THIS DOCUMENT IS IMPORTANT AND REQUIRES 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 (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 relating to Bovis Homes Group PLC (the "**Company**") prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority ("**FCA**") made under section 73A of the FSMA. This document has been approved by the FCA in accordance with section 85 of the FSMA, will be made available to the public and has been filed with the FCA in accordance with the Prospectus Regulation Rules. This document together with the documents incorporated into it by reference (as set out in Part XVI — "*Documentation Incorporated by Reference*" of this document) 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.bovishomesgroup.co.uk/investors and at the Company's registered office at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY.

This Prospectus has been approved by the FCA, as the competent authority under Regulation (EU) 2017/1129. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; such approval should not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

The Company and its directors, whose names appear on page 43 of this document (the "**Directors**"), and the proposed directors of the Enlarged Group (the "**Proposed Enlarged Group Board**", and each member a "**Proposed Director**"), accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the 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 factors that should be considered in connection with an investment in the Consideration Shares. You should not rely solely on the information summarised in the section titled "*Summary Information*".

Bovis Homes Group PLC

(*incorporated and registered under the laws of England and Wales with registered number 00306718*)

Proposed issue of up to 63,739,385 ordinary shares in the share capital of Bovis Homes Group PLC in connection with the proposed acquisition of the Linden Homes and Partnerships & Regeneration businesses of Galliford Try plc (the "Acquisition")

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

Joint Financial Adviser and Sponsor	*Joint Financial Adviser and Sole Broker*
Lazard & Co., Limited	**Numis Securities Limited**

The ordinary shares in the capital of the Company with a nominal value of £0.50 each (the "**Existing Shares**") are listed on the Official List maintained by the FCA and traded on the London Stock Exchange plc's (the "**London Stock Exchange**") Main Market for listed securities. Application will be made to the FCA and to the London Stock Exchange for 63,739,385 ordinary shares in the share capital of Bovis Homes Group PLC with a nominal value of £0.50 (the "**Consideration Shares**") to be admitted to the Official List of the FCA 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 Consideration Shares will commence at 8.00 a.m. (London time) on 3 January 2020. **No application is currently intended to be made for the Consideration 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.

Lazard & Co., Limited (“**Lazard**”) is authorised and regulated in the UK by the FCA. Lazard is acting exclusively as joint financial adviser and sponsor for the Company and no one else in connection with the matters set out in this Prospectus and will not regard any other person as its client in relation to the matters in this Prospectus. Lazard will not be responsible to anyone other than the Company for providing the protections afforded to clients of Lazard, nor for providing advice in relation to any matter referred to herein.

Numis Securities Limited (“**Numis**”) is authorised and regulated in the UK by the FCA. Numis is acting exclusively as joint financial adviser and sole broker for the Company and no one else in connection with the matters set out in this Prospectus and will not regard any other person as its client in relation to the matters in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.

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 the Banks nor any of their respective affiliates accept any responsibility or liability whatsoever for the contents of this document, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Group, the Enlarged Group, the Acquisition, the Admission or the Consideration Shares, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether or not to the past or future. The Banks and their respective affiliates accordingly disclaim all and any duty, liability or responsibility 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 document or any such statement.

NOTICE TO UNITED STATES INVESTORS

The Consideration 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 Consideration 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 Consideration 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. New Topco Shareholders who will be affiliates (within the meaning of the Securities Act) of the Company as of the Scheme Effective Date will be subject to certain US transfer restrictions relating to the Consideration Shares received pursuant to the Scheme. For a description of these and certain further restrictions on offers, sales and transfers of the Consideration Shares and the distribution of this announcement, see Part II – “*Presentation of Financial and Other Information*”.

None of the securities referred to in this document 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 adequacy or accuracy of the information contained in this announcement. Any representation to the contrary is a criminal offence in the United States.

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

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 by the Banks to distribute this Prospectus (or any other offering or publicity materials relating to the Consideration 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 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.

Unless otherwise determined by the Company or required by and permitted by applicable law and regulation, the Acquisition will not be implemented and documentation relating to the Acquisition 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 Acquisition 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 Acquisition (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 Consideration Shares under the Acquisition to New Topco 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 document 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 document had been prepared in accordance with the laws of jurisdictions outside of 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 document 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 Consideration Shares and the implementation of the Acquisition 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 Board, the Proposed Enlarged Group Board, the Banks and all other persons involved in the Acquisition disclaim any responsibility or liability for the failure to satisfy any such laws, regulations or requirements by any person.

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

NOTICE TO ALL INVESTORS

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

No person has been authorised to give any information or make any representations other than those contained in this document 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 document 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 Group since the date of this document or that the information in this document is correct as at any time subsequent to its date.

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

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

This document is dated 7 November 2019.

TABLE OF CONTENTS

SUMMARY INFORMATION

A. INTRODUCTION AND WARNINGS

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

Ordinary shares (the "**Shares**"). ISIN code GB0001859296.

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

Bovis Homes Group PLC ("**Bovis Homes**" or the "**Company**", and, together with its consolidated subsidiaries, the "**Group**") is a public limited company. Its registered office is at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY. The Company's telephone number is +44 (0) 1732 280400 and its legal entity identifier is 2138001KOWN7CG9SLK53.

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

This prospectus (the "**Prospectus**") has been approved by the FCA, as competent authority, with its head office at 12 Endeavour Square, London E20 1JN and telephone number: +44 (0) 20 7066 1000, in accordance with Regulation (EU) 2017/1129.

A.1.4 *Date of approval of the prospectus*

This Prospectus was approved on 7 November 2019.

A.1.5 *Warning*

This summary has been prepared in accordance with Article 7 of Regulation (EU) 2017/1129 and should be read as an introduction to the Prospectus. Any decision to invest in the Consideration Shares should be based on consideration of the Prospectus as a whole by the investor. Any investor could lose all or part of their invested capital and, where any investor's liability is not limited to the amount of the investment, it could lose more than the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. 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 the Prospectus or if 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 Consideration 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 2138001KOWN7CG9SLK53. The Company was incorporated and registered as a public company limited by shares in England and Wales on 4 November 1935 with registered number 00306718 under the Companies Act 1929. The principal law and legislation under which the Company operates is the Companies Act 2006 (the "**Companies Act**").

B.1.2 *Principal activities*

Bovis Homes is a top 10 UK housebuilder operating with a strategic focus on the south of England, excluding London, that designs and develops high-quality private and affordable housing. The Group purchases land in targeted prime locations, typically on the edge of towns or villages, with over 90 per cent. on greenfield sites. The Group has specialist land buyers in each of its operating regions who work with land vendors, including local authorities, to identify high quality land opportunities that at least meet land vendors' minimum hurdle rates and enable the Group to create sustainable places for its customers to live. The Group uses its own well-designed, contemporary standard housing range on the majority of its developments and employs local suppliers and sub-contractors. A key priority of the Group is to deliver high levels of customer satisfaction throughout the customers' entire Bovis Homes journey, delivered by its team of trained customer service and sales advisors.

B.1.3 *Major shareholders*

Insofar as it is known to the Company as at the date of this Prospectus, the following persons will, on Admission, be directly or indirectly interested (within the meaning of the Companies Act) in 3 per cent. or more of the Company's issued share capital (being the threshold for notification of interests that will apply to Shareholders as of Admission pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules):

Shareholder	Number of Shares as at Admission	Percentage of Share Capital as at Admission
Blackrock	12,604,836	9.23%
Dimensional Fund Advisors	8,637,563	6.53%
LSV Asset Management	5,190,519	4.19%
JO Hambro Capital Management	4,894,182	3.70%
Vanguard Group	5,162,109	3.62%
Schroder Investment Management	4,803,495	3.57%
Aberdeen Standard Investments	4,623,289	3.46%
M&G Investment Management	4,580,597	3.45%
NBIM	4,668,148	3.41%

B.1.4 *Key managing directors of the Company*

Greg Fitzgerald is Chief Executive and Earl Sibley is Group Finance Director.

B.1.5 *Identity of the statutory auditors*

PricewaterhouseCoopers LLP ("**PwC**"), whose registered address is at 1 Embankment Place, London WC2N 6RH.

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

The tables below set out selected key financial information for the Group for the years ended 31 December 2016, 2017 and 2018 and for the six-month periods ended 30 June 2018 and 2019.

Income Statement

	Year to 31 December			Six months to 30 June	
	2016	2017	2018	2018	2019
				(unaudited)	
			(£ million)		
Revenue	1054.8	1028.2	1061.4	432.2	472.3
Operating profit before financing costs	160.0	121.2(1)	174.2	63.1	75.8
Profit before tax	154.7	114.0(1)	168.1	60.2	72.4

Balance Sheet

	Year to 31 December			Six months to 30 June	
	2016	2017	2018	2018	2019
				(unaudited)	
			(£ million)		
Equity shareholders' fund	1015.9	1056.6	1061.1	1061.3	1073.8
Net cash	(38.6)	(144.9)	(126.8)	(42.8)	(102.4)
Capital employed	977.3	911.7	934.3	1018.5	971.4

Cashflow

	Year to 31 December			Six months to 30 June	
	2016	2017	2018	2018	2019
				(unaudited)	
			(£ million)		
Net cash flow from operations	61.8	156.1	130.7	(59.5)	61.7
Net cash flow from investing activities	1.4	12.2	(20.0)	0.2	(35.4)
Net cash flow from financing activities	(56.7)	(36.8)	(117.5)	(32.2)	(87.1)
Net cash flow	6.6	131.5	(6.8)	(91.5)	(60.8)
Opening cash and cash equivalents	32.0	38.6	170.1	170.1	163.2
Closing cash and cash equivalents	38.6	170.1	163.2	78.6	102.4

Homes

	Year to 31 December			Six months to 30 June	
	2016	2017	2018	2018	2019
				(unaudited)	
			(£ million)		
Number of unit completions	3,977	3,645	3,759	1,580	1,647(2
Average sales price (£'000)	254.9	272.4	273.2	262.7	269.2

Notes:

(1) After exceptional costs totalling £6.8 million.

(2) Includes three joint venture completions. Prior periods nil.

There are no qualifications in the accountant's report on the historical financial information incorporated by reference in this Prospectus.

Pro forma financial information

The unaudited pro forma income statement of the Enlarged Group has been prepared based on the consolidated statement of income of the Group for the year ended 31 December 2018 and the consolidated income statement of Galliford Try for the year ended 30 June 2019 to illustrate the effect on the income statement of the Group of the Acquisition as if it had taken place as at 1 January 2018.

The unaudited pro forma statement of net assets of the Enlarged Group has been prepared based on the consolidated balance sheet of the Group as at 31 December 2018 and the consolidated balance sheet of Galliford Try as at 30 June 2019 to illustrate the effect on the net assets of the Group of the Acquisition as if it had taken place as at 31 December 2018.

The pro forma financial information has been prepared for illustrative purposes only in accordance with Article 7 of Regulation (EU) 2017/1129. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or result nor is it indicative of the result that may, or may not, be expected to be achieved in the future.

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

- The deterioration of the UK economy could lead to decreased affordability, reduced demand for housing and falling house prices, which could have a material adverse impact on Bovis Homes', the Target Businesses' and the Enlarged Group's business, prospects, financial condition and/or results of operations.
- Significant unanticipated costs might arise in relation to the execution of Bovis Homes', the Target Businesses' and the Enlarged Group's projects, which could have a material adverse impact on Bovis Homes', the Target Businesses' and the Enlarged Group's business, prospects, financial condition and/or results of operations.
- Bovis Homes', the Target Businesses' and the Enlarged Group's projects are subject to execution risk, including delay, non-completion and financial loss, which could have a material adverse impact on Bovis Homes', the Target Businesses' and the Enlarged Group's business, prospects, financial condition and/or results of operations.
- The discontinuation of UK Government-backed home purchase assistance programmes may adversely affect Bovis Homes', the Target Businesses' and, following Completion, the Enlarged Group's sales.
- Bovis Homes, the Target Businesses and, following Completion, the Enlarged Group are subject to risks related to the emerging policies of the current Government, those of other political parties and/or judicial or quasi-judicial bodies which may influence future policy pertaining to the businesses of Bovis Homes, the Target Businesses and/or the Enlarged Group.
- Bovis Homes and the Target Businesses are, and the Enlarged Group will be, dependent on third party suppliers, contractors, sub-contractors and other service providers to execute their projects, and the inability to procure their services could have a material adverse impact on Bovis Homes', the Target Businesses' and the Enlarged Group's business, prospects, financial condition and/or results of operations.
- Bovis Homes', the Target Businesses' and the Enlarged Group's performance depends (or will depend, as applicable) on the ability to purchase land suitable for their purposes, and any inability to complete purchases on acceptable terms could have a material adverse impact on Bovis Homes', the Target Businesses' and the Enlarged Group's business, prospects, financial condition and/or results of operations.

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 £0.50 each.

The international securities identification number ("**ISIN**") of the Shares is GB0001859296. The Company is proposing to issue 63,739,385 Consideration Shares in connection with the proposed Acquisition. The Consideration Shares will constitute up to approximately 29.3 per cent. of the Enlarged Group following Completion (after accounting for the Placing and the Bonus Issue). When admitted to trading, the Consideration Shares will be registered with ISIN number GB0001859296.

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

The currency of the Consideration Shares is British pounds sterling. At the date of this Prospectus, the nominal value of one issued Share is £0.50.

C.1.3 *Rights attached to the Consideration Shares*

The rights attaching to the Consideration Shares will be uniform in all respects and they will form a single class for all purposes together with the Existing Shares, 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, save that holders of the Consideration Shares will not be entitled to receive any dividend or distribution announced, declared, made or paid by the Company prior to the issuance of the Consideration Shares, by reference to a record date falling prior to the date of issue of the Consideration Shares, including, for the avoidance of doubt the Bonus Issue and the Second Interim Dividend.

Bovis Homes today announced a placing to institutional investors on a non pre-emptive basis of up to 13,472,591 new ordinary shares with a nominal value of £0.50 each in the capital of the Company (the "**Placing Shares**"), which represent approximately 9.99 per cent. of the Company's existing issued share capital (the "**Placing**"). The Placing is being conducted, subject to the satisfaction of certain conditions, through an accelerated bookbuild to be launched immediately following the announcement of the Placing.

Subject to the provisions of the Companies Act and excluding the Placing, any equity securities issued by the Company for cash must first be offered to the holders of Shares in the capital of the Company ("**Shareholders**") in proportion to their holdings of Shares. The Companies Act and Listing Rules allow for the disapplication of pre-emption rights, which may be waived by a special resolution of the Shareholders, whether generally or specifically, for a maximum period not exceeding five years.

On a show of hands, every Shareholder who is present in person shall have one vote and, on a poll, every Shareholder present in person or by proxy shall have one vote per Share.

Except as provided by the rights and restrictions attached to any class of shares, 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 Consideration 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.

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

The Consideration Shares are freely transferable and there are no restrictions on transfer. However, the making of the proposed offer of Consideration 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 Shares.

C.1.6 *Dividend or payout policy*

The Group dividend policy strategy has been, and will continue to be, to maintain a robust and efficient balance sheet and delivering sustainable dividends to Shareholders.

In September 2017, the Group announced its intention that surplus capital resulting from its balance sheet optimisation initiatives totalling £180 million would be returned to Shareholders in the three years to 2020. The first £60 million was paid as a special dividend to Shareholders in November 2018.

The Company's intention was to pay a further £60 million to Shareholders by way of special dividend in November 2019. As included in the announcement dated 10 September 2019, the Company has agreed that, conditional upon Completion, rather than pay the expected special dividend of £60 million, it will return value to Shareholders by way of a bonus issue (the "**Bonus Issue**") settled at Completion through the issue of 5,665,723 Shares (the "**Bonus Issue Shares**") to Shareholders on the Company's register of members as at 6.00 p.m. on 2 January 2020, being the last date on which transfers will be accepted for registration to participate in the Bonus Issue (which, for the avoidance of doubt, shall include holders of the Placing Shares but exclude recipients of the Consideration Shares) (the "**Bonus Issue Record Time**").

The Company is expected to capitalise a sum of £2,832,861.50 from its retained profits to pay up in full 5,665,723 Shares. If calculated as at the Latest Practicable Date and assuming that the maximum number of Placing Shares is issued, Shareholders are expected to receive:

for every 1 Share held at the Bonus Issue Record Time **0.03819 Bonus Issue Shares**(1)

(1) The proportional entitlement of Shareholders to Bonus Issue Shares will be adjusted so as to reflect any new Shares issued after the Latest Practicable Date and prior to the Bonus Issue Record Date.

As at the Latest Practicable Date, the Bonus Issue was expected to be for an amount up to £66 million (calculated using a share price of £11.63, being the closing share price on the Latest Practicable Date) through the issuance of 5,665,723 Shares payable as at Completion.

Combining the Bonus Issue with the £60 million paid as a special dividend in November 2018, the Company expects to pay £126 million of the initially proposed £180 million by way of capital return. Reflecting the Group's new strategy driven by the Acquisition, the Company does not expect to pay any further special dividend payments in relation to the £180 million capital return initiative as set out in September 2017.

Instead of the Bovis Homes 2019 final dividend, the Company expects to pay a cash dividend of up to 41 pence per Share in May 2020 to Shareholders on the Company's register of members as at 6.00 p.m. on 27 December 2019 (the

"**Second Interim Dividend**"), whereby the relevant Shareholders (which, for the avoidance of doubt, shall include holders of the Placing Shares but exclude recipients of Consideration Shares) shall be entitled to receive their *pro rata* entitlements to the Second Interim Dividend.

Dividend policy for the Enlarged Group

For 2020, the Enlarged Group's focus will be on the successful integration of Bovis Homes and the Target Businesses and best positioning the Enlarged Group for the future, with the reduction of indebtedness being a key priority.

Going forward, the Enlarged Group expects to maximise sustainable dividends to Shareholders through ordinary dividend cover of 2 times, moving towards a cover of 1.75 times following a period of integration and deleveraging. The Group will also consider the prevailing strength of the balance sheet and general economic circumstances, with particular regard to the cyclicality of the industry.

The "Dividend Reinvestment Plan" is intended to continue following Completion, giving Shareholders the opportunity to reinvest their dividends to buy Shares through a special dealing arrangement.

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

Application will be made to the FCA for all the Shares, issued and to be issued, to be admitted to the premium listing segment of the Official List, and admitted 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 Consideration Shares could be volatile, which could result in a loss to Shareholders.
- The sale of substantial numbers of Shares by Shareholders of the Company could depress the price of the Shares and result in a loss to Shareholders.
- The issue of Consideration Shares, Placing 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 Shareholders.
- Shareholders may not receive a return on their investment or may receive a negative return and lose some or all of the capital invested.
- Shareholders outside of the UK may have fewer rights than they would have as UK shareholders or as shareholders of companies organised in their local jurisdiction, including the inability to bring an action against Bovis Homes under a particular Shareholder's domestic law.
- There are certain limitations as to the Enlarged Group's ability to pay dividends.
- Shareholders may be subject to exchange rate risks.

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 Consideration Shares to listing and trading on the London Stock Exchange will become effective and that unconditional dealings will commence at 8.00 a.m. (UK time) on 3 January 2020.

Expected Timetable of Principal Events

The dates and times given in the table below in connection with the Acquisition are indicative only and are based on the Company's current expectations and are subject to change. If any dates and/or times in this expected timetable change, the revised dates and/or times will be notified to Shareholders by announcement through a Regulatory Information Service. All times shown are London times unless otherwise stated.

EVENT	TIME AND/OR DATE
Announcement of the Acquisition and the Placing	7.00 a.m. on 7 November 2019
Publication of the Prospectus and posting of the Circular	**7 November 2019**
Admission and commencement of dealings in the Placing Shares on the premium segment of the Official List and the Main Market of the London Stock Exchange	by 8.00 a.m. on 11 November 2019
Latest time and date for lodging Forms of Proxy (or appointing a proxy electronically or submitting a proxy via CREST) for the General Meeting	**11.00 a.m. on 28 November 2019**
Voting Record Time[(1)]	8.00 p.m. on 28 November 2019
Galliford Try Court Meeting	10.00 a.m. on 29 November 2019
Galliford Try General Meeting	10.15 a.m. on 29 November 2019
General Meeting	**11.00 a.m. on 2 December 2019**

Ex-dividend date for the Second Interim Dividend	8.00 a.m. on 24 December 2019
Second Interim Dividend Record Time	6.00 p.m. on 27 December 2019
Scheme Effective Date	**2 January 2020**
Consideration Share Record Time	6.00 p.m. on 2 January 2020
Bonus Issue Record Time	6.00 p.m. on 2 January 2020
Ex-dividend date for the Bonus Issue Shares	8.00 a.m. on 3 January 2020
Expected Completion Date	3 January 2020
Admission and commencement of dealings in the Consideration Shares and Bonus Issue Shares on the premium segment of the Official List and the Main Market of the London Stock Exchange	**by 8.00 a.m. on 3 January 2020**
CREST accounts of Galliford Try Shareholders holding in uncertificated form credited with Consideration Shares	on or soon after 8.00 a.m. on 3 January 2020
CREST accounts of Shareholders holding in uncertificated form credited with Bonus Issue Shares	on or soon after 8.00 a.m. on 3 January 2020
Despatch of share certificates: (a) for Consideration Shares to Galliford Try Shareholders holding in certificated form and (b) for Bonus Issue Shares	on or soon after 8.00 a.m. on 3 January 2020
CREST accounts credited with any cash due in relation to the sale of fractional entitlements	within 14 days after Completion
Despatch of cheques for any cash in relation to the sale of fractional entitlements for those Galliford Try Shareholders who do not hold their Galliford Try Shares in CREST	within 14 days after Completion
Second Interim Dividend paid to Shareholders	May 2020

Note:

(1) To be entitled to attend, speak and vote at the 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 8.00 p.m. on 28 November 2019 (or, in the event of any adjournment, at 8.00 p.m. on the date which is two 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 General Meeting.

Delivery of Shares

The Consideration Shares and the Existing Shares are in registered form and can be held in certificated or uncertificated form through CREST.

The Existing Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the Consideration Shares, and all such shares when issued and fully paid may be held and transferred through CREST.

The Consideration Shares issued to existing Galliford Try Shareholders pursuant to the Acquisition 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 Consideration Shares, save that holders of the Consideration Shares will not be entitled to receive any dividend or distribution announced, declared, made or paid by the Company prior to the issuance of the Consideration Shares, including, for the avoidance of doubt, the Bonus Issue and the Second Interim Dividend. The Consideration Shares will be issued in registered form and will trade under the same ISIN number as the Existing Shares.

Dilution

Bovis Homes proposes to issue up to 13,472,591 Shares in connection with the Placing, 63,739,385 Consideration Shares in connection with the Acquisition and 5,665,723 million Shares in connection with the Bonus Issue. Subject to Completion, the Company's issued ordinary share capital will increase by up to 61.5 per cent., relative to the number of Shares in issue as at the Latest Practicable Date.

Immediately following Completion, assuming that: (i) up to 13,472,591 Placing Shares are issued; (ii) 63,739,385 Consideration Shares are issued; and (iii) 5,665,723 Bonus Issue Shares are issued in connection with the Acquisition, existing Shareholders at the Latest Practicable Date will, together, own up to approximately 70.7 per cent. of the ordinary share capital of the Enlarged Group and the Galliford Try Shareholders will hold in aggregate up to 29.3 per cent. of the ordinary share capital of the Enlarged Group.

Estimated expenses

The estimated expenses, commissions, stamp duty and taxes payable by the Company in connection with the Admission amount to approximately £22 million.

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

On 7 November 2019, the Company announced that it had entered into an agreement with Galliford Try and New Topco to acquire Linden Homes and Partnerships & Regeneration (the "**Target Businesses**") from Galliford Try, consisting of the New Topco Shares, the Partnerships & Regeneration Shares and the Linden Homes Special Share (the "**Acquisition**").

The Acquisition presents an excellent and unique opportunity for Bovis Homes to acquire both: (i) a top UK housebuilder, Linden Homes; and (ii) a market leading partnerships business, Partnerships & Regeneration. The Enlarged Group will be firmly positioned as one of the UK's top housebuilders (across both private and affordable housing), and more importantly the Acquisition will establish the Enlarged Group as one of the leaders in the highly attractive, high-growth partnerships business.

As part of the consideration for the Acquisition, the Company proposes to issue 63,739,385 Consideration Shares for the acquisition of Linden Homes. To implement this, Galliford Try will undertake a corporate restructuring pursuant to which a new holding company of Galliford Try owned by the Galliford Try Shareholders at the time ("**New Topco**") will be inserted above Galliford Try by means of the Scheme (as defined herein). Bovis Homes will then issue 63,739,385 Consideration Shares to those Galliford Try Shareholders in respect of their shareholding in New Topco.

Following Completion, the Consideration Shares will be issued as fully paid and will rank *pari passu* in all respects with the Shares in issue at the time the Consideration Shares are issued pursuant to the Acquisition, save that holders of the Consideration Shares will not be entitled to receive any dividend or distribution announced, declared, made or paid by the Company prior to the issuance of the Consideration Shares, including, for the avoidance of doubt, the Bonus Issue and the Second Interim Dividend.

The Prospectus is being produced in connection with the proposed issue of the Consideration Shares in connection with the Acquisition and their admission to listing on the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange. There are no proceeds receivable by Bovis Homes as a result of or in connection with the Acquisition.

This document 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 and to trading on the London Stock Exchange of the Consideration Shares.

Most material conflicts of interest

There are no conflicting interests that are material to Admission.

PART I

RISK FACTORS

*Before investing in the Consideration 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 Bovis Homes and the Target Businesses are similar in nature, some of the risks set out below (including those specific to the Acquisition) 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 Acquisition. Therefore, although this Part I describes discretely material risk factors affecting Bovis Homes and the Target Businesses, the risks will, following Completion and unless otherwise stated, be equally relevant to, and will be material risk factors for, the group comprising Bovis Homes and the Target Businesses (the "**Enlarged 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, results of operations, financial conditions and prospects of Bovis Homes, the Target Businesses or, following Completion, the Enlarged 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. Bovis Homes, the Target Businesses and the Enlarged 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, results of operations, financial condition and prospects of Bovis Homes, the Target Businesses and the Enlarged 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 Bovis Homes, the Target Businesses and the Enlarged Group as well as the Consideration Shares, they are not the only risks and uncertainties relating to the businesses of Bovis Homes, the Target Businesses and, the Enlarged Group as well as the Consideration 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, results of operations, financial condition and prospects of Bovis Homes, the Target Businesses or, the Enlarged 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 Consideration Shares. Furthermore, before making an investment decision with respect to any Consideration 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 Consideration Shares and consider such an investment decision in light of their personal circumstances.

1 Risks related to Bovis Homes, the Target Businesses and the Enlarged Group

1.1 *The deterioration of the UK economy, brought about by uncertainty, loss of consumer confidence, higher interest rates and increasing unemployment, could lead to decreased affordability, reduced demand for housing and falling house prices*

The potentially highest impact risks, from Bovis Homes', the Target Businesses' and, following Completion, the Enlarged Group's viability point of view, arise either from a downturn in the economic environment (for example, following Brexit), or from fundamental changes in Government policy. These are likely to have adverse effects on consumer confidence and demand for new homes, with consequential impact on revenues, profits and potentially asset-carrying values.

Bovis Homes and the Target Businesses are, and the Enlarged Group will be, dependent on the UK residential property market and 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 and, as a result, has been cyclical. The economic weakness experienced in the UK following the global financial crisis in 2008 caused a significant decline in demand for residential property, leading to a sharp decrease in the number of residential property transactions in the UK. The Office for National Statistics (the "**ONS**") has confirmed that there has been a general slowdown in UK property price growth in the last three years, driven largely by a slowing market in London and South East of England. For the period between July 2018 and July 2019, there were falls in house prices in the North East of England (down 2.9 per cent.), the South East of England (down 2 per cent.), London (down 1.4 per cent.) and the East of England (down 0.5 per cent.).[1] Overall in the UK in the year to July 2019, the annual rise of 0.7 per cent. was the slowest since the 0.4 per cent. rise of September 2012.[2] An economic slowdown in the UK or other adverse changes in the macroeconomic climate, such as the UK's withdrawal from the EU or uncertainty in the Brexit process, could negatively affect Bovis Homes', the Target Businesses' or the Enlarged Group's sales volumes or the prices for which they sell houses as the ensuing uncertainty continues to exert a drag on sentiment and activity. For example, in the past eight weeks, Bovis Homes has seen some increased pressure on private selling prices reflecting the heightened focus on the UK's withdrawal from the EU. The longer that this uncertainty continues (particularly against a background of a weaker global economy, driven by, among other factors, weaker manufacturing output, ongoing trade tensions and the US/China trade war), the more likely that economic growth, and also inflation, will slow.

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

- increased interest rates;
- restrictions on the availability of mortgages and other forms of credit for house buyers;
- population trends and demographic changes;
- rising unemployment, declining income (in real terms) and increases in the cost of living;
- inflation and rising costs of housing that make homes unaffordable to large segments of the population;
- supply chain availability or cost increases;
- changes in government budgets or funding initiatives, including the "Help to Buy" programme;
- changes in government regulation or policy, including infrastructure policies and planning and environmental regulations; and
- increases in tax rates, including income tax, VAT, stamp duty, council tax and any form of "mansion tax".

Any of these factors could decrease demand for new homes, lower sales prices and rents in the UK residential property market or reduce the funding available to local authorities and housing

1 Figures extracted from UK House Price Index: July 2019 released by Office for National Statistics on 18 September 2019.
2 Ibid.

associations for partnership projects with Bovis Homes, the Target Businesses and the Enlarged Group, any of which could have a material adverse impact on Bovis Homes', the Target Businesses' and the Enlarged Group's business, prospects, financial condition and/or results of operations.

1.2 ***Significant unanticipated costs might arise in relation to the execution of Bovis Homes', the Target Businesses' and, following Completion, the Enlarged Group's projects***

Bovis Homes, the Target Businesses and, following Completion, the Enlarged Group are subject to risks related to the cost of materials and labour in connection with the execution of each of their projects and/or contracts (as applicable). Unanticipated costs can arise during the course of a project and/or contract (as applicable) 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. The profitability of a significant proportion of Bovis Homes', the Target Businesses' and the Enlarged Group's projects and/or contracts (as applicable) depends on costs being controlled and projects and/or contracts (as applicable) being completed on time, so that costs are contained within the pricing structure of the relevant project and/or contract. Cost plus contracts provide for reimbursement of the costs required to complete a project, but generally have a lower base fee and an incentive fee based on cost and/or scheduled performance. If actual costs exceed the revenues available under such a contract or are not allowable under the provisions of the contract, Bovis Homes, the Target Businesses or, following Completion, the Enlarged Group may not receive reimbursement for all of these costs. Cost overruns, whether due to inefficiency, poor design where the project and/or contract has design responsibilities, faulty estimates, cost overruns by sub-contractors or other factors, may result in lower profit or loss on a project and/or contract (as applicable). Construction defects may arise some time after the completion of a particular project and/or contract (as applicable), and, although the Group 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. Any claims relating to defects arising on a development attributable to Bovis Homes, the Target Businesses or the Enlarged 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 project and/or contract (as applicable). 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 project and/or contract (as applicable) and Bovis Homes', the Target Businesses' or the Enlarged Group's overall performance. Furthermore, widespread or significant defects could generate significant adverse publicity and have a negative impact on Bovis Homes', the Target Businesses' or the Enlarged Group's reputation and key relationships, as well as on Bovis Homes', the Target Businesses' or the Enlarged Group's ability to sell housing and acquire new land. This could, in turn, have a material adverse effect on the Company's share price.

A significant number of Bovis Homes', the Target Businesses' and, following Completion, the Enlarged Group's projects and/or contracts (as applicable) are 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 project and/or contract (as applicable) may result. In addition, if a sub-contractor's or supplier's cost estimates or quotes to Bovis Homes, the Target Businesses or, following Completion, the Enlarged Group are incorrect, Bovis Homes, the Target Businesses or the Enlarged Group (as applicable) may incur additional costs or be required to source products (including cladding) 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 project and/or contract (as applicable) is better served by finding an alternative contractor or supplier. Any unanticipated costs arising during the execution of Bovis Homes', the Target Businesses' or the Enlarged Group's projects and/or contracts (as applicable) may cause material delays and may result in Bovis Homes, the Target Businesses or the Enlarged 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 Bovis Homes', the Target Businesses' and the Enlarged Group's business, prospects, financial condition and/or results of operations.

Bovis Homes undertakes a number of steps to mitigate the potential impact that these unanticipated costs may have on its business. For example, at the point of acquisition, Bovis Homes undertakes a detailed assessment of the relevant development opportunity. During the lifetime of the development opportunity, Bovis Homes keeps its projects under supervision to ensure that they meet their hurdle rates for return on capital employed and also seeks to optimise work in progress to generate early cash inflows. Finally, in respect of its material developments, Bovis Homes generally seeks to develop these in joint arrangements so as to split the risk with a partner.

1.3 *Bovis Homes', the Target Businesses' and, following Completion, the Enlarged Group's projects are subject to execution risk, including delay, non-completion and financial loss*

During the execution of projects, Bovis Homes, the Target Businesses and the Enlarged 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 Bovis Homes, the Target Businesses and the Enlarged Group (as applicable) to delay or terminate a project. For larger projects, these risks are inherently greater.

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

In relation to Bovis Homes' and the Target Businesses' housebuilding projects, 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, Bovis Homes and the Target Businesses may be required to build commercial spaces and mixed-use facilities, posing additional execution risks.

Bovis Homes' and the Target Businesses' relationships with governmental bodies are important in delivering the necessary volume of detailed planning consents and technical approvals required to meet the UK's housing shortage. Certain planning authorities continue to be under-resourced, affecting their capacity to manage applications and develop local plans. Additionally, there has been significant discussion in the media and among certain politicians in the UK relating to "landbanking", a practice whereby a person or entity obtains land but does not develop it or develops it many years after its purchase. Detractors 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. Bovis Homes and the Target Businesses secure, and the Enlarged Group will secure, plots of land through option agreements or conditional contracts at early stages of development, often before planning permission is obtained, and can hold real estate for long periods before obtaining planning permission, developing the land and selling it. While Bovis Homes does not believe it engages 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 Bovis Homes', the Target Businesses' or the Enlarged Group's business, prospects, financial conditions and/or results of operations.

1.4 ***The discontinuation of UK Government-backed home purchase assistance programmes may adversely affect Bovis Homes', the Target Businesses' and, following Completion, the Enlarged Group's sales***

Bovis Homes and the Target Businesses currently benefit, and the Enlarged Group is expected to benefit, from UK Government-backed property purchase assistance schemes such as "Help to Buy" (which is administered by Homes England). The "Help to Buy" programme provides assistance to purchasers of new-build homes in the UK by reducing the minimum down payment required from the purchaser to 5 per cent. of a property's value and providing an equity loan of up to 20 per cent., or 40 per cent. in London, of the property value (available up to a value of £600,000). In the year ended 30 June 2019, 29 per cent. of Linden Homes's total units were purchased with assistance from "Help to Buy", and in the year ended 31 December 2018, 38 per cent. of Bovis Homes' total units were purchased with assistance from "Help to Buy".

The UK Government has provided a statutory framework for Starter Homes within the Housing and Planning Act 2016. The Act defines "Starter Homes" as new homes costing up to £250,000 (£450,000 in London), which are to be made available at a minimum of a 20 per cent. discount to market value to first-time buyers aged between 23 and 40 with household income of £80,000 or less (£90,000 in London). The UK Government has made £1.2 billion in funds available to local authorities to bring forward and prepare suitable land for quality Starter Home developments which can be built on by developers. However, no Starter Homes have yet been completed. Bovis Homes expects the impact of this new scheme to be neutral on its business.

The UK Government has since focused its approach on providing additional new homes through a number of policy statements including an increase in its capital funding for the affordable homes programme, confirmation of "Help to Buy" funding, clarification on rent policy and additional capital for various funds, including the "Housing Infrastructure Fund", the "Land Release Fund" and the "Planning Delivery Fund".

The longevity and availability of funding for these programmes remain subject to the UK Government's decisions. There can be no assurance that "Help to Buy", the "Starter Homes Initiative" or any other similar UK Government-backed programme will continue at current levels, or at all, or that lenders will participate in them. Any reduction or discontinuation of UK Government-backed home purchase assistance programmes in the future may make it more difficult for Bovis Homes, the Target Businesses and, following Completion, the Enlarged Group to sell homes and may force Bovis Homes, the Target Businesses or the Enlarged Group (as applicable) to either lower prices or increase purchase incentives, which could have a material adverse impact on Bovis Homes', the Target Businesses' or the Enlarged Group's business, prospects, financial condition and/or results of operations.

The UK Government's announcement of a new Ombudsman to protect the interests of homebuyers and hold developers to account may also create new challenges. The Ombudsman's remit and powers are still untested, and it is unclear what enforcement authority the Ombudsman will have over Bovis Homes, the Target Businesses and the Enlarged Group. The Ombudsman's ability to impose sanctions on Bovis Homes, the Target Businesses and the Enlarged Group may increase costs of operations, and 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 Bovis Homes, the Target Businesses and the Enlarged Group.

1.5 ***Bovis Homes, the Target Businesses and, following Completion, the Enlarged Group are subject to risks related to the emerging policies of the current Government, those of other political parties and/or judicial or quasi-judicial bodies which may influence future policy pertaining to the businesses of Bovis Homes, the Target Businesses and/or the Enlarged Group***

These emerging policies of the current Government, those of other political parties and/or judicial or quasi-judicial bodies may influence future policy pertaining to the businesses of Bovis Homes, the Target Businesses and/or the Enlarged Group and may in turn alter the way in which Bovis Homes, the Target Businesses and the Enlarged Group carry out their business, which could result in unanticipated costs and/or delays in planning and construction.

The Government's current emerging housing policies include but are not limited to:

- the Environment Bill, which establishes a new public body, the Office for Environmental Protection ("**OEP**"), to replace the role of the European Commission should the UK leave the EU. The extent and remit of powers available to the OEP are not yet clear, but it is expected that there will be increased powers for local authorities to tackle carbon emissions and improve air quality and that developers will be subject to a biodiversity net gain whereby a 10 per cent. net biodiversity gain must be delivered through their schemes. It is not clear the extent to which this policy may increase costs and/or cause delays in the development process;

- the Future Homes Standard, which is part of the 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 than one built to current energy efficiency requirements. How these ambitions are to be achieved is not clear, but it is anticipated that by 2025 the new standards will have materially altered the methods and standards of construction of new homes;

- the Accelerated Planning Green Paper, expected in November 2019, is anticipated to include proposals to speed up the planning system and housing delivery as well as proposals to increase sources of housing supply. Early indications include proposals to allow homes to be built above existing properties and the potential of demolition of old commercial buildings for new housing;

- the National Model Design Code, which is expected to be published in early 2020, will set out a model promoting a better design and style of homes across the country, enabling local authorities to develop their own design codes or guides setting out clear parameters for what good quality design looks like in their area. This may result in highly subjective local planning decisions;

- new modernised regimes for building safety and construction products (including cladding) are expected to be introduced, as well as steps to increase the representation of residents in the overall management of buildings;

- the National Infrastructure Strategy, which is expected to lay out plans to deliver a "step change" in UK-wide infrastructure investment. Transport, local growth, decarbonisation, digital infrastructure, infrastructure finance and delivery are all areas that have been earmarked for investment by the strategy;

- legislation is expected to be introduced to ensure that all new build homes are built with reliable and fast internet speeds;

- a New Homes Ombudsman is to be introduced as part of a voluntary industry-led solution to address build quality and customer care concerns. It is anticipated that legislation will follow to enshrine the New Homes Ombudsman process in law;

- a new "Help to Buy" scheme will come into effect in 2021 and will run to 2023 and be available only to first-time buyers. Beyond 2023, the scheme is expected to be discontinued; and

- the Government's discussion paper entitled "Making Home Ownership Affordable", which is focused primarily on proposed changes to the shared ownership model and how to increase the proportion of affordable housing ownership.

Initiatives at a local authority level, particularly related to environment issues, could also alter the way in which Bovis Homes, the Target Business and the Enlarged Group carry out normal business and result in unanticipated costs and delays in planning and construction. Examples of such initiatives include, but are not limited to:

- local authorities in Hampshire having stated that planning permission will not be granted unless developments are nitrate neutral. Strategies to achieve neutrality include: greater residential water efficiency; offsetting through taking land out of more intensive agricultural use (a greater generator of nitrates); and creation of wetlands/reed bed environments within the catchment area or on-site;
- Cherwell District Council is seeking to commit to introducing a 10 per cent. biodiversity net gain early ahead of the Environment Bill becoming effective; and
- Following ongoing concerns about the fairness, clarity and presentation of some leasehold contract terms (which could lead to people incurring unanticipated costly fees over a long period or having to abide by onerous terms), the Competition and Markets Authority ("**CMA**") has launched an investigation to find out whether people are being treated fairly when buying their home. The investigation will examine two key areas: (1) potential mis-selling, which is whether people who have bought a leasehold property are given the information they need to fully understand the obligations they are taking on (including, for example, the requirement to pay ground rent over a certain period of time, or whether they have an accurate understanding of their ability to buy their freehold); and (2) potential unfair terms, or whether people are having to pay excessive fees due to unfair contract terms (including, for example, administration, service and 'permission' charges).

1.6 ***Bovis Homes and the Target Businesses are, and the Enlarged Group will be, dependent on third party suppliers, contractors, sub-contractors and other service providers to execute their projects***

Each of Bovis Homes and the Target Businesses depends, and the Enlarged Group will depend, on third party suppliers, contractors, sub-contractors and other service providers to execute their projects, as well as for warranty repairs. Increasing production across the industry may lead to shortages of both materials and sub-contract labour. If Bovis Homes, the Target Businesses or the Enlarged 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 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 any other reason, Bovis Homes, the Target Businesses or the Enlarged Group may be required to source these products (including cladding) and services at a higher price than anticipated and may face delays at their project sites until they are able to identify an appropriate supplier, contractor or sub-contractor.

Additionally, Bovis Homes' and the Target Businesses' supply chain is, and the Enlarged Group's supply chain is expected to be, subject to pressures brought on by Brexit. The weakening Sterling exchange rate could impact the prices of raw materials, which may lead to an inability to source raw materials. The UK's exit from the EU could also reduce the availability of skilled labour from outside the UK, which may create difficulties in finding qualified labourers and, in turn, cause unplanned delays in Bovis Homes', the Target Businesses' and the Enlarged Group's supply chains, thereby increasing costs.

Suppliers, contractors and sub-contractors may intentionally overestimate their costs to Bovis Homes, the Target Businesses or the Enlarged 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 Bovis Homes', the Target Businesses' or the Enlarged Group's profitability and cash position, as Bovis Homes, the Target Businesses or the Enlarged Group (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 Bovis Homes', the Target Businesses' or the Enlarged Group's reputation and their ability to maintain high quality standards of their developments.

Bovis Homes and the Target Businesses are, and the Enlarged Group will be, exposed to the risk of litigation or claims relating to breaches of contract by third party suppliers, contractors and sub-contractors. Furthermore, delivery by suppliers, contractors or sub-contractors of faulty equipment or raw materials or substandard work by contractors or sub-contractors could result in claims against Bovis Homes, the Target Businesses or the Enlarged 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. In the event that contractors, sub-contractors or suppliers are liable to Bovis Homes, the Target Businesses or the Enlarged Group following a contractual breach, there can be no guarantee that they will have sufficient funds to pay these amounts. If a contractor, sub-contractor or supplier were to file for insolvency, Bovis Homes, the Target Businesses or the Enlarged Group not only would 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. Any of these issues could cause financial and reputational harm to Bovis Homes, the Target Businesses or the Enlarged Group, which could have a material adverse impact on Bovis Homes', the Target Businesses' or the Enlarged Group's business, prospects, financial condition and/or results of operations.

1.7 ***Bovis Homes', the Target Businesses' and the Enlarged Group's performance 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 Bovis Homes, the Target Businesses and the Enlarged Group. Purchasing land at the right time and price and investing in the most appropriate geographical locations are fundamental to Bovis Homes', the Target Businesses' and the Enlarged Group's strategy. Increased demand for land from Bovis Homes', the Target Businesses' and the Enlarged Group's competitors may lead to increases in the prices Bovis Homes, the Target Businesses and the Enlarged 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 Bovis Homes', the Target Businesses' or the Enlarged Group's landbank or its quality may adversely affect the number and saleability of new homes that Bovis Homes, the Target Businesses or the Enlarged Group can build. Failure to identify suitable land (including due to deficiencies in Bovis Homes' or the Target Businesses' due diligence procedures), 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 Bovis Homes, the Target Businesses or the Enlarged Group are unable to obtain an adequate supply of land or could result in margins and returns on capital employed on their development being lower than those targeted by Bovis Homes, the Target Businesses or the Enlarged Group, respectively. Any of the foregoing risks could have a material adverse impact on Bovis Homes', the Target Businesses' or the Enlarged Group's business, prospects, financial condition and/or results of operations.

1.8 ***Bovis Homes and the Target Businesses rely, and the Enlarged 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 of their control***

Bovis Homes', the Target Businesses' and the Enlarged Group's success depends on the ability to maintain strong relationships with local authorities, Homes England, housing associations and, other public entities in the UK. Some of these relationships are between specific individuals and should these individuals leave Bovis Homes or the Target Businesses or their respective organisations, Bovis Homes or the Target Businesses may need to devote significant time and resources to building new relationships.

Partnerships & Regeneration projects are typically awarded through competitive public procurement processes, often based on the perception by a local authority or housing association of a developer's expertise, design quality, reputation, price and value. Non-financial criteria, such as planning and design capability, customer service record, past delivery of high quality homes with minimal defects, delivery capacity and proposals to address social and economic sustainability issues, typically account for more than 50 per cent. of an applicant's score in public procurement processes. As a result, the Target Businesses' reputation among, and relationships with, those organisations is critical to the success of the Partnerships & Regeneration business. In addition, local authorities often have oversight and authority over multiple potential development sites and previous local authority clients are thus an important source of referral and repeat business for the Partnerships & Regeneration business.

In addition to their partnerships with local authorities and housing associations, Bovis Homes and the Target Businesses have previously received grants and loans from Homes England, and Bovis Homes and the Target Businesses may seek additional funding from Homes England in the future. As a result, maintaining a strong working relationship with Homes England is important to Bovis Homes', the Target Businesses' and the Enlarged Group's operations, as a deterioration of this relationship could result in both reputational and financial consequences for Bovis Homes, the Target Businesses and, following Completion, the Enlarged 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 of 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. In addition, the UK Government is consulting on proposed changes to the National Planning Policy Framework (the "**NPPF**") and the methods by which developers make contributions to local communities through section 106 agreements and the CIL. If implemented, these changes would lead to local authorities being required to ensure that more houses are delivered to their area; that maximum use is made of available land; that there is a better mix of housing developed (including more affordable housing); and that a more robust system of developer contribution is implemented. Following the conclusion of the consultation process, Bovis Homes, the Target Businesses and the Enlarged Group will need to review any changes to the NPPF and consider the impact on Bovis Homes, the Target Businesses' and the Enlarged Group's operations and strategy.

In the event that there is a change of government or economic and political factors result in a loss of support for, or a major reorganisation of, the public sector bodies with which Bovis Homes or the Target Businesses work, Bovis Homes the Target Businesses and, following Completion, the Enlarged Group may need to rebuild their relationships or risk losing partnership opportunities with these organisations, which could have a material adverse impact on Bovis Homes', the Target Businesses' and, following Completion, the Enlarged Group's business, prospects, financial condition and/or results of operations.

1.9 ***Bovis Homes, the Target Businesses and, following Completion, the Enlarged Group may not be able to secure planning permission for developments on a timely basis or on economically viable terms, or at all***

Developments undertaken by Bovis Homes, the Target Businesses and, following Completion, the Enlarged Group require planning permission to be granted by a relevant planning authority before works can be undertaken. Bovis Homes and the Target Businesses frequently source land for development prior to the grant of planning permission by securing control of plots through option agreements or conditional contracts. These contracts set out the basis upon which Bovis Homes and the Target Businesses and, following Completion, the Enlarged Group will promote the land through the planning process, and often include land promotion timetables and cost-bearing arrangements, as well as the terms upon which Bovis Homes, the Target Businesses or the Enlarged Group (as applicable) may or will acquire the land should planning permission be secured, ordinarily at a discount to open market value. Additionally, from time to time, Bovis Homes and the Target

Businesses purchase freehold and leasehold land on an unconditional basis both with and without planning permission (and when without, usually at a discount to open market value, due to the lack of planning permission). Bovis Homes and the Target Businesses enter into promotion agreements in respect of land without detailed planning permission in the belief that such land has the potential, in the medium to long term, to be allocated for housing development purposes by the relevant local authority and thereafter receive planning permission.

Securing timely planning permission on economically viable terms is key to the value of Bovis Homes' and the Target Businesses' landbank and in turn to Bovis Homes', the Target Businesses' and, following Completion, the Enlarged Group's ability to realise value from their developments. However, the process for obtaining planning permission, for Bovis Homes, the Target Businesses and the Enlarged Group, can be time-consuming, lasting in some cases more than 10 years, as well as costly (and these costs can be lost entirely if planning permission is never obtained in relation to a particular piece of land). There can be no certainty that Bovis Homes, the Target Businesses or the Enlarged Group will obtain planning permission for schemes which currently lack them and the final permission obtained may vary significantly from the assumptions made at the time of acquisition, such that the gross development value of the site may be lower, or the costs to complete such development may be higher, potentially causing significant deterioration in a project's value. Planning policy and procedures are also subject to change, and these changes may make the planning process more costly or time-consuming. Any failure to obtain planning permission on economically viable terms, on a timely basis, or at all could have a material adverse impact on Bovis Homes', the Target Businesses' and, following Completion, the Enlarged Group's business, prospects, financial condition and/or results of operations.

Agreements (known as section 106 agreements) are typically entered into between a developer and the local authority as part of the planning approval process for a development and govern a developer's commitments to build affordable housing and infrastructure, as well as provide other community benefits, and payments due under the Community Infrastructure Levy (the "CIL"). The financial obligations contained in these agreements can also have a material adverse effect on the viability of sites and Bovis Homes', the Target Businesses' and the Enlarged Group's ability to secure permission on economically viable terms if they are particularly onerous.

