Tuesday 9 September 2008

Redrow plc
Preliminary results for the twelve months ended 30 June 2008

Redrow has taken decisive actions to most effectively manage the business through very challenging markets

- Adjusted strategy to focus on cash flow - £128.9m of cash generated pre land payments, tax and dividends in 2007/08
- Reduction in administrative expenses of 22% in 2007/08 with further cost reductions announced since 1 July 2008 equating to an annual cash saving of £15.1m
- Restricted activity in current land market to limit cash outflow and exposure to falling land values - current land bank plots 16,450 (2007: 20,200)
- Forward land bank increased to 26,150 plots (2007: 24,900) provides pipeline of potential land supply for the medium term
- Secured new £450m three year debt facilities until 2011
- Prudent review of net realisable value of land and work-in-progress to properly reflect market conditions - exceptional provision of £259.4m
- Total dividend per share for the year of 9.3p paid on 2 May 2008 (2007: 15.6p) reflects strategy to focus on cash flow.

Financial results from continuing operations

		2008	**2007**
Legal completions	(Units)	3,925	4,823
Revenue	(£m)	650.1	834.3
Profit before tax and exceptional item	(£m)	65.5	121.1
(Loss)/profit before tax	(£m)	(193.9)	121.1
(Loss)/earnings per share	(p)	(86.3)	53.3
Dividend per share	(p)	9.3	15.6
Net assets per share	(p)	252.9	361.5
Gearing	(%)	55	31

Alan Bowkett, Chairman of Redrow plc, said:

"In these unprecedented market conditions we have moved quickly to prioritise cash flow and the reduction of cost. The land market has fallen significantly during the last twelve months. We have prudently reviewed all our land holdings and the balance sheet and net assets per share properly reflect this reduction in market values.

We have secured new banking facilities in line with our timetable. This, together with the decisive actions we have taken, will enable our experienced team to manage the business effectively through these exceptional markets."

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Redrow plc

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There will be an analyst and investor meeting at 09:00 BST. A live audio webcast and slide presentation of this event will be available at 09:00 BST on www.redrowplc.co.uk. Participants can also dial-in to hear the presentation live at 09:00 on +44 (0)20 8609 1270.

Playback will be available by phone until 23rd September on the following dial-in number: +44 (0) 20 8609 0289; passcode: 230916#.

Certain statements in this press release are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward looking statements.

CHAIRMAN'S STATEMENT

I have now completed my first full year as Chairman of Redrow plc during which time the UK housebuilding industry has confronted an unprecedented reduction in activity. We recognised during the first half of the financial year that our markets were coming under pressure and we took early measures to adjust our approach to managing the business. However, the severity and speed of the deterioration in the housing market in 2008 will impact on short term profitability and have necessitated an adjustment in strategy to one more highly focused on the management of cash flow and reduction of cost.

In these exceptional times we have responded quickly in the following areas taking decisive actions to allow us to manage the business through these markets:

- We restricted our land acquisition activities to reduce future cash commitments and the exposure to falling land values
- We have made significant reductions in our headcount and rationalised our operational structure to reduce our cost base
- We have recognised the impact of current market conditions on land values and have prudently assessed the net realisable value of land and work-in-progress in our balance sheet
- We have secured new debt facilities of £450m that provide for an extended maturity date and covenants appropriate to the prevailing trading environment.

The results for the twelve months ended 30 June 2008 reflect the extremely difficult trading environment created by the change in the credit markets. As a result of mortgage lenders tightening their criteria, the availability of funding has become scarce particularly for first time buyers and those without substantial deposits. More recently, homebuyer confidence has been further affected by concerns about the future for house prices and the well being of the UK economy. In due course the long term structural shortage in housing supply relative to demand can be expected to return. The sector faces significant challenges in the short term but we are positioning Redrow to be able to create opportunities and take advantage of improvements in our markets when they arise.

2007/08 Performance

Group turnover during 2007/08 was £650.1m (2007: £834.3m). We legally completed 3,925 new homes in the year which was just under 19% lower than in the preceding year (2007: 4,823) at an average selling price of £156,900 (2007: £159,900). Group operating profits from continuing operations before exceptional charge were £84.5m as compared with £136.6m in the previous year. This reduction in operating profit reflected the lower number of legal completions but also a decline in operating margins to 13.0% (2007: 16.4%) as discounts and increased incentives were necessary to generate sales. We have retained a close focus on our cost base during the last twelve months and reduced administrative expenses to £36.0m as compared with £46.4m last year. Financing costs during the year were £18.0m (2007: £15.3m) and were influenced by the higher cost of borrowing in the prevailing financial markets.

Group profit before tax from continuing operations and before exceptional items was £65.5m as compared with £121.1m in 2006/07 with earnings per share on an equivalent basis at 28.8p (2007: 53.3p). The loss before taxation from continuing operations after exceptional items was £193.9m (2007: £121.1m profit) with a basic loss per share on the same basis of 86.3p (2007: 53.3p of earnings)

Exceptional Items, Balance Sheet and Funding

We responded early to the change in market conditions in the first half of our financial year by limiting our exposure to further contracts in respect of land purchases. We have reduced our owned land bank with planning from 17,700 plots at June 2007 to 14,900 plots as at June 2008. Importantly, we have reduced our contracted commitments to only 1,550 plots (2007: 2,500) thereby limiting further cash outflows and exposure to uncertain market conditions. We remain committed to a long term approach to sourcing development opportunities and our forward land bank at June 2008 increased to 26,150 plots (2007: 24,900 plots) the underlying value of which is not recognised in our balance sheet.

The reduced activity levels and the related impact on selling prices being experienced in the market have led to a significant adjustment to values in the land market. We have prudently reviewed the net realisable value of land and work-in-progress in the balance sheet on phases of sites currently in development together with the value of land not in development. This detailed review has resulted in an exceptional charge of £259.4m relating to the provision against the carrying value of the Group's land and work-in-progress. This represents an appropriate platform from which the Group can move forward in the current market conditions.

Following the net realisable provision against the Group's land and work-in-progress, the Group's capital employed at June 2008 was £627.9m (2007: £755.4m). Net debt as at the financial year end was £223.3m (2007: £177.6m) and gearing at June 2008 following the adjustment to the carrying value of land and work-in-progress was 55.2% (2007: 30.7%). Net assets decreased to £404.6m (2007: £577.8m) equivalent to 252.9p per share (2007: 361.5p) which represents a 37% premium to the company's closing share price on 5 September 2008.

