THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately 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 ("FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares please send this document, together with the Form of Proxy, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the United States, Canada or the Excluded Territories.

The distribution of this Circular and/or the accompanying documents into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. In particular, subject to certain exceptions, such documents should not be distributed, forwarded to or transmitted in or into the United States, Canada or any Excluded Territories.

This document is not a prospectus but a shareholder circular and it is being sent to you solely for your information in connection with the Resolution to be proposed at a General Meeting of the Company. It does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

The Prospectus containing details of the Placing and the Rights Issue (including details of the Placing Shares, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares) will not be posted to Shareholders but will be published on the Company's website on or around the date of this Circular. Subject to certain exceptions, Shareholders in the United States, Canada and in Excluded Territories will not be permitted to access the Prospectus. Investors should not subscribe for any Placing Shares, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares except on the basis of the information and the terms and conditions of the Placing and the Rights Issue contained in the Prospectus and, in the case of Qualifying Non-CREST Shareholders who do not hold their shares in CREST, the Provisional Allotment Letter.

BARRATT
DEVELOPMENTS PLC

Barratt Developments PLC

(incorporated in England and Wales under the Companies Act 1948 with registered number 00604574)

Proposed Placing of 72,916,666 Placing Shares at 240 pence per Placing Share
Proposed 1.3 for 1 Rights Issue of 545,525,090 New Ordinary Shares at 100 pence per New Ordinary Share

and

Notice of General Meeting

This document contains a notice of a General Meeting of the Company to be held at UBS Limited, 1 Finsbury Avenue, London EC2M 2PP on 19 October 2009 at 9.00 a.m. Shareholders will find enclosed with this document a Form of Proxy for use at the General Meeting. Shareholders are requested to complete and return the Form of Proxy whether or not they intend to be present at the General Meeting. To be valid, a Form of Proxy should be completed, signed and returned in accordance with the instructions printed on it so as to be received by the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event, by no later than 9.00 a.m. on 17 October 2009. Alternatively, Shareholders may register their proxy appointment and voting instruction electronically at www.capitashareportal.com. CREST members may choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the notice in Part 3 of this Circular. The completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting at the General Meeting.

Your attention is drawn to the letter from the Chairman of Barratt Developments PLC in Part 1 of this document which contains the unanimous recommendation of the Board that you vote in favour of the Resolution to be proposed at the General Meeting. You should read this document in its entirety and consider whether to vote in favour of the Resolution in the light of the information contained in this document.

The Placing Shares, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares have not been and will not be registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares in the United States.

Credit Suisse Securities (Europe) Limited, Barclays Bank plc, HSBC Bank plc, Lloyds TSB Bank plc and RBS Hoare Govett Limited, which are authorised and regulated in the United Kingdom by the FSA, are acting for the Company and no one else in connection with the Placing and the Rights Issue and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Placing or the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or the Rights Issue or any matters referred to in this document.

UBS Limited is acting exclusively for the Company and no one else in connection with the Placing and the Rights Issue and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Placing or the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing and the Rights Issue or any matters referred to in this document.

Each of the Underwriters has given and not withdrawn its written consent to the inclusion of its name in the form and content in which it is included in this document.

Any reproduction or distribution of this document, in whole or in part, or any disclosure of its contents, except to the extent such information is otherwise publicly available, or use of any information contained in this document for any purpose other than considering the Resolution, 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 delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as at any time after its date.

Forward-looking statements

This Circular contains certain "forward-looking statements", including about the belief or current expectations of the Company and the Directors. Generally, words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or similar expressions identify forward-looking statements.

These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company and are difficult to predict, that may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements.

Shareholders are hereby cautioned that certain important factors could cause actual results, outcomes, performance or achievements of the Company or industry results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, those summarised in section 7 entitled "Risk factors" in the appendix to the letter from the Chairman of Barratt in Part 1 of this document. Except as required by the FSA, the London Stock Exchange, the Prospectus Directive, the Listing Rules, the Disclosure Rules and Transparency Rules or applicable law, the Company undertakes no obligation to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's or the Directors' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

FURTHER INFORMATION

The Prospectus relating to the Placing and the Rights Issue has been made available today on the Company's website (www.barrattdevelopments.co.uk/ir/equityraise/) and at its registered office. Shareholders may also request that a copy of the Prospectus be posted to them by telephoning the Shareholder Helpline (details of which are set out below). The Prospectus will not be available (whether through the website or otherwise) to Excluded Shareholders.

The Prospectus sets out the terms and conditions of the Rights Issue and the actions that Qualifying Shareholders must take to participate in the Rights Issue.

Qualifying Shareholders that are eligible to participate in the Placing and/or the Rights Issue should read the Prospectus, the information incorporated by reference into the Prospectus, and any accompanying documents and, if applicable, the Provisional Allotment Letter, in full before making any decision about how to deal with their rights.

You will not be invited to participate in the Rights Issue until after the Resolution is passed at the General Meeting on 19 October 2009. If you hold your Ordinary Shares in certificated form, and you are not an Excluded Shareholder, you will be sent a Provisional Allotment Letter. This letter will contain a form which will enable you to take up your rights and will be accompanied by a short guide on how to complete the form.

If you have further questions, please telephone the Shareholder Helpline on the numbers set out below. The Helpline is available between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays).

Shareholder Helpline telephone numbers

0871 664 0321 (from inside the UK)
or +44 208 639 3399 (from outside the UK)

Calls to the number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the Helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and information relating to the Company's register of members and will be unable to give advice on the merits of the Placing, the Rights Issue or the Resolution or to provide financial, tax or investment advice.

The contents of this document are not to be construed as legal, business or tax advice. Each Shareholder should consult their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice respectively.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.

	2009
Latest time and date for receipt of Forms of Proxy	9.00 a.m. on 17 October
General Meeting	**9.00 a.m. on 19 October**
Issue and allotment of Placing Shares	19 October
Record Date for entitlement under the Rights Issue for Qualifying Shareholders	close of business on 19 October
Provisional Allotment Letters despatched (to Qualifying Non CREST Shareholders only)[1]	19 October
Placing Admission and dealings in Placing Shares, fully paid, commence on the London Stock Exchange	8.00 a.m. on 20 October
Admission and dealings in New Ordinary Shares, nil paid, commence on the London Stock Exchange and Ordinary Shares marked "ex rights"	**8.00 a.m. on 20 October**
Nil Paid Rights credited to stock accounts in CREST (of Qualifying CREST Shareholders (including the Placees) only)[1]	as soon as possible after **8.00 a.m. on 20 October**
Nil Paid Rights and Fully Paid Rights enabled in CREST	as soon as possible after **8.00 a.m. on 20 October**
Recommended latest time for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 28 October
Latest time for depositing renounced Provisional Allotment Letters, nil or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights or Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3.00 p.m. on 29 October
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	3.00 p.m. on 30 October
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters	**11.00 a.m. on 3 November**
Announcement of the results of the Rights Issue	by 8.00 a.m. on 4 November
Admission and dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange	**by 8.00 a.m. on 4 November**
New Ordinary Shares credited to CREST stock accounts	as soon as possible after 8.00 a.m. on 4 November
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	by no later than 17 November

Notes:

1. Subject to certain restrictions relating to Overseas Shareholders.
2. Times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by the Company with the agreement of the Joint Bookrunners, in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, Placees and Qualifying Shareholders.
3. References to time in this timetable are to London times unless otherwise stated.
4. If you have any questions on the Placing and/or the Rights Issue, please telephone the Shareholder Helpline on 0871 664 0321 (from inside the UK) or +44 208 639 3399 (from outside the UK). This helpline is available between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except on UK public holidays). Calls to the Shareholder Helpline from inside the UK cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the Shareholder Helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and information relating to the Company's register of members and will be unable to give advice on the merits of the Placing, the Rights Issue or the Resolution or to provide financial, tax or investment advice. The contents of this document are not to be construed as legal, business or tax advice. Each Shareholder should consult their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice respectively.

PART 1

LETTER FROM THE CHAIRMAN OF BARRATT

Barratt Developments PLC

(Incorporated and registered in England and Wales under the Companies Act 1948 with registered number 00604574)

Registered Office:
Barratt House, Cartwright Way,
Forest Business Park,
Bardon Hill, Coalville,
Leicestershire LE67 1UF

Directors
Bob Lawson *(Chairman)*
Mark Clare *(Group Chief Executive)*
Steven Boyes *(Executive Director)*
Clive Fenton *(Executive Director)*
David Thomas *(Group Finance Director)*
Tessa Bamford *(Non-Executive Director)*
Bob Davies *(Non-Executive Director)*
Rod MacEachrane *(Non-Executive Director)*
Mark Rolfe *(Non-Executive Director)*
Bill Shannon *(Non-Executive Director)*

23 September 2009

To Shareholders

Dear Shareholder

Proposed Placing of 72,916,666 Placing Shares at 240 pence per Placing Share
Proposed 1.3 for 1 Rights Issue at 100 pence per New Ordinary Share
Notice of General Meeting

1. Introduction

It was announced today that Barratt proposes to raise net proceeds of approximately £693.5 million in aggregate by way of a Placing at 240 pence per Placing Share and a 1.3 for 1 Rights Issue at 100 pence per New Ordinary Share. The terms and conditions of the Placing and the Rights Issue, each of which is fully underwritten, including the procedure for taking up your rights, are summarised in the appendix to this letter. The Placing Price of 240 pence represents a 10.6% discount to the Closing Price of 268.5 pence per Existing Ordinary Share on 22 September 2009 (being the last practicable date prior to the announcement of the Placing and the Rights Issue). The Rights Issue Price of 100 pence represents a 62.8% discount to the Closing Price of 268.5 pence per Existing Ordinary Share on that date and a discount of 37.8% to the theoretical ex-rights price under the Rights Issue calculated by reference to the Placing Price.

The Directors are of the unanimous view that this capital raising is essential to enable the Company to maintain its position as one of the UK's leading housebuilders. Accordingly this document:

- explains the background to and reasons for the Placing and the Rights Issue; and
- provides you with a notice of General Meeting of the Company, to be held on 19 October 2009 at 9.00 a.m. at UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, to consider and, if thought fit, pass the Resolution required to authorise the Company to carry out the Placing and the Rights Issue.

The notice of General Meeting can be found in Part 3 of this document.

Completion of the Placing and the Rights Issue are each conditional, amongst other things, upon the passing of the Resolution.

This document also explains why the Directors consider the Resolution to be proposed at the General Meeting to be in the best interests of the Company and Shareholders as a whole and, accordingly, are recommending unanimously that you vote in favour of the Resolution. Section 9 "*Importance of Vote*" below explains the importance of your vote and the significance of the failure of Shareholders to approve the Resolution.

In connection with the Placing and the Rights Issue, Barratt has prepared the Prospectus, which is available (other than to Excluded Shareholders) on Barratt's website and at Barratt's registered office. You should not subscribe for any New Ordinary Shares referred to in this document except on the basis of information contained or incorporated by reference into the Prospectus. Shareholders (other than Excluded Shareholders) can also request that a copy of the Prospectus be sent to them free of charge by calling the Shareholder Helpline on 0871 664 0321 (from inside the UK) or +44 208 639 3399 if you are calling from outside the UK. Subject to certain exceptions, Shareholders in the United States, Canada and the Excluded Territories will not be permitted access to the Prospectus. Certain information contained in the Annual Report and Accounts of the Group in respect of the financial year ended 30 June 2009, which have been published today, is incorporated by reference into the Prospectus. Copies of the Annual Report and Accounts are available on the Company's website at *www.barrattdevelopments.co.uk* and are expected to be posted in due course to those Shareholders who have elected to receive these in hard copy format.