1.10 ***A proportion of Bovis Homes' and the Target Businesses' business is, and a proportion of the Enlarged Group's business is expected to be, carried out through joint venture arrangements, over which Bovis Homes, the Target Businesses and the Enlarged Group do not have sole operational control and may lead to contract counterparty risk***

Bovis Homes and the Target Businesses are involved, and the Enlarged 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. Bovis Homes is party to a number of joint venture arrangements and expects that these joint ventures will, in the coming years, comprise an increasingly significant part of its future business. In the year ended 30 June 2019, revenue from joint venture companies and limited liability partnerships accounted for £233.7 million, or approximately 16 per cent., of the Target Businesses' total revenue (including the proportional contribution of associates and joint ventures).

Bovis Homes, the Target Businesses or the Enlarged Group may bid for a particular contract jointly with a joint venture partner. In these circumstances, Bovis Homes', the Target Businesses' or the Enlarged Group's ability to maximise the profitability of any contract awarded to them may be adversely affected by the performance of their joint venture partners. In addition, Bovis Homes, the Target Businesses or the Enlarged Group may be dependent on the expertise of such partners in assessing certain costs of the contract. In the event that Bovis Homes, the Target Businesses' or the Enlarged Group's partners are unable to perform as required or provide the anticipated expertise, Bovis Homes, the Target Businesses or the Enlarged Group may be unable to perform their obligations under the contract or may be subject to unexpected increased costs. In certain circumstances, Bovis Homes, the Target Businesses and the Enlarged Group are 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 Bovis Homes', the Target Businesses' or the Enlarged Group's joint ventures, Bovis Homes or the Target Businesses act, or the Enlarged Group is expected to act, as the project manager for the development. As project manager, Bovis Homes, the Target Businesses or the Enlarged Group (as applicable) are 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 Bovis Homes, the Target Businesses or the Enlarged Group and may depend upon the consent or approval of Bovis Homes', the Target Businesses' or the Enlarged Group's joint venture partners. Bovis Homes', the Target Businesses' or the Enlarged Group's joint venture partners 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.

Bovis Homes, the Target Businesses and the Enlarged 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, Bovis Homes, the Target Businesses or the Enlarged 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.

Joint ventures sometimes require Bovis Homes, the Target Businesses and the Enlarged Group and their partners to obtain or procure financing in furtherance of the joint venture's operations. If one of Bovis Homes', the Target Businesses' or the Enlarged Group's joint ventures or partners were to become insolvent or otherwise unable to obtain financing when required, Bovis Homes, the Target Businesses or the Enlarged Group may be forced to make up the financial shortfall from their own resources, which could result in additional cost or delay to the development. Conversely, if Bovis Homes, the Target Businesses or the Enlarged Group were unable to meet their obligations under their joint venture agreements, their partners may have the ability to remove Bovis Homes, the Target Businesses or the Enlarged Group from the relevant joint venture. There can be no guarantee that Bovis Homes, the Target Businesses or the Enlarged Group will be able to find suitable joint venture partners in the future, and Bovis Homes', the Target Businesses' or the Enlarged Group's attractiveness as a joint venture partner could be negatively affected by actual or perceived shortcomings in Bovis Homes', the Target Businesses' or the Enlarged Group's project execution (including any actual or perceived deterioration to their levels of customer service). Should any of the aforementioned events occur, they could have a material adverse impact on Bovis Homes', the Target Businesses' or, following Completion, the Enlarged Group's business, prospects, financial condition and/or results of operations.

1.11 ***Bovis Homes', the Target Businesses' and the Enlarged Group's employees and contractors may fail to operate in accordance with high ethical and safety standards and in accordance with laws and regulations (such as anti-bribery and corruption and anti-cartel laws and regulations as well as health, safety and environment ("HSE") laws) designed to protect those standards***

Operating in Bovis Homes' and the Target Businesses' industries poses certain HSE-related risks. Each of Bovis Homes and the Target Businesses has adopted, and the Enlarged 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. 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 Bovis Homes', the Target Businesses' or the Enlarged Group's developments, or in the event of a general deterioration in the HSE standards of Bovis Homes, the Target Businesses or the Enlarged Group, Bovis Homes, the Target Businesses or the Enlarged 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. Monitoring and ensuring HSE best practices may become increasingly expensive for Bovis Homes, the Target Businesses and the Enlarged Group in the future, and HSE risks may become more acute as Bovis Homes, the Target Businesses and the Enlarged 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 Bovis Homes', the Target Businesses' and the Enlarged Group's operating results, business prospects and financial condition.

Unsafe practices in Bovis Homes', the Target Businesses' or the Enlarged Group's activities may cause injury or death to stakeholders and damage to communities. This could lead to a loss of trust in the ability of Bovis Homes, the Target Businesses and the Enlarged Group to build homes safely and in an environmentally responsible way, affecting the reputation and financial health of Bovis Homes, the Target Businesses and the Enlarged Group.

Additionally, with respect to the environment, Bovis Homes, the Target Businesses or the Enlarged 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 Bovis Homes, the Target Businesses or the Enlarged Group, whether or not it caused or knew of the pollution. Bovis Homes, the Target Businesses or the Enlarged Group may also be deemed responsible for latent or historical risks from unknown contamination or may incur greater liability or costs than originally anticipated. The costs of remediation or defending against environmental claims can be substantial, and they may not be covered by warranties and indemnities given by Galliford Try for the affected land or by Bovis Homes', the Target Businesses' or the Enlarged Group's insurance policies. Although Bovis Homes, the Target Businesses and the Enlarged Group 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.

1.12 *Bovis Homes, the Target Businesses or the Enlarged Group may suffer material losses in excess of insurance proceeds*

While each of Bovis Homes and the Target Businesses maintains, and the Enlarged 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, Bovis Homes', the Target Businesses' and the Enlarged Group's properties or developments could suffer physical damage, resulting in losses which may not be fully compensated by insurance. In addition, certain types of risks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by Bovis Homes', the Target Businesses' or the Enlarged Group's insurance policies. In addition, Bovis Homes, the Target Businesses or the Enlarged 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 Bovis

Homes', the Target Businesses' or the Enlarged Group's business, prospects, financial condition and/or results of operations.

1.13 *A failure in, or cyber attacks on, Bovis Homes', the Target Businesses' or the Enlarged Group's information technology ("IT") systems and infrastructure could disrupt Bovis Homes', the Target Businesses' or the Enlarged Group's business or result in the inappropriate disclosure of confidential information*

Bovis Homes and the Target Businesses are, and the Enlarged Group will be, dependent on reliable and efficient IT systems. Each of Bovis Homes and the Target Businesses also routinely transmits and receives, and the Enlarged 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. Bovis Homes', the Target Businesses' and the Enlarged Group's financial, accounting, data processing, IT, communications or other systems and facilities, and/or third party infrastructure on which Bovis Homes and the Target Businesses rely, and the Enlarged 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. Bovis Homes and the Target Businesses have suffered limited data protection breaches in the past and there can be no assurances that the Enlarged 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. Each of Bovis Homes and the Target Businesses has put, and the Enlarged 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 Bovis Homes', the Target Businesses' or the Enlarged Group's or their respective customers' confidential and other information, or otherwise cause interruptions or malfunctions in Bovis Homes', the Target Businesses' or the Enlarged Group's, their customers' or third parties' operations. Bovis Homes, the Target Businesses or the Enlarged 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 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 Bovis Homes', the Target Businesses' or, following Completion, the Enlarged Group's business, prospects, financial condition and/or results of operations.

Additionally, from time to time Bovis Homes, the Target Businesses and the Enlarged Group may implement new or upgraded IT systems: for example, the Target Businesses have recently commenced implementation of a new IT system in their Linden Homes business. 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 Bovis Homes, the Target Businesses or the Enlarged 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 Bovis Homes, the Target Businesses or the Enlarged 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 Bovis Homes', the Target Businesses' and, following Completion, the Enlarged Group's business, prospects, financial condition and/or results of operations.

1.14 *If Bovis Homes, the Target Businesses or, following Completion, the Enlarged Group identify suitable acquisitions or divestments, they may not successfully complete or manage those acquisitions or divestments*

If Bovis Homes, the Target Businesses or, following Completion, the Enlarged Group consider it to be in accordance with their strategy, Bovis Homes, the Target Businesses or the Enlarged 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 Bovis Homes, the Target Businesses and the Enlarged 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 Bovis Homes', the Target Businesses' or the Enlarged Group's acquisitions fails to perform in accordance with assumptions, any goodwill or other intangible assets associated with the acquisition could be subject to impairment and reduce Bovis Homes' the Target Businesses' and the Enlarged Group's profitability and net assets accordingly.

It is also possible that Bovis Homes, the Target Businesses and the Enlarged 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 Bovis Homes, the Target Businesses or the Enlarged Group are unsuccessful in effectively integrating an acquired company or divesting a business, their business, financial condition and results of operations may be materially adversely affected.

1.15 *Bovis Homes, the Target Businesses or the Enlarged Group may suffer an increase in their pension liabilities*

The Target Businesses have two fully closed defined benefit pension schemes: the Galliford Try Final Salary Pension Scheme and the Galliford Try (Holdings) Limited Pension & Assurance Scheme which, following Completion, will become part of the Enlarged Group (the "**Transferring Pension Schemes**").

Updated valuations under International Accounting Standard (the "**IAS**") 19 for the Target Business Pension Schemes as at 30 June 2019 value the schemes' assets at £244.8 million and liabilities at £238.7 million. This leaves a gross surplus in the schemes of £6.1 million which, when subjected to related deferred tax at 19 per cent., results in a net pension asset under IAS 19 of £4.9 million. The value of this surplus which under IAS 19 is recognised in Galliford Try's balance sheet is dependent on some critical assumptions, including mortality rates and investment returns, and is likely to vary from year to year. Triennial actuarial valuations of the Transferring Pension Schemes are carried out. It is possible that the deficit on these Transferring Pension Schemes may increase at future valuation dates which might lead to increased contributions being required to be paid on the Transferring Pension Schemes by the Enlarged Group. In addition, actions by the Pensions Regulator or the trustees of the Transferring Pension Schemes or any material revisions to existing pension regulation could result in the Enlarged Group being required to incur significant additional costs immediately or in short timeframes. In the event that the market value of the schemes' assets decline in relation to their assessed liabilities, the Enlarged Group may be required to increase its contributions to cover any further funding shortfalls. In addition, any historic failure by the trustees of the Transferring Pensions Schemes to properly carry out any aspect of scheme administration may result in unexpected liabilities arising in the Enlarged Group. Any of the aforementioned factors could have an adverse impact on the Enlarged Group's business, prospects, financial condition and/or results.

1.16 ***Bovis Homes, the Target Businesses and the Enlarged Group could be the subject of increased (and potentially irrecoverable) costs in the event that the UK inflation rate increases***

Despite being low in recent years, the inflation rate in the UK has risen recently. Increased inflation may subject Bovis Homes, the Target Businesses and, following Completion, the Enlarged Group to increased costs in terms of employee wages, materials costs and sub-contractor pricing. In addition, the cost of imported materials may increase as a result of depreciation of sterling as a result of Brexit or deterioration in the UK economy. It is possible that these increased costs would prove to be irrecoverable from Bovis Homes', the Target Businesses' and the Enlarged Group's customers through an increase in the prices charged to them. These factors could increase costs for Bovis Homes, the Target Businesses and the Enlarged Group, which could adversely impact their profitability and financial condition.

2 Legal and regulatory risks

2.1 ***Bovis Homes, the Target Businesses and the Enlarged Group could be adversely affected by uncertainty, disruption or other consequences of the result of the decision on whether to remain within the EU***

On 23 June 2016, the UK held a referendum in which a majority of those voting voted in favour of leaving the EU. On 29 March 2017, the UK Government exercised its right under Article 50 of the Treaty on the EU to leave the EU. The withdrawal of the UK from the EU was scheduled to take place on 29 March 2019, but this has been extended to 31 January 2020 with the agreement of the EU, after the UK members of parliament failed to agree a Brexit deal. As at the date of this Prospectus, it remains unclear whether the UK will leave the EU and, if it does, under what terms it will leave (including whether it will be under the terms of the proposed Withdrawal Agreement or with no terms in a "no deal Brexit").

In addition to the economic and market uncertainty this brings, there are a number of other potential risks that may arise as a result of Brexit. If any of these risks materialises, they could have a material adverse effect on the business, prospects, financial condition and/or results of operations of Bovis Homes, the Target Businesses and the Enlarged Group.

As a result of the referendum, the UK Government is currently negotiating the terms of the UK's future relationship with the EU. The effects of "Brexit" will depend on any agreements arising out of such negotiations which the UK Government makes to retain access to EU markets either during a transitional period or more permanently. Although it is unknown what the terms of those agreements will be, it is possible that such agreements will lead to greater restrictions on the free movement of goods, services, people and capital between the UK and the remaining EU countries and increased regulatory complexities. EU nationals comprise an important part of Bovis Homes', the Target Businesses' and the Enlarged Group's employee and sub-contractor workforce and their skillsets are such that, if the free movement of EU nationals or their willingness to work in the UK was affected by Brexit, this could have a material adverse effect on Bovis Homes, the Target Businesses and the Enlarged Group. Any such restrictions could potentially disrupt the markets Bovis Homes, the Target Businesses and the Enlarged Group service and adversely impact Bovis Homes', the Target Businesses' and the Enlarged Group's operations and supply chain and increase the costs of imported construction materials. Further, given that a large proportion of Bovis Homes' and the Target Businesses' profits are, and the Enlarged Group's profits are expected to be, generated from the housing market, a significant negative impact on the UK economy (such as, for example, due to London losing its status as a pre-eminent centre for financial services) could have a material adverse impact on Bovis Homes, the Target Businesses' and the Enlarged Group's business, prospects, financial condition and/or results of operations.

2.2 ***Changes in privacy laws could adversely affect the ability of Bovis Homes, the Target Businesses or the Enlarged Group to interact effectively with third parties***

Bovis Homes, the Target Businesses and the Enlarged 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 houses from the Target Businesses. Bovis Homes, the Target Businesses and the Enlarged 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 implementation of the General Data Protection Regulation, could adversely affect the operation of Bovis Homes, the Target Businesses and the Enlarged Group's business by limiting their ability to market their housing products.

In addition, any failure of Bovis Homes, the Target Businesses and the Enlarged Group to comply with data protection laws, including the General Data Protection Regulation, could result in reputational damage to Bovis Homes, the Target Businesses and the Enlarged Group and material fines being levied on the Enlarged Group.

2.3 ***Bovis Homes and the Target Businesses are subject to, and the Enlarged Group's will be subject to, and their businesses could be harmed by changes in, interpretation or application of the laws and jurisdictions in which they operate***

Bovis Homes, the Target Businesses and the Enlarged Group's business are 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 Bovis Homes, the Target Businesses or the Enlarged Group operate may delay or prevent Bovis Homes, the Target Businesses or the Enlarged 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 Bovis Homes, the Target Businesses or the Enlarged 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 Bovis Homes, the Target Businesses or the Enlarged Group (as applicable) begins construction, which may cause delays, increase costs, reduce the expected rate of return or make a proposed development financially unviable.

In addition, following on from incidents such as the Grenfell Tower fire in June 2017, authorities have increased regulation around building assessments and fire safety. In light of such increased regulation, there is a risk that properties owned and/or constructed by Bovis Homes, the Target Businesses or the Enlarged Group may in 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. There is also a risk that the 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 Bovis Homes, the Target Businesses or the Enlarged Group to close or refurbish their buildings. If such an event occurs, the Enlarged 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 Bovis Homes', the Target Businesses' and the Enlarged Group's returns may decrease. Bovis Homes', the Target Businesses' and the Enlarged Group's brand and reputation may also be harmed.

Additionally, certain Government-related projects on which Bovis Homes, the Target Businesses or the Enlarged Group may work may require governmental approvals. It is possible that, due to difficulties obtaining such approvals, projects might be delayed before procurement has started, during the tender stage or during the period between the appointment of a preferred bidder and the exchange of contracts.

These matters are likely to be beyond the control of Bovis Homes, the Target Businesses or the Enlarged Group, and any resulting delays could affect future revenue streams of Bovis Homes, the Target Businesses or the Enlarged Group, and have a material adverse effect on Bovis Homes', the Target Businesses' and the Enlarged Group's reputation, business, financial condition, results of operations and/or prospects.

2.4 ***Bovis Homes, the Target Businesses and the Enlarged 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 recently imposed on second homes. Any change in Bovis Homes', the Target Businesses' or the Enlarged Group's tax status, in taxation legislation or its interpretation, or in HMRC practice, could affect the value of property held by Bovis Homes, the Target Businesses or the Enlarged Group, potential sales and the post-tax returns to Bovis Homes, the Target Businesses and the Enlarged Group. References in this document concerning the taxation of Bovis Homes, the Target Businesses or the Enlarged Group are based upon current tax law and practice that are subject to change, possibly with retrospective effect. Any such change could have a material adverse impact on Bovis Homes', the Target Businesses' or the Enlarged Group's business, prospects, financial condition and/or results of operations.

3 Risks related to the Acquisition

3.1 ***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 the Completion being delayed or the Acquisition not completing***

Completion under the SPA is subject to, and can only occur upon satisfaction or waiver of, conditions including: (i) completion of the Restructuring; (ii) the passing of the Galliford Try Resolutions at the Galliford Try General Meeting by the requisite majorities; (iii) the passing of the Resolutions by the Shareholders at the General Meeting by the requisite majorities; (iv) Bovis Homes having received net proceeds of not less than £140 million pursuant to the Placing; (v) subject only to Completion having occurred, the Admission of the Consideration Shares becoming effective; and (vi) the Deed of Novation having become effective in accordance with its terms. Although the parties to the SPA have obligations in relation to the satisfaction of the conditions to the Acquisition, these conditions may not be fulfilled (or waived, where capable of being waived) and the Acquisition may not complete. Completion will occur on Admission and the SPA will become unconditional and incapable of termination following such time. The Acquisition is not conditional on CMA clearance and the parties will jointly submit a briefing paper to the CMA explaining why the Acquisition does not raise any competition concerns. If, contrary to expectation, there is a regulatory investigation, this could delay the speed at which Bovis Homes can integrate the Target Businesses and realise the synergies arising from the Acquisition.

In addition, the SPA may be terminated: (i) by Bovis Homes or Galliford Try, if any of the conditions is not satisfied or waived by 7.00 p.m. on 3 January 2020 (or if the condition relating to the Placing is not satisfied or waived by 7.00 p.m. on 7 November 2019); (ii) by Bovis Homes or Galliford Try, if the Galliford Try Board adjourns the Galliford Try General Meeting otherwise than in accordance with the SPA or withdraws, suspends, qualifies or adversely modifies or amends the Galliford Try Recommendation; (iii) by Bovis Homes or Galliford Try, if the Board adjourns the General Meeting otherwise than in accordance with the SPA or withdraws, suspends, qualifies or adversely modifies or amends the Bovis Homes Recommendation; and (iv) by Bovis Homes or, if Bovis Homes does not agree to increase the amount payable on Completion by an equivalent amount, by Galliford Try, if the estimated TGAV of Linden Homes at Completion is greater than £125,000,000 or the estimated TGAV of Partnerships & Regeneration at Completion is greater than £140,000,000.

3.2 ***The Acquisition subjects Bovis Homes, the Target Businesses and the Enlarged Group and their investors to potential significant risks as a result of the integration process and unanticipated liabilities which may result in a material adverse effect on the business, results of operations, financial condition and prospects of Bovis Homes, the Target Businesses and the Enlarged Group and the market price of the Shares***

Bovis Homes, the Target Businesses and the Enlarged Group face specific risks in connection with the Acquisition, as described further below.

Bovis Homes', the Target Businesses' and the Enlarged Group's future prospects will, in part, be dependent upon Bovis Homes', the Target Businesses' and the Enlarged Group's ability to integrate the Target Businesses and Bovis Homes successfully and completely, without disruption to their existing businesses. Bovis Homes and the Target Businesses currently operate and until Completion will continue to operate, as separate and independent businesses. The Acquisition will lead to the combination of these businesses and the success of the Enlarged Group will depend, in part, on the ability of the Enlarged Group to realise anticipated benefits and cost savings. While Bovis Homes believes that the synergies of the Acquisition 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, results of operations, financial condition and/or prospects of Bovis Homes, the Target Businesses and the Enlarged 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 Enlarged Group may not become known until after Completion.

It is also possible that the process of integrating Bovis Homes' existing business with that of the Target Businesses may take longer or be more costly than anticipated, or could result in the disruption of Bovis Homes', the Target Businesses' and the Enlarged Group's business or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of Bovis Homes, the Target Businesses and the Enlarged Group to maintain relationships with suppliers, contractors, sub-contractors, housing associations, local authorities, government agencies and customers and to maintain quality standards. The Acquisition 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 Enlarged Group and harmonising work practices across the Enlarged Group.

Bovis Homes believes that the Acquisition will provide it with an enhanced housebuilding platform to compete more effectively in the UK housebuilding market, accelerate its move into the higher growth partnerships and regeneration markets, and provide it with a complementary geographical footprint and strategic land bank. However, these expected benefits may not develop, and other assumptions upon which Bovis Homes determined the consideration payable for the Target Businesses may prove to be incorrect. These assumptions are based, at least in part, on external factors over which Bovis Homes does not have control (including, for example, the impact of Brexit on the Target Businesses and the industry more generally).

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

The materialisation of the risk described above could have a material adverse effect on Bovis Homes, the Target Businesses and the Enlarged Group's business, results of operations, financial condition, prospects, cash flows and results of operations and the market price of the Shares.

3.3 ***There may be pre-closing changes to the Target Businesses***

During the period from signing of the Sale and Purchase Agreement (the "**SPA**") to Completion, events or developments may occur, including changes in trading, operations or outlook of the Group or the Target Businesses, or external market factors, which could make the terms of the SPA less attractive for Bovis Homes. Bovis Homes would be obliged to complete the Acquisition notwithstanding such events or developments. This may have an adverse effect on the Group's business, financial condition and results of operations.

3.4 *The Enlarged Group may fail to realise, or it may take longer than expected to realise, the expected benefits of the Acquisition*

The Enlarged Group may not realise the anticipated benefits and cost synergies that the Company expects will arise as a result of the Acquisition, or may encounter difficulties, higher costs or delays in achieving those anticipated benefits and synergies. For example, due diligence investigations prior to the Acquisition may not have identified material liabilities or risks within the Target Businesses or may not have been sufficient to adequately assess the value of the Target Businesses' portfolio. Additionally, the assumptions upon which Bovis Homes determined the consideration payable for the Acquisition or the costs synergies that can be achieved may prove to be incorrect.

Bovis Homes may also encounter difficulties in achieving the anticipated scale benefits at a regional and property level or the streamlining of current central overhead costs in accordance with anticipated timeframes, or such additional value and cost synergies may not materialise in part or at all. In addition, competitors may react defensively to the Enlarged Group (for example, by reducing their prices).

Any failure to realise the anticipated benefits and cost synergies that Bovis Homes expects to arise as a result of the Acquisition, or any delay in achieving such anticipated benefits and synergies, could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations, cash flows and prospects.

3.5 *The value of the Target Businesses may be less than the consideration paid*

Pursuant to the Acquisition Agreements, Bovis Homes will only be entitled to terminate the Acquisition Agreements and not implement the Acquisition in certain circumstances. In the event that there is an adverse event affecting the value of the Target Businesses or the value of the Target Businesses' business declines prior to Completion, Bovis Homes may not be able to terminate the Acquisition and, subject to the customary post-Completion adjustments contained in the Sale and Purchase Agreement, the value of the Target Businesses acquired by Bovis Homes may be less than the consideration agreed to be paid. Accordingly, the net assets of Bovis Homes could be reduced, which could have an adverse impact on the business and financial condition of the Enlarged Group and the price of the Shares.

3.6 *Following Completion, the indebtedness and financial leverage of the Enlarged Group will increase*

In connection with the Acquisition, Bovis Homes intends to draw approximately £100 million under the Term Loan to fund part of the Cash Consideration for the Acquisition.

As a result, the Acquisition will increase the overall indebtedness and financial leverage of the Enlarged Group as compared to Bovis Homes' leverage immediately prior to Completion, which will result in increased repayment commitments and borrowing costs, which may need to be reprioritised over other uses of capital.

3.7 *The risks of executing the Acquisition could cause the market price of the Shares to decline*

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

3.8 *Change of control provisions in the Target Businesses' agreements may be triggered upon Completion and may lead to adverse consequences*

The Acquisition may constitute a change of control event under certain of the Target Businesses' agreements, which may give the respective counterparties to those agreements the right to terminate those agreements or impose other obligations on the Target Businesses. If a counterparty to an agreement exercises its right to terminate that agreement or seeks to renegotiate its contracts, this could have a material adverse effect on the business, results of operations and financial condition of the Target Businesses and the Enlarged Group.

3.9 ***There may be an adverse impact on Bovis Homes' reputation if the Acquisition does not complete***

If the Acquisition does not complete, there may be an adverse impact on the reputation of Bovis Homes as a result of media scrutiny arising in connection with the attempted Acquisition. Any such reputational risks could adversely affect the Group's business, financial condition and results of operations.

3.10 ***Acquisition-related costs may exceed Bovis Homes's expectations***

Bovis Homes expects to incur costs in relation to the Acquisition, including integration and post-Completion costs, in order to implement the Acquisition 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 Acquisition. In addition, Bovis Homes has incurred, and will incur, legal, accounting and transaction fees and other costs relating to the Acquisition, a material part of which are payable whether or not the Acquisition completes. Such costs could materially and adversely affect Bovis Homes's or the Enlarged Group's results of operations.

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

In particular, each of Bovis Homes and the Target Businesses has a strong senior management team who have significant experience in the housebuilding and regeneration industries and have developed strong reputations and relationships among those with whom Bovis Homes and the Target Businesses do business including, in particular, local authorities and Homes England. The Enlarged Group's future success depends in large part upon the continued service of a strong senior management team, who are critical to the overall management of the Enlarged Group as well as the development of its business, culture and strategic direction. Neither Bovis Homes nor the Target Businesses maintain key man insurance, and, if the Enlarged Group is not able to attract and retain key personnel or develop a succession plan for senior management, the Enlarged Group may not be able to maintain its standards of service or continue to grow as anticipated.

3.12 ***Bovis Homes, the Target Businesses and the Enlarged Group may not be able to access debt financing on favourable terms and/or restrictions in the terms of Bovis Homes' or the Target Businesses' borrowings may restrict Bovis Homes', the Target Businesses' or, following Completion, the Enlarged Group's activities or business plans and adversely affect Bovis Homes',***

the Target Businesses' or the Enlarged Group's ability to finance ongoing operations, strategic acquisitions and investments

Each of Bovis Homes and the Target Businesses has historically financed and currently finance, and the Enlarged Group is expected to finance, their operations in part from borrowings under available credit facilities. Upon the expiration of their respective existing credit facilities, there is a risk that they will be unable to secure sufficient further funding for their business operations on equivalent terms or at all. Bovis Homes, the Target Businesses and, following Completion, the Enlarged 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, Bovis Homes, the Target Businesses or the Enlarged Group do not successfully obtain further financing (should they be required to fund their future investments), this may constrain Bovis Homes', the Target Businesses' and the Enlarged Group's ability to grow, which could have a material adverse impact on Bovis Homes', the Target Businesses' and the Enlarged Group's business, prospects, financial condition and/or results of operations.

Additionally, Bovis Homes' and the Target Businesses' credit facilities and other borrowings impose certain restrictions on Bovis Homes and the Target Businesses, which could limit Bovis Homes', the Target Businesses' or, following Completion, the Enlarged Group's ability to operate freely and to take actions which their respective Boards consider desirable. These include restrictions on Bovis Homes' or the Target Businesses' ability 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 material changes in the nature of their business as presently conducted; sell, transfer, lease or otherwise dispose of all or a substantial part of their assets; amend, vary or waive the terms of certain acquisition documents or give any consent or exercise any discretion thereunder; acquire any businesses; or make any co-investments or investments. If Bovis Homes or the Target Businesses 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 Bovis Homes', the Target Businesses' or the Enlarged Group's ability 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 Bovis Homes or the Target Businesses 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. Bovis Homes and the Target Businesses currently operate within their financial covenants and their forecasts (taking into account the respective Board's future expectations of the performance of each of them) indicating that there is headroom within the credit facilities. However, without prejudice to the working capital statements contained elsewhere in this document, Bovis Homes' and the Target Businesses' 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 or non-hedged interest costs rise) and minimum tangible net assets ratios (for example, if Bovis Homes or the Target Businesses make operating losses).

These risks may have a material adverse impact on Bovis Homes', the Target Businesses' or the Enlarged Group's business, prospects, financial condition and/or results of operations.

4 Risks related to the Shares

4.1 *The price of the Consideration Shares could be volatile*

Equity market conditions may affect the Shares regardless of the operating performance of Bovis Homes and, following the Acquisition, the Enlarged 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 Bovis Homes', the Target Businesses' and, following Completion, the Enlarged 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 Bovis Homes, the Target Businesses or the Enlarged Group while other factors, such as the operations and share price performance of other companies that investors may consider comparable to Bovis Homes, the Target Businesses or the Enlarged Group and speculation about Bovis Homes, the Target Businesses or the Enlarged Group in the press or investment communities, may be outside Bovis Homes', the Target Businesses' or the Enlarged Group's control. Bovis Homes does not have a fixed winding-up date and therefore, unless shareholders vote to wind up Bovis Homes, shareholders will only be able to realise their investment through the market.

4.2 *The sale of substantial numbers of Shares by Shareholders of the Company 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. Bovis Homes 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.

4.3 *The issue of Consideration Shares, Placing 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 Shareholders*

The issue of Consideration Shares will be on the basis of a share-for-share exchange (that is, for non-cash consideration). This will dilute the interests of the Existing Bovis Homes Shareholders, 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 be reduced accordingly.

In the case of the Placing, for Existing Bovis Homes Shareholders who do not take up the offer of Placing Shares, 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 be reduced accordingly.

In the case of future issues of Shares for cash, existing Bovis Homes Shareholders have certain statutory pre-emption rights unless those rights are disapplied by a special resolution of the 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 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 Bovis Homes 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 Shareholders in restricted jurisdictions being unable to participate in any such future issue.

If 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 Shareholder's interest in the Company and the ability of the Company to raise funds to meet its business requirements.

4.4 ***Bovis Homes Shareholders may not receive a return on their investment or may receive a negative return and lose some or all of the capital invested***

The public trading market price of the Shares may decline below the price at which they are offered to shareholders in connection with the Acquisition. Should this happen, shareholders who exercise their rights to take up Shares in connection with the Acquisition will suffer an immediate loss as a result. Moreover, following the exercise of their rights, shareholders may not be able to sell their Shares at a price equal to or greater than the price at which those shares are offered to Shareholders in connection with the Acquisition.

4.5 ***Shareholders outside of 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 Bovis Homes may be limited under law. Bovis Homes is a public limited company incorporated in England and Wales. The rights of holders of Shares are governed by English law and by Bovis Homes' 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 the Company 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 Directors and/or the Proposed Directors. All of the Directors and Proposed Directors are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and/or the Proposed Directors within the Overseas Shareholder's country of residence or to enforce against the Directors or the Proposed Directors judgements 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 judgements in civil and commercial matters or any judgements under the securities laws of countries other than the UK against the Directors and/or the Proposed Directors who are residents of the UK or countries other than those in which the judgement is made. In addition, English or other courts may not impose civil liability on the 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 Directors in a court of competent jurisdiction in England or other countries.

4.6 ***There are certain limitations as to the Enlarged 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. The Enlarged Group's ability to pay cash dividends in the future is affected by a number of factors, including its ability to receive sufficient dividends from subsidiaries. The payment of dividends to the Enlarged Group by its subsidiaries is, in turn, subject to restrictions, including certain regulatory requirements and the existence of sufficient distributable reserves and cash in the Enlarged Group's subsidiaries.

The ability of these subsidiaries to pay dividends and the Enlarged Group's ability to receive distributions from its investments in other entities is subject to applicable laws and regulatory requirements and other restrictions, including, among other things, covenants in some of the Enlarged Group's credit facilities. These laws and restrictions could limit the payment of dividends and distributions to the Enlarged Group by its subsidiaries, which could in future restrict the Enlarged Group's ability to fund other operations or to pay a dividend to holders of the existing or Consideration Shares.

4.7 *Shareholders may be subject to exchange rate risks*

The Shares are priced in pounds Sterling and will be quoted and traded in pounds Sterling. In addition, any dividends Bovis Homes may pay will be declared and paid in pounds Sterling. Accordingly, 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.

PART II

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

This Prospectus comprises a prospectus for the purposes of Article 6 of Regulation (EU) 2017/1129 and amendments thereto (the "Prospectus Regulation") and is issued in compliance with the Listing Rules.

This Prospectus does not constitute an offer of, or an invitation to any person by or on behalf of, the Company, the Directors, the Proposed Directors and the Banks to subscribe for or purchase any Consideration 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 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 document 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, the Directors, the Proposed 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 of the Prospectus Regulation Rules, neither the delivery of this document nor any subscription or sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the 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 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 6 November 2019 (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 document 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 Consideration Shares or 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, the Directors, the Proposed Directors or the Banks, or any of their respective representatives, is making any representation to any Shareholder or purchaser of the Consideration Shares or Existing Shares regarding the legality of an investment by such Shareholder under the laws applicable to such 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 the Banks nor any of their respective affiliates accept any responsibility or liability whatsoever for the contents of this document, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Group, the Enlarged Group, the Acquisition, the Admission or the Consideration Shares, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether or not to the past or future. The Banks and their respective affiliates accordingly disclaim all and any duty, liability or responsibility 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 document or any such statement.

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

Notice to investors in the United States of America

The Consideration 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 and, as a consequence, have not been and will not be registered under the Securities Act or the securities laws of any state or any other jurisdiction of the United States. Accordingly, the Consideration 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 Consideration 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 securities laws, persons who are deemed to be affiliates of the Company as of the Scheme Effective Date may not be able to sell the Consideration 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. New Topco 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 Consideration 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), Galliford Try plc 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 Galliford Try Shareholders, at which hearing all Galliford Try 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 Galliford Try 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 Acquisition is proposed to be effected by means of a scheme of arrangement under the laws of the UK. A transaction effected by means of a scheme of arrangement is not subject to proxy solicitation or tender offer rules under the Exchange Act. The Acquisition is subject to UK disclosure requirements, which are different from certain United States disclosure requirements. The financial information included in this Prospectus has been or will be prepared in accordance with IFRS 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 Galliford Try Shares is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Acquisition.

It may be difficult for US Galliford Try Shareholders to enforce their rights and claims arising out of the US federal securities laws, since New Topco, the Company and Galliford Try plc 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 Galliford Try 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 a non-US company and its affiliates to subject themselves to a US court's judgement.

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

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 Consideration 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 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.

Forward-looking statements

This document and the information incorporated by reference into this document 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 document and the information incorporated by reference into this document and include statements regarding the intentions, beliefs or current expectations of the Directors, the Proposed Directors, the Company or the Group concerning, among other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Group and the industry in which it operates.

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 ability to control or predict. Forward-looking statements are not guarantees of future performance. The 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 document and/or the information incorporated by reference into this document. In addition, even if the operating results, financial condition and dividend policy of the Group, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this document and/or the information incorporated by reference into this document, 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, general economic and business conditions, industry trends, competition, changes in government and other regulation, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, changes in political and economic stability and changes in business strategy or development plans and other risks, including those described in Part I — "*Risk Factors*".

You are advised to read this document and the information incorporated by reference into this document in its entirety, and, in particular, Part I — "*Risk Factors*", for a further discussion of the factors that could affect the 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 document and/or the information incorporated by reference into this document may not occur.

Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules), neither the Company 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 document constitutes a qualification to the opinion of the Company as to working capital set out in paragraph 18 of Part XV — "*Additional Information*" of this document.

Financial information incorporated by reference

The audited consolidated financial statements of the Group as at and for the years ended 31 December 2016, 31 December 2017 and 31 December 2018 and the notes thereto as well as the unaudited consolidated financial statements of the Group for the 26 weeks ended 30 June 2019 and the review opinion in respect thereof are incorporated by reference into this document as further detailed in Part XVI — "*Documentation Incorporated by Reference*" of this document.

Presentation of financial information

Unless otherwise stated, financial information for the Group has been extracted without material adjustment from the Annual Report and Accounts of the Company and its subsidiaries for the three years ended 31 December 2016, 2017, and 2018 and from the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries for the 26 weeks ended 30 June 2019. Where information has been extracted from the audited consolidated financial statements of the Group, the information is audited unless otherwise stated. Where the information has been extracted from the interim condensed consolidated financial statements, the information is unaudited but has been reviewed by PwC, the Company's auditors.

Unless otherwise indicated, financial information for the Group in this document and the information incorporated by reference into this document has been prepared in accordance with IFRS as adopted by the EU and, as regards the Company's financial statements, 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 Target Businesses has been prepared to reflect the historical financial performance of the Target Businesses, applying the accounting policies (as described in the notes to the combined statements in Part XII – "*Financial Information of the Target Businesses*" which are consistent with those used by the Group in its annual financial statements for the year ended 31 December 2018). The Target Businesses were not standalone legal entities or businesses for the years ended 30 June 2017, 2018 and 2019. The financial information has been prepared on a "combined" basis from the Galliford Try financial statements.

Unless otherwise indicated, financial information for the Target Businesses in this document has been prepared in accordance with IFRS, IFRS interpretations and the Companies Act applicable to companies reporting under IFRS. The accounting policies applied and disclosed by the Target Businesses are consistent with those used by Bovis Homes in its annual financial statements for the year ended 31 December 2018.

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

The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document 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 document, 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 XIII – "*Unaudited Pro Forma Financial Information of the Enlarged Group*". The unaudited pro forma financial information contained in Part XIII – "*Unaudited Pro Forma Financial Information of the Enlarged Group*" is based on the historical financial information of the Group and the Target Businesses contained in Part XI – "*Financial Information of the Group*" and Part XII – "*Financial Information of the Target Businesses*", respectively.

The pro forma financial information contained in this Prospectus is intended to illustrate the effect of the Acquisition. The pro forma financial statements have been derived from: (i) the audited consolidated financial statements of the Group for the year ended 31 December 2018, which have been prepared in accordance with IFRS as adopted by the EU and incorporated by reference in this Prospectus; and (ii) the unaudited consolidated financial statements of the Target Businesses for the year ended 30 June 2019, which have been prepared in accordance with IFRS as adopted by the EU and are included elsewhere in this Prospectus. Adjustments and assumptions have been made regarding the Enlarged Group after giving effect to the Acquisition. 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 pro forma financial information does not reflect all costs that are expected to be incurred by the Enlarged Group in connection with the Acquisition. For these and other reasons, the actual business, financial condition and results of operations of the Enlarged Group following the Acquisition may not be consistent with, or evident from, this pro forma financial information.

The assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the Enlarged Group's business, financial condition or results of operations following the transaction. Any decline or potential decline in the Enlarged Group's business, financial condition or results of operations may cause significant variations in the Company's share price. See Part XIII – "*Unaudited Pro Forma Financial Information of the Enlarged Group*".

Key performance indicators

In this document, the Group also presents certain key operational metrics, such as revenue, profit from operations, operating margin and period end net debt, as a means of evaluating operating performance.

Currency presentation

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

Market and industry data

Market data and certain industry forecasts used in this document were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including the following third party reports:

- UK House Price Index: July 2019 (released by the Office for National Statistics on 18 September 2019);
- Housing White Paper "Fixing our broken housing market", issued in February 2017; and
- "Independent Review of Build Out Report", led by Sir Oliver Letwin and issued in October 2018.

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 document, 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. The industry forecasts are forward-looking statements. See "*Forward-looking statements*" above.

No profit forecast

No statement in this document is intended as a profit forecast and no statement in this document 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.

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 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 Directors, the Proposed Directors and/or executive officers. The 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 Directors, the Proposed Directors and/or executive officers within the Overseas Shareholder's country of residence or to enforce against the Directors, the Proposed Directors and/or executive officers judgements 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 judgements in civil and commercial matters or any judgements under the securities laws of countries other than the UK against the Directors, the Proposed Directors and/or executive officers who are residents of the UK or countries other than those in which judgement is made. In addition, English or other courts may not impose civil liability on the 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 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 Securities Exchange Act of 1934, as amended (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 Consideration 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 Shareholders' meetings and other reports and communications that the Group generally makes available to Shareholders.

PART III

DIRECTORS, PROPOSED DIRECTORS, COMPANY SECRETARY, SENIOR MANAGERS, ENLARGED GROUP ADDITIONAL SENIOR MANAGERS, REGISTERED OFFICE & ADVISERS

Board of Directors and Senior Managers

A list of the members of the Company's Board of Directors and Senior Managers and, following Completion, the Proposed Enlarged Group Board and the Enlarged Group Additional Senior Managers is set forth below.

Bovis Homes Executive Directors	Greg Fitzgerald (*Chief Executive*) Earl Sibley (*Group Finance Director*)
Bovis Homes Non-Executive Directors	Chris Browne OBE (*Independent Non-Executive Director*) Nigel Keen (*Independent Non-Executive Director*) Katherine Innes Ker (*Independent Non-Executive Director*) Mike Stansfield (*Independent Non-Executive Director*) Ian Tyler (*Non-Executive Chairman*) Ralph Findlay (*Independent Non-Executive Director and Senior Independent Director*)
Bovis Homes Senior Managers	Martin Palmer (*Group Company Secretary*) James Watson (*Divisional Chairman – East Division*) Darrell White (*Divisional Chairman – West Division*) Keith Carnegie (*CEO Partnerships Housing*)
Proposed Enlarged Group Board	Greg Fitzgerald (*Chief Executive Officer*) Graham Prothero (*Chief Operating Officer*) Earl Sibley (*Group Finance Director*) Chris Browne OBE (*Independent Non-Executive Director*) Nigel Keen (*Independent Non-Executive Director*) Katherine Innes Ker (*Independent Non-Executive Director*) Mike Stansfield (*Independent Non-Executive Director*) Ian Tyler (*Non-executive Chairman*) Ralph Findlay (*Independent Non-Executive Director and Senior Independent Director*)
Enlarged Group Additional Senior Managers	Stephen Teagle (*Chief Executive of Partnerships*)
Group Company Secretary	Martin Palmer
Registered Office of the Company	11 Tower View, Kings Hill, West Malling, Kent ME19 4UY
Sponsor	Lazard
Joint Financial Adviser	Lazard
Joint Financial Adviser and Sole Broker	Numis
Auditors to the Company	PwC
Reporting Accountant	PwC

Legal advisers to the Company as to US and English law	Linklaters LLP
Legal advisers to the Banks as to US and English law	Davis Polk & Wardwell London LLP
Registrar and Receiving Agent	Computershare Investor Services PLC

PART IV

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates and times given in the table below in connection with the Acquisition are indicative only and are based on the Company's current expectations and are subject to change. If any dates and/or times in this expected timetable change, the revised dates and/or times will be notified to Shareholders by announcement through a Regulatory Information Service. All times shown are London times unless otherwise stated.

Event	**Time and/or Date[(1)]**
Announcement of the Acquisition and the Placing	7.00 a.m. on 7 November 2019
Publication of the Prospectus and posting of the Circular	**7 November 2019**
Admission and commencement of dealings in the Placing Shares on the premium segment of the Official List and the Main Market of the London Stock Exchange	by 8.00 a.m. on 11 November 2019
Latest time and date for lodging Forms of Proxy (or appointing a proxy electronically or submitting a proxy via CREST) for the General Meeting	**11.00 a.m. on 28 November 2019**
Voting Record Time[(1)]	8.00 p.m. on 28 November 2019
Galliford Try Court Meeting	10.00 a.m. on 29 November 2019
Galliford Try General Meeting	10.15 a.m. on 29 November 2019
General Meeting	**11.00 a.m. on 2 December 2019**
Ex dividend date for the Second Interim Dividend	8.00 a.m. on 24 December 2019
Second Interim Dividend Record Time	6.00 p.m. on 27 December 2019
Scheme Effective Date	**2 January 2020**
Consideration Share Record Time	6.00 p.m. on 2 January 2020
Bonus Issue Record Time	6.00 p.m. on 2 January 2020
Ex dividend date for the Bonus Issue Shares	8.00 a.m. on 3 January 2020
Expected Completion Date	3 January 2020
Admission and commencement of dealings in the Consideration Shares and Bonus Issue Shares on the premium segment of the Official List and the Main Market of the London Stock Exchange	**by 8.00 a.m. on 3 January 2020**
CREST accounts of Galliford Try Shareholders holding in uncertificated form credited with Consideration Shares	on or soon after 8.00 a.m. on 3 January 2020
CREST accounts of Shareholders holding in uncertificated form credited with Bonus Issue Shares	on or soon after 8.00 a.m. on 3 January 2020
Despatch of share certificates: (a) for Consideration Shares to Galliford Try Shareholders holding in certificated form; and (b) for Bonus Issue Shares	on or soon after 8.00 a.m. on 3 January 2020
CREST accounts credited with any cash due in relation to the sale of fractional entitlements	within 14 days after Completion
Despatch of cheques for any cash in relation to the sale of fractional entitlements for those Galliford Try Shareholders who do not hold their Galliford Try Shares in CREST	within 14 days after Completion
Second Interim Dividend paid to Shareholders	May 2020

Note:

(1) To be entitled to attend, speak and vote at the 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 8.00 p.m. on 28 November 2019 (or, in the event of any adjournment, at 8.00 p.m. on the date which is two 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 General Meeting.

PART V

SHARE CAPITAL AND ACQUISITION STATISTICS

Number of Shares in issue at Latest Practicable Date[(1)]	134,860,771
Number of Placing Shares[(2)]	13,472,591
Number of Shares in issue immediately following completion of the Placing[(3)]	148,333,362
Number of Consideration Shares to be issued as consideration for the Acquisition[(4)]	63,739,385
Number of Bonus Issue Shares to be issued[(5)]	5,665,723
Number of Shares in issue immediately following Completion (the "**Enlarged Issued Share Capital**")[(6)]	217,738,470
Estimated expenses of the Acquisition (including the Placing)	£22 million
Consideration Shares as a percentage of the Enlarged Issued Share Capital immediately following Completion[(6),(7)]	29.3 per cent.

Notes:

(1) Number of Shares in issue as at 6 November 2019, being the latest practicable date prior to the publication of this Prospectus (the "**Latest Practicable Date**"). Bovis Homes does not hold any Shares in treasury as at the date of this Prospectus.

(2) Maximum number of Shares to be issued pursuant to the Placing announced by Bovis Homes on 7 November 2019 ("**Placing Shares**"), being approximately 9.99 per cent. of the Company's existing issued ordinary share capital in issue as at the Latest Practicable Date.

(3) Assuming that the maximum number of Placing Shares is issued.

(4) Number of Shares to be issued to Galliford Try Shareholders in part consideration for the Acquisition ("**Consideration Shares**").

(5) Number of Bonus Issue Shares to be issued to Shareholders (excluding recipients of Consideration Shares) based on a return of capital amount of £60 million at a share price of £10.59 calculated as at 9 September 2019.

(6) Maximum number of Shares assuming the maximum number of Placing Shares is issued and assuming that no new Shares are issued as a result of the exercise of any options between the Latest Practicable Date and Completion.

(7) Based on the number of Bovis Homes Shares in issue as at the Latest Practicable Date, the issue of a maximum number of 13,472,591 Placing Shares, the issue of 63,739,385 Consideration Shares as part consideration for the Acquisition and the issue of 5,665,723 Bonus Issue Shares.

PART VI

INFORMATION ABOUT THE ACQUISITION

1 Introduction

Bovis Homes Group PLC ("**Bovis Homes**" or the "**Company**") today announced that it had entered into an agreement with Galliford Try regarding a combination of Bovis Homes and Galliford Try's Linden Homes and Partnerships & Regeneration businesses (the "**Target Businesses**") for a consideration of £1.075 billion[(1)] (subject to certain customary completion adjustments linked to Linden Homes's and Partnerships & Regeneration's asset value) (the "**Acquisition**"). Linden Homes was valued as a multiple of TGAV[(2)] and Partnerships & Regeneration was valued as a multiple of earnings.[(3)] The Acquisition is conditional upon satisfaction of certain conditions as set out in this Part VI.

The consideration will consist of:

(i) the issue to Galliford Try Shareholders in respect of their shareholding in New Topco of 63,739,385 new ordinary shares of £0.50 each in the capital of the Company ("**Shares**") (valued at £675 million based on Bovis Homes' closing share price on 9 September 2019) (the "**Consideration Shares**"); plus

(ii) the payment of £300 million in cash (the "**Cash Consideration**") to Galliford Try; and

(iii) the novation from Galliford Try to Bovis Homes of Galliford Try's £100 million 4.03 per cent. senior unsecured notes due February 2027 (the "**Private Placement Bond**").

As a result, the Galliford Try Shareholders are expected to hold in aggregate 29.3 per cent. of the Enlarged Group (after completion of the Placing and the Bonus Issue described below).

The consideration payable by Bovis Homes for the Target Businesses is subject to certain customary completion adjustment mechanisms linked to the TGAV of the Target Businesses on the date of Completion.

The novation of the Private Placement Bond entails the effective transfer of all rights and obligations under the Private Placement Bond from Galliford Try to Bovis Homes upon completion of the Acquisition. At Completion, Galliford Try will automatically be relieved of its debt obligations under the Private Placement Bond and Bovis Homes will immediately and automatically assume all such obligations.

In addition, it is agreed that, at Completion, Bovis Homes will assume Galliford Try's rights and obligations under two of Galliford Try's pension schemes, being the Galliford Try Final Salary Pension Scheme and the Galliford Try (Holdings) Limited Pension & Assurance Scheme. The schemes have a combined membership of approximately 2,059 individuals and have combined assets of approximately £244.8 million. The remaining pension scheme, being the Galliford Try Special Scheme will remain with Galliford Try. The Galliford Try Special Scheme currently only has five members and is in the process of being wound up.