In pursuit of our previously announced strategy to simplify our business and to focus upon those elements which represent our core strengths, we announced in January 2008 the disposal of our investment in Framing Solutions. The results for the year include a loss of £1.9m in respect of discontinued activities which includes our share of the impact of this sale.

As planned, we have recently concluded a refinancing of our banking arrangements which were due to mature in 2009. We were pleased to receive the support from all our existing relationship banks who participated in a new £450m three year facility with a covenant package appropriate to the current trading environment.

Dividends

The Board recognises the importance of dividends to shareholders and this was reflected in a compound growth rate in the dividend of over 20% per annum in the previous five years. The significant deterioration in the fortunes of our markets in a very short period of time has required a review of dividend policy encompassing the final dividend in respect of the year ended 30 June 2008. In the current environment, the Board considers that shareholders are best served by retaining cash within the business and therefore does not propose making a final dividend payment. This will result in a dividend of 9.3p per share for the year (2007: 15.6p) being the interim dividend paid to shareholders on 2 May 2008. It is our view that in future years, dividends will need to be appropriate to earnings and prospects for the company and that any proposed payments would need to be at least twice covered by the earnings generated by the business.

People

Within Redrow, we have for some time constructively engaged with our business partners to reduce our external cost base and have also secured internal cost savings. The human cost of the downturn in activity must not be understated and we have made very significant reductions in headcount amounting to over 500 employees since 1 January 2008, approaching 40% of our workforce. We have also taken steps to control employee costs across our remaining staff in 2008/09 including the executive team, as regards salary reviews and potential bonus awards. These actions represent wholly appropriate steps in the current environment. The Group retains a core of experienced employees and the Board would like to sincerely thank all our staff, past and present, for their commitment to the business.

The Board believes it is important to provide appropriate incentives for employees to be able to share in the recovery that will take place when markets improve. We will continue to operate a Save As You Earn Scheme open to all employees. In addition, the Board is proposing the introduction of a Company Share Option Plan under which options may be granted up to a value of £30,000 to selected employees under an HM Revenue & Customs approved plan.

The Board

I would like to thank Brian Duckworth on behalf of the Board for his contribution during his time as a Director with Redrow plc. Brian retired as a Non-Executive Director at the end of his second three year term in May 2008. Malcolm King, who has served on the Board since January 2004, has now taken on the role of Senior Non-Executive Director and Denise Jagger has become Chairman of our Corporate Responsibility Committee.

Looking Forward

Our net reservations were 55% lower in the six months to June 2008 at levels not experienced across our industry for very many years. In Redrow, this resulted in forward sales at the end of June 2008 being 1,189, some 45% down on the same time last year. This, together with the prevailing market conditions, will influence the level of legal completions in 2008/09 which are expected to be substantially lower than the previous financial year.

It still remains difficult to foresee how long the reduction in activity as a result of the credit squeeze will continue but it is our view there may be no meaningful increase in the availability of finance in the wider mortgage market before 2010. In the seasonally weaker first two months of the new financial year, net reservations for private sales have been maintained at similar levels with the previous quarter. After the first ten weeks of the new financial year we had 1,050 cumulative sales for legal completion in 2008/09. The competitive housing market was already resulting in reductions in house prices and could be further affected as the resilience of the economy is now under pressure.

We believe that the Government needs to urgently reappraise many of its policies in relation to the housing market given the change in market conditions. Whilst we welcome the Government's recently announced package of measures, we encourage it to take action to help improve the availability of mortgage finance. In particular we also consider that more needs to be done to help first time buyers to become homeowners. In the medium term, it is important that the Government review their proposals for the value of land to pay for a wide range of initiatives relating to sustainability, infrastructure and social policies. Without this review the short term adverse consequences for the economy and the longer term impact on housing supply could be very significant.

It is highly likely that the markets we currently face will persist for some time to come and Redrow has positioned its business accordingly. We will benefit from the scale of our business with our experienced executive team continuing to work closely alongside the strong management in our operations. The business has the capability to generate cash and we have a clear operational strategy that will see a reduction in the level of net debt over the next two year period after meeting our contractual land obligations.

We have retained a structure within our business to provide a basis for growth in the future. Our strategy is to position the business so that we can be opportunistic in the land market at the appropriate time. This will complement our high quality forward land bank which continues to progress positively through the planning system. This land strategy, coupled with Redrow's approach to differentiate product through the quality of specification and design, will enable us to optimise value for shareholders when homebuyer confidence improves and the market returns to more normal levels of activity.

Alan Bowkett
Chairman

CHIEF EXECUTIVE AND FINANCE DIRECTOR'S BUSINESS REVIEW

Introduction

The UK housing market is currently dominated by short term considerations associated with the severe downturn in activity resulting from the change in the credit markets and more recently erosion in homebuyer confidence. However, it is important to remember the underlying long term requirement to increase the supply of new homes in the UK and that these homes need to meet the expectations of homebuyers. Homebuyer confidence and the demand for new homes will return and we are positioning Redrow to deliver competitive and desirable products to meet the aspirations of our customers.

In September last year, we highlighted that the succession of base rate rises since August 2006, coupled with uncertainties over interest rates and the debt markets, appeared to be influencing consumer confidence and the housing market as we moved into the Autumn 2007 selling season. The caution we expressed proved to be well founded. The capacity in the mortgage market was increasingly curtailed as a number of key providers exited the market entirely whilst others reduced their appetite for providing loans to homebuyers. This has resulted in the housebuilding industry experiencing one of the most rapid and severe downturns in its recent history. Homebuyer confidence has come under increasing pressure as house prices decline and uncertainty about the resilience of the UK economy intensifies in terms of interest rates, inflation and employment prospects.

We responded early to the change in market conditions by prioritising tighter management of cash flows and by adjusting our cost base. We limited commitments to new land acquisition and infrastructure investment. The change in our land strategy instigated in the first half of our financial year has limited our exposure to further contracts in respect of land purchases and associated future cash outflows. We also focused strongly on our operational and administrative cost base and have made very significant reductions in headcount to benefit our cash flows. In the review of our operational structure we have been conscious of the importance of retaining our geographical coverage that will provide a platform to grow the business when the market improves.

In line with our strategy outlined last year, we have continued to concentrate on the historic strengths and skills in Redrow. We have progressed our strong forward land bank with existing sites being promoted through the planning system and new opportunities being identified to provide development opportunities for the future. Our pursuit of high quality design which historically was a key ingredient in our success will differentiate our product and enhance the appeal of our new homes in future markets.

