards noted above are expected to have no significant impact on the financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Redrow plc and all its subsidiaries, together with the Group's share of the results and share of net assets of jointly controlled entities i.e. the financial statements of Redrow plc and entities controlled by Redrow plc (and its subsidiaries). Control is achieved where Redrow plc:

- has the power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has its ability to use its power to affect its returns.

Redrow plc's accounting reference date is 30 June. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is 27 June 2021 (2020: 28 June 2020).

The Group has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to present Redrow plc's Company income statement. The profit for the financial year is dealt with in the statement of changes in equity.

a. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets represents goodwill. Goodwill is subject to an annual impairment review, with any reduction in value being taken straight to the income statement. Adjustments are made as necessary to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

All inter-company transactions and balances between Group companies are eliminated on consolidation.

b. Interests in joint ventures

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Redrow plc has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

REVENUE AND PROFIT RECOGNITION

Revenue represents the fair value received and receivable in respect of the sale of residential housing and land and of commercial land and developments net of value added tax and cash and non-cash incentives. This is recognised on the transfer of control to the customer on legal completion i.e. at a point in time.

Profit is recognised on legal completion.

In respect of social housing, the Group enters into contracts for the sale of social housing either at an agreed price or at a discount to open market value. Payment for these properties is made by the purchaser, either on legal completion of the unit or, in certain circumstances on a staged basis.

For those social or private rental sector contracts where payment is received on a staged basis, the Group considers these on a contract by contract basis and determines the appropriate revenue recognition based on the particular terms of that contract. The Group recognises revenue over time for the construction element of such contracts rather than at legal completion in circumstances in which effective control of the underlying land is transferred to the social or private rental sector provider before or during construction. This is because effective control of the land asset has passed to the customer and subsequent construction activity is adding value to the land asset controlled by the customer. For such contracts, revenue for the construction element is recognised by reference to the degree of completion of contract activity at the balance sheet date. Revenue for the sale of the land element of such contracts is recognised at the point in time when control of the land is transferred to the customer.

PART EXCHANGE PROPERTIES

Part exchange is consistently a de minimis proportion of our business. It is incidental to our main operation and hence this is shown on a net expense basis within cost of sales.

SEGMENTAL REPORTING

The main operation of the Group is focused on housebuilding.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES CONTINUED

The Executive Management Team (who are the Chief Operating Decision Maker as defined in IFRS 8 'Operating Segments') regularly reviews the Group's performance and balance sheet position at both a consolidated and divisional level. Each division is an operating segment as defined by IFRS 8 in that the Executive Management Team evaluates performance and allocates resources at this level.

All the divisions have been aggregated into one reporting segment on the basis that they all operate entirely within the United Kingdom and share similar economic characteristics including:

- sales demand subject to the same macro economic factors eg. mortgage availability and Government policy;
- debt is raised centrally and the cost of capital is the same at each division; and
- national supply agreements for key inputs such as materials are negotiated centrally and in place across the Group.

Within the Operating Review, the Group has provided information on land holdings (page 36) and homes revenue proportions (page 63) by geographical area being North, Central, South and Greater London. The Executive Management Team do not consider these to be separate reportable segments because, as stated above, they review the whole operations at a consolidated and divisional level when assessing performance and allocating resources.

EXCEPTIONAL ITEMS

Exceptional items are those which in the opinion of the Board, are material by size or nature, non-recurring and of such significance that they require separate disclosure.

NET FINANCING COSTS

Interest income is recognised on a time apportioned basis by reference to the principal outstanding and the effective interest rate. Interest costs are recognised in the income statement on an accruals basis in the period in which they are incurred.

INCOME AND DEFERRED TAX

Income tax comprises current tax and deferred tax.

Current tax is based on taxable profits for the year and any appropriate adjustment to tax payable in respect of prior years. Taxable profit differs from profit before tax as shown in the income statement as it excludes income or expenditure items which are never chargeable or allowable for tax or which are chargeable or deductible in other accounting periods.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for all temporary differences. Deferred tax is calculated at the rates enacted at the balance sheet date.

Deferred tax is credited or charged in the income statement, consolidated statement of comprehensive income, or retained earnings as appropriate.

INTANGIBLE ASSETS – COMPUTER SOFTWARE

Acquired computer software licences are capitalised on the basis of costs incurred to bring to use the specific software and are amortised over their estimated useful lives of three years, charged to administrative expenses. These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

PROPERTY, PLANT AND EQUIPMENT

Freehold property comprises offices or other buildings held for administrative purposes. Freehold property is shown at cost less the subsequent depreciation of buildings.

All other property, plant and equipment is stated at historic cost less depreciation. Historic cost includes any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to write off the cost of assets to their residual values over their estimated useful lives, on a straight line basis as follows:

Buildings within freehold property	50 years
Plant and machinery	5-10 years
Fixtures and fittings	3-5 years

The assets' useful lives are reviewed and adjusted if appropriate at each balance sheet date.

These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

The gain or loss arising on the disposal of an asset represents the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

INVESTMENT IN SUBSIDIARY COMPANIES

In the parent company books, the investment in its subsidiaries is held at cost less any impairment.

LEASES

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's weighted average incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. The lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents right-of-use assets separately as 'Lease right of use assets' and lease liabilities as 'Trade and other payables' in the statement of financial position.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value.

Cost comprises land and associated acquisition costs, direct materials and subcontract work, other direct costs and those overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. These include infrastructure and development costs such as roads and sewers, including contributions to other community benefits such as schools, medical centres and community centres. Inventories (excluding land) are at standard cost. Abnormal costs are expensed to cost of sales as incurred.

Land includes refundable land contract exchange deposits.

Total land costs are allocated to the private housing on a development as, in the case of amenity land and social housing land, neither has sufficient contribution from sales of the precise area of the land to cover the land costs and are a planning requirement of the development.

Provisions are established to write down land where the estimated net sales proceeds less costs to complete exceed the current carrying value. Adjustments to the provisions will be required where selling prices or costs to complete change.

Net realisable value for land was assessed by estimating selling prices and cost (including sales and marketing expenses), taking into account current market conditions and considering the planning status in respect of undeveloped land.

This net realisable value provision will be closely monitored for adequacy and appropriateness as regards under and over provision to reflect circumstances at future balance sheet dates. Any material change to the underlying provision will be reflected through cost of sales.

FORWARD LAND

The Group enters into a number of arrangements for the purchase of land. Where such arrangements are conditional on a future event the Group recognises option fees and other relevant initial costs as they fall due, which are included initially in inventory and subject to regular impairment analysis, but does not recognise the full cost of the land until the option to purchase the land has been executed. Where the Group enters into an unconditional contract on deferred payment terms the land purchased is recognised at contract inception together with a related liability, discounted at an appropriate rate. The related land creditors are shown as due within or after one year in line with the contractual payment terms, as the Directors believe this information is important in assessing the Group's liquidity and timing of future cash flows and debt profile. In line with industry practice in the cash flow statement the settlement of land creditors is shown as an operating cash flow as the Directors believe the financing of land purchases is integral to the Group's management of working capital.

FINANCIAL STATEMENTS

ACCOUNTING POLICIES CONTINUED

EMPLOYEE BENEFITS

a. Pension obligation

The Group operates two pension schemes for its staff. The Redrow Staff Pension Scheme (the 'Scheme') closed to the accrual of new benefits with effect from 1 March 2012, with new benefits now being provided via the Redrow Group Personal Pension Plan (the 'GPP'). The Scheme is externally invested and comprises two sections: a defined benefit section and a defined contribution section. A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement. It is funded through payments to trustee administered funds, determined by actuarial valuations carried out on at least a triennial basis. A defined contribution plan is a pension plan under which the Group pays agreed contributions into a separate fund for each employee and any subsequent pension payable to a specific employee is determined by the amount accumulated in their individual fund. The GPP is also a type of defined contribution plan.

The asset/(liability) recognised in the balance sheet in respect of the defined benefit section of the scheme is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The defined benefit obligation is determined using the projected unit credit method on an annual basis by an independent scheme actuary.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity as they arise in full via the statement of comprehensive income.

Scheme service costs are charged to cost of sales and administrative expenses as appropriate and scheme finance costs are included in net financing costs. Past service costs are recognised immediately in income.

In respect of the defined contribution section of the Scheme and the GPP, contributions are recognised as an employee benefit expense when they are due. The Group has no further payment obligations in respect of the above once the contributions have been paid.

b. Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged.

c. Share-based payments

Equity settled share-based payments are measured at fair value on the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, having reassessed any appropriate service and non-market performance conditions.

FINANCIAL INSTRUMENTS

a. Land creditors

Deferred payments arising from land creditors are held at discounted present value using the effective interest method, in accordance with IFRS 9. The difference between the fair value and the nominal value is amortised over the deferment period via financing costs.

The interest rate applied is an equivalent loan rate available on the date of the land purchase.

Deferred payments arising from land creditors are considered as financing rather than operational in nature. However, in line with industry practice, the Group treats cash paid in respect of land, including land creditors, as operating rather than financing cashflows.

b. Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recorded at fair value and the fair value is remeasured to fair value at each reporting date.

The Group's use of financial derivatives is governed by an interest rate risk management framework adopted by the Board which sets parameters to ensure an appropriate level of hedging is maintained to manage interest rate risk in respect of borrowings.

The policy prohibits any trading in derivative financial instruments or their use for speculative purposes.

The effective portion of changes in the fair value of derivative financial instruments which are designated and which qualify as cash flow hedges are recognised directly in equity in a hedge reserve. The gains or losses relating to the ineffective portion are recognised in the income statement immediately they arise.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, where considered to be receivable within the Group's normal operating cycle of c4 years after the balance sheet date; otherwise they are classified as non-current assets. Loans and receivables include 'trade receivables' and 'other receivables' in the balance sheet.

Trade receivables are held at discounted present value less any impairment. The amount is then increased to settlement value over the settlement period via financing income.

d. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand, forming an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

e. Borrowings and trade payables

Interest bearing borrowings and trade payables are recorded when the proceeds are received, net of transaction costs incurred and subsequently at amortised cost. Any difference between the proceeds, net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings.

f. Deposits and payments on account

New property deposits from private customers are held within Trade and Other payables until the legal completion of the related property when revenue is recognised or the rescission of the sale contract.

Payments on account from social and private rented sector (PRS) customers are held within Trade and Other payables until legal completion of the related properties when revenue is recognised.

Deposits received in advance are typically held for a period of up to 18 months before the associated performance obligations are satisfied and the revenue is recognised.

PROVISIONS

Provisions are recognised when the Group has a pursuant legal or constructive obligation as a result of a past event, and it is probable that the Group may be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

ONEROUS CONTRACTS

Onerous contracts are contracts in which the unavoidable costs in meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is made to reflect management's best current estimate of the least net cost of either fulfilling or exiting the contract.

SHARE CAPITAL

Ordinary shares are classed as equity.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements at the point at which there is a legal obligation to make a distribution to shareholders.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management have not made any individual critical accounting judgements that are material to the Group other than the disclosure judgement outlined below. As noted in the accounting policy, in line with industry practice, the Group treats cash paid in respect of land, including the settlement of land creditors, as operating rather than financing cashflows. This is a judgement as, whilst the repayment profile of land creditors is important in assessing the Group's liquidity and timing of future cash outflows, the Directors believe that settlement of the land creditors is an operating cashflow on the basis that land purchases are integral to the Group's working capital management. Management considers the key sources of estimation uncertainty relate to:

Carrying value of inventories and cost of sales recognition

The Group carries inventories at the lower of cost and net realisable value. Due to the nature of development timescales, it is routinely necessary to estimate costs to complete and future revenues and to allocate non-unit specific development costs between units legally completing in the current financial year and thereby impacting current year cost of sales and in future periods. A full review of the net realisable value of inventories was undertaken by the Group as at 27 June 2021 and this requires Management to use its judgement and experience in assessing any impairment provisions that may be required. If there are significant movements in UK house prices or development costs compared to Management expectations then further impairments or reversal of impairments already made may be needed.

The Group has a number of developments where significant estimates and judgements have been made in relation to the estimated costs to complete. These developments are also affected by a variety of uncertainties that depend on future events such as inflationary cost pressures, delays and unforeseen build issues due to the nature of infrastructure works. The Directors consider that the risk is sufficiently mitigated by the processes in place and appropriate levels of contingency that are calculated based on the past experience of Management with input from internal quantity surveyors. The Directors consider that it is impractical to provide a quantitative analysis of the estimation uncertainty involved due to the number of developments; range of estimated cost inputs; and timing of each development.

Pensions

The Group has utilised assumptions including a rate of return on assets, mortality assumptions and a discount rate having been advised by its actuary. To the extent that such assumed rates are different from what actually transpires, the retirement benefit obligations of the Group would change. A sensitivity analysis in included on page 201.

The primary risks the Group is exposed to by the defined benefit pension scheme are the movement in corporate bond yields, the market's long-term expectations for inflation and movement in mortality rates. The scheme closed to future accrual with effect from 1 March 2012. See Note 7e.

2. REVENUE AND OPERATING PROFIT

a. Revenue

An analysis of the Group's revenue is as follows:

	2021 £m	2020 £m
Revenue from the sale of new housing	**1,902**	1,332
Revenue from the sale of land	**37**	7
	1,939	1,339

2. REVENUE AND OPERATING PROFIT CONTINUED

a. Revenue continued

Included within Revenue from the sale of new housing is £236m (2020: £nil) of revenue from contracts with social housing providers or private rental sector providers on which revenue is recognised over time by reference to the stage of completion of contract activity. Of this amount £nil (2020: £nil) was included in contract liabilities at the beginning of the year. The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods was £nil (2020: £nil).

	Note	2021 £m	2020 £m
Contract assets	13	**21**	–
Contract liabilities	16	**68**	–

The contract assets relate to the Group's rights to consideration for work completed but not invoiced at the balance sheet date for contracts on which revenue is recognised over time.

The contract liabilities, which are included within social customer payments on account in note 16, relate to the advance consideration from customers at the balance sheet date for contracts on which revenue is recognised over time.

The following table shows further revenue of £213m (2020: £nil) expected to be recognised in future years in respect of contracts on which revenue is recognised over time:

	2022	2023	2024	Total
Year ending June £m	144	59	10	**213**
Year ending June %	68	28	4	**100**

b. Operating profit

	Note	2021 £m	2020 £m
Operating profit is stated after charging:			
Inventories expensed in the year	14	**1,465**	1,027
Amortisation	8	**2**	–
Depreciation – Property, plant and equipment	9	**2**	4
Depreciation – Lease right of use assets	10	**3**	3
Research and development expenditure		**–**	–
Auditors' remuneration – fees payable to the Company's Auditors for audit services (i)		**1**	–
– fees payable to the Company's Auditors for other services (ii)		**–**	–

Fees payable to the Company's Auditors comprise:

(i) fees payable for the audit of parent company and consolidated financial statements £141,250 (2020: £50,000) and fees payable for the audit of the Company's subsidiaries pursuant to legislation £423,750 (2020: £183,105).

(ii) Auditors' remuneration for other services comprised £75,000 (2020: £36,895) in respect of an independent review of the half-yearly financial statement.

Amounts receivable by the Group's auditor in respect of pension services performed for the pension trustees is £nil (2020: £40k).

The 2021 ratio of non-audit fees to audit fees is 1:7.53 (2020: 1:6.32).

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. NET FINANCING COSTS

	2021 £m	2020 £m
Interest payable on bank loans	**(5)**	(5)
Imputed interest on deferred land creditors	**(3)**	(5)
Financial costs	**(8)**	(10)
Other interest receivable	**1**	2
Financial income	**1**	2
Net financing costs	**(7)**	(8)

4. INCOME TAX EXPENSE

	2021 £m	2020 £m
Current tax charge		
UK Corporation Tax in respect of current year	**59**	27
Adjustment in respect of prior years	**–**	(4)
Current tax charge	**59**	23
Deferred tax		
Origination and reversal of temporary differences	**1**	1
Adjustment in respect of prior years	**–**	3
Deferred tax charge	**1**	4
Total income tax charge income statement	**60**	27
Reconciliation of tax charge for the year		
Profit before tax	**314**	140
Tax calculated at UK Corporation Tax rate at 19.0% (2020: 19.0%)	**60**	27
Tax charge for the year	**60**	27
Deferred tax recognised directly in equity		
Relating to pension scheme	**9**	–
	9	–

Current income tax charge in the Company is £nil (2020: £1m).

Information on the impact of future tax rate changes is included in note 12.

5. DIVIDENDS

The following dividends were paid by the Group:

	2021 £m	2020 £m
Prior year final dividend per share of nil p (2020: 20.5p); Current year interim dividend per share of 6.0p (2020: nil p)	**21**	72
	21	72

6. EARNINGS PER ORDINARY SHARE

The basic earnings per share calculation for the 52 weeks ended 27 June 2021 is based on the weighted average number of shares in issue during the period of 344m (2020: 343m) excluding those held in trust under the Redrow Long Term Incentive Plan (8m shares (2020: 9m shares)), which are treated as cancelled.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

For the 52 weeks ended 27 June 2021

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	**254**	**344**	**73.7**
Effect of share options and SAYE	**–**	**1**	**(0.1)**
Diluted earnings per share	**254**	**345**	**73.6**

For the 52 weeks ended 28 June 2020

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	113	343	32.9
Effect of share options and SAYE	–	2	(0.1)
Diluted earnings per share	113	345	32.8

7. EMPLOYEES

a. Cost (including Directors)

	GROUP		COMPANY	
	2021 £m	2020 £m	2021 £m	2020 £m
Wages and salaries	**109**	104	**2**	3
Social security costs	**13**	15	**1**	1
Other pension costs	**9**	10	**–**	–
Share-based payments	**6**	5	**1**	–
	137	134	**4**	4

b. Number

The monthly average number of persons employed by the Group was:

	GROUP		COMPANY	
	2021 Number	2020 Number	2021 Number	2020 Number
Directors and administrative staff	**880**	946	**8**	8
Other personnel	**1,328**	1,418	**–**	–
	2,208	2,364	**8**	8

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. EMPLOYEES CONTINUED

c. Key management remuneration

Key management personnel, as defined under IAS 24 'Related party disclosures', are identified as the Executive Management Team and the Non-Executive Directors.

Summary key management remuneration is as follows:

	2021 £m	2020 £m
Salaries and short-term employee benefits	**5**	4
Share-based payments	**2**	1
	7	5

The number of Directors where retirement benefits are accruing in respect of defined benefit schemes are 2 (2020: 2). The aggregate amount of gains made by Directors on the exercise of share options was £0.5m (2020: £1.8m).

Detailed disclosure of Directors' emoluments and interests in shares are included in the Directors' Remuneration Report on pages 128 to 153, notably the 'Single Total Figure of Remuneration Table (Audited)' on page 144 which details remuneration paid to or received by directors in respect of qualifying services, and the 'Statement of Shareholding and Scheme Interests (Audited)' on page 147 and 148.

d. Share-based payments

Save As You Earn Share Option scheme (SAYE)

The Redrow plc SAYE scheme is open to all employees and share options can be exercised either three or five years after the date of grant, depending on the length of the savings contract. The SAYE schemes are not subject to performance conditions.

The SAYE schemes have been valued using the Black-Scholes pricing model.

	2021	2020
Options granted during the year	**1,634,869**	791,921
Date of grant	**1 January 2021**	1 January 2020
Fair value at measurement date	**£1.65**	£2.17
Share price	**£4.72**	£6.18
Exercise price	**£3.78**	£4.94
Option life (contract length)	**3/5 years**	3/5 years
Expected dividend yield	**3.38%**	3.38%
Risk free interest rate	**1.5%**	1.5%

The expected volatility on SAYE schemes is based on the historic volatility of the Group's share price over periods equal to the length of the savings contract.

Long Term Incentive scheme (LTIP)

Except in specified circumstances, options granted under the scheme are exercisable between three and ten years after the date of grant.

Options granted under the LTIP on 22 September 2020 were granted to a limited number of Senior Executives. The scheme is discussed in greater detail within the Directors' Remuneration Report notably within the 'Directors' Remuneration Policy' on page 136.

7. EMPLOYEES CONTINUED

d. Share-based payments continued

The LTIP has been valued using the Black-Scholes pricing model.

	2021	2020
Options granted during the year	**763,758**	456,376
Date of grant	**22 September 2020**	11 September 2019
Fair value at the measurement date	**£4.053**	£5.945
Share price	**£4.053**	£5.945
Exercise price	**£0.00**	£0.00
Expected volatility	**N/A***	N/A*
Option life	**3 years**	3 years
Expected dividend yield	**N/A**	N/A
Risk free interest rate	**N/A***	N/A*

* For nil-cost awards not subject to a market based condition, volatility and risk free rate are not applicable.

The fair value at the measurement date of the LTIP granted on 22 September 2020 comprises £4.053 in respect of non-market based performance conditions.

The fair value at the measurement date of the LTIP granted on 11 September 2019 comprises £5.945 in respect of non-market based performance conditions.

Deferred Bonus Incentive (DBI)

Grants under the DBI were limited to Senior Management. Except in specified circumstances options granted under the scheme are exercisable between one and ten years after the date of grant for Tranche 1 and between two and ten years after the date of grant for Tranche 2 and are not subject to performance conditions.

In respect of options granted during the financial year ended 27 June 2021, Deferred Bonus Incentive Tranche 1 and 2 were absolute contractual entitlements to a small number of individuals and were granted on 22 September 2020. For the majority of senior management participating in this bonus scheme, due to the impact of the COVID-19 pandemic, a lesser, discretionary bonus was granted on 15 March 2021 and due to quantum was granted as a single tranche vesting on 15 March 2022.

The DBI has been valued using the Black-Scholes pricing model.

	2021 Single Tranche	2021 Tranche 1	2021 Tranche 2	2020 Tranche 1	2020 Tranche 2
Options granted during the year	**147,329**	**37,297**	**37,302**	488,481	488,611
Date of grant	**15 March 2021**	**22 September 2020**	**22 September 2020**	11 September 2019	11 September 2019
Fair value at the measurement date	**£6.172**	**£4.053**	**£4.053**	£5.945	£5.945
Share price	**£6.172**	**£4.053**	**£4.053**	£5.945	£5.945
Exercise price	**£0.00**	**£0.00**	**£0.00**	£0.00	£0.00
Expected volatility	**N/A***	**N/A***	**N/A***	N/A*	N/A*
Option life	**1 year**	**1 year**	**2 years**	1 year	2 years
Expected dividend yield	**N/A**	**N/A**	**N/A**	N/A	N/A
Risk free interest rate	**N/A***	**N/A***	**N/A***	N/A*	N/A*

* For nil-cost awards not subject to a market based condition, volatility and risk free rate are not applicable.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. EMPLOYEES CONTINUED

d. Share-based payments continued

Share options outstanding

The following share options were outstanding at 27 June 2021:

Type of scheme	Date of grant	Number of options 2021	Number of options 2020	Exercise price
Long Term Share Incentive 2017	15 November 2017	**–**	278,973	–
Long Term Share Incentive 2018	10 September 2018	**272,244**	291,354	–
Long Term Share Incentive 2019	11 September 2019	**411,800**	434,929	–
Long Term Share Incentive 2020	22 September 2020	**712,870**	–	–
Deferred Bonus Incentive 2012 – Tranche 1	23 October 2012	**4,656**	4,656	–
Deferred Bonus Incentive 2012 – Tranche 2	23 October 2012	**4,656**	4,656	–
Deferred Bonus Incentive 2013 – Tranche 1	24 September 2013	**4,642**	4,642	–
Deferred Bonus Incentive 2013 – Tranche 2	24 September 2013	**4,642**	4,642	–
Deferred Bonus Incentive 2014 – Tranche 1	8 September 2014	**3,615**	3,615	–
Deferred Bonus Incentive 2014 – Tranche 2	8 September 2014	**3,615**	3,615	–
Deferred Bonus Incentive 2015 – Tranche 1	14 September 2015	**3,069**	3,089	–
Deferred Bonus Incentive 2015 – Tranche 2	14 September 2015	**3,070**	3,090	–
Deferred Bonus Incentive 2016 – Tranche 1	12 September 2016	**5,136**	16,780	–
Deferred Bonus Incentive 2016 – Tranche 2	12 September 2016	**11,220**	19,318	–
Deferred Bonus Incentive 2017 – Tranche 1	11 September 2017	**7,193**	18,553	–
Deferred Bonus Incentive 2017 – Tranche 2	11 September 2017	**9,694**	40,249	–
Deferred Bonus Incentive 2018 – Tranche 1	10 September 2018	**19,920**	61,991	–
Deferred Bonus Incentive 2018 – Tranche 2	10 September 2018	**83,123**	418,050	–
Deferred Bonus Incentive 2019 – Tranche 1	11 September 2019	**91,653**	419,794	–
Deferred Bonus Incentive 2019 – Tranche 2	11 September 2019	**358,959**	419,904	–
Deferred Bonus Incentive 2020 – Tranche 1	22 September 2020	**31,013**	–	–
Deferred Bonus Incentive 2020 – Tranche 2	22 September 2020	**31,016**	–	–
Deferred Bonus Incentive 2020 – Single Tranche	15 March 2021	**142,569**	–	–
Save As You Earn	1 January 2016	**10,140**	55,899	£3.70
Save As You Earn	1 January 2017	**73,400**	93,139	£3.20
Save As You Earn	1 January 2018	**71,482**	533,938	£4.90
Save As You Earn	1 January 2019	**369,466**	510,860	£4.62
Save As You Earn	1 January 2020	**371,617**	688,326	£4.94
Save As You Earn	1 January 2021	**1,549,436**	–	£3.78

The total share options outstanding at 27 June 2021 under the LTIP, Deferred Bonus Incentive Plan and the Save As You Earn schemes represent 1.3% of the issued share capital (2020: 1.2%).

7. EMPLOYEES CONTINUED

d. Share-based payments continued

Movements in the year

The number and weighted average exercise prices of share options is as follows:

	Number of options 2021	Weighted average exercise price 2021	Number of options 2020	Weighted average exercise price 2020
Long Term Share Incentive scheme:				
Outstanding at the beginning of the year	**1,005,256**	**–**	965,330	–
Lapsed during the year	**(372,100)**	**–**	(139,100)	–
Exercised during the year	**–**	**–**	(277,350)	–
Granted during the year	**763,758**	**–**	456,376	–
Outstanding at the end of the year	**1,396,914**	**–**	1,005,256	–
Exercisable at the end of the year	**–**	**–**	–	–
Deferred Bonus Incentive scheme:				
Outstanding at the beginning of the year	**1,446,644**	**–**	1,718,132	–
Lapsed during the year	**(61,319)**	**–**	(236,191)	–
Exercised during the year	**(783,792)**	**–**	(1,012,389)	–
Granted during the year	**221,928**	**–**	977,092	–
Outstanding at the end of the year	**823,461**	**–**	1,446,644	–
Exercisable at the end of the year	**267,829**	**–**	204,572	–
Save As You Earn scheme:				
Outstanding at the beginning of the year	**1,882,162**	**£4.72**	2,293,006	£4.04
Lapsed during the year	**(654,768)**	**£4.68**	(442,661)	£4.51
Exercised during the year	**(416,722)**	**£4.76**	(760,104)	£3.02
Granted during the year	**1,634,869**	**£3.78**	791,921	£4.94
Outstanding at the end of the year	**2,445,541**	**£4.09**	1,882,162	£4.72
Exercisable at the end of the year	**52,367**	**£4.67**	16,927	£3.20

The weighted average share price at the date of exercise of share options exercised during the year was £5.16 (2020: £6.67).

The options outstanding at 27 June 2021 had a range of exercise prices of £nil to £4.94 (2020: £nil to £4.94) and a weighted average remaining contractual life of 5.1 years (2020: 5.6 years).

The expected life used in the models has been adjusted, based on best estimates, to reflect exercise restrictions and behavioural considerations.

The charge to income in relation to equity settled share-based payments in the year is £6m (2020: charge £5m).

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes

The Redrow Staff Pension Scheme comprises a defined benefit scheme. The Company also offers a defined contribution scheme to employees. The defined benefit scheme was closed to new entrants from July 2006, having been closed to all but a limited number of agreed new entrants from October 2001. The defined benefit scheme was closed to future accrual with effect from 1 March 2012.

The Scheme operates within the frameworks of the applicable pension's legislation and is regulated by the Pensions Regulator. The Scheme is managed by a board of Trustees who act in line with legislation and the provisions set out within the Trust Deed and Rules which underpin the day-to-day operation of the Scheme. The Trustees' overarching aim is to ensure that there are sufficient monies available to pay members benefits when they fall due. The Trustees work in collaboration with the Company to manage the risks that this aim might not be met.

The total pension credit for the year was £7m (2020: charge of £9m). A credit of £16m related to the defined benefit section of the Scheme (2020: credit of £1.0m), with £nil being charged to the income statement (2020: charge of £nil) and a credit of £16m to the statement of comprehensive income (2020: credit of £1m). The charge arising from the defined contribution section was £9m (2020: £10m). There were no significant events during the year to report (i.e. plan amendments, curtailments or settlements).

Triennial valuation

A full independent triennial actuarial valuation of the defined benefit section of the Scheme was undertaken at 1 July 2020 using the Projected Unit Method. As at 1 July 2020, in the opinion of the Actuary, there was a deficit of £4m in the defined benefit section of the Scheme, based on the Trustees' technical provisions assumptions with the Scheme's assets representing 98% of the Scheme's technical provisions. As at 1 July 2020 the value of the defined benefit section of the Scheme's assets was £172m. The previous triennial valuation was undertaken as at 1 July 2017 and reported a deficit of £15m.

Defined benefit scheme – IAS 19R valuation

Redrow recognises all actuarial gains and losses for its defined benefit plan in the period in which they occur, outside the income statement, in the statement of comprehensive income.

This disclosure relates to the defined benefit section of the Scheme. The Scheme's assets are held separately from the assets of Redrow and are administered by the trustees and managed professionally.

The latest formal actuarial valuation of the defined benefit section was carried out at 1 July 2020. This valuation has been updated to 27 June 2021 by a qualified actuary for the purposes of these financial statements.

During the year, the Group continued to pay its agreed contributions of £250,000 per month until March 2021 when it was agreed between the Group and the Trustees that company contributions could cease due to the Scheme being over 100% funded on the Technical Provisions basis. The Group therefore contributed £2.3m to the Scheme in the year ended 27 June 2021 (2020: £3m) and expects to contribute £nil to the Scheme in the year ending 3 July 2022.

The major financial assumptions used in arriving at the IAS 19R valuation were:

	2021	2020
Long-term rate of increase in pensionable salaries	**N/A**	N/A
Rate of increase of benefits in payment (lesser of 5% per annum and RPI)[1]	**3.2%**	2.9%
Rate of increase of benefits in payment (lesser of 2.5% per annum and RPI)[2]	**2.1%**	2.0%
Discount rate	**1.9%**	1.6%
Inflation assumption – RPI	**3.4%**	3.1%
– CPI	**2.8%**	2.3%

[1] In respect of pensions in excess of the guaranteed minimum pension earned prior to 30 June 2006.

[2] In respect of pensions earned after 30 June 2006. Other pension increases are valued in a consistent manner.

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

In March 2020, the Chancellor of the Exchequer and UK Statistics Authority jointly issued a consultation on changing the Retail Price Index (RPI) formula. In November 2020 the outcome of the consultation was published with the intention that the RPI index will be amended to reflect the Consumer Price Index including housing (CPIH) from 2030. The inflation assumptions have been considered in light of this.

The mortality tables used in the actuarial valuation were as follows (which make allowance for projected further improvements in mortality):

For male and female members: SAPS3 CMI_2020 1.50% Long Term Trend (2020: SAPS2 CMI_2019 1.50% Long Term Trend)

The life expectancies from age 65 implied by these tables for typical members are:

Pensioner currently aged 65:	Male 22.3 years (2020: Male 22 years)	Female 24.6 years (2020: Female 23.9 years)
Future pensioner currently aged 45:	Male 24.4 years (2020: Male 24.1 years)	Female 26.8 years (2020: Female 26.2 years)

No adjustments have been made to mortality assumptions at the year end to reflect the potential effects of COVID-19 as the actual plan experience is not yet available and as it is too soon to make a judgement on the impact of the pandemic on future mortality improvements. The mortality experience analysis for the Scheme will be carried out in the future as part of the 1 July 2023 funding valuation for the defined benefit section of the Scheme.

It has been assumed that members take 80% of the maximum tax-free cash available to them at the point they retire via commutation of their pension; this is based on the current commutation factors in use for the defined benefit scheme.

The total assets, the split between the major asset classes in the Scheme, the present value of the Schemes' liabilities and the amounts recognised in the balance sheet are shown below:

	GROUP AND COMPANY					
	2021 £m Quoted market price in active market	2021 £m No quoted market price in active market	2021 £m Total	2020 £m Quoted market price in active market	2020 £m No quoted market price in active market	2020 £m Total
Equities	**74**	**–**	**74**	62	–	62
Debt instruments	**70**	**–**	**70**	84	–	84
Real estate	**2**	**–**	**2**	2	–	2
Investment funds	**5**	**–**	**5**	4	–	4
Other	**6**	**–**	**6**	6	–	6
Cash	**17**	**–**	**17**	12	–	12
Insurance policies	**–**	**3**	**3**	–	3	3
Total market value of assets	**174**	**3**	**177**	170	3	173
Present value of obligations			**(137)**			(151)
Surplus in the Scheme			**40**			22

The Scheme's assets are invested in such a way so as to ensure that the assets are sufficient and appropriate to meet the associated liabilities as they fall due. In selecting the assets, consideration is given to the nature of the liabilities and the investment strategy of the Scheme includes an allocation to liability driven investments to mitigate the impacts of changes in interest rates and inflation on both the assets and liabilities.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

The defined benefit obligation can be approximately attributed to the scheme members as follows:

	2021 %	2020 %
Deferred members	**66**	72
Pensioner members	**34**	28
	100	100

All benefits are vested at 27 June 2021 (unchanged from 28 June 2020).

Following a High Court ruling on 26th October 2018, at the 2019 year-end the Company made an allowance within the defined benefit obligation for the estimated liabilities associated with the requirement to provide equalised benefits to male and female members in respect of Guaranteed Minimum Pensions (GMPs); otherwise known as 'GMP Equalisation'. GMP Equalisation is an issue that impacts all defined benefit schemes that were contracted out of the State additional second pension between 17 May 1990 and 5 April 1997. For the DB Scheme, the additional liability in respect of GMP Equalisation is broadly 0.5% of the defined benefit obligation and continues to be included in this figure.

The total amounts credited/(charged) against income in the year were as follows:

	GROUP AND COMPANY	
	2021 £m	2020 £m
Amounts included within the income statement:		
Administrative expenses		
Past service cost	**–**	–
Net interest on defined benefit liability	**–**	–
	–	–
Amounts recognised in the statement of comprehensive income:		
Return on scheme assets excluding interest income	**3**	24
Actuarial movements arising from changes in demographic assumptions	**(4)**	(1)
Actuarial movements arising from changes in financial assumptions	**1**	(22)
Actuarial movements arising from experience adjustments	**16**	–
	16	1
	16	1

The amount included in the balance sheet arising from the surplus in respect of the Group's defined benefit section is as follows:

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

	GROUP AND COMPANY	
	2021 £m	2020 £m
Balance sheet surplus		
At start of year	**22**	18
Amounts credited against statement of comprehensive income	**16**	1
Employer contributions paid	**2**	3
At end of year	**40**	22
Changes in the present value of the defined benefit obligation:		
At start of year	**151**	130
Interest expense	**2**	3
Benefit payments	**(3)**	(5)
Actuarial movements arising from changes in demographic assumptions	**4**	1
Actuarial movements arising from changes in financial assumptions	**(1)**	22
Actuarial movements arising from experience adjustments	**(16)**	–
At end of year	**137**	151
Changes in the fair value of the Scheme's assets:		
At start of year	**173**	148
Interest income	**2**	3
Return on scheme assets excluding interest income	**3**	24
Normal employer contributions	**2**	3
Benefit payments	**(3)**	(5)
At end of year	**177**	173

The Scheme rules permit the refund of any surplus to the Company with no restrictions. The surplus has therefore been recognised in full in the Group and Company balance sheets and there is no requirement to restrict the surplus nor to recognise any additional liability in respect of agreed deficit contributions.

Sensitivity of key assumptions

The table below gives a broad indication of the impact on the IAS 19R numbers to changes in assumptions and experience (away from the assumptions shown on page 198). All figures are before allowing for deferred tax.

Item	Approximate amount 2021	Approximate amount 2020
Present value of defined benefit obligation (£m)		
Discount rate -25 basis points	**144.0**	160.2
Discount rate +25 basis points	**130.0**	143.3
Price inflation rate -25 basis points	**131.8**	144.9
Price inflation rate +25 basis points	**142.0**	157.4
Post-retirement mortality assumption -1 year age adjustment	**141.9**	156.6
Weighted average duration of defined benefit obligation (in years)		
Discount rate -25 basis points	**20.5**	22.5
Discount rate +25 basis points	**20.4**	22.2

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. INTANGIBLE ASSETS

The Group

	Goodwill £m	Software £m	Total £m
Cost			
At 1 July 2019	1	3	4
Additions	–	–	–
Disposals	–	(1)	(1)
At 28 June 2020	1	2	3
Additions	–	–	–
Disposals	–	–	–
At 27 June 2021	**1**	**2**	**3**
Accumulated amortisation			
At 1 July 2019	–	2	2
Charge	–	–	–
Disposals	–	(1)	(1)
At 28 June 2020	–	1	1
Charge	1	1	2
Disposals	–	–	–
At 27 June 2021	**1**	**2**	**3**
Net book value			
At 27 June 2021	**–**	**–**	**–**
At 28 June 2020	1	1	2
At 30 June 2019	1	1	2

9. PROPERTY, PLANT AND EQUIPMENT

The Group

	Freehold property £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 1 July 2019	19	3	11	33
Additions	5	–	2	7
Disposals	–	–	(2)	(2)
At 28 June 2020	24	3	11	38
Additions	–	–	2	2
Disposals	–	–	(2)	(2)
At 27 June 2021	**24**	**3**	**11**	**38**
Accumulated depreciation				
At 1 July 2019	5	3	9	17
Charge	1	–	3	4
Disposals	–	–	(2)	(2)
At 28 June 2020	6	3	10	19
Charge	1	–	1	2
Disposals	–	–	(2)	(2)
At 27 June 2021	**7**	**3**	**9**	**19**
Net book value				
At 27 June 2021	**17**	**–**	**2**	**19**
At 28 June 2020	18	–	1	19
At 30 June 2019	14	–	2	16

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. LEASE RIGHT OF USE ASSETS

The Group

	Property £m	Photocopiers £m	Vehicles £m	Total £m
Cost				
Opening lease right of use asset recognised on adoption of IFRS 16	4	1	3	8
Additions	–	–	2	2
At 28 June 2020	4	1	5	10
Additions	–	–	3	3
Disposals	–	–	(1)	(1)
At 27 June 2021	**4**	**1**	**7**	**12**
Accumulated depreciation				
Opening lease right of use asset recognised on adoption of IFRS 16	–	–	–	–
Charge	1	–	2	3
At 28 June 2020	1	–	2	3
Charge	1	–	2	3
At 27 June 2021	**2**	**–**	**4**	**6**
Net book value				
At 27 June 2021	**2**	**1**	**3**	**6**
At 28 June 2020	3	1	3	7

10. LEASE RIGHT OF USE ASSETS CONTINUED

The Group continued

	As at 27 June 2021 £m	As at 28 June 2020 £m
Lease liabilities		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**3**	3
One to five years	**4**	4
More than five years	**–**	1
Total undiscounted lease liabilities	**7**	8

On implementation of IFRS 16 leases, lease payment commitments are reported within trade and other payables.