2 Background to and reasons for the Acquisition

The Acquisition presents an excellent and unique opportunity for Bovis Homes to acquire both: (i) a top UK housebuilder, Linden Homes; and (ii) a leading partnerships business, Partnerships & Regeneration. The Enlarged Group will be firmly positioned as one of the UK's top housebuilders (across both private and affordable housing), and more importantly the Acquisition will establish the Enlarged Group as one of the leaders in the highly attractive, high growth partnerships business.

Over the last two and a half years, Bovis Homes has delivered an impressive turnaround, including a dramatic improvement in build quality and customer satisfaction, the successful launch of a new housing range and the investment in and upgrade of people, systems and infrastructure. As a standalone business, Bovis Homes is approaching its target capacity of delivering 4,000 units per year from its existing

(1) Calculated using the Company's closing share price of £10.59 as at 9 September 2019.

(2) Based on Linden Homes' TGAV as at June 2019 of £728.1 million – the difference between this and Linden Homes' last reported TGAV of £759.2 million is a £31.1 million intercompany balance between Linden Homes and Galliford Try plc (which sits in Linden Homes' working capital/receivable balances) and will be settled prior to Completion. This is why it has been excluded in the TGAV calculation.

(3) Based on Partnerships & Regeneration's EBIT as at June 2019 of £34.8 million.

housebuilding operating structure. It is from this position of strength, both operationally and financially, that the Group has decided to undertake this Acquisition as it believes it has the required people and capabilities to successfully integrate the Target Businesses.

The Acquisition is expected to deliver the following key benefits for Bovis Homes:

Creates a top five national housebuilder

The combination of the Group and the Target Businesses will create one of the leading UK national housebuilders with the capacity to deliver more than 12,000 new units per year over the medium term. The Enlarged Group will have an enhanced customer proposition and coverage enabling it to compete more effectively against the major players in the UK private and affordable housebuilding sector. Combined, the Enlarged Group will have a land bank of over 33,000 owned plots and a valuable pipeline of strategic land totalling c. 33,000 plots.

Accelerates Bovis Homes's move into the high-growth partnerships and regeneration sector

The Acquisition will significantly accelerate the Group's move into partnerships housing. The Group announced the launch of its own partnerships business in early 2019, identifying partnerships housing as a key sustainable growth area with strong, counter-cyclical demand and more resilient earnings across the cycle.

Galliford Try Partnerships is one of the leading and most established national brands in this area and, with a very strong track record, is the partner of choice for housing associations, local authorities and government agencies. There remains a fundamental housing shortage in the UK and government support to increase housing supply is strong with a significant increase in investment from housing associations in particular.

Partnerships & Regeneration has a hybrid business model with revenues and profits generated from a mix of contracting and development. Bovis Homes sees real opportunity to significantly grow the combined partnerships businesses, specifically increasing the proportion of revenue from higher margin land-led development. The strength of the Enlarged Group's balance sheet is expected to support new land investment for the partnerships business including a strong pipeline of strategic land pull-though. This is consistent with the strategic direction of Bovis Homes' nascent partnerships business which, since launch, has established seven land-led developments in partnership with housing associations where the gross margin is at a similar level to the Bovis Homes housing business's gross margin.

Enhanced geographic footprint with growth potential

The Acquisition provides the opportunity for growth nationally. The geographic reach of the Target Businesses is highly complementary to Bovis Homes' geographic footprint such that the Acquisition is expected to both strengthen core areas for Bovis Homes, such as the South Coast, and provide the opportunity to expand into attractive regions, such as Yorkshire.

In addition, synergy opportunities are expected to be realised from the significant geographic overlap between Bovis Homes and the Target Businesses. For housebuilding, Bovis Homes expects the optimal structure to be 12 to 14 housebuilding operating regions as compared to the 17 regions which will exist at Completion. Each housebuilding operating region will have an optimum size of c. 550 to 625 units completed p.a. providing opportunity for the combined housebuilding business to grow and deliver more than 8,000 units p.a. This compares to pro forma completions of 7,055 for the 12 months to 30 June 2019.

Partnerships & Regeneration is well served by its existing operating structure of 10 operating regions working alongside housebuilding. Following Completion, Bovis Homes' nascent partnership business will be fully integrated with the Galliford Try Partnerships business and the Board believes that the Enlarged Group's partnerships business has strong growth potential specifically through the increase in land-led development supported by the strength of the Enlarged Group's balance sheet.

Two leading housebuilding brands

Bovis Homes and Linden Homes bring together two high quality, well-recognised housebuilding brands. In order to leverage these brands, the Enlarged Group will look to maximise the opportunities from dual-branding. This model is successfully implemented by other larger UK housebuilders and Bovis Homes and Linden Homes are already successfully selling alongside each other on six developments with the immediate opportunity to dual-brand a further c.15 developments.

Each brand will be re-positioned to ensure that it has the greatest appeal to its specific and differentiated target market. When acquiring land, the Enlarged Group will be able to select the best-positioned brand for the new housing development which meets customers' needs and will maximise demand. On larger sites, particularly those pulled through from the strategic land bank, the Enlarged Group will be able to promote both brands on the one development site in order to increase overall production, demand, sales rates and drive higher returns on capital employed.

The Enlarged Group's partnerships business will also leverage the Linden Homes and Bovis Homes brands for its mixed tenure developments alongside the Drew Smith brand which is the regional branch of the Galliford Try Partnerships for the South of England.

High quality combined land bank

The Enlarged Group is expected to have a high quality owned land bank of more than 33,000 owned plots and c. 33,000 plots of strategic land.

The Enlarged Group is expected to capitalise on future land opportunities through its ability to compete more competitively in the land market sector. With a dual-branded housebuilding business and a focus on significantly increasing partnership revenues from land-led development, the Enlarged Group is expected to be much better positioned to acquire larger sites, and in particular higher margin strategic opportunities.

Strengthens the senior management team

Greg Fitzgerald, CEO of the Group, is uniquely positioned to successfully integrate Bovis Homes and the Target Businesses, having formerly been CEO and then Executive Chairman of Galliford Try plc over a period of 11 years until 2016. Greg has been in housebuilding for 35 years and knows the Target Businesses well, having overseen the acquisition of Linden Homes by Galliford Try in 2007 and the launch of Partnerships & Regeneration in 2012.

There is strong leadership across the Target Businesses with the Acquisition bringing the best from each business into the Enlarged Group. In addition to the strength of the business leadership, the continuity of management across the Enlarged Group following the Acquisition will help mitigate risks arising through the integration process.

It is proposed that, upon Completion:

- Graham Prothero, who is currently the Chief Executive Officer of Galliford Try, will become the Chief Operating Officer of the Enlarged Group.
- Stephen Teagle, who is currently the Chief Executive of Partnerships & Regeneration and has over 20 years' experience in the regeneration and affordable housing sectors, will become Chief Executive of the Enlarged Group's partnerships business.

Enhances shareholder value with attractive financial returns

The Directors believe that the Acquisition will enhance shareholder value. The Directors expect the Acquisition to result in estimated recurring run-rate pre-tax cost synergies of at least £35 million per annum by the end of the second full financial year following Completion of which the in-year EBIT impact in the first full financial year following Completion is estimated to be c. £12 million. The Directors believe that the Acquisition represents a significant opportunity to deliver potential cost synergies across the following areas:

- streamlining the regional and divisional operating models of the combined business (approximately 55 per cent. of the estimated recurring run-rate pre-tax cost synergies); and

- procurement-related synergies (approximately 45 per cent. of the estimated recurring run-rate pre-tax cost synergies).

The Company expects that approximately three quarters of the annual recurring run-rate pre-tax cost synergies will be realised by the end of the first 12-month period following Completion.

The Company expects that the realisation of these cost synergies will require one-off implementation costs of approximately £35 million. These are expected to be phased across a two year period following Completion. Detailed integration planning will take place after Completion at which time restructuring and redundancy proposals will be subject to engagement with relevant stakeholders (including consultation with employee representative bodies where required by law).

The Directors believe that synergies will accrue from overhead savings, procurement savings and geographic overlap. The Company has considered dis-synergies as a result of the transaction and does not believe that there are any material dis-synergies.

Basis of belief

In developing the synergy benefits, the Board has undertaken a rigorous process covering the following steps:

The Board has worked to evaluate and assess the potential synergies available from the Acquisition.

The assessment and quantification of the potential synergies has been informed by the Board's extensive industry experience, knowledge of Bovis Homes and the Target Businesses, as well as information gathered during the due diligence process in respect of the Target Businesses.

The cost synergies have been assessed relative to the pre-Acquisition cost base of the carved out Target Businesses for the year ended 30 June 2019 and of the Group for the last twelve month period ended 30 June 2019. The Company has sought to normalise costs to reflect a more typical cost position, including adjusting overhead costs for reflect current forecast unit volumes and normalised staff costs.

Key assumptions have been discussed with the Target Businesses' operational management team

The cost synergies indicated above are contingent on Completion and could not be achieved independently of the Acquisition. The Directors confirm that the cost synergies reflect both beneficial elements and relevant costs associated with achieving these cost synergies.

3 Summary of the key terms of the Acquisition

The Acquisition relates solely to the acquisition by Bovis Homes of the Target Businesses (consisting of Galliford Try's Linden Homes and Partnerships & Regeneration businesses) and does not entail a merger with Galliford Try. It is envisaged that New Galliford Try, a newly incorporated public limited company which will be the holding company of the Galliford Try Group following Completion, will remain a UK-listed construction-focused group owned entirely by the Galliford Try Shareholders.

Galliford Try will undertake a corporate restructuring (the "**Restructuring**") so that all Galliford Try Shareholders can receive the benefit of the Acquisition whilst simultaneously ensuring that Galliford Try receives the relevant cash proceeds to support the Galliford Try Continuing Group after Completion.

(A) Sale and Purchase Agreement

The principal terms of the SPA are as follows:

3.1 Consideration

3.1.1 New Topco and Galliford Try shall procure the transfer of the New Topco Shares to Bovis Homes in consideration for the issue and allotment of 63,739,385 Shares to Galliford Try Shareholders in respect of their shareholding in New Topco *pro rata*, as far as reasonably practicable, to their respective holdings of Galliford Try Shares; and

3.1.2 Galliford Try shall sell the Partnerships & Regeneration Shares and the Linden Homes Special Share to the Company in consideration for the amount of £300 million which will be subject to adjustment as set out in paragraph 3.2 below (the "**Cash Consideration**") and the novation of the Private Placement Bond from Galliford Try to Bovis Homes in accordance with the terms of the Deed of Novation.

3.2 Adjustments to the Cash Consideration

3.2.1 ***Partnerships & Regeneration adjustment:*** The amount payable by Bovis Homes for the Partnerships & Regeneration Shares will be reduced if the TGAV of Partnerships & Regeneration at Completion is less than a base amount of £85 million. The amount payable will be reduced by an amount equal to the shortfall below that base amount.

3.2.2 ***Linden Homes adjustment:*** The amount payable for the Linden Homes Special Share shall be the amount by which the TGAV of Linden Homes at Completion exceeds a base amount of £728 million (the "**Linden Homes TGAV Adjustment Amount**"). If the TGAV of Linden Homes at Completion is below that base amount, the amount payable for the Linden Homes Special Share shall be zero and Galliford Try shall pay an amount equal to the shortfall to Bovis Homes.

3.2.3 Prior to Completion, Galliford Try shall notify Bovis Homes of the estimated TGAV of Linden Homes and of Partnerships & Regeneration in order to determine the initial amount to be paid in consideration for the Linden Homes Special Share at Completion and any reduction to the cash consideration payable for Partnerships & Regeneration. If the amount payable at Completion exceeds £400,000,000, then £400,000,000 will be payable at Completion, with the balance to be paid in accordance with paragraph 3.2.5 and 3.2.6 below.

3.2.4 As soon as possible following Completion, Galliford Try shall prepare the closing statement and the TGAV of Linden Homes and of Partnerships & Regeneration will be determined. The amount to be paid in consideration for the Linden Homes Special Share shall be derived from the value of the TGAV of Linden Homes in that closing statement. Any reduction to the cash consideration will be derived from the TGAV of Partnerships & Regeneration in that closing statement.

3.2.5 Save as set out below, by 30 April 2020 or five Business Days following the date on which the closing statement is agreed, Bovis Homes or Galliford Try shall pay any amounts to the other party required to ensure the actual Linden Homes TGAV Adjustment Amount has been paid to Galliford Try and the correct amount has been paid in respect of Partnerships & Regeneration.

3.2.6 If the actual Linden Homes TGAV Adjustment Amount is more than 10 per cent. greater than the estimate provided at Completion, the amount in excess of that 10 per cent. limit will not be payable until 31 July 2020.

3.3 Conditions to the Acquisition

The sale and purchase of the Shares, the issue and allotment of the Consideration Shares and the novation of the Private Placement Bond from Galliford Try to Bovis Homes are conditional upon satisfaction of the following conditions, or their satisfaction subject only to Completion:

3.3.1 the Restructuring having been effected, the Scheme becoming effective in accordance with its terms, the Reduction of Capital being confirmed by the Jersey Financial Services Commission and the Demerger having been completed;

3.3.2 the passing of the Galliford Try Resolutions at the Galliford Try Court Meeting and the Galliford Try General Meeting by the requisite majorities;

3.3.3 the passing of the Bovis Homes Resolutions at the Bovis Homes General Meeting by the requisite majorities;

3.3.4 the Company having raised proceeds of not less than £140 million pursuant to the Placing (the "**Equity Raise Condition**");

3.3.5 subject only to Completion having occurred, the Admission of the Consideration Shares becoming effective; and

3.3.6 the Deed of Novation having become wholly unconditional in accordance with its terms.

The Acquisition will not proceed, and the SPA will be terminated, if the conditions have not been satisfied or waived on or before 7.00 p.m. on 3 January 2020 or in the case of the Equity Raise Condition, 7.00 p.m. on 7 November 2019 (or such other time and date as may be agreed between the Company and Galliford Try).

The Acquisition is not conditional on CMA clearance and the parties will jointly submit a briefing paper to the CMA explaining why the Acquisition does not raise any competition concerns.

3.4 Pre-Completion obligations

3.4.1 In the period to Completion, Galliford Try has undertaken to procure that each Target Business carries on its business as a going concern in the ordinary and usual course as carried on prior to the date of the SPA and otherwise in accordance with applicable law. Galliford Try has also undertaken to procure that each Target Business takes and/or refrains from taking certain specific actions including in respect of any joint venture arrangements.

3.4.2 In the period to Completion, Galliford Try and New Topco have agreed that no action or step shall be taken by New Topco or by any board or board committee of New Topco without the prior written consent of Bovis Homes.

3.4.3 Immediately prior to Completion, Galliford Try has agreed to procure that each relevant Target Business and each relevant member of the Galliford Try Continuing Group pays to the relevant party all intra-group balances between such Target Business and members of the Galliford Try Continuing Group.

3.5 Restructuring

In the period to Completion, Galliford Try and New Topco have agreed to take, and procure that any relevant members of the Galliford Try Continuing Group and/or the Target Businesses take, all such actions as are necessary to give effect to the Restructuring. The steps comprising the Restructuring are as follows:

3.5.1 Linden Homes transfers the Partnerships & Regeneration Shares to Galliford Try;

3.5.2 Linden Homes issues the Linden Homes Special Share to Galliford Try;

3.5.3 Galliford Try implements the Scheme to insert New Topco as a new holding company of the Galliford Try Continuing Group and issue New Topco Shares to Galliford Try Shareholders;

3.5.4 Galliford Try declares a distribution *in specie* of the Linden Homes Shares to New Topco;

3.5.5 New Topco undertakes a bonus issue of New Topco B Shares to the New Topco Shareholders; and

3.5.6 New Topco transfers Galliford Try to New Galliford Try, a newly incorporated private limited company outside of the Galliford Try Group, pursuant to a reduction of capital of the New Topco B Shares supported by a solvency statement in return for the issue of New Galliford Try Shares to the New Topco Shareholders.

3.6 Completion deliverables

On Completion, Galliford Try, New Topco and Bovis Homes are obliged to execute and deliver certain documents required to give effect to the Acquisition, including, for Galliford Try and New Topco, certain documents and evidence required in connection with the implementation of the Restructuring.

3.7 Warranties and indemnities

3.7.1 The SPA contains warranties given by Galliford Try and New Topco in favour of Bovis Homes with respect to Galliford Try, New Topco, the Group and joint ventures that are customary for a transaction of this nature and size, including, *inter alia*, with respect to: corporate matters, the title of Galliford Try and New Topco to the relevant shares, consents, capacity and authority, books and records, financial statements, absence of certain changes, properties, sufficiency of assets, intellectual property and data protection, employee matters, pensions, compliance with laws, environmental matters, litigation, insurance and tax matters.

3.7.2 Galliford Try has indemnified Bovis Homes:

(a) in respect of the steps it takes in connection with the transfer of employees from Galliford Try to Bovis Homes pursuant to TUPE;

(b) in respect of the implementation of the restructuring steps set out above;

(c) in respect of certain historic matters in relation to the Transferring Pension Schemes. This indemnity is capped at £9.9 million and time limited to 10 years; and

(d) in respect of certain ongoing disputes involving the Target Businesses. This indemnity is capped at £3,000,000.

In addition, the SPA contains wrong pockets arrangements, including an indemnity from Galliford Try to Bovis Homes for costs associated with transferring an asset to Bovis Homes where Galliford Try has incorrectly transferred that asset in or out of the Target Businesses ahead of Completion.

3.7.3 Galliford Try's liability for claims under the warranties is subject to a number of contractual limitations, in particular:

(a) any claims must be notified to Galliford Try within six years of Completion for tax claims and 18 months of Completion for all other claims; and

(b) the maximum aggregate liability of Galliford Try for all claims relating to a breach of warranties shall not exceed £1.00.

3.7.4 Bovis Homes has the benefit of the W&I Insurance Policy which provides, conditional on Completion, insurance cover in respect of certain claims under the warranties and tax claims.

3.8 Termination

The SPA may be terminated:

3.8.1 by Bovis Homes or Galliford Try, if any of the conditions is not satisfied or waived by 7.00 p.m. on 3 January 2020 (or if the condition relating to the Placing is not satisfied or waived by 7.00 p.m. on 7 November 2019);

3.8.2 by Bovis Homes or Galliford Try, if the Galliford Try Board adjourns the Galliford Try General Meeting otherwise than in accordance with the SPA or withdraws, suspends, qualifies or adversely modifies or amends the Galliford Try Recommendation;

3.8.3 by Bovis Homes or Galliford Try, if the Board adjourns the General Meeting otherwise than in accordance with the SPA or withdraws, suspends, qualifies or adversely modifies or amends the Bovis Homes Recommendation; and

3.8.4 by Bovis Homes or, if Bovis Homes does not agree to increase the amount payable on Completion by an equivalent amount, by Galliford Try, if the estimated TGAV of Linden Homes at Completion is greater than £125,000,000 or the estimated TGAV of Partnerships & Regeneration at Completion is greater than £140,00,000.

3.9 Governing Law and Jurisdiction

The SPA is governed by the laws of England and Wales. The courts of England and Wales will have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the SPA.

4 Deed of Novation

The Private Placement Bonds represent £100 million of senior unsecured debt and were originally issued and sold to certain institutional investors by Galliford Try in February 2017. The Private Placement Bonds are unlisted tradeable debt instruments, bearing interest at a fixed rate of 4.03 per cent. per annum and are repayable in full when they mature on 16 February 2027. The note purchase agreement governing the terms of the Private Placement Bonds contains certain financial covenants that are periodically tested on a Group-wide basis and customary events of default including payment defaults, breaches of representations and warranties, covenant defaults and certain insolvency type events. The note purchase agreement also contains a most favoured lender provision, whereby if a new financial covenant is granted or a financial covenant for which an analogous provision exists in the note purchase agreement is tightened, in the New Facilities Agreement or in any other material credit facility (meaning each facility of the Group exceeding £75 million), the bond investors will also receive the benefit of this new covenant or, as the case may be, covenant tightening under the note purchase agreement.

At Completion, pursuant to the terms of the Deed of Novation, Galliford Try will automatically be relieved of its payment obligations under the note purchase agreement and the Private Placement Bonds and Bovis Homes will immediately and automatically assume all such obligations under an amended and restated note purchase agreement. The amended and restated note purchase agreement will further require Bovis Homes to procure that various of its subsidiaries provide senior unsecured guarantees in respect of the Private Placement Bonds following Completion.

5 Tax Indemnity

On Completion, Bovis Homes and Galliford Try will enter into a tax deed of covenant (the "**Tax Indemnity**") pursuant to which Galliford Try agree to indemnify Bovis Homes in respect of the tax liabilities incurred by the Group and its joint ventures prior to Completion (including as a result of the Restructuring). Galliford Try's liability under the Tax Indemnity is limited to £1 and covered by the W&I Insurance Policy.

6 Transitional Services Agreement

6.1 On Completion, a member of Galliford Try (the "**Supplier**") will enter into a Transitional Services Agreement (the "**TSA**") with Bovis Homes (or a member of the Group) (the "**Recipient**") under which the Supplier will provide certain transitional services to the Linden Homes and Partnerships & Regeneration businesses for a limited period following Completion (the "**Transitional Services**"). The Transitional Services will include: (i) various finance shared service centre services (including functions) and (ii) various IT and telephony services. The Recipient can also require the provision of services omitted from the TSA. The Recipient will pay the Supplier for those Transitional Services under the TSA.

6.2 The Transitional Services will be divided into a number of service categories (the "**Service Categories**"), and each Service Category will have its own term and its own charges. The longest Service Category term is likely to be 30 months.

6.3 The Supplier will commit to provide the Transitional Services to the same standard as they were provided prior to Completion.

6.4 The TSA will also specify certain dependencies (the "**Dependencies**"). These Dependencies are typically acts that the Recipient must carry out in order to allow the Supplier to provide the Transitional Services. If a Dependency is not met, then there is contractual relief for the Supplier and an obligation for the Recipient to pay to the Supplier an amount equivalent to any additional costs reasonably suffered or incurred by the Supplier in mitigating the effect of failure by the Recipient to perform that Dependency as against the Supplier's obligation to provide the relevant Transitional Services.

6.5 The TSA will contain:

(i) provisions relating to migration planning and migration (in relation to the Supplier's migrating away from the Transitional Services);

(ii) provisions relating to project management and regular meetings;

(iii) provisions relating to ownership and licensing of intellectual property rights;

(iv) provisions relating to the security of IT systems;

(v) provisions relating to charging and invoicing;

(vi) warranties (largely from the Supplier to the Recipient in relation to the quality of the Transitional Services);

(vii) limits and exclusions of liability;

(viii) a reciprocal confidentiality clause; and

(ix) provisions relating to data protection law compliance.

6.6 The TSA is an agreed form document under the SPA.

7 Placing

Under the terms of the Placing, Bovis Homes intends to place on a non pre-emptive basis up to 13,472,591 new ordinary shares of nominal value £0.50 each in the capital of the Company, which represents approximately 9.99 per cent. of the existing issued ordinary share capital of the Company. Members of the public were not entitled to participate in the Placing.

The issue of the Placing Shares has been effected by way of a cash box placing. The Company will allot and issue the Placing Shares on a non-pre-emptive basis to the placees in consideration for Numis transferring its holdings of ordinary shares and redeemable preference shares in Project Finch Finance (Jersey) Limited ("**Finch Jersey Limited**") to the Company. Accordingly, instead of receiving cash as consideration for the issue of Placing Shares, at the conclusion of the Placing, the Company will own the entire issued share capital of Finch Jersey Limited, whose only asset will be its cash reserves, which will represent an amount approximately equal to the net proceeds of the Placing. The Placing Shares will be issued pursuant to the allotment authority that Shareholders granted to the Company at its annual general meeting on 22 May 2019.

The Placing Shares are credited as fully paid and will rank *pari passu* with the existing ordinary shares of nominal value £0.50 each in the capital of the Company including the right to receive all future dividends and distributions declared, made or paid by reference to a record date falling prior to their issue.

The Placing is being conducted, subject to the satisfaction of certain conditions, through an accelerated bookbuild launched immediately following the placing announcement on 7 November 2019.

Ahead of the Placing, the Company consulted with a number of its leading Shareholders to gauge their feedback as to the Acquisition. Feedback from this consultation was supportive and as a result the Board chose to proceed with the Placing to part finance the Acquisition. The Placing has been structured as an accelerated bookbuild to minimise execution and market risk.

The Placing is expected to raise gross proceeds of approximately £157 million. The net proceeds of the Placing will be placed on deposit pending Completion. If Completion does not occur, the Acquisition will not proceed but Bovis Homes will be in receipt of the net proceeds of the Placing. In such circumstances, Bovis Homes will consider how best to return the Placing proceeds to its Shareholders.

The Company has applied for admission of the Placing Shares to listing on the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of London Stock Exchange ("**Placing Admission**"). It is expected that settlement of subscriptions in respect of the Placing Shares and Placing Admission will take place and that trading in the Placing Shares will commence on 8 November 2019.

The Placing is conditional upon, *inter alia*, Placing Admission becoming effective. The Placing is also conditional upon the Placing Agreement becoming unconditional and not being terminated. The Placing is not conditional upon completion of the Acquisition.

8 New Facilities Agreement

8.1 Barclays Bank PLC, National Westminster Bank plc, HSBC Bank PLC and Lloyds Bank plc, each in their capacities as original lenders, have provided debt financing commitments in respect of:

8.1.1 a £100 million term loan facility (the "**Term Loan**"); and

8.1.2 a £375 million revolving credit facility(the "**New RCF**") split into two tranches of (i) £355 million (the "**New RCF Tranche 1**") and (ii) £20 million ("**New RCF Tranche 2**"), with an accordion option for an additional £25 million in respect of New RCF Tranche 1,

pursuant to a new £475 million term loan and revolving credit facilities agreement to be put in place at the time of signing the Acquisition Agreements (the "**New Facilities Agreement**").

8.2 The Term Loan will be used to part-fund the Cash Consideration. The New RCF is intended to first refinance the existing Bovis Homes Limited revolving credit facility, and thereafter to be available for general corporate and working capital purposes.

9 Fractional entitlements

9.1 Consideration Shares

The fractional entitlements of Galliford Try Shareholders (in respect of their shareholding in New Topco) at Completion to Consideration Shares shall be aggregated and Bovis Homes shall procure that the maximum whole number of Consideration Shares resulting therefrom shall be allotted and issued to a person appointed by Bovis Homes to hold such Consideration Shares on behalf of the relevant Galliford Try Shareholders. Bovis Homes shall procure that such Consideration Shares are sold in the market as soon as practicable after Completion and that the net proceeds of sale (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid in due proportion to the relevant Galliford Try Shareholders (rounded down to the nearest penny), by way of cheque or credit to the relevant CREST account. However, fractional entitlements to amounts (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) of £5.00 or less shall not be paid to the relevant Galliford Try Shareholders in respect of their shareholding in New Topco who would otherwise be entitled to them under the Acquisition due to the administrative costs incurred in doing so, but shall be retained for the benefit of the Company.

9.2 Bonus Issue Shares

The fractional entitlements of Shareholders at Completion to Bonus Issue Shares shall be aggregated and Bovis Homes shall procure that the maximum whole number of Bonus Issue Shares resulting therefrom shall be allotted and issued to a person appointed by Bovis Homes to hold such Bonus Issue Shares on behalf of the relevant Shareholders. Bovis Homes shall procure that such Bonus Issue Shares are sold in the market as soon as practicable after Completion and that the net proceeds of sale (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid in due proportion to the relevant Shareholders (rounded down to the nearest penny), by way of cheque or credit to the relevant CREST account. However, fractional entitlements to amounts (after the deduction of all commissions and expenses incurred in connection with such sale, including any value added tax payable on the proceeds of sale) of £5.00 or less shall not be paid to the relevant Shareholders who would otherwise be entitled to them under the Bonus Issue due to the administrative costs incurred in doing so, but shall be retained for the benefit of the Company.

PART VII

BUSINESS OVERVIEW OF THE GROUP

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

Bovis Homes is a leading UK housebuilder of high quality, traditional homes. With seven operating regions and c. 1,300 employees at locations across England, it creates new sustainable communities. Bovis Homes has core expertise and competitive advantage in the key areas of land acquisition, design and planning, build, sales and customer service. Its shares are listed on the London Stock Exchange and the Company is a member of the FTSE 250.

Bovis Homes builds new homes for private sale and affordable housing. It has two businesses, the West and East, and seven operating regions, each with a regional head office well located for its developments. These include Kings Hill in Kent, which is also Bovis Homes' headquarters, Basingstoke, Exeter, Bishop's Cleeve near Cheltenham, Stafford, Coleshill near Birmingham and Milton Keynes.

Bovis Homes builds family homes on primarily greenfield land in prime edge-of-town and village locations. These are typically two-storey houses with a limited number of apartments. Bovis Homes' latest standard housing range, the "Phoenix Collection", was launched in April 2018 and incorporates 28 standard house types for both private and affordable house types. The first completions in the new range were completed in the first half of 2019, with very positive customer feedback.

Bovis Homes' Partnerships business was launched in early 2019 and works alongside the seven operating regions. It brings a more resilient revenue and profit stream that is less connected to the housing cycle, and its developments reflects the Group's significantly improved relationships with housing associations. The business is focused on higher margin land-led development allowing the Group to optimise returns from its land investment, in particular from the larger sites pulled through from its high quality strategic land bank.

In the financial years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, Bovis Homes had revenue of £1,054.8 million, £1,028.2 million, £1,061.4 million and £472.3 million, respectively.

2 History and development

In 1997, Bovis Homes was demerged from P&O where it had been a wholly-owned subsidiary since 1974. It was floated on the London Stock Exchange in December 1997, becoming Group PLC.

Bovis Homes went through a challenging period in early 2017 with a high level of customer issues. In January 2017, Chief Executive, David Ritchie, stepped down and Bovis Homes announced its intention to slow production during that year to enable the business to reset.

In March 2017 the Board acknowledged that it had received written proposals from Redrow plc and Galliford Try outlining their rationale for a potential merger. Following a review of each in detail, the Board concluded that neither proposal reflected the underlying value of Bovis Homes and both were rejected.

Greg Fitzgerald was appointed as Chief Executive of Bovis Homes in April 2017. Greg was formerly Chief Executive and then Executive Chairman of Galliford Try, where he spent over 30 years of his career.

The Group launched its "Partnerships Division" in February 2019 to operate alongside its seven operating regions. The business works with housing associations, in particular, to address the housing shortage in the UK through increased production and supply of new affordable homes.

Following a period of resetting the business, Bovis Homes reported significant operational and financial progress in the 12 months to December 2018 and six months ended 30 June 2019.

3 Strategy and objectives

The Group is focused on delivering controlled volume growth while driving margin progression. It sees increased growth opportunity from the development of its Partnerships business, working alongside housing associations, in particular, to increase the supply of new affordable housing to the UK market.

On margin, specific initiatives include the roll-out of its latest standard housing range, the "Phoenix Collection" and an increase in the usage of its 'select' extras range. It has also implemented a programme of cost- saving initiatives across all areas of build including working with its supply chain to counter any build cost inflation and introduce Group- wide build specification changes where appropriate.

The Group set out clear medium-term targets in September 2017 to be achieved by 2020 to return it to being a leading UK housebuilder and deliver significantly improved returns to shareholders. Much progress has been made against these objectives with a number already achieved.

Bovis Homes has a clear set of strategic priorities which underpin how it operates across all aspects of the business and support driving the business forward.

People development is a key priority and Bovis Homes is investing more in the training and development of its people than ever before. Bovis Homes has developed a culture of "hands-on-leadership" with a greater operational focus, facilitating quicker decision- making and accountability across the business. Its employee incentive packages are closely aligned with its strategic goals and medium-term targets.

Delivering its customers high-quality new homes and a high level of customer service that meets with their expectations throughout their entire journey with Bovis Homes is a key priority. Bovis Homes has seen a step change in its levels of customer satisfaction since 2017, was awarded a 4-star HBF Customer Satisfaction Rating in 2018 and is now trending at 5-star. There has also been a significant improvement across build quality metrics, which are now at least in line with industry benchmarks.

Bovis Homes is committed to delivering a high standard of health and safety for all employees, sub-contractors and other on-site visitors. It has a three-year strategy plan for health and safety and is continually looking to improve its systems and processes in this area.

Bovis Homes is committed to building upon the significant progress made over the past two years and has a range of initiatives and a programme of investment designed to build a better Bovis Homes. It continues to undertake research and development to improve the processes, materials and products used in the construction of its developments and to enhance the energy efficiency of its range of homes.

The Group is focused on returning Bovis Homes to being a leading UK housebuilder and delivering enhanced returns to shareholders through increased profitability, return on capital employed and total shareholder returns.

4 Organisational structure

4.1 Organisational structure

The Group consists of one main trading entity and is structured into seven regions (being Mercia, West Midlands, Western, South West, Northern Home Counties, South East and Southern Counties). The Company is the holding company of the Group. Following Completion, the members of the Target Businesses will become wholly-owned indirect subsidiaries of the Company.

4.2 Significant subsidiaries

The Company is the parent company of the Group. A full list of the Company's principal subsidiaries, which are considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, the financial position and the profits and losses of the Company, is set out in paragraph 9 of Part XV — "*Additional Information*" of this Prospectus.

5 Principal activities

Bovis Homes is a top 10 UK housebuilder with a strategic focus on the south of England, excluding London, that designs and develops high-quality private and affordable housing.

Bovis Homes purchases land in targeted prime locations, typically on the edge of towns or villages, with over 90 per cent. on greenfield sites. It has specialist land buyers in each of its operating regions who work with land vendors, including local authorities, to identify land opportunities that at least meet its minimum hurdle rates and enable the Group to create sustainable places for its customers to live.

Bovis Homes designs homes and places for its customers using its latest standard housing designs. Launched in April 2018, the "Phoenix Collection" includes 28 standard house types for both private and affordable homes and encompasses two-bedroom starter properties through to larger four- and five-bedroom family homes. This range reflects modern living and includes more open plan space, larger bedrooms and better storage. The first completions with the new house types were in the first half of 2019, with excellent customer feedback.

Bovis Homes typically operates from c. 85 to 90 sites across its seven operating regions, with each site managed by a Bovis Homes site team including a site manager and an assistant site manager. Bovis Homes employs traditional methods of construction and uses local and regional suppliers, providing benefits to the wider community through job creation and opportunities for other local businesses to support the development. Bovis Homes works closely with its supply chain to ensure timely delivery of its homes in an environmentally and socially aware way. Suppliers and sub-contractors are involved at an early stage in site development to ensure adequate resource planning is in place and health and safety is a number one priority.

Bovis Homes has strong in-house sales and marketing expertise, with customer satisfaction a key priority and central to all that the Group does. There has been a step change in Bovis Homes customer satisfaction rating over the past two years, and Bovis Homes is now trending at an 5-star HBF Customer Satisfaction Rating Bovis Homes continues to invest in its customer service function and has recently implemented a new end-to-end customer relationship management system designed to provide an enhanced customer experience.

6 Land acquisition and landbank

Bovis Homes' strategy is to maintain a high quality owned landbank equivalent to 3.5 to 4.0 years' land supply for the Group (including its share of joint ventures). In addition, Bovis Homes has strength in securing attractive strategic land opportunities and will continue to invest in strategic land going forward.

As at 30 June 2019, Bovis Homes total owned landbank including joint ventures was 16,215 plots. Including Bovis Homes' share of joint venture plots of 1,527 as at 30 June 2019 and assuming the Group's target of 4,000 total completions, the Group had 3.7 years' supply of owned land. The expected future average selling price of the owned land plots was £316,000, with an average land cost per plot of £58,000. To best meet future market demand, Bovis Homes is focused on the acquisition of smaller product, increasing its proportion of two- and three- bedroom homes and reducing the overall Bovis Homes average selling price. Within the owned landbank, 72 per cent. of the plots were for private units, 4 per cent. for private apartments and 24 per cent. for affordable housing. Bovis Homes has a strong track record of acquiring strategic land and at 30 June 2019 had a total of 19,745 strategic land plots. There is a strong pipeline of land to be pulled through into the owned landbank with 6,000 of these strategic plots already having planning agreed and a further c. 2,700 with a planning application. Bovis Homes continues to pursue attractive new strategic land opportunities.

Bovis Homes has good forward visibility on land supply and has all of its units for 2020 secured and 83 per cent. for 2021. It continues to see good opportunities in the land market that at least meet its minimum hurdle rates. Bovis Homes holds a balanced land portfolio across all seven operating regions.

7 Principal markets

Demand for housing in the UK continues to outstrip supply, with the market consistently falling short of the 250,000 new homes it needs each year. In 2018, a total of 198,930 new homes were completed in the UK.

Whilst affordability remains a challenge, demand is supported by a favourable lending environment with healthy competition between lenders and historically low interest rates. The Government's "Help to Buy" equity loan scheme, first introduced in 2013, has supported and continues to support home purchases, in particular, first- time buyers.

Various factors contribute to constrain the supply of housing in the UK, with the key ones including:

(a) the relatively complex, time-consuming and expensive land planning system in the UK;

(b) delays by a large number of local authorities in putting into place housing supply plans, as required under the NPPF;

(c) not enough land which is suitable for housebuilding;

(d) shortage of skilled labour;

(e) difficulties faced by smaller developers in accessing development funds;

(f) the continued political uncertainty surrounding the UK's exit from the EU; and

(g) a lack of investment by housebuilders in innovative methods of construction due to the significant financial risks involved.

There is strong support from the UK Government for increasing the housing supply.

The Housing White Paper, "Fixing our broken housing market", issued in February 2017, described a number of initiatives which, taken together, are aimed at securing a step change in housing supply. These include:

(a) ensuring the planning system supports the Government's housing supply objectives;

(b) improving productivity and competition in the housing market, opening it up to smaller builders and those who embrace innovative and efficient methods;

(c) delivering the "Housing Infrastructure Fund" grant funding to provide infrastructure which unlocks homes in areas where housing need is greatest;

(d) supporting local authorities and housing associations to increase the supply of affordable homes;

(e) boosting availability of land in the right places for homes and ensuring that better use is made of underused land;

(f) making the most of surplus land already in public ownership, release surplus central government land and support local authorities to release their land;

(g) supporting ambitious local authorities to bring forward land to create new settlements;

(h) increasing home ownership and housing supply through the "Help to Buy Equity Loan" scheme; and

(i) encouraging best practice in delivering high-quality design to underpin the creation of great places to live.

8 Investments

During the period of the historical financial information, and prior to 31 December 2018, the Group's material investments included two Private Rented Sector ("**PRS**") joint ventures. The first, formed in December 2009, was Bovis Homes Peer LLP, a 50:50 jointly controlled venture with Peer Group. The second, formed in November 2013, was a 26.6 per cent. interest with joint control in IIH Oak Investors LLP with the Mill Group. Both joint ventures were formed from the sale of the Group's product into the joint ventures and received funding from external banks (IIH Oak Investors LLP also supported by funding from Homes England). The PRS portfolios have been successful, with low void rates, and, during the period of the historical financial information, the controlling entities have been disposing of the properties to close down the joint ventures. The remaining investment in these PRS joint ventures is not expected to be material as at 31 December 2019, assuming that the planned disposal of these PRS joint ventures completes.

The Group will retain a material investment in its two development joint ventures: Stanton Cross Developments LLP with Riverside Housing Association (Wellingborough) and Bovis Homes Sherford Latimer LLP with Clarion Housing Association.

In December 2018, the Group entered into its first major joint venture at Sherford, near Plymouth, with Clarion Housing Group. As part of the initial transaction, land and infrastructure owned by the Group was sold into the joint venture, Bovis Homes Latimer (Sherford) LLP. The overall development, which Bovis Homes is developing in consortium with Linden Homes and Taylor Wimpey, has received support from Homes England.

In April 2019, the Group entered into a 50:50 joint venture, Stanton Cross Developments LLP, with Riverside Housing Association (Wellingborough) for the development of the new community at Stanton Cross, near Wellingborough. The Group provides ongoing services to this LLP for construction, sales and company secretarial support. The Group has realised a net cash benefit from the transaction of £69.5 million which arose from a cash receipt of £33.1 million and the transfer of a loan provided by Homes England of £36.4 million into the joint venture.

In addition to the joint ventures disclosed above, Bovis Homes has a joint arrangement with Livewest Housing Association at Tavistock. Formed in September 2018, this is a 50:50 arrangement with joint control, and the financial impact is reflected in the accounts on a proportional consolidation basis. Bovis Homes has entered into similar arrangements for developments at Exeter (Alphington) and Taunton (Comeytrowe) with Livewest since 30 June 2019.

9 Regulatory environment

During the period of the historical financial information, and prior to 31 December 2018, the Group's

The Group is wholly UK based, operating in England and Wales. The Group is dependent on macroeconomic factors as well as the conditions of the UK residential property market. The Group may be particularly adversely affected by any factor that reduces sales prices or transaction volumes or presents constraints in the supply chain in the UK residential property market. Despite ongoing market uncertainty relating to Brexit, demand in the housing market continues to outstrip supply and the industry has generally encountered difficulties in meeting the demand over recent years. This has resulted in the UK facing a severe housing shortage, although this demand has also meant that the outlook for the industry remains positive, with output continuing to increase and prices that have remained stable.

Additionally, while the Government has continued to be supportive of the housing industry generally, recognising the importance of continuing to build new homes to meet the current housing shortage, there have been some recent items that have led to some fallout within the industry. For example, the Government is reviewing the use of leaseholds to sell houses and is considering banning the use thereof related to the sale of houses. However, this is not a practice that was adopted by Bovis Homes and it will therefore have no impact. Similarly, the perceived fall in the quality of new homes being produced has been reviewed by the Government and has led to the announcement of a new Ombudsman to protect the interests of homebuyers and hold developers to account. The powers, authority and scope of this Ombudsman are not yet clear, but Bovis Homes is focused on delivering great quality homes to its customers and therefore will work with whatever measures are implemented. Finally, the Oliver Letwin review into build-out rates by the Government was published in October 2018. This concluded that the homogeneity of the types and tenures of the homes on offer on sites, and the limits on the rate at which the market will absorb such homogeneous products, are the fundamental drivers of the slow rate of build-out. Most of the recommendations to speed up the rate of development relate to potential changes to planning policy, although the key challenges in delivering this are expected to include the uncertainty of demand in specific locations and the unavailability of labour.

The lack of skills to meet labour demand is a challenge for Bovis Homes' industry and may be compounded by the outcome of Brexit if such outcome leads, over time, to reduced access to skilled European workers. Any restrictions in the availability of EU labour could have significant consequences for the availability of labour (which is already a constraint to growth). There are also regulatory uncertainties around current EU legislation, especially from an environmental perspective, and potential impacts on Bovis Homes' supply chain in terms of logistics and potential changes in tariffs.

10 Trends

The Group reported a 15 per cent. increase in its private sales rate in the first six months to 30 June 2019, increasing to 0.60 (2018: 0.52) sales per active site per week. The Group has continued to see sales at this level on average for the weeks since 1 July 2019. This trend reflects a step change in the Group's performance against a backdrop of ongoing market uncertainty.

"Help to Buy" remains an important scheme supporting the purchase of new homes, in particular for first-time buyers. In the first half of 2019, 25 per cent. of the Group's total completions utilised the scheme.

The Group has seen a controlled increase in its use of part exchange, with 9 per cent. of completions in the first six months to 30 June 2019 on that basis. The Group maintains very tight control around its part exchange stock levels and holds none or very few properties for longer than three months.

The Group is operating from c. 88 sites and expects this to remain relatively stable.

The Group has seen a significant improvement in its levels of customer satisfaction levels increasing by 2 stars to being awarded a 4-star rating in the HBF Customer Satisfaction Rating for 2018. The Group is currently trending at a 5-star HBF Customer Satisfaction Rating for the 2019 year to date.

The Group reported a 36 per cent. and 20 per cent. increase in operating profit for the 12 months to 31 December 2018 and the 26 weeks to 30 June 2019, respectively, driven by a strong improvement in the Group's gross margin. The Group reported a gross margin of 21.8 per cent. for the 12 months ended 31 December 2018 (2017: 18.0 per cent.).

With improved profits and an optimised balance sheet, the Group reported an increase in return on capital employed to 19.3 per cent. (2017: 13.7 per cent.) for the 12 months ended 31 December 2018.

PART VIII

BUSINESS OVERVIEW OF THE TARGET BUSINESSES

The Target Businesses comprise the Linden Homes and Partnerships & Regeneration businesses of the Galliford Try Group.

Linden Homes

Linden Homes develops high-quality private and affordable housing in prime locations with a commitment to providing excellent customer service, primarily for first-time buyers and families. It has a strong presence in the South and East of England and a growing presence in other regions of the UK. Linden Homes acquires prime sites with good transport links and local amenities, where it can create communities that people aspire to live in.

For the financial year ending 30 June 2019, Linden Homes completed 3,229 units, of which 2,227 were private housing and 1,002 were affordable housing, with an average selling price of £284,000. At September 2019, Linden Homes had a land bank of 12,600 plots representing around 3.5 years' supply, with an average gross margin of 24.4 per cent., and a strategic land portfolio comprising 2,850 acres, sufficient to generate 13,240 plots.

Linden Homes's operating profit (including share of joint ventures profit) for the year ended 30 June 2019 was £160.5 million.

The table below summarises the results of Linden Homes for the three years ended 30 June 2017, 30 June 2018 and 30 June 2019.

	Year ended 30 June		
	2019	**2018**	**2017**
	(£m)	*(£m)*	*(£m)*
Group revenue and share of joint ventures revenue excluding part exchange revenue	937.4	947.3	820.4
Profit from operations including share of joint ventures profit	170.3	184.4	160.5

Partnerships & Regeneration

Partnerships & Regeneration is Galliford Try's specialist affordable housing and regeneration business. Partnerships & Regeneration delivers mixed-tenure solutions working with housing association, local authority and private sector partners, combining contracting, land-led contracting and mixed-tenure development with a proven track record of delivery and quality. During the financial year ended 30 June 2019, Partnerships & Regeneration completed 1,178 units at an average selling price of £217,000. Notable recent project wins include partnerships with:

- Homes England to deliver 885 homes across the UK under the "Homes England Delivery Partner Panel";
- Enfield Council to build the first 725 homes at the £6.0 billion Meridian Water development in the Lea Valley; and
- Ealing Council to create a new mixed-use scheme, including 470 homes.

Partnerships & Regeneration's operating profit (including share of joint ventures profit) for the year ended 30 June 2019 was £34.8 million.

The table below summarises the results of Partnerships & Regeneration for the three years ended 30 June 2017, 30 June 2018 and 30 June 2019.

	Year ended 30 June		
	2019	2018	2017
		(£m)	
Group revenue and share of joint ventures revenue excluding part exchange revenue	330.2	475.2	623.2
Profit from operations including share of joint ventures profit	14.9	23.6	34.8

As at 30 June 2019, the combined gross assets of Linden Homes and Partnerships & Regeneration were £1,633.0 million.

A detailed summary of the trading results of the Target Businesses (comprising Linden Homes and Partnerships & Regeneration) for the three financial years ended 30 June 2017, 30 June 2018 and 30 June 2019, together with the net asset statement as at 30 June 2019 are set out in Part XII — "*Financial information of the Target Businesses*" of this Prospectus.

The financial information in this Part VIII has been extracted without material adjustment from the financial information contained in Part XII — "*Financial information of the Target Businesses*" of this Prospectus. Shareholders should read the whole of this document and not just rely on the summarised financial information.

Partnerships & Regeneration's Acquisitions

Drew Smith

On 12 May 2017, Partnerships & Regeneration acquired the Drew Smith business from its owners for a final amount £30.5 million (after applying the earn-out provisions and additional payments). The acquisition was of the entire share capital and control of Drew Smith Limited and Drew Smith Homes Limited.

Drew Smith is a mixed-tenure developer which has relationships with the registered provider and regeneration sector; it has operations in Hampshire, Dorset, Surrey, Sussex and Berkshire, with strong contracting, housebuilding and land acquisition capabilities. The business has a strong contracting order book and a number of land assets in planning as well as approximately 84 employees. The acquisition of Drew Smith was consistent with Galliford Try's stated strategy of national footprint growth through expansion into new geographies and margin improvement through leveraging mixed-tenure expertise; the transaction accelerated Partnerships & Regeneration's growth in the southern region where mixed-tenure housing demand is generally high.

The goodwill of £24.1 million arising from the acquisition is attributable to the acquired workforce of Drew Smith. None of the goodwill recognised is expected to be deductible for income tax purposes.

Strategic Team Group

On 1 July 2019, Partnerships & Regeneration acquired the entire share capital and control of Strategic Team Group Limited ("**STG**") and its trading subsidiary Strategic Team Maintenance Co. Limited for approximately £11.0 million (of which £2.0 million is deferred, £1.0 million for 12 months and £1.0 million for 24 months) (the "**STG Transaction**"), delivering a mature operating platform in Yorkshire and expanding Partnerships & Regeneration's presence in Cheshire. STG is a well-established regional business with 120 employees and a revenue in its last full year of c. £60 million.

Pursuant to the acquisition documentation of the STG Transaction, there is an obligation on Partnerships & Regeneration to pay any outstanding deferred consideration within 20 Business Days of a change of control event occurring. Change of control is defined specifically by reference to Partnerships & Regeneration ceasing to be part of the Galliford Try Group. Assuming that no waiver is obtained on or before the Acquisition, Bovis Homes will have to pay just over £1.8 million in deferred consideration to the sellers of STG within 20 Business Days of Completion.

STG operates a new homes contracting business and a maintenance and minor works business. The profile and geographical split of its order book provides an excellent strategic fit with a client base known to Galliford Try Partnership. STG is on the Homes England delivery partner panel.

PART IX

OPERATING AND FINANCIAL REVIEW OF BOVIS HOMES

The table below sets out the sections of Bovis Homes' unaudited half year 2019 results (the "**Bovis Homes unaudited H1 2019 Results**") and the Annual Report and Accounts of the Group for 2018, 2017 and 2016, which contain Bovis Homes' operating and financial review information for the historical periods covered, and which are incorporated by reference in this Prospectus.