Continuing Operations

Overview

In the first half of the financial year, we benefited from the strong forward sales position we had in place as at 1 July 2007. Despite the increasingly challenging markets in the Autumn 2007 selling season with reservations down 20%, legal completions were only just under 5% down on the previous year. As we moved through the year, the impact of the credit squeeze intensified and overall during 2007/08, we secured 2,966 net reservations (2007: 4,953), down 40% on the previous year. In the second half of the financial year, net reservations were 55% lower than in the corresponding period last year. This was reflected in legal completions for the year as a whole at 3,925 homes (2007: 4,823) including 151 homes in Redrow Regeneration (2007: 95). Our forward sales position at the end of June 2008 was 1,189 homes. (2007: 2,148).

Group revenue was £650.1m, 22% lower than the previous financial year (2007: £834.3m). Operating profit from continuing operations before exceptional items was £84.5m (2007: £136.6m). The reduction in legal completions, coupled with pressure on margins as a consequence of the more competitive market were the major factors affecting the Group's level of profitability despite strong control of our cost base.

Average debt levels during the financial year were at similar levels to the second half of the preceding year but, with increased cost of borrowing as a result of higher interest rates, financing costs were £18.0m as compared with £15.3m in 2007. Interest cover before exceptional items and discontinued operations was 4.7 times (2007: 8.9 times). Profit before tax from continuing operations before exceptional items was £65.5m (2007: £121.1m).

As a consequence of the prevailing housing market we have reviewed the carrying value of land and work-in-progress. This has resulted in an exceptional cost of £259.4m to reflect a provision to net realisable value. The retained profit before exceptional items for the financial year was £44.1m but following the reassessment of the carrying value of land and work-in-progress, the loss for the year was £139.9m with net assets at the financial year end of £404.6m (2007: £577.8m).

Net debt at June 2008 was £223.3m (2007: £177.6m). The cash flow in the year includes payments of £122.9m relating to land including the payment of land creditors of £60.6m. We instituted tighter controls over build expenditure as the market deteriorated but the rapid reduction in reservation levels particularly in the second half of the financial year contributed to an increase in work-in-progress during the year of £59.2m before the impact of the net realisable value provisions. We continued to exhibit a tight control on the use of part exchange as a sales incentive, owning only 92 properties with a balance sheet value of £13.7m as at June 2008 (2007: £9.8m). Gearing, which reflected the land and work-in-progress write down, increased to 55% at June 2008 (2007: 31%).

Homes Operations

Market conditions resulted in legal completions reducing to 3,774 (2007: 4,728). We legally completed 3,038 of our core Signature product (2007: 3,689) during the last twelve months. In the City developments contributed 311 units (2007: 537) and this reduction was influenced by our decision some time ago to reduce our exposure to these capital intensive developments in response to over supply and a distinct hardening in demand in this sector of the market. We completed 425 of our affordable Debut range (2007: 502) as we continue to reduce the number of these developments and focus further upon the Signature product. Demand for Debut was also influenced by the increased difficulties for first time buyers to secure mortgages.

The Homes average selling price influenced by product and geographic mix was £156,700 which was 2.1% lower than in the previous year (2007: £160,100). Revenue from home sales was down 21.9% at £591.0m as compared with £757.0m in 2007. Over the course of the year we assessed that net selling prices reduced by approximately 8% as a result of increased discounts and incentives. This affected gross margins from home sales pre-exceptional items which, together with a higher cost of sales relating to land, reduced from 21.1% to 16.9%. Excluding the impact of profits from land sales, gross margins from home sales pre-exceptional items in the second half stood at 15.0%.

Land Sales

We continued to look for opportunities to make efficient use of our asset base and during the last twelve months we generated a profit of £17.0m (2007: £15.1m) from land sale turnover of £29.3m (2007: £38.6m). However, with pressure on values and much reduced activity levels in the land market, we do not anticipate any significant land sale profits in the new financial year.

Cost Base

We have reinforced the tight control over our cost base. During the last six months, as a result of our strength in central procurement of materials together with our policy of engaging constructively with our sub-contractor base, we estimate that our build cost decreased by 3%. We also took action on headcount to reduce site and administrative expenses as we pulled back our build output rates. In the second half of the financial year the number of employees in our business reduced by 12% to 1,154 as at 30 June 2008 and we have implemented further substantial cost reduction measures since the financial year end.

Administrative expenses in the Homes operations were £34.4m as compared with £45.0m in 2007 and represented 5.5% of turnover (2007: 5.7%). This reflected the rationalisation of our office structure which we implemented in Spring 2007. Further action to manage cost was taken during the second half of the financial year. There was also a benefit of £3.1m from the impact of the markets on the cost of long term management incentives. Operating margin pre-exceptional items in the Homes operations was 13.3% as compared with 16.3% in the previous year.

Mixed Use and Regeneration

Operating profits from our Mixed Use and Regeneration activities were £0.9m as compared with £6.6m in 2007. In Redrow Regeneration, the Barking Town Square development progressed positively and in the first half of the financial year legally completed 151 units being the balance of Phase 1 of the residential element of the scheme. Phase 2 comprising 272 new homes and 40,000 sq ft of commercial space is under construction with contracts exchanged on 200 of the homes and just over 65% of the commercial space pre let. Handover of completed units under the construction contract is programmed to commence in November 2008.

In 2007 we benefited from the disposal of completed developments and land on our mixed use developments. We had already limited our commitments to speculative development on these sites in response to weaker demand in the commercial property sector and will continue to adopt this approach until prospects improve. As at June 2008 on our mixed use developments, we had 24,000 sq ft of offices at Lichfield nearing completion of construction. Similarly, we have 19,000 sq ft of constructed industrial and office accommodation available at Buckshaw Village which is being jointly developed with our consortium partner.

We have reviewed our growth strategy for Redrow Regeneration. The business has developed in a short period of time strong recognition in its sector through the quality of the management team. However, we need to have regard to the capital intensive nature of large scale regeneration schemes and the anticipated viability of such developments, particularly given the difficulties in the financing markets at present. We have retained the nucleus of the team to progress the scheme to develop Watford Junction railway station within our joint venture company but have scaled back our expectations to invest in new projects.