2. Background to and reasons for the Placing and the Rights Issue

Background

Barratt is one of the largest housebuilders by volume in the UK. Barratt Group has a network of 25 housebuilding divisions in key locations which enables it to provide full geographic coverage throughout Britain, including London where it has a strong presence. Following Barratt's acquisition of Wilson Bowden for approximately £2 billion in April 2007, it rapidly integrated the businesses, delivering synergies of £33 million against a target of £30 million set for the 2008 financial year. Having streamlined the divisional structure as part of the integration process, Barratt has undertaken a further downsizing of the combined housebuilding business in response to the ongoing difficult trading conditions experienced since the Autumn of 2007.

Barratt's housebuilding business is engaged in the acquisition and development of land and the planning, design, construction and selling of a wide range of new homes, to both private buyers (including investors) and the social housing sector, primarily under its two major national brands, Barratt Homes and David Wilson Homes. These core activities are supported by Barratt's commercial development, urban regeneration, procurement, design and strategic land capabilities.

Economic environment

Barratt's operations have been severely affected, in common with other UK housebuilders, by the deterioration in the credit markets and increasing lender restrictions, the reduced availability of mortgage finance and the decline in consumer confidence. The UK currently remains in recession, with its Gross Domestic Product (GDP) retracting by 0.7% in the second quarter of 2009 compared to the first quarter of 2009 and by 5.5% compared to the second quarter of 2008, the latter being the largest annual fall in UK GDP on record[1].

While there are some initial indications that consumer confidence is slowly returning, the availability of mortgage financing remains restricted, unemployment levels are still rising and the overall economic outlook remains uncertain.

1 Source: "GDP Growth: Economy contracts by 0.7% in Q2 2009", Office for National Statistics

Downturn in the housebuilding industry

The UK housebuilding sector has historically been cyclical, with its performance moving broadly in line with general economic conditions, and has tended to be one of the sectors affected earliest by a downturn. The issues in the wider economic environment since the Autumn of 2007 have had a direct adverse impact on the sector, leaving it in a severely weakened state.

Since Autumn 2007, the reduced availability of mortgage finance, lower numbers of both mortgage products and traditional UK mortgage lenders, more restrictive lending criteria being applied by lenders (and the conservative mortgage valuations being made on their behalf) have had a significant adverse effect on the demand for homes. The decline in the number of the higher loan to value ratio mortgages which are required by many first time buyers has been more marked. The monthly level of gross mortgage lending fell by approximately 45% from £14,672 million in June 2008 to £8,065 million in June 2009 while the number of seasonally adjusted mortgage approvals fell from 108,169 to 84,102 (a 22% drop) over the same period[2].

Nationwide house price data (for all houses) showed an annual fall in house prices of 15.9% for the 12 month period to December 2008[3] while Halifax house price data (for all houses) showed an annual fall of 16.2% for the same period[4]. The Nationwide House Price Index (seasonally adjusted) fell by 9.3% in the period from June 2008 to June 2009[5] while the Halifax House Price Index (seasonally adjusted) fell by 12.4% over the same period[6] with average house prices (for all houses) falling from £180,320 to £157,876 over that period, according to Halifax house price data[7] and from £172,415 to £156,442, according to Nationwide house price data[8]. Aggressive discounting by housebuilders destocking during the downturn in order to manage their working capital has contributed to this downward pressure on pricing. However, there have been some recent signs of a stabilisation in the rate of house price decline. The Nationwide House Price Index showed a rise in prices of 1.6% in August 2009 compared to the previous month, which was the fourth consecutive monthly increase[9].

Many of those looking to buy a new home are presently unable to obtain a mortgage. Potential homebuyers may also be constrained by an inability to sell their existing homes or they may be choosing to delay their purchase due to the uncertain economic environment or concerns as to job security. However, new buyer enquiries increased for ten consecutive months to August 2009[10] according to the Royal Institute of Chartered Surveyors, albeit from historically low levels, and in July 2009 newly agreed sales (measured on a net balance of surveyors reporting basis), reached the highest level since August 1999[11].

The National House-Building Council ("**NHBC**") received just 106,894 applications to start new homes in the year to December 2008 (a fall of 47% against the 200,697 received in the previous year) and recorded 149,238 house building completions for the 2008 calendar year - a fall of 20% against the 186,505 recorded in the previous year[12]. This significantly reduced build activity has led to more limited stock levels of new housing. Due to these scaled back build rates and the need to conserve cash, there has been very limited activity in the land buying market. Existing landbanks have gradually been eroded rather than replenished on an ongoing basis. This reduced activity and other cost reduction measures implemented by housebuilders have had a direct adverse impact on the sector's supply chain, with a number of suppliers and subcontractors going out of business or leaving the sector. As and when an upturn occurs, these factors may inhibit recovery and competition will be strong for appropriate land, materials and skilled personnel.

2 Source/basis: Total number of loans approved for house purchase, remortgaging and other secured lending, "Monthly Statistics Release", British Bankers' Association, 25 August 2009

3 Source: "2008: a difficult year for the housing market", Nationwide Housing Research

4 Source: "Halifax House Price Index 2008", Halifax and Bank of Scotland Research, 10 September 2009

5 Source: "UK Monthly Indices (Post '91)", Nationwide Housing Research

6 Source: "Historical House Price Data", Halifax and Bank of Scotland Research, September 2009

7 Source: "Historical House Price Data", Halifax and Bank of Scotland Research, September 2009

8 Source: "UK Monthly Indices (Post '91)", Nationwide Housing Research

9 Source: "UK Monthly Indices (Post '91)", Nationwide Housing Research

10 Source: RICS housing market surveys, July and August 2009

11 Source: RICS housing market survey, July 2009

12 Source: "2008 Home Start Lowest on Record", NHBC, 23 January 2009

Impact on Barratt

The progressively deteriorating market conditions from Autumn 2007 materially impacted the Group's operating results in the 2008 and 2009 financial years:

- the Group's completions in the 2009 financial year decreased by 29.0% to 13,202 from 18,588 in the 2008 financial year (2007 financial year: 17,168, on a like for like basis, including those achieved by Wilson Bowden prior to the WB Acquisition)
- the Group's average selling price in the 2009 financial year decreased by 14.1% to £157,200 from £183,100 in the 2008 financial year and by 9.0% compared with £172,800 in the 2007 financial year
- the Group's Adjusted Operating Margin for the housebuilding business decreased to 1.9% in the 2009 financial year from 15.5% in the 2008 financial year (2007 financial year: 16.9%*)
- the Group's loss for the year before tax and exceptional items in the 2009 financial year was £144.1 million compared with a profit of £392.3 million in the 2008 financial year and a profit of £451.0 million* in the 2007 financial year
- £499.5 million in exceptional impairments of inventories were recorded in the 2009 financial year compared with exceptional impairments of inventories of £208.4 million in the 2008 financial year and £nil in the 2007 financial year
- in addition, in the 2009 financial year, the Group recorded exceptional restructuring costs in relation to reorganising and restructuring the business of £27.1 million (2008 financial year: £15.9 million; 2007 financial year: £26.2 million), including redundancy costs of £17.6 million (2008 financial year: £3.7 million; 2007 financial year: £12.2 million). In the 2008 financial year, the Group recorded an exceptional impairment of goodwill of £24.5 million (2007 financial year: £nil) and an exceptional impairment of other intangible assets of £6.2 million (2007 financial year: £nil)
- the Group incurred exceptional finance costs of £13.3 million related to the make-whole fee on the early partial redemption of private placement notes in the 2009 financial year (2008 financial year: £nil, 2007 financial year: £nil) and post-tax £2.0 million of impairment costs following a fall in the net realisable value of land and work in progress in a joint venture (2008 financial year: £nil, 2007 financial year: £nil)
- an exceptional tax credit of £148.3 million was recognised in the 2009 financial year as a result of the exceptional items mentioned above other than the impairment of goodwill (relating to Wilson Bowden Developments) and tax disallowable restructuring costs (2008 financial year: £66.8 million and 2007 financial year: £6.5 million)
- Group stock levels fell significantly during the 2009 financial year, with reduced work in progress standing at £1,044.2 million at June 2009 compared to £1,569.3 million at June 2008 (June 2007: £1,368.5 million); unreserved finished stock fell to 822 homes at June 2009 from 1,821 homes at June 2008 (June 2007: 1,388 homes). In addition, the level of "roof to complete" stock units also declined (by 61.1%) over the same period to 2,008 units at June 2009, from 5,157 units at June 2008.

Barratt's actions during the downturn

Barratt responded swiftly to the challenging trading environment by driving sales, reducing costs and focusing on cash generation to reduce indebtedness, with a view to preserving and ultimately maximising value for shareholders.

Selling prices

Barratt reduced selling prices to reduce stock levels in a market where sales volumes were declining. Private net reservations per site per week increased by 10.5% in the 2009 financial year, 6.0% down for the first half and 28.6% up in the second half when compared with the equivalent period in the 2008 financial year. The lower average selling prices reduced the Group's Adjusted Operating Margin from 15.5% in the 2008

* unaudited and restated

financial year to 1.5% in the 2009 financial year. However, the combination of more stable selling prices in the second half of the year and the focus on costs throughout the year enabled Barratt to increase Adjusted Operating Margin during the second half of the 2009 financial year to 1.7% compared with 1.3% in the first half of the 2009 financial year.

Throughout the downturn Barratt has sought to leverage its acknowledged sales and marketing skills, employing a combination of focused marketing campaigns, targeted incentives and discounts and tools such as shared equity products, part exchange and other innovative offers to support sales. More recently, Government sponsored initiatives such as HomeBuy Direct have begun to be utilised to this end.

Cost reductions

Building on the synergies achieved by the operational integration of the Wilson Bowden business, Barratt increased its focus on cost reduction, implementing the following series of measures:

- further reduction of overheads and contraction of the divisional structure resulting in a reduction in average headcount of approximately 1,846, or 28.8% during the 2009 financial year
- renegotiation of subcontractor rates and supplier contracts to reduce materials costs
- reduction in build costs through improved build processes, including changing specifications. For example, since June 2007, the Group has reduced the basic housebuild costs of a standard house type by approximately 15%
- replanning of sites (for example, to move the mix on sites towards houses and away from more capital intensive apartment developments)
- reducing investment in land, only acquiring land where pre-existing contractual commitments exist (and, where possible, re-negotiating terms to cancel or defer such commitments) or, more recently, where attractively priced opportunities can be secured on deferred terms
- deferring development of sites requiring a significant level of upfront expenditure (for example, on infrastructure)
- maintaining tight control over stock and work in progress, by building only what could be sold quickly and pricing unsold stock realistically both to reduce stock levels and to accelerate exit from existing sites

Cash and debt

Barratt has sought to maximise its cash generation potential with a view to reducing net debt and thereby strengthening its balance sheet. In addition to conserving cash generated from operations by cutting costs, reducing land spend and tightly controlling working capital as referred to above, no dividends have been paid since the 2008 interim dividend. The Group has also sold certain assets from the Wilson Bowden Developments commercial property portfolio, realising aggregate cash proceeds of £181.1 million over the financial year ended 30 June 2009 through this divestment programme.