You should read the incorporated information in conjunction with the Group's audited consolidated financial statements and the auditors' reports contained in the Company's Annual Report and Accounts alongside the detailed information included in this document in Part VII — "*Business Overview of the Group*" and the other information incorporated by reference into this document and you should not rely solely on key and summarised information. PwC has issued unqualified audit opinions in respect of the financial statements for the Company for each of the financial years ended 31 December 2018, 2017 and 2016 and a separate review opinion in respect of the Bovis Homes unaudited H1 2019 Results.

Some of the information elsewhere in this document and in the information incorporated by reference into this document includes forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this document, including under Part I – "*Risk Factors*" and "*Forward-looking statements*".

Topic	**Bovis Homes unaudited H1 2019 Results**	**Bovis Homes Annual Report and Accounts 2018**	**Bovis Homes Annual Report and Accounts 2017**	**Bovis Homes Annual Report and Accounts 2016**
Operating and Financial Review	pp.5-14 ("Financial review" (excluding "Land activity in the year to date"; "Land bank" and "Strong land bank fundamentals"); p.34 ("Key metrics"); p.36 ("Work in progress and other assets"); p.37 ("Interest charge"); p.38 ("Land creditor payments"); and p.39 ("Other liabilities")	pp.58-59 ("Strategic report: Our financial performance")	pp.56-57 ("Strategic report: Our financial performance")	pp.46-47 ("Strategic report: Our financial performance")

PART X

OPERATING AND FINANCIAL REVIEW OF THE TARGET BUSINESSES

You should read the information below in conjunction with the Target Businesses' audited consolidated financial information and the reporting accountant's report contained in Part XII – "*Financial Information of the Target Businesses*" and Part VIII – "*Business Overview of the Target Businesses*" included in this document and you should not rely solely on key and summarised information.

Some of the information in the review set forth below and elsewhere in this document includes forward-looking statements that involve risks and uncertainties. The Target Businesses' actual results may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this document, including under Part I – "*Risk Factors*" and "*Forward-looking statements*".

1 Overview

1.1 The Target Businesses are part of a leading UK housebuilding and regeneration group operating nationwide in two distinct businesses.

1.1.1 Linden Homes builds high quality private and affordable housing, on prime sites, in good locations, primarily for first-time home buyers and families. Linden Homes has a presence across the South and East of England, East Midlands and the North.

1.1.2 Partnerships & Regeneration operates as a developer and contractor in affordable housing and regeneration projects, collaborating with local authorities, housing associations and private sector partners to increase the supply of affordable housing across a range of different ownership tenures and to build sustainable communities.

1.2 Revenue generated by the Target Businesses in the year ended 30 June 2019 stood at £1,218.7 million. Operating profit and profit before tax in the same period were £180.1 million and £125.8 million, respectively.

2 Recent developments

On 1 July 2019, Partnerships & Regeneration acquired Strategic Team Group Limited, a well-established contracting and land-led developer for £11.0 million in cash (of which £2.0 million is deferred), enabling Partnerships & Regeneration to expand its regeneration offering and accelerate its delivery in Yorkshire and the North West.

3 Principal factors affecting the Target Businesses' results of operations

3.1 Macroeconomic and UK property market conditions

3.1.1 The Target Businesses' operating results are dependent on macroeconomic factors and conditions in the UK residential 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 EU and global macroeconomic conditions, as well as internal factors in the UK and, as a result, has been cyclical. In particular, the economic weakness experienced in the UK following the global financial crisis in 2008 caused a significant decline in demand for residential property, leading to a sharp decrease in the number of residential property transactions in the UK. Between 2007 and 2010, new home completions in the UK decreased from 177,000 to 106,720, or 39.7 per cent., according to the Office for National Statistics. Similarly, average UK house prices also decreased from £190,032 to £154,452 between 2007 and 2009, according to the Office for National Statistics.

3.1.2 The success of the Target Businesses' housebuilding operations is closely linked to levels of consumer confidence. Any reduction in consumer confidence, whether caused by political or economic uncertainty, including due to Brexit, or other reasons, could decrease demand for new homes, lower sales prices and rent prices in the UK residential property market and reduce the funding available to local authorities and housing associations for partnership projects with the Target Businesses.

3.1.3 While macroeconomic factors broadly affect the UK residential property market as a whole, historical property trends in the UK have varied significantly by region. In London, where prime residential property has been regarded as a preferred investment asset class, residential property price growth has been largely sustained in recent years, subject to regional variations. Residential property prices in the South East of England generally also have been more resilient to macroeconomic pressures compared to other regions of the UK. The Target Businesses have concentrated their housebuilding operations on economically resilient areas around the southern and eastern counties of England.

3.2 UK Government policies

3.2.1 The Target Businesses, and Linden Homes in particular, benefit from the UK Government's stated commitment to the housing market, including "Help to Buy" and the recent relaxation of stamp duty land tax for first-time buyers of residential properties. Any change in Government policies in this area, such as a reduction of UK Government-backed home purchase assistance programmes, could make it more difficult for the Target Businesses to sell homes, which could adversely affect the Target Businesses' revenues and profitability.

3.2.2 The Target Businesses could also be adversely affected by uncertainty, disruption or other consequences of the UK's referendum decision to leave the EU.

3.3 The availability and affordability of mortgages

3.3.1 Linden Homes' results are dependent on appropriate availability and affordability of mortgages, which can impact housing sales prices and transaction volumes.

3.3.2 When mortgages are generally available, low interest rates tend to encourage consumers to obtain financing and purchase homes. The Bank of England base rate has remained at or below 0.75 per cent. since March 2009, but any future increases in the base rate could have a negative impact on the UK property market and Linden Homes. Increases in the base rate have previously had a negative impact on the UK property market because interest rates charged on mortgages have increased correspondingly, thereby making it more expensive for prospective buyers to purchase residential property. Prospective buyers who can obtain a mortgage at current interest rates may also be deterred by the possibility of increased rates in the future and instead elect to remain in their current property. Higher interest rates (and, in turn, higher monthly interest payments) may also make mortgages unobtainable or unaffordable for some prospective buyers and lead to a reduced demand for housing in the UK which could adversely affect the performance of Linden Homes.

3.3.3 The availability of mortgage credit is a key driver of demand for new homes. 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 the Target Businesses to sell homes.

3.4 The Target Businesses' landbank

The Target Businesses' results of operations are highly dependent on the quality of its landbank, determined by factors such as prime location and appropriate acquisition hurdle rate. At 30 June 2018, the Linden Homes' landbank was comprised of 11,900 plots and Partnerships & Regeneration's was comprised of 5,300 plots. The ability of the Target Businesses to continue to source land, in locations and on terms that are consistent with the Target Businesses' strategy, is critical to the future performance of the Target Businesses. The Target Businesses' landbank has detailed, outline or no planning permission. The Target Businesses may not be able to secure planning permission for developments on a timely basis or on economically viable terms, or at all.

3.5 Performance of the Target Businesses' projects

3.5.1 Each of the Target Businesses' businesses delivers its projects through the use of third party sub-contractors and suppliers. The Target Businesses typically own the land on which they are building but may still incur costs in excess of their forecast. Linden Homes typically purchases land for development, but the sales prices it achieves and the development costs that it incurs are subject to uncertainty. In particular, average selling prices may decline reflecting increased standardisation and the mix shift away from the South East as the Target Businesses expand into new regions. Partnerships & Regeneration has a combination of projects with customers and development-led projects.

3.5.2 If the Target Businesses are unable to accurately estimate the overall risks, revenues or costs on a contract, then a lower than anticipated profit may be achieved or a loss may be incurred on a particular contract. Within Linden Homes and on some Partnerships & Regeneration schemes, the Target Businesses procure land on the basis of sales price and cost assumptions and any variance can lead to a change in the profitability of a particular development. A significant proportion of the Target Businesses' business depends on its profit on costs being controlled and projects being completed on time, so that costs are contained within the pricing structure of the relevant contract.

3.5.3 Cost overruns, whether due to inefficiency, poor design (where the contractor has design responsibilities), faulty estimates, cost overruns by sub-contractors or other factors, result in lower profit or a loss on a project. A significant number of contracts are based in part on cost estimates that are subject to a number of assumptions. If estimates of the overall risks, revenues or costs prove inaccurate or circumstances change, a lower profit or a loss on the contract may result.

3.6 The Target Businesses' cost base

3.6.1 A significant portion of the Target Businesses' costs relate to the costs of building its housing developments, including the costs of land, materials and labour. Although the Target Businesses can influence the type of houses they build, certain factors such as materials prices and wage costs, are outside of the Target Businesses' direct control but can have a material impact on the performance of the development and on financial results. Land is currently available to purchase at prices that meet the Target Businesses' acquisition hurdle rate and the Target Businesses are disciplined to ensure that all land acquisitions are subject to internal review processes.

3.6.2 Once the land has been acquired, the cost risk to the Target Businesses is concentrated on the materials and sub-contractor supply chain and, in particular, if the Target Businesses underestimated likely build costs at the time of the initial land acquisition. There have been limited inflationary pressures in the review period, although from time to time scarcity of specific materials has influenced prices and build programmes. Any general inflationary risk is typically mitigated by the benefit of corresponding sales inflation but there is no certainty that this will mitigate cost inflation entirely.

3.7 Reliance on senior management team and experienced workforce

3.7.1 The Target Businesses' future success depends in large part upon the continued service of the senior management teams, who are critical to the overall management of the Target Businesses as well as the development of products, culture and strategic direction.

3.7.2 The success of the Target Businesses also depends on recruiting, retaining and developing highly-skilled, competent people at all levels of the organisation. The Target Businesses experience a degree of regular employee turnover, which could increase and could be particularly straining during periods of high activity. In addition, the Target Businesses rely on their project managers and skilled personnel for the day-to-day execution of their projects.

4 Key performance indicators

	Year ended 30 June		
	2019	2018	2017
Revenue (£m)	1,218.7	1,221.4	1,107.5
Profit from operations	180.1	182.9	160.4
Operating margin (per cent.)	14.8	15.0	14.5
Period end net debt (£m)	(676.3)	(604.9)	(639.0)

4.1 In the year ended 30 June 2019, revenue was £1,218.7 million (2018: £1,221.4 million), with profit from operations of £180.1 million (2018: £182.9 million) resulting in an operating profit margin of 14.8 per cent. compared with 15.0 per cent. in the previous year.

4.2 In the year ended 30 June 2018, revenue was £1,221.4 million (2017: £1,107.5 million), with profit from operations of £182.9 million (2017: £160.4 million) resulting in an operating profit margin of 15.0 per cent. compared with 14.5 per cent. in the previous year.

4.3 The Target Businesses continue to maintain a high quality portfolio of land and development in progress, totalling £845.5 million as at 30 June 2019 (30 June 2018: £684.9 million, 2017: 689.5 million), comprising £526.8 million in land and £318.7 million work in progress (30 June 2018: £433.6 million land, £251.3 million work in progress; 30 June 2017 £431.7 million land, £257.8 million work in progress).

5 Key IFRS line items

The following explains the key line items of the Target Businesses' IFRS Income Statement.

5.1 Revenue

Revenue is recognised as follows:

5.1.1 *Linden Homes*

Linden Homes sells private housing units and associated land, inclusive of customer options, incentives and warranties. In most instances, the contract with the customer is assessed to only contain one performance obligation. Revenue from the sale of individual private housing units, net of incentives, is recognised at the point of legal completion. Contract consideration for private house sales may include part-exchange properties at fair value.

Sales of land where title transfers prior to construction beginning (or at "golden brick") are considered to be a distinct performance obligation. Revenue from land sales is recognised at a point in time, being the unconditional exchange of contracts or at "golden brick", provided that Linden Homes does not retain legal title to the land or have a right of repurchase.

Revenue from affordable housing development is recognised over time.

5.1.2 *Partnerships & Regeneration*

Development of multiple units on the same site (inclusive of design and construction activities contracted for at the same time, and mobilisation activities) is considered to be a single performance obligation. Where a contract comprises units across multiple sites, typically each site will represent a distinct performance obligation. Revenue is accounted for on an over time basis. The amount of revenue recognised is calculated based on total costs incurred as a proportion of total estimated costs to complete.

Private and affordable housing unit sales are accounted for in the same way as within Linden Homes, as stated above.

5.2 Cost of sales

Cost of sales consists of all costs associated with delivering revenue, typically including land, infrastructure, groundworks and the cost of construction. Costs on construction contracts are recognised to generate a constant margin throughout the life of the contract.

5.3 Administrative expenses

Administrative expenses consist of the costs of running the Target Businesses' operations that are not directly associated with satisfying performance obligations, for example head office functions such as accounting, information technology and human resources.

5.4 Share of post-tax profits from joint ventures

Share of post-tax profits from joint ventures represents the share attributable to the Target Businesses of the post-tax results from these joint ventures.

5.5 Share of joint ventures' interest and tax

Share of joint ventures' interest and tax represents the share attributable to the Target Businesses of the finance costs and corporation tax expense from joint ventures, which is included within share of post-tax profits from joint ventures.

5.6 Amortisation of intangibles

Intangible assets include brands, customer contracts and customer relationships acquired on acquisition of subsidiary companies, and computer software developed by the Target Businesses. The intangible assets are reviewed for impairment at least annually or when there is a triggering event. Intangible assets are stated at cost less accumulated amortisation and impairment. Intangible assets are amortised over periods up to 10 years, depending on the nature of the intangible asset.

5.7 Finance income and costs

Finance costs consist principally of interest payable, principally interest accrued on borrowings. Finance costs also include amortisation of loan arrangement fees and interest on future land creditor payments. Finance income consists principally of income accrued on loans to joint venture companies. Interest income and expense is recognised on a time proportion basis using the effective interest method.

5.8 Income tax expense

Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred income tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes with the exception of the initial recognition of goodwill arising on an acquisition. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax is charged or credited through the income statement, except when it relates to items charged or credited through the statement of comprehensive income or to equity.

6 Results of operations

6.1 Income statement data

The following table is extracted from the audited historical financial information of the Target Businesses:

	For the year ended 30 June		
	2019	2018	2017
		(Total £m)	
Group revenue	1,218.7	1,221.4	1,107.5
Cost of sales	(978.0)	(996.9)	(896.8)
Gross profit	240.7	224.5	210.7
Administrative expenses	(94.8)	(76.6)	(73.7)
Share of post-tax profits from joint ventures	20.1	20.4	13.9
Profit before finance costs	166.0	168.3	150.9
Finance income	9.6	9.2	4.9
Finance costs	(49.8)	(47.3)	(47.9)
Profit before income tax	125.8	130.2	107.9
Income tax expense	(24.7)	24.4	(21.6)
Profit for the year	101.1	105.8	86.3

6.2 Comparison of the year ended 30 June 2019 and 30 June 2018

6.2.1 *Revenue*

Revenue contracted by 0.2 per cent. to £1,218.7 million (2018: £1,221.4 million), in line with expectations, reflecting a reduction in Linden Homes' revenue that was substantially offset by an increase in Partnerships & Regeneration's revenue.

6.2.2 *Cost of sales*

Cost of sales for the year ended 30 June 2019 was £978.0 million, a decrease of £18.9 million from £996.9 million in the year ended 30 June 2018, the fall greater than the fall in revenue and contributing to an increase in gross margin.

6.2.3 *Administrative expenses*

Administrative expenses for the year ended 30 June 2019 were £94.8 million, an increase of £18.2 million from £76.6 million in the year ended 30 June 2018. Total administrative expenses as a proportion of revenue increased in the year ended 30 June 2019 from 6.3 per cent. to 7.8 per cent.

6.2.4 *Profit from operations*

Profit from operations, which is stated before exceptional items, finance costs, tax and the Target Businesses' share of joint ventures' interest and tax, was £166.0 million at 30 June 2019 (30 June 2018: £168.3 million).

6.2.5 *Share of post-tax profits from joint ventures*

Share of post-tax profits from joint ventures in the year ended 30 June 2019 were £20.1 million, a decrease of £0.3 million from £20.4 million in the year ended 30 June 2018. This reflects the amount of activity the Target Businesses conducted through joint venture entities.

6.2.6 *Finance income*

Finance income in the year ended 30 June 2019 was £9.6 million, an increase of £0.4 million from £9.2 million in the year ended 30 June 2018.

6.2.7 *Finance costs*

Finance costs in the year ended 30 June 2019 was £49.8 million, an increase of £2.5 million from £47.3 million in the year ended 30 June 2018. The change is principally related to interest payable on borrowings.

6.2.8 *Income tax expense*

The income tax expense fell from £24.4 million at 30 June 2018 to £24.7 million at 30 June 2019. The taxation expense on profit for the period of 19.6 per cent. (30 June 2018: 18.7 per cent.) reflects the effective tax rate for the full financial year to 30 June 2019. The standard corporation tax rate is currently 19 per cent.

6.3 Comparison of the year ended 30 June 2018 and 30 June 2017

6.3.1 *Revenue*

Revenue grew by 10.3 per cent. to £1,221.4 million (2017: £1,107.5 million), in line with expectations and reflecting growth in both Linden Homes and Partnerships & Regeneration.

6.3.2 *Cost of sales*

Cost of sales for the year ended 30 June 2018 was £996.9 million, an increase of £100.1 million from £896.8 million in the year ended 30 June 2017, a similar relative increase to that of revenue.

6.3.3 *Administrative expenses*

Administrative expenses for the year ended 30 June 2018 were £76.6 million, an increase of £2.9 million from £73.7 million in the year ended 30 June 2017. Total administrative expenses as a proportion of revenue decreased in the year ended 30 June 2018 from 6.7 per cent. to 6.3 per cent.

6.3.4 *Profit from operations*

Profit from operations, which is stated before exceptional items, finance costs, tax and the Target Businesses' share of joint ventures' interest and tax, was £168.3 million at 30 June 2018 (30 June 2017: £150.9 million).

6.3.5 *Share of post-tax profits from joint ventures*

Share of post-tax profits from joint ventures in the year ended 30 June 2018 were £20.4 million, an increase of £6.5 million from £13.9 million in the year ended 30 June 2017. This reflects the amount of activity the Target Businesses conducted through joint venture entities.

6.3.6 *Finance income*

Finance income in the year ended 30 June 2018 was £9.2 million, an increase of £4.3 million from £4.9 million in the year ended 30 June 2017.

6.3.7 *Finance costs*

Finance costs in the year ended 30 June 2018 was £47.3 million, a decrease of £0.6 million from £47.9 million in the year ended 30 June 2017. The change is principally related to interest payable on borrowings.

6.3.8 *Income tax expense*

The income tax expense rose from £21.6 million at 30 June 2017 to £24.4million at 30 June 2018. The taxation expense on profit for the period of 18.7 per cent. (30 June 2017: 20.0 per cent.) reflects the effective tax rate for the full financial year to 30 June 2018. The standard corporation tax rate is currently 19 per cent.

7 Liquidity and capital resources

7.1 The Target Businesses are funded by invested capital. At 30 June 2019, the Target Businesses also had net debt of £676.3 million (30 June 2018: £604.9 million) including the Private Placement Bond of £100m 10-year sterling notes issued in February 2017.

7.2 The following table summarises the Target Businesses' cash flow as presented in the IFRS cash flow statements for the periods indicated:

	Year ended 30 June		
	2019	**2018**	**2017**
		(£m)	
Net cash (used in)/generated from operating activities	(4.1)	167.3	108.1
Net cash (used in)/generated from investing activities	(11.1)	(68.2)	(60.7)
Net cash (used in) financing activities	(56.2)	(65.0)	(49.3)
Cash and cash equivalents at start of period	(504.9)	(539.0)	(537.1)
Cash and cash equivalents at end of period	(576.3)	(504.9)	(539.0)

7.3 Net cash (used in)/generated from operations

Net cash generated from operations reduced to £(4.1) million in the year ended 30 June 2019 compared to £167.3 million in the year ended 30 June 2018. This was largely due to changes in working capital of (£81.9 million) compared to £80.6 million in the year to 30 June 2018.

In the year ended 30 June 2018, net cash generated from operations was £59.2 million higher than the £108.1 million generated in 2017. This was largely due to changes in working capital of £80.6 million compared to £45.0 million in the year to 30 June 2017.

7.4 Net cash (used in)/generated from investing activities

Net cash used in investing activities decreased in the year ended 30 June 2019 to £11.1 million compared to £68.2 million in the year ended 30 June 2018 principally as a result of a consideration paid for business combinations in 2018.

In the year ended 30 June 2018, net cash used in investing activities was £7.5 million higher than the £60.7 million used in the year ended 30 June 2017, principally as a result of a reduction in the movement in working capital balances due from joint ventures.

7.5 Net cash (used in) financing activities

Net cash used in financing activities was solely comprised of net distributions to parent undertakings in each of the three years presented above.

8 The Target Businesses' debt

8.1 The Target Businesses monitor net debt (being total current and non-current borrowings less cash) as described in paragraph 14 below. The Target Businesses' net debt was £676.3 million at 30 June 2019, compared to £604.9 million at 30 June 2018 and £639.0 million at 30 June 2017.

8.2 The Target Businesses' borrowings (excluding any share of joint venture (non-recourse) borrowings) at 30 June 2019, 2018 and 2017 are summarised in the tables below.

	Year ended 30 June		
	2019	2018	2017*
		(£m)	
Maturity profile of borrowing			
In one year or less	614.7	583.4	760.0
In more than one year but less than two	–	–	–
In more than two years but less than five	–	–	–
In more than five years but less than ten	100.0	100.0	100.0
In more than ten years	–	–	–
Total borrowings	714.7	683.4	860.0
Cash and cash equivalents	(38.4)	(78.5)	(221.0)
Net borrowings	676.3	604.9	639.0

*In 2016, the IFRS Interpretations Committee released an update in respect of IAS32 "Financial instruments: presentation" specifically in relation to offsetting and cash pooling. This clarified that in order to offset bank account balances, an entity must have both a legally enforceable right and an intention to do so. As the Target Businesses maintain separate bank accounts with both cash and overdrawn balances, the Target Businesses' consolidated financial statements had been prepared without offsetting these balances with positive cash balances included within cash and cash equivalents and overdrawn balances included within financial liabilities – current borrowings. The total borrowings and cash and cash equivalent figures for June 2017 has been restated on this basis.

8.3 Principal banking facilities

Galliford Try entered into a £450 million unsecured Sterling revolving credit facility agreement ("**RCF**") dated 18 February 2014 (as amended on 13 February 2015 and 30 March 2016 and as amended and restated on 20 December 2016) with Barclays Bank PLC, HSBC, Santander UK plc and The Royal Bank of Scotland plc. The facility provides long-term finance and bonding facilities and has been extended to February 2022. As at the Latest Practicable Date, the RCF remains in place, but it is expected that following receipt of the Cash Consideration on Completion, the RCF will be prepaid and cancelled by Galliford Try.

8.4 Performance bonds

The Target Businesses are often required to provide performance bonds, generally to clients and housing or other statutory authorities, to secure the Target Businesses' performance under development agreements and other arrangements. These are procured through the revolving credit facility described above and also through the surety market. The Target Businesses currently have bonding arrangements with six surety companies, with aggregate facilities utilised at 30 June 2019 of £84.6 million. The ability to obtain additional surety bonds primarily depends upon the Target Businesses' past performance, management expertise and certain external factors, including the capacity of the surety market. Surety providers consider the aforementioned factors in addition to performance and claims record and providers' underwriting standards, which may change from time to time.

9 Capital expenditure and capital commitments

In the year ended 30 June 2019, the Target Businesses invested £1.0 million in new property, plant and equipment. The Target Businesses have no material capital commitments.

10 Contingent liabilities

10.1 The Target Businesses have entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued in the normal course of business on behalf of Target Businesses undertakings, including joint arrangements and joint ventures, amounting to £84.6 million at 30 June 2019.

10.2 Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The Target Businesses make proper provision in the financial statements when they believe a liability exists. Further details of ongoing litigation are set out in paragraph 17 of Part XV – "*Additional Information*" of this document.

11 Contractual obligations and commitments

The following table summarises the Target Businesses' contractual obligations as at 30 June 2019:

	Total	Less than one year	1-5 years	More than 5 years
Payment due by period				
Long-term debt obligations	100.0	–	–	100.0
Short-term debt obligations	614.7	614.7		
Capital lease obligations	–	–	–	–
Operating lease obligations	8.5	3.9	4.4	0.2
Development land creditors	216.9	150.5	66.4	
Total	940.1	769.1	70.8	100.2

12 Off balance sheet arrangements

The Target Businesses have no material off balance sheet arrangements as determined under IFRS.

13 Quantitative and qualitative disclosures about market risk

13.1 The Target Businesses' activities expose them to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Target Businesses' overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Businesses' financial performance.

13.2 Foreign exchange risk

All material activities of the Target Businesses take place within the UK and, consequently, there is little direct exchange risk other than payments to overseas suppliers who require settlement in their currency. If there is any material foreign exchange exposure, the Target Businesses' policy is to enter into forward foreign currency contracts. The Target Businesses have no material currency exposure as at 30 June 2019.

13.3 Price risk

The Target Businesses have no quoted investments that are exposed to equity securities price risk. The Target Businesses are not exposed to commodity price risk.

13.4 Interest rate risk

The Target Businesses' income and operating cash flows are substantially independent of changes in market interest rates. The Target Businesses' interest rate risk arises from movement in cash and cash equivalents and long-term borrowings. Borrowings issued at variable rates expose the Target Businesses to cash flow interest rate risk. The Target Businesses' policy is to accept a degree of interest rate risk as long as the effect of various changes in rates remains within prescribed ranges.

13.5 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables (including shared equity receivables) and committed transactions, and joint venture partners. The Target Businesses have a credit risk exposure to the providers of their respective banking facilities. These are primarily provided by HSBC, Abbey National Treasury Services plc (Santander), The Royal Bank of Scotland plc and Barclays Bank PLC, being four of the UK's leading financial institutions. It is expected that the main banking facility provided by HSBC will be repaid on Completion.

13.6 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Target Businesses' treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Target Businesses finance their operations through a mixture of retained profits and bank borrowings. The contracting operations of the Target Business generally generate cash. Management monitors rolling forecasts of the Target Businesses' liquidity reserve, which comprises undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flow, which is carried out in accordance with practices and limits set by the business. These limits vary by location to take into account the liquidity of the market in which it is operating.

14 The Target Businesses' capitalisation and indebtedness

The table below shows the Target Businesses' capitalisation and indebtedness at 30 September 2019. Indebtedness of joint ventures is not reflected in the figures below.

	At 30 September 2019
	(in £m)
Shareholders' equity[1]	
Share capital	0.3
Share premium	–
Merger reserve	–
Total	0.3

Note:

(1) Shareholders' equity does not include the profit and loss account reserve.

There has been no material change to the capitalisation of the Target Business since 30 September 2019.

The table below shows the Target Businesses' net financial indebtedness at 30 September 2019.

	At 30 September 2019
	(in £ million)
Cash	94.1
Bank overdrafts	(171.3)
Liquidity	–
Current bank debt	–
Current borrowings – obligations under finance leases	–
Current financial debts	–
Net current cash	–
Non-current bank loans	–
Non-current debt private placement	–
Non-current obligations under finance leases	–
Non-current financial indebtedness	–
Net financial indebtedness	(77.1)

The debt is shown net of unamortised issue costs.

15 Critical accounting policies

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

PART XI

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

The following documents, which have been filed with, or notified to, the FCA and are available for inspection in accordance with paragraph 22 of Part XV – "*Additional Information*" of this document, contain financial information about the Group:

- Annual Report and Accounts for 2016, containing the Group's audited consolidated financial statements for the 52 weeks ended 31 December 2016, together with the audit report in respect of that period and a discussion of the Group's financial performance;
- Annual Report and Accounts for 2017, containing the Group's audited consolidated financial statements for the 52 weeks ended 31 December 2017, together with the audit report in respect of that period and a discussion of the Group's financial performance;
- Annual Report and Accounts for 2018, containing the Group's audited consolidated financial statements for the 52 weeks ended 31 December 2018, together with the audit report in respect of that period and a discussion of the Group's financial performance; and
- Half Year Report 2019, containing the Group's unaudited financial results for the 26 weeks ended 20 June 2019.

The table below sets out the sections of these documents which are incorporated by reference into, and form part of, this Part XI of this document, and only the parts of the documents identified in the table below are incorporated into, and form part of, this Part XI of this document. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this document. 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 document.

Reference	Information incorporated by reference into this Part XI	Page number(s) in reference
For the year ended 2016		
The Group's Annual Report and Accounts for 2016	Group income statement	101
	Group statement of comprehensive income	101
	Balance sheets	102
	Group statement of changes in equity	103
	Statements of cash flows	104
	Notes to the financial statements	105-130
Auditor's report on the Group's Annual Report and Accounts for 2016	Auditor's report	
For the year ended 2017		
The Group's Annual Report and Accounts for 2017	Group income statement	115
	Group statement of comprehensive income	115
	Balance sheets	116
	Group statement of changes in equity	117
	Company statement of changes in equity	117
	Statements of cash flows	118
	Notes to the financial statements	119-146
Auditor's report on the Group's Annual Report and Accounts for 2017	Auditor's report	

Reference	Information incorporated by reference into this Part XI	Page number(s) in reference
For the year ended 2018		
The Group's Annual Report and Accounts for 2018	Group income statement	119
	Group statement of comprehensive income	119
	Balance sheets	120
	Group statement of changes in equity	121
	Company statement of changes in equity	121
	Statements of cash flows	122
	Notes to the financial statements	123-150
Auditor's report on the Group's Annual Report and Accounts for 2018	Auditor's report	
For the 26 weeks ended 2019		
The Group's unaudited Half Year Report 2019 for the 26 weeks ended 20 June 2019		

Capitalisation and indebtedness of the Group

The tables below set out the Group's indebtedness as at 30 September 2019 and the Group's capitalisation as at 30 June 2019. This statement of capitalisation and indebtedness has been prepared under IFRS using policies which are consistent with those used in the preparing the Group's financial information for the six months ended 30 June 2019 as set out in this Part XI of this Prospectus.

The capitalisation information as at 30 June 2019 has been extracted without material adjustment from the Group's unaudited financial information as set out in this Part XI of this Prospectus.

The indebtedness information as at 30 September 2019 has been extracted without material adjustment from the Group's unaudited accounting records.

The tables below do not reflect the effect of the Placing shares, the Bonus Shares and the Consideration shares, and the following tables should be read together with Part V – *"Share Capital and Acquisition Statistics"*, this Part XI, Part XIII – *"Unaudited Pro forma Financial Information of the Enlarged Group"* and Part XV – *"Additional Information"*. Except as set out in the preceding sentence, there has been no material change to the Group's total capitalisation since 30 June 2019.

Capitalisation

	As at 30 June 2019 ***(£m)***
Total current debt	
Guaranteed	–
Secured[(1)]	152.1
Unguaranteed/unsecured[(2)]	5.1
	157.2
Total non-current debt (excluding current portion of the long term debt)	
Guaranteed	–
Secured[(3)]	97.3
Unguaranteed/unsecured[(4)]	17.3
	114.6
	271.8
Shareholders' equity[(5)]	
Share capital	67.4
Legal reserves	–
Other reserves	217.2
	284.7

Notes:

(1) Secured current debt comprises current land creditors, which are secured against the land to which they relate.

(2) Unguaranteed/unsecured current debt comprises current lease liabilities.

(3) Secured non-current debt comprises current land creditors, which are secured against the land to which they relate.

(4) Unguaranteed/unsecured non-current debt comprises non-current lease liabilities.

(5) Shareholders' equity does not include the profit and loss account reserve.

The following table sets out the net consolidated financial indebtedness of the Group as at 30 September 2019[1].

Net indebtedness

	As at 30 September 2019 (£m)
Cash and cash equivalents[2]	35.4
Total liquidity	35.4
Current bank debt	(80.0)
Lease liabilities	(5.5)
Other current financial debt[3]	(147.0)
Current financial debt	(232.5)
Net current financial indebtedness	(197.1)
Lease Liabilities	(16.7)
Other non-current financial debt[3]	(116.1)
Non current financial indebtedness	(132.8)
Net financial indebtedness	(329.9)

Notes:

(1) The Group has bonds of £28.1m in place as at 30 September 2019 related to future performance obligations of the Group. Except for this, the Group has no indirect or contingent indebtedness as at 30 September 2019.

(2) Cash and cash equivalents excludes restricted cash balances of £1.7m.

(3) Other current and non-current financial debt comprises land creditors.

Any additional borrowings under the New RCF, the availability of which is conditional upon the Acquisition, are not reflected in the tables above. See Part VI – "*Information about the Acquisition*" for more information on the New RCF. There has been no further material change to the Group's total indebtedness since 30 September 2019.

PART XII

HISTORICAL FINANCIAL INFORMATION OF THE TARGET BUSINESSES

Part A

Target Businesses' income statement

	Notes	For the year ended 30 June 2019	2018	2017
			(Total £m)	
Group revenue	2	1,218.7	1,221.4	1,107.5
Cost of sales		(978.0)	(996.9)	(896.8)
Gross profit		240.7	224.5	210.7
Administrative expenses		(94.8)	(76.6)	(73.7)
Share of post-tax profits from joint ventures	11	20.1	20.4	13.9
Profit before finance costs		166.0	168.3	150.9
Finance income	5	9.6	9.2	4.9
Finance costs	5	(49.8)	(47.3)	(47.9)
Profit before income tax	6	125.8	130.2	107.9
Income tax expense	7	(24.7)	(24.4)	(21.6)
Profit for the year		101.1	105.8	86.3

Note:

The notes are an integral part of the combined historical financial information.

Target Businesses' statement of comprehensive income

		For the years ended 30 June		
	Notes	2019	2018	2017
			(£m)	
Profit for the year		101.1	105.8	86.3
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss				
Actuarial (losses)/gains recognised on retirement benefit obligations	24	(2.4)	4.0	(5.0)
Deferred tax on items recognised in equity that will not be reclassified		–	(1.9)	(0.2)
Current tax through equity	7	0.1	–	0.5
Total items that will not be reclassified to profit or loss		(2.3)	2.1	(4.7)
Other comprehensive (expense)/income for the year net of tax		(2.3)	2.1	(4.7)
Total comprehensive income for the year		98.8	107.9	81.6

Note:

The notes are an integral part of the combined historical financial information.

Target Businesses' balance sheet

	Notes	2019	2018	2017	2016
		For the years ended 30 June			
		(£m)			
Assets					
Non-current assets					
Intangible assets	8	2.2	3.6	5.0	0.8
Goodwill	9	82.4	82.4	83.1	58.3
Property, plant and equipment	10	3.7	3.4	2.6	2.0
Investments in joint ventures	11	67.0	49.9	30.6	24.1
Other investments	12	0.4	0.7	0.7	0.7
Trade and other receivables	15	238.4	148.9	111.7	76.0
Retirement benefit asset	24	7.0	7.0	–	–
Deferred income tax assets	21	–	–	1.2	0.8
Total non-current assets		401.1	295.9	234.9	162.7
Current assets					
Developments	13	845.5	684.9	689.5	789.8
Trade and other receivables(1)	15	348.0	345.5	343.8	278.3
Cash and cash equivalents	16	38.4	78.5	221.0	91.7
Total current assets		1,231.9	1,108.9	1,254.3	1,159.8
Total assets		1,633.0	1,404.8	1,489.2	1,322.5
Liabilities					
Current liabilities					
Financial liabilities					
– Borrowings	18	(614.7)	(583.4)	(760.0)	(628.9)
Trade and other payables(1)	17	(650.9)	(478.4)	(463.9)	(413.1)
Current income tax liabilities		(30.8)	(30.1)	(22.6)	(28.9)
Total current liabilities		(1,296.4)	(1,091.9)	(1,246.5)	(1,070.9)
Net current (liabilities)/assets		(64.5)	17.0	7.8	88.9
Non-current liabilities					
Financial liabilities					
– Borrowings	18	(100.0)	(100.0)	(100.0)	–
Retirement benefit obligation	24	–	–	(3.2)	(4.3)
Deferred income tax liabilities	21	(1.3)	(1.3)	–	–
Other non-current liabilities	19	(101.7)	(121.0)	(92.6)	(133.2)
Total non-current liabilities		(203.0)	(222.3)	(195.8)	(137.5)
Total liabilities		(1,499.4)	(1,314.2)	(1,442.3)	(1,208.4)
Net assets		133.6	90.6	46.9	114.1
Invested capital					
Invested capital		133.6	90.6	46.9	114.1
Total invested capital		133.6	90.6	46.9	114.1

Note:

(1) The Target Businesses adopted IFRS 15 Revenue from Contracts with Customers on 1 July 2018 using the modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to opening equity (note 30).

The notes are an integral part of the combined historical financial information.

Target Businesses' statement of changes in invested capital

	Notes	For the year ended 30 June 2019 Total
		(£m)
At 1 July 2016		114.1
Profit for the year		86.3
Other comprehensive (expense)		(4.7)
Total comprehensive income for the year		81.6
Net distributions to parent undertakings		(49.3)
Share-based payments		0.5
Issue of private placement debt	18	(100.0)
At 30 June 2017		46.9
Profit for the year		105.8
Other comprehensive income		2.1
Total comprehensive income for the year		107.9
Net distributions to parent undertakings		(65.0)
Share-based payments		0.8
At 30 June 2018		90.6
Profit for the year		101.1
Other comprehensive (expense)		(2.3)
Total comprehensive income for the year		98.8
Net distributions to parent undertakings		(56.2)
Share-based payments		0.4
At 30 June 2019		133.6

Target Businesses' statements of cash flows

	Notes	2019	2018	2017
		For the year ended 30 June		
			(£m)	
Cash flows from operating activities				
Continuing operations				
Profit before finance costs		166.0	168.3	150.9
Adjustments for:				
Depreciation and amortisation	8 & 10	2.0	2.0	1.7
(Profit)/loss on sale of property, plant and equipment	6	(0.2)	–	0.1
Profit on sale of subsidiaries		–	(2.1)	–
Share-based payments	23	0.4	0.8	0.5
Share of post-tax profits from joint ventures	11	(20.1)	(20.4)	(13.9)
Other non-cash movements(1)		(6.9)	(6.8)	(6.4)
Net cash generated from operations before changes in working capital		141.2	141.8	132.9
(Increase)/decrease in developments		(160.6)	4.6	109.4
(Increase)/decrease in trade and other receivables		(71.6)	26.4	(41.6)
Increase/(decrease) in trade and other payables		150.3	49.6	(22.8)
Net cash generated from operations		59.3	222.4	177.9
Interest received		9.4	9.4	9.4
Interest paid		(49.3)	(47.2)	(51.7)
Income tax (paid)/received		(23.5)	(17.3)	(27.5)
Net cash (used in)/generated from operating activities		(4.1)	167.3	108.1
Cash flows from investing activities				
Dividends received from joint ventures	11	3.0	1.1	7.4
Movement in net working capital balances due from joint ventures		(13.7)	(56.3)	(54.9)
Proceeds from disposal of subsidiaries		–	2.1	–
Target Businesses combinations		–	–	(12.8)
Target Businesses combinations – deferred consideration		(1.1)	(13.7)	–
Cash acquired with acquired subsidiary undertakings		1.4	–	–
Acquisition of property, plant and equipment	10	(1.0)	(1.6)	(0.4)
Proceeds from sale of property, plant and equipment	10	0.3	0.2	–
Net cash (used in) from investing activities		(11.1)	(68.2)	(60.7)
Cash flows from financing activities				
Distributions to parent undertakings		(56.2)	(65.0)	(49.3)
Net cash (used in) from financing activities		(56.2)	(65.0)	(49.3)
Net (decrease)/increase in cash and cash equivalents		(71.4)	34.1	(1.9)
Cash and cash equivalents at 1 July	16	(504.9)	(539.0)	(537.1)
Cash and cash equivalents at 30 June	16	(576.3)	(504.9)	(539.0)

Note:

(1) Includes contributions made by the parent into the defined benefit pension schemes in the year.

NOTES TO THE COMBINED HISTORICAL FINANCIAL INFORMATION

1. Accounting policies

General information

Galliford Try is a public limited housebuilding, regeneration and construction company. This combined historical financial information is in respect of two of the businesses within the Galliford Try Group, namely Linden Homes and Partnerships & Regeneration. Linden Homes is a top 10 UK housebuilder, developing high-quality private and affordable homes for first-time buyers and families. Partnerships & Regeneration is a specialist regeneration business, delivering mixed-tenure solutions working with housing association, local authority and private sector partners across the UK.

On 10 September 2019, Galliford Try announced that the Boards of Galliford Try and Bovis Homes had reached agreement regarding the Acquisition of: (i) Bovis Homes and (ii) the Target Businesses.

The combined historical financial information has been prepared to reflect the historical financial performance of the Target Businesses, applying the accounting policies (as disclosed below) which are consistent with those used by Bovis Homes in its annual financial statements for the year ended 31 December 2018.

Basis of preparation

The Target Businesses were not a standalone legal entity or business of entities for the year ended 30 June 2016, year ended 30 June 2017, year ended 30 June 2018 and year ended 30 June 2019.

This combined historical financial information has been prepared on a "combined" basis from the Galliford Try consolidated group financial statements. This combined historical financial information has been prepared on a basis that combines the results, assets and liabilities attributable to the Target Businesses by applying the principles underlying the consolidation procedures of IFRS 10 "Consolidated Financial Statements" (IFRS 10) as at and for the year ended 30 June 2016, year ended 30 June 2017, year ended 30 June 2018 and year ended 30 June 2019. They include allocations of income, expenses, assets and liabilities from the residual Galliford Try Group where they relate to the Target Businesses.

This combined historical financial information may not be indicative of the Target Businesses' future performance and does not necessarily reflect what its operations, financial position and cash flows would have been had the Target Businesses operated as a separate independent company during the periods presented.

The Target Businesses have not been managed as a single economic entity separately from the excluded operations, and the Target Businesses are therefore defined by reference to the business considered to be disposed of by Galliford Try. This combined historical financial information does not constitute 'consolidated' financial statements within the context of IFRS as the Target Businesses do not represent a business for accounting purposes.

This combined historical financial information is presented millions of Sterling ("**£m**"). They have been prepared under the historical cost convention and on the basis of accounting policies disclosed below except for "Other Investments" (note 12) which are held at fair value.

Applicable accounting framework (EU-IFRS)

This combined historical financial information has been prepared in accordance with this basis of preparation and following the recognition and measurement principles of International Financial Reporting Standards as endorsed by the European Union ("**EU-IFRS**") that would impact this combined historical financial information.

EU-IFRS does not provide for the preparation of combined financial information and accordingly in preparing this combined historical financial information certain accounting conventions commonly used for the preparation of historical financial information have been applied.

Due to their nature, and specific basis of preparation, this combined historical financial information is not in full compliance with all EU-IFRS presentation and disclosure requirements. In particular, this combined historical financial information does not include a statement of changes in equity, earnings per share, company balance sheet and associated notes, ordinary shares and share premium disclosures, reserves disclosures and related undertakings.

Going concern

This combined historical financial information has been prepared on a going concern basis. The planned separation of the Target Businesses have been considered and it is assumed that appropriate funding will be available from the buyer (Bovis Homes) for future operations after the separation occurs. It is expected that following separation from the Galliford Try Group, the Target Businesses will continue operating.

Methodology for the preparation of combined historical financial information

This combined historical financial information was prepared using the Target Businesses' historical records and includes all income, expenses, assets and liabilities directly attributable to the Target Businesses. Revenue and expenses directly associated with the Target Businesses are separately identifiable and have been included directly within this combined historical financial information.

The detailed approach for the combined income statement is described below.

Income/expense balance	Methodology for preparation
Revenue	Direct revenues of the Target Businesses adjusted for accounting policy alignment adjustments to align the accounting policies used in this historical financial information to those of Bovis Homes. The impact of the accounting policy alignment adjustments are either timing-related (such as revenue recognition of the sale of affordable housing units) or classification differences between revenue, cost of sales and administrative expenses (such as part exchange sales and management fee income).
Cost of sales	Direct cost of sales of the Target Businesses. Accounting policy adjustments have been made to align to those of Bovis Homes and are merely timing related.
Administration expenses	Direct administration expenses of the Target Businesses plus allocations from Galliford Try's central function based on the actual costs incurred and appropriate allocation drivers. The drivers used are based on either headcount or revenue. All such costs are deemed to have been settled by the Target Businesses to Galliford Try in the period in which the costs were incurred. The expenses allocated to the Target Businesses include, but are not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement and other shared services. These allocations have been considered to be a reasonable reflection of the utilisation of services by, or the benefits provided to, the Target Businesses. These allocations may not, however, reflect the expenses that the Target Businesses would have incurred as a standalone company for the periods presented. Actual costs that may have been incurred if the Target Businesses had each been a standalone company would depend on a number of factors, including the chosen organisational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

Income/expense balance	Methodology for preparation
Share of post-tax profits from joint ventures	Actual post tax-profits from joint ventures controlled by the Target Businesses.
Depreciation and amortisation	Actual depreciation and amortisation charges for the tangible and intangible assets of the Target Businesses.
Finance income/finance cost	Finance income earned or finance costs incurred on cash and cash equivalents and borrowings controlled by the Target Businesses. An arm's length internal interest rate has been used when calculating balances allocated to the Target Businesses. £100 million of 10-year sterling private placement notes that were issued by Galliford Try in 2017 (in addition to the associated finance costs) have been allocated to the Target Businesses (and will be included in the assets being bought by Bovis Homes as part of the Acquisition).
Income tax expense	Calculated on a separate returns basis as if the Target Businesses prepared separate tax computations. Historically, the Target Businesses were included in tax filings with other Target Businesses entities. It does not maintain taxes payable to/from Galliford Try, and it is deemed to settle the annual current tax balances immediately with the legal tax paying entities. These settlements are reflected as changes in invested capital.

For the combined balance sheet, the assets and liabilities included are those that historically have been used, and are relevant to the Target Businesses and which are included within the Target Businesses expected to be sold. Where assets have historically been used by both the Target Businesses and other parts of Galliford Try, they are included within the combined balance sheet if they are expected to form part of the Target Businesses sold, or were historically directly attributable to the Target Businesses.

The detailed approaches used for items included in the combined balance sheet are explained below:

Asset/liability balance	Methodology for preparation
Intangible assets	Intangible assets that have been directly allocated to the Target Businesses.
Goodwill	Goodwill from past acquisitions by the Target Businesses are included within the Target Businesses expected to be sold.
Property, plant and equipment	Tangible assets that have been directly allocated to the Target Businesses. To the extent a shared asset is primarily used by the Target Businesses, the entire asset has been included within the combined historical financial information. Where the Target Businesses are not the primary user of the asset, the asset has been excluded entirely from the combined historical financial information.
Investments in joint ventures	Investments in joint ventures that have been directly allocated to the Target Businesses.
Other investments	Other investments (which relate solely to shared equity receivables) have been directly allocated to the Target Businesses.

Asset/liability balance	Methodology for preparation
Trade and other receivables	Trade and other receivables that are directly allocated to the Target Businesses. There is little movement in the historical intercompany receivable balances within the Target Businesses, with the only movements in each year being due to the payment of a quasi-dividend by the Target Businesses to its parent (i.e. Galliford Try) which is settled in cash and treated as a loan (therefore increasing intercompany receivables from Galliford Try) rather than a dividend (which would reduce the net assets of the Target Businesses). These movements in intercompany receivables/payables since 1 July 2016 have been reflected in trade receivables, offsetting the cash outflow in the period. Other intercompany receivables/payables have been reflected in invested capital.
Income tax assets/liabilities	Calculated on a separate returns basis as if the Target Businesses prepared separate tax computations. Historically, the Target Businesses were included in tax filings with other Target Businesses entities. It does not maintain taxes payable to/from Galliford Try, and it is deemed to settle the annual current tax balances immediately with the legal tax paying entities. These settlements are reflected as changes in invested capital. The only deferred tax asset balance arose from the acquisition of Drew Smith by Galliford Try in May 2017.
Developments	Developments that have been directly allocated to the Target Businesses.
Cash and cash equivalents (including overdrafts)	Cash and cash equivalents (including overdrafts which are included in current borrowings) and standalone bank accounts for which the Target Businesses have legal rights and title have been included in this combined historical financial information.
Borrowings (excluding overdrafts)	Borrowings (which are included in non-current borrowings) relate to £100 million of 10-year sterling private placement notes that were issued by Galliford Try in 2017 but have been allocated to the Target Businesses (and will be included in the assets being bought by Bovis Homes as part of the Acquisition). These have been directly attributed to the business. The parent's other long-term debt (a revolving credit facility provided by a club of lenders) has not been attributed to the Target Businesses for any of the periods presented because it is not the legal obligation of the Target Businesses nor will they be transferred to the Target Businesses as part of the Acquisition.
Other non-current liabilities	Other non-current liabilities primarily relate to deferred land payments that have been directly attributed to the business.
Trade and other payables	Trade payables and other payables are a combination of balances directly allocated to the Target Businesses and central attributions consistent with the balances included as allocations of central costs used for the respective combined income statement items.

Asset/liability balance	Methodology for preparation
Retirement benefit asset	While the scheme's historical sponsor is not part of the Target Businesses (it is Galliford Try Employment Ltd), the defined benefit pension scheme's will form part of the perimeter of the Target Businesses in the future and so all related assets and liabilities (and associated movements in the income statement and the statement of comprehensive income) are recognised in this combined historical financial information.
Invested Capital	The Target Businesses have not in the past constituted a separate legal group and therefore it is not meaningful to show share capital or an analysis of reserves for the Target Businesses. The net assets of the Target Businesses are represented by Invested Capital, the cumulative investment of Galliford Try into the Target Businesses. Any funding to (including defined benefit pension scheme contributions on behalf of the Target Businesses), investments in and dividends received from/paid to the Target Businesses are shown in movements in invested capital.