Discontinued Operations - Framing Solutions

As highlighted in September 2007, it is our strategy to simplify our business and focus on the historic strengths and core competencies of Redrow. We therefore announced our intention to exit the Framing Solutions joint venture which manufactures and erects light steel frames for use in residential construction. The disposal of this interest was completed in January 2008 and as a consequence we have incorporated a post tax loss of £1.9m as a discontinued operation in the results for the year ended June 2008.

Following the disposal of Framing Solutions and the operational changes made during the year with Redrow Regeneration and our commercial activities now managed as part of our Homes development business, we consider it more appropriate to report a single business segment going forwards.

Land

Over the last twelve months we have experienced a dramatic change in the land market in response to the uncertainty in the housing sector. We responded early to the change in conditions by restricting our current land buying activities. We will retain this approach to restrict cash outflow and reduce debt so that when there is greater certainty regarding land values, we are positioned to take advantage of the opportunities that we can create.

We remain committed to our long term approach to sourcing land through our forward land bank. Our land and planning teams are concentrating on promoting our existing high quality forward land sites through the planning system and identifying new opportunities to provide sites when market conditions improve. The securing of sites under option provides a pipeline of potential future land supply under which the acquisition price is fixed by reference to the discounted open market value of the land at the date of purchase. This discount recognises our skills in the promotion of land through the planning system. Fees and costs relating to the promotion of current and forward land are provided against as incurred so that there is no associated balance sheet risk if the site is not subsequently acquired. In addition, option payments are also provided against as incurred and as a consequence there is no value relating to options included in net assets as at 30 June 2008.

Our forward land bank at June 2008 amounted to 26,150 plots (2007: 24,900 plots). Our pull through from forward land into the current land bank was very limited as we exercised the flexibility this source of land provides to maximise the benefit to the business. In addition to the plots we hold under option, we own land without a planning consent representing 900 plots (2007: 500 plots).

We limited both our exposure to further contracts in respect of land purchases and the acquisition of new plots in the last financial year. We acquired 1,250 plots during the year at a cost of £79.3m with the plot cost reflecting the high proportion of plots acquired in the South

East of England. It has been our strategy to grow our presence in this key market to give an improved balance in the geographical split of our business. This continued during the last twelve months as 60% of the plots acquired related to sites in the companies covering this area such that 25% of our owned land bank with planning is now in South East of England as compared with only 18% two years ago.

At 30 June 2008 our land bank owned with planning had reduced from 17,700 plots to 14,900 plots. This comprises 93 sites with 6 or more homes to sell, 12 with less than six to sell and 22 sites not currently on sales release. In addition, our contracted commitments to acquire future sites has also reduced to 1,550 plots (2007: 2,500). This eases the pressure on future cash flows and the potential to acquire land at inappropriate financial returns.

The downturn in the housing market has made it necessary for the Directors to review the value of our land holdings. The geared effect between house prices and land value can result in a relatively small fall in the price of new homes leading to a proportionately more significant change in land values. We have undertaken a detailed review of the net realisable value of all our land holdings both relating to plots currently in development as well as the value of land and phases of sites not in development. The review was in the context of lower selling prices and reduced activity levels now being experienced. The Directors engaged external professional advice to support this review process.

On plots within phases currently in development, we compared our current assessment of selling price against the development cost including sales and marketing expenditure but not taking into account administrative and finance costs or developers profit to determine net realisable value. In respect of land not currently in development, we have reviewed net realisable value on a basis that recognises a higher financial return appropriate for developers in current markets. As a result of this detailed review, the Group's land and work-in-progress have been reduced by £259.4m with £223.4m against land and £36.0m against work-in-progress. The total provision represents 42.6% of the carrying value of the Group's land holdings prior to the review being undertaken. As at June 2008, the carrying value of the owned land bank with planning was £373.1m with an average plot cost of £25,500 (2007: £36,300) which represented circa 15% (2007: 20.4%) of the estimated sales value of those plots.

In the light of the change in relative land use values coupled with the downturn in the housing markets, we are exploring alternative land uses, ensuring that the house type mix is the most appropriate and seeking to renegotiate planning consents. This will help optimise the value of our land holdings and provide opportunities to generate cash as well as position our land holdings to improve returns when market conditions improve.

Product and Design

Our business is centred around our Signature developments which are primarily based on a range of core house types. These can be adapted to meet local requirements and provide varied street scenes yet deliver efficiency in construction and control of build cost. In 2008, 77.4% of our legal completions were on Signature developments but our increased focus on this element of our portfolio is reflected in our land bank in which 91.9% of our plots owned with planning are on Signature sites.

Given the particular pressures of the inner city apartment market we have significantly reduced our exposure to this sector of the market over the last few years. Including the Redrow Regeneration Scheme at Barking, it now represents only 4.6% of our owned land bank with planning as compared with 11.8% of legal completions in 2008. Our affordable Debut product remains part of our portfolio and we will continue to use it where it adds value to development returns. As at June 2008, 3.5% of plots owned with planning represent Debut homes including 321 plots on sites currently being developed.

The Government has set ever increasing demands upon the housebuilding industry over the last few years. We fully recognise the need for improved sustainability that reduces carbon emissions both of our product and our activities. We have set targets for reductions in our carbon footprint and improved waste management. Through our Research and Sustainability team we continue to identify construction methods that can cost effectively deliver the requirements of the Code for Sustainable Homes and improvements in environmental site management. However, there is a need for the Government to review its objectives so that there is a coherent strategy particularly as regards renewable energy and water consumption targets relating to new homes. This will encourage durable solutions that will enhance sustainability and meet the lifestyle aspirations of customers.

Financing and Treasury Management

Treasury management is conducted centrally and the focus lies with liquidity and interest rate risk. Direct foreign exchange exposure is negligible given the nature of the Group's business and its exclusive UK activities. Liquidity risks are managed through the regular review of cash forecasts and by maintaining adequate committed banking facilities to ensure appropriate headroom.

As planned, we successfully concluded the Group's bank refinancing in September 2008 to replace our existing facilities which were due to mature in Autumn 2009. We received the support of all six of our relationship banks who participated in a new £450m three year facility. This facility consists of an unsecured £175m amortising term loan which is scheduled to be fully repaid by March 2011 and an unsecured £275m revolving credit facility. The facilities have a suite of covenants appropriate to the current market conditions, reflecting the business's focus upon cash generation rather than earnings.

The fees and margins associated with these new facilities are in line with prevailing market conditions but represent a significantly higher level than those in the facilities they are replacing. Largely as a consequence of these higher costs it is anticipated that the interest charge in 2008/09 will be higher than the previous financial year.