	As at 27 June 2021 £m	As at 28 June 2020 £m
Lease liabilities included in the statement of financial position		
Current	**2**	2
Non-current	**4**	4
	6	6

	As at 27 June 2021 £m	As at 28 June 2020 £m
Amounts recognised in profit or loss		
Interest on lease liabilities	**–**	–

	As at 27 June 2021 £m	As at 28 June 2020 £m
Amounts recognised in the statement of cashflows		
Total cash outflow for leases	**3**	3

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. INVESTMENTS

a. Investments

	GROUP		COMPANY	
	2021 £m	2020 £m	2021 £m	2020 £m
Joint ventures	–	9	–	–
	–	9	–	–

b. Investments in joint ventures

	GROUP		COMPANY	
	2021 £m	2020 £m	2021 £m	2020 £m
Share of joint venture net assets:				
Current assets	–	8	–	–
Current liabilities	–	(3)	–	–
Non-current liabilities	–	(5)	–	–
Net assets	–	–	–	–
Loans from Group companies (i)	–	9	–	–
	–	9	–	–
Share of post-tax profits from joint ventures:				
Revenue	–	–	–	–
Cost of sales	–	–	–	–
Gross profit	–	–	–	–
Administrative expenses	–	–	–	–
Operating profit	–	–	–	–
Finance costs	–	–	–	–
Profit before tax	–	–	–	–
Taxation	–	–	–	–
	–	–	–	–

(i) £nil m of the loans to joint ventures are secured (2020: £9m).

The Group's joint venture investments were:

- Its 50% shareholding in the ordinary share capital of Menta Redrow Limited and Menta Redrow (II) Limited, both companies incorporated in Great Britain with a 30 June year end. Menta Redrow Limited and Menta Redrow (II) Limited were formed to pursue redevelopment opportunities in Croydon.
- On 23 September 2020 Menta Developments Ltd purchased Redrow's remaining investment in Menta Redrow Limited and Menta (Regeneration) Limited purchased Redrow's remaining investment in Menta (II) Limited. No profit or loss was generated.

c. Investments in subsidiary undertakings

	Company £m
At 28 June 2020 and 27 June 2021	–

11. INVESTMENTS CONTINUED

c. Investments in subsidiary undertakings continued

The principal subsidiary company is Redrow Homes Limited. All subsidiary companies are incorporated in Great Britain except Redrow Homes (Park Heights) Limited which is incorporated in Jersey. A full list of subsidiary undertakings as at 27 June 2021 is shown below. The capital of all the subsidiary companies, consisting of ordinary shares, is wholly owned by HB (HDG) Limited which in turn is wholly and directly owned by Redrow plc.

The principal activity of Redrow Homes Limited, Redrow Real Estate Limited, Redrow Regeneration plc, The Waterford Park Company Limited and The Waterford Park Company (Balmoral) Limited is residential development. The principal activity of Harrow Estates plc is land acquisition, development and resale. HB (HDG) Limited is an intermediate holding company. St David's Park Limited principal activity is business park maintenance services.

Those subsidiaries marked with † are dormant and exempt from audit.

All the subsidiaries registered office is Redrow House, St David's Park, Flintshire, CH5 3RX apart from those marked (i) and (ii) whose registered offices are as follows:

(i) c/o TLT LLP, 140 West George Street, Glasgow, G2 2HG

(ii) 13 Castle Street, St. Helier, Jersey, JE4 5UT

Subsidiaries

Name	Company Number	Name	Company Number
HB (HDG) Limited	1990709	HB (1995) Limited (i) †	SC155021
Redrow Homes Limited	1990710	Redrow Homes (Wallyford) Limited (i) †	SC205159
Harrow Estates plc	6825371	St David's Park Limited	2479183
Redrow Real Estate Limited	3996541	PB0311 Limited †	7577839
Redrow Regeneration plc	5405272	Debut Freeholds Limited †	4638403
Redmira Limited †	7587765	Tay Homes (Western) Limited †	2806562
HB (NW) Limited †	1189328	Tay Homes (Northern) Limited †	2708575
HB (LCS) Limited (i) †	SC38052	Tay Homes (Midlands) Limited †	2183136
HB (MID) Limited †	2469449	Tay Homes (North West) Limited †	2189721
HB (SW) Limited †	3522335	Redrow Homes (Park Heights) Limited (ii) †	66240
HB (SWA) Limited †	2230870	Redrow Construction Limited †	1375826
HB (Y) Limited †	2293006	Poche Interior Design Limited †	2169473
HB (ESTN) Limited †	4017345	Redrow (Shareplan) Limited †	3520984
HB (WM) Limited †	3379746	Cadmoore Limited †	3977222
HB (SM) Limited †	3522321	Redrow (Sudbury) Limited †	4558070
HB (SN) Limited †	537405	The Waterford Park Company Limited	5429823
HB (WC) Limited †	4984069	The Waterford Park Company (Balmoral) Limited	6047122
HB (WX) Limited †	1940936	HB (Herne Bay No 1) Limited †	7743649
HB (EM) Limited †	2827161	HB (Herne Bay No 2) Limited †	9163243
HB (CD) Limited †	2034733	Redrow Homes East Midlands Limited †	4219459
HB (GRPS) Limited †	2898913	Radleigh Construction Limited †	4219460
HB (CPTS) Limited †	1079513	Radleigh Homes Limited †	4210633
HB (SE) Limited †	3988594	Radbourne Edge (Holdings) Limited †	8737345
HB (CSCT) Limited (i) †	SC231364	Redrow Langley Limited †	7306461
HB (SC) Limited (i) †	SC74732	Radleigh (Hackwood) Limited †	8131049

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. DEFERRED TAX ASSETS AND LIABILITIES

The following are the deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior year:

	Imputed interest £m	Short-term temporary differences £m	Total £m
Deferred tax assets			
At 1 July 2019	3	1	4
Charge to income	(3)	–	(3)
Charge to equity	–	–	–
At 28 June 2020	–	1	1
Charge to income	–	–	–
Charge to equity	–	–	–
At 27 June 2021	**–**	**1**	**1**

	Employee benefits £m	Short-term temporary differences £m	Total £m
Deferred tax liabilities			
At 1 July 2019	(3)	(1)	(4)
Charge to income	(1)	–	(1)
At 28 June 2020	(4)	(1)	(5)
Charge to income	–	(1)	(1)
Charge to equity	(9)	–	(9)
At 27 June 2021	**(13)**	**(2)**	**(15)**

The Group has no material unrecognised deferred tax assets.

A reduction in the UK corporation tax rate from 19% to 17% (effective April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax asset at 27 June 2021 has been calculated based on these rates (2020: 19%) with the exception of the deferred tax liability on employee benefits which has been calculated at 35% (2020: 19%). This reflects the results of the latest triennial valuation of the defined benefit section of The Redrow Staff Pension Scheme (see page 198) which now suggests the return of the IAS 19 surplus is highly likely to take the form of a lump sum cash refund rather than a reduction in future deficit contributions.

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2021 £m	2020 £m	2021 £m	2020 £m
Non-current assets				
Trade receivables (net)	**–**	–	**–**	–
Amounts due from subsidiary companies	**–**	–	**420**	774
	–	–	**420**	774
Current assets				
Trade receivables (net)	**54**	25	**–**	–
Contract assets	**21**	–	**–**	–
Amounts due from subsidiary companies	**–**	–	**361**	300
Other receivables	**21**	8	**–**	–
Prepayments	**4**	5	**–**	–
	100	38	**361**	300

Non-current trade receivables are stated after an allowance of £nil has been made (2020: £nil) in respect of expected credit losses. This allowance is based on an estimate of default rates. £nil provision was made during the year (2020: £nil). £nil was utilised (2020: £nil). Current trade assets are stated after an allowance of £8m (2020: £4m) in respect of expected credit losses with £nil provision utilised (2020: £nil), £nil provision released (2020: £1m) and £4m provision created (2020: £nil).

Amounts due from subsidiary companies are unsecured, repayable on demand and carry interest at market rate. The balance classified as current is anticipated to be repayable within the normal operating cycle of the subsidiary businesses (c4 years as explained in more detail on page 188). Of this amount £100m (2020: £75m) is expected to be recovered within 12 months of the balance sheet date.

14. INVENTORIES

	GROUP		COMPANY	
	2021 £m	2020 £m	2021 £m	2020 £m
Land for development	**1,526**	1,538	**–**	–
Work in progress	**910**	972	**–**	–
Stock of show homes	**77**	75	**–**	–
	2,513	2,585	**–**	–

Inventories of £1,465m were expensed in the year (2020: £1,027m). Work in progress includes £1m (2020: £1m) in respect of part exchange properties. Land held for development in the sum of £210m is subject to a legal charge as security in respect of deferred consideration (2020: £160m).

The carrying value of undeveloped land where net realisable value has been determined on the basis of a sale of land in its current state is £16m (2020: £33m). £5m of impairment costs arising for the strategic decision to scale back our London operations were expensed in the year (2020: £35m).

The Directors consider all inventory to be current in nature as they are expected to be realised within the Group's normal operating cycle of c4 years.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash and cash equivalents, bank loans and overdrafts, derivative financial instruments and various items included within trade receivables and trade payables which arise during the normal course of business.

The tables that follow provide a summary of financial assets and liabilities by category.

The accounting policies for financial instruments have been applied to the following items:

The Group's activities expose it to a variety of financial risks.

Financial risk management is conducted centrally using policies approved by the Board. Market risk is negligible due to the Group's limited exposure to equity securities (some limited exposure arises through the Redrow Staff Pension Scheme's investment portfolio) and the associated price risk. Its foreign exchange exposure is negligible given the nature of the Group's business and its exclusive UK activities.

a. Liquidity risk and interest rate risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. Liquidity risks are managed through the regular review of cash forecasts and by maintaining adequate committed banking facilities to ensure appropriate headroom.

At 27 June 2021, the Group had total unsecured bank borrowing facilities of £353m, representing £350m committed facilities and £3m uncommitted facilities.

The Group's cash surpluses arise from short-term timing differences. As a consequence the Group does not consider it bears significant risk of changes to income and cash flows as a result of movements on interest rates on its interest bearing assets.

The Group is exposed to interest rate risk as it borrows money at floating rates. The Group's interest rate risk arises primarily from long-term borrowings. In order to manage its interest rate risk, the Group from time to time enters into simple risk management products, almost exclusively interest rate swaps. All interest rate swaps are sterling denominated. The swaps are arranged so as to match with those of the underlying borrowings to which they relate. There were no interest rate swaps in place in 2021 or 2020.

The following table shows the profile of interest bearing debt together with its effective interest rates including non-utilisation fees.

	2021					2020				
	Effective interest rate %	Total £m	Zero to one year £m	One to two years £m	Two to five years £m	Effective interest rate %	Total £m	Zero to one year £m	One to two years £m	Two to five years £m
Bank loans – floating rate	**8.1**	**–**	**–**	**–**	**–**	2.1	170	–	–	170
		–	**–**	**–**	**–**		170	–	–	170

For the 52 weeks ended 27 June 2021, it is estimated that for any incremental general increase of 1% in interest rates applying for the full year the decrease in the Group's profit before tax would be c £1m (2020: c £1m).

b. Maturity of bank loans and borrowings

The maturity of bank loans and borrowings is as below:

The Group

	2021		2020	
	Bank overdraft £m	Bank loans £m	Bank overdraft £m	Bank loans £m
Due between two and five years	**–**	**–**	–	177
	–	**–**	–	177

Maturities above include estimated interest payable to the maturity of the facilities.

15. FINANCIAL RISK MANAGEMENT CONTINUED

b. Maturity of bank loans and borrowings continued

The Company

	2021		2020	
	Bank overdraft £m	Bank loans £m	Bank overdraft £m	Bank loans £m
Due between two and five years	**–**	**–**	–	177
	–	**–**	–	177

Maturities above include estimated interest payable to the maturity of the facilities.

The Company was fully compliant with its banking covenants as at 27 June 2021.

At the year end, the Group and Company had £350m (2020: £193m) of undrawn committed bank facilities available.

There is no material difference between the fair value of the bank overdrafts and bank loans and their carrying values as shown in the balance sheet.

c. Amounts due in respect of development land

The Group's policy permits land purchases to be made on deferred payment terms. In accordance with IFRS 9, the deferred creditor is recorded at fair value and nominal value is amortised over the deferment period via financing costs, increasing the land creditor to its full cash settlement value on the payment date.

The interest rate used for each deferred payment is an equivalent loan rate available on the date of land purchase, as applicable to a loan lasting for a comparable period of time to that deferment.

The maturity profile of the total contracted cash payments in respect of amounts due in respect of land creditors at the balance sheet date is as follows:

	Balance at June £m	Total contracted cash payment £m	Due less than one year £m	Due between one and two years £m	Due between two and five years £m
27 June 2021	**294**	**298**	**144**	**125**	**29**
28 June 2020	302	306	186	51	69

d. Maturity of trade and other payables

The maturity profile of the total contracted payments in respect of financial liabilities (excluding amounts due on land creditors shown separately in note 15c) at the balance sheet date is as follows:

	Balance at June £m	Total contracted cash payment £m	Due less than one year £m	Due between one and two years £m	Due between two and five years £m
Trade and other payables (excluding lease liabilities)	538	538	538	–	–
Lease liabilities	6	7	3	2	2
27 June 2021	**544**	**545**	**541**	**2**	**2**
Trade and other payables (excluding lease liabilities)	527	527	527	–	–
Lease liabilities	6	8	3	2	3
28 June 2020	533	535	530	2	3

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. FINANCIAL RISK MANAGEMENT CONTINUED

e. Credit risk

Credit risk arises from cash and cash equivalents, including call deposits with banks and financial institutions, derivative financial instruments and trade receivables. It represents the risk of financial loss where counterparties are unable to meet their obligations.

Credit risk is managed centrally in respect of cash and cash equivalents and derivative financial instruments. In respect of placing deposits with banks and financial institutions and funds, individual risk limits are approved by the Board. The table below shows the cash and cash equivalents as at the balance sheet date:

	GROUP		COMPANY	
	2021 £m	2020 £m	2021 £m	2020 £m
Held at Banks with at least an A credit rating per Standard & Poor's	**160**	44	**144**	41
	160	44	**144**	41

No credit limits were exceeded during the reporting year or subsequently and the Group does not anticipate any losses from non-performance by these counterparties.

There is no specific concentration of credit risk in respect of home sales as the exposure is spread over a number of customers. In respect of trade receivables, the amounts presented in the balance sheet are stated after adjusting for any doubtful receivables, based on the judgement of the Group's management through using both previous experience and knowledge of the current position of any more substantial receivables.

f. Capital management

The Group defines total capital as equity plus net debt where net debt is calculated as total borrowings less cash and cash equivalents.

The Group monitors capital on the basis of the level of returns achieved on its capital base and, with respect to its financing structure, the gearing ratio. This is defined as net debt divided by equity.

The Group's objective in managing capital is to safeguard its ability to continue as a going concern in order to deliver value to its Shareholders and other stakeholders. The Group operates within policies outlined by the Board in order to maintain an appropriate funding structure. The Board keeps the Group's capital structure under review.

The total capital levels and gearing ratios as at 27 June 2021 and 28 June 2020 are as follows:

	2021 £m	2020 £m
Total borrowings	**–**	170
Less cash and cash equivalents	**(160)**	(44)
Net (cash)/debt	**(160)**	126
Equity	**1,872**	1,626
Total capital	**1,712**	1,752
Operating profit adjusted for joint ventures	**321**	148
ROCE (Operating profit as above as a percentage of opening and closing total capital)	**18.5%**	9.2%
Gearing ratio	**N/A**	7.7%

15. FINANCIAL RISK MANAGEMENT CONTINUED

g. Fair values

Basis for determining fair values

The principal methods and assumptions used in estimating the fair value of financial instruments can be found in the Accounting Policies pages 188 to 189.

Fair value hierarchy

Financial assets and liabilities carried at fair value are categorised within the hierarchal classification of IFRS13:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Inputs are not based on observable market data.

The fair value of financial assets and liabilities is as follows:

The Group

	Fair value hierarchy	2021 Loans and receivables Fair value £m	2021 Loans and receivables Carrying value £m	2020 Loans and receivables Fair value £m	2020 Loans and receivables Carrying value £m
Assets per the balance sheet					
Trade and other receivables	Level 1 & 2*	**96**	**96**	33	33
Cash and cash equivalents	Level 1	**160**	**160**	44	44
		256	**256**	77	77

* Includes £4m in respect of shared equity debtors (2020: £6m) (Level 2)

	Fair value hierarchy	2021 Other financial liabilities Fair value £m	2021 Other financial liabilities Carrying value £m	2020 Other financial liabilities Fair value £m	2020 Other financial liabilities Carrying value £m
Liabilities per the balance sheet					
Bank loans and overdrafts	Level 1	**–**	**–**	170	170
Trade payables and other payables including customer deposits	Level 1	**516**	**516**	527	527
Land creditors	Level 1	**294**	**294**	302	302
Lease liabilities	Level 1	**6**	**6**	6	6
		816	**816**	1,005	1,005

Other financial liabilities are at amortised cost.

The Company

	Fair value hierarchy	2021 Loans and receivables Fair value £m	2021 Loans and receivables Carrying value £m	2020 Loans and receivables Fair value £m	2020 Loans and receivables Carrying value £m
Assets per the balance sheet					
Cash and cash equivalents	Level 1	**144**	**144**	41	41
Amounts due from subsidiary companies (current and non-current)	Level 1	**781**	**781**	1,074	1,074
		925	**925**	1,115	1,115

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. FINANCIAL RISK MANAGEMENT CONTINUED

g. Fair values continued

The Company continued

	Fair value hierarchy	2021 Other financial liabilities Fair value £m	2021 Other financial liabilities Carrying value £m	2020 Other financial liabilities Fair value £m	2020 Other financial liabilities Carrying value £m
Liabilities per the balance sheet					
Bank loans and overdrafts	Level 1	**–**	**–**	170	170
Amounts owed to subsidiary companies	Level 1	**14**	**14**	14	14
		14	**14**	184	184

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 £m	2020 £m	2021 £m	2020 £m
Non-current liabilities				
Amounts due in respect of development land	**150**	116	**–**	–
Lease liabilities	**2**	4	**–**	–
	152	120	**–**	–
Current liabilities				
Trade payables	**362**	311	**–**	–
Amounts due in respect of development land	**144**	186	**–**	–
Private customer deposits	**68**	38	**–**	–
Social customer payments on account	**74**	165	**–**	–
Amounts owed to subsidiary companies	**–**	–	**14**	14
Lease liabilities	**4**	2	**–**	–
Other payables	**5**	10	**–**	–
Other taxation and social security	**7**	3	**–**	–
Accruals	**103**	90	**14**	12
	767	805	**28**	26

See note 2.

Amounts due to subsidiary companies are unsecured, repayable on demand and bear interest at market rate on trading balances. Amounts due in respect of development land are classified as current when they are contractually due within 12 months of the balance sheet date.

17. LONG-TERM PROVISIONS

The Group

	Onerous contracts £m	Remedial works £m	Total £m
At 28 June 2020	1	7	8
Transfers from trade payables	–	19	19
Provisions created during the year	–	7	7
Provisions released during the year	–	–	–
Provisions utilised during the year	–	–	–
At 27 June 2021	**1**	**33**	**34**

17. LONG-TERM PROVISIONS CONTINUED

The Group continued

Provisions relate to onerous contracts and maintenance, sundry remedial costs in respect of development activities and a provision for potential fire safety remedial works. It is expected that this provision will be utilised within four years. In the current year certain balances have been reclassified from trade payables to provisions to provide greater clarity in disclosures. The Directors do not consider this to represent a material change in presentation.

Remedial Works Provision

Redrow is predominantly a housebuilder, however, we have historically built a small number of high rise buildings mostly on a design & build basis by main contractors. Ten schemes have now been identified as potentially not conforming to the current government regulations. Each development is unique and was designed in accordance with the building regulations and accepted practices at the time. Where we have an obligation to do so, we are fully committed to working with our contractors, leaseholders and management companies to address any issues on these schemes where required. Management has estimated the cost of remedial works but it is inherently uncertain whilst investigations and assessments are ongoing. It is not anticipated that any reasonable changes would have a material impact on operating profit in the period.

18. SHARE CAPITAL

	Number of ordinary shares
As at 28 June 2020 and 27 June 2021 (ordinary shares of 10.5p each)	**352,190,420**

19. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES

The Group

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m
At 1 July 2019	37	59	8	1,481
Total comprehensive income	–	–	–	114
Dividends paid	–	–	–	(72)
Movement in respect of LTIP/SAYE	–	–	–	(1)
At 28 June 2020	37	59	8	1,522
Total comprehensive income	–	–	–	261
Dividends paid	–	–	–	(21)
Movement in respect of LTIP/SAYE	–	–	–	6
At 27 June 2021	**37**	**59**	**8**	**1,768**

Other reserves

Other reserves consists of a £7m Capital redemption reserve (2020: £7m) and a £1m Consolidation reserve (2020: £1m).

Undistributable reserves

Other reserves are not available for distribution.

The Company

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m
At 1 July 2019	37	59	7	908
Total comprehensive income	–	–	–	3
Dividends paid	–	–	–	(72)
At 28 June 2020	37	59	7	839
Total comprehensive income	–	–	–	7
Dividends paid	–	–	–	(21)
At 27 June 2021	**37**	**59**	**7**	**825**

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES CONTINUED

The Company continued

Other reserves

Other reserves consists of a £7m Capital redemption reserve (2020: £7m).

Undistributable reserves

Other reserves are not available for distribution.

20. MOVEMENT IN NET (DEBT)/CASH

The Group

	At 29 June 2020 £m	Non-cash movement £m	Cash flow £m	At 27 June 2021 £m
Cash and cash equivalents	44	4	112	**160**
Bank loans	(170)	–	170	**–**
Net (debt)/cash	(126)	4	282	**160**

Non-cash movement comprises movements in respect of LTIP/SAYE together with relevant IAS19, IFRS7 and IFRS16 non cash movements.

The Company

	At 29 June 2020 £m	Non-cash movement £m	Cash flow £m	At 27 June 2021 £m
Cash and cash equivalents	41	(1)	104	**144**
Bank loans	(170)	–	170	**–**
Net (debt)/cash	(129)	(1)	274	**144**

21. CONTINGENT LIABILITIES

The Company has guaranteed the bank borrowings of its subsidiaries. Performance bonds and other building or performance guarantees have been entered into in the normal course of business. Management estimate that the bonds and guarantees amount to £156m (2020: £170m) at the year end and consider the possibility of a cash outflow in settlement to be remote.

22. RELATED PARTY TRANSACTIONS

Within the definition of IAS 24 'Related party disclosures', the Board and key management personnel are related parties. Detailed disclosure of the remuneration of the Board is given in the Directors' Remuneration Report on pages 128 to 153 notably the 'Single Total Figure of Remuneration Table (Audited)' on page 144. A summary of remuneration provided to key management personnel is provided in note 7c.

There have been no material transactions with key management personnel. There is no other difference between transactions with key management personnel of the Company and the Group.

The Company funds the operating companies through both equity investment and loans at commercial rates of interest. In addition, the Company provides its subsidiaries with the services of Senior Management, for which a recharge is made to those subsidiary companies based upon utilisation of services.

The amount outstanding from subsidiary undertakings at 27 June 2021 was £781m (28 June 2020: £1,074m). The amount owed to subsidiary undertakings at 27 June 2021 was £14m (28 June 2020: £14m).

The Company provided the Group's defined benefit pension scheme, as detailed in note 7e. Expected service costs were charged to the operating businesses at cost. There is no contractual arrangement or stated policy relating to the charge. Experience and actuarial gains are recognised in the Company, via the statement of comprehensive income.

During the year, the Group sold its interest in Menta Redrow Limited and Menta Redrow (II) Limited as disclosed in note 11.

23. ALTERNATIVE PERFORMANCE MEASURES

Redrow uses a variety of Alternative Performance Measures (APMs) which are not defined or specified by IFRSs but which the Directors believe are pertinent to reviewing and understanding the broader performance of the Group, in conjunction with IFRS defined measures.

Accident incident rate by site

No. of notifiable accidents in financial year divided by average no. of sites.

Dividend per share

Interim and final dividend per share declared in respect of the financial year.

Earnings per share (EPS) (IFRS measure)

Profit attributable to ordinary equity shareholders (excluding exceptional items and deferred tax rate changes) divided by the weighted average no. of ordinary shares in issue during the financial year. See note 6.

HBF customer recommend rating

Independent HBF customer satisfaction rating score.

Hurdle rates

Gross margin and internal rate of return minimum rates required for land purchase appraisals.

Land holding years

No. of plots in owned land holdings at June divided by no. of legal completions in financial year.

	2021	2020
Owned land holdings at 27 June 2021/28 June 2020	**29,460**	25,130
Legal completions	**5,620**	4,032
Land holding years	**5.2**	6.2

Legal completions

The number of homes legally completed in the financial year.

Monies committed to fund improvements in local communities

These reflect committed Section 106 contributions and affordable housing provided in the year.

Net asset value per ordinary share

Total net assets at June divided by the number of ordinary shares in issue at June.

Number of trainees

No. of trainees at June as a percentage of employees at June.

Order book

The value of reserved and exchanged sales which had not legally completed at the year end.

Private reservation rate

No. of private reservations per week in financial year divided by average no. of sales outlets.

Return on capital employed (ROCE)

Operating profit before exceptional items adjusted for joint ventures as a percentage of opening and closing capital employed. See note 15f.

Return on equity (ROE)

Profit before tax before exceptional items adjusted for joint ventures as a percentage of opening and closing net assets.

	2021 £m	2020 £m
Net assets at 27 June 2021/28 June 2020	**1,872**	1,626
Net assets at 28 June 2020/30 June 2019	**1,626**	1,585
Average net assets	**1,749**	1,606
Profit before taxation	**314**	140
Return on equity %	**18.0%**	8.7%

Revenue (IFRS measure)

Revenue per consolidated income statement.

Revenue value of private reservations secured in the year

The fair value receivable in the future of private house sales reserved by customers during the year, net of cancellations.

Sales outlets

Average no. of sales outlets open in the year.

PART B

Set out below is the financial information of the Redrow Group for the 53 weeks ended 3 July 2022, as extracted from the Redrow Annual Report & Accounts 2022:

INDEPENDENT AUDITORS REPORT

To the members of Redrow plc

1. Our opinion is unmodified

We have audited the financial statements of Redrow plc ("the Company") for the 53 week period ended 3 July 2022 which comprise the Consolidated Income Statement, the Group and Company Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity, the Group and Company Statement of Cash Flows, and the related notes, including the accounting policies on pages 238 to 279.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 3 July 2022 and of the Group's profit for the 53 week period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 6 November 2019. The period of total uninterrupted engagement is for the three financial periods ended 3 July 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	£20.4m (2021: £15.7m) 5% of Group profit before exceptional items and tax (2021: 5% of Group profit before tax)	
Coverage	100% of Group profit before exceptional items and tax (2021: 99% of Group profit before tax)	
Key audit matters		**vs 2021**
Recurring risks	Cost of sales recognition and carrying amount of land held for development	▲
Event driven	**New:** Fire Safety Provision	▲
Parent Company Key Audit Matter	Valuation of defined benefit pension obligation	▼

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Cost of sales recognition and carrying amount of land held for development Pre-exceptional cost of sales (£1,624 million; 2021: £1,525 million); Carrying amount of land held for development (£1,710 million; 2021: £1,526 million). *Refer to page 172 (Audit Committee Report), pages 245 and 247 (accounting policy) and page 270 (financial disclosures).*	**Subjective estimates** The Group holds inventory in the form of land for development, work in progress and show homes. The amount of cost of sales recognised in the period is calculated at standard cost which also includes an allocation of whole site costs to each plot sold and any abnormal costs are expensed to cost of sales as incurred. Due to development timescales, for certain high risk sites (typically large multi-phased sites or sites with significant infrastructure and development costs still to be incurred), the calculation of whole site costs can include significant estimates of future costs. As a result, for certain high risk sites, cost of sales recognised in the year is subject to estimation uncertainty. Infrastructure and development works are often finalised towards the latter stages of the development therefore the level of estimation uncertainty can be significant where the future infrastructure and development requirements are large and complex. The level of estimation uncertainty is higher at the beginning of the development when fewer actual infrastructure and development costs are known. The estimates made are profit impacting and therefore there is an incentive for management to manipulate the assumptions made to meet profit targets and during the year the Group identified that there was a failure by one of the divisions to account accurately for the latest estimate of development profit, including the omission of incurred costs overruns. The carrying value of land not yet in development is assessed based on a number of key assumptions including the likelihood of favourable planning applications (if the land has been acquired without planning consents) and potential future changes to building and planning regulations, including those arising in respect of climate change. Changes in any of the key assumptions could lead to a material change in the estimation of the profits to be generated from development of the site and therefore the net realisable value of land held for development.	We performed the tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support relying on them. Our procedures included: **Sector expertise:** We used our own Quantity surveyor specialists to assist us to challenge areas of risk and assist in our risk assessment decisions for our selection of high risk sites. For a sample of sites which, due to either their size, complexity, performance, location in the division where there was a failure to account accurately for the latest estimate of development profit or combination thereof, we consider at higher risk of misstatement ('high risk sites'), we inspected the whole site build cost budgets and infrastructure and development budgets and challenged the Group's inputs and assumptions by performing the following procedures: – **Test of details:** We compared the period end carrying value of work in progress recorded to that determined by the Group's Quantity Surveyors and performed a comparison to the actual costs incurred to check whether any abnormal costs or build variances incurred, have been appropriately identified and accounted for in the period; and – **Test of details:** We assessed the accuracy of site wide costs and infrastructure and development budgets by selecting a sample of costs included in the budgets and agreed these to supporting documents such as invoices, quotations and planning obligations. **Test of details:** For a sample of residual sites not considered at higher risk of misstatement, we compared year end positions to valuations performed by internal Quantity Surveyors and assessed the accuracy of infrastructure and development budgets by agreeing a sample of budgeted costs to supporting documents such as invoices, quotations and planning obligations.

	The risk	Our response
Cost of sales recognition and carrying amount of land held for development	The effect of these matters is that as part of our risk assessment we determined that cost of sales and carrying amount of land held for development have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole and possibly many times that amount.	**Test of details:** For all sites with unit sales during the year, we compared the gross profit margin recognised to the site build cost budgets and infrastructure and development budgets and initial land appraisals and determined whether variances were supportable. **Test of details:** We identified low and negative margin sites and sites with high margins in comparison to the average margin for the period. Where applicable we corroborated exceptions to supporting documentation and compared the gross profit margin to site build cost budgets and infrastructure and development budgets and initial land appraisals. For those sites with low and negative margin we corroborated the completeness and accuracy of the Group's related net realisable value provisions recorded in relation to these sites. **Test of detail:** For both the high risk and residual sites we recalculated the cost of sales release with reference to site build costs and infrastructure and development budgets and compared to the Group's calculations. **Test of detail:** We assessed the adequacy of build contingency with reference to known build issues and the impact of build cost inflation on the standard cost. **Historical comparisons:** For a sample of sites that are sold complete in the year, we performed a retrospective review to compare the overall build cost budget (including infrastructure and development costs) and sales forecasts to actual costs and selling prices achieved to assess the accuracy of site budgets and forecasts. **Test of details:** For a sample of undeveloped land sites without planning, we corroborated the Group's assessment of the likelihood of a successful planning application by assessing underlying planning applications and legal documents and quantity surveyor assessments where applicable. We considered the impact of known and potential changes in building regulations including environmental factors likely to impact these, on the estimated profitability of the sites to assess the completeness and accuracy of related net realisable value provisions recorded. **Enquiry of personnel:** for those individuals involved in the follow up investigation to the failure of one of the divisions to account accurately for development profit, we made inquiries to challenge the scope of the review carried out and their relevant experience and competence.

	The risk	Our response
Cost of sales recognition and carrying amount of land held for development		**Extended scope:** we agreed the unrecorded costs identified by the investigation to supporting documentation as well as performing additional testing of unrecorded liabilities for all divisions including the analysis of variances to build costs. **Extended scope:** For all divisions we extended our testing of journals and other adjustments between unrelated sites and corroborated these to supporting documentation, and extended our analytical procedures to identify sites inappropriately classified as close to completion. **Assessing transparency:** We assessed the adequacy of the Group's disclosures about the degree of estimation involved in calculating cost of sales and carrying value of land and work in progress. **Assessing transparency:** We assessed the adequacy of the disclosures on page 177 of the Audit committee report within the Governance report related to a failure by one of the divisions to account accurately for development profit, including the omission of incurred costs overruns, for consistency with our knowledge and understanding acquired during the audit. **Our results:** We consider the cost of sales recognition and the carrying amount of land held for development to be acceptable (2021: acceptable).

	The risk	Our response
Fire Safety Provision (£200 million; 2021: £26 million) *Refer to page 172 (Audit Committee Report), pages 249 and 250 (accounting policy) and page 275 and 276 (financial disclosures).*	**Subjective estimates** In common with many in the sector the Group signed up to the Building Safety Fund ('BSF') pledge in April 2022 ('the Pledge'). In signing up to the Pledge the Group have agreed to remediate life critical fire safety issues on all properties over 11 metres where Redrow were the developer, going back 30 years. As a result the Group has re-estimated its fire safety provision, leading to an exceptional charge of £164m in the current financial year.	We performed the tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support relying on them. Our procedures included: **Test of Details:** We evaluated the existence and extent of the obligation for the Group to remediate life critical fire safety issues by obtaining the Pledge for England and evidence to support the Group's commitments in Wales and Scotland. **Test of detail:** We assessed the accuracy and completeness of the population of properties over 11 metres that were developed by the Group going back 30 years by comparing the Group's list of properties to external evidence including a list supplied by the Department for Levelling Up, Housing and Communities ('DLUHC').

	The risk	Our response
Fire Safety Provision	Estimation of the provision requires identification of the impacted properties, an assessment of the defects requiring remediation, and the likely costs. The Group's estimated provision will be subject to further refinement as detailed building inspections continue and agreement is reached with UK Government on the detailed terms of the Pledge. The effect of this matter is that, as part of our risk assessment for audit planning purposes, we determined that the amount of the provision required has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements note 1 on pages 249 and 250 disclose the sensitivity estimated by the Group.	**Challenge of assumptions:** We challenged the accuracy and completeness of the Group's assessment of which properties required a provision by confirming those properties that had BSF approval, inspecting board minutes to identify potential claims, inspecting EWS1 certificates , evaluating the Group's internal assessment of the materials and other factors likely to lead to remediation obligations under the Pledge, and we held inquiries with the Group's in-house legal counsel and fire safety committee. **Test of details:** For those properties where the BSF have approved the claim, we agreed the amount included within the provision to the supporting documentation from the DLUHC. **Challenge of assumptions:** For those properties without approved BSF claims we challenged the categories and assumptions that the Group have assigned in respect of property height, the extent of remediation required and estimated cost by inspecting third party evidence including reference to actual quotes, comparison to properties with approved BSF claims and invoices where applicable and other relevant, available industry data. **Sensitivity analysis:** We performed analysis on the potential range of possible outcomes in respect of both the number of properties included and the estimation of remediation costs under the Pledge commitments. **Sector expertise:** We utilised our own Quantity surveyor specialists to assist us in challenging the appropriateness of remediation assumptions. **Assessing transparency:** We assessed whether the Group's disclosures in respect of the fire safety provision, including the sensitivity of the provision to changes in key assumptions, have been adequately disclosed. **Our results:** We consider the amount of fire safety provision recognised to be acceptable.

	The risk	Our response
Valuation of the defined benefit obligation (Parent Company only) Parent Company: (£97 million; 2021: £137million *Refer to page 172 (Audit Committee Report), pages 247 and 250 (accounting policy) and pages 259 to 262 (financial disclosures).*	**Low risk, high value** As part of our risk assessment, we determined that the valuation of the defined benefit obligation is not at a high risk of significant misstatement subject to material estimation uncertainty but remains a subjective valuation. The potential range of outcomes as a result of reasonable changes in key assumptions, in particular those relating to price inflation rate and the discount rate, is lower than our materiality for the Parent Company financial statements as a whole. However, due to the defined benefit obligation's materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit. Following the reduction in the value of the obligation following a triennial valuation which completed in the prior year; the nature of the scheme; and the valuation of the defined benefit obligation compared to Group materiality, we have not assessed this as an area that had the greatest effect on our current year audit for the Group and is now included as a Parent Company key audit matter only.	We performed the tests below rather than seeking to rely on any of the Parent Company's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support relying on them. Our procedures included: **Benchmarking assumptions:** We challenged the key assumptions applied in the calculation of the obligation, including those relating to price inflation rate and the discount rate, against externally derived market data. **Assessing actuaries credentials:** We assessed the competence, independence, and integrity of Group's external actuarial expert. **Assessing transparency:** We considered the adequacy of the Parent Company's disclosures relating to the defined benefit obligation. **Our results** We consider the carrying amount of defined benefit obligation to be acceptable (2021: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £20.4 million (2021: £15.7 million) determined with reference to a benchmark of Group profit before exceptional items and tax in the 53 week period ended 3 July 2022 of £410.0 million (2021: Group profit before tax of £314.0 million), of which it represents 5% (2021: 5%).

Materiality for the Parent Company financial statement as a whole was set at £16.5 million (2021: £15.7 million), determined with reference to a benchmark of net assets, of which it represents 2.0% (2021: 1.7%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the Group was set at 75% (2021: 65%) of materiality for the financial statements as a whole, which equates to £15.3 million (2021: £10.2 million). We applied this percentage in our determination of performance materiality based on the reduced level of identified misstatements and control deficiencies during the prior period.

Performance materiality for the Parent Company was set at 75% (2021: 75%) of materiality which equates to £12.4 million (2021: £11.8 million). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1.0 million (2021: £0.8 million), in addition to other identified misstatement that warranted reporting on qualitative grounds.

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.

Of the Group's 9 (2021: 9) reporting components, we subjected 2 (2021: 3) to full scope audits for Group purposes. For the residual 7 (2021: 6) components, we performed an analysis at an aggregated Group level to re- examine our assessment that there were no significant

risks of material misstatement within these. The components within the scope of our work accounted for the percentages illustrated below.