New standards, amendments and interpretations issued but not effective or yet to be endorsed by the EU are as follows:

- Amendment to IFRS 9, "Financial Instruments", on prepayment features with negative compensation and modification of financial liabilities (effective 1 January 2019).
- Amendments resulting from annual improvements to IFRSs 2015-2017 cycle (effective 1 January 2019).
- Amendments to IAS 19 "Employee Benefits" on plan amendment, curtailment or settlement' (effective 1 January 2019).
- IFRS 16 "Leases" (effective 1 January 2019).
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures" (effective 1 January 2019).
- IFRIC 23 "Uncertainty over Income Tax Treatments" (effective 1 January 2019).
- Amendments to IFRS 3 – Definition of a Business (effective 1 January 2020).
- Amendments to IAS 1 and IAS 8 on the Definition of Material (effective 1 January 2020).
- Amendments to IFRS 3 – Definition of a Business (effective 1 January 2020).
- IFRS 17 "Insurance Contracts" (effective 1 January 2021).

The Target Businesses have yet to assess the full impact of these new standards and amendments. With the exception of IFRS 16 (as detailed below), initial indications are that they will not significantly impact the combined historical financial information of the Target Businesses.

The new amendments had no significant impact on the Target Businesses' results, other than as described below and certain revised disclosures.

(i) *IFRS 9 Financial Instruments*

IFRS 9 Financial Instruments came into effect for financial years starting on or after 1 January 2018 replacing IAS 39 Financial Instruments: Recognition and Measurement. The Target Businesses have used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Equity investments, previously classified as available for sale are classified as financial assets at fair value through other comprehensive income, with recycling of gains and losses. This is because the business model for these assets is to hold for collecting contractual cash flows (which meet the criteria of solely payments of principal and interest on the principal outstanding) and also to sell the financial asset. The Target Businesses have adopted the IFRS 9 expected credit loss ("**ECL**") approach to the assessment of financial assets impairment.

The Target Businesses have experienced a low level of default events on their debtors and contract assets historically and currently have no reason to expect this to change significantly in future; trade debtors are held under standard terms agreed with the customer.

The Target Businesses have no reason to expect any impairment or losses on their intercompany balances.

(ii) ***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 Revenue from Contracts with Customers came into effect for financial years starting on or after 1 January 2018, replacing IAS 11 Construction Contracts and IAS 18 Revenue.

The Target Businesses have adopted the standard from 1 July 2018 using the modified retrospective approach. The Target Businesses have reviewed their opening equity position as at 1 July 2018 and concluded that there are no adjustments required.

In line with the requirements of the standard with regards to the transition option adopted, the Target Businesses have not restated their comparative information which continues to be reported under previous revenue standards, IAS 11 and IAS 18. To aid comparability, as required by IFRS 15, the Target Businesses have also stated any differences in their results for the year to 30 June 2019 under IAS 11 and IAS 18 (in note 30).

New standards, amendments and interpretations issued but not effective or yet to be endorsed by the EU are as follows:

- Amendment to IFRS 9, "Financial Instruments", on prepayment features with negative compensation and modification of financial liabilities (effective 1 January 2019).
- Amendments resulting from annual improvements to IFRSs 2015-2017 cycle (effective 1 January 2019).
- Amendments to IAS 19 "Employee Benefits" on plan amendment, curtailment or settlement' (effective 1 January 2019).
- IFRS 16 "Leases" (effective 1 January 2019).
- Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures" (effective 1 January 2019).
- IFRIC 23 "Uncertainty over Income Tax Treatments" (effective 1 January 2019).
- Amendments to IFRS 3 – Definition of a Business (effective 1 January 2020).
- Amendments to IAS 1 and IAS 8 on the Definition of Material (effective 1 January 2020).
- Amendments to IFRS 3 – Definition of a Business (effective 1 January 2020).
- IFRS 17 "Insurance Contracts" (effective 1 January 2021).

The Target Businesses have yet to assess the full impact of these new standards and amendments. With the exception of IFRS 16 (as detailed below), initial indications are that they will not significantly impact the historical financial information of the Target Businesses.

(iii) ***IFRS 16 – Leases***

IFRS 16 – Leases, was issued in January 2016 and will be effective for the Target Businesses from 1 July 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. This new standard will require the Target Businesses to recognise a long-term depreciating right of use asset and corresponding lease liability for all leases with exceptions for short-term and low-value leases. The only exceptions are short-term (less than 12 months' duration) and low-value leases which will continue to be expensed as incurred (taking the practical expedient under IFRS 16). The operating lease rental expense currently charged to operating profit in the income statement will be replaced by an amortisation charge for the "right of use" assets recognised in operating profit and an interest charge on the lease liabilities recognised in finance costs.

The Target Businesses are adopting the modified retrospective approach for IFRS 16, recognising the right of use asset as if IFRS 16 had always been applied (but using the incremental borrowing rate as at the date of initial application of 1 July 2019), with a resulting transition adjustment recognised to opening equity.

On adoption of IFRS 16 on 1 July 2019, the Target Businesses expect to recognise a right of use asset of £17.6 million, and corresponding lease liability of £19.2 million, with a change in opening retained earnings of £1.6 million for the year-ended 30 June 2020.

Critical accounting estimates and judgements

The preparation of the combined historical financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making estimates and judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates and judgements. The estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and judgements are recognised in the period in which the estimate or judgement is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Material estimates, judgements and assumptions are made in particular with regards to establishing the following policies:

(i) ***Retirement benefit obligation valuations***

In determining the valuation of defined benefit schemes' assets and liabilities, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the Group, inflation rate, life expectancy discount rate and salary and pension growth rates. The Group is exposed to risks through its defined benefit schemes if actual experience differs from the assumptions used and through volatility in the plan assets. Details of the assumptions used and associated sensitivities are included in note 24.

Other estimates

(i) ***Impairment of goodwill and intangible assets***

The determination of the value of any impairment of goodwill and intangible assets requires an estimation of the value in use of the Cash Generating Units ("**CGUs**") to which goodwill has been allocated. The value in use calculation requires an estimate of the future cash flows expected from these CGUs, including the anticipated growth rate of revenue and costs, and requires the determination of a suitable discount rate to calculate the present value of the cash flows. Details of the goodwill impairment review calculations and sensitivity analysis performed are included in note 9.

(ii) ***Estimation of costs to complete and contract provisions***

In order to determine the profit and loss that the Target Businesses are able to recognise on its developments and construction contracts in a specific period, the Target Businesses have to allocate total costs of the developments and construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the total costs to be incurred and final contract value requires a degree of estimation, as does the assessment of a development's valuation.

However, the Target Businesses management have established internal controls to review and ensure the appropriateness of estimates made on an individual contract basis, including any necessary contract provisions.

The estimation of final contract value (in Partnerships & Regeneration) includes assessments of recovery of variations which have yet to be agreed with the client, compensation events and claims, where these meet the criteria set out in the Target Businesses' accounting policies.

The Target Businesses recognise recoveries of claims from clients in certain situations where clear entitlement has been established such as through dispute-resolution processes. Revenue is recorded to the extent that amounts that the Target Businesses believe are highly probable of not being subject to significant reversal.

Significant accounting policies

Segmental reporting

Segmental reporting is presented in the combined historical financial information in respect of the Target Businesses' business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the Target Businesses' management and internal reporting structure. Segmental results include items directly attributable to the segment, as well as those that can be allocated on a reasonable basis.

Revenue and profit

Revenue is recognised when the Target Businesses transfer control of goods or services to customers. Revenue comprises the fair value of the consideration received or receivable net of rebates, discounts and value added tax. Where consideration is subject to variability, the Target Businesses estimate the amount receivable. Revenue recognised is constrained to the amount which is highly probable not to result in a significant reversal in future periods.

Sales within the Target Businesses are eliminated. Where a modification to an existing contract occurs, the Target Businesses assess the nature of the modification and whether it represents a separate performance obligation required to be satisfied or whether it is a modification to the existing performance obligation.

Revenue is recognised as follows:

(i) ***Linden Homes***

Linden Homes sells private housing units and associated land, inclusive of customer options, incentives and warranties. In most instances, the contract with the customer is assessed to only contain one performance obligation. Revenue from the sale of individual private housing units, net of incentives, is recognised at the point of legal completion. Contract consideration for private house sales may include part-exchange properties at fair value.

Sales of land where title transfers prior to construction beginning (or at "golden brick") are considered to be a distinct performance obligation. Revenue from land sales is recognised at a point in time, being the unconditional exchange of contracts or at "golden brick," provided that the Target Businesses do not retain legal title to the land or have a right of repurchase.

Revenue from affordable housing development is recognised over time.

(ii) ***Partnerships & Regeneration***

Development of multiple units on the same site (inclusive of design and construction activities contracted for at the same time, and mobilisation activities) is considered to be a single performance obligation. Where a contract comprises units across multiple sites, typically each site will represent a distinct performance obligation. Revenue is accounted for on an over time basis. The amount of revenue recognised is calculated based on total costs incurred as a proportion of total estimated costs to complete.

Private and affordable housing unit sales are accounted for in the same way as within Linden Homes, as stated above.

Housing grants and Government funding

Grants are recognised when there is reasonable assurance that the Target Businesses will comply with the conditions attaching to them and the grants will be received. The grants are recognised in the income statement over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Interest-bearing loans received from the Government, for example under the Homes & Communities Agency (now Homes England) programmes, are recorded at proceeds plus accrued interest and reported within Financial Liabilities – Borrowings.

Grants and UK Government funding received by the Target Businesses include direct capital grant funding awards under Homes England's Affordable Homes Programme; infrastructure loan finance under the Large Sites Infrastructure Fund; and equity loans provided to home buyers under the "Help to Buy" home ownership initiative.

Contract costs

Incremental costs to obtain a contract are capitalised to the extent the contract is expected to be sufficiently profitable for them to be recovered. All other costs to obtain a contract are expensed as incurred. Incremental costs to fulfil a contract are expensed unless they relate directly to an existing contract or specific anticipated contract, generate or enhance resources that will be used to satisfy the obligations under the contract and are expected to be recovered. These costs are amortised over the shorter of the duration of the contract or the period for which revenue and profit can be forecast with reasonable certainty. Where a contract becomes loss making, capitalised costs in relation to that contract are expensed immediately.

Interest income and expense

Interest income and expense is recognised on a time proportion basis using the effective interest method.

Income tax

Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred income tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes with the exception of the initial recognition of goodwill arising on an acquisition. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantively enacted by the balance sheet date. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying temporary differences can be deducted.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Target

Businesses and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when there is an intention to settle the balances on a net basis.

Deferred income tax is charged or credited through the income statement, except when it relates to items charged or credited through the statement of comprehensive income or to equity, when it is charged or credited there.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the net assets acquired. It is recognised as an asset and reviewed for impairment at least annually or when there is a triggering event. For purposes of testing for impairment, the carrying value of the CGU is compared to its recoverable amount, which is the higher of the value in use and the fair value less costs to sell. Any impairment is charged immediately to the income statement.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

Intangible assets

Intangible assets include brands, customer contracts and customer relationships acquired on acquisition of subsidiary companies. The intangible assets are reviewed for impairment at least annually or when there is a triggering event. Intangible assets are stated at cost less accumulated amortisation and impairment. Cost is determined at the time of acquisition as being directly attributable costs or, where relevant, by using an appropriate valuation methodology.

Intangible assets are being amortised over the following periods:

(a) Brand – on a straight-line basis over four to 10 years.

(b) Customer contracts – in line with expected profit generation, varying from one to nine years.

(c) Customer relationships – on a straight-line basis over a period which varies from three to five years.

Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings comprise mainly offices.

Depreciation is calculated to write off the cost of each asset to estimated residual value over its expected useful life. Freehold land is not depreciated. The annual rates of depreciation, applied on a straight-line basis, are as follows:

- Freehold buildings . . . . 2% on cost

On cost or reducing balance:

- Plant and machinery . . . . 15% to 33%
- Fixtures and fittings . . . . 10% to 33%

In addition to systematic depreciation the book value of property, plant and equipment would be written down to estimated recoverable amount should any impairment in the respective carrying values be identified.

The asset residual values, carrying values and useful lives are reviewed on an annual basis and adjusted if appropriate at each balance sheet date.

Repairs and maintenance expenditure is expensed as incurred on an accruals basis.

Joint ventures and joint operations

The Target Businesses apply IFRS 11 to all joint arrangements. Investments in joint arrangements are classified as either joint ventures or joint operations, depending on the contractual rights and obligations of each investor.

A joint venture is an entity over which the Target Businesses have joint control and rights to the net assets of the entity. The Target Businesses' interest in joint ventures is accounted for using the equity method. Under this method the Target Businesses' share of profits less losses after taxation of joint ventures is included in the combined income statement and their interest in their net assets is included in investments in the combined balance sheet. Where the share of losses exceeds the Target Businesses' interest in the entity and there is no obligation to fund these losses, the carrying amount is reduced to nil and recognition of further losses is discontinued. Future profits are not recognised until unrecognised losses are extinguished. Unrealised gains on transactions with the Target Businesses' joint ventures are eliminated to the extent of the Target Businesses' interest in the joint venture. Accounting policies of joint ventures have been changed on consolidation where necessary to ensure consistency with policies adopted by the Target Businesses. Where joint ventures do not adopt accounting periods that are coterminous with the Target Businesses', results and net assets are based upon unaudited accounts drawn up to the Target Businesses' accounting reference date.

A joint operation is a joint arrangement that the Target Businesses undertake with third parties whereby those parties have rights to the assets and obligations of the arrangement. The Target Businesses account for joint operations by recognising its share of profits and losses in the combined income statement. The Target Businesses recognise its share of associated assets and liabilities in the combined balance sheet.

Other investments

Other investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months of the balance sheet date. On initial recognition the asset is recognised at costs.

The Target Businesses operate schemes under which part of the agreed sales price for a residential property can be deferred for up to 25 years. The fair value of these assets is calculated by taking into account forecast inflation in property prices and discounting back to present value using the effective interest rate. Provision is also made for estimated default to arrive at the initial fair value. The unwinding of the discount included on initial recognition at fair value is recognised as finance income in the year.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term.

Inventories and developments

Inventories and developments are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including direct costs and directly attributable overheads, and net realisable value. On initial recognition, land is included within developments at its fair value, which is its cost to the Target Businesses.

Land inventory is recognised at the time a liability is recognised which is on unconditional exchange of contract or once the acquisition has completed.

Where a development is in progress, net realisable value is assessed by considering the expected future revenues and the total costs to complete the development, including direct costs and directly attributable overheads. To the extent that the Target Businesses anticipate selling a development in its current state, then net realisable value is taken as its open market value at the balance sheet date less any anticipated selling costs.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established based on an ECL model (general or simplified approach as detailed under impairment of financial assets). The amount of the loss is recognised in the income statement.

When a trade receivable is uncollectible, it is written off against the impairment provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against costs in the income statement. Short-term trade receivables do not carry any interest and are stated at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment of financial assets

IFRS 9 establishes a new model for recognition and measurement of impairment in financial assets. Loans and receivables and contract assets apply the ECL model. All other assets are classified and measured at fair value with movements going through the income statement or other comprehensive income. ECL are recognised and measured according to one of three approaches – a general approach (12 months ECL), a simplified approach (lifetime ECL) or the "credit adjusted approach". The Target Businesses have taken the practical expedient to apply a simplified "provision matrix" for calculating expected losses. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. For large one-off balances where there is no historical experience, analysis is completed in respect of a number of reasonably possible scenarios.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are included for purposes of cash flow movements and the cash flow statement.

Bank deposits with an original term of more than three months are classified as short-term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant. Cash held in escrow accounts is classified as a short-term deposit where the escrow agreement allows the balance to be converted to cash, if replaced by a bond repayable on demand.

Bank and other borrowings

Interest-bearing bank loans and overdrafts and other loans are originally recognised at fair value net of transaction costs incurred. Such borrowings are subsequently stated at amortised cost, with the difference between initial fair value and redemption value recognised in the income statement over the period to redemption.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement, using the effective interest rate method. Refinancing costs associated with new borrowing arrangements are included within the borrowing amount and amortised over the period of the loan.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate and subsequently held at amortised cost. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective interest rate. Changes in estimates of the final payment due are taken to developments (land) and, in due course, to cost of sales in the income statement.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Retirement benefit obligations

For defined contribution schemes operated by the Target Businesses, amounts payable are charged to the income statement as they accrue.

For defined benefit schemes, the cost of providing benefits is calculated annually by independent actuaries using the projected unit method. The retirement benefit asset/(obligation) recognised in the balance sheet represents the excess/(deficit) of the fair value of the schemes' assets over the present value of scheme liabilities, with a net asset recognised to the extent that the employer can gain economic benefit as set out in the requirements of IFRIC 14. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows, using interest rates of high quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in full in the period in which they occur, in the statement of comprehensive income. Gains and losses arising on curtailment and settlements are taken to the income statement as incurred.

Share-based payments

The Target Businesses operate a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions such as growth in earnings per share. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each balance sheet date, the Target Businesses revise their estimates of the number of options that are expected to vest. They recognise the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The grant by the Target Businesses of options over Galliford Try's equity instruments to the employees of subsidiary undertakings in the Target Businesses are treated as a capital contribution.

2. Segmental reporting

Segmental reporting is presented in the combined historical financial information in respect of the Target Businesses' business segments, which are the primary basis of segmental reporting. The business segmental reporting reflects the Target Businesses' management and internal reporting structure. Segmental results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. As the Target Businesses have no material activities outside the UK, segment reporting is not required by geographical region.

The chief operating decision-makers ("**CODM**") have been identified as the Target Businesses' Chief Executive and Finance Director. The CODM review the Target Businesses' internal reporting in order to assess performance and allocate resources. Management has determined the operating segments as Linden Homes and Partnerships & Regeneration.

The CODM assess the performance of the operating segments based on a measure of adjusted earnings before finance costs, amortisation, exceptional items and taxation shown as profit/(loss) before finance costs, amortisation and taxation in primary reporting format below. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as restructuring costs and impairments when the impairment is the result of an isolated, one-off event. Interest income and expenditure are included in the result for each operating segment that is reviewed by the CODM. Other information provided to them is measured in a manner consistent with that in the historical financial information.

Primary reporting format – business segments

	Year ended 30 June 2019			
	Linden Homes	Partnerships & Regeneration	Central	Total
		(£m)		
Group revenue	758.7	551.9	(91.9)	1,218.7
Share of joint ventures' revenue	160.4	73.3	–	233.7
Part-exchange revenue	(98.7)	(2.0)	100.7	–
Group revenue and share of joint ventures' revenue excluding part-exchange revenue	820.4	623.2	8.8	1,452.4
Segment result:				
Profit/(loss) from operations before share of joint ventures' profit	135.6	26.9	(15.2)	147.3
Share of joint ventures' profit	24.9	7.9	–	32.8
Profit/(loss) from operations[1]	160.5	34.8	(15.2)	180.21
Share of joint ventures' interest and tax	(9.3)	(3.4)	–	(12.7)
Profit/(loss) before finance costs, amortisation and taxation	151.2	31.4	(15.2)	167.54
Finance income	7.8	1.6	0.2	9.6
Finance (costs)	(44.0)	(3.4)	(2.4)	(49.98)
Profit/(loss) before amortisation and taxation	115.0	29.6	(17.4)	127.2
Amortisation of intangibles	–	(1.4)	–	(1.4)
Profit/(loss) before taxation	115.0	28.2	(17.4)	125.8
Income tax expense				(24.7
Profit for the year				101.1

	Year ended 30 June 2018			
	Linden Homes	Partnerships & Regeneration	Central	Total
	(£m)			
Group revenue	769.3	459.7	(7.6)	1,221.4
Share of joint ventures' revenue	178.0	15.5	–	193.5
Group revenue and share of joint ventures' revenue	947.3	475.2	(7.6)	1,414.9
Segment result:				
Profit/(loss) from operations before share of joint ventures' profit	152.1	22.3	(25.1)	149.3
Share of joint ventures' profit	32.3	1.3	–	33.6
Profit/(loss) from operations[(1)]	184.4	23.6	(25.1)	182.9
Share of joint ventures' interest and tax	(13.1)	(0.1)	–	(13.2)
Profit/(loss) before finance costs, amortisation and taxation	171.3	23.5	(25.1)	169.7
Finance income	7.4	1.8	–	9.2
Finance (costs)	(41.6)	(5.5)	(0.2)	(47.3)
Profit/(loss) before amortisation and taxation	137.1	19.8	(25.3)	131.6
Amortisation of intangibles	–	(1.4)		(1.4)
Profit/(loss) before taxation	137.1	18.4	(25.3)	130.2
Income tax expense				(24.4)
Profit for the year				105.8

	Year ended 30 June 2017			
	Linden Homes	Partnerships & Regeneration	Central	Total
	(£m)			
Group revenue	804.8	319.4	(16.7)	1,107.5
Share of joint ventures' revenue	132.6	10.8	–	143.4
Group revenue and share of joint ventures' revenue	937.4	330.2	(16.7)	1,250.9
Segment result:				
Profit/(loss) from operations before share of joint ventures' profit	148.9	14.0	(24.8)	138.1
Share of joint ventures' profit	21.4	0.9	–	22.3
Profit/(loss) from operations[1]	170.3	14.9	(24.8)	160.4
Share of joint ventures' interest and tax	(8.0)	(0.4)	–	(8.4)
Profit/(loss) before finance costs, amortisation and taxation	162.3	14.5	(24.8)	152.0
Finance income	4.2	0.7	–	4.9
Finance (costs)	(44.5)	(3.1)	(0.3)	(47.9)
Profit/(loss) before amortisation and taxation	122.0	12.1	(25.1)	109.0
Amortisation of intangibles	(0.9)	(0.2)	–	(1.1)
Profit/(loss) before taxation	121.1	11.9	(25.1)	107.9
Income tax expense				(21.6)
Profit for the year				86.3

Note:

(1) Profit from operations is stated before finance costs, amortisation, share of joint ventures' interest and tax and taxation.

Inter-segment revenue, which is priced on an arm's length basis, is eliminated from Group revenue above. In the year to 30 June 2019 this amounted to £22.4 million (2018: £17.9 million, 2017: £nil) which was in Partnerships & Regeneration.

Balance sheet

	Notes	Linden Homes	Partnerships & Regeneration	Central	Total
			(£m)		
30 June 2019					
Goodwill & intangible assets		52.3	32.3	–	84.6
Working capital employed		759.3	57.0	(91.0)	725.3
Net (debt)/cash	16	(567.0)	(9.3)	(100.0)	(676.3)
Net assets		244.6	80.0	(191.0)	133.6
Total Target Businesses liabilities					(1,499.4)
Total Target Businesses assets					1,633.0
30 June 2018					
Goodwill & intangible assets		52.3	33.7	–	86.0
Working capital employed		623.3	64.7	(78.5)	609.5
Net (debt)/cash	16	(463.1)	(41.8)	(100.0)	(604.9)
Net assets		212.5	56.6	(178.5)	90.6
Total Target Businesses liabilities					(1,314.2)
Total Target Businesses assets					1404.8
30 June 2017					
Goodwill & intangible assets		52.3	35.8	–	88.1
Working capital employed		619.0	44.9	(66.1)	597.8
Net (debt)/cash	16	(499.7)	(39.3)	(100.0)	(639.0)
Net assets		171.6	41.4	(166.1)	46.9
Total Target Businesses liabilities					(1,442.3)
Total Target Businesses assets					1,489.2

3. Revenue

Nature of revenue streams

The following should be read in conjunction with the Target Businesses' new accounting policy applied from 1 July 2018 as detailed in note 1.

Linden Homes and Partnerships & Regeneration segments

The Target Businesses develop high-quality homes over a national footprint, for sale under the Linden Homes brand. The Partnerships & Regeneration segment is a specialist regeneration business which carries out contracting, land-led solutions and development for local authorities and Registered Providers as well as selling private housing units.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms	Nature of change in accounting policy
Private development *(Linden Homes & Partnership & Regeneration)*	Individual customers obtain control of a unit once the sale is legally complete (unconditional sale). This is typically the same time that the customer has paid. Revenue is therefore recognised on the sale of individual units (net of incentives), at a point in time. Properties taken in part exchange as consideration for private house sales and then subsequently sold on by the Galliford Try Group will continue to be recognised through cost of sales within the income statement based on the profit or loss made on the resale as they are seen to be incidental to the operations of the business and not a part of its core	Under IAS 18 revenue was recognised when the risks and rewards were transferred to the customer which was assessed to be at legal completion. Under IFRS 15, there is no change to the point of revenue recognition as the performance obligation is deemed to be satisfied at the point when legal title is transferred to the purchaser.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms	Nature of change in accounting policy
Unit sales to Registered Providers/Investors in the Private Rented Sector ("PRS") *(Linden Homes & Partnership & Regeneration)*	This represents sales of (affordable) housing units to housing associations and other Registered Providers/PRS, treated as a single performance obligation. The Target Businesses receive payments from the customer during the building of the units (based on a schedule of value that reflects the timing and performance of service delivery), indicating that the customer controls all the work in progress as the house is being built. The units are built on the customer land. Therefore, revenue on performance obligations to construct these units is recognised over time (the period of construction) based on an output model (certification of work done to date). Un-invoiced amounts are presented as contract assets. Management do not expect a financing component to exist in respect of housing association contracts.	These contracts were previously accounted for under IAS 11 and as such were recognised over time when certain milestones in the development were reached. There is no change to the timing of revenue recognition under IFRS 15, as the conditions of the sale dictate that the revenue should continue to be recognised over time.
Land sales *(Linden Homes & Partnership & Regeneration)*	The sale of land, whether or not in conjunction with the sale of a number of housing units, is assessed to be a distinct performance obligation to the sale of any related units and control is deemed to pass to the customer on the unconditional exchange of contracts. Revenue is therefore recognised at a point in time (unconditional exchange of contracts).	These contracts were previously accounted for under IAS 18 and as such were recognised at unconditional exchange. There is no change to the timing of revenue recognition under IFRS 15, as the conditions of the sale dictate that the revenue should continue to be recognised at a point in time.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms	Nature of change in accounting policy
Contracting to Registered Providers/PRS *(Partnership & Regeneration)*	This represents the building of a number of (affordable) units on the customers land with any design phase treated alongside the construction phase as a single performance obligation. This is because the two stages are not distinct in the context of the contract, given that each is highly interdependent on the other (and are typically contracted together within a single contract). Payment terms are based on a schedule of value that reflects the timing and performance of service delivery. Revenue is therefore recognised over time (the period of construction) based on an input model (reference to costs incurred to date). Un-invoiced amounts are presented as contract assets.	Under IAS 11, revenue was accounted for under a contract accounting model based on percentage of completion, using cost as a measure of progress (cost incurred to date compared to the contracts total expected cost) – this is the input method. There is no change to the timing of revenue recognition under IFRS 15, as the conditions of the contract dictate that the revenue should continue to be recognised over time.

Disaggregation of revenue

As part of the implementation of IFRS 15 on 1 July 2018, the Target Businesses have assessed the appropriate presentation of the disaggregation of its revenue streams (analysing the varying risk profiles and effect of economic factors on the nature, amount, timing and uncertainty of revenue). The material differences in risk between the different revenue streams have been captured by the Target Businesses' operating segments (as noted and explained above) as this best depicts how the nature, timing and amount of revenue and cash flows are affected by economic factors. Therefore, the Target Businesses have presented this disaggregation in line with the segmental analysis as shown in note 2.

The Target Businesses derive their revenue from contracts with customers for the transfer of goods and services, both at a point in time and over time. The split is disclosed in the table below, which is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 "Operating Segments".

	Year ended 30 June 2019			
	Linden Homes	Partnerships & Regeneration	Central	Total
		(£m)		
Over time	86.3	482.5	–	568.8
Point in time	672.4	69.4	–	741.8
Galliford Try Group revenue	758.7	551.9	–	1,310.6

Revenue on existing contracts, where performance obligations are unsatisfied or partially unsatisfied at the balance sheet date, is expected to be recognised as follows:

	2020	2021	2022 onwards	Total
		(£m)		
Galliford Try Group revenue				
Linden Homes	49.3	31.9	31.5	112.7
Partnerships & Regeneration	436.3	252.2	78.0	766.5
Total transaction price allocated to performance obligations yet to be satisfied	485.6	284.1	109.5	879.2

As permitted under the transitional provisions in IFRS 15, the transaction price allocated to (partially) unsatisfied performance obligations as of 30 June 2018 and 30 June 2017 are not disclosed.

Any element of variable consideration is estimated at a value that is highly probable not to result in future reversal.

4. Employees and directors

Employee benefit expense during the year

	Notes	2019	2018	2017
			(£m)	
Wages and salaries		103.7	91.9	74.5
Social security costs		11.8	10.7	8.7
Other pension costs	24	6.8	5.1	4.1
Share-based payments	23	0.4	0.8	0.5
Total		122.7	108.5	87.8

Average monthly number of people (including executive directors) employed

	2019	2018	2017
		(Number)	
By business:			
Linden Homes	1,025	1,002	924
Partnerships & Regeneration	913	779	550
Total	1,938	1,781	1,474

Remuneration of key management personnel

The key management personnel comprise the Galliford Try Board of executive and non-executive directors. The remuneration of the key management personnel of the Target Businesses are set out below in aggregate for each of the categories specified in IAS 24, Related Party Disclosures.

	2019	2018	2017
		(£m)	
Salaries and short-term employee benefits	2.6	2.6	2.5
Retirement benefit costs	0.2	0.2	0.2
Share-based payments	–	0.3	0.1
Total	2.8	3.1	2.8

5. Net finance costs

	2019	2018	2017
		(£m)	
Interest receivable from joint ventures	9.3	9.2	4.9
Other	0.3	–	–
Finance income	9.6	9.2	4.9
Interest payable on borrowings	(49.3)	(46.9)	(47.1)
Unwind of discounted payables	(0.5)	(0.4)	(0.7)
Other	–	–	(0.1)
Finance costs	(49.8)	(47.3)	(47.9)
Net finance costs	(40.2)	(38.1)	(43.0)

6. Profit before income tax

The following items have been included in arriving at profit before income tax:

	Notes	2019	2018	2017
			(£m)	
Employee benefit expense	4	122.7	108.5	87.8
(Profit)/loss on disposal of property, plant and equipment		(0.2)	–	0.1
Depreciation of property, plant and equipment	10	0.6	0.6	0.6
Amortisation of intangible assets	8	1.4	1.4	1.1
Operating lease rentals payable		2.7	2.6	2.2
Developments recognised as an expense		574.7	605.1	611.6
Repairs and maintenance expenditure on property, plant and equipment		0.6	0.4	0.8
Increase/(decrease) in provision for receivables	15	0.3	(0.1)	(0.4)

In addition to the above, the Target Businesses incur other costs classified as cost of sales relating to labour, materials and sub-contractors' costs.

7. Income tax expense

	Notes	2019	2018	2017
			(£m)	
Analysis of expense in year				
Current year's income tax				
Current tax		24.9	25.0	21.6
Deferred tax	21	–	–	–
Adjustments in respect of prior years				
Current tax		(0.2)	(0.6)	–
Deferred tax	21	–	–	–
Income tax expense		24.7	24.4	21.6

	Notes	2019	2018	2017
			(£m)	
Tax on items recognised in other comprehensive income/directly in equity				
Current tax (credit) for share-based payments		(0.1)	–	(0.2)
Current tax (credit) for shared–based payments – prior year adjustment		–	–	(0.3)
Deferred tax expense on retirement benefit obligations		–	1.9	0.2
Tax recognised in other comprehensive income		(0.1)	1.9	(0.3)
Total taxation		24.6	26.3	21.3

The total income tax expense for the year of £24.7 million (2018: £24.4 million, £2017: £21.6 million) is higher (2018: lower, 2017: higher) than the blended standard rate of corporation tax in the UK of 19.0 per cent. (2018: 19.0 per cent., 2017: 19.75 per cent.). The differences are explained below:

	2019	2018	2017
		(£m)	
Profit before income tax	125.8	130.2	107.9
Profit before income tax multiplied by the blended standard corporation tax rate in the UK of 19.0 per cent. (2018: 19.0 per cent., 2017: 19.75 per cent.)	23.9	24.7	21.3
Effects of:			
Expenses not deductible for tax purposes	–	0.1	0.2
Joint ventures	(1.0)	(1.1)	(0.7)
Other	1.8	0.7	0.8
Income tax expense	24.7	24.4	21.6

The standard rate of corporation tax in the UK changed from 20.0 per cent. to 19.0 per cent. with effect from 1 April 2017. Accordingly, the Target Businesses' profits for the financial year to 30 June 2019 and 30 June 2018 were taxed at a standard rate of 19.0 per cent., and for the period to 30 June 2017 are taxed at a blended standard rate of 19.75 per cent.

The UK corporation tax rate is due to be reduced to 17.0 per cent. in April 2020. Deferred tax has been recognised at 19.0 per cent. as it is likely that most assets and liabilities will have reversed within one year. Had the 17.0 per cent. rate been applied to those balances that may reverse post April 2020 then the effect on the deferred tax balances would not have been significant.

8. Intangible assets

	Notes	Customer contracts and relationships	Brand	Total
			(£m)	
Cost				
At 1 July 2016		–	10.8	10.8
Additions	28	5.3	–	5.3
At 1 July 2017, 1 July 2018, and 30 June 2019		5.3	10.8	16.1
Accumulated amortisation				
At 1 July 2016		–	(10.0)	(10.0)
Amortisation in year		(0.3)	(0.8)	(1.1)
At 1 July 2017		(0.3)	(10.8)	(11.1)
Amortisation in year		(1.4)	–	(1.4)
At 1 July 2018		(1.7)	(10.8)	(12.5)
Amortisation in year		(1.4)	–	(1.4)
At 30 June 2019		(3.1)	(10.8)	(13.9)
Net book amount				
At 30 June 2019		2.2	–	2.2
At 30 June 2018		3.6	–	3.6
At 30 June 2017		5.0	–	5.0

All amortisation charges in the year have been included in administrative expenses. The remaining period of amortisation on customer contracts and relationships is five years.

9. Goodwill

	(£m)
Cost	
At 1 July 2016	59.0
Additions in the year to 30 June 2017	24.8
At 1 July 2017	83.8
Adjustment in respect of acquisition completed in 2017	(0.7)
At 30 June 2017, 30 June 2018 and 30 June 2019	83.1
Aggregate impairment at 1 July 2017, 1 July 2018 and 30 June 2019	(0.7)
Net book amount	
At 30 June 2019	82.4
At 30 June 2018	82.4
At 30 June 2017	83.1

The change in goodwill in the year to 30 June 2018 arose from the finalisation of the acquisition accounting in respect of the acquisition of Drew Smith completed in May 2017.

Goodwill is allocated to the Target Businesses' CGUs identified according to business segment. The goodwill is attributable to the following business segments:

	2019	2018	2017
		(£m)	
Linden Homes	52.5	52.5	52.5
Partnerships & Regeneration	29.9	29.9	30.6
	82.4	82.4	83.1

Impairment review of goodwill and key assumptions

Goodwill is tested for impairment at least annually. The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on future financial budgets approved by the Board, based on past performance and its expectation of market developments. The key assumptions within these budgets relate to revenue and the future profit margin achievable, in line with the Target Businesses' strategy and targets as set out in the strategic report. Future budgeted revenue is based on management's knowledge of actual results from prior years and latest forecasts for the current year, along with the existing secured works, management's expectation of the future level of work available within the market sector and expected changes in selling volumes and prices for completed houses. In establishing future profit margins, the margins currently being achieved are considered in conjunction with expected inflation rates in each cost category and to reflect the current market value of land being acquired.

Cash is monitored very closely on a daily, weekly and monthly basis for the purposes of managing both treasury and the business as a whole. The assumptions used are reviewed regularly and differences between forecast and actual results are closely monitored with variances being investigated fully. The knowledge gained from this past experience is used to ensure that the future assumptions used are consistent with past actual outcomes and are management's best estimate of the future cash flows of each business unit.

Cash flows beyond the budgeted three-year period are extrapolated using an estimated growth rate of 2.0 per cent. per annum within each segment. The growth rate used is the businesses estimate of the average long-term growth rate for the market sectors in which the CGU operates. A pre-tax discount rate of 11.8 per cent. (2018: 11.4 sherford per cent., 2017:11.5 per cent.) in Linden Homes and 8.9 per cent. (2018: 8.6 per cent., 2017: 8.5 per cent.) in Partnerships & Regeneration has been applied to the future cash flows, based on an estimate of the weighted average cost of capital of each business.

Sensitivities

The recoverable value of all CGUs are substantially in excess of the carrying value of the CGUs. Sensitivity analysis has been undertaken on each goodwill impairment review, by changing the discount rates, profit margins, growth rates and other variables applicable to each CGU. Taking into account current market conditions within the housebuilding markets, none of these sensitivities, either individually or combined, resulted in the recoverable amount of the goodwill being reduced to below its current carrying value.

The detailed sensitivity analysis indicates that an increase of more than 600 per cent. (2018: 290 per cent., 2017: 600 per cent.) in the pre-tax discount rate or a reduction of 95 per cent. (2018: 73 per cent., 2017: 70 per cent.) in the forecast operating cash flows of the Partnerships & Regeneration CGU could give rise to an impairment. The goodwill in the other segments is less sensitive to the detailed assumptions used and hence no additional disclosure is considered necessary.

10. Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings	Total
		(£m)		
Cost				
At 1 July 2016	1.7	0.3	4.4	6.4
Additions	–	0.1	0.3	0.4
Acquisitions	0.7	–	0.1	0.8
Disposals	–	(0.2)	(0.2)	(0.4)
At 1 July 2017	2.4	0.2	4.6	7.2
Additions	0.3	0.3	1.0	1.6
Disposals	(0.4)	–	–	(0.4)
At 1 July 2018	2.3	0.5	5.6	8.4
Additions	–	0.9	0.1	1.0
Disposals	(0.2)	–	(0.2)	(0.4)
At 30 June 2019	2.1	1.4	5.5	9.0
Accumulated depreciation				
At 1 July 2016	(1.0)	(0.3)	(3.1)	(4.4)
Charge for the year	–	–	(0.6)	(0.6)
Disposals	–	0.2	0.2	0.4
At 1 July 2017	(1.0)	(0.1)	(3.5)	(4.6)
Charge for the year	(0.1)	–	(0.5)	(0.6)
Disposals	0.1	0.1	–	0.2
At 1 July 2018	(1.0)	–	(4.0)	(5.0)
Charge for the year	(0.1)	–	(0.5)	(0.6)
Disposals	0.1	–	0.2	0.3
At 30 June 2019	(1.0)	–	(4.3)	(5.3)
Net book amount				
At 30 June 2019	1.1	1.4	1.2	3.7
At 30 June 2018	1.3	0.5	1.6	3.4
At 30 June 2017	1.4	0.1	1.1	2.6

There has been no impairment of property, plant and equipment during the year (2018: £nil, 2017: £nil). Fixed assets included £nil net book value, and £nil depreciation, for assets held under finance leases (2018: £nil and £nil, 2017: £nil and £nil, respectively).

11. Investments in joint ventures

	2019	2018	2017
		(£m)	
At 1 July	49.9	30.6	24.1
Dividend received from joint ventures	(3.0)	(1.1)	(7.4)
Share of post-tax profit	20.1	20.4	13.9
At 30 June	67.0	49.9	30.6

Joint ventures

At 30 June 2019, the Galliford Try Group held interests in joint ventures, all of which are incorporated in England and Wales or in Scotland.

In relation to the Target Businesses' interest in joint ventures, the assets, liabilities, income and expenses are shown below:

	2019	2018	2017
		(£m)	
Current assets	528.9	521.0	400.6
Non-current assets	–	–	–
Current liabilities	(293.3)	(328.3)	(213.3)
Non-current liabilities	(168.6)	(142.8)	(156.7)
	67.0	49.9	30.6
Amounts due from joint ventures	331.6	311.2	248.6
Amounts due to joint ventures	(24.8)	(18.0)	(11.7)
Revenue	233.7	193.5	143.4
Expenses	(201.0)	(159.9)	(121.1)
	32.7	33.6	22.3
Finance cost	(12.1)	(12.1)	(7.5)
Income tax	(0.5)	(1.1)	(0.9)
Share of post-tax profits from joint ventures	20.1	20.4	13.9

On 28 June 2019, the Target Businesses acquired the remaining 50 per cent. share of its joint venture, Linden Homes (Sherford) LLP, for a consideration of £1 (plus £28.2 million of intercompany receivables due from Linden Homes (Sherford) LLP). The fair value of the net liabilities acquired were £2.0 million (plus £28.2 million of intercompany payables), resulting in goodwill on acquisition of £2.0 million, which was immediately impaired to £nil. The fair value of the net liabilities acquired of £2.0 million included £83.8 million of developments (note 13), £1.3 million of trade and other receivables (note 15), £1.4 million of cash (note 16), £21.0 million of development land payables (notes 17 & 19) and £69.6 million of trade and other payables (notes 17 & 19). The fair value of the equity interest previously held was £nil.

The Target Businesses' revenue and profit before tax included £nil contribution from Linden Homes (Sherford) LLP. If Linden Homes (Sherford) LLP had been consolidated from 1 July 2018, this would have contributed to the Target Businesses' revenue of £4.3 million and a loss before tax of £0.5 million.

The Target Businesses' share of unrecognised losses of joint ventures is £37.8 million (2018: £36.3 million, 2017: £34.6 million), of which net £1.5 million arose during the year.

As at 30 June 2019, amounts due from joint ventures of £331.6 million (2018: £311.2 million, 2017: £248.6 million) were considered for impairment. The impairment reviews were performed in accordance with IFRS 9 as described in note 1. No impairment loss has been recognised for these balances in the year ended 30 June 2019 (2018: £nil, 2017: £nil).

The Target Businesses have no commitments (2018: £nil, 2017: £nil) to provide further subordinated debt to their joint ventures.

The Target Businesses' share of joint ventures external bank funding was £19.7 million at 30 June 2019 (2018: £55.0 million, 2017: £26.0 million). The joint ventures have no significant contingent liabilities to which the Target Businesses are exposed (2018: £nil, 2017: £nil). The joint ventures had no capital commitments as at 30 June 2019 (2018: £nil, 2017: £nil).

Material joint ventures are assessed according to their holdings and/or issuing listed debt and none was assessed to be material during the year (2018: none, 2017: none)

Details of related party transactions with joint ventures are given in note 27.

12. Other investments

	2019	2018	2017
		(£m)	
At 1 July	0.7	0.7	0.7
Disposals and subordinated loan repayments	(0.3)	–	–
At 30 June	0.4	0.7	0.7

These comprise shared equity receivables.

The business has sold the majority of its shared equity portfolio.

13. Developments

	2019	2018	2017
		(£m)	
Land	526.8	433.6	431.7
Work in progress	318.7	251.3	257.8
	845.5	684.9	689.5

	2019	2018	2017
		(£m)	
Movement on development provisions			
Balance at 1 July	1.9	1.9	2.2
Reversed in the year	(0.4)	–	(0.3)
Balance at 30 June	1.5	1.9	1.9

14. Construction contracts

	2019	2018	2017
		(£m)	
Contract in progress at balance sheet date:			
Amounts recoverable on construction contracts included in trade and other receivables	–	36.8	33.6
Payments received on account on construction contracts included in trade and other payables	–	(33.5)	(16.6)
	–	3.3	17.0

The Target Businesses adopted IFRS 15 Revenue from Contracts with Customers on 1 July 2018 using the modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to opening equity (note 30). Consequently, no balances are shown for this note in 2019 and are included within contract assets and contract liabilities.

Contracting revenue is disclosed in note 2. The aggregate amount of cost incurred plus recognised profits (less recognised losses) for all contracts in progress at the balance sheet date was £716 million in 2018 (2017: £598 million).

Retentions held by customers for contract work amounted £18.4 million in 2018 and £16.7 million in 2017).

15. Trade and other receivables

	Notes	2019	2018	2017
			(£m)	
Amounts falling due within one year:				
Trade receivables		157.0	96.2	108.3
Less: provision for impairment of receivables		(0.4)	(0.1)	(0.1)
Trade receivables – net		156.6	96.1	108.2
Amounts recoverable on construction contracts[1]		–	36.8	33.6
Contract assets[1]	20	68.2	–	–
Amounts due from joint ventures		93.5	166.3	141.7
Other receivables		4.9	12.0	11.0
Prepayments and accrued income[1]		24.8	34.3	49.3
		348.0	345.5	343.8

Note:

(1) The Target Businesses adopted IFRS 15 Revenue from Contracts with Customers on 1 July 2018 using the modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to opening equity (note 30). Prepayments and accrued income includes £nil (2018: £2.9 million, 2017: £6.1 million) of accrued income.

	2019	2018	2017
		(£m)	
Amounts falling due in more than one year:			
Amounts due from joint ventures	238.1	144.9	106.9
Other receivables	0.3	4.0	4.8
	238.4	148.9	111.7

Movements on the Target Businesses' provision for impairment of trade receivable were as follows:

	2019	2018	2017
		(£m)	
At 1 July	(0.1)	(0.2)	(0.6)
(Increase)/decrease in provision for receivables impairment	(0.3)	0.1	0.4
At 30 June	(0.4)	(0.1)	(0.2)

Provisions for impaired receivables have been included in cost of sales in the income statement. Amounts charged to the impairment provision are generally written off, when there is no expectation of recovering additional cash.

Provisions for amounts due from joint venture undertakings are set out in note 11. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the book value of each class of receivable mentioned above, along with the businesses investment in shared equity receivables (note 12) and its cash and cash equivalents. The business does not hold any collateral as security.

The maturity of non-current receivables is as follows:

	2019	2018	2017
		(£m)	
In more than one year but not more than two years	67.9	11.3	1.1
In more than two years but not more than five years	91.9	40.2	3.7
In more than five years	78.6	97.4	106.9
	238.4	148.9	111.7

Of the amounts due in more than five years, £10.7 million is due within 20 years and £67.9 million is due within seven years (2018: £10.4 million within 20 years and £87.0 million within seven years, 2017: £16.7 million within 22 years and £90.2 million within seven years). These amounts, as well as other amounts due from joint ventures recognised within current assets, are unsecured and interest rates vary from bank base rate plus 1.75 per cent. to 10 per cent.

As of 30 June 2019, trade receivables of £51.7 million (2018: £23.0 million, 2017: £13.1 million) were past due but not impaired.

These relate to a number of independent customers for whom there is no recent history of default and there are no indications that they will not meet their payment obligations in respect of the trade receivables recognised in the balance sheet that are past due and unprovided. The ageing analysis of these trade receivables is as follows:

	2019	2018	2017
		(£m)	
Number of days past due date			
Less than 30 days	37.5	11.8	7.0
Between 30 and 60 days	5.3	4.8	5.1
Between 60 and 90 days	0.3	1.3	0.1
Between 90 and 120 days	4.7	1.2	–
Greater than 120 days	3.9	3.9	0.9
	51.7	23.0	13.1

As of 30 June 2019, trade receivables were considered for impairment based on management's judgement and review of the trade receivables listings. The amount provided for these balances was £0.4 million (2018: £0.1 million, 2017: £0.2 million). The allocation of the provision is as follows:

	2019	2018	2017
		(£m)	
Number of days past due date:			
Greater than 120 days	0.4	0.1	0.2
	0.4	0.1	0.2

16. Cash and cash equivalents

	2019	2018	2017
		(£m)	
Cash at bank and in hand	38.4	78.5	221.0

Cash at bank above includes £nil (2018: £nil, 2017: £nil) of restricted cash. The effective interest rate received on cash balances is 0.5 per cent. (2018: 0.5 per cent., 2017: 0.5 per cent.).

	2019	2018	2017
		(£m)	
Net cash/(debt)			
Cash and cash equivalents excluding bank overdrafts	38.4	78.5	221.0
Current borrowings – bank overdrafts (note 18)	(614.7)	(583.4)	(760.0)
Cash and cash equivalents per the statements of cash flows	(576.3)	(504.9)	(539.0)
Non-current borrowings (note 18)	(100.0)	(100.0)	(100.0)
Net (debt)	(676.3)	(604.9)	(639.0)

17. Trade and other payables

	Notes	2019	2018	2017
			(£m)	
Payments received on account on construction contracts[1]		–	33.5	16.6
Trade payables[1]		76.7	108.3	116.0
Development land payables		150.5	65.6	98.2
Contract liabilities[1]	20	142.0	–	–
Amounts due to joint ventures		24.8	18.0	31.8
Other taxation and social security payable		6.0	0.6	3.6
Accruals and deferred income[1]		250.9	252.4	197.7
		650.9	478.4	463.9

Note:

(1) The Target Businesses adopted IFRS 15 Revenue from Contracts with Customers on 1 July 2018 using the modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to opening equity (note 30).

Developments of £67.1 million (2018: £49.7 million, 2017: £71.9 million) have been pledged as security for current and non-current development land payables. Other payables are unsecured. Accruals and deferred income includes £nil (2018: £12.4 million, 2017: £10.0 million) deferred income.

18. Financial liabilities – borrowings

	2019	2018	2017
		(£m)	
Current			
Bank overdrafts	614.7	583.4	760.0
	614.7	583.4	760.0
Non-current			
Debt private placement	100.0	100.0	100.0
	100.0	100.0	100.0

The bank overdrafts are unsecured. An arm's length internal interest rate of c. 6.0 per cent. (2018: 6.0 per cent., 2017: 6.0 per cent.) has been used when calculating balances allocated to the Target Businesses.

In February 2017, the Target Businesses raised £100 million in nominal amount of senior unsecured debt by way of private placement, to certain institutional investors, of £100 million 4.03 per cent. fixed rate senior unsecured notes due February 2027 (referred to herein as, the Private Placement Bond). The debt was issued by Galliford Try but is to be taken on as part of the Target Businesses, as acquired by Bovis Homes as part of the Acquisition and has therefore been included in the combined historical financial information as a non cash transfer from parent as shown within invested capital.

19. Other non-current liabilities

	2019	2018	2017
		(£m)	
Development land payables	66.4	78.8	46.3
Contract liabilities[1]	26.1	–	–
Accruals and deferred income[1]	9.2	42.2	46.3
	101.7	121.0	92.6

Note:

(1) The Target Businesses adopted IFRS 15 Revenue from Contracts with Customers on 1 July 2018 using the modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to opening equity (note 30).

Developments of £67.1 million (2018: £49.7 million, 2017: £71.9 million) have been pledged as security for current and non-current development land payables. Other payables are unsecured. Accruals and deferred income includes £nil (2018: £32.5 million, 2017: £34.4 million) deferred income.