In addition to the committed facilities, the Group also has further uncommitted bank facilities which are used to assist in day to day cash management. Each company in the Group operates its own bank account with these managed at a Group level under a set off arrangement.

The Board has adopted an interest rate risk management framework which sets parameters to ensure an appropriate level of hedging is retained to mitigate increases in interest rates. The policy prohibits any trading in derivative financial instruments and requires any hedging to be undertaken using simple risk management products, almost exclusively interest rate swaps.

The notional level of debt protected by interest rate swaps as at June 2008 was £87.5m. These swaps had an average remaining life of 1.5 years at a fixed rate of 5% before borrowing margins are added.

Pensions

As at 30 June 2008, the Group accounts showed a deficit of £0.2m (2007: £6.1m surplus) in respect of the defined benefits section of the pension scheme as calculated on an IAS 19 basis. This movement from surplus to slight deficit is due primarily to the investment performance in the latter half of the financial year. The scheme is closed to all new entrants. The formal triennial valuation of the defined benefits section of the pension scheme as at 1 July 2008 is currently being undertaken. This is likely to embrace the impact of increasing life expectancy through strengthened mortality assumptions consistent with developing thinking across the pensions industry.

Tax

Given the change in the rate of UK corporation tax, the Group's tax rate for the year was 29.5% and the expected effective rate for 2008/09 is 28.0% with deferred tax being provided at this rate.

As a consequence of the net realisable value provision, the Group is reporting a post tax loss for the year ended 30 June 2008. To the extent that this loss exceeds the current year's taxable profits, we expect to be able to carry this back one year in the Redrow subsidiaries to which it relates. If such loss is unable to be fully used in that year it will be carried forward to use against future trading profits. We anticipate receiving in due course a cash repayment estimated at over £35m which represents most of the monies we have already paid to HM Revenue & Customs in respect of both 2006/07 and 2007/08. That element of the loss we have been unable to use has been carried forward as a deferred tax asset.

People

Our objectives can only be achieved through the contribution of our people. Notwithstanding the current market conditions it remains an essential ingredient in our strategy to invest in our employees by developing their skills through our commitment to training to help them both progress their careers and achieve their ambitions.

It is one of the most disappointing consequences of the current trading environment that housebuilding is losing much talent from the industry. At all levels within Redrow, we have lost many people who have developed their careers over several years and played a very positive role in our business. We thank them for their commitment and wish them success in finding alternative avenues for their skills. Our remaining employees recognise the challenges our industry is facing after many years of success and we have taken appropriate steps to limit employee costs as regards salary awards and bonus entitlements in the short term.

Looking to the future, it is important that we tackle the challenges we face as a team. To provide incentives to our employees to share in the future success of our business, we will continue to operate our SAYE scheme which is open to all staff and we also propose, subject to shareholder approval, to introduce an HM Revenue & Customs Approved Company Share Option Plan. Under the plan, options over shares up to a value of £30,000 can be given to selected employees. We consider that this will provide an appropriate incentive to retain key employees and encourage them to play their part and share in the restoration of shareholder value.

Business Outlook

Our industry is experiencing a trading environment in which the speed and scale of the downturn is unprecedented. We have experienced a fall in house prices of over 10% from their peak in the last twelve months with National House Builders Council (NHBC) registrations in June 2008 down 60% on a year ago. In the second quarter of 2008, mortgage approvals for house purchase were down nearly 70% from their peak in the final quarter of 2006. This is much more severe than the equivalent movements in the previous significant downturn in the early 1990's. The outlook for the UK economy is looking increasingly fragile as inflation remains above target levels and forecasts for growth are being scaled back.

We have already imposed strict limits on cash investment in both land and work-in-progress to capitalise on the inherent capability in the business to generate cash and we have a clear strategy communicated through our operations to reduce our debt over the next two year period. The business has commitments relating to land in respect of both existing contracts and land creditor payments amounting to approximately £87m in 2008/09 and £33m in the following year. The timing of these commitments is likely to mean that average net debt will be slightly higher in 2008/09 than in the year to June 2008, though net debt should reduce significantly in the following financial year once these payments have largely been made.

Our forward sales at June 2008, were 45% lower than twelve months ago reflecting the weakness of the sales market in the first six months of 2008 and this will have implications for volumes in the new financial year. Activity levels in the first 10 weeks of the financial year have run 48% below the previous year. This is slightly better than in the second half of the last financial year end and an improvement on the last quarter. Cancellation rates in the new financial year have been approximately 26%, continuing to reflect both the weak confidence of homebuyers and the continuing selectivity of mortgage lenders. Net reservations relating to private sales in this period have been 27 per week equating to 0.29 sales per site per week. We are still having to be very competitive in securing our market share. Discounting and increased use of incentives are necessary to generate cash flow which is the priority in our business given the prospects for short term profitability.

As previously announced, we have further reduced our cost base since the year end by making significant reductions in headcount, including the closure of two of our operating company offices. This reduces the number of operating company offices to eight and including reductions in site based personnel results in a further fall in our headcount of 350 down to 804 as at the end of August. This equates to an annual cash saving of £15.1m and will reduce our administration costs by £7.5m on an annualised basis. Our annualised run rate for administration costs is now approximately £32m. The cost of implementation of this rationalisation is approximately £3.0m which will be an exceptional item in the year to June 2009.

Construction activity on our sites is essentially limited to plots where there are secured sales in place. As at 7 September 2008 we have total cumulative sales of 1,050 units for 2008/09. Our operational focus is on limiting expenditure on site and reducing the number of stock properties to generate cash. As regards our land activities, our land and planning teams are targeting longer term opportunities both through progressing existing sites and identifying and securing new locations to support our current land bank when our markets improve. Our current land holdings are also being reviewed to unlock cash and value through change of use and improved planning consents.

We expect that the markets we are currently facing are likely to persist for some time to come. The impact this will have on selling prices and margins and the period over which transaction levels will be severely constrained is difficult to assess but will have implications for profitability in the short term. However, we have made a realistic assessment of the net realisable value of our land and work-in-progress and have secured new borrowing facilities that provide us with an extended maturity date and covenants appropriate to the markets we are experiencing.

Whilst we concentrate on cash flow in current market conditions to enable us to be opportunistic in the land market at the appropriate time, we need to continue to recognise the underlying fundamental need to increase housing supply in the UK. It remains important that we take advantage of the benefits of our relative size and continue to promote our vision for Redrow to value our people, maximise land opportunities and add value through product design. This will enable us to differentiate our business and capitalise on the opportunities that we will create for the benefit of shareholders in the future.