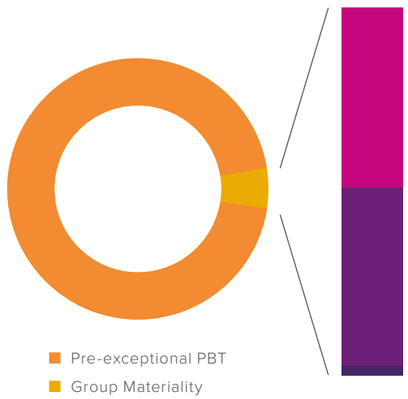
The Group team performed procedures on the exceptional items excluded from profit before exceptional items and tax in the current 53 week period ended 3 July 2022.

The component materialities ranged from £10.0 million to £20.0 million (2021: £0.8 million to £15.5 million), having regards to the mix of size and risk profile of the Group across the components.

Our audit of the Group and Components was all performed by the Group audit team.

Group profit before exceptional items and tax
£410.0m (2021: £314.0m)

Group Materiality
£20.4m (2021: £15.7m)



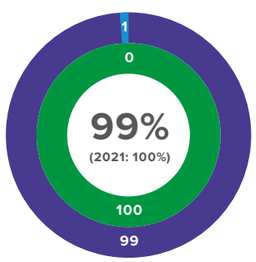
£20.4m
Whole financial statements materiality
(2021: £15.7m)

£15.3m
Whole financial statements performance materiality
(2021: £10.2m)

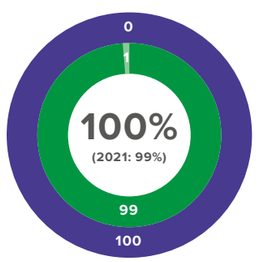
£20.0m
Range of materiality at 2 components
(£10m to £20m)
(2021: 3 components £0.8m to £15.5m)

£1.0m
Misstatements reported to the audit committee
(2021: £0.8 million)

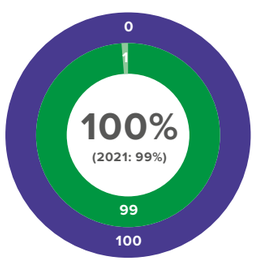
Group revenue



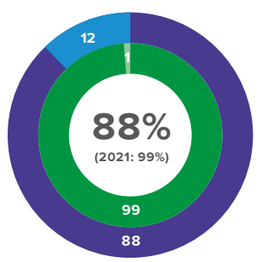
Group profit before exceptional items and tax



Group profit before tax



Group total assets



Full scope for Group audit purposes 2022
Residual components 2022
Full scope for Group audit purposes 2021
Residual components 2021

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business including the impact of the commitments made by the Group and the changes to building and planning regulations in respect of climate change on its financial statements.

As part of our audit we have performed a risk assessment, including making enquiries of management, reading board minutes and applying our knowledge of the Group and sector in which it operates in order to understand the extent of the potential impact of climate change risk on the Group's financial statements. We also held discussions with our own climate change professionals to challenge our risk assessment.

Taking into account our risk assessment procedures we have assessed the key area contained within the financial statements for which climate change could have the greatest impact to be the net realisable value of land not yet in development and without planning due to future potential changes to building and planning regulations in respect of climate change. Our work on the carrying value of land held for development is discussed in our cost of sales recognition and carrying amount of both land held for development Key Audit Matter. We concluded that climate risk has no material effect on future build costs for those sites currently in development and therefore on the cost of sales recognition or the carrying amount of work in progress.

We have read the Group's TCFD disclosures in the Annual Report and considered consistency with the financial statements and our audit knowledge.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources over this period were a possible reduction in sales volumes and prices as well as increased cost inflation as a consequence of changes in the economic environment, leading to sustained medium-term decline in revenue and profits.

We also considered less predictable, but realistic second order impacts such as disruption to the Group's supply chain.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- critically assessing assumptions in the base case and downside scenarios, particularly in relation to forecast liquidity, by confirming the completeness and accuracy of forward secured sales and consistency with external information such as industry and economic forecasts;
- assessing whether downside scenarios applied mutually consistent assumptions in aggregate, taking into account all reasonably possible downsides, using our assessment of the possible range of each key assumptions and our knowledge of the Group and the industry;
- comparing past budgets to actual results to assess the directors' track record of budgeting accurately;
- inspecting confirmation from banks of the level of cash and cash equivalents held at year end and loan facility documentation including covenant requirements; and
- considering whether the going concern disclosure on page 242 of the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement on page 223 of the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure on page 242 to be acceptable; and
- the related statement under the Listing Rules set out on page 223 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors, the audit committee, internal legal counsel and inspection of policy documentation as to the Group's high level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have any knowledge of any actual, suspected or alleged fraud;
- reading Board and all relevant committee minutes;
- considering remuneration incentive schemes and performance targets for management and directors, including any revenue and trading margin targets for management and directors' remuneration;
- using analytical procedures to identify any unusual or unexpected relationships; and
- consultation with our own forensic professionals regarding the identified fraud risks and the design of the audit procedures planned in response to these. This involved the forensic professional holding an initial fraud brainstorming session as well as further discussions between the engagement partner and the forensic professional, particularly in respect of the revised risk assessment and audit response following the failure of one of the divisions to account accurately for development profit. As a result extended procedures were designed in respect of both that division and other divisions.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as costs of sales recognition, the carrying of land held for development and the fire safety provision.

On this audit we do not believe there is a fraud risk related to revenue recognition as the accounting for the majority of the Group's revenue is non-complex and only recognised on the legal completion of the sale, being the point at which the balance of the sales is paid for and the title of the property transfers to the customer. There are therefore limited levels of judgement with limited opportunities for manual intervention in the sales process to fraudulently manipulate revenue.

We also identified fraud risks related to the cost of sales recognition and carrying amount of land held for development as well as related to the fire safety provision in response to the significance of the accounting estimates.

Further detail in respect of cost of sales recognition and carrying amount of land held for development (including the failure of one of the divisions to account accurately for development profit), as well as the fire safety provision is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unexpected account combinations, including revenue and cash and transfers of work in progress between developments; and
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and from inspection of the Group's regulatory and legal correspondence as well as discussion with the directors and other management over the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: UK planning, building and fire safety regulations, health and safety, data protection laws, anti-bribery, anti money laundering and sanctions checking, employment laws and environmental laws. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 100 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the risk management report disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in

operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 110 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Governance Report relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 224, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

13 September 2022

CONSOLIDATED INCOME STATEMENT

53 WEEKS ENDED 3 JULY 2022/52 WEEKS ENDED 27 JUNE 2021	NOTE	2022 PRE-EXCEPTIONAL ITEM £M	2022 EXCEPTIONAL ITEM £M	2022 TOTAL £M	2021 £M
Revenue	2	**2,140**	**–**	**2,140**	1,939
Cost of sales	2	**(1,624)**	**(164)**	**(1,788)**	(1,525)
Gross profit		**516**	**(164)**	**352**	414
Administrative expenses		**(102)**	**–**	**(102)**	(93)
Operating profit	2	**414**	**(164)**	**250**	321
Financial income	3	**2**	**–**	**2**	1
Financial costs	3	**(6)**	**–**	**(6)**	(8)
Net financing costs		**(4)**	**–**	**(4)**	(7)
Profit before tax		**410**	**(164)**	**246**	314
Income tax expense	4	**(82)**	**33**	**(49)**	(60)
Profit for the year		**328**	**(131)**	**197**	254
Earnings per share – basic	6	**96.0p**		**57.7p**	73.7p
– diluted	6	**95.8p**		**57.5p**	73.6p

STATEMENT OF COMPREHENSIVE INCOME

53 WEEKS ENDED 3 JULY 2022/52 WEEKS ENDED 27 JUNE 2021		GROUP				COMPANY	
	NOTE	2022 PRE-EXCEPTIONAL ITEM £M	2022 EXCEPTIONAL ITEM £M	2022 TOTAL £M	2021 TOTAL £M	2022 TOTAL £M	2021 TOTAL £M
Profit for the year		**328**	**(131)**	**197**	254	**–**	–
Other comprehensive (expense)/income							
Items that will not be reclassified to profit or loss							
Remeasurements of post employment benefit obligations	7e	**(1)**	**–**	**(1)**	16	**(1)**	16
Deferred tax on remeasurements taken directly to equity		**–**	**–**	**–**	(9)	**–**	(9)
Other comprehensive (expense)/income for the year net of tax		**(1)**	**–**	**(1)**	7	**(1)**	7
Total comprehensive income/ (expense) for the year	19	**327**	**(131)**	**196**	261	**(1)**	7

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

		GROUP		COMPANY		
	NOTE	AS AT 3 JULY 2022 £M	AS AT 27 JUNE 2021 £M	AS AT 3 JULY 2022 £M	RESTATED† AS AT 27 JUNE 2021 £M	RESTATED† AS AT 28 JUNE 2020 £M
Assets						
Intangible assets	8	**1**	–	**–**	–	–
Property, plant and equipment	9	**20**	19	**–**	–	–
Lease right of use assets	10	**5**	6	**–**	–	–
Investments	11	**–**	–	**–**	–	–
Deferred tax assets	12	**1**	1	**–**	–	–
Retirement benefit surplus	7e	**39**	40	**39**	40	22
Trade and other receivables	13	**–**	–	**266**	420	774
Total non-current assets		**66**	66	**305**	460	796
Inventories	14	**2,740**	2,513	**–**	–	–
Trade and other receivables	13	**76**	100	**317**	400†	335†
Current corporation tax		**7**	1	**1**	1	1
Cash and cash equivalents	15f	**288**	160	**285**	144	41
Total current assets		**3,111**	2,774	**603**	545	377
Total assets		**3,177**	2,840	**908**	1,005†	1,173†
Equity						
Retained earnings at 28 June 2021/29 June 2020/1 July 2019		**1,768**	1,522	**878**	886†	950†
Profit for the year		**197**	254	**–**	–	2
Other comprehensive income for the year		**(1)**	7	**(1)**	7	1
Dividend paid	5	**(100)**	(21)	**(100)**	(21)	(72)
Movement due to equity based share options and owned shares held by EBT		**(18)**	6	**4**	6†	5†
Retained earnings at 3 July 2022/27 June 2021/28 June 2020	19	**1,846**	1,768	**781**	878†	886†
Share capital	18	**37**	37	**37**	37	37
Share premium account	19	**59**	59	**59**	59	59
Other reserves	19	**8**	8	**7**	7	7
Total equity		**1,950**	1,872	**884**	981†	989†
Liabilities						
Bank loans	15	**–**	–	**–**	–	170
Trade and other payables	16	**91**	152	**–**	–	–
Deferred tax liabilities	12	**15**	15	**10**	10	–
Long-term provisions	17	**110**	34	**–**	–	–
Total non-current liabilities		**216**	201	**10**	10	170
Trade and other payables	16	**914**	767	**14**	14†	14†
Provisions	17	**97**	–	**–**	–	–
Total current liabilities		**1,011**	767	**14**	14	14
Total liabilities		**1,227**	968	**24**	24†	184†
Total equity and liabilities		**3,177**	2,840	**908**	1,005†	1,173†

The financial statements on pages 238 to 279 were approved by the Board of Directors on 13 September 2022 and were signed on its behalf by:

RICHARD AKERS
Director

BARBARA RICHMOND
Director

Redrow plc Registered Number 2877315

† See page 242 and 243 for an explanation of prior year restatement of the Company balance sheet.

STATEMENT OF CHANGES IN EQUITY

THE GROUP

	NOTE	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	OTHER RESERVES £M	RETAINED EARNINGS £M	TOTAL £M
Total equity at 29 June 2020		37	59	8	1,522	1,626
Profit for the year		–	–	–	254	254
Other comprehensive income for the year		–	–	–	7	7
Total comprehensive income relating to the year (net)		–	–	–	261	261
Dividends paid – distributions to owners	5, 19	–	–	–	(21)	(21)
Net purchase of own shares to satisfy share options	19	–	–	–	–	–
Other LTIP/DB/SAYE credit		–	–	–	6	6
Total equity at 27 June 2021		37	59	8	1,768	1,872
Profit for the year		–	–	–	197	197
Other comprehensive expense for the year		–	–	–	(1)	(1)
Total comprehensive income relating to the year (net)		–	–	–	196	196
Dividends paid – distributions to owners	5, 19	–	–	–	(100)	(100)
Net purchase of own shares to satisfy share options	19	–	–	–	(22)	(22)
Other LTIP/DB/SAYE credit		–	–	–	4	4
Total equity at 3 July 2022		**37**	**59**	**8**	**1,846**	**1,950**

THE COMPANY

	NOTE	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	OTHER RESERVES £M	RETAINED EARNINGS £M	TOTAL £M
Total equity at 29 June 2020 as reported †		37	59	7	839	942
Prior period adjustment for other LTIP/DB/SAYE credit †		–	–	–	47	47
Total equity at 29 June 2020 – restated		37	59	7	886	989
Profit for the year		–	–	–	–	–
Other comprehensive income for the year		–	–	–	7	7
Total comprehensive income relating to the year (net)		–	–	–	7	7
Dividends paid – distributions to owners	5, 19	–	–	–	(21)	(21)
Other LTIP/DB/SAYE credit – as restated †	19	–	–	–	6	6
Total equity at 27 June 2021		37	59	7	878	981
Profit for the year		–	–	–	–	–
Other comprehensive expense for the year		–	–	–	(1)	(1)
Total comprehensive expense relating to the year (net)		–	–	–	(1)	(1)
Dividends paid – distributions to owners	5, 19	–	–	–	(100)	(100)
Other LTIP/DB/SAYE credit	19	–	–	–	4	4
Total equity at 3 July 2022		**37**	**59**	**7**	**781**	**884**

The above items are presented net of tax where appropriate. See note 4 and note 12 for information on income tax and deferred tax expense. As permitted by Section 408 of the Companies Act 2006, the Income Statement of Redrow plc is not presented as a part of these financial statements. The consolidated profit on ordinary activities after taxation for the financial year, excluding intra-Group dividends, is made up as follows:

	2022 £M	2021 £M
Holding company	**–**	–
Subsidiary companies	**197**	254
	197	254

The accompanying notes form an integral part of the financial statements.

† See page 242 and 243 for an explanation of prior year restatement of the Company balance sheet.

STATEMENT OF CASH FLOWS

	NOTE	GROUP 53 WEEKS ENDED 3 JULY 2022 £M	GROUP 52 WEEKS ENDED 27 JUNE 2021 £M	COMPANY 53 WEEKS ENDED 3 JULY 2022 £M	COMPANY RESTATED † 52 WEEKS ENDED 27 JUNE 2021 £M
Cash flows from operating activities					
Profit for the year		**197**	254	**–**	–
Depreciation and amortisation		**5**	7	**–**	–
Financial income		**(2)**	(1)	**(4)**	(4)
Financial costs		**6**	8	**2**	4
Income tax expense		**49**	60	**–**	–
Adjustment for non-cash items		**7**	4	**–**	(1)
Decrease/(increase) in trade and other receivables		**24**	(62)	**–**	–
(Increase)/decrease in inventories		**(227)**	72	**–**	–
Increase/(decrease) in trade and other payables		**86**	(6)	**2**	2
Increase in provisions		**173**	26	**–**	–
Cash inflow generated from operations		**318**	362	**–**	1
Interest paid		**(2)**	(4)	**(2)**	(4)
Tax paid		**(55)**	(54)	**–**	–
Net cash inflow/(outflow) from operating activities		**261**	304	**(2)**	(3)
Cash flows from investing activities					
Acquisition of software, property, plant and equipment		**(4)**	(2)	**–**	–
Advances and loans repaid by subsidiary undertakings		**–**	–	**239**	293
Interest received		**1**	–	**4**	4
Receipts from joint ventures		**–**	9	**–**	–
Net cash (outflow)/inflow from investing activities		**(3)**	7	**243**	297
Cash flows from financing activities					
Issue of bank borrowings		**–**	–	**–**	–
Repayment of bank borrowings		**–**	(170)	**–**	(170)
Payment of lease liabilities		**(3)**	(3)	**–**	–
Purchase of own shares		**(27)**	(1)	**–**	–
Dividend paid	5	**(100)**	(21)	**(100)**	(21)
Net cash (outflow) from financing activities		**(130)**	(195)	**(100)**	(191)
Increase in net cash and cash equivalents		**128**	116	**141**	103
Net cash and cash equivalents at the beginning of the year		**160**	44	**144**	41
Net cash and cash equivalents at the end of the year	20	**288**	160	**285**	144

The accompanying notes form an integral part of the financial statements.

† See page 243 and 244 for an explanation of prior year restatement of the Company cashflows.

ACCOUNTING POLICIES

BASIS OF PREPARATION

The Group financial statements were prepared in accordance with UK-adopted international accounting standards (IFRS) and applicable law. The Parent Company's financial statements have been prepared in accordance with UK-adopted international accounting standards (IFRS) and applied in accordance with the provisions of the Companies Act 2006 and applicable law. The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Whilst these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates (refer to note 1).

Redrow plc is a public listed company, listed on the London Stock Exchange and domiciled in the UK.

GOING CONCERN

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons outlined below.

The Group has a £350m Revolving Credit Facility (RCF) (2021: £350m) provided by an established syndicate of six banks being Barclays Bank PLC, Lloyds Bank Plc, The Royal Bank of Scotland Group Plc, Santander, HSBC and Svenska. This expires in September 2025 (2021: September 2025) and is a committed unsecured facility. As at 13 September 2022, £350m of this facility was undrawn. It is likely that the RCF will be renewed prior to its expiry in September 2025.

In addition the Group is in a net cash position at 3 July 2022 and 13 September 2022 and also has £3m of unsecured, uncommitted facilities.

The Directors have prepared forecasts including cashflow forecasts for a period of at least 12 months from the date of signing of these financial statements (the going concern assessment period). These forecasts incorporate assumptions about the timing of legal completions of new homes and land purchases, build cost inflation, profitability and working capital requirements. These forecasts indicate that the Group will have sufficient funds to meet its liabilities as they fall due, taking into account the following severe but plausible downside assumptions:

- A 10% price reduction on all unexchanged private and social legal completions for the going concern assessment period compared to the base case Board approved budgeted prices;
- A 15% volume reduction for the going concern assessment period compared to the base case Board approved budgeted volumes; and
- In addition to the build inflation incorporated within the base case Board approved budgeted costs, an additional 5% build cost inflation increase has been applied to all build costs from Q1 FY23 and further increases of 5% from Q1 FY24 and 2% from Q1 FY25.

These downside assumptions reflect the further potential impact of the war in Ukraine, disruption in the energy and fuel market, increasing inflation, increased economic uncertainty, increasing rates of unemployment and the impact on consumer confidence levels.

Allowing for the above downside scenario, the model shows the Group has adequate levels of liquidity from its committed facilities and complies with all its banking covenants throughout the forecast period. The Directors therefore consider that the Group has adequate resources in place for the forecast period and have therefore adopted the going concern basis of accounting in preparing these financial statements.

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies have been applied consistently with the exception of the prior period restatement noted below:

Prior period restatements

(i) Share based payments

The Company has the following share-based payments schemes: Save As You Earn Share Option scheme, Long Term Incentive scheme and Deferred Bonus Incentive. It is now recognised by the Directors that accounting treatment was incorrect in the Company financial statements for these share awards to the employees of both the Company and its subsidiaries. Whilst the cost of the share-based payments to employees of the Company have been correctly included in the Company's Income Statement, the corresponding credit had been incorrectly recorded in Accruals rather than in Equity. In respect of share awards to employees of the Company's subsidiaries, no accounting entries had been recorded for these awards nor for the subsequent recharge to the related subsidiaries that had occurred. These awards which had been recharged should have been recorded as an Intercompany receivable with a corresponding credit to Equity with a nil impact to cost of investments in subsidiaries.

The changes, which have now been made to correct these matters by the means of a prior year restatements in the manner set out below, have no effect on the cash position or profit of the Group or Company and has no further impact on the Group's or Company's financial statements beyond that set out below.

The effects of the restatement on the Company's Balance sheet at 28 June 2020 and as at 27 June 2021 is set out below:

	2021 (AS PREVIOUSLY REPORTED) £M	RESTATEMENT £M	2021 (AS RESTATED) £M
Trade and other receivables	361	39	400
Total assets	966	39	1,005
Retained earnings	825	53	878
Total equity	928	53	981
Trade and other payables – current	28	(14)	14
Total liabilities	38	(14)	24
Total equity and liabilities	966	39	1,005

For the period ended 27 June 2021 the restatements have resulted in an increase in trade and other receivables of £39m to account for the share awards to employees of the Company's subsidiaries, a reduction in trade and other payables – current of £14m to account for the share awards to employees of the Company and a corresponding increase in Equity of £53m.

	2020 (AS PREVIOUSLY REPORTED) £M	RESTATEMENT £M	2020 (AS RESTATED) £M
Trade and other receivables	300	35	335
Total assets	1,138	35	1,173
Retained earnings	839	47	886
Total equity	942	47	989
Trade and other payables – current	26	(12)	14
Total liabilities	196	(12)	184
Total equity and liabilities	1,138	35	1,173

For the period ended 28 June 2020 the restatements have resulted in an increase in trade and other receivables of £35m to account for the share awards to employees of the Company's subsidiaries, a reduction in trade and other payables – current of £12m to account for the share awards to employees of the Company and a corresponding increase in Equity of £47m.

(ii) Statement of cash flows

The movement in trade and other receivables presented in the current and prior period Company Statement of Cash Flows represents cash receipts from the repayment of advances and loans due from subsidiary undertakings.

It is now recognised by the Directors that the movement in trade and other receivables of £293m presented within the Company Statement of Cash Flows for the 52 week period ended 27 June 2021 was incorrectly presented within cash flows from operating activities when it should have been included within cash flows from investing activities. In preparing the Company Statement of Cash Flows in the financial statements for the 53 week period ended 3 July 2022, the Directors have therefore restated the comparative amounts to now present the movement in trade and other receivables of £293m within cash flows from investing activities. This change in presentation within the Company Statement of Cash Flows has no effect on the cash position of the Group or Company in their balance sheets and has no further impact on the Group's or Company's financial statements. The effect of the restatement on the Company Statement of Cash Flows in respect of the comparative amount for the 52 week period ended 27 June 2021 is set out below:

	COMPANY	
Statement of cash flows	52 WEEKS ENDED 27 JUNE 2021 – AS PREVIOUSLY REPORTED	52 WEEKS ENDED 27 JUNE 2021 – RESTATED AMOUNT
Cash flows from operating activities		
Decrease/(increase) in trade and other receivables	293	
Cash flows from investing activities		
Advances and Loans repaid by/(advanced to) subsidiary undertakings		293

The principal accounting policies are outlined below:

IMPACT OF NEW STANDARDS AND INTERPRETATIONS

a) The following standards have been issued but have not been applied by the Group in these financial statements. These amendments to standards and interpretations had no significant impact on the financial statements:

- Amendments to IFRS 9, IAS 39 and IFRS 7 'Interest Rate Benchmark Reform 2'

b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 28 June 2021 and have not been early adopted:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current'
- Amendments IAS 16 'Property, Plant and Equipment'
- Amendments to IAS 37 'Onerous Contracts '
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 'Reference to the Conceptual Framework'
- Definition of Accounting Estimates (Amendments to IAS 8)
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements
- IFRS 17 'Insurance Contracts'

The new standards and amendments to the standards noted above are expected to have no significant impact on the financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Redrow plc and all its subsidiaries, together with the Group's share of the results and share of net assets of jointly controlled entities i.e. the financial statements of Redrow plc and entities controlled by Redrow plc (and its subsidiaries). Control is achieved where Redrow plc:

- has the power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has its ability to use its power to affect its returns.

Redrow plc's accounting reference date is 30 June. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is 3 July 2022 being a 53 week year (2021: 27 June 2021 being a 52 week year).

The Group has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to present Redrow plc's Company income statement. The profit for the financial year is dealt with in the statement of changes in equity.

a. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets represents goodwill. Goodwill is subject to an annual impairment review, with any reduction in value being taken straight to the income statement. Adjustments are made as necessary to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

All inter-company transactions and balances between Group companies are eliminated on consolidation.

b. Interests in joint ventures

Whilst the Group has no current joint ventures the Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Redrow plc has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

REVENUE AND PROFIT RECOGNITION

Revenue represents the fair value received and receivable in respect of the sale of residential housing and land and of commercial land and developments net of value added tax and cash and non-cash incentives. This is recognised on the transfer of control to the customer on legal completion i.e. at a point in time.

Profit is recognised on legal completion.

In respect of social housing, the Group enters into contracts for the sale of social housing either at an agreed price or at a discount to open market value. Payment for these properties is made by the purchaser, either on legal completion of the unit or, in certain circumstances on a staged basis.

For those social or private rental sector contracts where payment is received on a staged basis, the Group considers these on a contract by contract basis and determines the appropriate revenue recognition based on the particular terms of that contract. The Group recognises revenue over time for the construction element of such contracts rather than at legal completion in circumstances in which effective control of the underlying land is transferred to the social or private rental sector provider before or during construction. This is because effective control of the land asset has passed to the customer and subsequent construction activity is adding value to the land asset controlled by the customer. For such contracts, revenue for the construction element is recognised by reference to the degree of completion of contract activity at the balance sheet date. Revenue for the sale of the land element of such contracts is recognised at the point in time when control of the land is transferred to the customer.

PART EXCHANGE PROPERTIES

Part exchange is consistently a de minimis proportion of our business. It is incidental to our main operation and hence this is shown on a net expense basis within cost of sales.

SEGMENTAL REPORTING

The main operation of the Group is focused on housebuilding.

The Executive Management Team (who are the Chief Operating Decision Maker as defined in IFRS 8 'Operating Segments') regularly reviews the Group's performance and balance sheet position at both a consolidated and divisional level. Each division is an operating segment as defined by IFRS 8 in that the Executive Management Team evaluates performance and allocates resources at this level.

All the divisions have been aggregated into one reporting segment on the basis that they all operate entirely within the United Kingdom and share similar economic characteristics including:

- sales demand subject to the same macro economic factors e.g. mortgage availability and Government policy;
- debt is raised centrally and the cost of capital is the same at each division; and
- national supply agreements for key inputs such as materials are negotiated centrally and in place across the Group.

Within the Financial Review, the Group has provided information on land holdings (page 96) and homes revenue proportions (page 94) by geographical area being North, Central, South and Greater London. The Executive Management Team do not consider these to be separate reportable segments because, as stated above, they review the whole operations at a consolidated and divisional level when assessing performance and allocating resources.

EXCEPTIONAL ITEMS

Exceptional items are those which in the opinion of the Board, are material by size or nature, non-recurring, outside the normal course of business and of such significance that they require separate disclosure.

NET FINANCING COSTS

Interest income is recognised on a time apportioned basis by reference to the principal outstanding and the effective interest rate. Interest costs are recognised in the income statement on an accruals basis in the period in which they are incurred.

INCOME AND DEFERRED TAX

Income tax comprises current tax and deferred tax.

Current tax is based on taxable profits for the year and any appropriate adjustment to tax payable in respect of prior years. Taxable profit differs from profit before tax as shown in the income statement as it excludes income or expenditure items which are never chargeable or allowable for tax or which are chargeable or deductible in other accounting periods. Current tax from 1 April 2022 includes Residential Property Developer Tax following its introduction by HMRC.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for all temporary differences. Deferred tax is calculated at the rates substantively enacted at the balance sheet date.

Deferred tax is credited or charged in the income statement, consolidated statement of comprehensive income, or retained earnings as appropriate.

SOFTWARE AS A SERVICE (SaaS)

Implementation costs including costs to configure or customise a cloud provider's application software are recognised as administrative expenses when the services are received.

INTANGIBLE ASSETS – COMPUTER SOFTWARE (NON SaaS SOFTWARE)

Acquired computer software licences are capitalised on the basis of costs incurred to bring to use the specific software and are amortised over their estimated useful lives of three years, charged to administrative expenses. These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

PROPERTY, PLANT AND EQUIPMENT

Freehold property comprises offices or other buildings held for administrative purposes. Freehold property is shown at cost less the subsequent depreciation of buildings.

All other property, plant and equipment is stated at historic cost less depreciation. Historic cost includes any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to write off the cost of assets to their residual values over their estimated useful lives, on a straight line basis as follows:

Buildings within freehold property	50 years
Plant and machinery	5-10 years
Fixtures and fittings	3-5 years

The assets' useful lives are reviewed and adjusted if appropriate at each balance sheet date.

These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

The gain or loss arising on the disposal of an asset represents the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

INVESTMENT IN SUBSIDIARY COMPANIES

In the parent company books, the investment in its subsidiaries is held at cost less any impairment.

LEASES

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's weighted average incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. The lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents right-of-use assets separately as 'Lease right of use assets' and lease liabilities as 'Trade and other payables' in the statement of financial position.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value.

Cost comprises land and associated acquisition costs, direct materials and subcontract work, other direct costs and those overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition. These include infrastructure and development costs such as roads and sewers, including contributions to other community benefits such as schools, medical centres and community centres. Inventories (excluding land) are at standard cost. Abnormal costs are expensed to cost of sales as incurred.

Land includes refundable land contract exchange deposits.

Total land costs are allocated to the private housing on a development as, in the case of amenity land and social housing land, neither has sufficient contribution from sales of the precise area of the land to cover the land costs and are a planning requirement of the development.

Provisions are established to write down land where the estimated net sales proceeds less costs to complete exceed the current carrying value. Adjustments to the provisions will be required where selling prices or costs to complete change.

Net realisable value for land was assessed by estimating selling prices and cost (including sales and marketing expenses), taking into account current market conditions, considering the planning status in respect of undeveloped land and environmental factors likely to impact these in the relevant time horizon.

This net realisable value provision will be closely monitored for adequacy and appropriateness as regards under and over provision to reflect circumstances at future balance sheet dates. Any material change to the underlying provision will be reflected through cost of sales.

FORWARD LAND

The Group enters into a number of arrangements for the purchase of land. Where such arrangements are conditional on a future event the Group recognises option fees and other relevant initial costs as they fall due, which are included initially in inventory and subject to regular impairment analysis, but does not recognise the full cost of the land until the option to purchase the land has been executed. Where the Group enters into an unconditional contract on deferred payment terms the land purchased is recognised at contract inception together with a related liability, discounted at an appropriate rate. The related land creditors are shown as due within or after one year in line with the contractual payment terms, as the Directors believe this information is important in assessing the Group's liquidity and timing of future cash flows and debt profile. In line with industry practice in the cash flow statement the settlement of land creditors is shown as an operating cash flow as the Directors believe the financing of land purchases is integral to the Group's management of working capital.

EMPLOYEE BENEFITS

a. Pension obligation

The Group operates two pension schemes for its staff. The Redrow Staff Pension Scheme (the 'Scheme') closed to the accrual of new benefits with effect from 1 March 2012, with new benefits now being provided via the Redrow Group Personal Pension Plan (the 'GPP'). The Scheme is externally invested and comprises two sections: a defined benefit section and a defined contribution section. A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement. It is funded through payments to trustee administered funds, determined by actuarial valuations carried out on at least a triennial basis. A defined contribution plan is a pension plan under which the Group pays agreed contributions into a separate fund for each employee and any subsequent pension payable to a specific employee is determined by the amount accumulated in their individual fund. The GPP is also a type of defined contribution plan.

The asset/(liability) recognised in the balance sheet in respect of the defined benefit section of the scheme is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The defined benefit obligation is determined using the projected unit credit method on an annual basis by an independent scheme actuary.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity as they arise in full via the statement of comprehensive income.

Scheme service costs are charged to cost of sales and administrative expenses as appropriate and scheme finance costs are included in net financing costs. Past service credits are recognised immediately in income.

In respect of the defined contribution section of the Scheme and the GPP, contributions are recognised as an employee benefit expense when they are due. The Group has no further payment obligations in respect of the above once the contributions have been paid.

b. Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged.

c. Share-based payments

Equity settled share-based payments are measured at fair value on the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, having reassessed any appropriate service and non-market performance conditions.

FINANCIAL INSTRUMENTS

a. Land creditors

Deferred payments arising from land creditors are held at discounted present value using the effective interest method, in accordance with IFRS 9. The difference between the fair value and the nominal value is amortised over the deferment period via financing costs.

The interest rate applied is an equivalent loan rate available on the date of the land purchase.

Deferred payments arising from land creditors are considered as financing rather than operational in nature. However, in line with industry practice, the Group treats cash paid in respect of land, including land creditors, as operating rather than financing cashflows.

b. Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recorded at fair value and the fair value is remeasured to fair value at each reporting date.

The Group's use of financial derivatives is governed by an interest rate risk management framework adopted by the Board which sets parameters to ensure an appropriate level of hedging is maintained to manage interest rate risk in respect of borrowings.

The policy prohibits any trading in derivative financial instruments or their use for speculative purposes.

The effective portion of changes in the fair value of derivative financial instruments which are designated and which qualify as cash flow hedges are recognised directly in equity in a hedge reserve. The gains or losses relating to the ineffective portion are recognised in the income statement immediately they arise.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, where considered to be receivable within the Group's normal operating cycle of c4 years after the balance sheet date; otherwise they are classified as non-current assets. Loans and receivables include 'trade receivables' and 'other receivables' in the balance sheet.

Trade receivables are held at discounted present value less any impairment. The amount is then increased to settlement value over the settlement period via financing income.

d. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand, forming an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

e. Borrowings and trade payables

Interest bearing borrowings and trade payables are recorded when the proceeds are received, net of transaction costs incurred and subsequently at amortised cost. Any difference between the proceeds, net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings.

f. Deposits and payments on account

New property deposits from private customers are held within Trade and Other payables until the legal completion of the related property when revenue is recognised or the rescission of the sale contract.

Payments on account from social and private rented sector (PRS) customers are held within Trade and Other payables until legal completion of the related properties when revenue is recognised.

Deposits received in advance are typically held for a period of up to 18 months before the associated performance obligations are satisfied and the revenue is recognised.

PROVISIONS

Provisions are recognised when the Group has a pursuant legal or constructive obligation as a result of a past event, and it is probable that the Group may be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

ONEROUS CONTRACTS

Onerous contracts are contracts in which the unavoidable costs in meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is made to reflect management's best current estimate of the least net cost of either fulfilling or exiting the contract.

SHARE CAPITAL

Ordinary shares are classed as equity.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements at the point at which there is a legal obligation to make a distribution to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management have not made any individual critical accounting judgements that are material to the Group other than the disclosure judgements outlined below.

In April 2022, the Group signed up to the Government's Building Safety Pledge in respect of funding the remediation of life critical fire safety issues on buildings over 11 metres in which the Group were involved, whether or not it constructed them, going back 30 years. As an additional £164m legacy fire safety provision was required in respect of buildings the Group has agreed to remediate solely as a result of signing the voluntary Building Safety Pledge, the Directors believe that this should be treated as exceptional as it is outside the normal course of business, non-recurring and material by size and nature, in line with the accounting policy. Exceptional items are disclosed separately on the face of the consolidated income statement. As at 3 July 2022, the Group has a total legacy fire safety provision of £200m: being £164m expensed through the consolidated income statement in the year as an exceptional item, £10m expensed through the consolidated income statement in the year as ordinary trading. i.e. pre-exceptional and £26m expensed through the income statement in prior years as ordinary trading reflecting buildings the Group had a legal or constructive obligation to remediate pre-pledge. Management have not recognised any potential cost recoveries when calculating this provision. Any such recoveries realised will be separately disclosed as exceptional items.

As noted in the accounting policy, in line with industry practice, the Group treats cash paid in respect of land, including land creditors, as operating rather than financing cashflows. This is a judgement as, whilst the repayment profile of land creditors is important in assessing the Group's liquidity and timing of future cash outflows, the Directors believe that settlement of the land creditors is an operating cashflow on the basis that land purchases are integral to the Group's working capital management.

Management consider the key sources of estimation uncertainty relate to:

Carrying value of inventories and cost of sales recognition

The Group carries inventories at the lower of cost and net realisable value. Due to the nature of development timescales, it is routinely necessary to estimate costs to complete and future revenues and to allocate non-unit specific development costs between units legally completing in the current financial year and thereby impacting current year cost of sales and in future periods. A full review of the net realisable value of inventories was undertaken by the Group as at 3 July 2022, including a review of land owned without a residential planning consent, and this requires Management to use its judgement and experience in assessing any impairment provisions that may be required. If there are significant movements in UK house prices or development costs or planning regulation or expectation compared to Management expectations then further impairments or reversal of impairments already made may be needed.

The Group has a number of developments where significant estimates and judgements have been made in relation to the estimated costs to complete. These developments are also affected by a variety of uncertainties that depend on future events such as inflationary cost pressures, delays and unforeseen build issues due to the nature of infrastructure works. The Directors consider that the risk is sufficiently mitigated by the processes in place and appropriate levels of contingency that are calculated based on the past experience of Management with input from internal quantity surveyors. The Directors consider that it is impractical to provide a quantitative analysis of the estimation uncertainty involved due to the number of developments; range of estimated cost inputs; and timing of each development.

Legacy fire safety provision

Redrow is predominantly a housebuilder, however the Group historically built a small number of high rise buildings, mostly on a design and build basis by main contractors. As a result of signing the Government's Building Safety Pledge, the number of buildings in scope in respect of which the Group has a present obligation in respect of historical events increased. The Group is committed to funding the remediation of life critical fire safety issues on buildings over 11 metres in which the Group was involved going back 30 years. The Legacy fire safety provision reflects the estimated cost of works outstanding to complete the remediation of life critical fire safety issues on all identified buildings within scope. In estimating the cost of the works, Management has used relevant Building Safety Fund cost information and other external information as the basis of its estimates and classified buildings identified as in scope on the basis of a high level risk assessment including their EWS1 (External Wall Fire Review) status. However, these estimates are inherently uncertain as:

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

Legacy fire safety provision continued

- this is a highly complex area involving bespoke buildings for which investigations and assessments will be ongoing for some time;
- whilst approximately 50% of the provision is based on claims notified by BSF or detailed fire safety reports and costings, in several cases we are taking over financial responsibility for the remedial works and the actual costs may differ to the amounts notified by BSF; and
- the remaining properties have higher estimation uncertainty as our assessment is at a more preliminary stage, and the contingencies included in this element of the provision reflect the increased uncertainty over the nature and cost of the remediation required.

It is therefore possible these estimates, based on the pledge given, will change over time as more accurate cost information is obtained and as the leaseholders or ourselves have any success in recovering costs incurred by Redrow from other third parties. As a result of this, whilst these estimates may reduce significantly in light of such factors, the Group does not expect the estimates to increase significantly. If possible costs were underestimated or overestimated by 10% then profit before tax in the period would reduce or increase respectively by c£20m, c8%.

Management have not recognised any potential cost recoveries when calculating this provision. Any such recoveries realised, together with any adjustment to the amounts provided, will be separately disclosed as exceptional items in future years.

Pensions

This is not considered to have significant estimation uncertainty based on sensitivities but has been included as it is a complex estimate.

The Group has utilised assumptions including price inflation rate, mortality assumptions and a discount rate having been advised by its actuary. To the extent that such assumed rates are different from what actually transpires, the retirement benefit obligations of the Group would change. A sensitivity analysis is included on page 262.

The primary risks the Group is exposed to by the defined benefit pension scheme are the movement in corporate bond yields, the market's long-term expectations for inflation and movement in mortality rates. The scheme closed to future accrual with effect from 1 March 2012. See Note 7e.