The maturity profile of the anticipated undiscounted future cash flows of non-derivative financial liabilities based on the earliest date on which the Target Businesses can be required to pay financial liabilities on an undiscounted basis, is as follows:

	Financial liabilities at amortised cost			
	Development land payables	Amounts due to joint venture undertakings	Other financial liabilities at amortised cost	Total
		(£m)		
Within one year	150.5	24.8	327.6	502.9
More than one year and less than two years	38.7	–	9.2	47.9
More than two years	27.7	–	–	27.7
30 June 2019	216.9	24.8	336.8	578.5

	Financial liabilities at amortised cost			
	Development land payables	Amounts due to joint venture undertakings	Other financial liabilities at amortised cost	Total
		(£m)		
Within one year	65.6	18.0	348.3	431.9
More than one year and less than two years	71.3	–	9.7	81.0
More than two years	7.5	–	–	7.5
30 June 2018	144.4	18.0	358.0	520.4

	Financial liabilities at amortised cost			
	Development land payables	Amounts due to joint venture undertakings	Other financial liabilities at amortised cost	Total
		(£m)		
Within one year	98.2	31.8	303.7	433.7
More than one year and less than two years	45.9	–	11.9	57.8
More than two years	0.4	–	–	0.4
30 June 2017	144.5	31.8	315.6	491.9

20. Contract balances

Contract assets and liabilities are included within "trade and other receivables" and "trade and other payables" respectively on the face of the balance sheet. Where there is a corresponding contract asset and liability in relation to the same contract, the balance shown is the net position. The timing of work performed (and thus revenue recognised), billing profiles and cash collection, results in trade receivables (amounts billed to date and unpaid), contract assets (unbilled amounts where revenue has been recognised) and customer advances and deposits (contract liabilities), where no corresponding work has been performed, being recognised on the Target Businesses' balance sheet.

The reconciliation of the opening to closing contract balances is shown below:

	Contract asset	Contract liability
	(£m)	
1 July 2018	–	–
Adjustment as a result of transitioning to IFRS 9 and IFRS 15[(1)] on 1 July 2018	40.7	(153.8)
1 July 2018 as restated	40.7	(153.8)
Revenue recognised		
Of which relates to performance obligations		
Satisfied in the current year	1,274.3	36.3
Total revenue recognised	1,274.3	36.3
Transfers in the period from contract assets to trade receivables	(1,246.8)	–
Net cash received in advance of performance obligations being fully satisfied	–	(50.6)
30 June 2019	68.2	(168.1)

Note:

(1) The Target Businesses adopted IFRS 15 Revenue from Contracts with Customers on 1 July 2018 using the modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to opening equity (note 30).

The amount of incremental costs to obtain or fulfil a contract which have been recognised as an asset is £nil.

Revenue allocated to performance obligations that are unsatisfied at 30 June, are expected to be recognised as disclosed in note 3.

21. Deferred income tax

Deferred income tax is calculated in full on temporary differences under the liability method, using a tax rate of 19.0 per cent. (2018: 19.0 per cent., 2017: 19.75 per cent.).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities. The net deferred tax position at 30 June was:

	2019	2018	2017
		(£m)	
Deferred income tax assets – non-current	–	–	0.6
Deferred income tax assets	–	–	0.6
Deferred income tax liabilities – non-current	(1.3)	(1.3)	0.6
Deferred income tax liabilities	(1.3)	(1.3)	0.6
Net deferred income tax	(1.3)	(1.3)	1.2

The movement for the year in the net deferred income tax account is as shown below:

	2019	2018	2017
		(£m)	
At 1 July	(1.3)	1.2	0.8
(Expense) recognised in equity	–	(1.9)	(0.2)
On acquisition of subsidiaries	–	(0.6)	0.6
At 30 June	(1.3)	(1.3)	1.2

Deferred income tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred income tax assets, as it is probable that these assets will be recovered.

Deferred income tax assets

	Retirement benefit obligations	Total
	(£m)	
At 1 July 2016	0.8	0.8
(Expense) recognised in equity	(0.2)	(0.2)
At 1 July 2017	0.6	0.6
Transferred to deferred income tax liability	(0.6)	(0.6)
At 30 June 2018 and 30 June 2019	–	–

Deferred income tax liabilities

	Retirement benefit obligations	Fair value adjustments	Total
		(£m)	
At 1 July 2016	–	–	–
On acquisition of subsidiaries	–	0.6	0.6
At 1 July 2017	–	0.6	0.6
Transferred from deferred income tax asset	0.6	–	0.6
(Expense) recognised in equity	(1.9)	–	(1.9)
On acquisition of subsidiaries	–	(0.6)	(0.6)
At 30 June 2018 and 30 June 2019	(1.3)	–	(1.3)

22. Financial instruments

The Target Businesses' activities expose them to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Target Businesses' overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Businesses' financial performance. Financial assets and liabilities are offset and the net amount reported when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Target Businesses operate within financial risk policies and procedures approved by the Galliford Try Board. It is, and has been throughout the year, the Target Businesses' policy that no trading in financial instruments shall be undertaken. The Galliford Try Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Target Businesses' financial instruments principally comprise bank borrowings, cash and cash equivalents, receivables and payables, other investments and interest rate swaps that arise directly from their operations and their acquisitions.

Capital risk management

During the periods, these businesses were subsidiaries of Galliford Try plc. The Galliford Try Group is funded by ordinary shares, retained profits and a single bank facility. Galliford Try's objectives when managing capital are to safeguard Galliford Try's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The capital requirements of Galliford Try's businesses differ, with housebuilding (including Linden Homes and the mixed-tenure developments of Partnerships & Regeneration) typically requiring debt and construction typically being cash generative, and the economic cycle of each business is also different. Galliford Try manages its capital taking these differing requirements into account.

In order to maintain or adjust the capital structure, Galliford Try may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In 2017, Galliford Try completed a debt private placement of £100 million 10-year Sterling notes to supplement its bank facilities, following a review of its future capital requirements undertaken in the context of Galliford Try's strategy to 2021, and Galliford Try is continuing to target period-end gearing of no more than 30 per cent.

Consistent with others in the industry, Galliford Try monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the combined balance sheet) less cash and cash equivalents. Galliford Try held net debt at 30 June 2019 but net cash at 30 June 2018 and 30 June 2017 and, therefore, had gearing of 8 per cent. in 2019 and nil per cent. in 2018 and 2017. Galliford Try also has capital requirements in the covenants in its bank facilities. Galliford Try has complied with all bank covenants during the periods.

Financial risk factors

(a) ***Market risk***

(i) *Foreign exchange risk*

All material activities of the Target Businesses take place within the UK and consequently there is little direct exchange risk other than payments to overseas suppliers who require settlement in their currency. If there is any material foreign exchange exposure, the Target Businesses' policy is to enter into forward foreign currency contracts. The Target Businesses have no material currency exposure at 30 June 2019 (2018: nil, 2017: nil).

(ii) *Price risk*

The Target Businesses are affected by the level of UK house prices. These are, in turn, affected by factors such as mortgage availability, employment levels, interest rates, consumer confidence and availability of land with planning. While it is not possible to fully mitigate such risks the Target Businesses continue to monitor their geographical spread within the UK concentrating their operations in areas that management believes minimise the effect of local microeconomic fluctuations. As at 30 June 2019, the Target Businesses' house price linked financial instruments consisted entirely of shared equity receivables held at fair value with movements recorded in other comprehensive income and the sensitivity to house price inflation and discount rates was not significant. The concentration of the financial risk lies within price risk as a result of these financial instruments being linked to house prices.

The Target Businesses have no quoted investments that are exposed to equity securities price risk. The Target Businesses are not exposed to commodity price risk.

(iii) *Interest rate risk*

The Target Businesses' income and operating cash flows are substantially independent of changes in market interest rates.

The Target Businesses' interest rate risk arises from movement in cash and cash equivalents and long-term borrowings. Borrowings issued at variable rates expose the Target Businesses to cash flow interest rate risk.

Based on the forecasts performed, the impact on post tax profit and equity of a 1 per cent. decrease or increase in interest rates for a year would be a maximum increase of £5.3 million (2018: £5.4m, 2017: £5.6 million) or decrease of £5.3 million (2018: £5.4 million, 2017: £5.6 million), respectively.

(b) ***Credit risk***

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables (including shared equity receivables) and committed transactions. The Target Businesses have a credit risk exposure to the providers of their banking facilities. These are primarily provided by HSBC Bank plc, Santander UK plc, National Westminster Bank plc and Barclays Bank plc, being four of the UK's leading financial institutions.

Further details of credit risk relating to trade and other receivables are disclosed in note 16. No credit limits were exceeded during the reporting period, and management does not expect any material losses from non-performance of any counterparties, including in respect of receivables not yet due.

(c) ***Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Target Businesses treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Target Businesses finance their operations through a mixture of retained profits and bank borrowings. The contracting operations of the Target Businesses generally generate cash. The housebuilding operations, however, utilise cash and any future downturn in the housebuilding market may require additional borrowings, in addition to retained earnings, to finance the maintenance of the landbank and associated work in progress. Management monitors rolling forecasts of the Target Businesses' liquidity reserve, which comprises undrawn borrowing facilities (see below) and cash and cash equivalents (note 16) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Target Businesses, in accordance with practices and limits set by the Target Businesses. These limits vary by location to take into account the liquidity of the market in which the entity operates. On a daily basis throughout the year, the bank balances or borrowings in all the Target Businesses' operating companies are aggregated into a total cash or borrowings figure, in order that the Target Businesses can obtain the most advantageous interest rate.

In accordance with IFRS 9 "Financial Instruments", the Target Businesses have reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

Fair values of non-derivative financial assets and financial liabilities

Where market values are not available, fair values of financial assets and financial liabilities have been calculated by discounting expected future cash flows at the prevailing interest rate. The fair value of current borrowings equals their carrying amounts as the impact of discounting is not significant.

		2019		2018		2017	
	Notes	Book value	Fair value	Book value	Fair value	Book value	Fair value
				(£m)			
Non-current borrowings	18	100.0	100.0	100.0	100.0	100.0	100.0

Fair value of other financial assets and financial liabilities

Primary financial instruments held or issued to finance the Target Businesses' operations:

		2019		2018		2017	
	Notes	Book value	Fair value	Book value	Fair value	Book value	Fair value
				(£m)			
Financial liabilities:							
Current financial liabilities measured at amortised cost	17	502.9	502.9	431.9	431.9	433.7	433.7
Non-current financial liabilities measured at amortised cost	19	101.7	101.7	88.5	88.5	58.2	58.2
Overdrafts/(cash) and overdrafts/(cash) equivalents	16	576.3	576.3	504.9	504.9	539.0	539.0
Financial assets:							
Other investments	12	0.4	0.4	0.7	0.7	0.7	0.7
Loans and receivables	15	323.2	323.2	314.0	314.0	285.3	285.3
Non-current loans and receivables	15	238.4	238.4	148.9	148.9	111.7	111.7

Prepayments and accrued income are excluded from the loans and receivables balance; and statutory liabilities, deferred income and payments received on account on construction contracts are excluded from financial liabilities measured at amortised cost. A maturity analysis of the Target Businesses' non-derivative financial liabilities is given in note 19.

There is no difference between the book value and the fair value of the Target Businesses' other financial assets and financial liabilities.

Borrowing facilities

The Target Businesses had the following undrawn committed borrowing facilities available at 30 June:

	Floating rate		
	2019	2018	2017
		(£m)	
Expiring:			
In more than two years	–	–	–
	–	–	–

In February 2017, the Target Businesses completed a Private Placement Bond of £100 million 10-year Sterling notes, maturing in February 2027.

Fair value estimation

Specific valuation techniques used to value financial instruments are defined as:

- Level 1 – Quoted market prices or dealer quotes in active markets for similar instruments.
- Level 2 – The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows, based on observable yield curves.
- Level 3 – Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. The fair value of other investments is set out in note 12.

The following table presents the Target Businesses' assets and liabilities that are measured at fair value at 30 June:

	2019		2018		2017	
	Level 3	Total	Level 3	Total	Level 3	Total
			(£m)			
Assets						
Available for sale financial assets						
– Other investments	0.4	0.4	0.7	0.7	0.7	0.7
Total	0.4	0.4	0.7	0.7	0.7	0.7

There were no transfers between levels during the period.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Fair value measurements using significant unobservable inputs (Level 3)

	2019	2018	2017
		(£m)	
Opening balance	0.7	0.7	0.7
Disposals	(0.3)	–	–
Closing balance	0.4	0.7	0.7

The key assumptions used in Level 3 valuations include future house price movements, the expected timing of receipts, credit risk and discount rates. The typical repayment period is 10-15 years and the timing of receipts is based on historical data. The discount rate of 5.5 per cent. and future house price movements used to compute the fair value (typically 2.5 per cent.) are based on local market conditions. The sensitivity to house price inflation and discount rates is set out earlier in this note. If receipts were to occur earlier than expected, the fair value would increase.

The total impact in the period of Level 3, taken to the income statements, is a net charge of £nil (2018: £nil, 2017: £nil) in cost of sales and £nil (2018: £nil, 2017: £nil) finance income.

23. Share-based payments

The Target Businesses operate performance-related share incentive plans for executives. The Target Businesses also operates sharesave schemes. The total charge for the year relating to employee share-based payment plans was £0.4 million (2018: £0.8 million, 2017: £0.5 million), all of which related to equity-settled share-based payment transactions. After deferred tax, the total charge £0.4m (2018: £0.8 million, 2017: £0.5 million).

Savings related share options

The Target Businesses operate an HMRC approved share save scheme under which employees are granted an option to purchase ordinary shares in Galliford Try at up to 20 per cent. less than the market price at grant, in either three or five years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. These funds are used to fund the option exercise. This scheme is open to all employees meeting the minimum employment period. No performance criteria are applied to the exercise of share save options.

The options were valued using the binomial option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	Share price at grant date	Exercise price	Contract date	Expected volatility	Option life (years)	Risk free rate	Dividend yield	Employee turnover before vesting	Fair value per option
14.11.12	639p	591p	01.01.13	46%	5	0.9%	4.2%	10%	199.9p
10.11.14	1057p	838p	01.01.15	23%	3	1.2%	4.5%	10%	192.9p
10.11.14	1057p	838p	01.01.15	28%	5	1.6%	4.5%	10%	229.0p
21.10.15	1405p	1234p	01.01.16	22%	3	0.8%	4.4%	10%	195.8p
21.10.15	1405p	1234p	01.01.16	25%	5	1.2%	4.4%	10%	233.2p
01.11.16	1120p	936p	01.01.17	27%	3	0.4%	6.6%	10%	158.5p
01.11.16	1120p	936p	01.01.17	26%	5	0.7%	6.6%	10%	137.6p
02.11.17	1090p	928p	01.01.18	27%	3	0.5%	7.9%	10%	113.7p
02.11.17	1090p	928p	01.01.18	25%	5	0.8%	7.9%	10%	89.8p
23.10.18	851p	823p	01.01.19	32%	3	0.9%	8.7%	10%	79.2p
23.10.18	851p	823p	01.01.19	28%	5	1.1%	8.7%	10%	58.5p

The expected volatility is based on historical volatility in the movement in the share price over the last three or five years up to the date of grant depending on the option life. The expected life is the average expected period to exercise. The risk-free rate is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life.

Performance-related long-term incentive plans

The Target Businesses operate performance-related share incentive plans for executives, details of which are set out in the Target Businesses Directors' remuneration report. The awards that vest are satisfied by the transfer of shares for no consideration.

The options were valued using a Monte Carlo model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	Share price at grant date	Vesting period/option life (months)	Risk free rate	Dividend yield	Fair value per option
26.09.15	1476p	36	0.8%	4.1%	757p
16.11.16	1155p	36	0.4%	6.4%	459p
22.09.17	1192p	36	0.5%	7.2%	0p
20.09.18	1065p	36	1.0%	7.0%	0p

The expected volatility is based on historical volatility in the movement in the share price of Galliford Try and its comparator group and the correlations between them over the last three years. The expected life is the average expected period to exercise. The risk free rate is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life.

24. Retirement benefit assets

All employees are entitled to join the Galliford Try Pension Scheme, a defined contribution scheme established as a stakeholder plan, with a company contribution based on a scale dependent on the employee's age and the amount they choose to contribute. Since 1 July 2013, all non-participating and newly employed staff have been auto-enrolled into the separate stakeholder plan and are entitled to increase their contribution rates in line with existing members. Since 1 April 2009, the Target Businesses have operated a pension salary sacrifice scheme which means that all employee pension contributions are paid as employer contributions on their behalf. The Galliford Try Pension Scheme will remain with Galliford Try following Completion.

Galliford Try also operates three defined benefit pension schemes, as detailed below.

Pension costs for the schemes were as follows:

	2019	2018	2017
		(£m)	
Defined benefit schemes – expense recognised in the income statement	0.6	0.6	0.3
Defined contribution schemes (included within employee benefit expense, note 4)	6.8	5.1	4.1
Total	7.4	5.7	4.4

Of the total charge for all schemes £3.2 million (2018: £2.4 million, 2017: £2.0 million) and £4.2 million (2018: £3.3 million, 2017: £2.4 million) were included, respectively, within cost of sales and administrative expenses. £nil (2018: nil, 2017: £nil) was included within net finance costs.

Defined benefit schemes

Galliford Try operates three defined benefit pension schemes under the UK regulatory framework that pay out pensions at retirement based on service and final pay, each with assets held in separate trustee administered funds: the Galliford Try Final Salary Pension Scheme, the Galliford Group Special Scheme and the Kendall Cross (Holdings) Ltd Assurance & Pension Scheme. The historical financial information includes all three of these arrangements. Galliford Try's principal funded pension scheme is the Galliford Try Final Salary Pension Scheme which was closed to all future service accrual on 31 March 2007.

The trustees of each scheme are required to act in the best interests of the plans' beneficiaries and are responsible for the investment strategy of the scheme. For the Galliford Try Final Salary Pension Scheme the trustee is Galliford Try Pension Trustee Limited. The appointment of the directors to the trustee board is determined by that trustee company's articles. Currently, the trustee board includes member-nominated, company-nominated and independent directors. Galliford Try Employment Limited and (by virtue of the current guarantee) Galliford Try plc are ultimately responsible for making up any shortfall in the scheme over a period agreed with the trustees. To the extent that actual experience is different to that assumed, the contributions required from the scheme's employer could vary in the future. The two key risks faced by pension schemes are longevity (i.e. members living longer than expected) and investment risk (i.e. the scheme's assets perform poorly relative to the liabilities).

An independent actuary performs detailed triennial valuations together with periodic interim reviews. The most recent completed formal actuarial valuation for the Galliford Try Final Salary Pension Scheme was as at 30 June 2018 and was prepared by LCP the scheme actuary. The Galliford Try Final Salary Pension Scheme closed to future accrual with effect from 31 March 2007. In June 2016, the Galliford Try Final Salary Pension Scheme completed a £95 million insurance buy-in transaction. In July 2018, the Galliford Group Special Scheme completed a £7 million insurance bulk annuity buyout transaction, securing the pensioner liabilities of the scheme. The premium paid was £0.9 million higher than the IAS 19 liabilities discharged and, therefore, a settlement charge of £0.9 million was expensed to the income statement. The IAS 19 accounting result for the Galliford Try Final Salary Pension Scheme has been calculated using a roll-forward approach based on the liabilities calculated for the 30 June 2018 actuarial valuation, and incorporates the insurance buy-in referred to above.

The deficit recovery funding plan agreed with the trustees of the Galliford Try Final Salary Pension Scheme in 2019 requires Galliford Try to pay contributions of £389,583 per calendar month until January 2021, plus additional payments being linked to dividend payments of the Company which were estimated by the trustees to amount to in the region of £6.9 million to November 2022. After Completion, Bovis Homes Homes Limited has agreed that it will maintain the £389,583 per calendar month contribution and then make additional contributions (in lieu of the previously agreed dividend related contributions) of £126,667 per calendar month until 31 January 2021 and £234,885 per calendar month from 1 February 2021 to 30 September 2022.

The most recent actuarial valuation of the Galliford Group Special Scheme was prepared using the defined accrued benefit method as at 1 April 2016. No further contributions are expected to be required for this scheme and in July 2018, an insurance bulk annuity buyout transaction was completed for £7 million, securing the pensioner liabilities of the scheme. Options for winding up the scheme are now being reviewed and it is expected that this transaction will be completed during the coming year.

The Kendall Cross (Holdings) Limited Scheme is funded and provides benefits based on final pensionable salaries. The scheme was closed to new members and to future accrual for existing members prior to the date of the acquisition by Galliford Try in November 2007. The most recent actuarial valuation of the scheme was prepared as at 13 November 2017. The schedule of contributions dated 11 February 2019 required Galliford Try Employment Limited to pay £15,300 each calendar month until 30 November 2023. After Completion, Bovis Homes Limited will continue to pay contributions on the same basis.

On 26 October 2018, the High Court issued its judgement in the GMP equalisation case with Lloyds Bank Plc. The key implication of this case is the need for pension schemes to equalise benefits for the effect of unequal GMPs accrued between May 1990 and April 1997; this applies to UK pension schemes who were contracted out of the "State Earnings Related Pension Scheme" during this period and who provide GMPs and therefore includes the Galliford Try Final Salary Pension Scheme and the Kendall Cross (Holdings) Ltd Pension & Assurance Scheme, resulting in an increase to the IAS 19 defined benefit obligations for both. The wording in the High Court ruling implies that trustees should effect this increased obligation by an amendment to the scheme benefits which would be treated as a plan amendment and therefore a past service costs expensed in the income statement, recognised at the date that they occurred (being the date of the Lloyds GMP judgement, 26 October 2018). This has been estimated at 30 June 2019 to be equivalent to c. 1.6 per cent. of the schemes liabilities, resulting in an expense in the income statement and an increase in liabilities of £3.5 million.

Principal assumptions

The valuation of the Galliford Try pension schemes has been updated to 30 June 2019 and all three schemes are consolidated for disclosure purposes below. The principal actuarial assumptions used in the calculation of the disclosure items are as follows:

	For the year ended 30 June		
	2019	**2018**	**2017**
Rate of increase in pensionable salaries	n/a	n/a	n/a
Rate of increase in pensions in payment	3.10%	3.00%	3.10%
Discount rate	2.25%	2.70%	2.65%
Retail price inflation	3.25%	3.15%	3.25%
Consumer price inflation	2.25%	2.15%	2.25%

For the Galliford Try Final Salary Pension Scheme, the life expectancies as at 30 June 2019 are based on S2NA tables (90 per cent. scaling factor applied for males with a future improvement in mortality assumptions in line with CMI 2018 tables with a long-term rate of improvement of 1.25 per cent.). For 2018, they are based on S2NA tables (90 per cent. scaling factor applied for males with a future improvement in mortality assumptions in line with CMI 2017 tables with a long-term rate of improvement of 1.25 per cent.). For 2017, they are based on S2NA tables (90 per cent. scaling factor applied for males with a future improvement in mortality assumptions in line with CMI 2016 tables with a long-term rate of improvement of 1.25 per cent.).

	For the year ended 30 June		
	2019	**2018**	**2017**
Male member age 65 (current life expectancy)	22.5	23.0	23.1
Male member age 45 (life expectancy at age 65)	23.8	24.3	24.5
Female member age 65 (current life expectancy)	24.5	24.9	25.0
Female member age 45 (life expectancy at age 65)	26.0	26.4	26.5

At 1 July 2018, the date of the last valuation, the scheme had 1,123 deferred members and 890 pensioners.

Assets in the scheme

The fair value of the assets and present value of the obligations at 30 June of the Target Businesses' defined benefit arrangements are as follows:

	For the year ended 30 June					
	2019		**2018**		**2017**	
	Value £m		**Value £m**		**Value £m**	
Equities[1]	37.4	15%	35.8	15%	40.9	17%
Gilts[1]	2.6	1%	10.0	4%	9.3	4%
Bonds[1]	20.2	8%	20.4	9%	1.4	1%
Diversified growth funds[1]	42.9	17%	42.3	18%	44.4	18%
Liability driven investments[1]	57.2	23%	44.0	19%	38.1	16%
Cash	1.7	1%	1.6	1%	20.3	8%
Unquoted insured annuities[2]	83.7	35%	81.5	34%	88.5	36%
	245.7	100%	235.6	100%	242.9	100%
Present value of defined benefit obligations	(238.7)		(228.6)		(246.1)	
Surplus/(deficit) in scheme recognised as non-current asset/(liability)	7.0		7.0		(3.2)	

Notes:

(1) Equities, gilts, bonds and the diversified growth funds are quoted assets. The asset classes are intended to minimise the volatility of the funding position.

(2) Unquoted insured annuities include £82.7m in respect of the pensioner buy-in transaction completed by the Galliford Try Final Salary Pension Scheme in June 2016, and other annuities held by the Kendal Cross (Holdings) Ltd Assurance & Pension Scheme.

If the return on plan assets is below the discount rate, all else being equal, there will be an increase in the deficit. This risk is partially managed by holding a diversified asset portfolio, including liability matching assets and a Liability Driven Investment ("LDI") fund. The risk is also mitigated by the holding of bulk annuity policies in respect of the Galliford Try Final Salary Pension Scheme, the Galliford Group Special Scheme and the Kendall Cross (Holdings) Limited Scheme, which provide a perfectly matching asset in respect of the members covered by the policies.

Sensitivity analysis of scheme liabilities

The weighted average duration of the defined benefit obligations at 30 June 2019 was 19 years. The sensitivity of the present value of scheme liabilities at 30 June 2019 to changes in the principal assumptions is set out below.

	Change in assumption[1]	2019 Impact on scheme liabilities	2018 Impact on scheme liabilities	2017 Impact on scheme liabilities
Discount rate	Increase by 0.1%	Decrease by £4.3m	Decrease by £4.0m	Decrease by £4.3m
Rate of inflation	Increase by 0.1%	Increase by £3.4m	Increase by £3.2m	Increase by £2.5m
Growth rate in pension payments	Increase by 0.1%	Increase by £1.7m	Increase by £1.7m	Increase by £1.8m
Life expectancy	Increase by one year	Increase by £7.3m	Increase by £6.7m	Increase by £7.2m

Note:

(1) Based on change in assumption while holding all other assumptions constant, which in practice may be unlikely as assumptions may be correlated.

Accounting results

The amounts recognised in the income statement are as follows:

	2019	2018	2017
		(£m)	
Net interest (income) on net defined benefit asset	(0.2)	–	–
Expenses	0.6	0.6	0.3
Past service cost – treated as an exceptional item (note 4)	3.5	–	–
Losses on settlements – treated as an exceptional item (note 4)	0.9	–	–
Expense recognised in the income statement	4.8	0.6	0.3

The actual return on scheme assets was £22.2 million (2018: £3.8 million. 2017: £15.8 million).

The amounts recognised in the statement of comprehensive income are as follows:

	2019	2018	2017
		(£m)	
Total amount of actuarial (losses)/gains in the year	(2.4)	4.0	(5.0)
Cumulative actuarial (losses)	(60.8)	(58.4)	(62.4)

	2019	2018	2017
		(£m)	
Movement in present value of defined benefit obligations			
At 1 July	228.6	246.1	235.7
Interest cost	5.9	6.3	6.9
Experience losses	0.4	–	(3.9)
Actuarial loss/(gain) arising from changes in financial assumptions	23.1	(5.3)	22.8
Actuarial (gain) arising from changes in demographic assumptions	(5.0)	(1.2)	(5.0)
Benefit payments	(11.6)	(17.3)	(10.4)
(Gains) on settlements	(6.2)	–	–
Past service cost	3.5	–	–
At 30 June	238.7	228.6	246.1

	2019	2018	2017
		(£m)	
Movement in fair value of scheme assets			
At 1 July	235.6	242.9	231.4
Interest income	6.1	6.3	6.9
Return on plan assets, excluding interest income	16.1	(2.5)	8.9
Employer contributions	7.2	6.8	6.4
Expenses	(0.6)	(0.6)	(0.3)
Benefit payments	(11.6)	(17.3)	(10.4)
(Losses) on settlements	(7.1)	–	–
At 30 June	245.7	235.6	242.9

	2019	2018	2017
		(£m)	
Movement in fair value of net asset/(liability)			
At 1 July	7.0	(3.2)	(4.3)
Net interest income	0.2	–	–
Return on plan assets, excluding interest income	16.1	(2.5)	8.9
Experience (losses)/gains	(0.4)	–	3.9
Actuarial (losses)/gains	(18.1)	6.5	(17.8)
Employer contributions	7.2	6.8	6.4
Expenses	(0.6)	(0.6)	(0.3)
(Losses) on settlements	(0.9)	–	–
Past service cost	(3.5)	–	–
At 30 June	7.0	7.0	(3.2)

The contributions expected to be paid to the defined benefit schemes during the year ended 30 June 2020 are £6.8 million.

25. Financial and capital commitments

The Target Businesses have no commitments for subordinated debt to joint ventures or other investments at 30 June 2019 (2018: £nil, 2017: £nil), nor any commitment for other capital expenditure.

Galliford Try, together with certain of its subsidiaries, has entered into non-cancellable contracts for the operational leasing of land and buildings and plant and machinery. The leases have various terms, escalation clauses and renewal rights. The leases do not impose restrictions on the Target Businesses' ability to pay dividends or obtain other financing. The minimum commitments for payments under these contracts are as follows:

	2019	2018	2017
		(£m)	
Amounts due:			
Within one year	3.9	1.6	1.6
Later than one year and less than five years	4.4	5.8	3.9
After five years	0.2	3.0	0.4
	8.5	10.4	5.9

Galliford Try, together with certain of its subsidiaries, has entered into arrangements with HSBC Bank plc, National Westminster Bank plc, Santander UK plc and Barclays Bank plc to guarantee the borrowings of Target Businesses companies.

26. Guarantees and contingent liabilities

Galliford Try has entered into financial guarantees and counter indemnities in respect of bank and performance bonds issued in the normal course of business on behalf of the Target Businesses undertakings, including joint arrangements, amounting to £84.6 million (2018: £88.1 million, 2017: £46.1 million).

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The directors make proper provision in the historical financial information when they believe a liability exists.

27. Related party transactions

Transactions between the Target Businesses and their joint ventures and jointly controlled operations are disclosed as follows:

	Sales to related parties			Purchases from related parties			Amounts owed by related parties			Amounts owed to related parties		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
						(£m)						
Trading transactions												
Joint ventures	67.9	48.5	61.7	–	–	0.4	331.6	311.2	248.6	24.8	18.0	11.7
Parent	–	–	–	6.6	8.1	8.4	–	–	–	–	–	–

	Interest and dividend income from related parties		
	2019	2018	2017
		(£m)	
Non-trading transactions			
Joint ventures	16.5	12.2	12.3

Sales to related parties are based on terms that would be available to unrelated third parties. Receivables are due within seven years (2018: seven years, 2017: seven years) and are unsecured, with interest rates varying from bank base rate plus 1.75 per cent. to 10 per cent. Payables are due within one year (2018: one year, 2017: one year) and are interest free.

28. Target Businesses combinations

On 1 July 2019, the Target Businesses acquired STG for approximately £11.0 million (of which £2.0 million is deferred, £1.0 million for 12 months and £1.0 million for 24 months), delivering a mature operating platform in Yorkshire and expanding the Galliford Try's presence in Cheshire. STG is a well-established regional business with 120 employees and a revenue in its last full year of c. £60 million.

The acquisition was of the entire share capital and control of the holding company Strategic Team Group Limited and its trading subsidiary Strategic Team Maintenance Company Limited. STG operates a new homes contracting business and a maintenance and minor works business. The profile and geographical split of its order book provides an excellent strategic fit with a client base known to the Target Businesses' Partnerships & Regeneration business and STG is on the "Homes England Delivery Partner Panel".

On 12 May 2017, Partnerships & Regeneration acquired the Drew Smith business from its owners for a final amount of £30.5 million (after applying the earn-out provisions and additional payments). The acquisition was of the entire share capital and control of Drew Smith Limited and Drew Smith Homes Limited.

Drew Smith is a mixed-tenure developer with relationships with the Registered Provider and regeneration sector; it has operations in Hampshire, Dorset, Surrey, Sussex and Berkshire, with strong contracting, housebuilding and land acquisition capabilities. The business has a strong contracting order book and a number of land assets in planning as well as approximately 70 employees. The acquisition of Drew Smith is consistent with Galliford Try's stated strategy of national footprint growth through expansion into new geographies and margin improvement through leveraging mixed-tenure expertise; the transaction accelerates the growth in the southern region where mixed-tenure housing demand is generally high.

The goodwill of £24.1 million arising from the acquisition is attributable to the acquired workforce of Drew Smith. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Drew Smith, and the fair value of the assets acquired and liabilities assumed:

	(£m)
Recognised amounts of identifiable assets acquired and liabilities assumed	
Net debt	(2.8)
Property plant and equipment	0.8
Intangible assets(1)	5.3
Trade and other receivables	17.6
Trade and other payables	(19.2)
Net deferred tax assets(2)	0.6
Total identifiable net assets	2.3
Goodwill(6)	24.8
Total	27.1
Consideration	
Cash	12.8
Deferred consideration(3)	12.8
Deferred contingent consideration(4)	1.5
Total(5)	27.1

Notes:

(1) Intangible assets of £5.3 million comprise customer relationships and contracts.

(2) Deferred tax assets recognised on the acquisition relate to the fair value adjustments on acquisition.

(3) Deferred cash consideration included £2.0 million deferred until May 2018 (£1.0 million) and May 2019 (£1.0 million) and is payable subject to the satisfactory resolution of certain customer contract matters.

(4) The contingent consideration is payable on the achievement of certain profit targets by the acquired businesses during 2017 and 2018.

(5) The total consideration was initially assessed at £27.1 million (at acquisition in May 2017). Following the satisfaction of certain contractual conditions, additional consideration of £3.4 million was paid during 2018 and 2019, resulting in the final consideration being £30.5 million.

(6) The goodwill was initially assessed at £24.8m (at acquisition in May 2017 and as included in the Galliford Try plc consolidated annual report and accounts for the year ended 30 June 2017). However, following the finalisation of the acquisition accounting for Drew Smith during 2018, the goodwill was re-assessed to be £24.1m (as included in the Galliford Try plc consolidated annual report and accounts for the year ended 30 June 2018).

The Target Businesses assumed responsibility for £2.7 million of guarantees and contingent liabilities in relation to performance bonds issued in the normal course of business. While the outcome of disputes arising in the normal course of business is never certain, the directors have made proper provision in the acquired balance sheet for liabilities that they believe exist.

The acquisition contributed £13.0 million of revenue and £1.3 million of profit before tax in the year to 30 June 2017. Acquisition related costs of £0.7 million were charged to administrative expenses in the income statement in the year.

29. Post balance sheet events

On 1 July 2019, the Group acquired STG, as detailed in note 28.

30. Impact of the adoption of IFRS 15 Revenue from Contracts with Customers

The Target Businesses have adopted IFRS 15 from 1 July 2018 and as a result, have changed their accounting policy for revenue recognition as detailed in note 1. The Target Businesses have applied IFRS 15 using the modified retrospective approach of initially applying the new standard as an adjustment to the opening balance of equity as at 1 July 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 11 and IAS 18. The details of any changes are set out below.

The Target Businesses' notes to the accounts (specifically 'trade and other receivables', 'trade and other payables' and 'other non-current liabilities') are impacted as a result of moving away from IAS 11 balance sheet captions to those prescribed by IFRS 15. The main reclassification adjustment is in relation to reclassifying 'Amounts recoverable on construction contracts' and 'Payments received on account on construction contracts' to 'Contract Assets' or 'Contract Liabilities'. Additionally, the relevant accrued income balances which were previously presented within 'Prepayments and accrued income' and deferred income balances which were previously presented within 'Accruals and deferred income' for contracts that were ongoing at that time in line with the requirements of IAS 11, have now been presented within 'Contract assets' or 'Contract liabilities' as appropriate. This has not resulted in any change to the balances disclosed in the balance sheet.

Impact on the historical financial information on transition at 1 July 2018

As noted above, there were no adjustments to the Target Businesses' combined income statement and balance sheet on the adoption of IFRS 15 and, therefore, no change in the net assets on transition as at 30 June 2018.

Impact of adopting IFRS 15 on the Target Businesses' 2019 annual results

Impact on Target Businesses' combined income statement for the year to 30 June 2019

As above, the Target Businesses' combined income statement for the year ending 30 June 2019 is not impacted by the transition to IFRS 15 and, therefore, there was no difference between this and the combined income statement if the Target Businesses were to continue to apply previous accounting standards.

Impact on Target Businesses' combined balance sheet at 30 June 2019

There was no impact on the Target Businesses' net assets and combined balance sheet as at 30 June 2019 resulting from the adoption of IFRS 15. This is consistent with the transitional adjustments noted above.

Part B:

Accountant's report for the financial information of the Target Businesses

The Directors
Bovis Homes Group PLC
11 Tower View
Kings Hill
West Malling
ME19 4UY

Lazard & Co., Limited
50 Stratton Street
London W1J 8LL

7 November 2019

Dear Ladies and Gentlemen

Proposed acquisition by Bovis Homes Group PLC of the Linden Homes and Parterships & Regeneration business sectors of Galliford Try plc and their subsidiaries (the "Target Businesses").

We report on the financial information of the Target Businesses for the three years ended 30 June 2019 set out in Part A of Part XII of the Prospectus (the "**Target Financial Information Table**"). The Target Financial Information Table has been prepared for inclusion in the Prospectus dated 7 November 2019 (the "**Prospectus**") of Bovis Homes Group PLC (the "**Company**") on the basis of the accounting policies set out in note 1 to the Target Financial Information Table. This report is required by item 18.3.1 of Annex 1 to the PR Regulation and is given for the purpose of complying with those items and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Target Financial Information Table in accordance with the basis of preparation set out in note 1 to the Target Financial Information Table.

It is our responsibility to form an opinion as to whether the Target Financial Information Table gives a true and fair view for the purposes of the Prospectus and to report our opinion to you.

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 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 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 1 to the PR Regulation, consenting to its inclusion in the Prospectus.

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
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Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Target Businesses' circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Target Financial Information Table gives, for the purposes of the Prospectus dated 7 November 2019, a true and fair view of the state of affairs of the Target Businesses as at the dates stated and of its profits, cash flows and changes in invested capital for the periods then ended in accordance with the basis of preparation set out in note 1 to the Target Financial Information Table.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Prospectus and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 and item 1.2 of Annex 11 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP

Chartered Accountants

PART XIII

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Part A

Unaudited pro forma financial information relating to the Enlarged Group

The unaudited pro forma income statement of the Enlarged Group has been prepared based on the consolidated statement of income of the Group for the year ended 31 December 2018 and the consolidated income statement of Galliford Try for the year ended 30 June 2019 to illustrate the effect on the income statement of the Group of the Acquisition as if it had taken place as at 1 January 2018.

The unaudited pro forma statement of net assets of the Enlarged Group has been prepared based on the consolidated balance sheet of the Group as at 31 December 2018 and the consolidated balance sheet of Galliford Try as at 30 June 2019 to illustrate the effect on the net assets of the Group of the Acquisition as if it had taken place as at 31 December 2018.

The unaudited pro forma income statement of the Enlarged Group and the unaudited pro forma statement of net assets of the Enlarged Group together form the unaudited pro forma financial information.

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 Group's or the Enlarged Group's actual results or financial condition.

The unaudited pro forma financial information has been prepared on a consistent basis with the accounting policies and presentation adopted by the Group in relation to the consolidated financial statements for the year ended 31 December 2018 on the basis of the notes set out below and in accordance with section 3 of Annex 20 to the PR Regulation.

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

Furthermore, the unaudited pro forma financial information set out in this Part A does not constitute statutory accounts within the meaning of section 434 of the Companies Act.

Unaudited pro forma income statement relating to the Enlarged Group

Unaudited pro forma statement of net assets

		Adjustments		
	Group net assets as at 31 December 2018(1)	**Target Businesses net assets as at 30 June 2019**(2)	**Acquisition accounting adjustments**(3)	**Pro forma net assets of the Enlarged Group**
		(£) million		
Assets				
Intangible fixed assets	1.1	2.2	–	3.3
Goodwill	–	82.4	265.1	347.5
Property, plant and equipment	2.2	3.7	–	5.9
Investments	29.0	67.4	–	96.4
Restricted cash	1.4	–	–	1.4
Trade and other receivables	0.6	238.4	–	239.0
Available for sale financial assets	–	–	–	–
Retirement benefit assets	1.4	7.0	–	8.4
Total non-current assets	35.6	401.1	265.1	701.8
Inventories	1,320.2	845.5	–	2,165.7
Trade and other receivables	64.5	348.0	–	412.5
Cash and cash equivalents	163.2	38.4	(103.1)	98.5
Total current assets	1,547.9	1,231.9	(103.1)	2,676.7
Total assets	1,583.5	1,633.0	162.0	3,378.5
Liabilities				
Bank and other loans	36.4	100.0	96.3	232.7
Deferred tax liability	0.7	1.3	–	2.0
Trade and other payables	183.8	101.7	–	285.5
Total non-current liabilities	220.9	203.0	96.3	520.2
Bank and other loans	–	614.7	(614.7)	–
Trade and other payables	278.7	650.9	–	929.6
Provisions	4.8	–	–	4.8
Current tax liabilities	18.1	30.8	–	48.9
Total current liabilities	301.6	1,296.4	(614.7)	983.3
Total liabilities	522.5	1,499.4	(518.4)	1,503.5
Total net assets	1,061.0	133.6	680.4	1,875.0

Notes:

(1) The Group net assets has been extracted without material adjustment from the audited consolidated financial statements of the Group for the year ended 31 December 2018, which is incorporated by reference into this Prospectus as set out in Part XI – "*Financial information of the Group*".

(2) The Target Businesses net assets has been extracted without material adjustment from the audited consolidated financial statements of the Target Businesses for the year ended 30 June 2019, which is set out in Part XII – "*Financial information of the Target Businesses*".

(3) The pro forma statement of net assets has been prepared on the basis that the acquisition of the Target Businesses will be accounted for using the acquisition method of accounting. The excess of consideration over the book value of assets acquired has been reflected as goodwill. No account has been taken of any fair value adjustments which may arise on the acquisition. The existing goodwill of £82.4 million in the Target Businesses has also been removed as an acquisition accounting adjustment.

(a) The preliminary goodwill arising has been calculated as follows:

	£m
Consideration[(1)]:	
Share Consideration	675.0
Cash Consideration	300.0
Novation of the Private Placement Bond	100.0
Total consideration	1,075.0
Less carrying amount of net assets acquired[(2)]	(727.5)
Goodwill (before measurement of the assets acquired and liabilities assumed at their fair value)	347.5

(1) The consideration payable by Bovis Homes for the Target Businesses is subject to certain customary completion adjustment mechanisms linked to the TGAV of the Target Businesses on the date of Completion. The consideration stated above is exclusive of any completion adjustment mechanism.

(2) Carrying value of net assets acquired comprises:

	£m
Total net assets	133.6
Less cash not acquired	(38.4)
Less goodwill not acquired	(82.4)
Less borrowings novated as consideration	100.0
Less borrowings not acquired	614.7
Total carrying value of net assets acquired	727.5

(b) The adjustment to cash and cash equivalents of £103.1 million comprises:

	£m
Cash from issue of new ordinary shares of Group[(1)]	157.0
Cash from £100m term loan	100.0
Cash consideration	(300.0)
Transaction costs[(2)]	(21.7)
Cash not acquired	(38.4)
Total adjustment	(103.1)

(1) Bovis Homes will be placing new shares representing up to approximately 9.99 per cent. of Bovis Homes existing share capital, which is expected to raise gross proceeds of up to £157 million.

(2) For the purposes of the unaudited pro forma net asset statement, transaction costs expected to be incurred by the Group of £16.9 million and refinancing costs of £4.8 million have been deducted from cash and cash equivalents. These costs are not expected to be incurred on an ongoing basis in the Enlarged Group. No tax benefit has been assumed for these costs.

(c) Non-current bank and other loans have been adjusted by £96.3 million to include the £100 million term loan and £1.1 million in amortisation of borrowing costs for the period which are then offset by the capitalised borrowing costs of £4.8 million.

(d) Current bank and other loans has been adjusted to remove the loan within the Target Business of £614.7 million which will not be acquired by Bovis Homes.

(e) No adjustment has been made to reflect any synergies that may arise subsequent to the Acquisition as these are dependent upon the future actions of management. Similarly, no adjustment has been made to reflect the impact of any trading activities subsequent to the date of the information presented.

(4) No adjustment has been made to reflect the financial results of either the Target Businesses since 30 June 2019 or the Group since 31 December 2018.

Unaudited pro forma income statement relating to the Enlarged Group

Unaudited pro forma income statement

		Adjustments		
	Group income statement for the year ended 31 December 2018[(1)]	**Target Businesses income statement for the year ended 30 June 2019**[(2)]	**Acquisition accounting adjustments**[(3)]	**Pro forma income statement of the Enlarged Group**
		(£) million		
Revenue	1,061.4	1,218.7	–	2,280.1
Cost of sales	(830.5)	(978.0)	–	(1,808.5)
Gross Profit	230.9	240.7	–	471.6
Administrative expenses	(56.7)	(94.8)	(16.9)	(168.4)
Operating profit	174.2	145.9	(16.9)	303.2
Financial income	0.5	9.6	–	10.1
Financial expenses	(6.6)	(49.8)	(1.1)	(57.5)
Net financing costs	(6.1)	(40.2)	–	(47.4)
Share of profit/(loss) of joint ventures	–	20.1	–	20.1
Profit before tax	168.1	125.8	(18.0)	275.9
Income tax expense	(31.5)	(24.7)	–	(56.2)
Profit for the year attributable to ordinary shareholders	136.6	101.1	(18.0)	219.7

Notes:

(1) The Group income statement has been extracted without material adjustment from the audited consolidated financial statement of income of the Group for the year ended 31 December 2018, which is incorporated by reference into this Prospectus as set out in Part XI – "*Financial information of the Group*".

(2) The Target Businesses income statement has been extracted without material adjustment from the audited consolidated income statement of the Target Businesses for the year ended 30 June 2019, which is set out in Part XII – "*Financial information of the Target Businesses*".

(3) The pro forma income statement has been prepared on the basis that the acquisition of the Target Businesses will be accounted for using the acquisition method of accounting. For the purposes of the unaudited pro forma income statement, transaction costs expected to be incurred by the Group of £16.9 million have been reflected as an administrative expense and £1.1 million of amortisation of capitalised borrowing costs have been reflected as a finance expense. No tax benefit has been assumed from these costs. See adjustment (b)(1).

(a) No adjustment has been made to reflect the change in interest rate on borrowings for the Enlarged Group as this is expected to be less than £1 million.

(b) No adjustment has been made to reflect any synergies that may arise subsequent to the Acquisition as these are dependent upon the future actions of management.

(4) No adjustment has been made to reflect the financial results of either the Group since 31 December 2018 or the Target Businesses since 30 June 2019.

Part B

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

The Directors
Bovis Homes Group PLC
11 Tower View
Kings Hill
West Malling
ME19 4UY

Lazard & Co., Limited (the "**Sponsor**")
50 Stratton Street
London
W1J 8LL

7 November 2019

Dear Ladies and Gentlemen

Bovis Homes Group PLC (the "Company")

We report on the unaudited pro forma financial information of the Enlarged Group (the "**Pro Forma Financial Information**") set out in Part A of this Part XIII of the Company's prospectus dated 7 November 2019 (the "**Prospectus**") which 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 proposed acquisition by the Company of Linden Homes and Partnerships & Regeneration divisions of Galliford Try plc (the "**Target**") 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 31 December 2018. This report is required by item 18.4.1 of Annex 1 and section 3 of Annex 20 to the PR Regulation and is given for the purpose of complying with the PR Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with item 18.4.1 of Annex 1 and Annex 20 to the PR Regulation.

It is our responsibility to form an opinion, as required by item 18.4.1 of Annex 1 and section 3 of Annex 20 to the PR Regulation as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

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 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 1 to the PR Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. 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 of the Company.

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.

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.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Prospectus and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 and item 1.2 of Annex 11 to the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP

Chartered Accountants

PART XIV

TAXATION

GENERAL

The comments in this Part XIV are of a general nature and are not intended to be exhaustive. Any Shareholders who are in doubt as to their own tax position should consult their professional advisers. In particular, each Shareholder and prospective 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 Consideration Shares, including in respect of any income or gains received from the Consideration Shares.

UNITED KINGDOM

The following statements are intended only as a general guide to certain UK tax considerations in relation to the Consideration Shares and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Consideration 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**") as at 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 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 Shareholders; and (ii) in relation to the statements on stamp duty and stamp duty reserve tax in paragraph (d) below, which apply to all Shareholders), who hold their Consideration Shares as an investment (other than in an individual savings account or pension arrangement) and who are the absolute beneficial owners of both the Consideration Shares and any dividend paid on them. This Part XIV does not address all possible tax consequences relating to an investment in the Consideration Shares. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their Consideration Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes or persons transferring their Consideration Shares to a connected company(ies)) is not considered.

All Shareholders and prospective 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 Consideration Shares under the laws of their country and/or state of citizenship, domicile or residence.

(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.

(i) *UK resident individual Shareholders*

Dividends received by a UK residential individual Shareholder from the Company will generally be subject to tax as dividend income.

The first £2,000 (the "**Nil Rate Amount**") of the total amount of dividend received by such Shareholder in a tax year will be taxed at a nil rate (and so no 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 Shareholder from the Company.

If a UK resident individual 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 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 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 Shareholder will be subject to income tax on it at the dividend basic rate of 7.5 per cent;

(b) to the extent that the Taxable Excess falls above the basic rate limit but below the higher rate limit, the Shareholder will be subject to income tax on it at the dividend upper rate of 32.5 per cent; and

(c) to the extent that the Taxable Excess falls above the higher rate limit, the Shareholder will be subject to income tax on it at the dividend additional rate of 38.1 per cent.

(ii) *UK resident corporate Shareholders*

A UK resident Shareholder who is within the charge to UK corporation tax and is a "small company" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax (currently at a rate of 19 per cent. reducing to 17 per cent. from 1 April 2020) on any dividend received provided certain conditions are met (including an anti-avoidance condition).