Neil Fitzsimmons	David Arnold
Chief Executive	Group Finance Director

Consolidated Income Statement

		12 months ended 30 June			
		2008 pre-exceptional item	2008 exceptional item	**2008 Total**	Restated 2007 Total
	Note	£m	£m	**£m**	£m
Revenue		650.1	-	**650.1**	834.3
Cost of sales	6	(529.6)	(259.4)	**(789.0)**	(651.3)
Gross (loss)/profit		120.5	(259.4)	**(138.9)**	183.0
Administrative expenses		(36.0)	-	**(36.0)**	(46.4)
Operating (loss)/profit before financing costs		84.5	(259.4)	**(174.9)**	136.6
Financial income		4.5	-	**4.5**	1.6
Financial expenses		(22.5)	-	**(22.5)**	(16.9)
Net financing costs		(18.0)	-	**(18.0)**	(15.3)
Share of loss of joint ventures after interest and taxation		(1.0)	-	**(1.0)**	(0.2)
(Loss)/profit before tax from continuing operations		65.5	(259.4)	**(193.9)**	121.1
Income tax credit/(expense)	3	(19.5)	75.4	**55.9**	(36.1)
(Loss)/profit for the period from continuing operations		46.0	(184.0)	**(138.0)**	85.0
Discontinued operations	12	(1.9)	-	**(1.9)**	(0.6)
(Loss)/profit for the period		44.1	(184.0)	**(139.9)**	84.4
Earnings per share from continuing operations					
Basic earnings per share	5	28.8p		**(86.3p)**	53.3p
Diluted earnings per share	5	28.8p		**(86.3p)**	53.2p
Earnings per share including discontinued operations					
Basic earnings per share	5	27.6p		**(87.5p)**	52.9p
Diluted earnings per share	5	27.6p		**(87.5p)**	52.8p

Consolidated Statement of Recognised Income and Expense

	12 months ended 30 June	
	2008 **£m**	2007 £m
Effective portion of changes in fair value of interest rate cash flow hedges	**(0.4)**	1.3
Deferred tax on change in fair value of interest rate cash flow hedges	**0.1**	(0.4)
Actuarial (losses)/gains on defined benefit pension scheme	**(8.3)**	5.8
Deferred tax on actuarial (losses)/gains taken directly to equity	**2.3**	(1.7)
Net (expense)/income recognised directly in equity	**(6.3)**	5.0
(Loss)/profit for the period	**(139.9)**	84.4
Total recognised income and expense for the period	**(146.2)**	89.4

Consolidated Balance Sheet

	Note	As at 30 June **2008** **£m**	 2007 £m
Assets			
Intangible assets		**0.4**	0.3
Plant, property and equipment		**22.7**	24.6
Investments		**2.0**	3.7
Deferred tax assets		**32.4**	3.4
Derivative financial instruments		**0.5**	0.6
Retirement benefit surplus		**-**	6.1
Trade and other receivables		**5.4**	4.1
Total non-current assets		**63.4**	42.8
Inventories	6	**755.9**	988.7
Trade and other receivables		**13.5**	28.5
Derivative financial instruments		**0.8**	1.1
Current income tax receivables		**35.5**	-
Cash and cash equivalents	9	**127.1**	12.2
Total current assets		**932.8**	1,030.5
Total assets		**996.2**	1,073.3
Equity			
Issued capital	10	**16.0**	16.0
Share premium		**58.7**	58.1
Hedge reserve		**0.9**	1.2
Other reserves		**7.9**	7.9
Retained earnings		**321.1**	494.6
Total equity	11	**404.6**	577.8
Liabilities			
Bank loans	9	**337.5**	169.7
Trade and other payables	7	**24.1**	48.8
Deferred tax liabilities		**1.0**	3.0
Retirement benefit obligations		**0.2**	-
Long-term provisions		**2.1**	3.4
Total non-current liabilities		**364.9**	224.9
Bank overdrafts and loans	9	**12.9**	20.1
Trade and other payables	7	**213.8**	233.8
Current income tax liabilities		**-**	16.7
Total current liabilities		**226.7**	270.6
Total liabilities		**591.6**	495.5
Total equity and liabilities		**996.2**	1,073.3

Consolidated Cash Flow Statement

	Note	12 months ended 30 June **2008** **£m**	2007 £m
Cash flow from operating activities			
Operating (loss)/profit before financing costs		**(174.9)**	136.6
Depreciation and amortisation		**2.1**	2.3
Adjustment for non-cash items		**(10.4)**	3.1
Operating (loss)/profit before changes in working capital and provisions		**(183.2)**	142.0
Decrease/(increase) in trade and other receivables		**13.7**	(6.3)
Decrease/(increase) in inventories		**232.8**	(139.1)
(Decrease)/increase in trade and other payables		**(46.7)**	49.6
Increase/(decrease) in employee benefits and provisions		**5.0**	(15.7)
Cash generated from operations		**21.6**	30.5
Interest paid		**(18.0)**	(13.9)
Tax paid		**(24.4)**	(35.2)
Net cash from operating activities		**(20.8)**	(18.6)
Cash flows from investing activities			
Acquisition of plant, property and equipment		**(2.4)**	(5.2)
Proceeds from sale of plant, property and equipment		**3.1**	2.6
Interest received		**1.8**	0.9
Payments to joint ventures - continuing operations		**(1.0)**	(1.8)
Payments from/(to) joint ventures - discontinued operations		**0.6**	(0.5)
Net cash from investing activities		**2.1**	(4.0)
Cash flows from financing activities			
Issue of bank borrowings	8	**266.5**	170.0
Repayment of bank borrowings	8	**(99.0)**	(132.0)
Issue costs of bank borrowings		**-**	(0.1)
Purchase of own shares		**-**	(0.5)
Dividends paid	4	**(27.3)**	(26.3)
Proceeds from issue of share capital		**0.6**	1.9
Net cash from financing activities		**140.8**	13.0
Increase/(decrease) in net cash and cash equivalents		**122.1**	(9.6)
Net cash and cash equivalents at the beginning of the period		**(7.9)**	1.7
Net cash and cash equivalents at the end of the period	9	**114.2**	(7.9)

NOTES

1. **Accounting Policies**

a. Basis of Preparation

The above results and the accompanying notes do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The auditors have reported on the Group's statutory accounts for each of the years 2007/08 and 2006/07 under S235 of the Companies Act 1985, which do not contain statements under S237(2) or S237(3) of the Companies Act 1985 and are unqualified. The statutory accounts for 2006/07 have been delivered to the Registrar of Companies and the statutory accounts for 2007/08 will be filed with the Registrar in due course.