2. REVENUE AND OPERATING PROFIT

a. Revenue

An analysis of the Group's revenue, which is wholly generated in the UK in 2022 and 2021, is as follows:

	2022 £M	2021 £M
Revenue from the sale of new housing	**2,119**	1,902
Revenue from the sale of land	**21**	37
	2,140	1,939

Included within Revenue from the sale of new housing is £189m (2021: £236m) of revenue from contracts with social housing providers or private rental sector providers on which revenue is recognised over time by reference to the stage of completion of contract activity. Of this amount £36m (2021: £68m) was included in contract liabilities at the beginning of the year. The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods was £nil (2021: £nil).

	NOTE	2022 £M	2021 £M
Contract assets	13	**23**	21
Contract liabilities	16	**36**	68

The contract assets relate to the Group's rights to consideration for work completed but not invoiced at the balance sheet date for contracts on which revenue is recognised over time.

The contract liabilities, which are included within social customer payments on account in note 16, relate to the advance consideration from customers at the balance sheet date for contracts on which revenue is recognised over time.

The following table shows further revenue of £98m (2021: £213m) expected to be recognised in future years in respect of contracts on which revenue is recognised over time:

	2023	2024	2025	TOTAL
Year ending June £m	86	12	–	**98**
Year ending June %	88	12	–	**100**

2. REVENUE AND OPERATING PROFIT CONTINUED

b. Operating profit

	NOTE	2022 £M	2021 £M
Operating profit is stated after charging:			
Inventories expensed in the year	14	**1,715**	1,465
Amortisation	8	**–**	2
Depreciation – Property, plant and equipment	9	**2**	2
Depreciation – Lease right of use assets	10	**3**	3
Research and development expenditure		**1**	–
Exceptional item – Legacy fire safety provision		**164**	–
Auditors' remuneration – Fees payable to the Company's Auditors for audit services (i)		**1**	1
– Fees payable to the Company's Auditors for other services (ii)		**–**	–

Exceptional item in cost of sales

In April 2022, the Group signed up to the Government's Building Safety Pledge in respect of funding the remediation of life critical fire safety issues on buildings over 11 metres in which the Group were involved, whether or not it constructed them, going back 30 years. An additional £164m legacy fire safety provision was required and charged to cost of sales in respect of buildings the Group has agreed to remediate solely as a result of signing the voluntary Building Safety Pledge. This has been treated as exceptional as it is outside the normal course of business, non-recurring and material by size and nature and of such significance as to require separate disclosure, in line with the accounting policy. A copy of the signed pledge letter can be found on our website www.redrowplc.co.uk.

Fees payable to the Company's Auditors comprise:

(i) fees payable for the audit of parent company and consolidated financial statements £157,500 (2021: £141,250) and fees payable for the audit of the Company's subsidiaries pursuant to legislation £472,500 (2021: £423,750).

(ii) Auditors' remuneration for other services comprised £nil (2021: £75,000) in respect of an independent review of the half-yearly financial statement.

The 2022 ratio of non-audit fees to audit fees is 0:1 (2021: 1:7.53).

3. NET FINANCING COSTS

	2022 £M	2021 £M
Interest payable on bank loans	**(2)**	(5)
Imputed interest on deferred land creditors	**(4)**	(3)
Financial costs	**(6)**	(8)
Other interest receivable	**2**	1
Financial income	**2**	1
Net financing costs	**(4)**	(7)

4. INCOME TAX EXPENSE

	2022 PRE-EXCEPTIONAL ITEM £M	2022 EXCEPTIONAL ITEM £M	2022 TOTAL £M	2021 £M
Current tax charge				
UK Corporation Tax in respect of current year	**82**	**(33)**	**49**	59
Adjustment in respect of prior years	**–**	**–**	**–**	–
Current tax charge/(credit)	**82**	**(33)**	**49**	59
Deferred tax				
Origination and reversal of temporary differences	**–**	**–**	**–**	1
Adjustment in respect of prior years	**–**	**–**	**–**	–
Deferred tax charge	**–**	**–**	**–**	1
Total income tax charge/(credit) income statement	**82**	**(33)**	**49**	60
Reconciliation of tax charge for the year				
Profit before tax	**410**	**(164)**	**246**	314
Tax calculated at UK Corporation Tax rate at 19.0% (2021: 19.0%)	**78**	**(31)**	**47**	60
Residential Property Developer Tax at 1.0% (2021: N/A)	**4**	**(2)**	**2**	–
Tax charge for the year	**82**	**(33)**	**49**	60
Deferred tax recognised directly in equity				
Relating to pension scheme	**–**	**–**	**–**	9

Residential Property Developer Tax commenced on 1 April 2022 at a rate of 4.0% per annum, hence 1.0% for the 3 months ended 3 July 2022.

Current income tax charge in the Company is £nil (2021: £nil).

Information on the impact of future tax rate changes is included in note 12.

5. DIVIDENDS

The following dividends were paid by the Group:

	2022 £M	2021 £M
Prior year final dividend per share of 18.5p (2021: nil p); Current year interim dividend per share of 10.0p (2021: 6.0p)	**100**	21
	100	21

The Board is proposing a final dividend of £77m being 22.0p per share (2021: £65m being 18.5p per share) subject to Shareholder approval at the Annual General Meeting on 11 November 2022.

6. EARNINGS PER ORDINARY SHARE

The basic earnings per share calculation for the 53 weeks ended 3 July 2022 is based on the weighted average number of shares in issue during the period of 342m (2021: 344m) excluding those held in trust under the Redrow Long Term Incentive Plan (11m shares (2021: 8m shares)), which are treated as cancelled.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

For the 53 weeks ended 3 July 2022

UNDERLYING – PRE-EXCEPTIONAL ITEM	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
Basic earnings per share	**328**	**342**	**96.0**
Effect of share options and SAYE	**–**	**1**	**(0.2)**
Diluted earnings per share	**328**	**343**	**95.8**

See note 23.

STATUTORY	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
Basic earnings per share	**197**	**342**	**57.7**
Effect of share options and SAYE	**–**	**1**	**(0.2)**
Diluted earnings per share	**197**	**343**	**57.5**

For the 52 weeks ended 27 June 2021

	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
Basic earnings per share	254	344	73.7
Effect of share options and SAYE	–	1	(0.1)
Diluted earnings per share	254	345	73.6

7. EMPLOYEES

a. Cost (including Directors)

	GROUP		COMPANY	
	2022 £M	2021 £M	2022 £M	2021 £M
Wages and salaries	**120**	109	**2**	2
Social security costs	**16**	13	**1**	1
Other pension costs	**10**	9	**–**	–
Share-based payments	**5**	6	**1**	1
	151	137	**4**	4

b. Number

The monthly average number of persons employed by the Group was:

	GROUP		COMPANY	
	2022 NUMBER	2021 NUMBER	2022 NUMBER	2021 NUMBER
Directors and administrative staff	**907**	880	**7**	8
Other personnel	**1,340**	1,328	**–**	–
	2,247	2,208	**7**	8

7. EMPLOYEES CONTINUED

c. Key management remuneration

Key management personnel, as defined under IAS 24 'Related party disclosures', are identified as the Executive Management Team and the Non-Executive Directors.

Summary key management remuneration is as follows:

	2022 £M	2021 £M
Salaries and short-term employee benefits	**5**	5
Share-based payments	**2**	2
	7	7

The number of Directors where retirement benefits are accruing in respect of defined benefit schemes are 1 (2021: 2). The aggregate amount of gains made by Directors on the exercise of share options was £0.3m (2021: £0.5m).

Detailed disclosure of Directors' emoluments and interests in shares are included in the Directors' Remuneration Report on pages 192 to 213, notably the 'Single Total Figure of Remuneration Table (Audited)' on page 205 which details remuneration paid to or received by directors in respect of qualifying services, and the 'Statement of Shareholding and Scheme Interests (Audited)' on pages 208 and 209.

d. Share-based payments

Save As You Earn Share Option scheme (SAYE)

The Redrow plc SAYE scheme is open to all employees and share options can be exercised either three or five years after the date of grant, depending on the length of the savings contract. The SAYE schemes are not subject to performance conditions.

The SAYE schemes have been valued using the Black-Scholes pricing model.

	2022	2021
Options granted during the year	**792,961**	1,634,869
Date of grant	**1 January 2022**	1 January 2021
Fair value at measurement date	**£2.30**	£1.65
Share price	**£6.55**	£4.72
Exercise price	**£5.24**	£3.78
Option life (contract length)	**3/5 years**	3/5 years
Expected dividend yield	**3.38%**	3.38%
Risk free interest rate	**1.5%**	1.5%

The expected volatility on SAYE schemes is based on the historic volatility of the Group's share price over periods equal to the length of the savings contract.

Long Term Incentive scheme (LTIP)

Except in specified circumstances, options granted under the scheme are exercisable between three and ten years after the date of grant.

Options granted under the LTIP on 21 September 2021 were granted to a limited number of Senior Executives. The scheme is discussed in greater detail within the Directors' Remuneration Report notably within the 'Directors' Remuneration Policy' on page 198.

7. EMPLOYEES CONTINUED

d. Share-based payments continued

The LTIP has been valued using the Black-Scholes pricing model.

	2022	2021
Options granted during the year	**461,937**	763,758
Date of grant	**21 September 2021**	22 September 2020
Fair value at the measurement date	**£7.146**	£4.053
Share price	**£7.146**	£4.053
Exercise price	**£0.00**	£0.00
Expected volatility	**N/A***	N/A*
Option life	**3 years**	3 years
Expected dividend yield	**N/A**	N/A
Risk free interest rate	**N/A***	N/A*

* For nil-cost awards not subject to a market based condition, volatility and risk free rate are not applicable.

The fair value at the measurement date of the LTIP granted on 21 September 2021 comprises £7.146 in respect of non-market based performance conditions.

The fair value at the measurement date of the LTIP granted on 22 September 2020 comprises £4.053 in respect of non-market based performance conditions.

Deferred Bonus Incentive (DBI)

Grants under the DBI were limited to Senior Management. Except in specified circumstances options granted under the scheme are exercisable between one and ten years after the date of grant for Tranche 1 and between two and ten years after the date of grant for Tranche 2 and are not subject to performance conditions.

In respect of options granted during the financial year ended 3 July 2022, Deferred Bonus Incentive Tranche 1 and 2 were absolute contractual entitlements to a small number of individuals and were granted on 21 September 2021.

The DBI has been valued using the Black-Scholes pricing model.

	2022 TRANCHE 1	2022 TRANCHE 2	SINGLE TRANCHE 2021	2021 TRANCHE 1	2021 TRANCHE 2
Options granted during the year	**347,870**	**347,945**	147,329	37,297	37,302
Date of grant	**21 September 2021**	**21 September 2021**	15 March 2021	22 September 2020	22 September 2020
Fair value at the measurement date	**£7.146**	**£7.146**	£6.172	£4.053	£4.053
Share price	**£7.146**	**£7.146**	£6.172	£4.053	£4.053
Exercise price	**£0.00**	**£0.00**	£0.00	£0.00	£0.00
Expected volatility	**N/A***	**N/A***	N/A*	N/A*	N/A*
Option life	**1 year**	**2 years**	1 year	1 year	2 years
Expected dividend yield	**N/A**	**N/A**	N/A	N/A	N/A
Risk free interest rate	**N/A***	**N/A***	N/A*	N/A*	N/A*

* For nil-cost awards not subject to a market based condition, volatility and risk free rate are not applicable.

7. EMPLOYEES CONTINUED

d. Share-based payments continued

Share options outstanding

The following share options were outstanding at 3 July 2022:

TYPE OF SCHEME	DATE OF GRANT	NUMBER OF OPTIONS 2022	NUMBER OF OPTIONS 2021	EXERCISE PRICE
Long Term Share Incentive 2018	10 September 2018	**–**	272,244	–
Long Term Share Incentive 2019	11 September 2019	**411,800**	411,800	–
Long Term Share Incentive 2020	22 September 2020	**712,870**	712,870	–
Long Term Share Incentive 2021	21 September 2021	**461,937**	–	–
Deferred Bonus Incentive 2012 – Tranche 1	23 October 2012	**4,656**	4,656	–
Deferred Bonus Incentive 2012 – Tranche 2	23 October 2012	**4,656**	4,656	–
Deferred Bonus Incentive 2013 – Tranche 1	24 September 2013	**4,642**	4,642	–
Deferred Bonus Incentive 2013 – Tranche 2	24 September 2013	**4,642**	4,642	–
Deferred Bonus Incentive 2014 – Tranche 1	8 September 2014	**3,615**	3,615	–
Deferred Bonus Incentive 2014 – Tranche 2	8 September 2014	**3,615**	3,615	–
Deferred Bonus Incentive 2015 – Tranche 1	14 September 2015	**3,069**	3,069	–
Deferred Bonus Incentive 2015 – Tranche 2	14 September 2015	**3,070**	3,070	–
Deferred Bonus Incentive 2016 – Tranche 1	12 September 2016	**5,136**	5,136	–
Deferred Bonus Incentive 2016 – Tranche 2	12 September 2016	**10,015**	11,220	–
Deferred Bonus Incentive 2017 – Tranche 1	11 September 2017	**7,142**	7,193	–
Deferred Bonus Incentive 2017 – Tranche 2	11 September 2017	**7,617**	9,694	–
Deferred Bonus Incentive 2018 – Tranche 1	10 September 2018	**16,563**	19,920	–
Deferred Bonus Incentive 2018 – Tranche 2	10 September 2018	**56,436**	83,123	–
Deferred Bonus Incentive 2019 – Tranche 1	11 September 2019	**59,466**	91,653	–
Deferred Bonus Incentive 2019 – Tranche 2	11 September 2019	**95,503**	358,959	–
Deferred Bonus Incentive 2020 – Tranche 1	22 September 2020	**–**	31,013	–
Deferred Bonus Incentive 2020 – Tranche 2	22 September 2020	**26,278**	31,016	–
Deferred Bonus Incentive 2020 – Single Tranche	15 March 2021	**58,094**	142,569	–
Deferred Bonus Incentive 2021 – Tranche 1	21 September 2021	**169,159**	–	–
Deferred Bonus Incentive 2021 – Tranche 2	21 September 2021	**330,159**	–	–
Save As You Earn	1 January 2016	**–**	10,140	£3.70
Save As You Earn	1 January 2017	**9,843**	73,400	£3.20
Save As You Earn	1 January 2018	**43,430**	71,482	£4.90
Save As You Earn	1 January 2019	**42,257**	369,466	£4.62
Save As You Earn	1 January 2020	**318,335**	371,617	£4.94
Save As You Earn	1 January 2021	**1,398,148**	1,549,436	£3.78
Save As You Earn	1 January 2022	**717,664**	–	£5.24

The total share options outstanding at 3 July 2022 under the LTIP, Deferred Bonus Incentive Plan and the Save As You Earn schemes represent 1.4% of the issued share capital (2021: 1.3%).

7. EMPLOYEES CONTINUED

d. Share-based payments continued

Movements in the year

The number and weighted average exercise prices of share options is as follows:

	NUMBER OF OPTIONS 2022	WEIGHTED AVERAGE EXERCISE PRICE 2022	NUMBER OF OPTIONS 2021	WEIGHTED AVERAGE EXERCISE PRICE 2021
Long Term Share Incentive scheme:				
Outstanding at the beginning of the year	**1,396,914**	**–**	1,005,256	–
Lapsed during the year	**(272,244)**	**–**	(372,100)	–
Exercised during the year	**–**	**–**	–	–
Granted during the year	**461,937**	**–**	763,758	–
Outstanding at the end of the year	**1,586,607**	**–**	1,396,914	–
Exercisable at the end of the year	**–**	**–**	–	–
Deferred Bonus Incentive scheme:				
Outstanding at the beginning of the year	**823,461**	**–**	1,446,644	–
Lapsed during the year	**(38,613)**	**–**	(61,319)	–
Exercised during the year	**(607,130)**	**–**	(783,792)	–
Granted during the year	**695,815**	**–**	221,928	–
Outstanding at the end of the year	**873,533**	**–**	823,461	–
Exercisable at the end of the year	**374,215**	**–**	267,829	–
Save As You Earn scheme:				
Outstanding at the beginning of the year	**2,445,541**	**£4.09**	1,882,162	£4.72
Lapsed during the year	**(315,864)**	**£4.43**	(654,768)	£4.68
Exercised during the year	**(392,961)**	**£4.38**	(416,722)	£4.76
Granted during the year	**792,961**	**£5.24**	1,634,869	£3.78
Outstanding at the end of the year	**2,529,677**	**£4.37**	2,445,541	£4.09
Exercisable at the end of the year	**38,292**	**£4.37**	52,367	£4.67

The weighted average share price at the date of exercise of share options exercised during the year was £6.27 (2021: £5.16).

The options outstanding at 3 July 2022 had a range of exercise prices of £nil to £5.24 (2021: £nil to £4.94) and a weighted average remaining contractual life of 5.0 years (2021: 5.1 years).

The expected life used in the models has been adjusted, based on best estimates, to reflect exercise restrictions and behavioural considerations.

The charge to income in relation to equity settled share-based payments in the year is £5m (2021: charge £6m).

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes

The Redrow Staff Pension Scheme comprises a defined benefit scheme. The Company also offers a defined contribution scheme to employees. The defined benefit scheme was closed to new entrants from July 2006, having been closed to all but a limited number of agreed new entrants from October 2001. The defined benefit scheme was closed to future accrual with effect from 1 March 2012.

The Scheme operates within the frameworks of the applicable pension's legislation and is regulated by the Pensions Regulator. The Scheme is managed by a board of Trustees who act in line with legislation and the provisions set out within the Trust Deed and Rules which underpin the day-to-day operation of the Scheme. The Trustees' overarching aim is to ensure that there are sufficient monies available to pay members benefits when they fall due. The Trustees work in collaboration with the Company to manage the risks that this aim might not be met.

The total pension charge for the year was £11m (2021: credit of £7m). A charge of £1m related to the defined benefit section of the Scheme (2021: credit of £16m), with £nil being charged to the income statement (2021: charge of £nil) and a charge of £1m to the statement of comprehensive income (2021: credit of £16m). The charge arising from the defined contribution section was £10m (2021: £9m). There were no significant events during the year to report (i.e. plan amendments, curtailments or settlements).

Triennial valuation

A full independent triennial actuarial valuation of the defined benefit section of the Scheme was undertaken at 1 July 2020 using the Projected Unit Actuarial Funding Method. As at 1 July 2020, in the opinion of the Actuary, there was a deficit of £4m in the defined benefit section of the Scheme, based on the Trustees' technical provisions assumptions with the Scheme's assets representing 98% of the Scheme's technical provisions. As at 1 July 2020 the value of the defined benefit section of the Scheme's assets was £172m. The previous triennial valuation was undertaken as at 1 July 2017 and reported a deficit of £15m.

Defined benefit scheme – IAS 19R valuation

Redrow recognises all remeasurements for its defined benefit plan in the period in which they occur, outside the income statement, in the statement of comprehensive income.

This disclosure relates to the defined benefit section of the Scheme. The Scheme's assets are held separately from the assets of Redrow and are administered by the trustees and managed professionally.

The latest formal actuarial valuation of the defined benefit section was carried out at 1 July 2020. This valuation has been updated to 3 July 2022 by a qualified actuary for the purposes of these financial statements.

The Group contributed £nil to the Scheme in the year ended 3 July 2022 (2021: £2.3m) and expects to contribute £nil to the Scheme in the year ending 2 July 2023.

The major financial assumptions used in arriving at the IAS 19R valuation were:

	2022	2021
Long-term rate of increase in pensionable salaries	**N/A**	N/A
Rate of increase of benefits in payment (lesser of 5% per annum and RPI)[1]	**3.1%**	3.2%
Rate of increase of benefits in payment (lesser of 2.5% per annum and RPI)[2]	**2.0%**	2.1%
Discount rate	**3.8%**	1.9%
Inflation assumption – RPI	**3.3%**	3.4%
– CPI	**3.1%**	2.8%

[1] In respect of pensions in excess of the guaranteed minimum pension earned prior to 30 June 2006.

[2] In respect of pensions earned after 30 June 2006. Other pension increases are valued in a consistent manner.

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

In March 2020, the Chancellor of the Exchequer and UK Statistics Authority jointly issued a consultation on changing the Retail Price Index (RPI) formula. In November 2020 the outcome of the consultation was published with the intention that the RPI index will be amended to reflect the Consumer Price Index including housing (CPIH) from 2030. The inflation assumptions have been considered in light of this.

The mortality tables used in the actuarial valuation were as follows (which make allowance for projected further improvements in mortality):

For male and female members: SAPS3 CMI_2021 1.50% Long Term Trend (2021: SAPS3 CMI_2020 1.50% Long Term Trend)

The life expectancies from age 65 implied by these tables for typical members are:

Pensioner currently aged 65:	Male 22.3 years (2021: Male 22.3 years)	Female 24.6 years (2021: Female 24.6 years)
Future pensioner currently aged 40:	Male 24.4 years (2021: Male 24.4 years)	Female 26.8 years (2021: Female 26.8 years)

No adjustments have been made to mortality assumptions at the year end to reflect the potential effects of Covid-19 as the actual plan experience is not yet available and as it is too soon to make a judgement on the impact of the pandemic on future mortality improvements. The mortality experience analysis for the Scheme will be carried out in the future as part of the 1 July 2023 funding valuation for the defined benefit section of the Scheme.

It has been assumed that members take 80% of the maximum tax-free cash available to them at the point they retire via commutation of their pension; this is based on the current commutation factors in use for the defined benefit scheme.

The total assets, the split between the major asset classes in the Scheme, the present value of the Schemes' liabilities and the amounts recognised in the balance sheet are shown below:

	GROUP AND COMPANY					
	2022 £M QUOTED MARKET PRICE IN ACTIVE MARKET	2022 £M NO QUOTED MARKET PRICE IN ACTIVE MARKET	2022 £M TOTAL	2021 £M QUOTED MARKET PRICE IN ACTIVE MARKET	2021 £M NO QUOTED MARKET PRICE IN ACTIVE MARKET	2021 £M TOTAL
Equities	**50**	**–**	**50**	74	–	74
Debt instruments	**56**	**–**	**56**	70	–	70
Real estate	**1**	**–**	**1**	2	–	2
Investment funds	**4**	**–**	**4**	5	–	5
Other	**7**	**–**	**7**	6	–	6
Cash and cash equivalents	**16**	**–**	**16**	17	–	17
Insurance policies	**–**	**2**	**2**	–	3	3
Total market value of assets	**134**	**2**	**136**	174	3	177
Present value of obligations			**(97)**			(137)
Surplus in the Scheme			**39**			40

The Scheme's assets are invested in such a way so as to ensure that the assets are sufficient and appropriate to meet the associated liabilities as they fall due. In selecting the assets, consideration is given to the nature of the liabilities and the investment strategy of the Scheme includes an allocation to liability driven investments to mitigate the impacts of changes in interest rates and inflation on both the assets and liabilities.

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

The defined benefit obligation can be approximately attributed to the scheme members as follows:

	2022 %	2021 %
Deferred members	**62**	66
Pensioner members	**38**	34
	100	100

All benefits are vested at 3 July 2022 (unchanged from 27 June 2021).

Following a High Court ruling on 26th October 2018, at the 2019 year-end the Company made an allowance within the defined benefit obligation for the estimated liabilities associated with the requirement to provide equalised benefits to male and female members in respect of Guaranteed Minimum Pensions (GMPs); otherwise known as 'GMP Equalisation'. GMP Equalisation is an issue that impacts all defined benefit schemes that were contracted out of the State additional second pension between 17 May 1990 and 5 April 1997. For the DB Scheme, the additional liability in respect of GMP Equalisation is broadly 0.5% of the defined benefit obligation and continues to be included in this figure.

The total amounts credited/(charged) against income in the year were as follows:

	GROUP AND COMPANY	
	2022 £M	2021 £M
Amounts included within the income statement:		
Administrative expenses		
Past service cost	**–**	–
Net interest on defined benefit liability	**–**	–
	–	–
Amounts recognised in the statement of comprehensive income:		
Return on scheme assets excluding interest income	**(40)**	3
Actuarial movements arising from changes in demographic assumptions	**–**	(4)
Actuarial movements arising from changes in financial assumptions	**40**	1
Actuarial movements arising from experience adjustments	**(1)**	16
	(1)	16
	(1)	16

The amount included in the balance sheet arising from the surplus in respect of the Group's defined benefit section is as follows:

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

	GROUP AND COMPANY	
	2022 £M	2021 £M
Balance sheet surplus		
At start of year	**40**	22
Amounts (charged)/credited against statement of comprehensive income	**(1)**	16
Employer contributions paid	**–**	2
At end of year	**39**	40
Changes in the present value of the defined benefit obligation:		
At start of year	**137**	151
Interest expense	**3**	2
Benefit payments	**(4)**	(3)
Actuarial movements arising from changes in demographic assumptions	**–**	4
Actuarial movements arising from changes in financial assumptions	**(40)**	(1)
Actuarial movements arising from experience adjustments	**1**	(16)
At end of year	**97**	137
Changes in the fair value of the Scheme's assets:		
At start of year	**177**	173
Interest income	**3**	2
Return on scheme assets excluding interest income	**(40)**	3
Normal employer contributions	**–**	2
Benefit payments	**(4)**	(3)
At end of year	**136**	177

The Scheme rules permit the refund of any surplus to the Company with no restrictions. The surplus has therefore been recognised in full in the Group and Company balance sheets and there is no requirement to restrict the surplus nor to recognise any additional liability in respect of agreed deficit contributions.

Sensitivity of key assumptions

The table below gives a broad indication of the impact on the IAS 19R numbers to changes in assumptions and experience (away from the assumptions shown on page 259). All figures are before allowing for deferred tax.

ITEM	APPROXIMATE AMOUNT 2022	APPROXIMATE AMOUNT 2021
Present value of defined benefit obligation (£m)		
Discount rate -25 basis points	**101.1**	144.0
Discount rate +25 basis points	**92.4**	130.0
Price inflation rate -25 basis points	**92.6**	131.8
Price inflation rate +25 basis points	**100.9**	142.0
Post-retirement mortality assumption – 1 year age adjustment	**99.3**	141.9
Weighted average duration of defined benefit obligation (in years)		
Discount rate -25 basis points	**18.2**	20.5
Discount rate +25 basis points	**17.8**	20.4

8. INTANGIBLE ASSETS

The Group

	GOODWILL £M	SOFTWARE £M	TOTAL £M
Cost			
At 29 June 2020	1	2	3
Additions	–	–	–
Disposals	–	–	–
At 27 June 2021	1	2	3
Additions	–	1	1
Disposals	–	–	–
At 3 July 2022	**1**	**3**	**4**
Accumulated amortisation			
At 29 June 2020	–	1	1
Charge	1	1	2
Disposals	–	–	–
At 27 June 2021	1	2	3
Charge	–	–	–
Disposals	–	–	–
At 3 July 2022	**1**	**2**	**3**
Net book value			
At 3 July 2022	**–**	**1**	**1**
At 27 June 2021	–	–	–
At 28 June 2020	1	1	2

9. PROPERTY, PLANT AND EQUIPMENT

The Group

	FREEHOLD PROPERTY £M	PLANT AND MACHINERY £M	FIXTURES AND FITTINGS £M	TOTAL £M
Cost				
At 29 June 2020	24	3	11	38
Additions	–	–	2	2
Disposals	–	–	(2)	(2)
At 27 June 2021	24	3	11	38
Additions	–	–	3	3
Disposals	–	–	–	–
At 3 July 2022	**24**	**3**	**14**	**41**
Accumulated depreciation				
At 29 June 2020	6	3	10	19
Charge	1	–	1	2
Disposals	–	–	(2)	(2)
At 27 June 2021	7	3	9	19
Charge	–	–	2	2
Disposals	–	–	–	–
At 3 July 2022	**7**	**3**	**11**	**21**
Net book value				
At 3 July 2022	**17**	**–**	**3**	**20**
At 27 June 2021	17	–	2	19
At 28 June 2020	18	–	1	19

10. LEASE RIGHT OF USE ASSETS

The Group

	PROPERTY £M	PHOTOCOPIERS £M	VEHICLES £M	TOTAL £M
Cost				
At 29 June 2020	4	1	5	10
Additions	–	–	3	3
Disposals	–	–	(1)	(1)
At 27 June 2021	4	1	7	12
Additions	–	–	2	2
Disposals	–	–	–	–
At 3 July 2022	**4**	**1**	**9**	**14**
Accumulated depreciation				
At 29 June 2020	1	–	2	3
Charge	1	–	2	3
At 27 June 2021	2	–	4	6
Charge	–	–	3	3
At 3 July 2022	**2**	**–**	**7**	**9**
Net book value				
At 3 July 2022	**2**	**1**	**2**	**5**
At 27 June 2021	2	1	3	6
At 29 June 2020	3	1	3	7

10. LEASE RIGHT OF USE ASSETS CONTINUED

The Group continued

	AS AT 3 JULY 2022 £M	AS AT 27 JUNE 2021 £M
Lease liabilities		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**2**	3
One to five years	**4**	4
More than five years	**–**	–
Total undiscounted lease liabilities	**6**	7

On implementation of IFRS 16 leases, lease payment commitments are reported within trade and other payables.

	AS AT 3 JULY 2022 £M	AS AT 27 JUNE 2021 £M
Lease liabilities included in the statement of financial position		
Current	**2**	2
Non-current	**4**	4
	6	6

	AS AT 3 JULY 2022 £M	AS AT 27 JUNE 2021 £M
Amounts recognised in profit or loss		
Interest on lease liabilities	**–**	–

	AS AT 3 JULY 2022 £M	AS AT 27 JUNE 2021 £M
Amounts recognised in the statement of cashflows		
Total cash outflow for leases	**3**	3

11. INVESTMENTS

a. Investments

	GROUP		COMPANY	
	2022 £M	2021 £M	2022 £M	2021 £M
Joint ventures	**–**	–	**–**	–
	–	–	**–**	–

b. Investments in subsidiary undertakings

	COMPANY £M
At 27 June 2021 and 3 July 2022	**–**

The principal subsidiary company is Redrow Homes Limited. All subsidiary companies are incorporated in Great Britain except Redrow Homes (Park Heights) Limited which is incorporated in Jersey. A full list of subsidiary undertakings as at 3 July 2022 is shown on page 268. The capital of all the subsidiary companies, consisting of ordinary shares, is wholly owned by HB (HDG) Limited which in turn is wholly and directly owned by Redrow plc.

The principal activity of Redrow Homes Limited, Redrow Real Estate Limited, Redrow Regeneration plc, The Waterford Park Company Limited and The Waterford Park Company (Balmoral) Limited is residential development. The principal activity of Harrow Estates plc is land acquisition, development and resale. HB (HDG) Limited is an intermediate holding company. St David's Park Limited principal activity is business park maintenance services.

Those subsidiaries marked with † are dormant and exempt from audit.

All the subsidiaries registered office is Redrow House, St David's Park, Flintshire, CH5 3RX apart from those marked (i) and (ii) whose registered offices are as follows:

(i) c/o TLT LLP, 140 West George Street, Glasgow, G2 2HG

(ii) 13 Castle Street, St. Helier, Jersey, JE4 5UT

11. INVESTMENTS CONTINUED

b. Investments in subsidiary undertakings continued

Subsidiaries

Name	COMPANY NUMBER	Name	COMPANY NUMBER
HB (HDG) Limited	1990709	HB (1995) Limited [(i)] [†]	SC155021
Redrow Homes Limited	1990710	Redrow Homes (Wallyford) Limited [(i)] [†]	SC205159
Harrow Estates plc	6825371	St David's Park Limited	2479183
Redrow Real Estate Limited	3996541	PB0311 Limited [†]	7577839
Redrow Regeneration plc	5405272	Debut Freeholds Limited [†]	4638403
Redmira Limited [†]	7587765	Tay Homes (Western) Limited [†]	2806562
HB (NW) Limited [†]	1189328	Tay Homes (Northern) Limited [†]	2708575
HB (LCS) Limited [(i)] [†]	SC38052	Tay Homes (Midlands) Limited [†]	2183136
HB (MID) Limited [†]	2469449	Tay Homes (North West) Limited [†]	2189721
HB (SW) Limited [†]	3522335	Redrow Homes (Park Heights) Limited [(ii)] [†]	66240
HB (SWA) Limited [†]	2230870	Redrow Construction Limited [†]	1375826
HB (Y) Limited [†]	2293006	Poche Interior Design Limited [†]	2169473
HB (ESTN) Limited [†]	4017345	Redrow (Shareplan) Limited [†]	3520984
HB (WM) Limited [†]	3379746	Cadmoore Limited [†]	3977222
HB (SM) Limited [†]	3522321	Redrow (Sudbury) Limited [†]	4558070
HB (SN) Limited [†]	537405	The Waterford Park Company Limited	5429823
HB (WC) Limited [†]	4984069	The Waterford Park Company (Balmoral) Limited	6047122
HB (WX) Limited [†]	1940936	HB (Herne Bay No 1) Limited [†]	7743649
HB (EM) Limited [†]	2827161	HB (Herne Bay No 2) Limited [†]	9163243
HB (CD) Limited [†]	2034733	Redrow Homes East Midlands Limited [†]	4219459
HB (GRPS) Limited [†]	2898913	Radleigh Construction Limited [†]	4219460
HB (CPTS) Limited [†]	1079513	Radleigh Homes Limited [†]	4210633
HB (SE) Limited [†]	3988594	Radbourne Edge (Holdings) Limited [†]	8737345
HB (CSCT) Limited [(i)] [†]	SC231364	Redrow Langley Limited [†]	7306461
HB (SC) Limited [(i)] [†]	SC74732	Radleigh (Hackwood) Limited [†]	8131049

12. DEFERRED TAX ASSETS AND LIABILITIES

The following are the deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior year:

	IMPUTED INTEREST £M	SHORT-TERM TEMPORARY DIFFERENCES £M	TOTAL £M
Deferred tax assets			
At 29 June 2020	–	1	1
Charge to income	–	–	–
Charge to equity	–	–	–
At 27 June 2021	–	1	1
Charge to income	–	–	–
Charge to equity	–	–	–
At 3 July 2022	**–**	**1**	**1**

	EMPLOYEE BENEFITS £M	SHORT-TERM TEMPORARY DIFFERENCES £M	TOTAL £M
Deferred tax liabilities			
At 29 June 2020	(4)	(1)	(5)
Charge to income	–	(1)	(1)
Charge to equity	(9)	–	(9)
At 27 June 2021	(13)	(2)	(15)
Charge to income	–	–	–
Charge to equity	–	–	–
At 3 July 2022	**(13)**	**(2)**	**(15)**

The Group has no material unrecognised deferred tax assets.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2022. This will increase the Company's future current tax charge accordingly. In addition, the Government introduced a new Residential Property Developer tax of 4% on profit effective from 1 April 2022. The deferred tax asset at 3 July 2022 has been calculated at 29% based on these rates (2021: 25%) with the exception of the deferred tax liability on employee benefits which has been calculated at 35% (2021: 35%). This reflects the results of the latest triennial valuation of the defined benefit section of The Redrow Staff Pension Scheme (see page 259) which now suggests the return of the IAS 19 surplus is highly likely to take the form of a lump sum cash refund rather than a reduction in future deficit contributions.

The Company has deferred tax liabilities of £10m (2021: £10m).

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY		
	2022 £M	2021 £M	2022 £M	RESTATED† 2021 £M	RESTATED† 2020 £M
Non-current assets					
Trade receivables (net)	**–**	–	**–**	–	–
Amounts due from subsidiary companies	**–**	–	**266**	420	774
	–	–	**266**	420	774
Current assets					
Trade receivables (net)	**22**	54	**–**	–	–
Contract assets	**23**	21	**–**	–	–
Amounts due from subsidiary companies	**–**	–	**317**	400†	335†
Other receivables	**25**	21	**–**	–	–
Prepayments	**6**	4	**–**	–	–
	76	100	**317**	400	335

Current trade receivables are stated after an allowance of £7m (2021: £8m) in respect of expected credit losses with £nil provision utilised (2021: £nil), £1m provision released (2021: £nil) and £nil provision created (2021: £4m).

Amounts due from subsidiary companies are unsecured, repayable on demand and carry interest at market rate. The balance classified as current is anticipated to be repayable within the normal operating cycle of the subsidiary businesses (c4 years as explained in more detail on page 248). Of this amount £100m (2021: £100m) is expected to be recovered within 12 months of the balance sheet date.

† See page 242 and 243 for an explanation of prior year restatement of the Company balance sheet.

14. INVENTORIES

	GROUP		COMPANY	
	2022 £M	2021 £M	2022 £M	2021 £M
Land for development	**1,710**	1,526	**–**	–
Work in progress	**962**	910	**–**	–
Stock of show homes	**68**	77	**–**	–
	2,740	2,513	**–**	–

Inventories of £1,715m were expensed in the year (2021: £1,465m). Work in progress includes £1m (2021: £1m) in respect of part exchange properties. Land held for development in the sum of £300m is subject to a legal charge as security in respect of deferred consideration (2021: £210m).

The carrying value of undeveloped land where net realisable value has been determined on the basis of a sale of land in its current state is £1m (2021: £16m). Land for development includes £111m of strategic land owned without a residential planning consent net of a net realisable value provision of £14m (2021: £11m and £6m). £nil of impairment costs arising for the strategic decision to scale back our London operations were expensed in the year (2021: £5m).

The Directors consider all inventory to be current in nature as they are expected to be realised within the Group's normal operating cycle of c4 years.

15. FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash and cash equivalents, bank loans and overdrafts, derivative financial instruments and various items included within trade receivables and trade payables which arise during the normal course of business.

The tables that follow provide a summary of financial assets and liabilities by category.

The accounting policies for financial instruments have been applied to the following items:

The Group's activities expose it to a variety of financial risks.

15. FINANCIAL RISK MANAGEMENT CONTINUED

Financial risk management is conducted centrally using policies approved by the Board. Market risk is negligible due to the Group's limited exposure to equity securities (some limited exposure arises through the Redrow Staff Pension Scheme's investment portfolio) and the associated price risk. Its foreign exchange exposure is negligible given the nature of the Group's business and its exclusive UK activities.

a. Liquidity risk and interest rate risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. Liquidity risks are managed through the regular review of cash forecasts and by maintaining adequate committed banking facilities to ensure appropriate headroom.

At 3 July 2022, the Group had total unsecured bank borrowing facilities of £353m, representing £350m committed facilities and £3m uncommitted facilities.

The Group's cash surpluses arise from short-term timing differences. As a consequence the Group does not consider it bears significant risk of changes to income and cash flows as a result of movements on interest rates on its interest bearing assets.

The Group is exposed to interest rate risk as it borrows money at floating rates. The Group's interest rate risk arises primarily from long-term borrowings. In order to manage its interest rate risk, the Group from time to time enters into simple risk management products, almost exclusively interest rate swaps. All interest rate swaps are sterling denominated. The swaps are arranged so as to match with those of the underlying borrowings to which they relate. There were no interest rate swaps in place in 2022 or 2021.

The following table shows the profile of interest bearing debt together with its effective interest rates including non-utilisation fees.