A UK resident Shareholder who is within the charge to UK corporation tax and is not a "small company" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will be liable to UK corporation tax (currently at a rate of 19 per cent. reducing to 17 per cent. from 1 April 2020) on any dividend it receives unless the dividend falls within one of the exempt classes set out in Chapter 3 of Part 9A of the Corporation Tax Act 2009. Examples of exempt classes include: (i) dividends paid on shares that are 'ordinary shares' (that is, shares that do not carry any present or future preferential right to dividends or to the Company's assets on its winding-up) and which are not redeemable; and (ii) dividends paid to a person which holds less than 10 per cent. of the issued share capital of the payer (or of any class of that share capital in respect of which the distribution is made), which is entitled to less than 10 per cent. of the profits available for distribution to holders of the issued share capital of the payer (or of any class of that share capital in respect of which the distribution is made), and which would be entitled on a winding-up to less than 10 per cent. of the assets of the company available for distribution to holders of the issued share capital of the payer (or of any class of that share capital in respect of which the distribution is made). However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

(iii) *Shareholders resident outside the UK*

A 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 Consideration Shares, unless the Shareholder is carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate 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 Consideration Shares are used or held. Such Shareholders may be subject to foreign taxation on dividend income under local law. 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***

A disposal or deemed disposal of the Consideration Shares by a Shareholder who is resident in the UK for tax purposes may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.

(i) *UK resident individual Shareholders*

For an individual Shareholder within the charge to UK capital gains tax, a disposal (or deemed disposal) of the Consideration Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. The rate of capital gains tax on a disposal of shares is generally 10 per cent. for individuals who are subject to income tax at the basic rate and 20 per cent. for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise an annual exempt amount of gains (£12,000 for the tax year 6 April 2019 to 5 April 2020) without being liable to UK capital gains tax.

(ii) *UK resident corporate Shareholders*

For a Shareholder within the charge to UK corporation tax, a disposal (or deemed disposal) of Consideration Shares may give rise to a chargeable gain subject to corporation tax (currently at a rate of 19 per cent., reducing to 17 per cent. from 1 April 2020) or an allowable loss for the purposes of UK corporation tax.

(iii) *Shareholders resident outside the UK*

Shareholders who are not resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Shares are used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who has been resident for tax purposes in the UK but who ceases to be so resident or becomes treated as treaty non-resident for a period of five years or less and who disposes of all or part of his or her Shares during that period may be liable to capital gains tax on his or her return to the UK, subject to any available exemptions or reliefs.

(c) ***Inheritance tax***

Consideration Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of Consideration Shares by, or on the death of, an individual holder of Consideration Shares may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled in the UK nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile). Generally, UK inheritance tax is not chargeable on gifts to other individuals if the transfer is made more than seven complete years prior to the death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift in respect of the undervalue element and particular rules apply to gifts where the donor reserves or retains some benefit in respect of the assets gifted. Special rules also apply to close companies and to trustees of settlements who acquire, dispose of or hold Consideration Shares potentially bringing them within the charge to inheritance tax. Shareholders of Consideration Shares should consult an appropriate professional adviser if they intend to make a gift of, a transfer at less than full market value of, or hold any Consideration Shares through such a company or trust arrangement. Shareholders of Consideration Shares should also seek professional advice in a situation where there is potential for a double charge to UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

(d) ***Stamp duty and Stamp Duty Reserve Tax ("SDRT")***

The statements in this paragraph (d) are intended as a general guide to the current UK stamp duty and SDRT position, and apply to any holders of the Consideration Shares, irrespective of their tax residence. Special rules apply to certain transactions such as transfers of Consideration Shares to a company connected with the transferor and those rules are not described below. 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*

No stamp duty or SDRT will arise on the issue of the Consideration Shares by the Company. In the case of Consideration Shares issued to a clearance service or depositary receipt system, this is as a result of EU case law which has been accepted by HMRC.

(ii) *Transfers general*

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 Consideration Shares. A charge to SDRT will also arise on an unconditional agreement to transfer the Consideration 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 Consideration 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 Consideration Shares should consult an appropriate professional advisor if they intend to transfer their Consideration Shares at less than full market value to a company with which they are connected.

(iii) *Transfers of Consideration Shares through paperless means, including CREST*

Paperless transfers of the Consideration 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 Consideration 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 Consideration Shares to and within depositary receipt systems and clearance services*

Where the Consideration Shares are 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, 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 Consideration Shares (rounded up to the nearest £5 in the case of stamp duty).

Except in relation to clearance services that have made and maintained an election under section 97A(1) of the Finance Act 1986 (to which the special rules outlined below apply), no stamp duty or SDRT is payable in respect of electronic transfers within clearance services or depositary receipt systems.

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of Consideration Shares into such an account and on subsequent agreements to transfer such Consideration Shares within such account, in accordance with general rules.

Any liability for stamp duty or SDRT in respect of a transfer if the Consideration Shares into a clearance service or depositary receipt system, or in respect of a transfer the Consideration Shares within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

Any person who is in doubt as to his or her taxation position or who is liable to taxation in any jurisdiction other than the UK should consult his or her professional advisers.

UNITED STATES

Certain US Federal Income Tax Considerations

The following is a summary of certain US federal income tax consequences of the ownership and disposition of Consideration Shares by US Holders (as defined below). This summary deals only with US Holders that receive Consideration Shares pursuant to the Acquisition and that will hold their Consideration Shares as capital assets. The discussion does not cover all aspects of US federal income taxation that may be relevant to the ownership or disposition of Consideration 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. 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 shares (by vote or value) of the Company, 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 Consideration 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 Consideration 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 Consideration 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 Consideration 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 should consult their tax advisers concerning the US federal income tax consequences to them and their partners in respect of the ownership and disposition of Consideration Shares by the partnership.

This summary assumes that the Company is not a passive foreign investment company (a "**PFIC**") for US federal income tax purposes. The Company's possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any taxable year during which a US Holder holds its Consideration Shares, materially adverse US federal income tax consequences could result for such US Holder. See "—Passive foreign investment company considerations" below.

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 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.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL US HOLDERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING AND DISPOSING OF THE CONSIDERATION 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.

Dividends

General

Subject to the PFIC rules discussed below, 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 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 Consideration Shares and thereafter as a capital gain. 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 Consideration 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 reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the US-UK Treaty and certain other requirements are met. US Holders should consult their own tax advisers regarding the US federal income tax consequences of a distribution by the Company, including the applicability of the foreign tax credit and source of income rules to distributions received from the Company.

Foreign currency dividends

Dividends paid in 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 pounds sterling are converted into US dollars at that time. If dividends received in pounds sterling are converted into US dollars on the day they are received, the US Holder will generally not be required to recognise foreign currency gain or loss in respect of the dividend income.

Sale or other taxable disposition

Subject to the PFIC rules discussed below, upon a sale or other taxable disposition of Consideration 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 Consideration 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 Consideration Shares exceeds one year. Any gain or loss recognised from the sale or other taxable disposition of Consideration 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 disposition of Consideration Shares that are not paid in US dollars.

Passive foreign investment company considerations

A foreign 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 this purpose, "passive income" generally includes interest, dividends, royalties, rents and gains from commodities and securities transactions. 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 or in the foreseeable future, but the Company's possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be treated as a PFIC, US Holders of Consideration Shares would be required: (i) to pay a special addition to tax on certain distributions and gains on sale; and (ii) to pay tax on any gain from the sale of Consideration Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. US Holders should consult their tax advisers regarding the potential application of the PFIC regime.

Backup withholding and information reporting

Payments of dividends and other proceeds with respect to Consideration Shares by a US paying agent or other US intermediary will be reported to the US Internal Revenue Service 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 Consideration Shares, including requirements related to the holding of certain foreign financial assets.

PART XV

ADDITIONAL INFORMATION

1. Responsibility

The Company, the Directors and the Proposed Directors, whose names are set out on page 43 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company, the Directors and the Proposed Directors, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registered office

Bovis Homes was incorporated and registered in England and Wales on 4 November 1935 under the Companies Act 1929 as a company limited by shares with registered number 00306718 with the name of Herbert Johnson (Builders) Limited. The name of the Company was changed several times – to Page-Johnson Construction Limited (2 January 1962), then to Bovis Homes Investments Limited (1 January 1973), then to Bovis Homes Limited (on 13 December 1976), then to Bovis Homes Investments Limited (20 June 1978). The Company re-registered as a public limited company on 4 November 1997 with the name of the Group. Its legal entity identifier is 2138001KOWN7CG9SLK53. The registered and head office of the Company is located at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY, UK. The Company's telephone number is +44 (0)1732 280400.

The principal legislation under which the Company operates, and under which the Shares have been created, are the Companies Act and the regulations made thereunder.

PwC, whose address is 1 Embankment Place, London WC2N 6RH, UK, is the auditor of the Company. PwC is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

3. Share capital

3.1 Share capital history

On 22 May 2019, at the Annual General Meeting, Bovis Homes PLC passed the following resolution:

That the Directors be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company pursuant to and in accordance with section 551 of the Companies Act:

(a) up to an aggregate nominal amount of £22,444,280; and

(b) comprising equity securities (as defined in the Companies Act) up to an aggregate nominal amount of £44,888,560 (including within such limit any shares issued or rights granted under paragraph (a) above) in connection with an offer by way of a rights issue to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with fractional entitlements, record dates, or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply (unless previously renewed, varied or revoked by the Company in a general meeting) until the conclusion of the Annual General Meeting of the Company in 2020 or 15 months from the date of this resolution, whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after the authority ends and the directors may allot shares and grant rights under any such offer or agreement as if the authority had not ended.

During the three-year period ended 31 December 2018 and for the period between 1 January and the Latest Practicable Date, the following alterations in Bovis Homes' issued share capital have occurred:

	1 January 2019 to the Latest Practicable Date	2018	2017	2016
Total opening issued shares capital	134,796,495	134,660,750	134,522,340	134,379,661
Movements in issued shares capital	64,276	135,745	138,410	142,679
Closing number of shares	134,860,771	134,796,495	134,660,750	134,522,340
Total issued ordinary shares capital	134,860,771	134,796,495	134,660,750	134,522,340

As at the date of this document, the Company does not hold any Shares in treasury.

The Company remains subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of the Companies Act apply to the issued share capital of the Company which is not the subject of a disapplication approved by the Shareholders in a general meeting of the Company.

3.2 **Issued share capital**

On the Latest Practicable Date the issued and fully paid share capital of the Company was 134,860,771 shares, comprising ordinary shares of £0.50 each.

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.

3.3 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	134,860,771	67,430,386

3.4 Bovis Homes PLC will issue the Consideration Shares, credited as fully paid, to Galliford Try Shareholders in respect of their shareholding in New Topco *pro rata*, as far as reasonably practicable, to their respective holdings of Galliford Try Shares. Accordingly, the issued and fully paid share capital of Bovis Homes PLC following Admission is expected to be as follows:

	Issued	
Class of shares	Number	Amount (£)
Ordinary	217,738,470	108,869,235

3.5 Save as disclosed above, and in paragraph 3.1 of this Part XV:

3.5.1 there has been no change in the amount of the issued share or loan capital of the Company and no material change in the amount of the issued share or loan capital of any member of the Company (other than intra-group issues by wholly-owned subsidiaries) since incorporation;

3.5.2 no share or loan capital of the Company or any other member of the Company is under any share option or is, or will, immediately following Admission, be agreed, conditionally or unconditionally, to be put under any share option;

3.5.3 the Company has no convertible securities, exchangeable securities or securities with warrants in issue; and

3.5.4 the Shares in respect of which a listing is sought on the Official List rank pari passu in respect of all rights.

The number of Shares outstanding at the beginning and end of the last financial year is as follows:

Date	Issued and fully paid
1 January 2018	134,660,750
31 December 2018	134,796,495

On the Latest Practicable Date, no Shares were held by or on behalf of the Company or by subsidiaries of the Company.

3.6 **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 Bovis Homes.

Pursuant to an ordinary resolution adopted by the Shareholders at the Annual General Meeting of Bovis Homes held on 22 May 2019, the directors may be generally and unconditionally authorised, for a period expiring (unless otherwise renewed, varied or revoked at a general meeting of Bovis Homes) at the end of the next Annual General Meeting of Bovis Homes in 2020 or 15 months from the date of the ordinary resolution (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 £22,444,280;

(b) allot shares up to an aggregate nominal amount of £44,888,560 for the purposes of a rights issue; and

(c) make market purchases up to 13,480,048 shares in the Company (representing approximately 10 per cent. of the Company's issued share capital at the time).

3.7 **Authorities to be proposed at the General Meeting**

The Acquisition will be effected, and the Consideration Shares will be issued, under the resolutions to be proposed at the General Meeting. As part of the proposed Bovis Homes Resolutions, should the Board elect to do so, to enable the Group to take certain actions in connection with the Acquisition, the Shareholders will be asked to vote on and approve the following resolutions:

(a) a resolution authorising Bovis Homes to allot the Consideration Shares, being up to 63,739,385 ordinary shares in the share capital of the Company with a nominal value of £0.50 each, to be issued in consideration for Bovis Homes' acquisition of shares in New Topco; and

(b) a resolution authorising Bovis Homes to allot the Bonus Issue Shares, being up to 5,665,723 ordinary shares of £0.50 each in the capital of the Company.

These resolutions will be proposed as resolutions at the General Meeting but will each be conditional on the Conditions to the Acquisition being satisfied and the Acquisition and Admission becoming effective.

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 Consideration 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 Consideration 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.

4.4 **Articles of Association**

The Articles of Association of the Company are available for inspection at the address specified in paragraph 22 and are summarised below.

4.5 **Objects**

The Company’s objects are not restricted by its Articles. Accordingly, pursuant to section 31 of the Companies Act, the Company’s objects are unrestricted.

4.6 **Limited liability**

The liability of each member is limited to the amount, if any, for the time being unpaid on the shares held by that member.

4.7 **Directors**

4.7.1 **Appointment of directors**

Unless otherwise determined by ordinary resolution, the number of directors shall not be fewer than four or more than 15. Directors may be appointed by ordinary resolution of Shareholders or by the Board. At each annual general meeting, one-third of the directors who are subject to retirement by rotation (or, if their number is not three or a multiple of three, the number nearest to one-third) shall retire from office, but: (a) if any director has, at the start of the annual general meeting, been in office for more than three years since his last appointment or reappointment, they shall retire; and (b) if there is only one director who is subject to retirement by rotation, they shall retire.

The Board may appoint any one or more directors to hold executive office in the Company on such terms as the Board thinks fit, provided that any such appointment of a director to an executive office shall terminate if he ceases to be a director (but a director appointed to an executive office shall not cease to be a director merely because his appointment to such executive office terminates).

4.7.2 **Chairman of the Board**

The Board may appoint one of its number to be the chairman, and one of its number to be the deputy chairman, of the Board and may at any time remove either of them from such office.

If there is no director holding the office of chairman or deputy chairman, or if neither the chairman nor the deputy chairman is willing to preside or neither of them is present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.

4.7.3 **No share qualification**

A director shall not be required to hold any shares in the capital of the Company by way of qualification.

4.7.4 **Retirement of directors by rotation**

At each annual general meeting, one-third of the directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. However, if any director has been in office for more than three years since his last appointment or reappointment, he shall retire and, if there is only one director who is subject to retirement by rotation, he shall retire.

Subject to the provisions on rotation of directors, the directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment. If the Company does not fill the vacancy at the meeting at which a director retires by rotation or otherwise, the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the director is put to the meeting and lost.

4.7.5 **Removal of directors**

The Company may by ordinary resolution remove any director from office. No special notice need be given of any such resolution and no director proposed to be removed in this way has any special right of protest against his removal.

4.7.6 **Remuneration of directors**

The ordinary remuneration of the directors who do not hold executive office for their services shall not exceed in aggregate £500,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may, from time to time, be determined by the Board.

The emoluments of any director holding executive office for his services as such shall be determined by the Board, and may be of any description (including, without limitation, admission to, or continuance of, membership of any scheme or fund instituted or established or financed or contributed to by the Company for the provision of pensions, life assurance or other benefits for employees or their dependants, or the payment of a pension or other benefits to him or his dependants on or after retirement or death, apart from membership of any such scheme or fund).

The directors may be paid all travel, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

4.7.7 **Permitted interests of directors**

For the purposes of section 175 of the Companies Act, the Board may authorise any matter proposed to it in accordance with the Articles of Association which would, if not so authorised, involve a breach of duty by a director under that section (including, without limitation, any matter which relates to a situation in which a director has, or can have, an interest which conflicts, or possibly may conflict, with the interests of the Company, and such conflict shall include a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests). Any such authorisation will be effective only if:

(a) any requirement as to quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director; and

(b) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

The Board may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions it expressly imposes, but such authorisation is otherwise given to the fullest extent permitted. The Board may vary or terminate any such authorisation at any time.

Provided that he has disclosed to the Board the nature and extent of his interest, a director may, notwithstanding his office:

(a) be party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise directly or indirectly interested;

(b) act by himself or by or through his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director; and

(c) be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise, directly or indirectly, interested.

4.7.8 **Restrictions on voting**

Save as provided in paragraph 4.7.7 above, a director shall not vote at a meeting of the Board or a committee of the Board on any resolution concerning a matter in which he has an interest (other than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, unless his interest arises only because the resolution concerns one or more of the following matters:

(a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;

(b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;

(c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(d) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest representing 1 per cent. or more of either any class of the equity share capital (excluding any shares of that class held as treasury shares) of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed to be likely to give rise to a conflict with the interests of the Company in all circumstances);

(e) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates;

(f) a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any directors of the Company or for persons who include the directors of the Company; and

(g) in respect of which the director’s interest, or the interest of directors generally, has been authorised by ordinary resolution.

4.7.9 **Borrowing powers**

The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Board shall restrict the borrowings of the Company so that the aggregate amount outstanding in respect of borrowings by the Company shall not, without an ordinary resolution of the Company, exceed an amount equal to three times the adjusted share capital and consolidated reserves.

4.7.10 **Minutes**

The Board shall cause minutes to be made in books for the purpose in relation to the following matters: all appointments of officers made by the Board; the names of all the directors present at each meeting of the Board and of any committee; and all proceedings at meetings of the Company and of any class of members, and of the directors and of any committee.

4.7.11 **Indemnity of officers**

Subject to the provisions of the Companies Act but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as an auditor) shall be indemnified by the Company out of its own funds against all liabilities incurred by him in connection with any negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

4.8 **Rights attaching to ordinary shares**

Subject to the provisions of the Companies Act and without prejudice to any rights attaching to any Existing Shares, the Company may issue shares with such rights or restrictions as determined by either the Company by ordinary resolution or, subject to and in default of such determination, as the Board shall determine.

4.9 **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 acceptable to the directors. 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:

4.9.1 the instrument of transfer is in respect of only one class of share;

4.9.2 the instrument of transfer is lodged (duly stamped if required) at the office or at another place appointed by the Board, accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

4.9.3 it is in favour of not more than four transferees.

The directors 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 determine that any class of shares shall cease to be a participating security.

Where a share is held in uncertificated form, the Company shall be entitled:

(a) to require the holder of that uncertificated share by notice to change that share into certificated form within the period specified in the notice and to hold that share in certificated form so long as required by the Company;

(b) to require the holder of that uncertificated share by notice to give any instructions necessary to transfer title to that share by means of the relevant system within the period specified in the notice;

(c) to require the holder of that uncertificated share by notice to appoint any person to take any step, including without limitation the giving of any instructions by means of the relevant system, necessary to transfer that share within the period specified in the notice;

(d) to require the operator to convert that uncertificated share into certificated form; and

(e) to take any action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, reallotment or surrender of that share, or otherwise to enforce a lien in respect of that share.

4.10 **General meetings**

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Act. The directors may, whenever they think fit, and shall on requisition in accordance with the Companies Act, proceed to convene a general meeting. The Board may call general meetings whenever and at such times and places as it shall determine.

4.11 **Attendance at Shareholders' meetings and proxies**

The appointment of proxies must be in writing and in any usual form or any other form which the Board may approve. A proxy form can be in hard-copy form or in electronic form and must be delivered to the Company, in accordance with the Articles, at least 48 hours before a meeting or adjourned meeting, or 24 hours before a poll is taken if the poll is taken more than 48 hours after it is demanded, or (if in hard-copy form) at the meeting at which the poll was demanded if the poll is taken more than 48 hours after it is demanded.

4.12 **Quorum**

The quorum for all general meetings is at least two persons who are entitled to vote, and includes persons authorised to act as a representative of a corporation or persons appointed as proxy of a member. If such a quorum is not present within five minutes (or such longer time not exceeding 30 minutes as the chairman may decide) from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall be dissolved or adjourned to such time and place as the chairman of the meeting may determine. The adjourned meeting shall be dissolved if a quorum is not present within 15 minutes after the time appointed for the meeting.

4.13 **Voting rights**

Subject to any rights or restriction attached to the shares, on a show of hands every member who is present in person or represented by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at any general meeting unless all moneys payable by him in respect of the shares in the Company have been fully paid.

A simple majority of 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.

4.14 **Polls**

At any general meeting of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded (either before the resolution is put to the vote on a show of hands or immediately after the declaration of the result of the show of hands on that resolution) by:

4.14.1 the chairman of the meeting;

4.14.2 at least five members present in person or by proxy and entitled to vote;

4.14.3 a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

4.14.4 a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

A poll shall be taken either at the meeting or at such time and place as the chairman directs, not being more than 30 days after the poll is demanded.

4.15 **Variation of rights**

Subject to the provisions of the Companies Act, if the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated, whether or not the Company is being wound up, either: (i) with the written consent of the holders of three-quarters in nominal value of the issued shares of the class; or (ii) by way of a special resolution passed at a separate general meeting of the shareholders of the class.

Rights are deemed to be varied by a reduction of capital and the allotment of another share ranking in priority for payment of dividend or which gives its holder voting rights more favourable than that share or class of shares.

4.16 **Dividends**

4.16.1 **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.

4.16.2 **Fixed and interim dividends**

Subject to the provisions of the Companies Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution. No interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. If and so far as in the opinion of the directors the profits of the Company justify such payments, the directors may pay fixed or interim dividends. Provided that the directors act in good faith, they shall not incur any liability to the holders of any shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

4.16.3 **Dividends *in specie***

The Company may, on the recommendation of the Board, by ordinary resolution direct payment of a dividend in whole or in part by the transfer of specific assets, or by procuring the receipt by shareholders of specific assets, of equivalent value (including paid-up shares or debentures of any other company).

4.16.4 **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.

4.16.5 **Unclaimed dividends**

If a dividend remains unclaimed after a period of 12 years from the date on which it was declared or became due for payment, the person who was otherwise entitled to it shall, if the Board so resolves, cease to be entitled and the Company may keep that sum.

4.16.6 **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.

4.16.7 **Voting rights**

Subject to any rights or restriction attached to the shares on a show of hands, every member who is present in person or represented by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at any general meeting unless all moneys payable by him in respect of the shares in the Company have been fully paid.

4.17 **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 Directors may make calls on the members in respect of any moneys unpaid on their shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the 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 set may be forfeited by a resolution of the Board. A forfeited share shall be deemed to belong to the Company and may be sold, reallotted or otherwise disposed of on such terms and in such manner as the Board determines.

4.18 **Winding-up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Insolvency Act 1986L: (a) divide among the members *in specie* the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the business shall be carried out as between the members or different classes of members; (b) vest the whole or any part of the assets in trustees for the benefit of the members; and (c) determine the scope and terms of those trusts, but no member shall be compelled to accept any asset on which there is a liability.

5. Directors and Senior Managers of the Company and Proposed Directors and Additional Senior Managers of the Enlarged Group

5.1 Directors and Proposed Directors

Summary biographical details of each of the Directors are described on pages 62 to 63 of the Company's Annual Report and Accounts for 2018, as described in Part XVI — "*Documentation Incorporated by Reference*" of this document.

Graham Prothero was appointed to the board of Galliford Try on 1 February 2013, initially as Finance Director before being appointed as Chief Executive on 26 March 2019. Graham was previously with Development Securities plc, a listed property developer and investor in the UK, where he was Finance Director from November 2008. From 2001 until 2008, Graham was a partner with Ernst & Young. Graham is a Fellow of the Institute of Chartered Accountants in England and Wales and previously held the position of Finance Director with Blue Circle Properties and Taywood Homes. Graham is a Non-executive Director and Chair of the Audit Committee of Marshalls plc.

The business address of each of the Directors is the Company's registered address at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY. The business address of the Proposed Director is at Cowley Business Park, Cowley, Uxbridge, Middlesex, UB8 2AL.

Set out below are the directorships and partnerships held by the Directors and the Proposed Directors (other than, where applicable, directorships held in subsidiaries of the Company), in the five years prior to the date of this document:

Name	Current directorships/partnership	Former directorships/partnerships
Ian Tyler	Bovis Homes Group PLC BAE Systems PLC Cairn Energy PLC Amey PLC Amey UK PLC AWE Management Ltd	Mediclinic International PLC Cable & Wireless Communications Limited Marden Enterprises Limited
Ralph Findlay	Bovis Homes Group PLC Marston's Corporate Holding Limited Bedford Canning Company Limited British Beer & Pub Association Bedford Canning Company Limited Marston's Telecoms Limited Wychwood Holdings Limited Refresh UK Limited Refresh Group Limited The Wychwood Brewery Company Limited Refresh Group Limited Fayolle Limited Fairdeed Limited EP Investments 2004 Limited QP Bars Limited Eldridge, Pope & Co., Limited SDA Limited Ringwood Brewery Limited Sovereign Inns Limited Bluu Limited Porter Black (2003) Limited Celtic Inns Limited Celtic Inns Holding Limited English Country Inns Limited Marston's Acquisitions Limited The Gray Ox Limited Marston's Pubs Limited Marston's Pubs Parent Limited Marston's Operating Limited Marston's Estates Limited Wizard Inns Limited Osprey Inns Limited Lambert Parker & Gaines Limited Mansfield Brewery Limited Sherwood Forest Properties Limited Mansfield Brewery Properties Limited W&DB (Finance) Limited S.K. Williams Limited John Marston's Taverners Limited Marston, Thomson & Evershed Limited Pitcher and Piano Limited Brasserie Restaurants Limited W. & D. Limited Marston's PLC Marston's Trading Limited	N/A

Name	Current directorships/partnership	Former directorships/partnerships
Chris Browne OBE.	Bovis Homes Group PLC	Easyjet Airline Company Limited Easyjet UK Limited Easy Jet Leasing Limited Easy Jet Sterling Limited Easyjet PLC Windmill Hill Management Company (Hitchin) Limited Thomson Airways (Services) Limited TUI Airways Limited First Choice Airways Limited TUI UK Limited
Nigel Keen	Bovis Homes Group PLC RG Carter Construction Maudsley Charity Trading CIC Maudsley Charity RG Carter Group Limited R. R. Carter Holdings Limited RGCC Limited Combe Bank Educational Trust	Waitrose Limited John Lewis Properties PLC John Lewis Car Finance Limited Sported Foundation
Katherine Innes Ker	Bovis Homes Group PLC Forterra PLC Mortgage Advice Bureau (Holdings) PLC The Go-Ahead Group PLC Independent chair of the Remuneration Committee of Balliol College Bonavero Institute of Human Rights	RSG1001 Limited Readypower Group Limited Gigaclear Limited Florin Homes Limited Sovereign Advances Limited Sovereign Housing Capital PLC Tribal Group PLC
Mike Stansfield	Bovis Homes Group PLC Moulded Foams (Scotland) Ltd Castlehill Developments Limited Campion Homes Limited Braidwater Limited MJS Development Consultancy LLP	Cussins Limited Dementia UK Skipton Properties Limited
Greg Fitzgerald	Bovis Homes Group PLC Greg Fitzgerald Consulting Limited Viewvista Limited Baker Estates Limited Wren Buyerco Limited One Call Tool Hire Limited Ardent Hire Solutions Limited One Call Hire Limited Wren Topco Limited	Fork Rent Limited One Call Hire Capital Limited Galliford Try PLC National House-Building Council Galliford Try Homes Limited Linden Limited Try Homes Limited Fairfield Redevelopments Limited
Earl Sibley	Bovis Homes Group PLC	Barratt Pension Trustee Limited
Graham Prothero..	Jigsaw + Marshalls Plc The Jigsaw Trust Linden Limited Galliford Try Partnerships Limited Galliford Try Construction & Investment Holdings Limited	

Name	Current directorships/partnership	Former directorships/partnerships
Graham Prothero..	Linden Holding Limited Galliford Try Homes Limited Galliford Try Services Limited Galliford Try Plc	

5.2 **Senior Management**

The business address of each of the Senior Managers is the Company's registered address at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY. The business address of the Enlarged Group Additional Senior Manager is Cowley Business Park, Cowley, Uxbridge, Middlesex UB8 2AL.

Summary biographical details of each of the Senior Managers are described on page 63 of the Company's Annual Report and Accounts for 2018, as described in Part XVI — *"Documentation Incorporated by Reference"* of this document.

In respect of the Enlarged Group Additional Senior Managers, Stephen Teagle was appointed as Chief Executive of Partnerships & Regeneration on 1 July 2016, joining the executive board of Galliford Try on 6 September 2016. Stephen has over 25 years' experience in the regeneration and affordable housing sectors, joining Galliford Try from Registered Provider DCH, where he was Group Director of Investment and Managing Director of development subsidiary Westco Properties.

Set out below are the directorships and partnerships held by the Senior Managers and the Enlarged Group Additional Senior Managers (other than, where applicable, directorships held in subsidiaries of the Company), in the five years prior to the date of this document:

Name	Current directorships/partnership	Former directorships/partnerships
Darrell White	None	None
James Watson	Southgate Property Limited	St Andrews Park 2B/3A (Churchill Road, Uxbridge) Management Company Limited St Andrews Park (Vine Lane 1B North) Management Company Limited St Andrews Park (Vine Lane 1A) Management Company Limited St Andrews Park (Vine Lane 2A) Management Company Limited St Andrews Park (Uxbridge) Management Company Limited The Crescent FP Management Company Limited Sovereign Fields (Bracknell H16) Management Company Limited Old School Drive (Wheathampstead) Management Company Limited Bell Lane (Little Chalfont) Management Company Limited Aldenham Road (Bushey) Management Company Limited Quartz (Berryfields Aylesbury) Management Company Limited Chapel Heights Management Company Limited

Name	Current directorships/partnership	Former directorships/partnerships
James Watson		Marbourne Chase (Lane End) Management Company Limited Rounton Place (Watford) Management Company Ltd Scholars Rise (Stokenchurch) Management Company Limited The Paddocks (Enstone) Management Company Limited Tilbury Fields (Oxford) Management Company Limited Tutors Gate (Aylesbury) Management Company Limited Chilworth Park (Haddenham) Management Company Limited Mount Pleasant (Hatfield) Management Company Limited Hanbury Park (Uxbridge) Management Company Limited Cumnor Hill Management Company Limited Dallow Place (Luton) Management Company Limited Greenacres (Compton) Management Company Limited Harrow View West (Harrow) Residents Management Company Limited Wellswood Park (Reading) Residents Management Company Limited Scholar's Place (Littlemore) Management Company Limited Barratt Wates (Lindfield) Limited
Keith Carnegie......	None	None
Martin Palmer	None	None
Stephen Teagle	Kendall Cross Limited Galliford Try Partnerships Wolverhampton) Limited Drew Smith Homes Limited Drew Smith Limited Galliford Try Partnerships Limited Linden Holding Limited The Ricardo Community Foundation Linden Limited Linden First Limited Galliford Try Affordable Homes Limited Galliford Try Homes Limited Redplay GTP Limited Galliford Try Partnerships Yorkshire Limited Galliford Try Partnerships Yorkshire Holdings Limited	Church View Kingsteignton Limited

There is no family relationship between any of the Company's Directors, the Proposed Directors, the Senior Managers or the Enlarged Group Additional Senior Managers.

5.3 As at the date of this document, none of the Directors, the Proposed Directors, the Senior Managers or the Enlarged Group Additional Senior Managers has at any time within the past five years:

5.3.1 save as disclosed in paragraphs 5.1 and 5.2 above, been a director or partner of any companies or partnerships; or

5.3.2 had any convictions in relation to fraudulent offences (whether spent or unspent); or

5.3.3 has been adjudged bankrupt or entered into any individual voluntary arrangements; or

5.3.4 has 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; or

5.3.5 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; or

5.3.6 owned any assets which have been subject to a receivership; or

5.3.7 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; or

5.3.8 been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or

5.3.9 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.

5.4 Save for their capacities as persons legally and beneficially interested in Shares, there are:

5.4.1 no potential conflicts of interest between any duties to the Company of the Directors, the Proposed Directors, the Senior Managers and the Enlarged Group Additional Senior Managers and their private interests and/or other duties; and

5.4.2 no arrangements or understandings with major Shareholders, members, suppliers or others, pursuant to which any Director, Proposed Director, Senior Manager or Enlarged Group Additional Senior Manager was selected.

5.5 **Corporate Governance Code**

The Company recognises the importance of, and is committed to, high standards of corporate governance. The following sections explain how the Company has applied the main and supporting principles set out in the UK Corporate Governance Code (April 2016) issued by the Financial Reporting Council. The Corporate Governance Code applies to all companies with a premium listing of equity shares regardless of whether they are incorporated in the UK or elsewhere.

The Company's compliance with the Corporate Governance Code is described on page 65 of the Company's Annual Report and Accounts for 2018, as described in Part XVI — *"Documentation Incorporated by Reference"* of this document.

5.6 **Board structure**

The Company is headed by a Board of Directors, comprising two Executive Directors and six Non-Executive Directors (including the independent Chairman), all of whom are determined by the Board to be independent.

The offices of Chairman and Chief Executive are held separately, and both officers have clearly defined roles and responsibilities. A summary of the key responsibilities of the Chairman and Chief Executive is contained on page 76 of the Company's Annual Report and Accounts for 2018, as described in Part XVI — *"Documentation Incorporated by Reference"* of this document. The Senior Independent Director is Ralph Findlay.

The Board of the Company is responsible for setting the Group's objectives and policies and for the stewardship of the Group's resources. The Board is responsible to the Shareholders for the overall management of the Group.

The Board considers its independent Non-Executive Directors to bring strong judgement and considerable knowledge and experience to the Board's deliberations. The Chairman, Senior Independent Director and Chairman of the Remuneration Committee are available to meet major shareholders, as required.

The Corporate Governance Code requires a company to state its reasons if it determines that a director is independent in certain circumstances, including where a director indirectly has a material business relationship with the Company as a director of a body that has such a relationship with the Company, or has had in the last three years, and where a director has served on the Board for more than nine years. A summary of the Company's reasons in respect of the Company's Non-Executive Directors being considered independent is contained on page 70 of the Company's Annual Report and Accounts for 2018, as described in Part XVI — *"Documentation Incorporated by Reference"* of this document.

Each of the Directors and the Proposed Directors has access to the advice and services of the company secretary, who is responsible to the Board for ensuring that Board procedures are complied with. The appointment and removal of the company secretary are matters for the Board as a whole. The Board has established a procedure under which any Director, wishing to do so in furtherance of his duties, may take independent advice at the Company's expense.

The Company maintains an appropriate level of directors' and officers' insurance in respect of legal action against the Directors and the Proposed Directors. Indemnity arrangements in respect of Directors, Proposed Directors or the Senior Managers covering costs and expenses suffered from an investigation by a regulatory body are not covered by insurance.

The interests of the Directors in the Shares of the Company are shown on page 91 of the Company's Annual Report and Accounts for 2018, as described in Part XVI — *"Documentation Incorporated by Reference"* of this document.

The Group's governance structure is designed to ensure that all decisions are made by the most appropriate people, in such a way that the decision-making process itself does not unnecessarily delay progress. As envisaged by the Corporate Governance Code, the Board has delegated specific responsibilities to the Nomination, Remuneration and Audit Committees, as described below. Each committee has terms of reference that the whole Board has approved. Board and committee papers are circulated in advance of each meeting so that all Directors are fully briefed. Papers are supplemented by reports and presentations to ensure that the Board members are supplied in a timely manner with the information they need.

5.7 **Nomination Committee**

The Nomination Committee leads the process for Board appointments by making recommendations to the Board about filling Board vacancies and appointing additional persons to the Board. The Committee also considers and makes recommendations to the Board on its composition, balance and membership and on the re-appointment by Shareholders of any Director under the retirement by rotation provisions in the Company's Articles of Association. The Nomination Committee evaluates the balance of skills, experience, independence and knowledge on the Board and, in the light of this evaluation, prepares a description of the roles and capabilities required for a particular appointment.

The Nomination Committee's members are Ian Tyler (chairman), Chris Browne OBE, Katherine Innes Ker, Mike Stansfield, Nigel Keen and Ralph Findlay, all of whom are independent Non-

Executive Directors. The Nomination Committee has terms of reference, approved by the Board. Further details of the Nomination Committee's remit and activities are contained in the nomination committee report on pages 106 and 107 of the Company's Annual Report and Accounts for 2018, as described in Part XVI — *"Documentation Incorporated by Reference"* of this document.

5.8 **Remuneration Committee**

Responsibility for reviewing Group remuneration strategy and policy, recommending any changes and approving individual remuneration packages for the Chairman, Executive Directors and other members of the executive management rests with the Remuneration Committee. The Remuneration Committee's members are Nigel Keen (chairman), Chris Browne OBE, Katherine Innes Ker, Mike Stansfield and Ralph Findlay, all of whom are independent Non-Executive Directors.

The Remuneration Committee has terms of reference, approved by the Board. Further details of the Remuneration Committee's remit and activities are contained in the remuneration report on pages 82 to 101 of the Company's Annual Report and Accounts for 2018, as described in Part XVI — *"Documentation Incorporated by Reference"* of this document.

5.9 **Audit Committee**

The Audit Committee meets at least three times a year to review the Company's accounting and financial reporting practices, the work of the internal and external auditor and compliance with policies, procedures and applicable legislation. The Audit Committee also reviews the half-year and annual financial statements before submission to the Board and periodically reviews the scope, remit and effectiveness of the internal audit function and the effectiveness of the Group's internal control systems.

The Audit Committee's members are Ralph Findlay (chairman), Chris Browne OBE, Katherine Innes Ker, Mike Stansfield and Nigel Keen, all of whom are independent Non-Executive Directors. The Audit Committee has terms of reference, approved by the Board. Further details of the Audit Committee's remit and activities are contained in the audit committee report on pages 102 to 105 of the Company's Annual Report and Accounts for 2018, as described in Part XVI — *"Documentation Incorporated by Reference"* of this document.

5.10 **Directors', Proposed Directors' and Senior Managers' interests**

The interests of the Directors and Senior Managers, and their immediate families, in the share capital of the Company (all of which, unless otherwise stated, are beneficial) on the date of this document and as they are expected to be immediately following Admission, including as a percentage of the Enlarged Share Capital (assuming full take up by the Directors and Senior Managers of their entitlements at Completion under Admission assuming participation in the Bonus Issue but no participation in the Placing and no options granted under the Share Schemes between the Latest Practicable Date and Admission), are as follows:

	Shares beneficially held at the date of this document		Shares beneficially held immediately following Admission	
Name	**No.**	**%**	**No.**	**%**
Directors				
Ian Tyler	2,478	0.00	2,572	0.00
Greg Fitzgerald	389,563	0.29	404,442	0.19
Earl Sibley	9,911	0.01	10,289	0.00
Chris Browne OBE	1,026	0.00	1,065	0.00
Ralph Findlay	2,687	0.00	2,789	0.00
Nigel Keen	–	–	–	–
Mike Stansfield	–	–	–	–
Katherine Innes Ker	–	–	–	–
Graham Prothero	–	–	41,974	0.02

Name	Shares beneficially held at the date of this document		Shares beneficially held immediately following Admission	
	No.	%	No.	%
Senior Managers				
Martin Palmer	51,583	0.04	53,533	0.02
Keith Carnegie	47,212	0.04	49,015	0.02
James Watson	1,993	0.00	2,029	0.00
Darrell White	17,191	0.01	17,847	0.01
Stephen Teagle	–	–	34,363	0.02

The Directors, the Proposed Directors and the Senior Managers have the same voting rights as all other Shareholders.

5.11 Details of the Directors', Proposed Directors', Senior Managers' and the Enlarged Group Additional Senior Managers' non beneficial interests in the Shares subject to options and awards under the Share Schemes are set out below:

Name		Number of Shares over which options granted as at the date of this Prospectus	Exercise price	Exercisable between
Directors				
Greg Fitzgerald	Recruitment award	76,786	–	31/12/17 18/04/20
	Bonus award 18/04/20	76,786	–	31/12/18
	LTIP 2017 08/09/27	111,972	–	08/09/22
	LTIP 2018 05/03/28	123,037	–	05/03/23
	LTIP 2019	90,529	–	04/03/24 04/03/29
Earl Sibley	LTIP 2017	49,342	–	08/09/22 08/09/27
	LTIP 2018	60,018	–	05/03/23 05/03/28
	LTIP 2019	37,161		04/03/24 04/03/29
	SAYE 2016	4,213	7.12	01/06/21 01/12/21
Graham Prothero	–	–	–	–

Name		Number of Shares over which options granted as at the date of this Prospectus	Exercise price	Exercisable between
Senior Managers				
Martin Palmer	LTIP 2013	9,160	–	26/02/16 26/02/23
	LTIP 2014	3,663	–	25/02/17 25/02/24
	LTIP 2017	13,149	–	08/09/22 08/09/27
	LTIP 2018	9,459	–	05/03/23 05/03/28
	LTIP 2019	10,657	–	04/03/24 04/03/29
	Project 200	15,073	–	08/09/21 08/09/27
Keith Carnegie	LTIP 2011	13,627	–	15/03/14 15/03/21
	LTIP 2012	16,210	–	28/02/15 28/02/22
	LTIP 2013	13,548	–	26/02/16 26/02/23
	LTIP 2014	9,770	–	25/02/17 25/02/24
	LTIP 2017	43,157	–	08/09/22 08/09/27
	LTIP 2018	30,286	–	05/03/23 05/03/28
	LTIP 2019	30,003	–	04/03/24 04/03/29
	Project 200	43,066	–	08/09/21 08/09/27
James Watson	LTIP 2017	31,019	–	08/09/22 08/09/27
	LTIP 2018	22,313	–	05/03/23 05/03/28
	LTIP 2019	22,104	–	04/03/24 04/03/29
	Project 200	43,066	–	08/09/21 08/09/27
Darrell White.	LTIP 2017	31,019	–	08/09/22 08/09/27
	LTIP 2018	22,313	–	05/03/23 05/03/28
	LTIP 2019	22,104	–	04/03/24 04/03/29
	Project 200	43,066	–	08/09/21 08/09/27
	SAYE 2018	397	9.06	01/06/21 01/12/21
	SAYE 2019	1,548	9.30	01/06/22 01/12/22
Stephen Teagle	–	–	–	–

In accordance with the rules of the Share Schemes, the Directors propose to make adjustments to the terms of outstanding options and awards to take account of Admission. Such adjustments will be made subject to the rules of the Share Schemes.

5.12 Other than as disclosed in this paragraph and paragraph 11 (*Share Schemes*), there are no other persons to whom any capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option.

5.13 No Director or Proposed Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

5.14 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors or the Proposed Directors.

5.15 Save as set out in this Part XV, it is not expected that any Director or Proposed Director will have any interest in the share or loan capital of the Company following Admission and there is no person to whom any capital of any member of the Group is under option or agreed unconditionally to be put under option.

6. Interests of major Shareholders

6.1 Insofar as is known to the Company, the name of each person who, directly or indirectly, has an interest in 3 per cent. or more of the Company's issued share capital, and the amount of such person's interest, as at 31 October 2019 are as follows:

	Shares	
Name	**No.**	**% at 31/10/19**
Blackrock	12,604,836	9.35
Dimensional Fund Advisors	8,637,563	6.40
LSV Asset Management	5,190,519	3.85
Vanguard Group	5,162,109	3.83
JO Hambro Capital Management	4,894,182	3.63
Schroder Investment Management	4,803,495	3.56
NBIM	4,668,148	3.46
Aberdeen Standard Investments	4,623,289	3.43
M&G Investment Management	4,580,597	3.40

6.2 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.

6.3 None of the major Shareholders referred to above has different voting rights from other Shareholders.

6.4 The 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.

7. Directors' service agreements and letters of appointment

7.1 Greg Fitzgerald

Greg entered into a service agreement with the Company on 3 April 2017 and was appointed with effect from 18 April 2017. The service agreement for Greg Fitzgerald may be terminated by the director or the Company and includes a 12-month notice period on termination and the entitlement to payment in lieu of notice. Pursuant to his service agreement with the Company, he is entitled to a base salary of £679,575 per annum and a bonus of up to 100 per cent. of salary. Greg receives benefits in kind and is eligible to participate in the Company's private medical insurance, life assurance, "Bovis Homes Regulated Care Scheme for Employees" (or, alternatively, the cash car allowance), pension scheme membership (or alternatively, a cash equivalent) and all employee share schemes.

7.2 **Earl Sibley**

Earl entered into a service agreement with the Company on 19 February 2015 and was appointed with effect from 16 April 2015. The service agreement for Earl Sibley may be terminated by the director or the Company, and includes a 12 month notice period on termination.

Pursuant to his service agreement with the Company, he is entitled to a base salary of £334,750 per annum and a bonus of up to 100 per cent. of salary. Earl receives benefits in kind and is eligible to participate in the Company's private medical insurance, life assurance, "Bovis Homes Regulated Care Scheme for Employees" (or, alternatively, the cash car allowance), pension scheme membership (or alternatively, a cash equivalent) and all employee share schemes.

7.3 **Chris Browne OBE**

Chris has a letter of appointment with the Company dated 15 August 2014 (updated 24 August 2017) and was appointed with effect from 1 September 2014. The appointment may be terminated by the director or the Company by either party giving not less than 12 months' notice. Chris' appointment continues until 31 August 2020, provided that she is re-elected by shareholders. Chris does not receive any benefits in kind in connection with her appointment by the Company.

7.4 **Ian Tyler**

Ian has a letter of appointment with the Company dated 11 November 2013 (updated 28 October 2016) and was appointed with effect from 29 November 2013. The appointment may be terminated by the director or the Company by either party giving not less than 12 months' notice. Ian's appointment continues until 28 November 2019, provided that he is re-elected by shareholders. Ian does not receive any benefits in kind in connection with his appointment by the Company. On 31 October 2019, the Board approved the appointment of Ian Tyler as non-executive Chairman for a further three year term.

7.5 **Katherine Innes Ker**

Katherine has a letter of appointment with the Company dated 8 October 2018 and was appointed with effect from 9 October 2018. The appointment may be terminated by the director or the Company by either party giving not less than three months' notice. Katherine's appointment continues until 8 October 2021, provided that she is re-elected by shareholders. Katherine does not receive any benefits in kind in connection with her appointment by the Company.

7.6 **Mike Stansfield**

Mike has a letter of appointment with the Company dated 12 October 2017 and was appointed with effect from 28 November 2017. The appointment may be terminated by the director or the Company by either party giving not less than three months' notice. Mike's appointment continues until 27 November 2020, provided that he is re-elected by shareholders. Mike does not receive any benefits in kind in connection with his appointment by the Company.

7.7 **Nigel Keen**

Nigel has a letter of appointment with the Company dated 31 October 2016 and was appointed with effect from 15 November 2016. The appointment may be terminated by the director or the Company by either party giving not less than 12 months' notice. Nigel's appointment continues until 14 November 2019, provided he is re-elected by shareholders. Nigel does not receive any benefits in kind in connection with his appointment by the Company. On 31 October 2019, the Board approved the appointment of Nigel Keen as a non-executive director for a further three year term.

7.8 **Ralph Findlay**

Ralph has a letter of appointment with the Company dated 20 February 2015 (updated 5 April 2018) and was appointed with effect from 7 April 2015. The appointment may be terminated by the director or the Company by either party giving not less than 12 months' notice. Ralph's appointment continues until 6 April 2021, provided that he is re-elected by shareholders. Ralph does not receive any benefits in kind in connection with his appointment by the Company.

The Board may invite a non-executive director to serve for an additional period, subject to rigorous review, taking account of the need for progressive refreshing of the Board.

8. Directors' and Senior Managers' remuneration

In addition to the options and awards under the Share Schemes disclosed in paragraph 5.10 of this Part, the amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to Directors of the Company for services in all capacities to the Group (including subsidiaries where applicable) by any person for the financial year ended 31 December 2018 was as follows:

Name	Position	Annual Salary	Annual Bonus	Other Benefits(1)	Share Schemes(2)	Total
		(£'000)	*(£'000)*	*(£'000)*	*(£'000)*	*(£'000)*
Ian Tyler	Chairman	170	–	–	–	170
Greg Fitzgerald	Chief Executive	666	593	134	787	2,180
Earl Sibley	Chief Financial Officer	325	289	68	–	682
Chris Browne	Non-Executive Director	49	–	–	–	49
Katherine Innes Ker	Non-Executive Director	11	–	–	–	11
Mike Stansfield	Non-Executive Director	49	–	–	–	49
Nigel Keen	Non-Executive Director	54	–	–	–	54
Ralph Findlay	Independent Non-Executive Director and Senior Independent Director	64	–	–	–	64
Martin Palmer	Group Company Secretary	160	122	25	–	307
Keith Carnegie	CEO Partnership Housing	344	292	47	–	683
James Watson	Divisional Chairman	258	168	37	–	463
Darrell White	Divisional Chairman	258	226	19	–	503

Notes:

(1) The Other Benefits figure includes, where applicable, car allowance, medical insurance, pension, pension salary supplement.

(2) Long-term incentives (see paragraph 11.1.1 below for further details).

9. Significant subsidiaries

The following is a list of principal subsidiaries of Bovis Homes (each of which is considered by Bovis Homes to be likely to have a significant effect on the assessment of the assets, liabilities the financial position and/or the profits and losses of the Group) as at the Latest Practicable Date.