The audited consolidated financial statements from which these results are extracted have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The accounting policies set out below represent an extract of the policies set out in the consolidated financial statements. Other than as set out here, there have been no changes in accounting policy in the year.

b. Revenue Recognition

Sales of residential land holdings have historically not represented a material part of the Group's strategy and, because of this, have not been included within revenue. With the increased focus on optimising the Group's land bank through land sales and land swaps, which may form a more frequent part of ordinary trading for Redrow, we have amended our revenue recognition policy to include residential land sales revenue. This change in accounting policy does not affect reported cash flows and earnings. The impact is to increase reported revenue by £29.3m (2007: £38.6m). The comparative figures for the year ended 30 June 2007 have been restated to reflect this change in policy.

c. Financial Instruments

The Group adopted IFRS 7 'Financial Instruments: Disclosures' on 1 July 2007. IFRS 7 and the complementary amendment to IAS 1 'Presentation of financial statements - capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group or Company's financial instruments, or the disclosures relating to taxation and trade and other payables.

d. Segmental Reporting

The Group previously disclosed separate business segments. As a result of operational changes made during the year, the Group now has only one business and geographic segment.

e. Exceptional Items

Exceptional items are those which, in the opinion of the Board, are material by size or nature, non-recurring and of such significance that they require separate disclosure on the face of the income statement.

f. Inventories

Inventories are stated at the lower of cost and net realisable value less cash on account.
Cost comprises land and associated acquisition costs, direct materials and subcontract work, other direct costs and those overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs.

In order to better assess net realisable value as at 30 June 2008, the Group has differentiated its inventories into two categories:

a) Type 1 - land where the construction of homes had commenced at the year end and which was generally short to medium term in its development horizon. This category represented circa 5,400 plots or approximately 36% of the Group's land bank at 30 June 2008.

b) Type 2 - land where housebuild had not commenced and land could be identified as a distinct parcel. This land is more generally medium to long term in time horizon and its end use by the Group is less certain. This category represented circa 9,500 plots or approximately 64% of the Group's land bank at 30 June 2008.

Net realisable value for land where construction of homes had commenced at the year end (Type 1) was assessed by estimating selling prices and cost (including sales and marketing expenses), taking into account current market conditions.

Land where housebuild had not commenced (Type 2) is of such a medium to long term nature, particularly in the light of current levels of activity in the housing market, that no specific plans have been agreed in relation to the timing of these sites coming into development. Whilst no specific sites had been identified for sale in the open market at the balance sheet date, it is not expected that a significant number of these sites will come into development over the next 12 months. As a consequence, net realisable value of this land was assessed by re-appraising the land using current selling prices and costs for the proposed development and assuming an appropriate financial return to reflect the current housing market conditions and the prevailing financing environment.

A full review of all inventories was undertaken on the basis outlined above as at 30 June 2008 which resulted in a £259.4m exceptional net realisable value provision.

This provision will be closely monitored for adequacy and appropriateness as regards under and over provision to reflect circumstances at future balance sheet dates. Any material change to the underlying provision will be reflected through cost of sales as an exceptional item.

g. New Standards

In addition to the above the following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year ending 30 June 2008:

IFRIC 10, 'Interims and Impairment', effective for annual periods beginning on or after 1 November 2006. This interpretation has not had any impact on the timing or recognition of impairment losses as the Group already accounted for such amounts using principles consistent with IFRIC 10.

2. **Segmental information**

As discussed in the Chief Executive and Finance Director's business review, given the disposal of the Group's interest in the Framing Solutions light steel frame manufacturing joint venture, the operational changes the Group made during the year in respect of Redrow Regeneration plc and the fact that the Group now manages this element, together with its commercial activities, as an integral part of its Homes development business, the Group has decided that it is more appropriate to report a single business segment going forward. This represents a change in policy during the year ended 30 June 2008.

As the Group operates entirely within the United Kingdom and Jersey, there are no separate segments, either business or geographic requiring disclosure.

Homes land sales generated a gross profit of £17.0m (2007: £15.1m).

3. **Income Tax (credit)/expense**

	12 months ended 30 June			
	2008 pre-exceptional item	2008 exceptional item	**2008 Total**	Restated 2007
	£m	£m	**£m**	£m
Current year				
UK Corporation Tax at 29.5% (2007: 30%)	19.1	(46.3)	**(27.2)**	34.6
(Over)/under provision in respect of prior year	(0.1)	-	**(0.1)**	0.5
	19.0	(46.3)	**(27.3)**	35.1
Deferred tax				
Origination and reversal of temporary differences	0.5	(29.1)	**(28.6)**	1.0
	19.5	(75.4)	**(55.9)**	36.1
Reconciliation of tax (credit)/expense for the year				
(Loss)/profit for the year	65.5	(259.4)	**(193.9)**	121.1
Tax on total (loss)/profit @29.5% (2007: 30%)	19.3	(76.5)	**(57.2)**	36.3
(Over)/under provision in respect of prior year	(0.1)	-	**(0.1)**	0.5
Tax effect of share of losses in joint ventures	0.4	-	**0.4**	0.3
Expenses not deductible for tax purposes of net of rolled over capital gains	0.1	-	**0.1**	0.2
Short term temporary differences	(0.2)	1.1	**0.9**	(1.2)
	19.5	(75.4)	**(55.9)**	36.1

The presentation of 2007 figures has been restated to exclude the impact of discontinued operations.

4. **Dividends**

	12 months ended 30 June	
	2008	2007
	£m	£m
Amounts recognised as distributions to equity holders in the period:		
2007 final dividend paid of 7.8p per share (2006: 8.7p)	**12.5**	13.9
2008 interim dividend paid of 9.3p per share (2007: 7.8p)	**14.8**	12.4
	27.3	26.3

5. **Earnings per share**

The basic earnings per share calculation for the year ended 30 June 2008 is based on the weighted number of shares in issue during the period of 159.9m (2007: 159.5m) excluding those held in trust under the Redrow Long Term Incentive Plan, which are treated as cancelled.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

12 months ended 30 June 2008

	Earnings £m	**No. of shares millions**	**Per share pence**
Basic earnings per share for continuing operations pre-exceptional item	**46.0**	**159.9**	**28.8**
Effect of share options and SAYE	**-**	**-**	**-**
Diluted earnings per share for continuing operations	**46.0**	**159.9**	**28.8**

Basic and diluted earnings per share including discontinued operations is 27.6p pre-exceptional item.