	2022					2021				
	EFFECTIVE INTEREST RATE %	TOTAL £M	ZERO TO ONE YEAR £M	ONE TO TWO YEARS £M	TWO TO FIVE YEARS £M	EFFECTIVE INTEREST RATE %	TOTAL £M	ZERO TO ONE YEAR £M	ONE TO TWO YEARS £M	TWO TO FIVE YEARS £M
Bank loans – floating rate	**0.5**	**–**	**–**	**–**	**–**	8.1	–	–	–	–
		–	**–**	**–**	**–**		–	–	–	–

For the 53 weeks ended 3 July 2022, it is estimated that a 10% increase in our non-utilisation fee rate applying for the full year would decrease the Group's profit before tax by £Nil.

b. Maturity of bank loans and borrowings

The maturity of bank loans and borrowings is as below:

The Group

	2022		2021	
	BANK OVERDRAFT £M	BANK LOANS £M	BANK OVERDRAFT £M	BANK LOANS £M
Due between two and five years	**–**	**–**	–	–
	–	**–**	–	–

Maturities above include estimated interest payable to the maturity of the facilities.

The Company

	2022		2021	
	BANK OVERDRAFT £M	BANK LOANS £M	BANK OVERDRAFT £M	BANK LOANS £M
Due between two and five years	**–**	**–**	–	–
	–	**–**	–	–

15. FINANCIAL RISK MANAGEMENT CONTINUED

Maturities above include estimated interest payable to the maturity of the facilities.

The Company was fully compliant with its banking covenants as at 3 July 2022.

At the year end, the Group and Company had £350m (2021: £350m) of undrawn committed bank facilities available.

There is no material difference between the fair value of the bank overdrafts and bank loans and their carrying values as shown in the balance sheet.

c. Amounts due in respect of development land

The Group's policy permits land purchases to be made on deferred payment terms. In accordance with IFRS 9, the deferred creditor is recorded at fair value and nominal value is amortised over the deferment period via financing costs, increasing the land creditor to its full cash settlement value on the payment date.

The interest rate used for each deferred payment is an equivalent loan rate available on the date of land purchase, as applicable to a loan lasting for a comparable period of time to that deferment.

The maturity profile of the total contracted cash payments in respect of amounts due in respect of land creditors at the balance sheet date is as follows:

	BALANCE £M	TOTAL CONTRACTED CASH PAYMENT £M	DUE LESS THAN ONE YEAR £M	DUE BETWEEN ONE AND TWO YEARS £M	DUE BETWEEN TWO AND FIVE YEARS £M
3 July 2022	**376**	**380**	**289**	**51**	**40**
27 June 2021	294	298	144	125	29

d. Maturity of trade and other payables

The maturity profile of the total contracted payments in respect of financial liabilities (excluding amounts due on land creditors shown separately in note 15c) at the balance sheet date is as follows:

	BALANCE £M	TOTAL CONTRACTED CASH PAYMENT £M	DUE LESS THAN ONE YEAR £M	DUE BETWEEN ONE AND TWO YEARS £M	DUE BETWEEN TWO AND FIVE YEARS £M
Trade and other payables (excluding lease liabilities)	530	530	530	–	–
Lease liabilities	6	6	2	2	2
3 July 2022	**536**	**536**	**532**	**2**	**2**
Trade and other payables (excluding lease liabilities)	538	538	538	–	–
Lease liabilities	6	7	3	2	2
27 June 2021	544	545	541	2	2

e. Credit risk

Credit risk arises from cash and cash equivalents, including call deposits with banks and financial institutions, derivative financial instruments and trade receivables. It represents the risk of financial loss where counterparties are unable to meet their obligations.

Credit risk is managed centrally in respect of cash and cash equivalents and derivative financial instruments. In respect of placing deposits with banks and financial institutions and funds, individual risk limits are approved by the Board. The table below shows the cash and cash equivalents as at the balance sheet date:

	GROUP		COMPANY	
	2022 £M	2021 £M	2022 £M	2021 £M
Held at banks with at least an A credit rating per Standard & Poor's	**288**	160	**285**	144
	288	160	**285**	144

15. FINANCIAL RISK MANAGEMENT CONTINUED

No credit limits were exceeded during the reporting year or subsequently and the Group does not anticipate any losses from non-performance by these counterparties.

There is no specific concentration of credit risk in respect of home sales as the exposure is spread over a number of customers. In respect of trade receivables, the amounts presented in the balance sheet are stated after adjusting for any doubtful receivables, based on the judgement of the Group's management through using both previous experience and knowledge of the current position of any more substantial receivables.

f. Capital management

The Group defines total capital as equity plus net debt where net debt is calculated as total borrowings less cash and cash equivalents.

The Group monitors capital on the basis of the level of returns achieved on its capital base and, with respect to its financing structure, the gearing ratio. This is defined as net debt divided by equity.

The Group's objective in managing capital is to safeguard its ability to continue as a going concern in order to deliver value to its Shareholders and other stakeholders. The Group operates within policies outlined by the Board in order to maintain an appropriate funding structure. The Board keeps the Group's capital structure under review.

The total capital levels and gearing ratios as at 3 July 2022 and 27 June 2021 are as follows:

	2022 £M	2021 £M
Total borrowings	**–**	–
Less cash and cash equivalents	**(288)**	(160)
Net (cash)	**(288)**	(160)
Equity	**1,950**	1,872
Total capital	**1,662**	1,712
Operating profit before exceptional items	**414**	321
ROCE (Operating profit as above as a percentage of opening and closing total capital)	**24.54%**	18.5%
Gearing ratio	**N/A**	N/A

The Company has cash and cash equivalents of £285m (2021: £144m).

g. Fair values

Basis for determining fair values

The principal methods and assumptions used in estimating the fair value of financial instruments can be found in the Accounting Policies page 248.

Fair value hierarchy

Financial assets and liabilities carried at fair value are categorised within the hierarchical classification of IFRS13:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Inputs are not based on observable market data.

15. FINANCIAL RISK MANAGEMENT CONTINUED

g. Fair values continued

The fair value of financial assets and liabilities is as follows:

The Group

	FAIR VALUE HIERARCHY	2022 LOANS AND RECEIVABLES FAIR VALUE £M	2022 LOANS AND RECEIVABLES CARRYING VALUE £M	2021 LOANS AND RECEIVABLES FAIR VALUE £M	2021 LOANS AND RECEIVABLES CARRYING VALUE £M
Assets per the balance sheet					
Trade and other receivables	Level 1 & 2*	**70**	**70**	96	96
Cash and cash equivalents	Level 1	**288**	**288**	160	160
		358	**358**	256	256

* Includes £3m in respect of shared equity debtors (2021: £4m) (Level 2)

	FAIR VALUE HIERARCHY	2022 OTHER FINANCIAL LIABILITIES FAIR VALUE £M	2022 OTHER FINANCIAL LIABILITIES CARRYING VALUE £M	2021 OTHER FINANCIAL LIABILITIES FAIR VALUE £M	2021 OTHER FINANCIAL LIABILITIES CARRYING VALUE £M
Liabilities per the balance sheet					
Bank loans and overdrafts	Level 1	**–**	**–**	–	–
Trade payables and other payables including customer deposits	Level 1	**530**	**530**	516	516
Land creditors	Level 1	**376**	**376**	294	294
Lease liabilities	Level 1	**6**	**6**	6	6
		912	**912**	816	816

Other financial liabilities are at amortised cost.

The Company

	FAIR VALUE HIERARCHY	2022 LOANS AND RECEIVABLES FAIR VALUE £M	2022 LOANS AND RECEIVABLES CARRYING VALUE £M	RESTATED† 2021 LOANS AND RECEIVABLES FAIR VALUE £M	RESTATED† 2021 LOANS AND RECEIVABLES CARRYING VALUE £M
Assets per the balance sheet					
Cash and cash equivalents	Level 1	**285**	**285**	144	144
Amounts due from subsidiary companies (current and non-current)	Level 1	**583**	**583**	820†	820†
		868	**868**	964	964

	FAIR VALUE HIERARCHY	2022 OTHER FINANCIAL LIABILITIES FAIR VALUE £M	2022 OTHER FINANCIAL LIABILITIES CARRYING VALUE £M	2021 OTHER FINANCIAL LIABILITIES FAIR VALUE £M	2021 OTHER FINANCIAL LIABILITIES CARRYING VALUE £M
Liabilities per the balance sheet					
Bank loans and overdrafts	Level 1	**–**	**–**	–	–
Amounts owed to subsidiary companies	Level 1	**14**	**14**	14	14
		14	**14**	14	14

† See page 242 and 243 for an explanation of prior year restatement of the Company balance sheet.

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY		
	2022 £M	2021 £M	2022 £M	RESTATED† 2021 £M	RESTATED† 2020 £M
Non-current liabilities					
Amounts due in respect of development land	**87**	150	**–**	–	–
Lease liabilities	**4**	2	**–**	–	–
	91	152	**–**	–	–
Current liabilities					
Trade payables	**385**	362	**–**	–	–
Amounts due in respect of development land	**289**	144	**–**	–	–
Private customer deposits	**87**	68	**–**	–	–
Social customer payments on account	**48**	74	**–**	–	–
Amounts owed to subsidiary companies	**–**	–	**14**	14	14
Lease liabilities	**2**	4	**–**	–	–
Other payables	**5**	5	**–**	–	–
Other taxation and social security	**5**	7	**–**	–	–
Accruals	**93**	103	**–**	–†	–†
	914	767	**14**	14	14

See note 2.

Amounts due to subsidiary companies are unsecured, repayable on demand and bear interest at market rate on trading balances. Amounts due in respect of development land are classified as current when they are contractually due within 12 months of the balance sheet date.

† See page 242 and 243 for an explanation of prior year restatement of the Company balance sheet.

17. PROVISIONS

The Group

	LEGACY FIRE SAFETY PROVISION £M	ONEROUS CONTRACTS £M	OTHER £M	TOTAL £M
At 27 June 2021	26	1	7	34
Provisions created during the year	174	–	–	174
Provisions released during the year	–	–	(1)	(1)
Provisions utilised during the year	–	–	–	–
At 3 July 2022	**200**	**1**	**6**	**207**

	2022 £M	2021 £M
Current provisions	**97**	–
Non-current Long term provisions	**110**	34
	207	34

17. PROVISIONS CONTINUED

Legacy fire safety provision

Redrow is predominantly a housebuilder, however the Group historically built a small number of high rise buildings, mostly on a design and build basis by main contractors. As a result of signing the Government's Building Safety Pledge in April 2022, the number of buildings in scope in respect of which the Group has a present obligation as a result of historical events increased reflecting a change from last year end position and the December 2021 half year position. The Group is committed to funding the remediation of life critical fire safety issues on buildings over 11 metres in which the Group was involved going back 30 years. The Legacy fire safety provision reflects the estimated cost of works outstanding to complete the remediation of life critical fire safety issues on all identified buildings within scope. In estimating the cost of the works, Management has used relevant Building Safety Fund cost information and other external information as the basis of its estimates and classified buildings identified as in scope on the basis of a high level risk assessment including their EWS1 (External Wall Fire Review) status. However, these estimates are inherently uncertain as this is a highly complex-area-involving bespoke buildings for which investigations and assessments will be ongoing for some time. It is expected that £97m of the remaining provision will be utilised in the next 12 months and the remainder over the following three years although these timescales are subject to the completion of negotiations with relevant stakeholders. Provisions are discounted to net present value where the effect is material.

18. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES
As at 27 June 2021 and 3 July 2022 (ordinary shares of 10.5p each)	**352,190,420**

As at 3 July 2022 11m Redrow plc ordinary shares of 10.5p each are held in trust under the Redrow Long Term Incentive Plan (27 June 2021: 8m shares).

19. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES

The Group

	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	OTHER RESERVES £M	RETAINED EARNINGS £M
At 29 June 2020	37	59	8	1,522
Total comprehensive income	–	–	–	261
Dividends paid	–	–	–	(21)
Purchase of own shares to satisfy share options	–	–	–	(1)
Other LTIP/DB/SAYE credit	–	–	–	7
At 27 June 2021	37	59	8	1,768
Total comprehensive income	–	–	–	196
Dividends paid	–	–	–	(100)
Purchase of own shares to satisfy share options	–	–	–	(27)
Other LTIP/DB/SAYE credit	–	–	–	9
At 3 July 2022	**37**	**59**	**8**	**1,846**

Other reserves

Other reserves consists of a £7m Capital redemption reserve (2021: £7m) and a £1m Consolidation reserve (2021: £1m).

Undistributable reserves

Other reserves are not available for distribution.

The Company

	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	OTHER RESERVES £M	RETAINED EARNINGS £M
At 29 June 2020	37	59	7	839
Total comprehensive income	–	–	–	7
Dividends paid	–	–	–	(21)
At 27 June 2021	37	59	7	825
Total comprehensive income	–	–	–	(1)
Dividends paid	–	–	–	(100)
At 3 July 2022	**37**	**59**	**7**	**724**

19. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES CONTINUED

The Company continued

Other reserves

Other reserves consists of a £7m Capital redemption reserve (2021: £7m).

Undistributable reserves

Other reserves are not available for distribution.

Post year end on 14 July 2022, the Company announced a share buyback programme to purchase ordinary shares of 10.5p each in the Company for up to a maximum consideration of £100m. This is a non-adjusting post balance sheet event.

20. MOVEMENT IN NET CASH

The Group

	AT 27 JUNE 2021 £M	NON-CASH MOVEMENT £M	CASH FLOW £M	AT 3 JULY 2022 £M
Cash and cash equivalents	160	7	121	**288**
Bank loans	–	–	–	**–**
Net cash	160	7	121	**288**

Non-cash movement comprises movements in respect of LTIP/SAYE together with relevant IAS19, IFRS7 and IFRS16 non cash movements.

The Company

	AT 27 JUNE 2021 £M	NON-CASH MOVEMENT £M	CASH FLOW £M	AT 3 JULY 2022 £M
Cash and cash equivalents	144	–	141	**285**
Bank loans	–	–	–	**–**
Net cash	144	–	141	**285**

21. CONTINGENT LIABILITIES

The Company has guaranteed the bank borrowings of its subsidiaries. Performance bonds and other building or performance guarantees have been entered into in the normal course of business. Management estimate that the bonds and guarantees amount to £158m (2021: £156m) at the year end and consider the possibility of a cash outflow in settlement to be remote.

22. RELATED PARTY TRANSACTIONS

Within the definition of IAS 24 'Related party disclosures', the Board and key management personnel are related parties. Detailed disclosure of the remuneration of the Board is given in the Directors' Remuneration Report on pages 192 to 213 notably the 'Single Total Figure of Remuneration Table (Audited)' on page 205. A summary of remuneration provided to key management personnel is provided in note 7c.

There have been no other material related transactions with key management personnel.

The Company funds the operating companies through both equity investment and loans at commercial rates of interest. In addition, the Company provides its subsidiaries with the services of Senior Management, for which a recharge is made to those subsidiary companies based upon utilisation of services.

The amount outstanding from subsidiary undertakings at 3 July 2022 was £542m (27 June 2021: £781m). The amount owed to subsidiary undertakings at 3 July 2022 was £14m (27 June 2021: £14m).

The Company provided the Group's defined benefit pension scheme, as detailed in note 7e. Expected service costs were charged to the operating businesses at cost. There is no contractual arrangement or stated policy relating to the charge. Experience and actuarial gains are recognised in the Company, via the statement of comprehensive income.

23. ALTERNATIVE PERFORMANCE MEASURES

Redrow uses a variety of Alternative Performance Measures (APMs) which are not defined or specified by IFRSs but which the Directors believe are pertinent to reviewing and understanding the broader performance of the Group, in conjunction with IFRS defined measures.

Annual Injury Incidence Rate (AIIR)

No. of RIDDOR Accidents resulting in an injury divided by the average number of people employed multiplied by 100,000 (see ESG Scorecard on pages 6 to 7).

Cash conversion percentage

	2022	2021
Cash inflow generated from operations per statement of cash flows	**£318m**	£362m
Divided by:		
Operating profit per consolidated income statement	**£250m**	£321m
Amortisation and depreciation per note 2b	**£5m**	£7m
	£255m	£328m
Cash conversion percentage	**125%**	110%

Full year dividend per share

Interim and final dividend per share declared in respect of the financial year.

HBF customer recommend rating

Independent HBF customer satisfaction rating score.

Homes revenue from ongoing business

	2022 £M	2021 £M
Revenue per consolidated income statement	**2,140**	1,939
Revenue from the sale of land (see note 2a)	**(21)**	(37)
Revenue from the sale of new housing (see note 2a)	**2,119**	1,902
Revenue from London Build Out sites	**(52)**	(181)
Homes revenue from ongoing business	**2,067**	1,721

Hurdle rates

Gross margin and internal rate of return minimum rates required for land purchase appraisals.

Land holding years

No. of plots in owned land holdings at balance sheet date divided by no. of legal completions in financial year.

	2022	2021
Owned land holdings at 3 July 2022/27 June 2021	**29,600**	29,460
Legal completions	**5,715**	5,620
Land holding years	**5.2**	5.2

Legal completions

The number of homes legally completed in the financial year.

Monies committed to fund improvements in local communities

These reflect committed Section 106 contributions and affordable housing provided in the year.

Net asset value per ordinary share

Total net assets at balance sheet date divided by the number of ordinary shares in issue at balance sheet date.

Number of trainees

No. of trainees at year end as a percentage of employees at year end.

Order book

The value of reserved and exchanged sales which had not legally completed at the year end.

Private reservation rate

No. of private reservations per week in financial year divided by average no. of sales outlets.

Underlying return on capital employed (Underlying ROCE)

Operating profit before exceptional items adjusted for joint ventures as a percentage of opening and closing capital employed. See note 15f.

Underlying return on equity (Underlying ROE)

Profit before tax before exceptional items adjusted for joint ventures as a percentage of opening and closing net assets.

	2022	2021
Net assets at 3 July 2022/27 June 2021	**1,950**	1,872
Net assets at 27 June 2021/30 June 2020	**1,872**	1,626
Average net assets	**1,911**	1,749
Profit before taxation – pre-exceptional	**410**	314
Return on equity %	**21.5%**	18.0%

Revenue value of private reservations secured in the year

The fair value receivable in the future of private house sales reserved by customers during the year, net of cancellations.

Sales outlets

Average no. of sales outlets open in the year.

Underlying profit before tax

Profit before tax pre-exceptional item

Underlying earnings per share

As statutory earnings per share but based on pre-exceptional profit for the year per the consolidated income statement.

Underlying gross profit

Gross profit per the consolidated income statement pre-exceptional item.

Underlying operating profit

Operating profit per the consolidated income statement pre-exceptional item.

PART C

Set out below is the financial information of the Redrow Group for the 52 weeks ended 2 July 2023, as extracted from the Redrow Annual Report & Accounts 2023:

INDEPENDENT AUDITOR'S REPORT

To the members of Redrow plc

1. Our opinion is unmodified

We have audited the financial statements of Redrow plc ("the Company") for the 52 week period ended 2 July 2023 which comprise the Consolidated Income Statement, the Group and Company Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity, the Group and Company Statement of Cash Flows, and the related notes, including the accounting policies on pages 210 to 249.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 2 July 2023 and of the Group's profit for the 52 weeks period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 6 November 2019. The period of total uninterrupted engagement is for the four financial periods ended 2 July 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	£19.2m (2022:£20.4m) 5% of Group profit before tax (2022: 5% of Group profit before exceptional items and tax)	
Coverage	100% of group profit before tax (2022: 100% of Group profit before exceptional items and tax)	
Key audit matters		**vs 2022**
Recurring risks	Cost of sales recognition and carrying amount of work in progress	▲
	Fire Safety Provision	◀ ▶
Parent Company Key Audit Matter	Valuation of defined benefit pension obligation	◀ ▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Cost of sales recognition and carrying amount of work in progress Cost of sales (£1,619 million; 2022: £1,788 million); carrying amount of work in progress (£1,017 million; 2022: £962 million). *Refer to page 148 (Audit Committee Report), page 217 (accounting policy) and page 241 (financial disclosures).*	**Subjective judgements:** The Group holds inventory in the form of land for development, work in progress and show homes. Cost of sales and inventory (excluding land) is recognised at standard cost and any abnormal costs are expensed to cost of sales as incurred. The current macro-economic conditions, including high levels of inflation and extended development timescales, have resulted in an increase in the level of build cost variances. As a result, there is a risk that the standard cost on certain developments no longer accurately approximates the actual build cost. Judgement is applied in determining the classification of build cost variances as abnormal costs and those that require the standard cost to be revised. The judgements made are profit impacting and therefore there is an incentive for management to manipulate the assumptions made to meet profit targets. The effect of these matters is that, as part of our risk assessment, we determined that the carrying value of work in progress and the recognition of cost of sales due to the accuracy of the standard cost, involves a high degree of judgement. The financial statements note 1 on page 221 disclose judgements made by the Group.	We performed the detailed tests below rather than seeking to rely on the Group's control, because our knowledge of the design of the control indicated that we would not be able to obtain the required evidence to support reliance on the control. Our procedures included: – **Testing application:** We challenged the Group's judgement on the classification of build costs variances as abnormal costs or variances that require an adjustment to the standard cost in accordance with IAS 2 by assessing the nature of the additional variances to supporting documentation such as subcontractor valuations, third party quotes and invoices. We obtained corroborative evidence through inquiries with Divisional commercial teams in instances where third party evidence wasn't available due to the nature of the variance. – **Enquiry of personnel:** We made inquiries with the Group Commercial Director, Group's Quantity Surveyors and Divisional commercial teams to understand variances on a sample of developments and assess whether the Group's policy is applied consistently across the Group. – **Assessing transparency:** We assessed whether the Group's disclosure in respect of costs of sales recognition and the carrying amount of work in progress, including key judgements, have been adequately disclosed. We performed an assessment of whether the overstatement of cost of sales and understatement of work in progress identified through these procedures were material, taking into account findings from other areas of the audit and qualitative aspects of the financial statements as a whole. **Our results:** We consider the cost of sales recognition and the carrying amount of work in progress to be acceptable (2022: acceptable).

	The risk	Our response
Fire Safety Provision (£188 million; 2022: £200 million). *Refer to page 148 (Audit Committee Report), page 220 (accounting policy) and pages 245 and 246 (financial disclosures).*	**Subjective estimates:** In common with many in the sector the Group signed up to the Building Safety Fund ('BSF') pledge in April 2022 ('the Pledge') and signed the self-remediation terms ('SRT') in March 2023 which replaced the Pledge and the Welsh Government's Pledge Deed of Bilateral Contract in April 2023. In signing up to the SRT and the Welsh Government's Deed of Bilateral Contract ('SRT Deed'), the Group has agreed to remediate both external and internal life-critical fire safety issues on all properties over 11 metres in, England and Wales, where Redrow was the developer, going back 30 years. In comparison to 'the Pledge', the SRT has widened the developers' responsibilities to also include potential remediation works on internal communal areas. Estimation of the provision requires identification of the impacted properties, an assessment of the defects requiring remediation, and the likely costs. The Group's estimated provision will be subject to further refinement as the remediation work and tendering process progresses and detailed building inspections continue. The effect of this matter is that, as part of our risk assessment, we determined that the amount of the provision required for fire safety remediation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements note 1 on pages 245 and 246 disclose the sensitivity estimated by the Group.	We performed the tests below rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support relying on them. Our procedures included: **Test of details:** We evaluated the existence and extent of the obligation for the Group to remediate life critical fire safety issues by obtaining the SRT and SRT Deed for England and Wales respectively, performing a comparison between the SRT and the April 2022 Pledge and evidence to understand the Group's commitments in Scotland and Northern Ireland. **Test of details:** We assessed the completeness and accuracy of the population of properties over 11 metres that were developed by the Group going back 30 years by comparing the Group's list of properties to external evidence including direct confirmation from the Department for Levelling Up, Housing and Communities ('DLUHC'), a list of buildings included in the SRT, the Welsh SRT Deed, reviewing board minutes, and enquiring with the Group's internal legal counsel. **Test of details:** For those properties with approved BSF claims, we agreed the amount included within the provision to the direct confirmation from DLUHC. **Test of details:** For a sample of properties where remediation work has commenced, we agreed the costings to underlying supporting documents such as quantity surveyor appraisals, contractor invoices and contracts. **Benchmarking of assumptions:** For those properties where the internal and external remediation costs have been estimated, we challenged the appropriateness of the provision methodology prepared by management and assessed the reasonableness of key assumptions that the Group have assigned to estimate the external and internal costs per plot and plot numbers by benchmarking to comparable data, inspecting External Wall System ('EWS1') certificates and correspondences from management companies of the relevant properties. **Historical comparisons:** For a sample of properties, we performed a retrospective review by comparing actual remediation costs incurred to the Group's previously estimated cost to evaluate the Group's forecasting accuracy. **Sensitivity analysis:** We performed analysis on the potential range of possible outcomes in respect of the estimation of remediation costs under the SRT.

	The risk	Our response
		Sector experience: We utilised our Quantity Surveyor specialists to assist us in challenging the appropriateness of remediation assumptions. We also evaluated the competence, independence and integrity of the management's experts. **Assessing transparency:** We assessed whether the Group's disclosures in respect of the fire safety provision, including the sensitivity of the provision to changes in key assumptions, have been adequately disclosed. **Our results:** We consider the amount of fire safety provision recognised to be acceptable (2022: acceptable).
Valuation of the defined benefit obligation (Parent Company only) (£74 million; 2022: £97 million) *Refer to page 148 (Audit Committee Report), page 218 (accounting policy) and pages 229 and 232 (financial disclosures).*	**Low risk, high value:** As part of our risk assessment, we determined that the valuation of the defined benefit obligation is not a significant risk of material misstatement due to low estimation uncertainty. The potential range of outcomes as a result of reasonable changes in key assumptions, in particular those relating to mortality, price inflation rate and the discount rate, is lower than our materiality for the financial statements as a whole. However, due to the defined benefit obligation's materiality in the context of the parent Company financial statements, this is considered to be the area that will have the greatest effect on our overall parent Company audit. Due to the nature of the scheme and the value of the defined benefit obligation in relation to Group materiality, we have not assessed this as an area that had the greatest effect on our current year audit for the Group and is therefore included as a parent Company key audit matter only.	We performed the tests below rather than seeking to rely on any of the parent company's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support relying on them. Our procedures included: – **Benchmarking assumptions:** We challenged the key assumptions applied in the calculation of the obligation, including those relating to price inflation, discount rate and mortality, against externally derived market data. – **Assessing actuary's credentials:** We assessed the competence, independence and integrity of Group's external actuarial expert. – **Assessing transparency:** We considered the adequacy of the Group and Parent Company's disclosures relating to the defined benefit obligations and buy-in transaction. **Our results:** We consider the carrying amount of defined benefit obligation to be acceptable (2022: acceptable).

In the prior year audit our key audit matter was in relation to Cost of sales recognition and carrying amount of land held for development was identified as having significant estimation uncertainty however we have not assessed this as one of the most significant risks in our current year audit and, therefore, have directed our efforts on the judgements involved in assessing the impact of build cost variances on the standard cost. We continue to perform procedures over the carrying value of land held for development. However, due to lower levels of land acquisitions in the year, and a number of sites having obtained planning permission during the year, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £19.2 million (2022: £20.4 million) determined with reference to a benchmark of Group profit before tax in the 52 week period ended 2 July 2023 of £395.0 million (2022: Group profit before exceptional items and tax of £410.0 million), of which it represents 5% (2022: 5%).

Materiality for the Parent Company financial statement as a whole was set at £18.0 million (2022: £16.5 million), determined with reference to a benchmark of net assets, of which it represents 1.5% (2022: 2.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the Group was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £14.4 million (2022: £15.3 million). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

Performance materiality for the Parent Company was set at 75% (2021: 75%) of materiality which equates to £13.5 million (2022: £12.4 million).

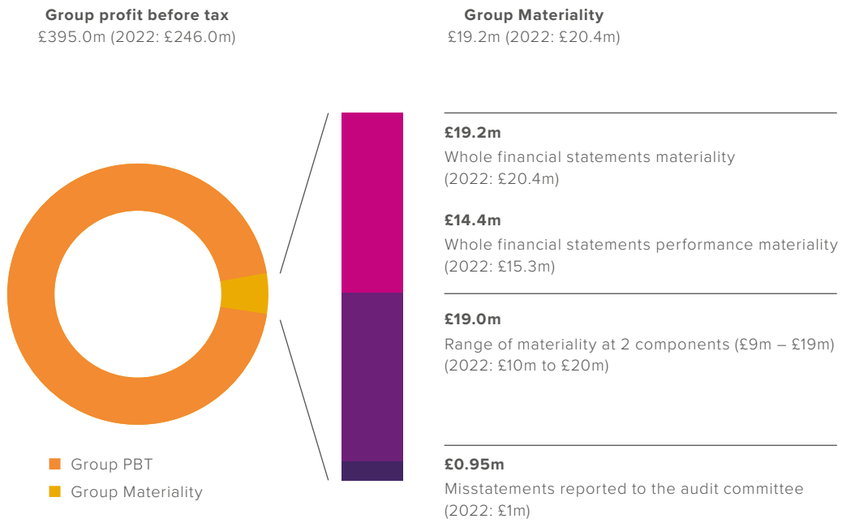
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.9 million (2022: £1.0 million), in addition to other identified misstatement that warranted reporting on qualitative grounds.

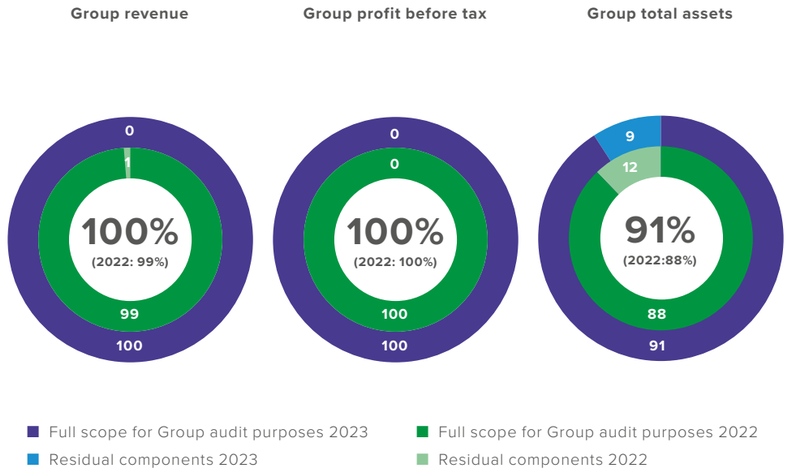
The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.

Of the Group's 9 (2022: 9) reporting components, we subjected 2 (2022: 2) to full scope audits for Group purposes. For the residual 7 (2022: 7) components, we performed an analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these. The components within the scope of our work accounted for the percentages illustrated opposite.

The component materialities ranged from £9.0 million to £19.0 million (2022: £10.0 million to £20.0 million), having regards to the mix of size and risk profile of the Group across the components.

Our audit of the Group and Components was all performed by the Group audit team.





4. The impact of climate change on our audit

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business including the impact of the commitments made by the Group and the changes to building and planning regulations in respect of climate change on its financial statements.

As part of our audit we have performed a risk assessment, including making enquiries of management, reading board minutes and applying our knowledge of the Group and sector in which it operates in order to understand the extent of the potential impact of climate change risk on the Group's financial statements. We also held discussions with our own climate change professionals to challenge our risk assessment.

Taking into account our risk assessment procedures we have assessed the key area contained within the financial statements for which climate change could have the greatest impact to be the net realisable value of land not yet in development and without planning due to future potential changes to building and planning regulations in respect of climate change. We concluded that climate risk has no material effect on future build costs for those sites currently in development and therefore on the cost of sales recognition or the carrying amount of work in progress.

We have read the Group's TCFD disclosures in the Annual Report and considered consistency with the financial statements and our audit knowledge.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Parent Company's available financial resources over this period were a possible reduction in sales volumes and prices as well as increased cost inflation as a consequence of changes in the economic environment, leading to sustained medium-term decline in revenue and profits.

We also considered less predictable, but realistic second order Impacts such as disruption to the Group's supply chain.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

– critically assessing assumptions in the base case and downside scenarios, particularly in relation to forecast liquidity, profitability and performance, including assessing consistency to external information such as industry and economic forecasts;

- assessing whether downside scenarios applied mutually consistent assumptions in aggregate, taking into account all reasonably possible downsides, using our assessment of the possible range of each key assumptions and our knowledge of the Group and the industry;
- comparing past budgets to actual results to assess the directors' track record of budgeting accurately;
- inspecting confirmation from banks of the level of cash and cash equivalents held at year end and loan facility documentation including covenant requirements;
- selecting a sample from the forward order book and corroborating to sales and reservation contracts; and
- considering whether the going concern disclosure on page 214 of the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement on page 196 of the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parents Company's use of that basis for the going concern period, and we found the going concern disclosure on page 214 to be acceptable; and
- the related statement under the Listing Rules set out on page 196 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors, the audit committee, internal legal counsel and inspection of policy documentation as to the Group's high level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have any knowledge of any actual, suspected or alleged fraud;
- reading Board and all relevant committee minutes;
- considering remuneration incentive schemes and performance targets for management and directors, including any revenue and trading margin targets for management and directors' remuneration;
- using analytical procedures to identify any unusual or unexpected relationships; and
- consultation with our own forensic professionals regarding the identified fraud risks and the design of the audit procedures planned in response to these. This involved the forensic professional holding an initial fraud brainstorming session as well as further discussions between the engagement team and the forensic professional, particularly in respect of our risk assessment and audit response following the failure of one of the divisions to account accurately for development profit at the beginning of the financial period, as reported in our 2022 audit report;
- we assessed the adequacy of the disclosures on page 153 of the Audit committee report within the Governance report related to a failure by one of the divisions to account accurately for development profit, including the omission of incurred costs overruns, for consistency with our knowledge and understanding acquired during the audit.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as costs of sales recognition, the carrying value of work in progress and the fire safety provision.

On this audit we do not believe there is a fraud risk related to revenue recognition as the accounting for the majority of the Group's revenue is non-complex and only recognised on the legal completion of the sale, being the point at which the balance of the sales is paid for and the title of the property transfers to the customer. There are therefore limited levels of judgement with limited opportunities for manual intervention in the sales process to fraudulently manipulate revenue.

