

22 December 2021
Taylor Wimpey plc
Agreement of voluntary undertakings with the CMA

Taylor Wimpey plc today announces that the CMA's investigation into the historical sale of leasehold properties with doubling ground rent clauses by the company is closed, following the agreement of voluntary undertakings. The cost of today's undertakings falls within the original provision Taylor Wimpey made in 2017. By entering into these undertakings there is no finding that Taylor Wimpey has infringed UK consumer law.

The undertakings, which build on the company's Ground Rent Review Assistance Scheme (GRRAS scheme) – which was launched voluntarily and proactively in 2017 – mean that all leaseholders of Taylor Wimpey-owned ten-year doubling ground rent leases, or those that have already gone through our GRRAS scheme and converted their Taylor Wimpey-owned lease to an RPI-based structure, will revert to a fixed ground rent. Taylor Wimpey is making a financial offer, as agreed with the CMA, to third party freeholders of leases that Taylor Wimpey no longer owns, to enable their leaseholders to do the same.

Pete Redfern, CEO, said:

"Taylor Wimpey has always sought to do the right thing by its customers, shareholders and other stakeholders, and we are pleased that today's voluntary undertakings will draw this issue to a full close, within our original financial provision."

The CMA acknowledges that the GRRAS scheme has helped over 5,400 customers convert their ten-year doubling ground rent leases to an industry standard RPI-based structure, at Taylor Wimpey's cost, and has addressed the concerns raised regarding mortgageability or saleability of these properties.

Taylor Wimpey has established a dedicated page on our website which can be found at www.taylorwimpey.co.uk/get-in-touch/cma-leasehold-investigation-closure and will proactively contact all customers with historic doubling ground rent leases and freeholders who own historic doubling ground rent leases in early 2022.

ENDS

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Notes to editors:

Taylor Wimpey Ground Rent Review Assistance Scheme

Taylor Wimpey took the decision to stop selling leases containing 10-year doubling ground rent clauses on new developments from 1 January 2012. In April 2017, following a detailed review, Taylor Wimpey launched a voluntary help scheme (the Taylor Wimpey Ground Rent Review Assistance Scheme - GRRAS) that was specifically aimed at addressing concerns raised by some customers regarding

affordability and how easy it is to sell or get a mortgage on properties with a ten-year doubling ground rent clause.

Under GRRAS, Taylor Wimpey covered the cost of converting customers' lease terms into an industry standard RPI-based lease, if they chose to do so. Taylor Wimpey set aside funding of £130 million to cover the cost of these lease conversions.

Regarding today's announced undertakings

Taylor Wimpey has worked with the CMA constructively throughout their investigation and our desire to fully close the issue for the benefit of our customers and other stakeholders means that we have given the following voluntary undertakings to the CMA:

Where Taylor Wimpey is the freeholder:

- With immediate effect, Taylor Wimpey will not collect any ground rent above the initial level from leaseholders whose leases originally contained ten-year doubling ground rent clauses (whether or not their lease has been converted to RPI through the GRRAS scheme).
- For any leaseholder whose lease still contains a ten-year doubling ground rent clause, Taylor Wimpey will offer to formally vary these leases to remove the doubling clause, so that the leaseholder will pay only the initial ground rent, which will remain fixed.
- For any leaseholder that has already gone through the GRRAS scheme and converted their doubling lease to an RPI-based structure, Taylor Wimpey will offer to formally vary their lease to remove the RPI escalation mechanism, so that the leaseholder will pay only the initial ground rent, which will remain fixed.

The above will apply whether the leaseholder purchased their home from Taylor Wimpey directly, or from a previous owner.

Where Taylor Wimpey is not the freeholder:

- For any remaining ten-year doubling leases, Taylor Wimpey will make an offer to the owners of the freeholds, which has been agreed by the CMA, for them to remove the doubling ground rent clause from each lease and revert to the initial ground rent, which will remain fixed.
- For any leaseholder that has gone through the GRRAS scheme and converted their doubling lease to an RPI-based structure, Taylor Wimpey will make an offer to the owners of the freeholds, which has been agreed by the CMA, for them to formally vary their lease to remove the RPI escalation mechanism, so that the leaseholder will pay only the initial ground rent, which will remain fixed.

As noted above, the cost of today's undertakings falls within the original provision Taylor Wimpey made in 2017.

For further information, please visit the Group's website: www.taylorwimpey.co.uk