	Earnings £m	**No. of shares millions**	**Per share pence**
Basic earnings per share for continuing operations after exceptional item	**(138.0)**	**159.9**	**(86.3)**
Effect of share options and SAYE	**-**	**-**	**-**
Diluted earnings per share for continuing operations	**(138.0)**	**159.9**	**(86.3)**

Basic and diluted earnings per share including discontinued operations is (87.5p) post-exceptional item.

12 months ended 30 June 2007

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share for continuing operations	85.0	159.5	53.3
Effect of share options and SAYE	-	0.4	(0.1)
Diluted earnings per share for continuing operations	85.0	159.9	53.2

Basic earnings per share including discontinued operations pre and post exceptional item is 52.9p (diluted - 52.8p).

6. Inventories

	As at 30 June 2008 £m	As at 30 June 2007 £m
Land for development	**385.4**	641.4
Work in progress	**350.6**	333.1
Stock of showhomes	**19.9**	14.2
	755.9	988.7

An exceptional net realisable value provision was recognised in the year in the sum of £259.4m. This represented a £223.4m provision against land and a £36.0m provision against work in progress. The breakdown of this provision between land and work in progress for Type 1 and Type 2 is detailed below:

	Land £m	WIP £m	Total £m
Type 1	27.8	13.5	41.3
Type 2	195.6	22.5	218.1
	223.4	36.0	259.4

Type 1 land: land where the construction of homes had commenced at the year end.

Type 2 land: land where housebuild had not commenced and land could be identified as a distinct parcel.

7. Land Creditors (included in trade and other payables)

	As at 30 June 2008 £m	As at 30 June 2007 £m
Due within one year	**68.5**	75.4
Due in more than one year	**24.1**	48.8
	92.6	124.2

8. Borrowings and loans

	12 months ended 30 June 2008 £m	12 months ended 30 June 2007 £m
Opening net book amount	**170.0**	132.0
Issue of bank borrowings	**266.5**	170.0
Repayment of bank borrowings	**(99.0)**	(132.0)
Closing net book amount	**337.5**	170.0

At 30 June 2008, the Group had total unsecured bank borrowing facilities of £515.0m, representing £480.0m committed facilities and £35.0m uncommitted facilities.

9. Analysis of net debt

	As at 30 June	
	2008	2007
	£m	£m
Cash and cash equivalents	**127.1**	12.2
Bank overdrafts and loans		
- current liabilities	**(12.9)**	(20.1)
	114.2	(7.9)
- non-current liabilities	**(337.5)**	(169.7)
	(223.3)	(177.6)

Cash generated pre land payments, tax and dividends in 2007/08 was as follows:

	£m
Land payments	**122.9**
Tax paid	**24.4**
Dividends paid	**27.3**
	174.6
Movement in net debt	**(45.7)**
	128.9

10. Share capital

	As at 30 June	
	2008	2007
	£m	£m
Authorised		
330,000,000 ordinary shares of 10p each	**33.0**	33.0
Allotted, called up and fully paid	**16.0**	16.0

	Number of ordinary shares of 10p each
Movement in the period was as follows	
At 1 July 2007	159,827,039
Share options exercised	184,974
At 30 June 2008	**160,012,013**

11. Reconciliation of movements in consolidated equity

	12 months ended 30 June	
	2008	2007
	£m	£m
(Loss)/profit for the period	**(139.9)**	84.4
Dividends on equity shares	**(27.3)**	(26.3)
Other recognised income and expense relating to the period (net)	**(6.3)**	5.0
Shares issued at a premium	**0.6**	1.9
Movement in LTSIP/SAYE	**(0.3)**	(1.0)
Net increase in equity	**(173.2)**	64.0
Opening equity	**577.8**	513.8
Closing equity	**404.6**	577.8

12. **Discontinued operations - disposal of interest in joint venture**

On 3 January 2008, the Group completed the disposal of its interest in its Framing Solutions joint venture. The loss on disposal has been disclosed accordingly as discontinued operations. Financial information relating to the business for the period prior to disposal was as follows:

	12 months ended 30 June	
	2008	2007
	£m	£m
Revenue	**1.6**	3.9
Expenses	**(2.2)**	(4.8)
Loss before tax	**(0.6)**	(0.9)
Tax on loss	**0.2**	0.3
Loss after tax on discontinued operations	**(0.4)**	(0.6)
Loss on disposal	**(2.0)**	-
Tax on disposal	**0.5**	-
	(1.5)	-
Share of loss after interest and taxation on Framing Solutions joint venture	**(1.9)**	(0.6)

13. **Post balance sheet events**

(i) Refinancing

On 4 September 2008, the Group successfully concluded its planned refinancing to replace its existing facilities which were due to mature in Autumn 2009.

The new facilities consist of an unsecured £175m amortising term loan which is scheduled to be fully repaid by March 2011 and an unsecured £275m revolving credit facility due to mature in September 2011. These facilities are provided by the six relationship banks who made available our existing facilities.

(ii) Restructuring

Following the 30 June 2008 year end, the Group entered into consultation with staff to make significant reductions in headcount including the closure of two operating company offices.

The purpose of this restructuring was to better align the Group's cost base to the prevailing housing market conditions.

The consultations were concluded in late July when a phase redundancy programme commenced which is scheduled to conclude by the end of September. This will result in a headcount reduction of in excess of 350 personnel. Following the restructuring the two operating company offices will become vacant in due course.

It is anticipated that the restructuring will deliver annualised cash savings of circa £15.1m and an annualised reduction in administrative costs of circa £7.5m.

The cost of implementation is estimated to amount to £3.0m which will represent an exceptional charge in the year ending 30 June 2009.

14. Shareholder Enquiries

The Registrar is Computershare Investor Services PLC. Shareholder enquiries should be addressed to the Registrar at the following address:

Registrars Department
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

15. Annual General Meeting

The Annual General Meeting of Redrow plc will be held at St. David's Park Hotel, St. David's Park, Flintshire on 5 November 2008, commencing at 12.00 noon. A copy of this statement is available for inspection at the registered office.