In July and August 2008, Barratt acted swiftly in response to the challenging environment and was one of the first major housebuilders to restructure its financing arrangements. This involved the entry into a new £400 million three year committed revolving credit facility, an extension to the maturity date for £350 million of its existing £400 million revolving credit facility so as to coincide with the maturity date of the new facility and a renegotiation of the covenants contained in Barratt's committed bank facilities and private placement notes onto a basis which the Board considered more appropriate for the difficult environment then being experienced. This included the addition of a cash flow covenant, suspension of the existing interest cover covenant test and relaxing the gearing and minimum tangible net worth covenants.

Net debt as at 30 June 2009 was £1.28 billion, a reduction of 22% when compared with £1.65 billion as at 30 June 2008, reflecting lower levels of work in progress, reduced investment in new land and the proceeds realised from the disposal of assets from the Wilson Bowden Developments commercial property portfolio.

Current trading and outlook

The second half of the 2009 financial year has seen a degree of stability return to the UK housing market. The Company was able to maintain price levels after significant falls in the first half year, whilst achieving improved reservation rates per outlet.

This trend has continued since the start of the new financial year with reservation rates in the first eleven weeks both above budget and those in the same period the previous year. Overall reservation prices are running ahead of internal expectations.

Forward sales at 30 June 2009 were £464.3m (2008: £697.6m) representing 3,328 plots (2008: 4,586 plots). As at 13 September 2009 forward sales had increased to £733.4m.

Total completions for the 2010 financial year are currently expected to be approximately 12,000, with a similar mix between social and private completions, but consistent with the replanning and build programme undertaken since the second half of the 2009 financial year, a shift in product mix towards a higher proportion of houses. Barratt anticipates this shift will slightly improve average selling prices for the period.

Nevertheless, the encouraging signs being experienced are subject to continued uncertainty in the wider economic climate. There is unlikely to be a sustained recovery in the UK housing market until mortgage finance is more readily available particularly in the higher loan to value segment and consumer confidence is more fully restored.

Planning for recovery

Despite the uncertain short term outlook, the Directors believe that in the longer term, the underlying imbalance between supply and demand will ultimately drive future growth for the housebuilding industry and that attractive opportunities are likely to arise in a recovering market for those well-positioned to take advantage of them. Prior to the downturn, housing stock was growing by 185,000 units a year against Government forecasts of a required 240,000 units per year by 2016 in order to meet the projected demand of the growing UK population[13]. Only 80,000 new housebuilding starts are forecast for the 2008/2009 UK financial year[14]. The Directors believe that the desire for home ownership is very strong.

To enable Barratt to recover as fast as possible from the downturn when the market begins to improve, Barratt's management has identified the following areas of operational focus:

Land and planning: If build activity scales back up, in order to satisfy increased demand, it will be necessary to identify and secure opportunities in the land buying market, including for strategic land, on appropriate terms to replenish the Group's landbank to meet more normalised build levels. In the four months preceding the date of this document, approximately £100 million of land spend has been approved. Barratt intends to exploit fully its planning capabilities in order to extract maximum value from both existing and newly acquired sites. Replanning of existing sites in order to accelerate development and release value may result in the carrying values of such sites being written down in certain cases.

Sales and marketing: The sales function is expected to benefit in an improving market from the efficiencies achieved during the downturn. The Board believes that a combination of a step up in training support and the deployment of new technology on site will enable the Group to improve conversion rates. In addition, a shift in marketing focus away from deal-led advertising should support an improvement in sales performance.

People and resources: Barratt has continued to develop and invest in its people and their expertise notwithstanding the downturn in order to ensure appropriate and adequate resources are available to meet the demands of recovery, when retention and recruitment of the right person for each job will be key. Increased professional and skilled resources, including in areas such as land buying, will be required and Barratt's graduate and apprenticeship programmes will need to be relaunched.

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13 Source: "Homes for the Future: more affordable, more sustainable", Department of Communities and Local Government, Green Paper, 2007

14 Source: "Housing Starts as Low as 80,000", NHBC, 25 February 2009

Labour and materials: The competition for suppliers and sub-contractors is expected to intensify when activity levels increase and shortages of labour, appropriate skills and materials, as well as cost pressures, may result. While Barratt's strong procurement function and existing national procurement agreements with major suppliers will provide a firm base, Barratt intends to strengthen existing relationships and develop new ones as the market opens up.

Amended financing arrangements

As part of planning for recovery, Barratt has also considered its capital resources and financial flexibility. Although Barratt continues to operate within the financial covenants in its existing financing arrangements, the Board has concluded that a further restructuring of the covenant package is now an appropriate and timely measure.

Accordingly, Barratt has agreed certain amendments to the terms of the Group's existing financing arrangements. The amended financing arrangements will only come into effect if, before 31 December 2009, Barratt reduces its borrowings under the WB Acquisition Facilities and the private placement notes by 40% such that the total amount of indebtedness outstanding thereunder does not exceed £900 million (excluding any indebtedness under make-whole notes that are issued as a consequence of the prepayment and calculated using the rate of exchange used in Barratt's foreign currency derivative transactions to the extent of borrowings denominated in US Dollars). Following completion of the Placing, and immediately upon the Company becoming entitled to the net proceeds of the Placing, such proceeds will be transferred to an escrow account with the facility agent for the WB Acquisition Facilities and held in such account until the Company also becomes entitled to the net proceeds of the Rights Issue, at which time the appropriate proportion of the net proceeds of the Rights Issue will also be transferred to the escrow account and the aggregate balance in the escrow account will then be applied in accordance with the escrow terms to effect the prepayments required to bring the amended financing arrangements into effect. Undrawn commitments of £50 million under each of Barratt's two revolving credit facilities will be automatically cancelled on the date on which these prepayments are made so that the total revolving credit commitments under both facilities does not exceed £700 million.

The amended financing arrangements are intended to provide Barratt with the ability to take advantage of opportunities that may arise in a recovering market, as well as to provide an appropriate alternative framework, should a further downturn arise. In particular, the amended financing arrangements provide for an extension to the maturity date under Barratt's revolving credit facilities and a revised set of financial covenants (applicable across all of the financing arrangements) which accommodate increased investment in, and development of, the Group's landbank while also providing flexibility should the Group incur future land or work in progress impairments. Amendments are also made to the general covenants with the intention of providing the Group with appropriate operational flexibility to make acquisitions, invest in developments and joint ventures, and participate in government programmes to support the housebuilding and residential property sector. As described below, certain restrictions in respect of dividend payments by Barratt will apply under the amended financing arrangements.

As a consequence of amending the terms of its financing arrangements and effecting the prepayments and cancellations described above Barratt will incur various fees, costs and other expenses. Amendment and other fees and costs, expected to be up to £23 million in aggregate, will be paid to Barratt's bank lenders and private placement noteholders. Barratt would have expected to incur fees and costs of this nature during the current financial year, since it would have needed to renegotiate the terms of its existing financial arrangements during this period in any event.

As a consequence of the prepayment of the WB Acquisition Facilities, Barratt will have made prepayment offers to each of the private placement noteholders, which offers will have included make-whole amounts in respect of the private placement notes which are the subject of the prepayment offer. Noteholders will have the option to receive a cash payment in satisfaction of the make-whole obligation instead of make-whole notes. To the extent that cash make-whole payments are made, the amount of those payments is not expected to exceed £22 million based on current interest and foreign exchange rates. To the extent that noteholders decide not to receive a cash make-whole amount and instead choose to take make-whole notes, the maximum aggregate principal amount of such make-whole notes is not expected to exceed £26 million, based on current interest and foreign exchange rates. The cost of issuing make-whole notes will not result in a cash item until such make-whole notes are redeemed. Any cash costs in respect of make-whole amounts represent an acceleration of costs which would have been incurred over the life of the private placement notes but for the prepayments.

As a consequence of the prepayments to be made to ensure the amended financing arrangements come into effect, the Group will cancel certain interest rate and foreign exchange swap positions relating to its existing indebtedness. The associated early termination costs cannot be determined until the relevant hedging arrangements are closed out (as early termination payments will depend, among other things, on the interest rates and foreign exchange rates prevailing at that time) but Barratt does not expect these to exceed £55 million based on current rates. The swap termination costs represent costs that crystallise as a consequence of the prepayments required in order to bring the amended financing arrangements into effect.

The then remaining balance of unamortised costs in respect of the restructuring of the Group's financing arrangements in 2008 (which stood at £36 million as at 30 June 2009) will be written off upon the amended financing arrangements becoming effective. Such costs will be a non-cash item.

The amended financing arrangements are described in more detail in section 3 of the appendix to this letter.

Reasons for the Placing and the Rights Issue and use of proceeds

Given the severity of the downturn, the deterioration in the housebuilding sector and the adverse impact on Barratt, the Directors believe it is now appropriate for the Group to recapitalise its business through a capital raising via the Placing and the Rights Issue. In order for the amended financing arrangements to come into effect, both the Placing and the Rights Issue need to complete.

In the first instance, the Group intends to use the net proceeds of the Placing and the Rights Issue to reduce the total amount of indebtedness outstanding under the WB Acquisition Facilities and the private placement notes by 40% such that the total amount of indebtedness outstanding thereunder does not exceed £900 million (excluding any indebtedness under make-whole notes that are issued as a consequence of the prepayment and calculated using the rate of exchange used in Barratt's foreign currency derivative transactions to the extent of borrowings denominated in US Dollars), as required in order for the amended financing arrangements to come into effect.

Following completion of the Placing, and immediately upon the Company becoming entitled to the net proceeds of the Placing, such proceeds will be transferred to an escrow account with the facility agent for the WB Acquisition Facilities and held in such account until the Company also becomes entitled to the net proceeds of the Rights Issue, at which time the appropriate proportion of the net proceeds of the Rights Issue will also be transferred to the escrow account and the aggregate balance in the escrow account will then be applied in accordance with the escrow terms to effect the required prepayments, such that approximately £590 million will be prepaid under the WB Acquisition Facilities and the private placement notes. It is expected that a prepayment of approximately £495 million will be made under the WB Acquisition Facilities and approximately £95 million of private placement notes will be prepaid. However, if one or more noteholders has given prior notice to Barratt that it does not wish to accept the prepayment, the total prepayment in respect of the private placement notes will reduce and the prepayment under the WB Acquisition Facilities will increase by the aggregate amount declined by that noteholder or those noteholders. Payments will also be made in respect of any make-whole amounts that are required to be satisfied in cash, which are not expected to exceed in aggregate £22 million, based on current foreign exchange rates. Barratt will also pay amendment and other fees and costs to its bank lenders and private placement noteholders, which are expected to be up to £23 million in total. In addition, swap termination costs, not expected to exceed £55 million in aggregate (based on current rates), will be incurred when Barratt cancels certain interest rate and foreign exchange swap positions as a consequence of the prepayments described above. To the extent that the balance of net proceeds after prepayments is insufficient to meet the aggregate amount of such fees, cash make-whole amounts and swap termination costs, any shortfall will be funded from Barratt's revolving credit facilities.