We also identified fraud risks related to the cost of sales recognition and carrying amount of work in progress as well as related to the fire safety provision in response to the significance of the accounting estimates.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unexpected account combinations, including revenue, cost of sales and cash; and
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and from inspection of the Group's regulatory and legal correspondence as well as discussion with the directors and other management over the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and the building safety act and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly , the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: UK planning, building regulations, health and safety, data protection laws, anti-bribery, anti money laundering and sanctions checking, employment laws and environmental laws. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 90 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the risk management report disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 100 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Report relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 198, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Glendenning (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

15 September 2023

CONSOLIDATED INCOME STATEMENT

52 WEEKS ENDED 2 JULY 2023/53 WEEKS ENDED 3 JULY 2022	NOTE	2023 TOTAL £M	2022 PRE-EXCEPTIONAL ITEM £M	2022 EXCEPTIONAL ITEM £M	2022 TOTAL £M
Revenue	2	**2,127**	2,140	–	2,140
Cost of sales	2	**(1,619)**	(1,624)	(164)	(1,788)
Gross profit		**508**	516	(164)	352
Administrative expenses		**(109)**	(102)	–	(102)
Operating profit	2	**399**	414	(164)	250
Financial income	3	**5**	2	–	2
Financial costs	3	**(9)**	(6)	–	(6)
Net financing costs		**(4)**	(4)	–	(4)
Profit before tax		**395**	410	(164)	246
Income tax expense	4	**(97)**	(82)	33	(49)
Profit for the year		**298**	328	(131)	197
Earnings per share – basic	6	**91.2p**	96.0p		57.7p
– diluted	6	**90.9p**	95.8p		57.5p

STATEMENT OF COMPREHENSIVE INCOME

52 WEEKS ENDED 2 JULY 2023/ 53 WEEKS ENDED 3 JULY 2022		GROUP				COMPANY	
	NOTE	2023 TOTAL £M	2022 PRE-EXCEPTIONAL ITEM £M	2022 EXCEPTIONAL ITEM £M	2022 TOTAL £M	2023 TOTAL £M	2022 TOTAL £M
Profit for the year		**298**	328	(131)	197	**550**	–
Other comprehensive (expense)/income							
Items that will not be reclassified to profit or loss							
Remeasurements of post employment benefit obligations	7e	**(34)**	(1)	–	(1)	**(34)**	(1)
Deferred tax on remeasurements of post employment benefit obligations		**12**	–	–	–	**8**	–
Other comprehensive expense for the year net of tax		**(22)**	(1)	–	(1)	**(26)**	(1)
Total comprehensive income/ (expense) for the year	19	**276**	327	(131)	196	**524**	(1)

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

	NOTE	GROUP AS AT 2 JULY 2023 £M	GROUP AS AT 3 JULY 2022 £M	COMPANY AS AT 2 JULY 2023 £M	COMPANY AS AT 3 JULY 2022 £M
Assets					
Intangible assets	8	**1**	1	**–**	–
Property, plant and equipment	9	**22**	20	**–**	–
Lease right of use assets	10	**10**	5	**–**	–
Investments	11	**–**	–	**–**	–
Deferred tax assets	12	**1**	1	**–**	–
Retirement benefit surplus	7e	**5**	39	**5**	39
Trade and other receivables	13	**–**	–	**860**	266
Total non-current assets		**39**	66	**865**	305
Inventories	14	**2,770**	2,740	**–**	–
Trade and other receivables	13	**42**	76	**117**	317
Current corporation tax		**–**	7	**2**	1
Cash and cash equivalents	15f	**235**	288	**238**	285
Total current assets		**3,047**	3,111	**357**	603
Total assets		**3,086**	3,177	**1,222**	908
Equity					
Retained earnings 4 July 2022/28 June 2021		**1,846**	1,768	**781**	878
Profit for the year		**298**	197	**550**	–
Other comprehensive expense for the year		**(22)**	(1)	**(26)**	(1)
Dividend paid	5	**(108)**	(100)	**(108)**	(100)
Net purchase of own shares arising from share buyback programme	18	**(100)**	–	**(100)**	–
Movement due to equity based share options and owned shares held by EBT		**8**	(18)	**6**	4
Retained earnings at 2 July 2023/3 July 2022	19	**1,922**	1,846	**1,103**	781
Share capital	18	**35**	37	**35**	37
Share premium account	19	**59**	59	**59**	59
Other reserves	19	**10**	8	**9**	7
Total equity		**2,026**	1,950	**1,206**	884
Liabilities					
Trade and other payables	16	**104**	91	**–**	–
Deferred tax liabilities	12	**3**	15	**2**	10
Long-term provisions	17	**88**	110	**–**	–
Total non-current liabilities		**195**	216	**2**	10
Trade and other payables	16	**750**	914	**14**	14
Current income tax liabilities		**8**	–	**–**	–
Provisions	17	**107**	97	**–**	–
Total current liabilities		**865**	1,011	**14**	14
Total liabilities		**1,060**	1,227	**16**	24
Total equity and liabilities		**3,086**	3,177	**1,222**	908

The financial statements on pages 210 to 249 were approved by the Board of Directors on 15 September 2023 and were signed on its behalf by:

RICHARD AKERS
Director

BARBARA RICHMOND
Director

Redrow plc Registered Number 2877315

STATEMENT OF CHANGES IN EQUITY

THE GROUP

	NOTE	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	OTHER RESERVES £M	RETAINED EARNINGS £M	TOTAL £M
Total equity at 27 June 2021		37	59	8	1,768	1,872
Profit for the year		–	–	–	197	197
Other comprehensive income for the year		–	–	–	(1)	(1)
Total comprehensive income relating to the year (net)		–	–	–	196	196
Dividends paid – distributions to owners	5, 19	–	–	–	(100)	(100)
Net purchase of own shares to satisfy share options	19	–	–	–	(22)	(22)
Other LTIP/DB/SAYE credit		–	–	–	4	4
Total equity at 3 July 2022		37	59	8	1,846	1,950
Profit for the year		–	–	–	298	298
Other comprehensive expense for the year		–	–	–	(22)	(22)
Total comprehensive income relating to the year (net)		–	–	–	276	276
Dividends paid – distributions to owners	5, 19	–	–	–	(108)	(108)
Net purchase of own shares arising from share buyback programme	18	(2)	–	2	(100)	(100)
Satisfaction of share options from treasury shares	19	–	–	–	2	2
Other LTIP/DB/SAYE credit		–	–	–	6	6
Total equity at 2 July 2023		**35**	**59**	**10**	**1,922**	**2,026**

THE COMPANY

	NOTE	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	OTHER RESERVES £M	RETAINED EARNINGS £M	TOTAL £M
Total equity at 27 June 2021		37	59	7	878	981
Profit for the year		–	–	–	–	–
Other comprehensive income for the year		–	–	–	(1)	(1)
Total comprehensive income relating to the year (net)		–	–	–	(1)	(1)
Dividends paid – distributions to owners	5, 19	–	–	–	(100)	(100)
Other LTIP/DB/SAYE credit	19	–	–	–	4	4
Total equity at 3 July 2022		37	59	7	781	884
Profit for the year		–	–	–	550	550
Other comprehensive expense for the year		–	–	–	(26)	(26)
Total comprehensive expense relating to the year (net)		–	–	–	524	524
Dividends paid – distributions to owners	5, 19	–	–	–	(108)	(108)
Net purchase of own shares arising from share buyback programme	18	(2)	–	2	(100)	(100)
Other LTIP/DB/SAYE credit	19	–	–	–	6	6
Total equity at 2 July 2023		**35**	**59**	**9**	**1,103**	**1,206**

The above items are presented net of tax where appropriate. See note 4 and note 12 for information on income tax and deferred tax expense. As permitted by Section 408 of the Companies Act 2006, the Income Statement of Redrow plc is not presented as a part of these financial statements. The consolidated profit on ordinary activities after taxation for the financial year, excluding intra-Group dividends, is made up as follows:

	2023 £M	2022 £M
Holding company	**–**	–
Subsidiary companies	**298**	197
	298	197

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	NOTE	GROUP 52 WEEKS ENDED 2 JULY 2023 £M	GROUP 53 WEEKS ENDED 3 JULY 2022 £M	COMPANY 52 WEEKS ENDED 2 JULY 2023 £M	COMPANY 53 WEEKS ENDED 3 JULY 2022 £M
Cash flows from operating activities					
Profit for the year		**298**	197	**550**	–
Depreciation and amortisation		**4**	5	**–**	–
Dividend from subsidiary undertakings	5	**–**	–	**(550)**	–
Financial income		**(5)**	(2)	**(6)**	(4)
Financial costs		**9**	6	**2**	2
Income tax expense		**97**	49	**–**	–
Adjustment for non-cash items		**–**	7	**–**	–
Decrease in trade and other receivables		**34**	24	**–**	–
Increase in inventories		**(30)**	(227)	**–**	–
(Decrease)/increase in trade and other payables		**(151)**	86	**1**	2
(Decrease)/increase in provisions		**(12)**	173	**–**	–
Cash inflow/(outflow) generated from operations		**244**	318	**(3)**	–
Interest paid		**(4)**	(2)	**(2)**	(2)
Tax paid		**(82)**	(55)	**–**	–
Net cash inflow/(outflow) from operating activities		**158**	261	**(5)**	(2)
Cash flows from investing activities					
Acquisition of software, property, plant and equipment		**(4)**	(4)	**–**	–
Advances and loans repaid by subsidiary undertakings		**–**	–	**160**	239
Interest received		**4**	1	**6**	4
Receipts from joint ventures		**–**	–	**–**	–
Net cash (outflow)/inflow from investing activities		**–**	(3)	**166**	243
Cash flows from financing activities					
Payment of lease liabilities		**(3)**	(3)	**–**	–
Purchase of own shares		**(100)**	(27)	**(100)**	–
Dividend paid	5	**(108)**	(100)	**(108)**	(100)
Net cash (outflow) from financing activities		**(211)**	(130)	**(208)**	(100)
(Decrease)/increase in net cash and cash equivalents		**(53)**	128	**(47)**	141
Net cash and cash equivalents at the beginning of the year		**288**	160	**285**	144
Net cash and cash equivalents at the end of the year	20	**235**	288	**238**	285

The accompanying notes form an integral part of the financial statements.

ACCOUNTING POLICIES

BASIS OF PREPARATION

The Group financial statements were prepared in accordance with UK-adopted international accounting standards (IFRS) and applicable law. The Parent Company's financial statements have been prepared in accordance with UK-adopted international accounting standards (IFRS) and applied in accordance with the provisions of the Companies Act 2006 and applicable law. The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Whilst these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates (refer to note 1).

Redrow plc is a public listed company, listed on the London Stock Exchange and domiciled in the UK.

GOING CONCERN BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons outlined below.

The Group has a £350m Revolving Credit Facility (RCF) (2022: £350m) provided by an established syndicate of six banks being Barclays Bank PLC, Lloyds Bank Plc, The Royal Bank of Scotland Group Plc, Santander, HSBC and Svenska. This expires on 30 September 2025 (2022: 30 September 2025) and is a committed unsecured facility. As at 15 September 2023, £350m of this facility was undrawn. It is likely that the RCF will be renewed prior to its expiry in September 2025.

In addition the Group is in a net cash position at 2 July 2023 of £225m (see note 20) and also has £3m of unsecured, uncommitted facilities.

The Directors have prepared forecasts including cashflow forecasts for a period of at least 12 months from the date of signing of these financial statements (the going concern assessment period). These forecasts incorporate assumptions about the timing of legal completions of new homes and land purchases, build cost inflation, interest rates, profitability and working capital requirements. These forecasts indicate that the Group will have sufficient funds to meet its liabilities as they fall due, taking into account the following severe but plausible downside assumptions:

- A 10% price reduction on all unexchanged private and social legal completions for the going concern assessment period compared to the base case Board approved budgeted prices;
- A 30% volume reduction for the going concern assessment period compared to the base case Board approved budgeted volumes;
- In addition to the build cost inflation incorporated within the base case Board approved budgeted costs, an additional 3% build cost inflation has been applied to all build costs from Q1 FY24 falling to 2% from Q1 FY25; and
- The Bank of England base rate increasing to 6% during FY24 before reducing to 5.5% by the end of the going concern assessment period.

Mitigations to this sensitivity analysis include a reduction in land investment and development and a reduction in dividends to align with the Company dividend payout ratio policy.

These downside assumptions reflect the further potential impact of the uncertain economic and housing market conditions, cost of living pressures, the impact on consumer confidence levels, the continuing war in Ukraine and disruption in the energy and fuel market.

Allowing for the above downside scenario, the model shows the Group has adequate levels of liquidity from its committed facilities and compiles with all its banking covenants throughout the going concern assessment period. The Directors therefore consider that the Group has adequate resources in place for the going concern assessment period and have therefore adopted the going concern basis of accounting in preparing these financial statements.

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies have been applied consistently.

The principal accounting policies are outlined below:

IMPACT OF NEW STANDARDS AND INTERPRETATIONS

a) The following standards have been issued but have not been applied by the Group in these financial statements. These amendments to standards and interpretations had no significant impact on the financial statements:

- Amendments IAS 16 'Property, Plant and Equipment'
- Amendments to IAS 37 'Onerous Contracts '
- Annual Improvements to IFRS Standards 2018 – 2020
- Amendments to IFRS 3 'Reference to the Conceptual Framework'

b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 4 July 2022 and have not been early adopted:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current'
- Definition of Accounting Estimates (Amendments to IAS 8)
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements
- Amendments to IAS 12 'Income Taxes' – deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17 'Insurance Contracts'

Management is in the process of assessing the impact of IFRS 17 in relation to performance bonds provided and cross guarantees provided for the Group entities and expect no significant impact on the Financial Statements.

The new standards and amendments to the standards noted above are expected to have no significant impact on the financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Redrow plc and all its subsidiaries, together with the Group's share of the results and share of net assets of jointly controlled entities i.e. the financial statements of Redrow plc and entities controlled by Redrow plc (and its subsidiaries). Control is achieved where Redrow plc:

- has the power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has its ability to use its power to affect its returns.

Redrow plc's accounting reference date is 30 June. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is 2 July 2023 being a 52 week year (2022: 3 July 2022 being a 53 week year).

The Group has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to present Redrow plc's Company income statement. The profit for the financial year is dealt with in the statement of changes in equity.

a. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets represents goodwill. Goodwill is subject to an annual impairment review, with any reduction in value being taken straight to the income statement. Adjustments are made as necessary to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

All inter-company transactions and balances between Group companies are eliminated on consolidation.

b. Interests in joint ventures

Whilst the Group has no current joint ventures the Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Redrow plc has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

REVENUE AND PROFIT RECOGNITION

Revenue represents the fair value received and receivable in respect of the sale of residential housing and land and of commercial land and developments net of value added tax and cash incentives. This is recognised on the transfer of control to the customer on legal completion i.e. at a point in time for the vast majority of sales.

Profit is recognised on legal completion.

In respect of social housing, the Group enters into contracts for the sale of social housing either at an agreed price or at a discount to open market value. Payment for these properties is made by the purchaser, either on legal completion of the unit or, in certain circumstances on a staged basis.

For those social or private rental sector contracts where payment is received on a staged basis, the Group considers these on a contract by contract basis and determines the appropriate revenue recognition based on the particular terms of that contract. The Group recognises revenue on legal completion i.e. at a point in time for such contracts where the Group retains effective control of the land asset until legal completion. The Group recognises revenue over time for the construction element of such contracts rather than at legal completion in circumstances in which effective control of the underlying land is transferred to the social or private rental sector provider before or during construction. This is because effective control of the land asset has passed to the customer and subsequent construction activity is adding value to the

land asset controlled by the customer. For such contracts, revenue for the construction element is recognised by reference to the degree of completion of contract activity at the balance sheet date based on the percentage of build completion of each unit multiplied by the build contract cost of the unit as reviewed by Quantity Surveyors. Revenue for the sale of the land element of such contracts is recognised at the point in time when control of the land is transferred to the customer.

PART EXCHANGE PROPERTIES

Part exchange is consistently a de minimis proportion of our business. It is incidental to our main operation and hence this is shown on a net expense basis within cost of sales.

SEGMENTAL REPORTING

The main operation of the Group is focused on housebuilding.

The Executive Management Team (who are the Chief Operating Decision Maker as defined in IFRS 8 'Operating Segments') regularly reviews the Group's performance and balance sheet position at both a consolidated and divisional level. Each division is an operating segment as defined by IFRS 8 in that the Executive Management Team evaluates performance and allocates resources at this level.

All the divisions have been aggregated into one reporting segment on the basis that they all operate entirely within the United Kingdom and share similar economic characteristics including:

- sales demand subject to the same macro economic factors e.g. mortgage availability and Government policy;
- debt is raised centrally and the cost of capital is the same at each division; and
- national supply agreements for key inputs such as materials are negotiated centrally and in place across the Group.

Within the Financial Review, the Group has provided information on land holdings (page 86) and homes revenue proportions (page 84) by geographical area being North, Central, South and Greater London. The Executive Management Team do not consider these to be separate reportable segments because, as stated above, they review the whole operations at a consolidated and divisional level when assessing performance and allocating resources.

EXCEPTIONAL ITEMS

Exceptional items are those which in the opinion of the Board, are material by size or nature, non-recurring, outside the normal course of business and of such significance that they require separate disclosure.

NET FINANCING COSTS

Interest income is recognised on a time apportioned basis by reference to the principal outstanding and the effective interest rate. Interest costs are recognised in the income statement on an accruals basis in the period in which they are incurred.

INCOME AND DEFERRED TAX

Income tax comprises current tax and deferred tax.

Current tax is based on taxable profits for the year and any appropriate adjustment to tax payable in respect of prior years. Taxable profit differs from profit before tax as shown in the income statement as it excludes income or expenditure items which are never chargeable or allowable for tax or which are chargeable or deductible in other accounting periods. Current tax from 1 April 2023 includes Residential Property Developer Tax following its introduction by HMRC.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for all temporary differences. Deferred tax is calculated at the rates substantively enacted at the balance sheet date.

Deferred tax is credited or charged in the income statement, consolidated statement of comprehensive income, or retained earnings as appropriate.

SOFTWARE AS A SERVICE (SaaS)

Implementation costs including costs to configure or customise a cloud provider's application software are recognised as administrative expenses when the services are received.

INTANGIBLE ASSETS – COMPUTER SOFTWARE (NON SaaS SOFTWARE)

Acquired computer software licences are capitalised on the basis of costs incurred to bring to use the specific software and are amortised over their estimated useful lives of three years, charged to administrative expenses. These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

PROPERTY, PLANT AND EQUIPMENT

Freehold property comprises offices or other buildings held for administrative purposes. Freehold property is shown at cost less the subsequent depreciation of buildings.

All other property, plant and equipment is stated at historic cost less depreciation. Historic cost includes any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to write off the cost of assets to their residual values over their estimated useful lives, on a straight line basis as follows:

Buildings within freehold property	50 years
Plant and machinery	5 – 10 years
Fixtures and fittings	3 – 5 years

The assets' useful lives are reviewed and adjusted if appropriate at each balance sheet date.

These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

The gain or loss arising on the disposal of an asset represents the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

INVESTMENT IN SUBSIDIARY COMPANIES

In the parent company books, the investment in its subsidiaries is held at cost less any impairment.

LEASES

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's weighted average incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. The lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents right-of-use assets separately as 'Lease right of use assets' and lease liabilities as 'Trade and other payables' in the statement of financial position.

INVENTORIES

Inventories (excluding land) are at standard cost. Abnormal costs are expensed to cost of sales as incurred. The standard costs are set for each phase at the outset of that phase.

Cost comprises land and associated acquisition costs, direct materials and subcontract work, other direct costs and those overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition. These include infrastructure and development costs such as roads and sewers, including contributions to other community benefits such as schools, medical centres and community centres. Inventories (excluding land) are at standard cost.

Land includes refundable land contract exchange deposits.

Total land costs are allocated to the private housing on a development as, in the case of amenity land and social housing land, neither has sufficient contribution from sales of the precise area of the land to cover the land costs and are a planning requirement of the development.

Provisions are established to write down land where the estimated net sales proceeds less costs to complete are less than the current carrying value. Adjustments to the provisions will be required where selling prices or costs to complete change.

Net realisable value for land was assessed by estimating selling prices and cost (including sales and marketing expenses), taking into account current market conditions, considering the planning status in respect of undeveloped land and environmental factors likely to impact these in the relevant time horizon.

This net realisable value provision will be closely monitored for adequacy and appropriateness as regards under and over provision to reflect circumstances at future balance sheet dates. Any material change to the underlying provision will be reflected through cost of sales.

FORWARD LAND

The Group enters into a number of arrangements for the purchase of land. Where such arrangements are conditional on a future event the Group recognises option fees and other relevant initial costs as they fall due, which are included initially in inventory and subject to regular impairment analysis, but does not recognise the full cost of the land until the option to purchase the land has been executed. Where the Group enters into an unconditional contract on deferred payment terms the land purchased is recognised at contract inception together with a related liability, discounted at an appropriate rate. The related land creditors are shown as due within or after one year in line with the contractual payment terms, as the Directors believe this information is important in assessing the Group's liquidity and timing of future cash flows and debt profile. In line with industry practice in the cash flow statement the settlement of land creditors is shown as an operating cash flow as the Directors believe the financing of land purchases is integral to the Group's management of working capital.

EMPLOYEE BENEFITS

a. Pension obligation

The Group operates two pension schemes for its staff. The Redrow Staff Pension Scheme (the 'Scheme') closed to the accrual of new benefits with effect from 1 March 2012, with new benefits now being provided via the Redrow Group Personal Pension Plan (the 'GPP'). The Scheme is externally invested and comprises two sections: a defined benefit section and a defined contribution section. A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement. It is funded through payments to trustee administered funds, determined by actuarial valuations carried out on at least a triennial basis. A defined contribution plan is a pension plan under which the Group pays agreed contributions into a separate fund for each employee and any subsequent pension payable to a specific employee is determined by the amount accumulated in their individual fund. The GPP is also a type of defined contribution plan.

The (liability)/asset recognised in the balance sheet in respect of the defined benefit section of the scheme is the present value of the defined benefit obligation at the balance sheet date, less the value of plan assets. Plan assets include insured annuities with matching benefits which are valued on the basis of corresponding DBO. In January 2023, the Trustees of the Scheme entered into a bulk insurance policy with Standard Life covering the benefit entitlements of all pensioner and non-pensioner Scheme members (who were not already insured under a separate policy) prior to GMP equalisation. The asset value attributed to this policy for IAS19 purposes has been set equal to the defined benefit obligation of the members covered under the policy excluding the allowance for GMP equalisation. The remaining invested scheme assets have been taken at their fair value (see note 7e). The defined benefit obligation is determined using the projected unit credit method on an annual basis by an independent scheme actuary.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and actual/expected return on plan assets are charged or credited to equity as they arise in full via the statement of comprehensive income. Any surplus from the Scheme will be recognised only if there are any future economic benefits available either in the form of a refund or reduction in future contributions.

Scheme service costs are charged to cost of sales and administrative expenses as appropriate and scheme finance costs are included in net financing costs. Past service credits are recognised immediately in income.

In respect of the defined contribution section of the Scheme and the GPP, contributions are recognised as an employee benefit expense when they are due. The Group has no further payment obligations in respect of the above once the contributions have been paid.

b. Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged.

c. Share-based payments

Equity settled share-based payments are measured at fair value on the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, having reassessed any appropriate service and non-market performance conditions. Market based performance conditions are valued using a stochastic model. The charge to the income statement is recognised in administrative expenses and the credit to the retained earnings via the Statement of Changes in Equity.

FINANCIAL INSTRUMENTS

a. Land creditors

Deferred payments arising from land creditors are held at discounted present value using the effective interest method, in accordance with IFRS 9. The difference between the fair value and the nominal value is amortised over the deferment period via financing costs.

The interest rate applied is an equivalent loan rate available on the date of the land purchase.

Deferred payments arising from land creditors are considered as financing rather than operational in nature. However, in line with industry practice, the Group treats cash paid in respect of land, including land creditors, as operating rather than financing cashflows.

b. Derivative financial instruments and hedge accounting

Derivative financial instruments are initially recorded at fair value and the fair value is remeasured to fair value at each reporting date.

The Group's use of financial derivatives is governed by an interest rate risk management framework adopted by the Board which sets parameters to ensure an appropriate level of hedging is maintained to manage interest rate risk in respect of borrowings.

The policy prohibits any trading in derivative financial instruments or their use for speculative purposes.

The effective portion of changes in the fair value of derivative financial instruments which are designated and which qualify as cash flow hedges are recognised directly in equity in a hedge reserve. The gains or losses relating to the ineffective portion are recognised in the income statement immediately they arise.

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, where considered to be receivable within the Group's normal operating cycle of c4 years after the balance sheet date; otherwise they are classified as non-current assets. Loans and receivables include 'trade receivables' and 'other receivables' in the balance sheet.

Trade receivables are held at discounted present value less any impairment. The amount is then increased to settlement value over the settlement period via financing income.

d. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand, forming an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

e. Borrowings and trade payables

Interest bearing borrowings and trade payables are recorded when the proceeds are received, net of transaction costs incurred and subsequently at amortised cost. Any difference between the proceeds, net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings.

f. Deposits and payments on account

New property deposits from private customers are held within Trade and Other payables until the legal completion of the related property when revenue is recognised or the rescission of the sale contract.

Payments on account from social and private rented sector (PRS) customers are held within Trade and Other payables until legal completion of the related properties when revenue is recognised.

Deposits received in advance are typically held for a period of up to 18 months before the associated performance obligations are satisfied and the revenue is recognised.

PROVISIONS

Provisions are recognised when the Group has a pursuant legal or constructive obligation as a result of a past event, and it is probable that the Group may be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

ONEROUS CONTRACTS

Onerous contracts are contracts in which the unavoidable costs in meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is made to reflect management's best current estimate of the least net cost of either fulfilling or exiting the contract.

SHARE CAPITAL

Ordinary shares are classed as equity.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements at the point at which there is a legal obligation to make a distribution to shareholders.

NOTES TO THE FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management consider the critical judgements and key sources of estimation uncertainty relate to:

Carrying value of inventories and cost of sales recognition

The Group carries inventories at the lower of cost and net realisable value. Cost of sales and inventory (excluding land) is recognised at a site or phase specific standard cost and any abnormal costs are expensed to cost of sales as incurred. The standard cost is based on a detailed budget for the site or phase with specific allocation of budgeted costs to an individual unit.

Due to the nature of development timescales, the standard cost is affected by a variety of uncertainties such as inflationary cost pressures, build delays and unforeseen build issues. Judgement is needed to allocate build variances between 'abnormal costs' and 'standard cost'. Abnormal costs include, but are not limited to, costs to rectifying contaminated land, redesign works and change of contractor due to quality issues or administration. The level of judgement required is increased during periods of volatility. The current year total build variances of c£100m are significantly higher than prior periods due to the unique combination of current macro-economic conditions leading to extended development timescales in response to a fall in demand from Q4 calendar 2022, combined with high levels of build cost inflation due to fulfilling a record opening orderbook as a result of as a strong upsurge in demand post pandemic. As a result, a full review has been carried out by the Group to analyse the build cost variances to update the standard cost of work in progress to approximate actual costs.

Legacy fire safety provision

The Group holds a provision of £188m (2022: £200m) in respect of legacy fire safety remediation. As outlined in the 2022 Annual Report, in April 2022 the Group signed the Government's Building Safety Pledge in respect of funding of remediation of life critical fire safety issues on buildings over 11m in which the Group was involved in going back 30 years.

On 30 January 2023 Michael Gove announced the publishing of the self remediation terms (SRT) which follows on from the signing of the Building Safety Pledge last year. Redrow signed this SRT on 13 March 2023 and the Welsh version on 18 April 2023. This SRT widened developers' responsibilities regarding potential remediation work which may need to be undertaken notably to include communal internal areas and for all buildings over 11m to be risk assessed regardless of EWS1 (External Wall Fire Review) status.

The legacy fire safety provision reflects management's best estimates of the cost of works outstanding to complete the remediation of all identified buildings within scope to the standard outlined in the SRT including the reimbursement of funds to the Build Safety Fund (BSF) as appropriate. Prior year provisions represented Management's best estimate of the liability based on the information available at the time in relation to the obligations at the time. In estimating the cost of the works for calculating the provision at 2 July 2023, Management has used the latest BSF cost information shared with Redrow, taken into account the cost of contracts Redrow has placed and tenders received together with input from external cost consultants with respect to estimated external and internal remediation cost per plot. Management classified buildings as in scope according to a risk assessment across 6 risk categories used in reporting to DLUHC including their ESW1 status.

These estimates are inherently uncertain as:

- this is a highly complex area involving bespoke buildings for which investigations and assessments will be ongoing for some time;
- whilst c50% of the provision is based on claims notified by the BSF or insurers and contracts placed by Redrow, actual costs may differ as works progress;
- the remaining properties have a higher degree of estimation uncertainty as our assessments, remediation strategies and tenders are at a more preliminary stage and the contingencies included in this element of the provision reflect the increased uncertainty over the nature and cost of the remediation required; and
- it is not possible to establish the extent of internal area fire safety works without an intrusive survey of each building and whilst external expert cost estimates were used, these may change as more information becomes available.

The main movements in the provision estimates compared to last year reflect confirmation of EWS1 status in respect of a number of properties reducing the risk categorisation of those buildings and therefore the cost estimate for external fire safety works (as no external remediation cost allowance has been made for those properties with a satisfactory ESW1) and the obligation in the SRT in respect of internal communal areas which extended the scope of Redrow's obligations and required the inclusion of cost estimates for such works in the provision.

Given the high degree of complexity and uncertainty, it is possible that these estimates, based on the SRT, will change over time as more accurate cost information is obtained and as the leaseholders or ourselves have any success in recovering costs incurred by Redrow from other third parties. No recovery is currently assumed. If possible costs (excluding known BSF costs) were underestimated or overestimated by 10% then the profit before tax in the period would reduce or increase respectively by c£13m, c3%.

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

Net realisable value of inventories

This is not considered to have significant estimation uncertainty but has been included as it is a complex estimate. A full review of the net realisable value of inventories was undertaken by the Group as at 2 July 2023, including a review of land owned without a residential planning consent, and this requires Management to use its judgement and experience in assessing any impairment provisions that may be required taking into account for example movement in house prices, development costs, impact of climate change and regulatory change. If there are significant movements in UK house prices or development costs or planning regulation or expectation compared to Management expectations then further impairments or reversal of impairments already made may be needed in future period.

Pensions

This is not considered to have significant estimation uncertainty based on sensitivities as the Trustees of the Scheme have entered into a buy-in transaction with matching benefits and under IAS19 value of the annuity policy is equal to DBO but has been included as it is a complex estimate.

The Group has utilised assumptions including price inflation rate, mortality assumptions and a discount rate having been advised by its actuary. To the extent that such assumed rates are different from what actually transpires, the retirement benefit obligations of the Group would change. A sensitivity analysis is included on page 232.

The primary risks the Group is exposed to by the defined benefit pension scheme are the movement in corporate bond yields, the market's long-term expectations for inflation and movement in mortality rates. The scheme closed to future accrual with effect from 1 March 2012. See Note 7e.

Judgements in relation to certain disclosures

As noted in the accounting policy, in line with industry practice, the Group treats cash paid in respect of land, including land creditors, as operating rather than financing cashflows. This is a judgement as, whilst the repayment profile of land creditors is important in assessing the Group's liquidity and timing of future cash outflows, the Directors believe that settlement of the land creditors is an operating cashflow on the basis that land purchases are integral to the Group's working capital management.

2. REVENUE AND OPERATING PROFIT

a. Revenue

An analysis of the Group's revenue, which is wholly generated in the UK in 2023 and 2022, is as follows:

	2023 £M	2022 £M
Revenue from the sale of new housing	**2,083**	2,119
Revenue from the sale of land	**44**	21
	2,127	2,140

Included within revenue from the sale of new housing is £109m (2022: £189m) of revenue from contracts with social housing providers or private rental sector providers on which revenue is recognised over time by reference to the stage of completion of contract activity. Of this amount £nil (2022: £36m) was included in contract liabilities at the beginning of the year. The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) in previous periods was £20m (2022: £nil).

	NOTE	2023 £M	2022 £M
Contract assets	13	**11**	23
Contract liabilities	16	**–**	36

The contract assets relate to the Group's rights to consideration for work completed but not invoiced at the balance sheet date for contracts on which revenue is recognised over time.

The contract liabilities, which are included within social customer payments on account in note 16, relate to the advance consideration from customers at the balance sheet date for contracts on which revenue is recognised over time.

2. REVENUE AND OPERATING PROFIT CONTINUED

a. Revenue continued

The following table shows further revenue of £14m (2022: £98m) expected to be recognised in future years in respect of contracts on which revenue is recognised over time:

	2024	2025	2026	TOTAL
Year ending June £m	14	–	–	**14**
Year ending June %	100	–	–	**100**

b. Operating profit

	NOTE	2023 £M	2022 £M
Operating profit is stated after charging:			
Inventories expensed in the year	14	**1,538**	1,715
Amortisation	8	**–**	–
Depreciation – Property, plant and equipment	9	**2**	2
Depreciation – Lease right of use assets	10	**2**	3
Research and development expenditure		**1**	1
Exceptional item – Legacy fire safety provision		**–**	164
Auditor's remuneration – Fees payable to the Company's Auditors for audit services (i)		**1**	1
– Fees payable to the Company's Auditors for other services (ii)		**–**	–

Exceptional item in cost of sales

There were no exceptional costs in the 52 weeks ended 2 July 2023. In the 53 weeks ended 3 July 2022, there was an exceptional item of £164m in cost of sales. This arose as a consequence of in April 2022, the Group signed up to the Government's Building Safety Pledge in respect of funding the remediation of life critical fire safety issues on buildings over 11 metres in which the Group were involved, whether or not it constructed them, going back 30 years. The additional £164m legacy fire safety provision was charged to cost of sales in respect of buildings the Group agreed to remediate solely as a result of signing the voluntary Building Safety Pledge. This was treated as exceptional as it was outside the normal course of business, non-recurring and material by size and nature and of such significance as to require separate disclosure, in line with the accounting policy.

Fees payable to the Company's Auditors comprise:

(i) fees payable for the audit of parent company and consolidated financial statements £216,250 (2022: £157,500) and fees payable for the audit of the Company's subsidiaries pursuant to legislation £648,750 (2022: £472,500).

(ii) No non-audit services were provided in either 2023 or 2022.

The 2023 ratio of non-audit fees to audit fees is 0:1 (2022: 0:1).

3. NET FINANCING COSTS

	2023 £M	2022 £M
Interest payable on bank loans	**(4)**	(2)
Imputed interest on deferred land creditors	**(5)**	(4)
Financial costs	**(9)**	(6)
Other interest receivable	**5**	2
Financial income	**5**	2
Net financing costs	**(4)**	(4)

4. INCOME TAX EXPENSE

	2023 TOTAL £M	2022 PRE-EXCEPTIONAL ITEM £M	2022 EXCEPTIONAL ITEM £M	2022 TOTAL £M
Current tax charge				
UK Corporation Tax in respect of current year	**98**	82	(33)	49
Adjustment in respect of prior years	**(1)**	–	–	–
Current tax charge/(credit)	**97**	82	(33)	49
Deferred tax				
Origination and reversal of temporary differences	**–**	–	–	–
Adjustment in respect of prior years	**–**	–	–	–
Deferred tax charge	**–**	–	–	–
Total income tax charge/(credit) income statement	**97**	82	(33)	49
Reconciliation of tax charge for the year				
Profit before tax	**395**	410	(164)	246
Tax calculated at UK Corporation Tax rate at 20.5% (2022: 19.0%)	**81**	78	(31)	47
Residential Property Developer Tax at 4.0% (2022: 1.0%)	**16**	4	(2)	2
Tax charge for the year	**97**	82	(33)	49
Deferred tax recognised directly in equity				
Relating to pension scheme	**12**	–	–	–

An increase in the UK Corporation Tax rate from 19% to 25% effective 1 April 2023 was substantively enacted on 24 May 2022. No further increase has been substantively enacted in respect of future years.

Residential Property Developer Tax commenced on 1 April 2022 at a rate of 4.0% per annum, hence 1.0% for the 3 months ended 3 July 2022.

Current income tax charge in the Company is £nil (2022: £nil).

5. DIVIDENDS

The following dividends were paid by the Group:

	2023 £M	2022 £M
Prior year final dividend per share of 22.0p (2022: 18.5p); Current year interim dividend per share of 10.0p (2022: 10.0p)	**108**	100
	108	100

The Board is proposing a final dividend of £66m being 20.0p per share (2022: £77m being 22.0p per share) subject to Shareholder approval at the Annual General Meeting on 10 November 2023. There are ample distributable reserves from which to lawfully pay the proposed dividend (see note 19).

Redrow plc received a non-cash dividend of £550m from its subsidiary undertaking HB (HDG) Limited settled via inter-company account on 15 July 2022.

6. EARNINGS PER ORDINARY SHARE

The basic earnings per share calculation for the 52 weeks ended 2 July 2023 is based on the weighted average number of shares in issue during the period of 327m (2022: 342m) excluding those held in trust under the Redrow Long Term Incentive Plan (10m shares (2022: 11m shares)), which are treated as cancelled.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

For the 52 weeks ended 2 July 2023

UNDERLYING AND STATUTORY	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
Basic earnings per share	**298**	**327**	**91.2**
Effect of share options and SAYE	**–**	**1**	**(0.3)**
Diluted earnings per share	**298**	**328**	**90.9**

1,764,773 LTIP share options and 1,037,498 deferred bonus share options outstanding at the period end (2022: 1,586,607 and 873,533) were not included in the calculation of diluted earnings per share as they are anti-dilutive for the respective periods.

For the 53 weeks ended 3 July 2022

UNDERLYING – PRE-EXCEPTIONAL ITEM	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
Basic earnings per share	328	342	96.0
Effect of share options and SAYE	–	1	(0.2)
Diluted earnings per share	328	343	95.8

See note 23.

STATUTORY	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
Basic earnings per share	197	342	57.7
Effect of share options and SAYE	–	1	(0.2)
Diluted earnings per share	197	343	57.5

7. EMPLOYEES

a. Cost (including Directors)

	GROUP		COMPANY	
	2023 £M	2022 £M	2023 £M	2022 £M
Wages and salaries	**121**	120	**2**	2
Social security costs	**16**	16	**1**	1
Other pension costs	**12**	10	**–**	–
Share-based payments	**6**	4	**1**	1
	155	150	**4**	4

b. Number

The monthly average number of persons employed by the Group was:

	GROUP		COMPANY	
	2023 NUMBER	2022 NUMBER	2023 NUMBER	2022 NUMBER
Directors and administrative staff	**935**	907	**7**	7
Other personnel	**1,335**	1,340	**–**	–
	2,270	2,247	**7**	7

7. EMPLOYEES CONTINUED

c. Key management remuneration

Key management personnel, as defined under IAS 24 'Related party disclosures', are identified as the Executive Management Team and the Non-Executive Directors.

Summary key management remuneration is as follows:

	2023 £M	2022 £M
Salaries and short-term employee benefits	**5**	5
Share-based payments	**2**	2
	7	7

The number of Directors where retirement benefits are accruing in respect of defined benefit schemes are 1 (2022: 1). The aggregate amount of gains made by Directors on the exercise of share options was £0.2m (2022: £0.3m).

Detailed disclosure of Directors' emoluments and interests in shares are included in the Directors' Remuneration Report on pages 166 to 191, notably the 'Single Total Figure of Remuneration Table (Audited)' on page 182 which details remuneration paid to or received by directors in respect of qualifying services, and the 'Statement of Shareholding and Scheme Interests (Audited)' on page 186.

d. Share-based payments

Save As You Earn Share Option scheme (SAYE)

The Redrow plc SAYE scheme is open to all employees and share options can be exercised either three or five years after the date of grant, depending on the length of the savings contract. The SAYE schemes are not subject to performance conditions.

The SAYE schemes have been valued using the Black-Scholes pricing model.

	2023	2022
Options granted during the year	**2,756,663**	792,961
Date of grant	**1 January 2023**	1 January 2022
Fair value at measurement date	**£1.38**	£2.30
Share price	**£3.92**	£6.55
Exercise price	**£3.14**	£5.24
Option life (contract length)	**3/5 years**	3/5 years
Expected dividend yield	**3.38%**	3.38%
Risk free interest rate	**1.5%**	1.5%

The expected volatility on SAYE schemes is based on the historic volatility of the Group's share price over periods equal to the length of the savings contract.

Long Term Incentive scheme (LTIP)

Except in specified circumstances, options granted under the scheme are exercisable between three and ten years after the date of grant.

Options granted under the LTIP on 21 September 2022 were granted to a limited number of Senior Executives. The performance conditions applying to this grant were EPS, ROCE and carbon reduction targets. The Remuneration Committee revisited the terms of the award around 6 months following the grant of the award and revised two of the performance measures in the light of economic conditions being EPS and ROCE and replaced them with a market based Total Shareholder Return (TSR) condition. To reflect these changes in performance conditions 6 months into the 36 month performance period participants surrendered 1/6th of the share options originally granted. The scheme is discussed in greater detail within the Directors' Remuneration Report notably within the 'Directors' Remuneration Policy' on page 174.

7. EMPLOYEES CONTINUED

d. Share-based payments continued

The LTIP granted on 21 September 2022 was modified on 11 April 2023 which resulted in an incremental fair value of £1.1m which will be recognised over the remaining vesting period.

The LTIP has been valued using the Black-Scholes pricing model for the non-market based performance conditions and a stochastic model for the market based TSR condition.

	2023	2022
Options granted during the year	**584,388**†	461,937
Date of grant	**21 September 2022**	21 September 2021
Fair value at the measurement date	**£4.776/£2.092/£2.174**	£7.146
Share price on date of grant/and modification	**£4.967/£4.780**	£7.146
Exercise price	**£0.00**	£0.00
Expected volatility	**30.90%**	N/A*
Option life	**3 years**	3 years
Expected dividend yield	**N/A**	N/A
Risk free interest rate	**3.31%/3.73%**	N/A*

* For nil-cost awards not subject to a market based condition, volatility and risk free rate are not applicable.

† Post surrender of 1/6th of options as noted on pages 167 to 168.

The fair value at the measurement date of the LTIP granted on 21 September 2022 and modified on 11 April 2023 was £4.776 in respect of non-market based performance condition and £2.092 and £2.174 in respect of the market based TSR condition. The £2.092 fair value relates to options granted to the Executive Directors which have a holding period condition beyond the vesting date of the options.

In addition a £29,000 charge arose in the year on the partial surrender of the options.

The fair value at the measurement date of the LTIP granted on 21 September 2021 comprises £7.146 in respect of non-market based performance conditions.

Deferred Bonus Incentive (DBI)

Grants under the DBI were limited to Senior Management. Except in specified circumstances options granted under the scheme are exercisable between one and ten years after the date of grant for Tranche 1 and between two and ten years after the date of grant for Tranche 2 and are not subject to performance conditions.

In respect of options granted during the financial year ended 2 July 2023, Deferred Bonus Incentive Tranche 1 and 2 were absolute contractual entitlements to a small number of individuals and were granted on 21 September 2022.

The DBI has been valued using the Black-Scholes pricing model.

	2023 TRANCHE 1	2023 TRANCHE 2	2022 TRANCHE 1	2022 TRANCHE 2
Options granted during the year	**450,696**	**450,778**	347,870	347,945
Date of grant	**21 September 2022**	**21 September 2022**	21 September 2021	21 September 2021
Fair value at the measurement date	**£4.967**	**£4.967**	£7.146	£7.146
Share price	**£4.967**	**£4.967**	£7.146	£7.146
Exercise price	**£0.00**	**£0.00**	£0.00	£0.00
Expected volatility	**N/A***	**N/A***	N/A*	N/A*
Option life	**1 year**	**2 years**	1 year	2 years
Expected dividend yield	**N/A***	**N/A***	N/A	N/A
Risk free interest rate	**N/A***	**N/A***	N/A*	N/A*

* For nil-cost awards not subject to a market based condition, volatility and risk free rate are not applicable.