Name of subsidiary	Country of incorporation and operation	Percentage equity interest at the Latest Practicable Date	Percentage voting power (if different) at the Latest Practicable Date
Bovis Homes Limited	UK	100%	N/A
Bovis Homes (Broadbridge Heath) Limited	UK	100%	N/A
Bovis Homes Cambourne West LLP	UK	100%	N/A
Bovis Homes North Whiteley LLP	UK	100%	N/A
Bovis Homes Latimer (Sherford) LLP	UK	50%	N/A
Bovis Homes Peer LLP	UK	50%	N/A
Elite Homes (North West) Limited	UK	100%	N/A
Elite Homes (Yorkshire) Limited	UK	100%	N/A
Elite Homes Group Limited	UK	100%	N/A
Kilbride Tavistock Limited	UK	100%	N/A
Stanton Cross Developments LLP	UK	50%	N/A

10. Employees

10.1 The Company's average employee numbers for the financial years ended 2016, 2017 and 2018 were as follows:

	Financial year ended		
	2016	2017	2018
By Division			
East Division	373	470	472
West Division	644	652	610
Central Services	169	175	169
Total	1,186	1,297	1,251

	10 October 2019		
	2016	2017	2018
Build	410	469	490
Commercial	113	145	119
Customer Care	61	104	96
Finance	30	34	24
General Management	24	30	30
Land	16	16	18
Sales & Marketing	226	232	212
Technical	137	92	93
Central Services	169	175	169
Total	1,186	1,297	1,251

10.2 The Company's average temporary employee numbers for the financial year ended December 2018 was 427 per month.

11. Share Schemes

11.1 The Company operates the below Share Schemes which provide for the grant of awards or options over Shares to directors, management and employees of the Group.

11.1.1 Long Term Incentive Plan ("LTIP")

As at the Latest Practicable Date, options over a total of 1,093,124 ordinary shares were outstanding under the LTIP. Long term incentive awards are made in the form of performance shares or nil-cost options under the LTIP which was approved by shareholders at the 2010 Annual General Meeting. Each award is made subject to the achievement of performance criteria as set out below and will ordinarily vest after three years. A two-year holding period following vesting was introduced for the 2017 awards onwards, which extends to five years the time between awards being granted and when they can be exercised. Provisions that enable the withholding of payment or the recovery of sums paid (malus and clawback) were strengthened for 2017 awards onwards. The performance targets for 2018 are:

- Customer satisfaction – HBF Customer Satisfaction Rating for the period October 2019 to September 2020 to be at least "4 Star" (80 per cent. to 89.9 per cent.).
- TSR – threshold performance equal to the annualised median of the index and maximum performance equal to the annualised median of the index, plus 7.5 per cent. (reduced from 10.0 per cent. in the prior year so that maximum performance is more closely aligned with upper quartile performance of sector peers).
- Earnings per share – threshold performance at cumulative earnings per share of 300 pence and maximum performance at cumulative earnings per share of 343 pence.
- ROCE – threshold performance at 21.8 per cent. and maximum performance at 25.0 per cent., both as measured in the third year of the performance period (2020).

The following limits apply in relation to the number of ordinary shares which may be issued:

No executive shall be granted an award in any financial year which would cause the aggregate of: (i) the market value of the shares which he may acquire on the vesting of that award; and (ii) the aggregate of the market value of the shares which he may acquire on vesting of all other subsisting awards granted to him under the plan in the same financial year, to exceed 150 per cent. of his basic salary.

The Remuneration Committee may determine that in exceptional circumstances the limit in the rule above shall not apply but the Remuneration Committee may not in any circumstances grant an award which would cause the aggregate of the amounts referred to in (i) and (ii) above to exceed 200 per cent. of an executive's basic salary.

11.1.2 Save As You Earn ("SAYE") share option scheme

As at the Latest Practicable Date, options over a total of 506,325 ordinary shares were outstanding under the SAYE share option scheme with a weighted average exercise price of 6.99 pence per ordinary share.

Share options held in the SAYE share option scheme are not subject to performance conditions and may under normal circumstances be exercised during the six months after maturity of the agreement. SAYE share options are generally exercisable at an exercise price which includes a 20 per cent. discount to the market price of the shares at the date of grant.

The following limits apply in relation to the number of ordinary shares which may be issued:

No option to subscribe for Shares shall be granted if the result of that grant would be that the aggregate number of Shares that could be issued on the exercise of that option and any other Options granted at the same time, when added to the number of Shares that:

(a) could be issued on the exercise of any other subsisting share options granted during the preceding 10 years under the Scheme or any other Share Scheme;

(b) have been issued on the exercise of any share options granted during the preceding 10 years under the Scheme or any other Share Scheme; and

(c) have been issued during the preceding 10 years under any profit sharing or other employee share incentive scheme (not being a Share Scheme),

would exceed 10 per cent. of the ordinary share capital of the Company for the time being in issue.

11.2 **Share Incentive Plan ("SIP")**

The Company offers employees the opportunity to buy Partnership Shares. Employees are eligible to join the Share Incentive Plan once they have been employed by the Company for a month. The SIP allows employees to buy shares using deductions taken from their pre-tax salary each month and allows employees to invest up to £1,800 or 10 per cent. of income (whichever is lower) for the tax year. The Company does not currently offer free, matching or dividend shares.

12. Property, plant and equipment

Details of the material properties of the Group are set out below:

Location	Tenure	Rent	Rent review date	Term	Areas (approx ft)	Uses
Dunston Hall, Dunston, Stafford	10 years	£90,000	01/01/2019	Expiry December 2023	16,910	Regional office space for Mercia business
St Anne's House, Caldecotte Lake, Milton Keynes	10 years	£196,000	01/08/2022	Expiry July 2027	11,173	Regional office space for Northern Home Counties business
1 Bromwich Court, Gorsey Lane, Coleshill	3 years	£230,000	06/11/2020	Expiry November 2020	21,050	Regional office space for West Midlands business
Tower View, Kings Hill, Kent	10 years	£371,823	04/04/2023	Expiry April 2026	15,948	Registered Head Office and regional office space for South East business
SSE Building, Heron Road, Sowton Industrial Estate, Exeter	10 years	£92,500	26/08/2020	Expiry August 2025	11,724	Regional office space for South West business
Cleeve Hall, Cheltenham Road, Bishops Cleeve	15 years	£277,500	22/11/2022	Expiry November 2032	18,495	Regional office space for Western business
Central 40, Chineham Park, Basingstoke	10 years	£166,212	28/09/2022	Expiry September 2027	9,234	Regional office space for Southern Counties business
Building 550, Thames Valley Park, Reading	10 years	£173,275	30/11/2019	Expiry November 2026	15,709	Training centre for the Bovis Homes Group

13. Statutory auditors

The statutory auditors of the Group for the period from 2015 to date have been PwC, chartered accountants, whose address is at 1 Embankment Place, London WC2N 6RH. PwC has no material interest in the Company.

PwC is registered to perform audit work by the Institute of Chartered Accountants in England and Wales.

14. Material contracts

14.1 *The 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 Group within the two years immediately preceding the date of this document, and are, or may be, material or have been entered into at any time by the Company or any member of the Group and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

14.1.1 **Acquisition Agreements**

For a description of the Acquisition Agreements entered into by the Company, see Part VI – "*Information about the Acquisition*" of this document. In particular, refer to:

(a) the SPA entered into by the Company at paragraph 3;

(b) the Deed of Novation entered into by the Company at paragraph 4;

(c) the Tax Indemnity entered into by the Company at paragraph 5; and

(d) the Transitional Services Agreement entered into by the Company at paragraph 6.

14.1.2 **Placing Agreement**

On 7 November 2019, the Company and Numis entered into the Placing Agreement, pursuant to which and subject to certain conditions, Numis has agreed as agent for the Company to use its reasonable endeavours to procure subscribers for the Placing Shares. Following the close of the bookbuilding process in respect of the Placing and the execution of a terms of Placing setting out, among other things, the final number of Placing Shares and the final price of the Placing Shares (the "**Placing Price**"), if any such placee defaults in paying the Placing Price in respect of any Placing Shares allotted to it, Numis has agreed to subscribe for such shares, and the Company has agreed to allot or issue, as applicable, such shares at the Placing Price, on and subject to the terms set out in the Placing Agreement.

In addition, whether or not the obligations of Numis have become unconditional in all respects or the Placing Agreement is terminated, the Company has agreed to pay Numis' advisory fee and all properly incurred costs, charges, professional fees and expenses (including any applicable VAT) in connection with the Placing.

The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* with the existing ordinary shares of nominal value £0.50 each in the capital of the Company including the right to receive all future dividends and distributions declared, made or paid by reference to a record date falling prior to their issue.

The obligations of Numis under the Placing Agreement are conditional on customary terms and conditions including, among others:

(a) agreement between the Company and Numis as to the number and price of the Placing Shares to be placed with the placees;

(b) the Placing Admission occurring no later than 8.00 a.m. on 11 November 2019 (or such later time and/or date as the Company and Numis may agree in writing); and

(c) the representations and warranties of the Company contained in the Placing Agreement being true and accurate and not misleading in all material respects.

The conditions, other than, inter alia, the Placing Admission becoming effective, may be waived in the absolute discretion of Numis.

The Company has given certain customary representations and warranties, agreed to comply with certain undertakings and given a customary indemnity to Numis.

Numis may, by notice to the Company, terminate the Placing Agreement in certain circumstances prior to the Placing Admission.

The net proceeds of the Placing will be placed on deposit pending Completion. If Completion does not occur, the Acquisition will not proceed but Bovis Homes will be in receipt of the net proceeds of the Placing. In such circumstances, Bovis Homes will consider how best to return the Placing proceeds to its Shareholders.

14.1.3 **Subscription and Transfer Agreements**

In connection with the Placing, the Company, Finch Jersey Limited and Numis have entered into: (i) a subscription and transfer agreement; and (ii) an initial subscription and put and call option agreement (together, the "**Subscription and Transfer Agreements**"), each dated 7 November 2019, in respect of the subscription and transfer of ordinary shares and redeemable preference shares in Finch Jersey Limited. Under the terms of the Subscription and Transfer Agreements:

(a) the Company and Numis have agreed to subscribe for ordinary shares in Finch Jersey Limited and enter into put and call options in respect of the ordinary shares in Finch Jersey Limited subscribed for by Numis that are exercisable if the Placing does not proceed;

(b) Numis will apply monies received under the Placing, and held by Numis until Placing Admission of the Placing Shares, to subscribe for redeemable preference shares in Finch Jersey Limited to an aggregate value equal to such monies, after deduction of the amount of certain commissions and expenses; and

(c) the Company will allot and issue the Placing Shares to those persons entitled thereto in consideration of Numis transferring its holding of redeemable preference shares and ordinary shares in Finch Jersey Limited to the Company.

Accordingly, instead of receiving cash as consideration for the issue of Placing Shares, at the conclusion of the Placing, the Company will own the entire issued share capital of Finch Jersey Limited whose only asset will be its cash reserves, which will represent an amount approximately equal to the net proceeds of the Placing.

Placees are not party to these arrangements and so will not acquire any direct right against Numis pursuant to these arrangements. The Company will be responsible for enforcing the obligations of Numis and Finch Jersey Limited under these arrangements.

14.1.4 **Sponsor's Agreement**

On 7 November 2019, the Company and the Sponsor entered into an agreement, whereby the Sponsor has agreed to act as sponsor to the Company in connection with the application for Admission and the publication of the Circular. Pursuant to this agreement, the Company agreed to provide the Sponsor with certain customary undertakings and warranties, and a customary indemnity in connection with its role as the Company's sponsor.

14.1.5 **New Facilities Agreement**

On 7 November 2019, Bovis Homes as original borrower and as an original guarantor, and Bovis Homes Homes Limited as an original guarantor, entered into the New Facilities Agreement with, among others Barclays Bank PLC as agent and Barclays Bank PLC, National Westminster Bank plc, HSBC Bank PLC and Lloyds Bank plc in their capacities as original lenders. Under the New Facilities Agreement, the Term Loan and the New RCF (together, the "**New Facilities**"), are available for drawing by Bovis Homes (and, in the case of the New RCF, any future additional borrower that may accede with lender approval).

The New Facilities are unsecured, but are otherwise guaranteed by the original guarantors referenced above and other additional guarantors required to accede following Completion.

The Term Loan is to be used to part-fund the Cash Consideration, whereas the New RCF is to be applied towards first refinancing the existing revolving credit facility entered into by Bovis Homes Homes Limited as borrower, and thereafter for the general corporate and working capital purposes of the Group.

The Term Loan and the New RCF Tranche 2 terminate on the date falling three years after the date of the New Facilities Agreement. The New RCF Tranche 1 terminates on the date falling 5 years after the first date of the New Facilities Agreement, subject to an extension of up to two years (at each lender's discretion). The New Facilities are available for drawing in sterling from the date of the New Facilities Agreement to: (i) in relation to the Term Loan, the last day of the "**Certain Funds Period**" (as defined in the New Facilities Agreement); and (ii) in relation to the New RCF, one month prior to the termination date applicable to each of the New RCF Tranche 1 and the New RCG Tranche 2. The Certain Funds Period is until the earlier of (i) 7.00 p.m. on 3 January 2020, (ii) the date on which Bovis Homes confirms in writing that it has decided to no longer pursue the Acquisition and (iii) the date the Acquisition Agreement is terminated, rescinded or repudiated prior to Completion.

The Term Loan has been provided on a certain funds basis. This means that provided that certain key conditions have been satisfied (including: (i) the Group having completed an equity raise, the proceeds of which are not less than the lower of (a) £140 million and (b) the proceeds of the issue of up to 9.99 per cent. of the issued share capital of Bovis Homes; and (ii) the Private Placement Bond having been novated to Bovis Homes on or before the first utilisation of the New Facilities), the lenders are obliged to participate in the Term Loan requested during the Certain Funds Period unless: (i) there is a major default (as defined in the New Facilities Agreement relating to any obligor and/or any material subsidiary, which includes non-payment, misrepresentation of a major representation, breach of negative pledge or disposals restrictions, insolvency and certain other major defaults); or (ii) it becomes unlawful for any lender to perform any of its obligations under the New Facilities Agreement or to fund or maintain its participation in the New Facilities.

The New Facilities 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 net borrowings to consolidated tangible net worth must be equal to or less than 75 per cent. at the end of each 12-month period ending on the expiry of each financial year and half-year of Bovis Homes) (a "**Calculation Period**"); (ii) a consolidated tangible net worth test (which must be at least £750 million at the end of each Calculation Period); and (iii) an interest cover test (where the ratio of EBIT to interest charges must be at least 3:1 for each Calculation Period, subject to Bovis Homes having the option to disapply the interest period cover test for any Calculation Period where net borrowings are cash positive and there are no loans outstanding or ancillary outstandings, provided that Bovis Homes may only elect to disapply the interest cover ratio twice and not on successive occasions).

The New Facilities may be prepaid without premium or penalty, but subject to breakage costs (if applicable).

The interest rate charged on loans made under the New Facilities will be equal to the aggregate of an appropriate benchmark rate and the applicable margin. The initial margins are 2.15 per cent. per annum for each of the Term Loan and the New RCF, with the margin ratcheting between 2.55 per cent. and 1.65 percent per annum for each of the Term Loan and the New RCF, in accordance with the gearing ratio of the Group.

Certain fees are payable to the finance parties in connection with the New Facilities, including an upfront fee, a ticking fee, an ongoing commitment fee for the New RCF and an annual agency fee. The New Facilities Agreement is governed by the laws of England and Wales.

14.1.6 Save as disclosed in paragraphs 14.1.1 to 14.1.4 above, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by members of the Group: (i) within the two years immediately preceding the date of this document which are, or may be, material; or (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

14.2 The Target Businesses

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by members of the Target Businesses: (a) within the two years immediately preceding the date of this document which are, or may be, material to the Target Businesses; or (b) at any time and contain obligations or entitlements which are, or may be, material to the Target Businesses as at the date of this document:

14.2.1 Sale and Purchase Agreement

A summary of the principal terms and conditions of the SPA is set out in paragraph 4 of Part VI — "*Information about the Acquisition*" of this document.

14.2.2 Transitional Services Agreement

On Completion, a member of Galliford Try (the "**Supplier**") will enter into a Transitional Services Agreement (the "**TSA**") with Bovis Homes (or a member of the Group) (the "**Recipient**") under which the Supplier will provide certain transitional services to the Linden Homes and Partnerships & Regeneration businesses for a limited period following Completion (the "**Transitional Services**"). The Transitional Services will include: (i) payroll services, (ii) various finance functions provided by the Target Businesses' shared service centre, e.g. "Accounts Payable – Purchase Ledger"; (iii) various IT and telephony services; (iv) a statutory accounts production service; and (v) car fleet management services. The Recipient will pay the Supplier for those Transitional Services under the TSA.

The Transitional Services will be divided into a number of service categories (the "**Service Categories**"), and each Service Category will have its own term and its own charges. The longest Service Category term is likely to be 50 months.

The Supplier will commit to provide the Transitional Services to the same standard as they were provided prior to Completion.

The TSA will also specify certain dependencies (the "**Dependencies**"). These Dependencies are typically acts that the Recipient must carry out in order to allow the Supplier to provide the Transitional Services. For example, one Dependency is physical access to any IT hardware that the Supplier is obliged to repair as part of the Transitional Services. If a Dependency is not met, then there is contractual relief for the Supplier as against the Supplier's obligation to provide the relevant Transitional Services.

The TSA will contain:

(a) provisions relating to migration planning and migration (in relation to the Supplier's migrating away from the Transitional Services);

(b) provisions relating to project management and regular meetings;

(c) provisions relating to ownership and licensing of intellectual property rights;

(d) provisions relating to the security of IT systems;

(e) provisions relating to charging and invoicing;

(f) warranties (largely from the Supplier to the Recipient in relation to the quality of the Transitional Services);

(g) limits and exclusions of liability;

(h) a reciprocal confidentiality clause; and

(i) provisions relating to data protection law compliance.

The TSA is an agreed form document under the SPA.

14.2.3 **Revolving Credit Facility ("RCF")**

Galliford Try entered into a £450 million Sterling RCF agreement dated 18 February 2014 (as amended on 13 February 2015 and 30 March 2016 and as amended and restated on 20 December 2016) as an original borrower and an original guarantor with HSBC as facility agent and Barclays Bank PLC, HSBC, Abbey National Treasury Services plc and The Royal Bank of Scotland plc as mandated lead arrangers, original lenders and original hedge counterparties. The facility provides long-term finance and bonding facilities and has been extended to February 2022. As at the Latest Practicable Date, the RCF remains in place, but it is expected that following receipt of the Cash Consideration on Completion the RCF will be prepaid and cancelled by Galliford Try.

The key terms of the facility agreement are set out below:

(a) Facility

The facility consists of a £450 million Sterling revolving loan facility. A lender may make all or part of its commitment available to the borrowers as either loans or ancillary facilities.

(b) Purpose

The facility shall be used firstly towards the refinancing and cancellation of a then existing RCF agreement originally dated 25 May 2011 and thereafter towards the general corporate purposes of the Group.

(c) Repayment

The full facility of £450 million is available for utilisation until 18 January 2022 and all outstanding amounts must be repaid on 18 February 2021. The facility provides that Galliford Try may request that the lenders extend the facility for up to one year and each lender may in its sole discretion agree to such request. The facility may only be extended if all the lenders agree to the extension or if all the extending lenders agree to take on the commitments of the non-extending lenders.

The facility is subject to a change of control prepayment event whereby, if any person or persons acting in concert gains control of Galliford Try, the lenders have the right to cancel their commitments and require prepayment.

If certain further unsecured debt is incurred above a set level, the facility must be partially cancelled in an amount equal to the unsecured debt incurred above that level.

(d) Interest and fees

Advances under the facility bear interest at a rate equal to the relevant rate of LIBOR plus the applicable margin. The margin varies between 2.00 per cent. and 2.30 per cent. per annum according to the percentage of the total RCF commitments that are drawn (including as deemed increased by certain other unsecured debt) on the first day of the relevant interest period.

Certain fees and expenses apply, including arrangement fees, facility agency fees, commitment fees, ancillary facility fees and, where applicable, extension fees.

(e) Guarantee and security

The facility is unsecured and is to rank *pari passu* with all other unsecured obligations. Each guarantor (including Galliford Try) guarantees the performance by each other obligor under the facility agreement.

(f) Covenants

The facility agreement requires Galliford Try to comply with the following financial covenants:

(i) the ratio of consolidated EBIT to net consolidated finance charges shall not be less than 3:1 at any time;

(ii) the ratio of consolidated total net debt and land creditor debt (without double counting) to consolidated tangible net assets shall not exceed: (A) 1.25:1 at any time on or prior to 31 December 2018; and (B) 1.10:1 at any time thereafter; and

(iii) consolidated tangible net assets must not be less than £383,500,000 at any time after 30 June 2016, but on 30 June of each subsequent year this figure is increased by an amount equal to 80 per cent. of the Group profit for the financial year just ended less minority interests and dividends paid of the Group in that financial year.

The facility agreement also contains certain other covenants which, among other things, limits to certain thresholds further borrowings, creation of security and disposal of assets, and imposes restrictions on, among other things, mergers, acquisitions and change of business.

(g) Events of Default

The facility agreement contains customary events of default including payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults, certain events of insolvency, audit qualification and material adverse change.

14.2.4 **Private Placement Bond**

Galliford Try entered into a note purchase agreement dated 16 February 2017 in relation to £100,000,000 4.03 per cent. senior notes as issuer with The Prudential Insurance Company of America, Pruco Life Insurance Company, des Bundes Publica, Zurich Insurance Public Limited Company (UK Branch) and Hermit Private Placement Investors L.P. as original purchasers.

The key terms of the note purchase agreement are set out below:

(a) Notes

The notes consists of £100 million sterling senior notes. The full £100 million of the notes was drawn down on 16 February 2017.

(b) Purpose

The notes may be used towards the general corporate purposes of the Group.

(c) Repayment

The notes are due for repayment in full on 16 February 2027.

The notes are subject to a change of control prepayment requirement whereby, if any person or persons acting in concert gains control of Galliford Try, Galliford Try must make an offer to the noteholders to acquire 100 per cent. of the outstanding notes at par.

(d) Interest and fees

The notes bear interest at 4.03 per cent. per annum. Any optional prepayment of the notes shall incur a make-whole penalty determined on the basis of reinvestment yield to original maturity of the prepaid notes.

(e) Guarantee and security

The notes are unsecured and rank pari passu with all other unsecured obligations. Each guarantor guarantees the performance by Galliford Try and each other guarantor under the note purchase agreement and the related guarantee agreement.

(f) Covenants

The note purchase agreement requires Galliford Try to comply with the following financial covenants:

(i) the ratio of consolidated EBIT to net consolidated finance charges shall not be less than 3:1 at any time;

(ii) the ratio of consolidated total net debt and land creditor debt (without double counting) to consolidated tangible net assets shall not exceed: (A) 1.25:1 at any time on or prior to 31 December 2018; and (B) 1.10:1 at any time thereafter; and

(iii) consolidated tangible net assets must not be less than £383,500,000 at any time after 30 June 2016, but on 30 June of each subsequent year this figure is increased by an amount equal to 80 per cent. of the Group profit for the financial year just ended less minority interests and dividends paid of the Group in that financial year.

The note purchase agreement also contains certain other covenants which, among other things, limits to certain thresholds further borrowings, creation of security and disposal of assets, and imposes restrictions on, among other things, mergers and change of business.

The note purchase agreement also contains a most favoured lender clause, whereby, if a new financial covenant is granted, or a financial covenant for which an analogous provision exists in the note purchase agreement is tightened, in a material credit facility (each facility of the Group exceeding £50 million or, if there is no such facility, the largest facility of the Group at such time), the purchasers will also receive the benefit of this new covenant or, as the case may be, covenant tightening under the note purchase agreement. Similarly, if a financial covenant that has been added in to the note purchase agreement or tightened by virtue of the most favoured lender provision and such covenant is later deleted or relaxed in the relevant material credit facility, such deletion or relaxation will also apply to the note purchase agreement provided that no default is continuing at such time.

(g) Events of default

The note purchase agreement contains customary events of default including payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults, certain events of insolvency, audit qualification and material adverse change.

14.2.5 **Strategic Team Group**

On 1 July 2019, Partnerships & Regeneration acquired the entire share capital and control of Strategic Team Group Limited ("STG") and its trading subsidiary Strategic Team Maintenance Co. Limited for approximately £11.0 million (of which £2.0 million is deferred, £1.0 million for 12 months and £1.0 million for 24 months) (the "**STG Transaction**"), delivering a mature operating platform in Yorkshire and expanding Partnerships & Regeneration's presence in Cheshire. STG is a well-established regional business with 120 employees and a revenue in its last full year of c. £60 million.

Pursuant to the acquisition documentation of the STG Transaction, there is an obligation on Partnerships & Regeneration to pay any outstanding deferred consideration within 20 Business Days of a change of control event occurring. Change of control is defined specifically by reference to Partnerships & Regeneration ceasing to be part of the Galliford Try Group. Assuming no waiver is obtained on or before the Acquisition, Bovis Homes will have to pay just over £1.8 million in deferred consideration to the sellers of STG within 20 Business Days of Completion.

14.2.6 STG operates a new homes contracting business and a maintenance and minor works business. The profile and geographical split of its order book provides an excellent strategic fit with a client base known to Galliford Try Partnership. STG is on the Homes England delivery partner panel. Save as disclosed in paragraphs 14.2.1 to 14.2.5 above, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by members of the Target Businesses: (i) within the two years immediately preceding the date of this document which are, or may be, material; or (ii) which contain any provision under which any member of the Target Businesses has any obligation or entitlement which is material to the Group as at the date of this document.

15. Related party transactions

The information contained in the sections on related party transactions in the half-year report of Group as at and for the six months ended 30 June 2019 (the "**Half Year Report 2019**"), the Annual Report 2018, the Annual Report 2017 and the Annual Report 2016 included or incorporated by reference in this Prospectus (see Part XVI — "*Information Incorporated by Reference*") is correct as at the date of this Prospectus.

The table below sets out the section of the Half Year Report 2019, Annual Report 2018, the Annual Report 2017 and the Annual Report 2016 which contain information about related party transactions, and which are incorporated by reference in this Prospectus.

Topic	Half Year Report 2019	Annual Report 2018	Annual Report 2017	Annual Report 2016
Related party transactions	pp. 20 ("Note 7 – Related party transactions")	pp. 150 ("Note 5.9 – Related party transactions")	pp. 146 ("Note 5.8 – Related party transactions")	pp. 130 ("Note 5.8 – Related party transactions")

Since the Half Year Report 2019, the balance of transactions with Ardent was £791,269. With respect to joint ventures, fees charged to Sherford Latimer LLP included £59,465.00 of development fees, £18,750 (plus VAT) in administrative service fees, as well as £135,878 in interest. Fees charged to Bovis Homes Peer LLP were £9,800.00 (plus VAT).

16. Dividends

The following table sets out the dividend per Share paid in each of the years ended 31 December 2018, 31 December 2017 and 31 December 2016:

	Dividend per Share
	Reported(1)
	(£)
2018 final dividend	0.38
2018 special dividend	0.45
2018 interim dividend	0.19
2017 final dividend	0.325
2017 interim dividend	0.15
2016 final dividend	0.30
2016 interim dividend	0.15

Note:

(1) As reported in the respective year-end financial statements.

17. Litigation and arbitration proceedings

17.1 Group

During the period covering at least the previous 12 months, there have been 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 or the Group's financial position or profitability.

17.2 Target Businesses

During the period covering at least the previous 12 months, there have been 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 Target Businesses' financial position or profitability.

18. Working capital

The Company is of the opinion that, taking into account the bank and other facilities available to the Group, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this document.

19. No significant change

19.1 There has been no significant change in the financial performance or financial position of the Group since 30 June 2019, being the latest date at which the interim financial information for the Group was published.

19.2 There has been no significant change in the financial performance or financial position of the Target Businesses since 30 June 2019, being the latest date at which the financial information for the Target Businesses was published.

20. Consents

20.1 Lazard, which is authorised and regulated by the Financial Conduct Authority, has provided financial advice in relation to this transaction and has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.2 PwC has given and has not withdrawn its written consent to the inclusion of its Accountant's Report on the historical financial information of the Target Businesses in Part XII – "*Financial Information of the Target Businesses*" and its report on the unaudited pro forma financial information in Part XIII – "*Unaudited Pro Forma Financial Information of the Enlarged Group*" and has authorised the contents of the part of this document which comprise its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

21. Miscellaneous

The total costs and 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 £22 million (including VAT).

22. 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.bovishomesgroup.co.uk, at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ, or at the Company's registered office at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY:

- the Circular;
- the Articles of Association;
- the Annual Report and Accounts;
- the historical financial information for the Group for the three financial years ended 31 December 2016, 2017 and 2018 and the Half Year Report 2019;
- the report from PwC which is set out in Part XIII – "*Unaudited Pro Forma Financial Information of the Enlarged Group*" and the report from PwC which is set out in Part XII – "*Financial Information of the Target Businesses*";
- the SPA;
- the documents incorporated by reference into this document as described in Part XVI – "*Documentation Incorporated by Reference*"; and
- this document.

23. Announcement

The Company will make an appropriate announcement(s) to a Regulatory Information Service giving details of the results of the Admission and the Acquisition.

PART XVI

DOCUMENTATION INCORPORATED BY REFERENCE

The following documentation, which was sent to Shareholders at the relevant time and/or is available as described below, contains information that is relevant to Admission.

1. The annual reports and accounts of Bovis Homes for 2016, 2017 and 2018

These contain the audited consolidated financial statements of the Group for the financial years ended 31 December 2016, 2017 and 2018, prepared in accordance with IFRS (as adopted by the EU), together with audit reports in respect of each such year.

The Annual Report and Accounts are available for inspection in accordance with paragraph 22 of Part XV – "*Additional Information*" of this document. These documents are also available on the Company's website at https://www.bovishomesgroup.co.uk.

2. The unaudited Half Year 2019 Bovis Homes results

This contains the unaudited consolidated financial statements of the Group for the 26 weeks ended 30 June 2019, prepared in accordance with IFRS (as adopted by the EU), together with a review opinion in respect of such results.

The unaudited Half Year 2019 Bovis Homes results are available for inspection in accordance with paragraph 22 of Part XV – "*Additional Information*" of this document. These documents are also available on the Company's website at https://www.bovishomesgroup.co.uk.

3. Other

The table below sets out the various sections of the documents referred to above which are incorporated by reference into this document, so as to provide the information required pursuant to the Prospectus Regulation Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of the Company and of the Consideration Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and of the rights attaching to the Consideration Shares.

Reference	Information incorporated by reference into this Part XVI	Page number(s) in reference
For the year ended 2016		
The Group's Annual Report and Accounts for 2016	Group income statement	101
	Group statement of comprehensive income	101
	Balance sheets	102
	Group statement of changes in equity	103
	Statements of cash flows	104
	Notes to the financial statements	105-130
Auditor's report on the Group's Annual Report and Accounts for 2016	Auditor's report	
For the year ended 2017		
The Group's Annual Report and Accounts for 2017	Group income statement	115
	Group statement of comprehensive income	115
	Balance sheets	116
	Group statement of changes in equity	117
	Company statement of changes in equity	117
	Statements of cash flows	118
	Notes to the financial statements	119-146
Auditor's report on the Group's Annual Report and Accounts for 2017	Auditor's report	

Reference	Information incorporated by reference into this Part XVI	Page number(s) in reference
For the year ended 2018		
The Group's Annual Report and Accounts for 2018	Group income statement	119
	Group statement of comprehensive income	119
	Balance sheets	120
	Group statement of changes in equity	121
	Company statement of changes in equity	121
	Statements of cash flows	122
	Notes to the financial statements	123-150
Auditor's report on the Group's Annual Report and Accounts for 2018	Auditor's report	
For the 26 weeks ended 2019		
The Group's unaudited Half Year 2019 Results for the 26 weeks ended 20 June 2019		

PART XVII

DEFINITIONS

In this document the following expressions have the following meaning unless the context otherwise requires:

"Acquisition"	the proposed acquisition of the Linden Homes and Partnerships & Regeneration businesses of Galliford Try by the Company effected by way of the Acquisition Agreements;
"Acquisition Agreements"	the Sale and Purchase Agreement, Tax Indemnity, Transitional Services Agreement and the Deed of Novation, agreements as further described in Part VI – "*Information about the Acquisition*" of this document;
"Admission"	admission of the Consideration Shares to the premium listing segment of the Official List in accordance with the UK Listing Rules and to trading on the London Stock Exchange's Main Market for listed securities in accordance with the UK Admission and Disclosure Standards;
"Annual General Meeting"	the annual general meeting of Bovis Homes held on 22 May 2019;
"Annual Report and Accounts"	the annual report and accounts prepared by the Company;
"Articles of Association"	the articles of association of the Company which are described in paragraph 4 of Part XV – "*Additional Information*";
"Audit Committee"	the committee described in paragraph 5.9 of Part XV – "*Additional Information*";
"Banks"	Lazard and Numis;
"Bonus Issue"	the return of value to Shareholders on the Company's register of members at the Bond Issue Record Time by issuing the Bonus Issue Shares at Completion;
"Bonus Issue Record Time"	6.00 p.m. on 2 January 2020;
"Bonus Issue Shares"	up to 5,665,723 ordinary shares of £0.50 each in the capital of the Company;
"Bovis Homes Recommendation"	the unanimous and unqualified recommendation by the Board to the Shareholders to vote in favour of the Bovis Homes Resolutions;
"Bovis Homes Resolutions"	the shareholder resolutions of Bovis Homes necessary to approve, effect and implement the Acquisition, including, without limitation, to: (i) approve the Acquisition as a "Class 1 transaction" under the Listing Rules; (ii) grant authority to the Directors to allot the Consideration Shares (and any amendment(s) thereof); (iii) (conditional upon Completion) approve the New Bovis Homes LTIP (as defined in the Circular); (iv) (conditional upon Completion) approve the New Policy (as defined in the Circular); (v) grant authority to the Directors to capitalise the sum of £2,842,861.50 and apply such sum by way of a Bonus Issue to the Shareholders; (vi) grant authority to the Directors to allot the Bonus Issue Shares (and any amendment(s) thereof); (vii) amend the

	Articles of Association; and (viii) (conditional upon Completion) grant authority to the Directors to change the name of the Company;
"Business Day"	a day, other than a Saturday or a Sunday or public holiday or bank holiday, on which banks are generally open for business in the City of London;
"Calculation Period"	the 12-month period ending on the expiry of each financial year and half-year of Bovis Homes;
"Cash Consideration"	the payment by Bovis Homes of £300 million in cash to Galliford Try (adjusted according to the TGAV of the Target Businesses), pursuant to the terms of the Sale and Purchase Agreement;
"Certain Funds Period"	as defined in the New Facilities Agreement;
"certificated" or **"in certificated form"**	a share or other security which is not in uncertificated form (that is, not in CREST);
"CGUs"	Cash Generating Units;
"Chairman"	the chairman of the Company;
"CIL"	Community Infrastructure Levy;
"Circular"	the circular sent to Shareholders on or around the date of this document relating to the Acquisition, including, among other things, a description of the proposed acquisition of the Linden Homes and Partnerships & Regeneration businesses of Galliford Try;
"CODM"	operating decision-makers of the Target Businesses;
"Companies Act"	the UK Companies Act 2006, as amended from time to time;
"Company" or **"Bovis Homes"**	Bovis Homes Group PLC, a public limited company incorporated in England and Wales with registered number 00306718, whose registered office is 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY, UK;
"Completion"	completion of the Acquisition in accordance with the Acquisition Agreements (and references to "complete" shall be construed accordingly);
"Consideration Shares"	up to 63,739,385 ordinary shares in the share capital of the Company with a nominal value of £0.50 each, to be issued to Galliford Try Shareholders (in respect of their shareholding in New Topco) as consideration for Bovis Homes' acquisition of shares in New Topco;
"Corporate Governance Code"	the UK Corporate Governance Code (July 2018) issued by the Financial Reporting Council, setting out principles of good governance and code of best practice;
"Court"	the High Court of Justice in England and Wales;
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form;

"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
"Deed of Novation"	the novation from Galliford Try to Bovis Homes of the Private Placement Bond pursuant to the Deed of Novation;
"Demerger"	the demerger of Galliford Try including the Partnerships & Regeneration business (but excluding the Linden Homes business) to be effected by New Topco to New Galliford Try in accordance with the Restructuring Plan;
"Dependencies"	the acts that the Recipient must carry out in order to allow the Supplier to provide the services under the TSA;
"Directors" or **"Board"**	the board comprising the Executive Directors and Non-Executive Directors of the Company as at the date of this document;
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA, as amended;
"EBIT"	earnings before interest and taxes;
"ECL"	expected credit loss;
"Enlarged Group"	the Group following Completion or, if the Acquisition does not complete, the Group (as the context requires);
"Enlarged Group Additional Senior Managers"	the additional senior manager(s) joining the Enlarged Group following Completion;
"Enlarged Share Capital"	the number of Shares in issue immediately following Completion;
"Equity Raise Condition"	the Company having raised proceeds of not less than £140 million pursuant to the Placing;
"EU"	the European Union;
"EU-IFRS"	International Financial Reporting Standards as endorsed by the European Union;
"Euroclear"	Euroclear UK and Ireland Limited, incorporated in England and Wales with registered number 02878738;
"Exchange Act"	the United States Exchange Act (1934), as amended;
"Executive Directors"	the executive Directors of the Company as at the date of this document;
"Existing Bovis Homes Shareholders"	the Shareholders of Existing Shares;
"Existing Shares"	the existing Shares in issue immediately preceding the issue of the Consideration Shares;
"Expected Completion Date"	3 January 2020;
"FCA" or **"Financial Conduct Authority"**	the UK Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA;
"Finch Jersey Limited"	Project Finch Finance (Jersey) Limited, a private limited company incorporated in Jersey with registered number 130166, whose registered office is 47 Esplanade, St. Helier, Jersey, JE1 0BD;

"Forms of Proxy"	the forms of proxy accompanying the Circular for use by Shareholders in relation to the General Meeting;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"Galliford Try"	Galliford Try plc, a public limited company incorporated in England and Wales with registered number 00836539, whose registered office is Cowley Business Park, Cowley, Uxbridge, Middlesex UB8 2AL;
"Galliford Try Board"	the board comprising the directors of Galliford Try;
"Galliford Try Continuing Group"	Galliford Try, its subsidiaries and subsidiary undertakings (and, for the avoidance of doubt, excluding the Target Businesses), being the continuing businesses of Galliford Try following Completion;
"Galliford Try Court Meeting"	the meeting of the Galliford Try Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act to consider and, if thought fit, approve the Scheme, including any adjournment thereof;
"Galliford Try General Meeting"	the general meeting of Galliford Try to be held at CMS Cameron McKenna Nabarro Olswang LLP on 29 November 2019 at 10.15 a.m. (or any adjournment thereof);
"Galliford Try Group"	Galliford Try, together with its subsidiaries and subsidiary undertakings;
"Galliford Try Pension Scheme"	Galliford Try Pension Scheme provided by Aviva under policy reference number U451 NG09068 09/2019;
"Galliford Try Recommendation"	the unanimous and unqualified recommendation by the Galliford Try Board to the Galliford Try Shareholders to vote in favour of the Galliford Try Resolutions;
"Galliford Try Resolutions"	the resolutions to approve and provide all necessary authorities in order to implement the Restructuring (among other things) to be proposed at the Galliford Try General Meeting;
"Galliford Try Shareholders"	the holders of the Galliford Try Shares and, following the Restructuring and prior to Completion, holders of the New Topco Shares;
"Galliford Try Shares"	the ordinary shares of £0.50 each in the share capital of Galliford Try;
"General Meeting"	the general meeting of the Company to be held at The Spa Hotel, Mount Ephraim, Royal Tunbridge Wells, Kent TN4 8XJ on 2 December 2019 at 11.00 a.m. (or any adjournment thereof), notice of which is set out in the Circular to Shareholders;
"Group"	the Company and its subsidiary undertakings and, where the context requires, its associated undertakings from time to time;
"Half Year Report 2019"	the half-year report of the Group as at and for the six months ended 30 June 2019;
"HBF Customer Satisfaction Rating"	the rating from the National New Homes Customer Satisfaction Survey (out of a total 5 stars);
"IAS"	the International Accounting Standard;

"IFRS"	the International Financial Reporting Standards, as adopted by the European Union;
"ISIN"	the International Securities Identification Number;
"Latest Practicable Date"	6 November 2019, being the latest practicable date prior to the publication of this document;
"Lazard"	Lazard & Co., Limited;
"LIBOR"	London Inter-Bank Offered Rate;
"Linden Homes"	Galliford Try Homes Limited, a private limited company incorporated in England and Wales with registered number 03158857, whose registered office is at Cowley Business Park, Cowley, Uxbridge, Middlesex UB8 2AL;
"Linden Homes Shares"	the 171,000 ordinary shares of £1.00 each, the 72,625 A management shares of £1.00 each and the 21,472 MHL management shares of £0.01 each, being the entire issued share capital of Linden Homes (other than the Linden Homes Special Share), and "**Linden Homes Share**" means any one of them;
"Linden Homes Special Share"	the special share of £1.00 in the share capital of Linden Homes, having the rights set out in the articles of association of Linden Homes;
"Linden Homes TGAV Adjustment Amount"	a payment made to Galliford Try by Bovis Homes if the TGAV of Linden Homes is above a specified amount, or the payment to Bovis Homes by Galliford Try if the TGAV is below that specified amount;
"Listing Rules"	the listing rules and regulations made by the FCA under Part VI of the FSMA, as amended;
"London Stock Exchange"	London Stock Exchange plc;
"LTIP"	Long Term Incentive Plan of Bovis Homes;
"LTV"	Loan-to-Value Ratio;
"Main Market"	the main market of the London Stock Exchange;
"Money Laundering Regulations"	the Money Laundering Regulations 2007 (SI 2007/2157);
"New Facilities"	the Term Loan and the New RCF;
"New Facilities Agreement"	the new £475 million term loan and revolving credit facilities agreement entered into by, among others, Bovis Homes Limited, the original lenders named in it and Barclays Bank PLC as agent dated 7 November 2019;
"New Galliford Try"	Galliford Try Holdings PLC, a private limited company incorporated in England and Wales with registered number 12216008, whose registered office is Cowley Business Park, Cowley, Uxbridge, Middlesex UB8 2AL;
"New Galliford Try Shares"	the ordinary shares of £0.50 each in the capital of New Galliford Try;

“New RCF”	a £375 million revolving credit facility to be provided to Bovis Homes pursuant to the terms of the New Facilities Agreement;
“New RCF Tranche 1”	a subset of the New RCF, being the £355 million revolving credit facility to be provided to Bovis Homes pursuant to the terms of the New Facilities Agreement;
“New RCF Tranche 2”	a subset of the New RCF, being the £20 million revolving credit facility to be provided to Bovis Homes pursuant to the terms of the New Facilities Agreement;
“New Topco”	Galliford Try (Jersey) Limited, a private limited company incorporated in Jersey with registered number 130175, whose registered office is 47 Esplanade, St Helier, Jersey JE1 0BD;
“New Topco B Shares”	B ordinary shares of £0.50 each in the capital of New Topco;
“New Topco Shareholders”	the holders of New Topco Shares at any relevant date or time;
“New Topco Shares”	the entire issued and to be issued share capital of New Topco immediately prior to Completion;
“Nil Rate Amount”	the first £2,000 of the total amount of dividend received by a UK residential Shareholder from the Company, to be taxed at a nil rate (and so no income tax will be payable in respect of such amounts);
“Non-Executive Directors”	the non-executive Directors of the Company as at the date of this document;
“Numis”	Numis Securities Limited;
“Official List”	the official list of the FCA;
“Overseas Shareholders”	the Galliford Try Shareholders in respect of their holding in New Topco with registered addresses in, or who are citizens, residents or nationals of jurisdictions outside the UK;
“Partnerships & Regeneration”	Galliford Try Partnerships Limited, a private limited company incorporated in England and Wales with registered number 00800384, whose registered office is at Cowley Business Park, Cowley, Uxbridge, Middlesex UB8 2AL;
“Partnerships & Regeneration Shares”	the 98,900 ordinary shares of £1.00 and the 1,100 deferred shares of £1.00 each, being the entire issued share capital of Partnerships & Regeneration, and “**Partnerships & Regeneration Share**” means any one of them;
“Placing”	the placing of up to 13,472,591 new Shares in the capital of the Company, representing approximately 9.99 per cent. of Bovis Homes’s existing issued share capital, to raise gross proceeds of up to £157 million;
“Placing Admission”	the admission of the Placing Shares to listing on the premium listing segment of the Official List in accordance with the Listing Rules and to trading on the London Stock Exchange’s main market for listed securities;
“Placing Agreement”	the placing agreement entered into on 7 November 2019 between the Company and Numis, and as described in paragraph 14.1.2 of Part XV – “*Additional Information*”;

"Placing Price"	the price per Placing Share;
"Placing Shares"	the Shares issued pursuant to the Placing;
"PR Regulation"	Regulation number 2019/980 of the European Commission;
"Private Placement Bond"	the £100 million 4.03 per cent. senior unsecured notes due February 2027 and originally issued by Galliford Try to certain institutional investors in February 2017;
"Pro Forma Financial Information"	the unaudited pro forma financial information of the Enlarged Group;
"Prospectus" or **"this document"**	this prospectus approved by the FCA and published on 7 November 2019 as a prospectus prepared in accordance with the Prospectus Regulation Rules;
"Prospectus Regulation Rules"	the prospectus rules made by the FCA under section 73A of FSMA, as amended;
"PwC"	PricewaterhouseCoopers LLP;
"RCF"	the revolving credit facility entered into by Galliford Try on 18 February 2014 (as amended on 13 February 2015 and 30 March 2016 and as amended and restated on 20 December 2016);
"Receiving Agent"	Computershare Investor Services PLC;
"Reduction of Capital"	the reduction of capital to be undertaken by New Topco by way of solvency statement in accordance with the Restructuring Plan;
"Registered Providers"	registered providers of social housing (as defined in section 80 of the Housing and Regeneration Act 2008);
"Registrar"	Computershare Investor Services PLC, registrars to the Company;
"Regulatory Information Service"	any of the services authorised by the FCA from time to time for the purpose of disseminating regulatory announcements;
"Reorganisation"	the reorganisation of the Group and the Target Businesses to be undertaken prior to Completion in accordance with the Restructuring Plan;
"Restructuring"	the Reorganisation, the Scheme, the Reduction of Capital and the Demerger;
"Restructuring Plan"	the detailed steps plan in respect of the Restructuring in the agreed terms;
"Sale and Purchase Agreement" or **"SPA"**	the sale and purchase agreement entered into by the Company, Galliford Try and New Topco for the acquisition of the Target Businesses from Galliford Try, consisting of the Linden Homes Shares, the Partnerships & Regeneration Shares and the Linden Homes Special Share dated 7 November 2019;
"SAYE"	Save as You Earn share option scheme of Bovis Homes;
"Scheme"	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Galliford Try and New Topco shareholders, with or subject to any modification, addition or

	condition approved or imposed by the Court and agreed to by the Company and to be effected prior to Completion;
"Scheme Effective Date"	the time and date at which the Scheme becomes effective in accordance with its terms, expected to be 2 January 2020;
"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 meaning given in the Scheme;
"SDRT"	Stamp Duty Reserve Tax;
"SEC"	US Securities and Exchange Commission;
"Second Interim Dividend"	the cash dividend of up to 41 pence per Share expected to be paid in May 2020 to Shareholders on the Company's register of members as at the Second Interim Dividend Record Time;
"Second Interim Dividend Record Time"	6.00 p.m. on 27 December 2019;
"Securities Act"	the US Securities Act of 1933, as amended;
"Senior Managers"	the senior management of the Group whose names appear on page 43 of this document;
"Service Categories"	the service categories set out in the TSA;
"Shares"	ordinary shares of nominal value of £0.50 each in the capital of the Company having the rights set out in the Articles as described in paragraph 4 of Part XV – "*Additional Information*";
"Share Capital"	the entire share capital of the Company;
"Share Schemes"	Schemes described in paragraph 11 of Part XV – "*Additional Information*";
"Shareholders"	the holders of Shares in the capital of the Company;
"SIP"	Share Incentive Plan of Bovis Homes;
"Sponsor" or **"Lazard"**	Lazard & Co., Limited.;
"STG"	Strategic Team Group;
"Subscription and Transfer Agreements"	the subscription and transfer agreement, and initial subscription and put and call option agreement entered into by the Company, Finch Jersey Limited and Numis, in connection with the Placing;
"Supplier"	the Galliford Try Continuing Group;
"Target Businesses"	the Linden Homes and Partnerships & Regeneration businesses of Galliford Try;
"Target Businesses Directors"	the Directors of the Target Businesses;
"Tax Indemnity"	the agreed form tax indemnity under the SPA;
"Term Loan"	the £100 million term loan to be provided to Bovis Homes pursuant to the terms of the New Facilities Agreement;

"TGAV"	total net assets, excluding cash, debt, goodwill and intangible assets;
"Transferring Pension Schemes"	Galliford Try Final Salary Pension Scheme and the Galliford Try (Holdings) Limited Pension & Assurance Scheme which, following Completion, will become part of the Enlarged Group;
"Transitional Services"	the transitional services to be provided by the Supplier to the Target Businesses for a limited period following Completion, in accordance with the terms of the TSA;
"TSA"	the transitional services agreement between the Company and a member of Galliford Try as described in paragraph 6 of Part VI – "*Information about the Acquisition*" of this document;
"UK" or **"United Kingdom"**	the United Kingdom of Great Britain and Northern Ireland;
"UK GAAP"	General Accepted Accounting Practice in the UK;
"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 and the District of Columbia;
"US Securities Act"	the United States Act of 1933, as amended;
"Voting Record Time"	8.00 p.m. on 28 November 2019, or, if the General Meeting is adjourned, 8.00 p.m., on the day which is two days before the date of such adjourned meeting;
"W&I Insurance Policy"	the warranty and indemnity insurance policy in the agreed terms between the W&I Insurer and Bovis Homes dated on or around the date of this Prospectus to cover losses arising in relation to breaches of the SPA; and
"W&I Insurer"	RiskPoint A/S, UK Branch, as insurer under the W&I Insurance Policy.