Any balance of the net proceeds of the Placing and the Rights Issue will be utilised to reduce any amounts drawn down at the relevant time under the Group's revolving credit facilities, thereby increasing the headroom and available working capital under those facilities. The headroom and working capital available under the Group's revolving credit facilities will be utilised by Barratt to invest over the medium term in the development of existing land sites and appropriate land purchasing opportunities as and when they arise, in line with Barratt's strategic growth objectives.

Specifically, the Placing and the Rights Issue will:

- *Substantially strengthen Barratt's balance sheet and reduce its financial indebtedness*

The Placing and the Rights Issue will strengthen the Group's balance sheet as a result of a more robust capital structure achieved through the repayment of debt and resulting reduction in financing costs. The revised covenant package in Barratt's amended financing arrangements will provide greater operational and financial flexibility in the future. Barratt will return to a level of gearing which the Directors consider more sustainable and more appropriate for the current economic climate.

- *Allow the Group to develop its existing sites*

Following the Placing and the Rights Issue, the Group will be in a better position to rebuild its inventory to levels more appropriate for a growth environment. The Group also expects to recommence investment in existing sites where development has to date been deferred due to the significant upfront expenditure required. This will be done on a prudent and highly controlled basis, with careful matching of supply and demand levels, with a view to maximising the value potential of these sites. Barratt will also be better positioned to drive growth and operating efficiency by undertaking the construction process on a more continuous and consistent basis rather than the intermittent "build to order" approach adopted during the downturn.

- *Improve Barratt's competitive positioning and enable it to take advantage of land purchasing opportunities as and when they arise in a period of market recovery*

The increased flexibility provided by the Group's amended financing arrangements, which will come into effect in the circumstances discussed above, and the cash resources available to the Group from the increased headroom and working capital available under its revolving credit facilities, are expected to enable it to take advantage of attractively priced land purchasing opportunities, including in respect of strategic land, as and when they arise in the market. This is expected to provide Barratt with greater operational flexibility to benefit from an upturn in the housebuilding industry and to position the business strategically for growth in the future. In line with its strategic objectives, Barratt will seek to replenish its landbank to levels which under normalised trading conditions would represent 3.5 to 4 years' supply, supplemented by its strategic land portfolio. New investment in land will only be made where it can deliver at or above the challenging investment return rates defined by the Board.

Accordingly, the Directors believe that the Placing and the Rights Issue will have both immediate and longer-term benefits for the Group.

3. Strategy

Barratt is focused on remaining one of the UK's largest housebuilders by volume through maintaining its broad range of quality products, the strength of its geographic coverage and brand leadership.

Barratt's strategy is to:

- Use the scale of its operations to enhance efficiency, reduce costs and deliver sustainable and superior long term margins
- Take advantage of the existing attributes of its skillset such as good customer service, innovative product design, brand leadership and acknowledged sales and marketing capability to maximise the value achieved for its products
- Maximise through its existing planning and land optimisation capability the value of the existing landbank while continuing to invest in new land, in particular strategic land which is less capital intensive, to support Barratt's growth objectives

- Secure competitive advantage by becoming the partner of choice for both public and private bodies through delivering well regarded, low cost solutions to meet complex regulatory, environmental and regeneration requirements
- Ensure Barratt has an industry leading workforce through further investment in recruitment, retention and training

4. Dividend policy

Barratt suspended dividend payments in June 2008 as part of its cash conservation policy. The Board remains focused on strengthening the balance sheet and conserving cash. In addition, the Group's existing financing arrangements impose certain restrictions on the payment of dividends. In light of these restrictions, no final dividend will be paid in respect of the financial year ended 30 June 2009, which is consistent with the rationale underpinning the Placing and the Rights Issue.

The terms of the Group's amended financing arrangements (which will become effective in the circumstances described in "*Amended Financing Arrangements*" above) continue to restrict payment of dividends and prohibit any dividend being declared in respect of the financial year ending 30 June 2010. Thereafter, no restriction on dividends will apply under the Group's financing arrangements.

Barratt's ability to return to paying regular dividends in future, once permitted by its financing arrangements, will depend, among other things, on improved financial performance. The Board is committed to reinstating the payment of dividends and will do so when it becomes appropriate and permissible to do so.

5. Summary structure of the Placing and the Rights Issue

The Directors have carefully considered the best way to structure the proposed equity fund raising. The decision to structure the issue by way of a combination of a Placing and a Rights Issue reflects a number of factors, including the total net proceeds to be raised and the composition of Barratt's share register. The Directors believe that due to capacity and sub-underwriting constraints in respect of certain of Barratt's existing Shareholders it is necessary to introduce some new investors. While recognising the importance of pre-emption rights, the Directors believe that to attract new investors the issue structure needs to include a firm allocation of Ordinary Shares under the Placing combined with the ability for Placees to participate in the Rights Issue. The Directors have sought to restrict the size of the Placing to a minimum in order to minimise the dilution to existing Shareholders and are also seeking the approval of Shareholders to the proposed structure of the equity fund raising, including this non pre-emptive element, by way of a special resolution.

Under the Placing, the Placing Agents have agreed to use reasonable endeavours to procure Placees for an aggregate of 72,916,666 Placing Shares at a price of 240 pence per Placing Share. Under the Rights Issue, Qualifying Shareholders will be offered New Ordinary Shares by way of rights at a price of 100 pence per New Ordinary Share on the basis of 1.3 New Ordinary Shares for every 1 Ordinary Share held on the Record Date. The Placing and the Rights Issue have been fully underwritten on the terms and conditions of the Underwriting Agreement.

The price at which the Placing Shares will be issued to Placees represents a 10.6% discount to the Closing Price of 268.5 pence of an Existing Ordinary Share on 22 September 2009 (being the last practicable date prior to the announcement of the Placing and the Rights Issue). The Placing Price (and the size of the Placing discount) have been determined, following discussions with both existing and potential new Shareholders, at the level which the Directors consider necessary to attract new investors in order to ensure the success of the Placing and the Rights Issue, taking into account the total net proceeds to be raised. The Directors believe the Placing Price and the discount which it represents is appropriate. The price per Placing Share is not directly connected to the Rights Issue Price. The Rights Issue Price represents a 62.8% discount to the Closing Price of 268.5 pence per Existing Ordinary Share on that date and has been set at a discount of 37.8% to the theoretical ex-rights price under the Rights Issue calculated by reference to the Placing Price.

If a Qualifying Shareholder (who is not a Placee) does not take up any New Ordinary Shares under the Rights Issue, such Qualifying Shareholder's shareholding in the Company will be diluted up to 64.1% as a result of the Placing and the Rights Issue. Furthermore, Qualifying Shareholders who take up their entitlements in full in respect of the Rights Issue will suffer a dilution of 17.4% to their shareholdings in the Company as a result of the Placing unless the Qualifying Shareholder participates in the Placing on a *pro rata* basis.

Further details on each of the Placing and the Rights Issue are set out in sections 1, 2 and 4 of the appendix to this letter.

6. Major Shareholder

Mr. D. Wilson, who held 5.61% of the Company's issued Ordinary Shares as at 22 September 2009, has irrevocably undertaken with the Joint Bookrunners to subscribe for New Ordinary Shares to which he is entitled under the Rights Issue to an aggregate value of £10 million. In respect of the balance of his entitlement to New Ordinary Shares in the Rights Issue, Mr. Wilson intends to subscribe for no less than that number of New Ordinary Shares as can be funded by the sale of Nil Paid Rights.

7. Directors' intentions

Each of the Directors who is a shareholder intends to take up in full his entitlement to subscribe for New Ordinary Shares under the Rights Issue which comprise approximately 1,063,287 Existing Ordinary Shares in aggregate, representing 0.31% of the issued share capital of the Company as at 22 September 2009 (being the last practicable date prior to the announcement of the Placing and the Rights Issue).

8. Working capital

The Company is of the opinion that after taking into account the net proceeds of the Placing and of the Rights Issue and the Group's amended financing arrangements, the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

9. Importance of vote

As described above, Barratt is pursuing the Placing and the Rights Issue to strengthen the Group's balance sheet and reduce its financial indebtedness. The Placing and the Rights Issue are also expected to enable the Group to develop its existing sites and better position Barratt to take advantage of appropriate land purchasing opportunities.

The Group's amended financing arrangements contain revised covenants which the Directors consider are more appropriate for the current environment than its existing covenants, while also intended to provide an appropriate alternative framework should a further downturn arise.

The Board firmly believes that proceeding with the Placing and the Rights Issue, together with the amended financing arrangements, are in the best interests of Shareholders as a whole. The Board is therefore seeking Shareholder approval for the Resolution at the General Meeting which must be passed in order to allow the Placing and the Rights Issue to be implemented.

If the Resolution is not approved by Shareholders and the Placing and the Rights Issue do not occur, the amended financing arrangements will not come into effect. In that event, whilst Barratt's existing financing arrangements do not expire within the next twelve months, Barratt would need to renegotiate the terms of its existing financing arrangements during the current financial year in order to secure prior to its financial year end on 30 June 2010 the availability of revolving credit facilities of an appropriate duration so as to give the Directors confidence that they will be able to prepare accounts in respect of such period on a going concern basis. It would also seek to secure a covenant package across all its financing arrangements that provides greater flexibility than the covenants in its existing financing arrangements, some of which become increasingly restrictive the closer each of Barratt's committed bank facilities gets to its maturity date. While the Directors believe that such a renegotiation would be successfully concluded, they consider it unlikely that it would be concluded upon terms which are as commercially acceptable as the terms of the amended financing arrangements.

Until such time as any such renegotiation is concluded, Barratt would need to continue to operate within its existing covenant regime, which will become increasingly challenging. This would necessitate the immediate undertaking of management actions similar in nature to those pursued in the downturn, that is prioritisation of cash generation and deferral of investment in new land and development of existing sites. Barratt's management may also be required to take further steps such as land sales, in order to ensure ongoing compliance with its existing covenant regime. Due to the lead time involved, Barratt would need to put in place the process to effect such sales immediately so that they would be capable of execution should they subsequently be required. Such management actions would severely restrict Barratt's ability to pursue the strategy which it would otherwise pursue for the business (as described in "*Strategy*" above) which would be detrimental to the interests of the Group and Shareholders. Whilst the Directors believe that such management actions would enable Barratt to continue to comply with the existing covenant regime for the foreseeable future that is, for at least the next twelve months from the date of this document, if a further downturn should arise there can be no assurance that these actions would be sufficient to enable Barratt to do so.

Furthermore, without additional capital, Barratt's ability to participate in a recovery in the housebuilding sector will be severely limited.

The Directors therefore believe it is very important that Shareholders vote in favour of the Resolution at the General Meeting.

10. Recommendation

The Board considers the Placing and the Rights Issue and the putting in place of appropriate share capital authorities to be in the best interests of the Company and its Shareholders as a whole and, accordingly, unanimously recommends Shareholders to vote in favour of the Resolution, as the Directors intend to do in respect of their beneficial holdings of 1,063,287 Existing Ordinary Shares (amounting in aggregate to 0.31% of the issued share capital of the Company as at the last practicable date prior to the announcement of the Placing and the Rights Issue).