7. EMPLOYEES CONTINUED

d. Share-based payments continued

Share options outstanding

The following share options were outstanding at 2 July 2023:

TYPE OF SCHEME	DATE OF GRANT	NUMBER OF OPTIONS 2023	NUMBER OF OPTIONS 2022	EXERCISE PRICE
Long Term Share Incentive 2019	11 September 2019	**68,888**	411,800	–
Long Term Share Incentive 2020	22 September 2020	**678,328**	712,870	–
Long Term Share Incentive 2021	21 September 2021	**441,454**	461,937	–
Long Term Share Incentive 2022	21 September 2022	**576,103**	–	–
Deferred Bonus Incentive 2013 – Tranche 1	24 September 2013	**4,642**	4,642	–
Deferred Bonus Incentive 2013 – Tranche 2	24 September 2013	**4,642**	4,642	–
Deferred Bonus Incentive 2014 – Tranche 1	8 September 2014	**3,615**	3,615	–
Deferred Bonus Incentive 2014 – Tranche 2	8 September 2014	**3,615**	3,615	–
Deferred Bonus Incentive 2015 – Tranche 1	14 September 2015	**3,069**	3,069	–
Deferred Bonus Incentive 2015 – Tranche 2	14 September 2015	**3,070**	3,070	–
Deferred Bonus Incentive 2016 – Tranche 1	12 September 2016	**5,070**	5,136	–
Deferred Bonus Incentive 2016 – Tranche 2	12 September 2016	**9,948**	10,015	–
Deferred Bonus Incentive 2017 – Tranche 1	11 September 2017	**6,418**	7,142	–
Deferred Bonus Incentive 2017 – Tranche 2	11 September 2017	**6,555**	7,617	–
Deferred Bonus Incentive 2018 – Tranche 1	10 September 2018	**12,674**	16,563	–
Deferred Bonus Incentive 2018 – Tranche 2	10 September 2018	**41,060**	56,436	–
Deferred Bonus Incentive 2019 – Tranche 1	11 September 2019	**42,167**	59,466	–
Deferred Bonus Incentive 2019 – Tranche 2	11 September 2019	**66,106**	95,503	–
Deferred Bonus Incentive 2020 – Single Tranche	15 March 2021	**34,526**	58,094	–
Deferred Bonus Incentive 2021 – Tranche 1	21 September 2021	**73,904**	169,159	–
Deferred Bonus Incentive 2021 – Tranche 2	21 September 2021	**132,865**	330,159	–
Deferred Bonus Incentive 2022 – Tranche 1	21 September 2022	**183,898**	–	–
Deferred Bonus Incentive 2022 – Tranche 2	21 September 2022	**399,654**	–	–
Save As You Earn	1 January 2017	**281**	9,843	£3.20
Save As You Earn	1 January 2018	**22,620**	43,430	£4.90
Save As You Earn	1 January 2019	**24,604**	42,257	£4.62
Save As You Earn	1 January 2020	**116,036**	318,335	£4.94
Save As You Earn	1 January 2021	**909,562**	1,398,148	£3.78
Save As You Earn	1 January 2022	**246,325**	717,664	£5.24
Save As You Earn	1 January 2023	**2,582,336**	–	£3.14

The total share options outstanding at 2 July 2023 under the LTIP, Deferred Bonus Incentive Plan and the Save As You Earn schemes represent 2.0% of the issued share capital (2022: 1.4%).

7. EMPLOYEES CONTINUED

d. Share-based payments continued

Movements in the year

The number and weighted average exercise prices of share options is as follows:

	NUMBER OF OPTIONS 2023	WEIGHTED AVERAGE EXERCISE PRICE 2023	NUMBER OF OPTIONS 2022	WEIGHTED AVERAGE EXERCISE PRICE 2022
Long Term Share Incentive scheme:				
Outstanding at the beginning of the year	**1,586,607**	**–**	1,396,914	–
Partial surrender of LTIP 2022	**(117,159)**	**–**	–	–
Lapsed during the year	**(396,147)**	**–**	(272,244)	–
Exercised during the year	**(10,075)**	**–**	–	–
Granted during the year	**701,547**	**–**	461,937	–
Outstanding at the end of the year	**1,764,773**	**–**	1,586,607	–
Exercisable at the end of the year	**4,708**	**–**	–	–
Deferred Bonus Incentive scheme:				
Outstanding at the beginning of the year	**873,533**	**–**	823,461	–
Lapsed during the year	**(71,115)**	**–**	(38,613)	–
Exercised during the year	**(666,394)**	**–**	(607,130)	–
Granted during the year	**901,474**	**–**	695,815	–
Outstanding at the end of the year	**1,037,498**	**–**	873,533	–
Exercisable at the end of the year	**542,685**	**–**	374,215	–
Save As You Earn scheme:				
Outstanding at the beginning of the year	**2,529,677**	**£4.37**	2,445,541	£4.09
Lapsed during the year	**(1,215,037)**	**£4.33**	(315,864)	£4.43
Exercised during the year	**(169,539)**	**£4.78**	(392,961)	£4.38
Granted during the year	**2,756,663**	**£3.14**	792,961	£5.24
Outstanding at the end of the year	**3,901,764**	**£3.49**	2,529,677	£4.37
Exercisable at the end of the year	**130,177**	**£4.92**	38,292	£4.37

The weighted average share price at the various dates of exercise of share options during the year was £4.89 (2022: £6.27).

The options outstanding at 2 July 2023 had a range of exercise prices of £nil to £5.24 (2022: £nil to £5.24) and a weighted average remaining contractual life of 4.6 years (2022: 5.0 years).

The expected life used in the models has been adjusted, based on best estimates, to reflect exercise restrictions and behavioural considerations.

The charge to income in relation to equity settled share-based payments in the year is £6m (2022: charge £4m).

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes

The Redrow Staff Pension Scheme comprises a defined benefit scheme. The Company also offers a defined contribution scheme to employees. The defined benefit scheme was closed to new entrants from July 2006, having been closed to all but a limited number of agreed new entrants from October 2001. The defined benefit scheme was closed to future accrual with effect from 1 March 2012.

The Scheme operates within the frameworks of the applicable pension's legislation and is regulated by the Pensions Regulator. The Scheme is managed by a board of Trustees who act in line with legislation and the provisions set out within the Trust Deed and Rules which underpin the day-to-day operation of the Scheme. The Trustees' overarching aim is to ensure that there are sufficient monies available to pay members benefits when they fall due. The Trustees work in collaboration with the Company to manage the risks that this aim might not be met.

On 27 January 2023, the Trustees of the Redrow Staff Pension Scheme entered into a bulk annuity buy-in contract with Standard Life. This transaction is part of the Trustees' long term strategy to reduce the Scheme's exposure to risk with the Trustees agreeing to exchange the assets of the Scheme for an insurance policy which exactly matches the projected cashflows for all future pension benefits. No additional cash funding from the Company was required to fund this. Thus under the bulk annuity the Trustees will receive payments from Standard Life which they will use to pay pension benefits due to the members in the Scheme.

The buy-in reduces future pension and funding risk from a Company perspective. However, the Trustees making the strategic investment decision and entering into the bulk annuity buy-in contract does not impact the Company's obligations in relation to the Scheme. In particular, the Company remains primarily responsible for ensuring that employee benefits are funded for when they fall due. The insurance policies have been issued in the name of the Scheme and currently there is neither intention nor any decision to transfer the policies in the name of members of the Scheme. Therefore as the Company retains responsibility for all its obligations in relation to the Scheme, it continues to treat the Scheme as a defined benefit plan as permitted by IAS 19.

The total pension charge for the year was £46m (2022: charge of £11m). A charge of £34m related to the defined benefit section of the Scheme (2022: charge of £1m), with £nil being charged to the income statement (2022: charge of £nil) and a charge of £34m to the statement of comprehensive income (2022: charge of £1m). The charge arising from the defined contribution section was £12m (2022: £10m).

Triennial valuation

A full independent triennial actuarial valuation of the defined benefit section of the Scheme was undertaken at 1 July 2020 using the Projected Unit Actuarial Funding Method. As at 1 July 2020, in the opinion of the Actuary, there was a deficit of £4m in the defined benefit section of the Scheme, based on the Trustees' technical provisions assumptions with the Scheme's assets representing 98% of the Scheme's technical provisions. As at 1 July 2020 the value of the defined benefit section of the Scheme's assets was £172m. The previous triennial valuation was undertaken as at 1 July 2017 and reported a deficit of £15m. The triennial valuation as at 1 July 2023 is currently ongoing.

Defined benefit scheme – IAS 19R valuation

Redrow recognises all remeasurements for its defined benefit plan in the period in which they occur, outside the income statement, in the statement of comprehensive income.

This disclosure relates to the defined benefit section of the Scheme. The Scheme's assets are held separately from the assets of Redrow and are administered by the trustees and managed professionally. Following the decision taken by the Trustees to purchase a bulk annuity buy-in contract with Standard Life, this insurance policy now represents the majority of the assets held by the Scheme.

The latest formal actuarial valuation of the defined benefit section was carried out at 1 July 2020. This valuation has been updated to 2 July 2023 by a qualified actuary for the purposes of these financial statements.

The Group contributed £nil to the Scheme in the year ended 2 July 2023 (2022: £nil) and expects to contribute £nil to the Scheme in the year ending 30 June 2024.

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

The major financial assumptions used in arriving at the IAS 19R valuation were:

	2023	2022
Long-term rate of increase in pensionable salaries	**N/A**	N/A
Rate of increase of benefits in payment (lesser of 5% per annum and RPI)[1]	**3.1%**	3.1%
Rate of increase of benefits in payment (lesser of 2.5% per annum and RPI)[2]	**2.0%**	2.0%
Discount rate	**5.1%**	3.8%
Inflation assumption – RPI	**3.3%**	3.3%
– CPI	**2.9%**	3.1%

[1] In respect of pensions in excess of the guaranteed minimum pension earned prior to 30 June 2006.

[2] In respect of pensions earned after 30 June 2006. Other pension increases are valued in a consistent manner.

The mortality tables used in the actuarial valuation were as follows (which make allowance for projected further improvements in mortality):

For male and female members: SAPS3 CMI_2022 1.50% Long Term Trend (Core) (2022: SAPS3 CMI_2021 1.50% Long Term Trend (Sk 7.5))

The life expectancies from age 65 implied by these tables for typical members are:

Pensioner currently aged 65: Male 21.6 years (2022: Male 22.3 years) Female 24.1 years (2022: Female 24.6 years)

Future pensioner currently aged 40: Male 23.7 years (2022: Male 24.4 years) Female 26.2 years (2022: Female 26.8 years)

It has been assumed that members take 80% of the maximum tax-free cash available to them at the point they retire via commutation of their pension.

The total assets, the split between the major asset classes in the Scheme, the present value of the Schemes' liabilities and the amounts recognised in the balance sheet are shown below:

	GROUP AND COMPANY					
	2023 £M QUOTED MARKET PRICE IN ACTIVE MARKET	2023 £M NO QUOTED MARKET PRICE IN ACTIVE MARKET	2023 £M TOTAL	2022 £M QUOTED MARKET PRICE IN ACTIVE MARKET	2022 £M NO QUOTED MARKET PRICE IN ACTIVE MARKET	2022 £M TOTAL
Equities	**–**	**–**	**–**	50	–	50
Debt instruments	**–**	**–**	**–**	56	–	56
Real estate	**–**	**–**	**–**	1	–	1
Investment funds	**–**	**–**	**–**	4	–	4
Other	**–**	**–**	**–**	7	–	7
Cash and cash equivalents	**6**	**–**	**6**	16	–	16
Insurance policies	**–**	**73**	**73**	–	2	2
Total market value of assets	**6**	**73**	**79**	134	2	136
Present value of obligations			**(74)**			(97)
Surplus in the Scheme			**5**			39

The Scheme's assets are invested in such a way so as to ensure that the assets are sufficient and appropriate to meet the associated liabilities as they fall due.

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

The defined benefit obligation can be approximately attributed to the scheme members as follows:

	2023 %	2022 %
Deferred members	**59**	62
Pensioner members	**41**	38
	100	100

All benefits are vested at 2 July 2023 (unchanged from 3 July 2022).

The total amounts credited/(charged) against income in the year were as follows:

	GROUP AND COMPANY	
	2023 £M	2022 £M
Amounts included within the income statement:		
Administrative expenses	**(1)**	–
Net interest on defined benefit liability	**1**	–
	–	–
Amounts recognised in the statement of comprehensive income:		
Return on scheme assets excluding interest income	**(56)**	(40)
Actuarial movements arising from changes in demographic assumptions	**5**	–
Actuarial movements arising from changes in financial assumptions	**21**	40
Actuarial movements arising from experience adjustments	**(4)**	(1)
	(34)	(1)
	(34)	(1)

The amount included in the balance sheet arising from the surplus in respect of the Group's defined benefit section is as follows:

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

	GROUP AND COMPANY	
	2023 £M	2022 £M
Balance sheet surplus		
At start of year	**39**	40
Amounts (charged) against statement of comprehensive income	**(34)**	(1)
Employer contributions paid	**–**	–
At end of year	**5**	39
Changes in the present value of the defined benefit obligation:		
At start of year	**97**	137
Interest expense	**3**	3
Benefit payments	**(4)**	(4)
Actuarial movements arising from changes in demographic assumptions	**(5)**	–
Actuarial movements arising from changes in financial assumptions	**(21)**	(40)
Actuarial movements arising from experience adjustments	**4**	1
At end of year	**74**	97
Changes in the fair value of the Scheme's assets:		
At start of year	**136**	177
Interest income	**4**	3
Return on scheme assets excluding interest income	**(56)**	(40)
Administrative expenses paid from plan assets	**(1)**	–
Benefit payments	**(4)**	(4)
At end of year	**79**	136

The Scheme rules permit the refund of any surplus to the Company with no restrictions. The surplus has therefore been recognised in full in the Group and Company balance sheets and there is no requirement to restrict the surplus nor to recognise any additional liability in respect of agreed deficit contributions.

Sensitivity of key assumptions

The table below gives a broad indication of the impact on the IAS 19R numbers to changes in assumptions and experience (away from the assumptions shown on page 230). All figures are before allowing for deferred tax.

ITEM	APPROXIMATE AMOUNT 2023	APPROXIMATE AMOUNT 2022
Present value of defined benefit obligation (£m)		
Discount rate -25 basis points	**77.2**	101.1
Discount rate +25 basis points	**71.4**	92.4
Price inflation rate -25 basis points	**71.5**	92.6
Price inflation rate +25 basis points	**77.1**	100.9
Post-retirement mortality assumption – 1 year age adjustment	**76.0**	99.3
Weighted average duration of defined benefit obligation (in years)		
Discount rate -25 basis points	**16.0**	18.2
Discount rate +25 basis points	**15.0**	17.8

After completion of the buy-in transaction, the value of the bulk annuity insurance policy as an asset is set to be equal to the value of the IAS19 liabilities. Therefore, any change in assumptions that would increase or decrease the value of the defined benefit obligation would have a corresponding increase or decrease in the asset value resulting in an overall net asset position that would be unchanged. As such, the net asset balance is no longer sensitive to changes in the assumptions used.

8. INTANGIBLE ASSETS

The Group

	GOODWILL £M	SOFTWARE £M	TOTAL £M
Cost			
At 27 June 2021	1	2	3
Additions	–	1	1
Disposals	–	–	–
At 3 July 2022	1	3	4
Additions	–	–	–
Disposals	–	–	–
At 2 July 2023	**1**	**3**	**4**
Accumulated amortisation			
At 27 June 2021	1	2	3
Charge	–	–	–
Disposals	–	–	–
At 3 July 2022	1	2	3
Charge	–	–	–
Disposals	–	–	–
At 2 July 2023	**1**	**2**	**3**
Net book value			
At 2 July 2023	**–**	**1**	**1**
At 3 July 2022	–	1	1
At 27 June 2021	–	–	–

9. PROPERTY, PLANT AND EQUIPMENT

The Group

	FREEHOLD PROPERTY £M	PLANT AND MACHINERY £M	FIXTURES AND FITTINGS £M	TOTAL £M
Cost				
At 27 June 2021	24	3	11	38
Additions	–	–	3	3
Disposals	–	–	–	–
At 3 July 2022	24	3	14	41
Additions	3	–	1	4
Disposals	–	–	–	–
At 2 July 2023	**27**	**3**	**15**	**45**
Accumulated depreciation				
At 27 June 2021	7	3	9	19
Charge	–	–	2	2
Disposals	–	–	–	–
At 3 July 2022	7	3	11	21
Charge	1	–	1	2
Disposals	–	–	–	–
At 2 July 2023	**8**	**3**	**12**	**23**
Net book value				
At 2 July 2023	**19**	**–**	**3**	**22**
At 3 July 2022	17	–	3	20
At 27 June 2021	17	–	2	19

10. LEASE RIGHT OF USE ASSETS

The Group

	PROPERTY £M	PHOTOCOPIERS £M	VEHICLES £M	TOTAL £M
Cost				
At 27 June 2021	4	1	7	12
Additions	–	–	2	2
Disposals	–	–	–	–
At 3 July 2022	4	1	9	14
Additions	–	–	7	7
Disposals	–	–	–	–
At 2 July 2023	**4**	**1**	**16**	**21**
Accumulated depreciation				
At 27 June 2021	2	–	4	6
Charge	–	–	3	3
At 3 July 2022	2	–	7	9
Charge	–	–	2	2
At 2 July 2023	**2**	**–**	**9**	**11**
Net book value				
At 2 July 2023	**2**	**1**	**7**	**10**
At 3 July 2022	2	1	2	5
At 27 June 2021	2	1	3	6

10. LEASE RIGHT OF USE ASSETS CONTINUED

The Group continued

	AS AT 2 JULY 2023 £M	AS AT 3 JULY 2022 £M
Lease liabilities		
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**4**	2
One to five years	**7**	4
More than five years	**–**	–
Total undiscounted lease liabilities	**11**	6

On implementation of IFRS 16 leases, lease payment commitments are reported within trade and other payables.

	AS AT 2 JULY 2023 £M	AS AT 3 JULY 2022 £M
Lease liabilities included in the statement of financial position		
Current	**4**	2
Non-current	**6**	4
	10	6

	AS AT 2 JULY 2023 £M	AS AT 3 JULY 2022 £M
Amounts recognised in profit or loss		
Interest on lease liabilities	**–**	–

	AS AT 2 JULY 2023 £M	AS AT 3 JULY 2022 £M
Amounts recognised in the statement of cashflows		
Total cash outflow for leases	**3**	3

11. INVESTMENTS

a. Investments

	GROUP		COMPANY	
	2023 £M	2022 £M	2023 £M	2022 £M
Joint ventures	**–**	–	**–**	–
	–	–	**–**	–

b. Investments in subsidiary undertakings

	COMPANY £M
At 3 July 2022 and 2 July 2023	**–**

The principal subsidiary company is Redrow Homes Limited. All subsidiary companies are incorporated in Great Britain except Redrow Homes (Park Heights) Limited which is incorporated in Jersey. A full list of subsidiary undertakings as at 2 July 2023 is shown on page 238. The capital of all the subsidiary companies, consisting of ordinary shares, is wholly owned by HB (HDG) Limited which in turn is wholly and directly owned by Redrow plc.

The principal activity of Redrow Homes Limited, Redrow Real Estate Limited, Redrow Regeneration plc, The Waterford Park Company Limited and The Waterford Park Company (Balmoral) Limited is residential development. The principal activity of Harrow Estates plc is land acquisition, development and resale. HB (HDG) Limited is an intermediate holding company. St David's Park Limited principal activity is business park maintenance services.

Those subsidiaries marked with † are dormant and exempt from audit.

Those subsidiaries marked with * are covered by a guarantee provided by Redrow plc and are consequently entitled to an exemption under s.479A of the Companies Act from the requirement relating to the audit of individual accounts. Under this guarantee, the Group will guarantee all outstanding liabilities of these entities. No liability is expected to arise under the guarantee.

All the subsidiaries registered office is Redrow House, St David's Park, Flintshire, CH5 3RX apart from those marked (i) and (ii) whose registered offices are as follows:

(i) c/o TLT LLP, 140 West George Street, Glasgow, G2 2HG

(ii) 13 Castle Street, St. Helier, Jersey, JE4 5UT

11. INVESTMENTS CONTINUED

b. Investments in subsidiary undertakings continued

Subsidiaries

Name	COMPANY NUMBER	Name	COMPANY NUMBER
HB (HDG) Limited	1990709	HB (1995) Limited [(i)] [†]	SC155021
Redrow Homes Limited	1990710	Redrow Homes (Wallyford) Limited [(i)] [†]	SC205159
Harrow Estates plc *	6825371	St David's Park Limited	2479183
Redrow Real Estate Limited	3996541	PB0311 Limited [†]	7577839
Redrow Regeneration plc *	5405272	Debut Freeholds Limited [†]	4638403
Redmira Limited [†]	7587765	Tay Homes (Western) Limited [†]	2806562
HB (NW) Limited [†]	1189328	Tay Homes (Northern) Limited [†]	2708575
HB (LCS) Limited [(i)] [†]	SC38052	Tay Homes (Midlands) Limited [†]	2183136
HB (MID) Limited [†]	2469449	Tay Homes (North West) Limited [†]	2189721
HB (SW) Limited [†]	3522335	Redrow Homes (Park Heights) Limited [(ii)] [†]	66240
HB (SWA) Limited [†]	2230870	Redrow Construction Limited [†]	1375826
HB (Y) Limited [†]	2293006	Poche Interior Design Limited [†]	2169473
HB (ESTN) Limited [†]	4017345	Redrow (Shareplan) Limited [†]	3520984
HB (WM) Limited [†]	3379746	Cadmoore Limited [†]	3977222
HB (SM) Limited [†]	3522321	Redrow (Sudbury) Limited [†]	4558070
HB (SN) Limited [†]	537405	The Waterford Park Company Limited *	5429823
HB (WC) Limited [†]	4984069	The Waterford Park Company (Balmoral) Limited	6047122
HB (WX) Limited [†]	1940936	HB (Herne Bay No 1) Limited [†]	7743649
HB (EM) Limited [†]	2827161	HB (Herne Bay No 2) Limited [†]	9163243
HB (CD) Limited [†]	2034733	Redrow Homes East Midlands Limited [†]	4219459
HB (GRPS) Limited [†]	2898913	Radleigh Construction Limited [†]	4219460
HB (CPTS) Limited [†]	1079513	Radleigh Homes Limited [†]	4210633
HB (SE) Limited [†]	3988594	Radbourne Edge (Holdings) Limited [†]	8737345
HB (CSCT) Limited [(i)] [†]	SC231364	Redrow Langley Limited [†]	7306461
HB (SC) Limited [(i)] [†]	SC74732	Radleigh (Hackwood) Limited [†]	8131049

12. DEFERRED TAX ASSETS AND LIABILITIES

The following are the deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior year:

	IMPUTED INTEREST £M	SHORT-TERM TEMPORARY DIFFERENCES £M	TOTAL £M
Deferred tax assets			
At 27 June 2021	–	1	1
Charge to income	–	–	–
Charge to equity	–	–	–
At 3 July 2022	–	1	1
Charge to income	–	–	–
Charge to equity	–	–	–
At 2 July 2023	**–**	**1**	**1**

	EMPLOYEE BENEFITS £M	SHORT-TERM TEMPORARY DIFFERENCES £M	TOTAL £M
Deferred tax liabilities			
At 27 June 2021	(13)	(2)	(15)
Charge to income	–	–	–
Charge to equity	–	–	–
At 3 July 2022	(13)	(2)	(15)
Charge to income	–	–	–
Charge to equity	12	–	12
At 2 July 2023	**(1)**	**(2)**	**(3)**

The Group has no material unrecognised deferred tax assets.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2022. In addition, the Government introduced a new Residential Property Developer tax of 4% on profit effective from 1 April 2022. The deferred tax asset and liability at 2 July 2023 has been calculated at 29% based on these rates (2022: 29%) with the exception of the deferred tax liability on employee benefits which has been calculated at 35% (2022: 35%). This reflects the results of the latest triennial valuation of the defined benefit section of The Redrow Staff Pension Scheme (see page 229) which now suggests the return of the IAS 19 surplus is highly likely to take the form of a lump sum cash refund rather than a reduction in future deficit contributions.

The Company has deferred tax liabilities of £2m (2022: £10m).

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2023 £M	2022 £M	2023 £M	2022 £M
Non-current assets				
Trade receivables (net)	**–**	–	**–**	–
Amounts due from subsidiary companies	**–**	–	**860**	266
	–	–	**860**	266
Current assets				
Trade receivables (net)	**13**	22	**–**	–
Contract assets	**11**	23	**–**	–
Amounts due from subsidiary companies	**–**	–	**117**	317
Other receivables	**13**	25	**–**	–
Prepayments	**5**	6	**–**	–
	42	76	**117**	317

Current trade receivables are stated after an allowance of £9m (2022: £7m) in respect of expected credit losses with £nil provision utilised (2022: £nil), £nil provision released (2022: £1m) and £2m provision created (2022: £nil). Expected credit losses are calculated based on lifetime expected credit losses at each reporting date. The risk has increased at the current balance sheet date due to the impact of interest rate and mortgage rate rises.

Amounts due from subsidiary companies are unsecured, repayable on demand and carry interest at market rate. The balance classified as current is anticipated to be repayable within the normal operating cycle of the subsidiary businesses (c4 years as explained in more detail on page 219). Of this amount £22m (2022: £100m) is expected to be recovered within 12 months of the balance sheet date. No allowance for expected credit losses is considered necessary in respect of amounts due from subsidiary companies as any such expected credit losses are considered to be immaterial.

14. INVENTORIES

	GROUP		COMPANY	
	2023 £M	2022 £M	2023 £M	2022 £M
Land for development	**1,684**	1,710	**–**	–
Work in progress	**1,017**	962	**–**	–
Stock of show homes	**69**	68	**–**	–
	2,770	2,740	**–**	–

Inventories of £1,538m were expensed in the year (2022: £1,715m). Work in progress includes £1m (2022: £1m) in respect of part exchange properties. Land held for development in the sum of £215m is subject to a legal charge as security in respect of amounts due in respect of development land (2022: £300m).

The carrying value of undeveloped land where net realisable value has been determined on the basis of a sale of land in its current state is £2m (2022: £1m). Land for development includes £68m (2022: £111m) of strategic land owned without a residential planning consent net of a net realisable value provision of £9m (2022: £14m). There is a £17m (2022: £8m) net realisable value provision against land with a residential planning consent.

14. INVENTORIES CONTINUED

The table below details the movement on the inventory net realisable value provision in the year.

	GROUP		COMPANY	
	2023 £M	2022 £M	2023 £M	2022 £M
4 July 2022/28 June 2021	**22**	14	**–**	–
Created	**13**	8	**–**	–
Released	**(8)**	–	**–**	–
Utilised	**(1)**	–	**–**	–
As at 2 July 2023/3 July 2022	**26**	22	**–**	–

The Directors consider all inventory to be current in nature as they are expected to be realised within the Group's normal operating cycle of c4 years.

15. FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash and cash equivalents and various items included within trade receivables and trade payables which arise during the normal course of business.

The tables that follow provide a summary of financial assets and liabilities by category.

The accounting policies for financial instruments have been applied to the following items:

The Group's activities expose it to a variety of financial risks.

Financial risk management is conducted centrally using policies approved by the Board. Market risk is negligible due to the Group's limited exposure to equity securities (some limited exposure arises through the Redrow Staff Pension Scheme's investment portfolio) and the associated price risk. Its foreign exchange exposure is negligible given the nature of the Group's business and its exclusive UK activities.

a. Liquidity risk and interest rate risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. Liquidity risks are managed through the regular review of cash forecasts and by maintaining adequate committed banking facilities to ensure appropriate headroom.

At 2 July 2023, the Group had total unsecured bank borrowing facilities of £353m, representing £350m committed facilities and £3m uncommitted facilities.

The Group's cash surpluses arise from short-term timing differences. As a consequence the Group does not consider it bears significant risk of changes to income and cash flows as a result of movements on interest rates on its interest bearing assets.

The Group is exposed to interest rate risk as it borrows money at floating rates. The Group's interest rate risk arises primarily from long-term borrowings. In order to manage its interest rate risk, the Group from time to time enters into simple risk management products, almost exclusively interest rate swaps. All interest rate swaps are sterling denominated. The swaps are arranged so as to match with those of the underlying borrowings to which they relate. There were no interest rate swaps in place in 2023 or 2022.

b. Maturity of bank loans and borrowings

There were no outstanding bank loans or bank borrowings as at 2 July 2023 or 3 July 2022.

The Company was fully compliant with its banking covenants as at 2 July 2023.

At the year end, the Group and Company had £350m (2022: £350m) of undrawn committed bank facilities available.

There is no material difference between the fair value of the bank overdrafts and bank loans and their carrying values as shown in the balance sheet.

c. Amounts due in respect of development land

The Group's policy permits land purchases to be made on deferred payment terms. In accordance with IFRS 9, the deferred creditor is recorded at fair value and nominal value is amortised over the deferment period via financing costs, increasing the land creditor to its full cash settlement value on the payment date.

The interest rate used for each deferred payment is an equivalent loan rate available on the date of land purchase, as applicable to a loan lasting for a comparable period of time to that deferment.

15. FINANCIAL RISK MANAGEMENT CONTINUED

c. Amounts due in respect of development land continued

The maturity profile of the total contracted cash payments in respect of amounts due in respect of land creditors at the balance sheet date is as follows:

	BALANCE £M	TOTAL CONTRACTED CASH PAYMENT £M	DUE LESS THAN ONE YEAR £M	DUE BETWEEN ONE AND TWO YEARS £M	DUE BETWEEN TWO AND FIVE YEARS £M
2 July 2023	**272**	**276**	**174**	**81**	**21**
3 July 2022	376	380	289	51	40

d. Maturity of trade and other payables

The maturity profile of the total contracted payments in respect of financial liabilities (excluding amounts due on land creditors shown separately in note 15c) at the balance sheet date is as follows:

	BALANCE £M	TOTAL CONTRACTED CASH PAYMENT £M	DUE LESS THAN ONE YEAR £M	DUE BETWEEN ONE AND TWO YEARS £M	DUE BETWEEN TWO AND FIVE YEARS £M
Trade and other payables (excluding lease liabilities)	468	468	468	–	–
Lease liabilities	10	11	4	4	3
2 July 2023	**478**	**479**	**472**	**4**	**3**
Trade and other payables (excluding lease liabilities)	530	530	530	–	–
Lease liabilities	6	6	2	2	2
3 July 2022	536	536	532	2	2

e. Credit risk

Credit risk arises from cash and cash equivalents, including call deposits with banks and financial institutions, trade receivables and contract assets. It represents the risk of financial loss where counterparties are unable to meet their obligations.

Credit risk is managed centrally in respect of cash and cash equivalents. In respect of placing deposits with banks and financial institutions and funds, individual risk limits are approved by the Board. The table below shows the cash and cash equivalents as at the balance sheet date:

	GROUP		COMPANY	
	2023 £M	2022 £M	2023 £M	2022 £M
Held at banks with at least an A credit rating per Standard & Poor's	**235**	288	**238**	285
	235	288	**238**	285

15. FINANCIAL RISK MANAGEMENT CONTINUED

e. Credit risk continued

No credit limits were exceeded during the reporting year or subsequently and the Group does not anticipate any losses from non-performance by these counterparties.

There is no specific concentration of credit risk in respect of home sales as the exposure is spread over a number of customers. In respect of trade receivables and contract assets, the amounts presented in the balance sheet are stated after adjusting for any expected credit losses which are calculated based on lifetime expected credit losses at each reporting date. In the majority of cases, the Group receives cash on legal completion for private sales (excluding PRS). The Group applies for and receives stage payments from registered providers for affordable homes and PRS providers and considers it has an insignificant risk of default given the standing and funding of these registered providers.

f. Capital management

The Group defines total capital as equity plus net debt where net debt is calculated as total borrowings less cash and cash equivalents.

The Group monitors capital on the basis of the level of returns achieved on its capital base and, with respect to its financing structure, the gearing ratio. This is defined as net debt divided by equity.

The Group's objective in managing capital is to safeguard its ability to continue as a going concern in order to deliver value to its Shareholders and other stakeholders. The Group operates within policies outlined by the Board in order to maintain an appropriate funding structure. The Board keeps the Group's capital structure under review.

The total capital levels and gearing ratios as at 2 July 2023 and 3 July 2022 are as follows:

	2023 £M	2022 £M
Total borrowings	**–**	–
Less cash and cash equivalents	**(235)**	(288)
	(235)	(288)
Equity	**2,026**	1,950
Total capital	**1,791**	1,662
Operating profit before exceptional items	**399**	414
ROCE (Operating profit as above as a percentage of opening and closing total capital)	**23.11%**	24.54%
Gearing ratio	**N/A**	N/A

The Company has cash and cash equivalents of £238m (2022: £285m).

g. Fair values

Basis for determining fair values

The principal methods and assumptions used in estimating the fair value of financial instruments can be found in the Accounting Policies page 218.

Fair value hierarchy

Financial assets and liabilities carried at fair value are categorised within the hierarchical classification of IFRS13:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Inputs are not based on observable market data.

15. FINANCIAL RISK MANAGEMENT CONTINUED

g. Fair values continued

The carrying value of financial assets and liabilities of the Group and Company approximate to their fair value, thus no fair value hierarchy is disclosed.

The Group

	2023 LOANS AND RECEIVABLES FAIR VALUE £M	2023 LOANS AND RECEIVABLES CARRYING VALUE £M	2022 LOANS AND RECEIVABLES FAIR VALUE £M	2022 LOANS AND RECEIVABLES CARRYING VALUE £M
Assets per the balance sheet				
Trade receivables, contract assets and other receivables	**37**	**37**	70	70
Cash and cash equivalents	**235**	**235**	288	288
	272	**272**	358	358

	2023 OTHER FINANCIAL LIABILITIES FAIR VALUE £M	2023 OTHER FINANCIAL LIABILITIES CARRYING VALUE £M	2022 OTHER FINANCIAL LIABILITIES FAIR VALUE £M	2022 OTHER FINANCIAL LIABILITIES CARRYING VALUE £M
Liabilities per the balance sheet				
Bank loans and overdrafts	**–**	**–**	–	–
Trade payables and other payables including customer deposits	**468**	**468**	530	530
Land creditors	**272**	**272**	376	376
Lease liabilities	**10**	**10**	6	6
	750	**750**	912	912

Other financial liabilities are at amortised cost.

The Company

	2023 LOANS AND RECEIVABLES FAIR VALUE £M	2023 LOANS AND RECEIVABLES CARRYING VALUE £M	2022 LOANS AND RECEIVABLES FAIR VALUE £M	2022 LOANS AND RECEIVABLES CARRYING VALUE £M
Assets per the balance sheet				
Cash and cash equivalents	**238**	**238**	285	285
Amounts due from subsidiary companies (current and non-current)	**977**	**977**	583	583
	1,215	**1,215**	868	868

	2023 OTHER FINANCIAL LIABILITIES FAIR VALUE £M	2023 OTHER FINANCIAL LIABILITIES CARRYING VALUE £M	2022 OTHER FINANCIAL LIABILITIES FAIR VALUE £M	2022 OTHER FINANCIAL LIABILITIES CARRYING VALUE £M
Liabilities per the balance sheet				
Bank loans and overdrafts	**–**	**–**	–	–
Amounts owed to subsidiary companies	**14**	**14**	14	14
	14	**14**	14	14

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023 £M	2022 £M	2023 £M	2022 £M
Non-current liabilities				
Amounts due in respect of development land	**98**	87	**–**	–
Lease liabilities	**6**	4	**–**	–
	104	91	**–**	–
Current liabilities				
Trade payables	**400**	385	**–**	–
Amounts due in respect of development land	**174**	289	**–**	–
Private customer deposits	**36**	87	**–**	–
Social customer payments on account	**21**	48	**–**	–
Amounts owed to subsidiary companies	**–**	–	**14**	14
Lease liabilities	**4**	2	**–**	–
Other payables	**7**	5	**–**	–
Other taxation and social security	**4**	5	**–**	–
Accruals	**104**	93	**–**	–†
	750	914	**14**	14

Private customer deposits and social customer payments on account are accounted for as contract liabilities under IFRS15.

Amounts due to subsidiary companies are unsecured, repayable on demand and bear interest at market rate on trading balances. Amounts due in respect of development land are classified as current when they are contractually due within 12 months of the balance sheet date.

17. PROVISIONS

The Group

	LEGACY FIRE SAFETY PROVISION £M	ONEROUS CONTRACTS £M	OTHER £M	TOTAL £M
At 3 July 2022	200	1	6	207
Provisions created during the year	32	–	–	32
Provisions released during the year	(32)	–	–	(32)
Provisions utilised during the year	(12)	–	–	(12)
At 2 July 2023	**188**	**1**	**6**	**195**

	2023 £M	2022 £M
Current provisions	**107**	97
Non-current Long term provisions	**88**	110
	195	207

17. PROVISIONS CONTINUED

Legacy fire safety provision

The Group holds a provision of £188m (2022: £200m) in respect of legacy fire safety remediation. As outlined in the 2022 Annual Report, in April 2022 the Group signed the Government's Building Safety Pledge in respect of funding of remediation of life critical fire safety issues on buildings over 11m in which the Group was involved in going back 30 years.

On 30 January 2023 Michael Gove announced the publishing of the self remediation terms (SRT) which follows on from the signing of the Building Safety Pledge last year. Redrow signed this SRT on 13 March 2023 and the Welsh version on 18 April 2023. This SRT widened developers' responsibilities regarding potential remediation work which may need to be undertaken notably to include communal internal areas and for all buildings over 11m to be risk assessed regardless of EWS1 (External Wall Fire Review) status.

The legacy fire safety provision reflects management's best estimates of the cost of works outstanding to complete the remediation of all identified buildings within scope to the standard outlined in the SRT including the reimbursement of funds to the Build Safety Fund (BSF) as appropriate. Prior year provisions represented Management's best estimate of the liability based on the information available at the time in relation to the obligations at the time. In estimating the cost of the works for calculating the provision at 2 July 2023, Management has used the latest BSF cost information shared with Redrow, taken into account the cost of contracts Redrow has placed and tenders received together with input from external cost consultants with respect to estimated external and internal remediation costs per plot. Management classified buildings as in scope according to a risk assessment across 6 risk categories used in reporting to DLUHC including their EWS1 status. c£68m of the provision is related to known BSF amounts awarded.

However, these estimates are inherently uncertain and may change over time as this is a highly complex area involving bespoke buildings for which assessments and investigations are at varying stages across the building population in scope depending on risk prioritisation and will therefore be ongoing for some time. Please see Note 1 for further information on key sources of estimation uncertainty.

It is expected that £107m of the provision will be utilised over the next 12 months and the remainder over the following four years although these timescales may change depending on the progress of the remediation work for the building population and timing of BSF reimbursement requests.

Provisions are discounted to net present value where the effect is material.