Yours faithfully,

Bob Lawson
Chairman

APPENDIX TO THE LETTER FROM THE CHAIRMAN OF BARRATT

1. Details of the Placing

Under the Placing, the Placing Agents have agreed to use reasonable endeavours to procure Placees for an aggregate of 72,916,666 Placing Shares at a price of 240 pence per Placing Share to raise gross proceeds of £175,000,000. The Placing Shares will represent approximately 17.4% of the Company's issued share capital immediately following completion of the Placing and approximately 7.6% of the Company's issued share capital immediately following completion of the Placing and the Rights Issue (assuming that no further Ordinary Shares are issued as a result of the exercise of any options under the Barratt Share Schemes in the period from the publication of this document to completion of the Placing and the Rights Issue).

The Placing is fully underwritten by the Placing Agents on the terms and conditions of the Underwriting Agreement.

The Placing Price represents a 10.6% discount to the Closing Price of 268.5 pence per Existing Ordinary Share on 22 September 2009 (being the last practicable date prior to the announcement of the Placing and the Rights Issue).

The Placing is conditional among other things on:

- the passing (without material amendment) of the Resolution; and
- the Underwriting Agreement not having been terminated by the time at which the Resolution is passed.

An application will be made to the UK Listing Authority for the Placing Shares to be admitted to listing on the Official List and an application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Placing Admission will become effective and dealings in the Placing Shares will commence at 8.00 a.m. on 20 October 2009, the first Business Day following the General Meeting.

The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares. The Placees will be Qualifying Shareholders for the purposes of the Rights Issue.

The Placing is not conditional on the Rights Issue proceeding or upon Placing Admission. At the time that the Placing Shares are unconditionally issued and allotted to Placees, the Rights Issue will remain conditional upon Placing Admission and Admission of the New Ordinary Shares (nil paid).

2. Principal terms of the Rights Issue

The Company is proposing to offer 545,525,090 New Ordinary Shares by way of rights to Qualifying Shareholders at a price of 100 pence per New Ordinary Share, payable in full on acceptance by no later than 11.00 a.m. on 3 November 2009. The Rights Issue is expected to raise gross proceeds of £545,525,090. The Rights Issue Price represents:

- a 37.8% discount to the theoretical ex-rights price calculated by reference to the Placing Price;
- a 42.3% discount to the theoretical ex-rights price calculated by reference to the Closing Price of 268.5 pence per Existing Ordinary Share on 22 September 2009, being the last practicable date prior to the announcement of the Placing and the Rights Issue;
- a 41.6% discount to the theoretical ex-rights price calculated by reference to the Closing Price of 268.5 pence per Existing Ordinary Share on 22 September 2009, being the last practicable date prior to the announcement of the Placing and the Rights Issue as adjusted to take account of the Placing at 240 pence per Placing Share; and
- a 62.8% discount to the Closing Price of 268.5 pence per Existing Ordinary Share on 22 September 2009, being the last practicable date prior to the announcement of the Placing and the Rights Issue.

Subject to, amongst other things, the conditions described below, the offer of New Ordinary Shares under the Rights Issue will be made on the following basis:

1.3 New Ordinary Shares at 100 pence each for every 1 Ordinary Share held

by Qualifying Shareholders on the Record Date and so in proportion to any other number of Ordinary Shares each Qualifying Shareholder then holds.

Entitlements to New Ordinary Shares under the Rights Issue will be rounded down to the nearest whole number and fractions of New Ordinary Shares will not be allotted to Qualifying Shareholders. Such fractions will be aggregated and, if possible, placed in the market. The net proceeds of such placing will be paid to the Company.

The Rights Issue will result in 545,525,090 New Ordinary Shares being issued, representing approximately 56.5% of the enlarged issued share capital of the Company immediately following the completion of the Placing and the Rights Issue (assuming that no further Ordinary Shares are issued as a result of the exercise of any options under the Barratt Share Schemes in the period from the publication of this document to completion of the Placing and the Rights Issue).

The Rights Issue is fully underwritten by the Underwriters on the terms and conditions of the Underwriting Agreement.

The Rights Issue is conditional, amongst other things, on:

- the passing (without material amendment) of the Resolution;
- each condition to enable the Nil Paid Rights and the Fully Paid Rights to be admitted as participating securities in CREST other than Admission of the New Ordinary Shares (nil paid) being satisfied on or before the date of the General Meeting;
- Placing Admission and Admission of the New Ordinary Shares (nil paid) occurring not later than 9.00 a.m. on 20 October 2009 (or such later time and date as the Joint Bookrunners may agree with the Company); and
- the Underwriting Agreement having become unconditional in all respects save for the conditions relating to Placing Admission and Admission of the New Ordinary Shares (nil paid) and CREST enablement and not having been terminated by the time at which the Resolution is passed.

An application will be made to the UK Listing Authority for the New Ordinary Shares (nil and fully paid) to be admitted to the Official List and an application will be made to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares, nil paid, will commence at 8.00 a.m. on 20 October 2009. It is expected that dealings in the New Ordinary Shares, fully paid, will commence at 8.00 a.m. on 4 November 2009.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares.

3. Amended financing arrangements

On 22 September, 2009 Barratt entered into agreements with its bank lenders and private placement noteholders to amend the terms of its existing financing arrangements. The terms of each amendment agreement provide that the amended financing arrangements will only come into effect if, before 31 December 2009, Barratt reduces its total borrowings under the WB Acquisition Facilities and the private placement notes by 40% such that the total amount of indebtedness outstanding thereunder does not exceed £900 million in total (excluding any indebtedness under make-whole notes that are issued as a consequence of the prepayment and calculated using the rate of exchange used in Barratt's foreign currency derivative transactions to the extent of borrowings denominated in US Dollars). Following completion of the Placing, and immediately upon the Company becoming entitled to the net proceeds of the Placing, such proceeds will be transferred to an escrow account with the facility agent for the WB Acquisition Facilities and held in such account until the Company also becomes entitled to the net proceeds of the Rights Issue, at which time the appropriate proportion of the net proceeds of the Rights Issue will also be transferred to the escrow account and the aggregate balance in the escrow account will then be applied in accordance with the escrow terms to effect the prepayments required to bring the amended financing arrangements into effect. Undrawn commitments of £50 million under each of Barratt's two revolving credit facilities will be automatically cancelled on the date on which these prepayments are made so that the total revolving credit commitments under both facilities does not exceed £700 million. In addition, and as described below under the terms of the amended financing arrangements a number of the revised covenants will reflect the total proceeds raised by the Placing and the Rights Issue and, as such, the success of the Placing and the Rights Issue will have a significant effect on the terms of the Group's indebtedness. The date on which the amended financing arrangements come into effect is referred to as the "Financing Amendment Date".

Prepayment and cancellation

Following the Placing and the Rights Issue, the net proceeds of the Placing and the Rights Issue will be applied in accordance with the escrow arrangements put in place to effect the prepayments required to bring the amended financing arrangements into effect, such that approximately £590 million in total will be prepaid under the WB Acquisition Facilities and the private placement notes. It is expected that a prepayment of approximately £495 million will be made under the WB Acquisition Facilities and approximately £95 million of private placement notes will be prepaid. However, if one or more noteholders has given prior notice to Barratt that it does not wish to accept the prepayment, the total prepayment in respect of the private placement notes will reduce and the prepayment under the WB Acquisition Facilities will increase by the aggregate amount declined by that noteholder or those noteholders. Following the prepayment of borrowings under the WB Acquisition Facilities, commitments thereunder shall be automatically cancelled in an amount equal to that prepayment.

The terms of the private placement notes require that if a private placement noteholder accepts the prepayment, that noteholder is entitled to receive a make-whole amount in relation to those private placement notes that are prepaid. Under the terms of the private placement notes, such make-whole amounts are to be satisfied by the issue of make-whole notes (which shall have the same terms as those that apply to the existing private placement notes then in issue). However, Barratt has agreed that private placement noteholders will have the option to receive a cash payment in satisfaction of the make-whole obligation instead of make-whole notes. To the extent that cash make-whole payments are made, the amount of those payments is not expected to exceed £22 million, based on current interest and foreign exchange rates. To the extent that noteholders decide not to receive a cash make-whole amount and instead chose to take make-whole notes, the maximum aggregate principal amount of such make-whole notes is not expected to exceed £26 million, based on current interest and foreign exchange rates. The cost of issuing make-whole notes will not result in a cash item until such make-whole notes are redeemed.

On the Financing Amendment Date, the commitments available under the Group's two revolving credit facilities will each be reduced automatically by £50 million so that the total commitments available under both revolving credit facilities do not exceed £700 million. The maturity date in respect of the remaining commitments will be extended to the third anniversary of the Financing Amendment Date.

Principal terms of the amended financing arrangements

The amended financing arrangements contain revised financial covenants that are intended to provide the Group with sufficient flexibility, such that it is able to take advantage of opportunities that may arise in a recovering market as well as to provide an appropriate alternative framework should a further downturn arise.

The amended financing arrangements contain the same types of financial covenants as the existing financing arrangements. These financial covenants comprise a minimum tangible net worth test, a gearing ratio test, a cash flow cover test and an interest cover covenant (although, as described in more detail below, under the terms of the amended financing arrangements, the testing of the interest cover covenant will continue to be suspended until such time as Barratt is no longer required to comply with the cash flow test). The nature of each of these tests (and the revised terms that will apply under the amended financing arrangements) is described in more detail below.

As is the case under the existing financing arrangements, compliance with each financial covenant will continue to be tested as at each 30 June and 31 December test date by reference to a trailing 12 month period ending on the relevant test date. With effect from the Financing Amendment Date, financial covenant compliance will be determined on the basis of the accounting principles applied in preparing the audited consolidated financial statements of the Group for the year ended 30 June 2008.

The terms of the amended financing arrangements require that the adjusted consolidated tangible net worth of the Group must not be less than an amount equal to £1,685,000,000. As under the existing financing arrangements, adjusted consolidated tangible net worth continues to be calculated by reference to certain of the Group's assets and reserves, subject to specified adjustments. With effect from the Financing Amendment Date, these adjustments will include a new accommodation of up to £500,000,000 in respect of any further impairments of the total value of land (including impairments of work in progress in respect of such land) held by the Group for development and which arise after the Financing Amendment Date. With effect from the Financing Amendment Date, the test will reflect the benefit to the Group of the Placing and the Rights Issue and provide the Group with a level of headroom that the Directors consider appropriate.

The gearing covenant continues to require that the Group's total borrowings do not exceed a specified percentage of its consolidated tangible net worth at each test date. As at 31 December 2009 the Group's total borrowings must not exceed 65% of its tangible net worth. This will step down to 60% as at 30 June 2011 and at each test date thereafter. The gearing requirements set forth in the amended financing arrangements are intended to ensure that the Group has an appropriate level of flexibility, while reflecting the Placing and the Rights Issue and the reductions in its levels of indebtedness following the prepayments which will have been made to bring the amended financing arrangements into effect (and which are described in more detail above).

The cash flow covenant measures the ratio of cash flow (comprising profits from operations, subject to certain adjustments) to cash interest (being an amount of interest that has been paid by the Group in each 12 month period ending on a test date). The cash flow test was introduced in August 2008 and, as noted above, effectively replaces the suspended interest cover test. With effect from the Financing Amendment Date, the cash flow of the Group will be required to be one and a half times cash interest for the 12 month period ending 31 December 2009 and will then step up over time, such that for the 12 month period ending 30 June 2011 (and for each trailing 12 month test period thereafter) cash flow will be required to be two and a half times cash interest.

As described in more detail in section 8 of the letter from the Chairman of Barratt in Part 1 of this document, under the terms of Barratt's existing financing arrangements, the cash flow covenant would require the Group to continue to prioritise cash generation in order to comply with the cash flow to cash interest test requirements (which become significantly more onerous from the 30 December 2010 test date). The terms of the amended financing arrangements are intended to provide the Group with more flexibility to invest in new land and to develop existing sites; therefore, the amended financing arrangements also provide that, when determining cash flow, the calculation will include an accommodation of up to £220,000,000 in respect of investment in land and work in progress and an unlimited carry forward of excess cash flow generated by the Group in previous 12 month periods.

As noted above, the testing of the interest cover covenant (which measures the ratio of operating profit, as adjusted, to interest payable in any 12 month period ending on a test date), will remain suspended until such time as Barratt ceases to be required to comply with the cash flow covenant. The cash flow covenant will cease to apply once the operating profit of the Group is three times the amount of interest payable either for two successive 12 month periods each ending on a test date or, at Barratt's election, for a single 12 month period ending on a test date. Once reinstated the interest cover covenant will require Barratt to maintain a ratio of three times operating profit to interest payable for each subsequent trailing 12 month test period.

There will be certain amendments to the general covenants which address specific issues that the Company considers important in the context of the development and growth of the Group. The existing negative pledge (which limits the Group's ability to grant new security interests or enter into equivalent arrangements, subject to certain exceptions) and the existing restrictions on the Group's incurring of financial indebtedness will be revised to facilitate the Group's participation in government programmes to support the housebuilding and residential property sector. The existing limitation on the Group's ability to make acquisitions will also be relaxed by reference to the gross proceeds raised pursuant to the Placing and the Rights Issue.

The revised terms will continue to restrict payment of dividends as described above.

4. Further detail on the structure of the Placing and the Rights Issue

The Placing and the Rights Issue have been structured in a way that is expected to have the effect of realising distributable reserves approximately equal to the proceeds of the Placing and the Rights Issue less the nominal value of the Placing Shares and the New Ordinary Shares issued by the Company. The Company and the Newco Subscriber have agreed to subscribe for ordinary shares in Newco1 and Newco2. The Newco Subscriber will apply (i) the monies received from the Placees pursuant to the Placing to subscribe for redeemable preference shares in Newco1, and (ii) the subscription amount received from Qualifying Shareholders and renouncees and from acquirers of New Ordinary Shares not taken up by Qualifying Shareholders or renouncees under the Rights Issue (less any premium above the Rights Issue Price) to subscribe for redeemable preference shares in Newco2.

The Company will allot and issue the Placing Shares to the Placees in consideration of the Newco Subscriber transferring its holdings of ordinary shares and redeemable preference shares in Newco1 to the Company. The Company will allot and issue the New Ordinary Shares to those persons entitled thereto in consideration of the Newco Subscriber transferring its holdings of ordinary shares and redeemable preference shares in Newco2 to the Company. Accordingly, instead of receiving cash consideration for the issue of the Placing Shares and the New Ordinary Shares, the Company will own the entire issued share capital of Newco1 and Newco2 whose respective only asset will be their cash reserves which will represent an amount equal to the proceeds of the Placing (in the case of Newco1) and the Rights Issue (in the case of Newco2). The Company should be able to access these funds by redeeming the redeemable preference shares it holds in Newco1 and/or Newco2 or, alternatively, during any interim period prior to redemption, by procuring that Newco1 and/or Newco2 lend(s) the amount to the Company.

5. Overseas shareholders

New Ordinary Shares will be provisionally allotted (nil paid) to all Qualifying Shareholders including Overseas Shareholders. However, Provisional Allotment Letters will not be sent to, and Nil Paid Rights will not be credited to CREST accounts of, Excluded Shareholders except where the Company and the Underwriters are satisfied that such action would not result in the contravention of any registration or other legal requirement in the United States, Canada or in the relevant Excluded Territories.

The securities referred to herein have not been and will not be registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Placing Shares, the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares in the United States.

6. General Meeting

As noted above, completion of each of the Placing and the Rights Issue is subject to a number of conditions, including the passing of the Resolution at the General Meeting. Accordingly, you will find set out in Part 3 of this document a notice convening a General Meeting to be held at UBS Limited, 1 Finsbury Avenue, London EC2M 2PP at 9.00 a.m. on 19 October 2009.

In summary, the Resolution (which is a special resolution) seeks approval of Shareholders:

(A) to increase the Company's authorised but unissued share capital by the creation of 960,540,000 new Ordinary Shares (which represents an increase of 219% in the authorised share capital of the Company);

(B) to the terms of the Placing and the Rights Issue as set out in this document and to direct the Directors to exercise all powers of the Company to implement the Placing and the Rights Issue;

(C) to issue the Placing Shares to the Placees at the Placing Price and otherwise on the terms set out in this document;

(D) to grant the Board authority to allot the Placing Shares and the New Ordinary Shares for the purposes of the proposed Placing and Rights Issue;

(E) if the Placing and the Rights Issue proceed, to grant the Directors authority to allot Ordinary Shares for general purposes and, in light of the implementation of section 549 of the Companies Act 2006 on 1 October 2009, to grant rights to subscribe for or to convert any security into shares in the Company. This authority would be in substitution for the authority to allot Ordinary Shares which was given to the Board at the annual general meeting of the Company in 2008 (and in addition to the amount set out in paragraph (D) of the Resolution in relation to the allotment of the Placing Shares and the New Ordinary Shares for the purposes of the Placing and the Rights Issue). The new authority would give the Directors authority to allot Ordinary Shares and to grant rights to subscribe for or to convert any security into shares in the Company with an aggregate nominal amount of £32,168,775 which would represent approximately 33.33% of the total share capital of the Company in issue immediately following the Placing and the Rights Issue, assuming that no further Ordinary Shares are issued as a result of exercise of any options under the Barratt Share Schemes in the period from the publication of this document to completion of the Placing and the Rights Issue; and

(F) if the Placing and the Rights Issue proceed, to replace the Board's authority (which was given to the Board at the annual general meeting of the Company in 2008) to dis-apply statutory pre-emption rights in respect of the issue of Ordinary Shares by the Company for cash consideration (i) by way of an offer of equity securities to Shareholders in proportion to their respective holdings of such shares (excluding shares held in treasury) and (ii) generally (otherwise than pursuant to (i) above), up to an aggregate nominal value of £4,825,798 which would represent approximately 5% of the total share capital of the Company in issue immediately following the Placing and the Rights Issue assuming that no further Ordinary Shares are issued as a result of exercise of any options under the Barratt Share Schemes in the period from the publication of this document to completion of the Placing and the Rights Issue.

Further detail on paragraph (C) of the Resolution

The Placing Shares will be issued at a price of 240 pence per Placing Share, representing a 10.6% discount to the Closing Price of an Existing Ordinary Share on 22 September 2009 (being the last practicable date prior to the announcement of the Placing and the Rights Issue). As required under the Listing Rules, paragraph (C) of the Resolution seeks Shareholders' approval of the Placing Price which is at a discount of more than 10% to the middle market price of the Existing Ordinary Shares as at 22 September 2009, being the last practicable date prior to the announcement of the Rights Issue and the Placing.

Further detail on paragraphs (E) and (F) of the Resolution

If the Resolution is approved by Shareholders at the General Meeting and the Placing and the Rights Issue complete, resolutions 9 and 10 to be set out in the notice of the Company's 2009 annual general meeting (the "**AGM Notice**"), which is expected to be posted to shareholders in early October, will be withdrawn and will no longer be proposed to Shareholders for approval at the annual general meeting on 17 November 2009. This is because the approvals to be sought in resolutions 9 (authority to allot shares) and 10 (disapplication of pre-emption rights) set out in the AGM Notice will be based on the issued share capital of the Company on the last practicable date prior to posting of the AGM Notice which will be prior to the General Meeting (and therefore the result of the General Meeting will not then be known). If the Resolution is passed, the Placing and the Rights Issue will proceed (provided certain other conditions are met) and the Company's issued share capital will become substantially larger than it will be prior to posting the AGM Notice. Paragraphs (E) (in the case of the authority to allot shares) and (F) (in the case of disapplication of pre-emption rights) of the Resolution therefore seek Shareholders' approval of general authorities for the forthcoming year based on the Company's enlarged issued share capital, taking into account the number of

Placing Shares and New Ordinary Shares to be issued pursuant to the Placing and the Rights Issue. Subject to approval of the Resolution, the Board will therefore have authorities in place during the coming year which are proportionate to the size of the issued share capital of the Company following the Placing and the Rights Issue and which authorities are otherwise of the same nature as those which would have been put in place at the annual general meeting.

Save for the Placing Shares and the New Ordinary Shares to be issued respectively pursuant to the Placing and the Rights Issue or for Ordinary Shares to be issued under the Barratt Share Schemes, the Board has no present intention of issuing any shares. The general authority to allot and authority to dis-apply pre-emption rights in paragraphs (E) and (F) of the Resolution will lapse at the close of the Company's annual general meeting in 2010.

7. Risk factors

Shareholders should consider the risks associated with the business sector and market in which the Group operates as well as the risks relating more specifically to the Group, the Placing and the Rights Issue and the Ordinary Shares. While the Group has in place systems, controls and procedures designed to mitigate the risks to which it is exposed, there can be no assurance that such risks will not occur. Any of the risks referred to below could have a material adverse effect on the Group's business, operating results or financial condition.

The following is a summary of the potential risks only and does not purport to indicate the likelihood of such risks materialising. Shareholders who are concerned about these risks, or require further information to understand them better, should refer to the section of the Prospectus entitled "Risk Factors".

In addition, the risks set out below may not be exhaustive and additional risks and uncertainties not presently known to the Directors or which the Directors currently deem immaterial may arise or become material in the future.

Risks relating to the Group's business and operations

- The economic downturn in the UK and the global credit crisis have had, and may continue to have, a negative impact on the Group's business.
- The residential property market in the UK is undergoing a significant downturn which may continue.
- Reduced mortgage availability and tightened lending criteria may continue to have an adverse impact on the demand for new homes.
- A continuation of the decline in employment levels may further reduce the demand for new homes.
- Selling prices of homes have fallen significantly and could continue to fall.
- Sales volumes have fallen significantly and could continue to fall.
- High cancellation rates such as the levels experienced in Barratt's 2008 financial year could return and have an adverse effect on the Group's business.
- If the amended financing arrangements do not come into effect, the Group will need to take certain actions in order to comply with its existing financial covenants which would be detrimental to shareholder value. In the event of a further downturn such compliance is not certain. These actions would also make it more difficult for the Group to take advantage of any improvement in market conditions.
- In the longer term, the Group may not be able to obtain future financing on favourable terms or at all.
- The housebuilding and development markets are particularly competitive and could become even more competitive.
- House price affordability may reduce if prices recover and/or interest rates rise and adversely impact the ability of potential buyers to purchase a home.