18. SHARE CAPITAL

	NUMBER OF ORDINARY SHARES
As at 3 July 2022 (ordinary shares of 10.5p each)	352,190,420
Purchased and cancelled in share buyback programme	(21,420,175)
As at July 2023 (ordinary shares of 10.5p)	**330,770,245**

As a consequence of the £100m share buyback programme announced on 14 July 2022 and completed in January 2023, the Group purchased and subsequently cancelled 21,420,175 ordinary shares. This reduced share capital by £2m, reduced Retained earnings by £100m and increased the capital redemption reserve by £2m. See note 19.

As at 2 July 2023 10m Redrow plc ordinary shares of 10.5p each are held in trust under the Redrow Long Term Incentive Plan (3 July 2022: 11m shares).

19. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES

The Group

	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	OTHER RESERVES £M	RETAINED EARNINGS £M
At 27 June 2021	37	59	8	1,768
Total comprehensive income	–	–	–	196
Dividends paid	–	–	–	(100)
Net purchase of own shares to satisfy share options	–	–	–	(22)
Other LTIP/DB/SAYE credit	–	–	–	4
At 3 July 2022	37	59	8	1,846
Total comprehensive income	–	–	–	276
Dividends paid	–	–	–	(108)
Net purchase of own shares arising from share buyback programme	(2)	–	2	(100)
Satisfaction of share options from treasury shares	–	–	–	2
Other LTIP/DB/SAYE credit	–	–	–	6
At 2 July 2023	**35**	**59**	**10**	**1,922**

19. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES CONTINUED

The Group continued

Other reserves

Other reserves consists of a £9m Capital redemption reserve (2022: £7m) and a £1m Consolidation reserve (2022: £1m).

Undistributable reserves

Other reserves are not available for distribution.

The Company

	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	OTHER RESERVES £M	RETAINED EARNINGS £M
At 27 June 2021	37	59	7	878
Total comprehensive income	–	–	–	(1)
Dividends paid	–	–	–	(100)
Other LTIP/DB/SAYE credit	–	–	–	4
At 3 July 2022	37	59	7	781
Total comprehensive income	–	–	–	524
Dividends paid	–	–	–	(108)
Net purchase of own shares arising from share buyback programme	(2)	–	2	(100)
Other LTIP/DB/SAYE credit	–	–	–	6
At 2 July 2023	**35**	**59**	**9**	**1,103**

Other reserves

Other reserves consists of a £9m Capital redemption reserve (2022: £7m) with the increase in the year reflecting the cancellation of shares purchased as part of the share buyback programme.

Undistributable reserves

Other reserves are not available for distribution.

20. MOVEMENT IN NET CASH

The Group

	AT 3 JULY 2022 £M	NON-CASH MOVEMENT £M	CASH FLOW £M	AT 2 JULY 2023 £M
Cash and cash equivalents	288	–	(53)	**235**
Lease Liabilities	(6)	(7)	3	**(10)**
Net cash	282	(7)	(50)	**225**

Non-cash movement comprises movements in respect of LTIP/SAYE together with relevant IAS19, IFRS7 and IFRS16 non cash movements.

The Company

	AT 3 JULY 2022 £M	NON-CASH MOVEMENT £M	CASH FLOW £M	AT 2 JULY 2023 £M
Cash and cash equivalents	285	–	(47)	**238**
Lease Liabilities	–	–	–	**–**
Net cash	285	–	(47)	**238**

21. CONTINGENT LIABILITIES

The Company has guaranteed the bank borrowings of its subsidiaries. Performance bonds and other building or performance guarantees have been entered into in the normal course of business. Management estimate that the bonds and guarantees amount to £158m (2022: £158m) at the year end and consider the possibility of a cash outflow in settlement to be remote.

22. RELATED PARTY TRANSACTIONS

Within the definition of IAS 24 'Related party disclosures', the Board and key management personnel are related parties. Detailed disclosure of the remuneration of the Board is given in the Directors' Remuneration Report on pages 166 to 191 notably the 'Single Total Figure of Remuneration Table (Audited)' on page 182. A summary of remuneration provided to key management personnel is provided in note 7c.

There have been no other material related transactions with key management personnel.

The Company funds the operating companies through both equity investment and loans at commercial rates of interest. In addition, the Company provides its subsidiaries with the services of Senior Management, for which a recharge is made to those subsidiary companies based upon utilisation of services.

The amount outstanding from subsidiary undertakings at 2 July 2023 was £977m (3 July 2022: £583m). The amount owed to subsidiary undertakings at 2 July 2023 was £14m (3 July 2022: £14m).

The Company provided the Group's defined benefit pension scheme, as detailed in note 7e. Expected service costs were charged to the operating businesses at cost. There is no contractual arrangement or stated policy relating to the charge. Experience and actuarial gains are recognised in the Company, via the Statement of Comprehensive Income.

23. ALTERNATIVE PERFORMANCE MEASURES

Redrow uses a variety of Alternative Performance Measures (APMs) which are not defined or specified by IFRSs but which the Directors believe are pertinent to reviewing and understanding the broader performance of the Group, in conjunction with IFRS defined measures.

Annual Injury Incidence Rate (AIIR)

No. of RIDDOR Accidents resulting in an injury divided by the average number of people employed multiplied by 100,000 (see ESG Scorecard on page 252).

Cash conversion percentage

	2023	2022
Cash inflow generated from operations per statement of cash flows	**£244m**	£318m
Divided by:		
Operating profit per consolidated income statement	**£399m**	£250m
Amortisation and depreciation per note 2b	**£4m**	£5m
	£403m	£255m
Cash conversion percentage	**61%**	125%

Full year dividend per share

Interim and final dividend per share declared in respect of the financial year.

HBF customer recommend rating

Independent HBF customer satisfaction rating score.

Homes revenue from ongoing business

	2023 £M	2022 £M
Revenue per consolidated income statement	**2,127**	2,140
Revenue from the sale of land (see note 2a)	**(44)**	(21)
Revenue from the sale of new housing (see note 2a)	**2,083**	2,119
Revenue from London Build Out sites	**(45)**	(52)
Homes revenue from ongoing business	**2,038**	2,067

Hurdle rates

Gross margin and internal rate of return minimum rates required for land purchase appraisals.

Land holding years

No. of plots in owned land holdings at balance sheet date divided by no. of legal completions in financial year.

	2023	2022
Owned land holdings at 2 July 2023/3 July 2022	**26,070**	29,600
Legal completions	**5,436**	5,715
Land holding years	**4.8**	5.2

Legal completions

The number of homes legally completed in the financial year.

Monies committed to fund improvements in local communities

These reflect committed Section 106 contributions and affordable housing provided in the year.

Net asset value per ordinary share

Total net assets at balance sheet date divided by the number of ordinary shares in issue at balance sheet date.

Number of trainees

No. of trainees at year end as a percentage of employees at year end.

Order book

The value of reserved and exchanged sales which had not legally completed at the year end.

Private reservation rate

No. of private reservations per week in financial year divided by average no. of sales outlets.

23. ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Underlying return on capital employed (Underlying ROCE)

Operating profit before exceptional items adjusted for joint ventures as a percentage of opening and closing capital employed. See note 15f.

Underlying return on equity (Underlying ROE)

Profit before tax before exceptional items adjusted for joint ventures as a percentage of opening and closing net assets.

	2023	2022
Net assets at 2 July 2023/3 July 2022	**2,026**	1,950
Net assets at 3 July 2022/27 June 2021	**1,950**	1,872
Average net assets	**1,988**	1,911
Profit before taxation – pre-exceptional	**395**	410
Return on equity %	**19.9%**	21.5%

Revenue value of private reservations secured in the year

The fair value receivable in the future of private house sales reserved by customers during the year, net of cancellations.

Sales outlets

Average no. of sales outlets open in the year.

Underlying profit before tax

Profit before tax pre-exceptional item

Underlying earnings per share

As statutory earnings per share but based on pre-exceptional profit for the year per the consolidated income statement.

Underlying gross profit

Gross profit per the consolidated income statement pre-exceptional item.

Underlying operating profit

Operating profit per the consolidated income statement pre-exceptional item.

PART D

Set out below is the financial information of the Redrow Group for the 26 weeks ended 31 December 2023, as extracted from the Redrow Half Year Report 2024:

CONSOLIDATED INCOME STATEMENT

	NOTE	UNAUDITED 26 WEEKS ENDED 31 DECEMBER 2023 £M	UNAUDITED 26 WEEKS ENDED 1 JANUARY 2023 £M	AUDITED 52 WEEKS ENDED 2 JULY 2023 TOTAL £M
Revenue		**756**	1,031	2,127
Cost of sales		**(613)**	(774)	(1,619)
Gross profit		**143**	257	508
Administrative expenses		**(57)**	(58)	(109)
Operating profit		**86**	199	399
Financial income		**3**	2	5
Financial costs		**(5)**	(3)	(9)
Net financing costs		**(2)**	(1)	(4)
Profit before tax		**84**	198	395
Income tax expense	2	**(24)**	(48)	(97)
Profit for the period		**60**	150	298
Earnings per share – basic	4	**18.7p**	45.4p	91.2p
– diluted	4	**18.6p**	45.3p	90.9p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	UNAUDITED 26 WEEKS ENDED 31 DECEMBER 2023 £M	UNAUDITED 26 WEEKS ENDED 1 JANUARY 2023 £M	AUDITED 52 WEEKS ENDED 2 JULY 2023 TOTAL £M
Profit for the period		**60**	150	298
Other comprehensive expense				
Items that will not be reclassified to profit or loss				
Remeasurements of post employment benefit obligations	5	**–**	(16)	(34)
Deferred tax on remeasurements of post employment benefit obligations		**–**	5	12
Other comprehensive expense for the period net of tax		**–**	(11)	(22)
Total comprehensive income for the period		**60**	139	276

CONSOLIDATED BALANCE SHEET

	NOTE	UNAUDITED AS AT 31 DECEMBER 2023 £M	UNAUDITED AS AT 1 JANUARY 2023 £M	AUDITED AS AT 2 JULY 2023 £M
Assets				
Intangible assets		**1**	1	1
Property, plant and equipment		**20**	22	22
Lease right of use assets		**11**	7	10
Deferred tax assets		**1**	1	1
Retirement benefit surplus	5	**5**	23	5
Total non-current assets		**38**	54	39
Inventories	6	**2,743**	2,943	2,770
Trade and other receivables		**30**	35	42
Current corporation tax		**–**	4	–
Cash and cash equivalents	8	**121**	107	235
Total current assets		**2,894**	3,089	3,047
Total assets		**2,932**	3,143	3,086
Equity				
Retained earnings at 3 July 2023/4 July 2022		**1,922**	1,846	1,846
Profit for the period		**60**	150	298
Other comprehensive expense for the period		**–**	(11)	(22)
Dividends paid		**(65)**	(76)	(108)
Net purchase of own shares arising from share buyback programme		**–**	(96)	(100)
Movement due to equity based share options and owned shares held by EBT		**2**	2	8
Retained earnings	12	**1,919**	1,815	1,922
Share capital	11	**35**	36	35
Share premium account		**59**	59	59
Other reserves		**10**	8	10
Total equity		**2,023**	1,918	2,026
Liabilities				
Trade and other payables	7	**56**	120	104
Deferred tax liabilities		**3**	9	3
Long-term provisions	10	**140**	90	88
Total non-current liabilities		**199**	219	195
Trade and other payables	7	**657**	893	750
Provisions	10	**48**	113	107
Current income tax liabilities		**5**	–	8
Total current liabilities		**710**	1,006	865
Total liabilities		**909**	1,225	1,060
Total equity and liabilities		**2,932**	3,143	3,086

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL £M	SHARE PREMIUM ACCOUNT £M	OTHER RESERVES £M	RETAINED EARNINGS £M	TOTAL £M
At 4 July 2022	37	59	8	1,846	1,950
Total comprehensive income for the period	–	–	–	139	139
Dividends paid	–	–	–	(76)	(76)
Net purchase of own shares arising from share buyback programme	(1)	–	–	(96)	(97)
Movement in LTIP/SAYE	–	–	–	2	2
At 1 January 2023 (Unaudited)	**36**	**59**	**8**	**1,815**	**1,918**
At 4 July 2022	37	59	8	1,846	1,950
Total comprehensive income for the period	–	–	–	276	276
Dividends paid	–	–	–	(108)	(108)
Net purchase of own shares arising from share buyback programme	(2)	–	2	(100)	(100)
Satisfaction of share options from treasury shares	–	–	–	2	2
Other LTIP/DB/SAYE credit	–	–	–	6	6
At 2 July 2023 (Audited)	**35**	**59**	**10**	**1,922**	**2,026**
At 3 July 2023	35	59	10	1,922	2,026
Total comprehensive income for the period	–	–	–	60	60
Dividends paid	–	–	–	(65)	(65)
Net purchase of own shares arising from share buyback programme	–	–	–	–	–
Other LTIP/DB/SAYE credit	–	–	–	2	2
At 31 December 2023 (Unaudited)	**35**	**59**	**10**	**1,919**	**2,023**

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	UNAUDITED 26 WEEKS ENDED 31 DECEMBER 2023 £M	UNAUDITED 26 WEEKS ENDED 1 JANUARY 2023 £M	AUDITED 52 WEEKS ENDED 2 JULY 2023 £M
Cash flows from operating activities				
Profit for the period		**60**	150	298
Depreciation and amortisation		**4**	3	4
Financial income		**(3)**	(2)	(5)
Financial costs		**5**	3	9
Income tax expense		**24**	48	97
Adjustment for non-cash items		**(1)**	(1)	–
Decrease in trade and other receivables		**12**	41	34
Decrease/(increase) in inventories		**27**	(203)	(30)
(Decrease)/increase in trade and other payables		**(141)**	8	(151)
(Decrease) in provisions		**(7)**	(4)	(12)
Cash (outflow)/inflow generated from operations		**(20)**	43	244
Interest paid		**(3)**	(1)	(4)
Tax paid		**(27)**	(45)	(82)
Net cash (outflow)/inflow from operating activities		**(50)**	(3)	158
Cash flows from investing activities				
Acquisition of software, property, plant and equipment		**–**	(5)	(4)
Interest received		**3**	2	4
Net cash inflow/(outflow) from investing activities		**3**	(3)	–
Cash flows from financing activities				
Payment of lease liabilities		**(2)**	(2)	(3)
Purchase of own shares		**–**	(97)	(100)
Dividends paid	3	**(65)**	(76)	(108)
Net cash (outflow) from financing activities		**(67)**	(175)	(211)
(Decrease) in net cash and cash equivalents		**(114)**	(181)	(53)
Net cash and cash equivalents at the beginning of the period		**235**	288	288
Net cash and cash equivalents at the end of the period	8	**121**	107	235

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated half-yearly financial information for the 26 weeks ended 31 December 2023 has been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 interim Financial Reporting, as adopted by the United Kingdom. The Directors consider this to be appropriate for the reasons outlined below.

The condensed consolidated financial statements are unaudited. A copy of the audited statutory accounts for year ended 2 July 2023 has been delivered to the Registrar of Companies.

The annual financial statements of the group for the 52 weeks to 30 June 2024 will be prepared in accordance with UK adopted international accounting standards (IFRS) in conformity with the requirements of the Companies Act 2006. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the 52 weeks ended 2 July 2023 which were prepared in accordance with applicable IFRSs.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons outlined below.

The Group renewed its available banking facilities in March 2021. As a result, the Group has a £350m Revolving Credit Facility (RCF) (2023: £350m) provided by an established syndicate of six banks being Barclays Bank PLC, Lloyds Bank Plc, The Royal Bank of Scotland Group Plc, Santander, HSBC and Svenska. This expires in September 2025 and is a committed unsecured facility. No change to the RCF covenants was made as a result of the renewal. As at 7 February 2024, £350m of this facility was undrawn. It is likely that the RCF will be renewed prior to its expiry in September 2025.

In addition the Group is in a net cash position at 31 December 2023 and 6 February 2024 and also has £3m of unsecured, uncommitted facilities.

The Directors have prepared forecasts including cashflow forecasts for a period of at least 12 months from the date of signing of these financial statements (the going concern assessment period). These forecasts indicate that the Group will have sufficient funds to meet its liabilities as they fall due, taking into account the following severe but plausible downside assumptions:

- A 10% price reduction on all unexchanged private and social legal completions for the going concern assessment period compared to the base case Board approved latest forecast prices;
- A 15% volume reduction for the going concern assessment period compared to the base case Board approved latest forecast volumes; and
- The Bank of England base rate increasing to 5.5% during FY24 before reducing to 5% by the end of the going concern assessment period.

These downside assumptions reflect the potential impact of increased economic uncertainty, the further potential impact of world conflicts, disruption in the energy and fuel market, inflation pressure, increasing rates of unemployment and the impact on consumer confidence levels.

Allowing for the above downside scenario, the model shows the Group has adequate levels of liquidity from its committed facilities and complies with all its banking covenants throughout the forecast period. The Directors therefore consider that the Group will have sufficient funds to continue to meet its liabilities as they fall due for the forecast period and have therefore adopted the going concern basis of accounting in preparing these financial statements.

Redrow plc is a public listed company, listed on the London Stock Exchange and domiciled in the UK.

The half-yearly condensed consolidated report should be read in conjunction with the annual consolidated financial statements for the 52 weeks ended 2 July 2023, which have been prepared in accordance with UK adopted international accounting standards.

This half-yearly financial information does not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006. The comparative figures for the financial period ended 2 July 2023 are not the Group's statutory accounts for that financial year. Audited statutory accounts for the 52 weeks ended 2 July 2023 were approved by the Board of Directors on 15 September 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The principal accounting policies adopted in the preparation of this condensed half-yearly financial information are included in the annual consolidated financial statements for the 52 weeks ended 2 July 2023. The accounting policies are consistent with those followed in the preparation of the financial statements to the 52 weeks ended 2 July 2023.

The preparation of condensed half-yearly financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may subsequently differ from these estimates. In preparing this condensed half-yearly financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the 52 weeks ended 2 July 2023.

The main operation of the Group is focused on housebuilding. As it operates entirely within the United Kingdom, the Group has only one reportable business and geographic segment. After considering the requirements of IFRS 15 to present disaggregated revenue, the Group does not believe there is any disaggregation criteria applicable to its one reportable business and geographic segment. There is no material difference between any assets or liabilities held at cost and their fair value.

Principal risks and uncertainties

As with any business, Redrow plc faces a number of risks and uncertainties in the course of its day to day operations.

The principal risks and uncertainties facing the Group are outlined within our half-yearly report 2024 (note 18). We have reviewed the risks pertinent to our business in the 26 weeks to 31 December 2023 and which we believe to be relevant for the remaining 26 weeks to 30 June 2024.

2. INCOME TAXES

Income tax charge is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year (29% (2023: 24.5%)) based on substantively enacted corporation tax and Residential Property Developer Tax (RPDT) rates. Deferred taxation balances have been valued at 29% (2023: 29%) being the corporation tax rate from 1 April 2023 substantively enacted on 24 May 2021 plus 4% RPDT with the exception of the deferred tax liability on employee benefits which has been calculated at 35% (2023: 35%).

3. DIVIDENDS

A dividend of £65m was paid in the 26 weeks ended 31 December 2023 (26 weeks ended 1 January 2023: £76m).

4. EARNINGS PER SHARE

The basic earnings per share calculation for the 26 weeks ended 31 December 2023 is based on the weighted number of shares in issue during the period of 321m (26 weeks ended 1 January 2023: 330m) excluding treasury shares held by the company and those held in trust under the Redrow Long Term Incentive Plan, which are treated as cancelled.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

26 weeks ended 31 December 2023 (Unaudited)

	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
Basic earnings per share	**60**	**321**	**18.7**
Effect of share options and SAYE	**–**	**1**	**(0.1)**
Diluted earnings per share	**60**	**322**	**18.6**

26 weeks ended 1 January 2023 (Unaudited)

	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
Basic earnings per share	150	330	45.4
Effect of share options and SAYE	–	1	(0.1)
Diluted earnings per share	150	331	45.3

4. EARNINGS PER SHARE (CONTINUED)

52 weeks ended 2 July 2023 (Audited)

UNDERLYING AND STATUTORY	EARNINGS £M	NUMBER OF SHARES MILLIONS	PER SHARE PENCE
Basic earnings per share	298	327	91.2
Effect of share options and SAYE	–	1	(0.3)
Diluted earnings per share	298	328	90.9

5. PENSIONS

The amounts recognised in respect of the defined benefit section of the Group's Pension Scheme are as follows:

	UNAUDITED 26 WEEKS ENDED 31 DECEMBER 2023 £M	UNAUDITED 26 WEEKS ENDED 1 JANUARY 2023 £M	AUDITED 52 WEEKS ENDED 2 JULY 2023 £M
Amounts included within the consolidated income statement			
Period operating costs			
Scheme administration expenses	**–**	–	(1)
Net interest on defined benefit liability	**–**	–	1
	–	–	–
Amounts recognised in the consolidated statement of comprehensive income			
Return on scheme assets excluding interest income	**5**	(28)	(56)
Actuarial movements arising from changes in demographic assumptions	**–**	–	5
Actuarial movements arising from change in financial assumptions	**(3)**	18	21
Actuarial movements arising from experience adjustments	**(2)**	(6)	(4)
	–	(16)	(34)
Amounts recognised in the consolidated balance sheet			
Present value of the defined benefit obligation	**(79)**	(84)	(74)
Fair value of the Scheme's assets	**84**	107	79
Surplus in the consolidated balance sheet	**5**	23	5

6. INVENTORIES

	UNAUDITED AS AT 31 DECEMBER 2023 £M	UNAUDITED AS AT 1 JANUARY 2023 £M	AUDITED AS AT 2 JULY 2023 £M
Land for development	**1,601**	1,816	1,684
Work in progress	**1,067**	1,056	1,017
Stock of showhomes	**75**	71	69
	2,743	2,943	2,770

7. LAND CREDITORS (INCLUDED IN TRADE AND OTHER PAYABLES)

	UNAUDITED AS AT 31 DECEMBER 2023 £M	UNAUDITED AS AT 1 JANUARY 2023 £M	AUDITED AS AT 2 JULY 2023 £M
Due within one year	**132**	297	174
Due in more than one year	**49**	115	98
	181	412	272

8. ANALYSIS OF NET CASH

	UNAUDITED AS AT 31 DECEMBER 2023 £M	UNAUDITED AS AT 1 JANUARY 2023 £M	AUDITED AS AT 2 JULY 2023 £M
Cash and cash equivalents	**121**	107	235
Lease liabilities	**(11)**	(7)	(10)
	110	100	225

Net cash excludes land creditors.

9. BANK FACILITIES

At 31 December 2023, the Group had total unsecured bank borrowing facilities of £353m (1 January 2023: £353m), representing £350m committed facilities and £3m uncommitted facilities. The Group's syndicated loan facility matures on 30 September 2025.

10. PROVISIONS

	LEGACY FIRE SAFETY PROVISION £M	OTHER £M	TOTAL £M
At 2 July 2023 (audited)	**188**	7	195
Provisions utilised	**(7)**	–	(7)
As at 31 December 2023 (unaudited)	**181**	7	188

	UNAUDITED AS AT 31 DECEMBER 2023 £M	AUDITED AS AT 2 JULY 2023 £M
Current provisions	**48**	107
Non-current long term provisions	**140**	88
	188	195

10. PROVISIONS (CONTINUED)

Legacy fire safety provision

Redrow is predominantly a housebuilder, however the Group historically built a small number of high rise buildings, mostly on a design and build basis by main contractors. In April 2022 the Group signed the government's Building Safety Pledge in respect of funding of remediation of life critical fire safety issues on buildings over 11m in which the Group was involved in going back 30 years. On 30 January 2023 Michael Gove announced the publication of the self remediation terms (SRT) which follows on from the signing of the Building Safety Pledge last year. Redrow signed this SRT on 13 March 2023 and the Welsh version on 18 April 2023. This SRT widened developers' responsibilities regarding potential remediation work which may need to be undertaken notably to include communal internal areas and for all buildings over 11m to be risk assessed regardless of EWS1 (External Wall Fire Review) status.

The legacy fire safety provision reflects Management's best estimates of the cost of works outstanding to complete the remediation of all identified buildings within scope to the standard outlined in the SRT including the reimbursement of funds to the Build Safety Fund (BSF) as appropriate. Prior year provisions represented Management's best estimate of the liability based on the information available at the time in relation to the obligations at the time. In estimating the cost of the works for calculating the provision at 31 December 2023, Management has used the latest BSF cost information shared with Redrow, taken into account the cost of contracts Redrow has placed and tenders received together with input from external cost consultants with respect to estimated external and internal remediation costs per plot. Management classified buildings as in scope according to a risk assessment across 6 risk categories used in reporting to DLUHC including their EWS1 status. However, these estimates are inherently uncertain as this is a highly complex area involving bespoke buildings for which investigations and assessments will be ongoing for some time. It is expected that £48m of the remaining provision will be utilised in the next 12 months and the remainder over the following three years although these timescales are subject to the completion of negotiations with relevant stakeholders. Provisions are discounted to net present value where the effect is material.

11. ISSUED SHARE CAPITAL

Allotted, called up and fully paid

	NUMBER	£M
At 2 July 2023 and 31 December 2023 ordinary shares of 10.5p each	330,770,245	**35**

12. RETAINED EARNINGS

Included in retained earnings of £1,919m at 31 December 2023 is £nil in respect of treasury shares held by the Company (at 1 January 2023: £38m).

13. CONTINGENT LIABILITIES

The Company has guaranteed the bank borrowings of its subsidiaries. Performance bonds and other building or performance guarantees have been entered into in the normal course of business. Management consider the possibility of a cash outflow in settlement to be remote.

14. RELATED PARTIES

Key management personnel, as defined under IAS 24 'Related Party Disclosures', are identified as the Executive Management Team and the Non-Executive Directors. Summary key management remuneration is as follows:

	UNAUDITED 26 WEEKS ENDED 31 DECEMBER 2023 £M	UNAUDITED 26 WEEKS ENDED 1 JANUARY 2023 £M	AUDITED 52 WEEKS ENDED 2 JULY 2023 £M
Short-term employee benefits	**2**	2	5
Share-based payment charges	**–**	1	2
	2	3	7

15. ALTERNATIVE PERFORMANCE MEASURES

Redrow uses a variety of Alternative Performance Measures (APMs) which are not defined or specified by IFRSs but which the Directors believe are pertinent to reviewing and understanding the broader performance of the Group, in conjunction with IFRS defined measures.

Interim dividend per share
Interim dividend per share declared in respect of financial year.

Legal completions
The number of homes legally completed in the half year.

Order Book
The value of reserved and exchanged sales which had not legally completed at the half year end.

Return on capital employed
Capital employed is defined as total equity plus net debt or minus net cash.

ROCE – at half year end, this is calculated as operating profit for the 52 weeks to 31 December 2023 and 52 weeks to 1 January 2023 before exceptional items as a percentage of the average of current year 31 December 2023 and prior year 1 January 2023 capital employed.

	26 WEEKS ENDED 31 DECEMBER 2023 £M		26 WEEKS ENDED 1 JANUARY 2023 £M
Operating Profit			
26 weeks to 31 December 2023	86	26 weeks to 1 January 2023	199
52 weeks to 2 July 2023	399	53 weeks to 3 July 2022	414
26 weeks to 1 January 2023	(199)	27 weeks to 2 January 2022	(205)
52 weeks to 31 December 2023	**286**	52 weeks to 1 January 2023	**408**
Capital Employed			
Total equity 31 December 2023	2,023	Total equity 1 January 2023	1,918
Net cash 31 December 2023	(121)	Net cash 1 January 2023	(107)
Capital employed 31 December 2023	**1,902**	Capital employed 1 January 2023	**1,811**
Total equity 1 January 2023	1,918	Total equity 2 January 2022	1,953
Net cash 1 January 2023	(107)	Net cash 2 January 2022	(242)
Capital employed 1 January 2023	**1,811**	Capital employed 2 January 2022	**1,711**
Average capital employed	**1,857**	Average capital employed	**1,761**
ROCE %	**15.4%**	ROCE %	**23.2%**

16. GENERAL INFORMATION

Redrow plc is a public limited company incorporated and domiciled in England and Wales and has its primary listing on the London Stock Exchange.

The registered office address is Redrow House, St David's Park, Flintshire, CH5 3RX.

Financial Calendar

Interim dividend record date	23 February 2024
Interim dividend payment date	8 April 2024
Announcement of results for the 52 weeks to 30 June 2024	11 September 2024
Final dividend record date	To be confirmed
Circulation of Annual Report	4 October 2024
Annual General Meeting	8 November 2024
Final dividend payment date	To be confirmed

17. SHAREHOLDER ENQUIRIES

The Registrar of Redrow plc is Computershare Investor Services PLC. Shareholder enquiries should be addressed to the Registrar at the following address:

Registrars Department
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Shareholder helpline: 0370 707 1257

18. RISK AND RISK MANAGEMENT

The Board has carried out a robust assessment of the Group's emerging and principal risks.
The following tables outline Redrow's principal risks, together with key controls and mitigating strategies.

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	EXAMPLE KEY RISK INDICATORS
THRIVING COMMUNITIES	**HOUSING MARKET** The UK housing market conditions have a direct impact on our business performance.	Group Chief Executive	Ongoing and regular monitoring of government policy consultations and developments and lobbying as appropriate. Close monitoring of government guidance. Market conditions and trends are being closely monitored allowing management to identify and respond to any sudden changes or movements. Weekly review of sales at Group, divisional and site level with monitoring of pricing trends and customer demographics. Ensuring strong relationships with lenders and valuers to ensure they recognise our premium product. Delegated Crisis Committee established with Executive Management Team meetings a minimum of twice weekly in times of crisis.	• Leading market indicators re volumes and values • Weekly sales statistics
BUILDING RESPONSIBLY VALUING PEOPLE	**KEY SUPPLIER OR SUBCONTRACTOR FAILURE** The failure of a key component of our supply chain to perform due to financial failure or production issues could disrupt our ability to deliver our homes to programme and budgeted cost.	Group Commercial Director	Use of reputable supply chain partners with relevant experience and proven track record and maintain regular contact. Monitoring of subcontract supply chain to maintain appropriate number for each trade to identify potential shortage in skilled trades in the near future. Subcontractor utilisation on sites monitored to align workload and capacity. Materials forecast issued to suppliers and reviewed regularly. Collaborate with Supply Chain Partners in development of supply continuity strategies. Group Monthly Product Development meetings to identify and monitor changes in the regulatory environment. Tracking of construction cost movements.	• Material and trade shortages • Material and trade price increases • Advance payment applications • Reluctance to tender for new business
THRIVING COMMUNITIES BUILDING RESPONSIBLY VALUING PEOPLE	**PLANNING AND REGULATORY ENVIRONMENT** The inability to adapt to changes within the planning and regulatory environment could adversely impact on our ability to comply with regulatory requirements.	Group Communities Director, Group Human Resources Director, Group Company Secretary and Managing Director (Harrow Estates)	Lobby and communicate with local authorities to facilitate early collaboration to shape developments including where a National Model Design Code (NMDC) is required. Close management and monitoring of planning expiry dates and CIL. Well prepared planning submissions addressing local concern and deploying good design. Careful monitoring of the regulatory environment and regular communication of proposed changes across the Group through the Executive Management Team. Proactive approach to managing data protection with multi-functional team meeting regularly. Effective engagement with local authorities to understand the extent of their policies relating to climate change.	• Government consultations • Planning approval statistics • Proposed government legislation
BUILDING RESPONSIBLY	**AVAILABILITY AND AFFORDABILITY OF MORTGAGE FINANCE** Availability and affordability of mortgage finance is a key factor facilitating liquidity in the housing market.	Group Finance Director	Proactively engage with the government, Lenders and Insurers to support the housing market. Expert New Build Mortgage Specialists provide updates on and monitoring of regulatory change.	• Loan to value metrics • Number of mortgage products readily available

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	EXAMPLE KEY RISK INDICATORS
THRIVING COMMUNITIES BUILDING RESPONSIBLY	**SUSTAINABILITY** Risks associated with failure to embed sustainable development principles.	Group Communities Director	Preparation and planning underway for Future Homes standard. Preparation for future Environmental Bill through implementation of our Nature for People Strategy. Close monitoring of government strategy and guidance. Regular benchmarking against peers. ESG scorecard. Risks and opportunities assessment aligned to TCFD framework. Training for divisional teams. Appointment of a Group Sustainability Director.	• Group GHG emissions Scope 1 & 2 • % of timber certified • Average SAP rating • Tonnes of construction waste per 100m² build • % of materials suppliers and manufacturers who have actively confirmed compliance with the Modern Slavery legislation and Redrow Code of Conduct
THRIVING COMMUNITIES VALUING PEOPLE	**CUSTOMER SERVICE** Failure of our customer service could lead to relative under performance of our business.	Group Customer & Marketing Director	Customer and Quality Director. My Redrow website to support our customers purchasing their new home. Increased use of digital and virtual communication tools. Online systems provide a full audit trail of the sales process. Full training on New Homes Ombudsmen requirements. Annual review of adherence to NHQB Quality Code procedures compliance signed by divisional Managing Director. Attention to customer feedback supported by a process at nine months post occupation to address root cause of customer fatigue and dissatisfaction. Bespoke digitisation of complaints management system for improved visibility and efficiency. Regular review of our marketing and communications policy at both Group and divisional level.	• Customer satisfaction metrics • NHBC Construction Quality Review scores and Reportable Items
THRIVING COMMUNITIES BUILDING RESPONSIBLY VALUING PEOPLE	**HEALTH, SAFETY AND ENVIRONMENT** Non-compliance with Health & Safety standards and Environmental regulations could put our people and the environment at risk.	Group Health, Safety and Environmental Director	Dedicated in-house team operating across the Group to ensure compliance of appropriate Health and Safety standards supported by external professional expertise. HS&E Assurance Audits. Monthly Divisional HS&E Leadership meetings. Group and Regional HS&E Leadership meetings. Internal and external training provided to all employees. ISO 14001 environmental management system covering all business operations. Divisional Construction (Design and Management) Regulation (CDM) inspections carried out to assess our compliance with our client duties under CDM. Health and Safety discussion at both Group and divisional level board meetings supported by performance information. CDM competency accreditation requirement as a minimum for contractor selection process. Regular monitoring and reporting on environmental performance.	• Annual Injury Incidence Rate (AIIR) • HS&E Assurance Audits outcomes • 'Near Miss' statistics

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	EXAMPLE KEY RISK INDICATORS
BUILDING RESPONSIBLY	**CYBER SECURITY** Failure of the Group's IT systems and the security of our internal systems, data and our websites can have significant impact to our business.	Chief Information Officer	Cyber Awareness campaigns. Communication of IT policy and procedures to all employees. Regular systems back up and storage of data offsite. Web access allowed list. Internal IT security specialists. New Security Operation Centre. Use of third party entity to test the Group's cyber security systems and other proactive approach for cyber security including Cyber Essentials Plus accreditation. Compulsory GDPR and IT security online training to all employees within our business. Cyber Insurance.	• Level of instances reported in the media • Penetration test results
THRIVING COMMUNITIES BUILDING RESPONSIBLY	**LAND PROCUREMENT** The ability to purchase land suitable for our products and the timing of future land purchases are fundamental to the Group's future performance.	Managing Director (Harrow Estates)	Proactive monitoring of the market conditions to implement a clear defined strategy at both Group and divisional level. Experienced and knowledgeable personnel in our land, planning and technical teams. Appropriate investment in strategic land programme supported by specialist Group team. Effective use of our Land Bank Management system to support the land acquisition process. Close monitoring of progress of relevant Local Plans. Peer review by Legal Directors and use of third party legal resources for larger site acquisitions to reduce risk. Monitoring of emerging legislation to inform land assessments and purchase terms.	• Forward land pull through • Owned land holding years • Land offer statistics
BUILDING RESPONSIBLY	**FRAUD/UNINSURED LOSS** A significant fraud or uninsured loss could damage the financial performance of our business.	Group Finance Director	Systems, policies and procedures in place which are designed to segregate duties and minimise any opportunity for fraud. Regular Business Process Reviews undertaken to ensure compliance with procedure and policies followed by formal action plans. Timely management reporting. Insurance strategy driven by business risks including Cyber Insurance. Fraud awareness training.	• Business Process Review outcomes • Insurance Review outcomes
THRIVING COMMUNITIES BUILDING RESPONSIBLY	**APPROPRIATENESS OF PRODUCT** The failure to design and build a desirable product for our customers at the appropriate price may undermine our ability to fulfil our business objectives.	Group Design and Technical Director	Regular review and product updates in response to the demand in the market and assessment of our customer needs. Design focused on high quality build and flexibility to planning changes. Regular site visits and implementation of product changes to respond to demands. Focus on award winning Heritage Collection. Manufacturers providing specific training to subcontractors re new technologies installation. Regular design and technical seminars. Monitor government emerging legislation.	• Customer satisfaction metrics • Focus Group feedback • Emerging planning regulation

STRATEGIC OBJECTIVE	RISK	RISK OWNERS	KEY CONTROLS AND MITIGATING STRATEGIES	EXAMPLE KEY RISK INDICATORS
VALUING PEOPLE	**ATTRACTING AND RETAINING STAFF** The loss of key staff and/or our failure to attract high quality employees will inhibit our ability to achieve our business objectives.	Group Human Resources Director	In-house training offering blended learning to all employees. Suite of development programmes for identified talent from first line manager to Director. Move to agile working practices embracing use of remote working. Graduate training, Undergraduate placements and Apprentice training programmes to aid succession planning. Bespoke housebuilding degree course in conjunction with Liverpool John Moores University and Coleg Cambria. Remuneration strategy in order to attract and retain talent within the business is reviewed regularly and benchmarked. Engagement Team and continued refinement of internal communications platform in addition to annual employee survey to create framework for strong, two-way communication. Flexible Working Policy.	• Employee turnover levels • Employee engagement score
BUILDING RESPONSIBLY	**LIQUIDITY AND FUNDING** The Group requires appropriate facilities for its short-term liquidity and long-term funding.	Group Finance Director	Medium term committed banking facilities sufficient for a major market breakdown. Regular communication with our investors and relationship banks, including visits to developments as appropriate. Regular review of our banking covenants appropriateness and design and capital structure. Ensuring our future cash flow is sustainable through detailed budgeting process and reviews and scenario modelling. Strong forecasting and budgeting process. Monitor requirements for future bonds in emerging planning agreements.	• Cash conversion • Forecast undrawn committed facilities
THRIVING COMMUNITIES BUILDING RESPONSIBLY VALUING PEOPLE	**CLIMATE CHANGE** Risks associated with the potential physical effects of climate change and the regulatory and mandatory reporting environment around climate change.	Group Communities Director	Risks and opportunities assessment aligned with TCFD framework and Climate-Related Financial Disclosures. Ensure appropriate consideration is given to product design and placemaking to mitigate potential climate change impacts. Identify new products, processes and services aimed at improved energy performance and reducing Green House Gas emissions. Undertake climate-related scenario analysis. Commitment made to the Business Ambition for 1.5°C and to reach Science-based net zero carbon emissions no later than 2050 with near-term targets verified.	• Group GHG emissions • Scope 1, 2 & 3 • Average SAP rating