- Cost reduction measures may not result in the intended outcome or may adversely affect Barratt's business or ability to respond to improvements in economic conditions.
- The Group may be unable to attract and retain a highly-skilled and experienced workforce.
- Shortages or increased costs of materials and skilled labour could increase costs and delay construction.
- Investing in suitable land at the appropriate time is important to Barratt's operations.
- Increases in operating and other expenses without corresponding increases in revenue may affect the Group's financial performance.
- The Group's business depends on the availability, quality and viability of its subcontractors.
- The value of the Group's land and inventory has fallen significantly and could fall further.
- Land can be illiquid and therefore difficult to sell or trade.
- Existing conditional land purchase contracts may become unconditional and result in additional cash outflow.
- Amounts receivable in respect of land sales may not be recovered.
- Housebuilding and construction activities and businesses are subject to extensive and complex regulations and the regulatory environment in which the Group operates has become more stringent.
- Changes to the scope of work under contracts, including in respect of large apartment development projects, may have a negative impact on cash flows.
- Failure to meet scheduled requirements within contracts could adversely affect the Group's reputation and/or its exposure to financial liability.
- Commercial property development projects are complex and capital intensive and ultimately may not generate the expected returns.
- Design and construction defects in a development or individual home may lead to cost overruns or may reduce selling prices or have an adverse impact on Barratt's reputation.
- Suppliers may not continue to supply products on favourable credit terms.
- A major health and safety incident could be costly and result in significant reputational damage.
- The Group may be exposed to environmental liabilities or may be liable to claims for damages as a result of the use of hazardous materials.
- The Group has a defined benefit pension scheme to which it may be required to increase its contributions to fund an increase in the funding shortfall.
- Changes in tax legislation may result in adverse tax consequences.
- A change in government policy towards the housebuilding sector may have an adverse impact on the Group's business.
- An inability to obtain surety bonds could limit the number of projects the Group is able to pursue and therefore affect the Group's growth.
- Barratt operates in an environment which may expose it to litigation and there is no guarantee that a claim brought against the Group will be within its insurance cover.
- The Group may suffer uninsured losses or suffer material losses in excess of insurance proceeds.
- Failure in the Group's financial and commercial controls could result in significant cost overruns or result in failure to prevent fraudulent activity.

- Deteriorating markets could result in the impairment of goodwill.
- Risks inherent in the acquisition or disposal of businesses and subsidiaries may have an adverse impact on Barratt's business, financial condition or operating results.
- Severe weather conditions could delay the construction of houses, increase costs or decrease demand for new homes in affected areas.
- Failure of information technology within the Group could have an adverse impact on its performance.

Risks relating to the Placing, the Rights Issue and the Ordinary Shares

- Barratt's share price has fluctuated and may continue to fluctuate.
- An active trading market in the Nil Paid Rights may not develop.
- The market price for Ordinary Shares may decline below the Placing Price or the Rights Issue Price.
- The admission of the Placing Shares and/or the New Ordinary Shares to listing on the Official List and to trading on the London Stock Exchange may not occur when expected.
- Barratt's ability to pay dividends is restricted under the terms of its financing arrangements and is not guaranteed in the future.
- Qualifying Shareholders who do not (or cannot) acquire New Ordinary Shares in the Rights Issue will experience dilution in their ownership of the Company.
- Shareholders will experience dilution in their ownership of the Company as a result of the Placing.
- Shareholders may have limited recourse against the Group's independent auditors.
- Overseas Shareholders may have only limited ability to bring actions or enforce judgments against Barratt or the Directors.

8. Barratt Share Schemes

In accordance with the rules of the Barratt Share Schemes, outstanding options and awards may be adjusted to take account of the Rights Issue (but not of the Placing) in such manner as the Board or Remuneration Committee of the Board may consider appropriate under the circumstances, subject to prior approval by HMRC where required under the rules of the relevant scheme.

Participants in the Barratt Share Schemes will be contacted separately in due course with further information on how their options and awards will be affected by the Rights Issue and of the actions (if any) that they need to take.

9. Action to be taken by Shareholders

In respect of the General Meeting

You will find enclosed with this document a Form of Proxy for use in relation to the General Meeting or any adjournment thereof. Whether or not you intend to be present in person at the General Meeting, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and in any event so as to be received by Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 9.00 a.m. on 17 October 2009. Alternatively, shareholders may register their proxy appointment and voting instruction electronically at www.capitashareportal.com. CREST members may choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the notice in Part 3 of this document. The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person if you so wish.

The Resolution will be taken on a poll rather than on a show of hands. The Company believes a poll is more representative of the shareholders' voting intentions because shareholder votes are counted according to the number of shares held and all votes tendered are taken into account. The results of the poll will be announced to the London Stock Exchange via a Regulatory Information Service and available on the Company's website as soon as practicable following the conclusion of the General Meeting. For the above reason, the Company has decided that each of the resolutions to be put to the forthcoming annual general meeting on 17 November 2009 will also be taken on a poll.

In respect of the Rights Issue

You are not required to take any action at present with respect to the Rights Issue. If the Resolution is passed at the General Meeting (and provided the Underwriting Agreement has not been terminated in accordance with its terms):

- Qualifying Non-CREST Shareholders (other than Excluded Shareholders) will be sent a Provisional Allotment Letter by post on or about 19 October 2009 giving details regarding the procedure for the acceptance and payment, renunciation, splitting and registration in respect of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares; and

- Qualifying CREST Shareholders (other than Excluded Shareholders) will receive a credit to their appropriate stock accounts in CREST in respect of their Nil Paid Rights as soon as possible after 8.00 a.m. on 20 October 2009. Qualifying CREST Shareholders will not be sent a Provisional Allotment Letter.

If you sell or have sold or otherwise transferred all of your Ordinary Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, please forward this document and any Provisional Allotment Letter, if and when received, at once to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations including, but not limited to, the United States, Canada or any of the Excluded Territories.

If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares (other than ex-rights) held in certificated form before the Ex-Rights Date, you should refer to the instructions regarding split applications in Part IV of the Prospectus (*Terms and Conditions of the Rights Issue*) and in the Provisional Allotment Letter.

If you do not receive a Provisional Allotment Letter or you think that the holding of Ordinary Shares in certificated form on which your entitlement to New Ordinary Shares in the Provisional Allotment Letter has been based does not reflect your holding of Ordinary Shares in certificated form on the Record Date, please telephone the Shareholder Helpline on the numbers on page 3.

If you sell or have sold or otherwise transferred all or some of your Ordinary Shares (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear UK which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.

The latest time and date for acceptance and payment in full in respect of the Rights Issue is expected to be 11.00 a.m. on 3 November 2009, unless otherwise announced by the Company. Full details of the terms and conditions of the Rights Issue, including instructions on acceptance and payment are set out in Part IV of the Prospectus (*Terms and Conditions of the Rights Issue*) and, in respect of Qualifying Non-CREST Shareholders only, in the Provisional Allotment Letter if they receive one.

For Qualifying Non-CREST Shareholders (other than Excluded Shareholders), the New Ordinary Shares will be issued in certificated form and will be represented by definitive share certificates which are expected to be dispatched to the registered address of the person(s) entitled to them by no later than 17 November 2009.

For Qualifying CREST Shareholders, the Registrar will instruct Euroclear UK to credit the stock accounts of Qualifying CREST Shareholders (other than Excluded Shareholders) with their entitlements to New Ordinary Shares. It is expected that this will take place as soon as possible after 8.00 a.m. on 4 November 2009.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with this document and the Rights Issue.

If you are in any doubt as to the action you should take, you should seek your own financial advice from your stockbroker, solicitor, accountant or other appropriate independent financial adviser who is authorised under FSMA if you are in the United Kingdom or, if you are outside the United Kingdom, from another appropriately authorised independent financial adviser.

PART 2

DEFINITIONS

The definitions set out below apply throughout this document, unless the context requires otherwise.

"£"	the lawful currency of the United Kingdom;
"2010 financial year"	the Group's finanical year ended 30 June 2010;
"2009 financial year"	the Group's financial year ended 30 June 2009;
"2008 financial year"	the Group's financial year ended 30 June 2008;
"2007 financial year"	the Group's financial year ended 30 June 2007;
"Adjusted Operating Margin"	means applicable adjusted operating profit (being profit from operations before finance costs and finance income, share of post-tax profit/loss of joint ventures, tax and exceptional items) expressed as a percentage of applicable revenue;
"Admission"	the admission to listing on the Official List of the New Ordinary Shares (nil paid or fully paid, as the case may require) becoming effective and the admission of such shares (nil paid or fully paid, as the case may require) to trading on the London Stock Exchange's main market for listed securities (in accordance with the Standards) becoming effective;
"Barratt" or **"the Company"**	Barratt Developments PLC, a company incorporated in England and Wales with registered number 00604574, whose registered office is at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF;
"Barratt Group" or the **"Group"**	the Company together with its subsidiaries and subsidiary undertakings;
"Barratt Share Schemes"	the share based incentive schemes and plans of the Group (being the Barratt Developments Long-Term Performance Plan, the Barratt Developments Managers Long-Term Performance Plan, the Barratt Developments Co-Investment Plan, the Barratt Developments 1997 Executive Share Option Plan, the Barratt Developments Employee Share Option Plan, the Barratt Developments 2008 Executive Share Option Scheme, the Barratt Developments Savings-Related Share Option Scheme, the Barratt Developments Management Incentive Plan 2008-2011, the Barratt Developments Senior Management Share Option Plan 2009/1010 and the Barratt Developments Employee Benefit Trust;
"Board"	the board of directors of the Company from time to time;
"Business Day"	any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday;
"certificated" or **"in certificated form"**	a share or other security which is not in uncertificated form (that is, not in CREST);
"Circular" or **"this document"**	this circular to Shareholders dated 23 September 2009 in connection with the Placing and the Rights Issue and including the notice convening the General Meeting;

"Closing Price"	the closing, middle market quotation of an Existing Ordinary Share, as published in the Daily Official List;
"Companies Act 2006"	the Companies Act of England and Wales 2006, as amended;
"Credit Suisse"	Credit Suisse Securities (Europe) Limited of One Cabot Square, London E14 4QJ;
"CREST"	the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear UK;
"CREST Manual"	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear UK on 15 July 1996, as amended);
"CREST member"	a person who has been admitted by Euroclear UK as a system-member (as defined in the CREST Regulations);
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
"CREST sponsor"	a CREST participant admitted to CREST as a CREST sponsor;
"CREST sponsored member"	a CREST member admitted to CREST as a sponsored member;
"Daily Official List"	the daily official list of the London Stock Exchange;
"Directors"	the directors of the Company;
"Disclosure Rules and **Transparency Rules"**	the disclosure rules and transparency rules made under Part VI of FSMA (as set out in the FSA Handbook), as amended;
"Euroclear UK"	Euroclear UK & Ireland Limited (formerly named CRESTCo Limited), the operator of CREST;
"Excluded Shareholders"	subject to certain exceptions, Shareholders who have an address in the United States, Canada or any Excluded Territory on Barratt's register of members;
"Excluded Territories"	New Zealand, South Africa and Japan and any other jurisdiction where the extension or availability of the Rights Issue (and any other transaction contemplated thereby) would breach any applicable law;
"Existing Ordinary Shares"	the Ordinary Shares in issue as at the date of this document;
"Ex-Rights Date"	20 October 2009;
"Form of Proxy"	the form of proxy accompanying this document for use in connection with the General Meeting;
"FSA" or **"Financial Services Authority"**	the Financial Services Authority of the United Kingdom;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"Fully Paid Rights"	rights to acquire New Ordinary Shares, fully paid;

"General Meeting"	the general meeting of the Company to be convened pursuant to the notice set out on in Part 3 of this Circular (including any adjournment thereof);
"HMRC"	HM Revenue and Customs;
"Joint Bookrunners"	Credit Suisse and UBS;
"Listing Rules"	the listing rules made under Part VI of FSMA (as set out in the FSA Handbook), as amended;
"London Stock Exchange"	London Stock Exchange plc or its successor(s);
"Newco1"	Barratt Capital (Jersey 1) Limited;
"Newco2"	Barratt Capital (Jersey 2) Limited;
"Newco Subscriber"	Credit Suisse Securities (Europe) Limited of One Cabot Square, London E14 4QJ;
"New Ordinary Shares"	the ordinary shares of 10 pence each in the capital of the Company to be issued by the Company pursuant to the Rights Issue;
"NHBC"	the National House-Building Council;
"Nil Paid Rights"	rights to acquire New Ordinary Shares, nil paid;
"Official List"	the official list of the UK Listing Authority;
"Ordinary Shares"	the ordinary shares of 10 pence each in the capital of the Company;
"Overseas Shareholder"	holders of Ordinary Shares with registered addresses outside the UK or who are citizens of, incorporated in, registered in or otherwise resident in, countries outside the UK;
"Placees"	those persons with whom Placing Shares are to be placed;
"Placing"	the placing of Placing Shares as described in this document;
"Placing Admission"	the admission of the Placing Shares to listing on the Official List and to trading on the main market for listed securities of the London Stock Exchange;
"Placing Agents"	Credit Suisse and UBS;
"Placing Price"	240 pence per Placing Share;
"Placing Shares"	the 72,916,666 Ordinary Shares to be issued by the Company pursuant to the Placing;
"Prospectus"	the prospectus dated 23 September 2009 relating to the Company for the purpose of the Placing and the Rights Issue (together with any supplements or amendments thereto);
"Prospectus Rules"	the prospectus rules made under Part VI of FSMA (as set out in the FSA Handbook), as amended;
"Provisional Allotment Letter"	the provisional allotment letter to be issued in connection with the Rights Issue;
"Qualifying CREST Shareholder"	Qualifying Shareholders holding Ordinary Shares in uncertificated form;
"Qualifying Non-CREST Shareholders"	Qualifying Shareholders holding Ordinary Shares in certificated form;

"Qualifying Shareholders"	holders of Ordinary Shares on the register of members of the Company on the Record Date;
"Record Date"	the close of business in London on 19 October 2009;
"Registrar"	Capita Registrars of Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0GA;
"Resolution"	the special resolution to be proposed at the General Meeting as set out in the notice of General Meeting in Part 3 of this Circular;
"Rights Issue"	the offer by way of rights to Qualifying Shareholders to acquire New Ordinary Shares, on the terms and conditions set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter;
"Rights Issue Price"	100 pence per New Ordinary Share;
"Shareholder(s)"	holder(s) of Ordinary Shares from time to time;
"stock account"	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
"Standards"	the current edition of the Admission and Disclosure Standards produced by the London Stock Exchange;
"subsidiary"	a subsidiary as that term is defined in section 1162 of the Companies Act 2006;
"subsidiary undertaking"	a subsidiary undertaking as that term is defined in section 1159 of the Companies Act 2006;
"UBS Limited" or "UBS"	UBS Limited of 1 Finsbury Avenue, London EC2M 2PP;
"UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of FSMA;
"uncertificated" or **"in uncertificated form"**	a share or other security recorded on the relevant register of the share or security concerned 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;
"Underwriters"	the Placing Agents and Barclays Bank plc, HSBC Bank plc, Lloyds TSB Bank plc, and RBS Hoare Govett Limited;
"Underwriting Agreement"	the conditional underwriting agreement dated 23 September 2009 between the Company and the Underwriters relating to the Placing and the Rights Issue and described in section 8.3 of Part XIII (*Additional Information*) of the Prospectus;
"United Kingdom" or **"UK"**	the United Kingdom of Great Britain and Northern Ireland;
"United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"US Dollars"	the lawful currency of the United States;
"US Securities Act"	the US Securities Act of 1933, as amended;
"VAT"	value added tax;
"WB Acquisition"	the acquisition of the entire issued share capital of Wilson Bowden by Barratt Developments PLC, by means of a scheme of arrangement which became effective on 26 April 2007;

"WB Acquisition Facilities"	the committed £484.1 million term five year term facility and the committed £750.0 million revolving credit facility (which now operates as a term facility) which are both made available under a credit agreement dated 5 February 2007 (as amended and restated from time to time) between, among others, Barratt and Lloyds TSB Bank plc (as facility agent); and
"Wilson Bowden"	Wilson Bowden Limited (formerly Wilson Bowden plc until 26 April 2007) a company incorporated in England and Wales with registered number 02059194, whose registered office is at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF.

PART 3

NOTICE OF GENERAL MEETING

Barratt Developments PLC

(Registered in England and Wales No. 00604574)

Notice is hereby given that a general meeting (the "**General Meeting**") of Barratt Developments PLC (the "**Company**") will be held at 9.00 a.m. on 19 October 2009 at UBS Limited, 1 Finsbury Avenue, London EC2M 2PP for the purpose of considering and, if thought fit, passing as a special resolution the following resolution (in which capitalised terms shall have the meanings given in the circular (the "**Circular**") of which this notice forms part save where specified to the contrary herein):

SPECIAL RESOLUTION

THAT:

(A) the authorised share capital of the Company be and is hereby increased from £43,946,000 divided into 439,460,000 ordinary shares of 10 pence each to £140,000,000 divided into 1,400,000,000 ordinary shares of 10 pence each by the creation of 960,540,000 ordinary shares of 10 pence each;

(B) the terms of the Placing and the Rights Issue be and are hereby approved and the Directors be and are hereby directed to implement the Placing and the Rights Issue on the basis described in the Circular and be and are generally and unconditionally authorised to exercise all the powers of the Company as necessary in connection with the implementation of the Placing and the Rights Issue;

(C) the issue of Placing Shares in connection with the Placing for cash at an issue price of 240 pence per share which is a discount of 10.6% to the Closing Price of 268.5 pence per share on the last business day prior to announcement of the Placing and the Rights Issue and otherwise on the terms set out in the Circular be and is hereby approved;

(D) without prejudice to the authority conferred on the Board at the last annual general meeting of the Company, the Board be and is hereby authorised to allot shares in the Company up to a nominal amount of £61,844,176 for the purposes of the Placing and the Rights Issue, such authority to apply until the end of the annual general meeting of the Company in 2010 but so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted after the authority ends and the Board may allot shares under any such offers or agreements as if the authority had not ended;

(E) subject to and conditional upon Admission becoming effective and in substitution for the allotment authority conferred on the Board at the last annual general meeting of the Company (but without prejudice to any allotments made pursuant to that authority) and in addition to the amount set out in paragraph (D) above, the Board be and is hereby authorised to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a nominal amount of £32,168,775, such authority to apply until the end of the annual general meeting of the Company in 2010 but 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 securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offers or agreements as if the authority had not ended; and

(F) subject to and conditional upon Admission becoming effective and in substitution for the equivalent authority conferred on the Board at the last annual general meeting of the Company (but without prejudice to any allotments made pursuant to that authority), the Board be and is hereby given power to allot equity securities for cash under the authority given by paragraph (E) above and/or where the allotment is treated as an allotment of equity securities under section 560(2)(b) of the Companies Act 2006, free of the restriction in section 561(1) of the Companies Act 2006, such power to be limited:

(i) to the allotment of equity securities in connection with an offer of equity securities to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(ii) in the case of the authority granted under paragraph (E) above and/or in the case of any transfer of treasury shares which is treated as an allotment of equity securities under section 560(2)(b) of the Companies Act 2006, to the allotment (otherwise than under paragraph (i) above) of equity securities up to a nominal amount of £4,825,798,

such power to apply until the end of the annual general meeting of the Company in 2010 but during such period the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted after the power ends and the Board may allot equity securities under any such offer or agreement as if the power had not ended.

By order of the Board

Laurence Dent
Company Secretary
23 September 2009

Registered Office:

Barratt House
Cartwright Way
Forest Business Park
Bardon Hill
Coalville
Leicestershire, LE67 1UF

EXPLANATORY NOTE:
The Resolution is proposed as a special resolution. This means that for the Resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

An explanation of the effect of the Resolution, if passed, is set out at section 6 of the appendix to Part 1 of this document.

Notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting whether by show of hands or on a poll. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy please follow the notes contained in the Form of Proxy. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0321 (from inside the UK) or +44 208 639 3399 (from outside the UK). This helpline is available between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except on UK public holidays). Calls to the Shareholder Helpline from inside the UK cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the Shareholder Helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and information relating to the Company's register of members and will be unable to give advice on the merits of the Placing, the Rights Issue or the Resolution or to provide financial, tax or investment advice. The contents of this document are not to be construed as legal, business or tax advice. Each Shareholder should consult their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice respectively.

2. To be valid, the Form of Proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be received by the Company's registrars before 9.00 a.m. on 17 October 2009, either in hard copy form by post, by courier or by hand to the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If you would like to submit your proxy via the internet, you can do so by accessing www.capitashareportal.com and selecting the proxy voting link. If you have not previously registered for electronic communications you will first be asked to register as a new user for which you will require your investor code, which can be found on your proxy card, share certificate or dividend tax voucher.

3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('Euroclear UK') specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time for receipt of proxy appointments specified in this notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

4. The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.

5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

6. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 of these notes does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

7. The Company specifies that only those shareholders included in the register of members as at 9.00 a.m. on 17 October 2009 or, in the event that the General Meeting is adjourned, in the register of members 48 hours before the time of any adjourned general meeting, shall be entitled to attend and vote at the meeting (or any adjourned meeting) in respect of the numbers of shares

registered in their names at that time. Changes to the register of members after 9.00 a.m. on 17 October 2009 or, in the event that the General Meeting is adjourned, in the register of members 48 hours before the time of any adjourned General Meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting (or any adjourned meeting).

8. A Form of Proxy sent electronically that is found to contain any virus will not be accepted.

9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

10. Voting on the Resolution will be conducted by way of poll rather than on a show of hands. The Company believes a poll is more representative of Shareholders' voting intentions because Shareholder votes are counted according to the number of shares held and all votes tendered are taken into account. The results of the poll will be announced to the London Stock Exchange and available on the Company's website as soon as practicable following the conclusion of the meeting.

11. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

12. A copy of the shareholder circular containing this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.barrattdevelopments.co.uk.

13. As at 22 September 2009, being the last practicable date prior to the publication of this notice, the Company's issued share capital consisted of 346,718,019 ordinary shares carrying one vote each. The Company holds no shares in treasury and therefore the total number of voting rights in the Company as at 22 September 2009 was 346,718,019.

14. You may not use any electronic address provided either in this notice of the General Meeting or any related documents (including the Prospectus) to communicate with the Company for any purposes other than those expressly stated.