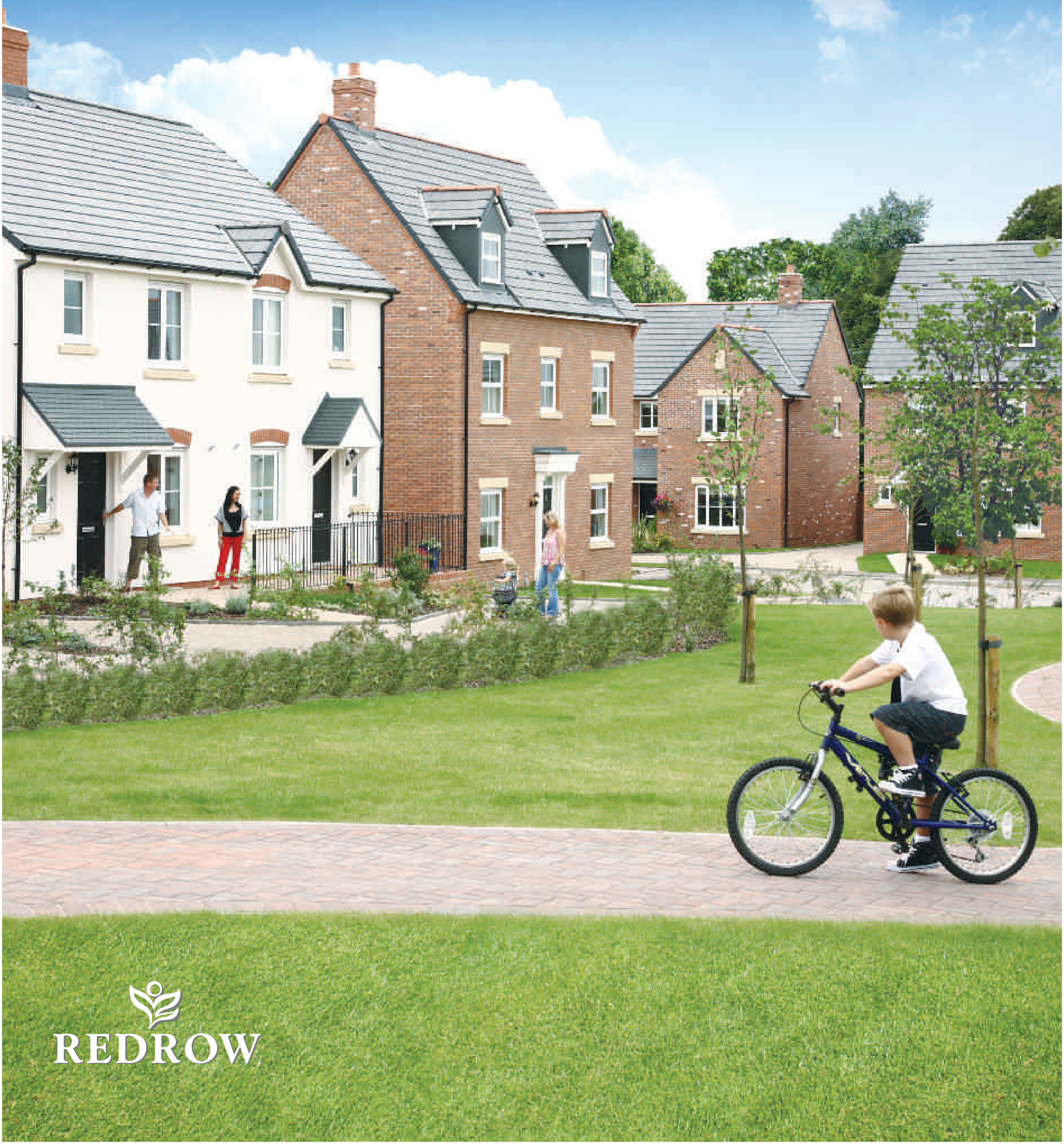
Challenging times, decisive actions, future potential.

Redrow plc Annual Report & Accounts 2008



REDROW

Building a long term competitive position, managing short term economic pressures.

▶ Long term

Investing in strategic land
Investing in people
Investing in design

▶ Short term

Cash generation
Reduction in cost
Selective land opportunities

Becoming the developer of choice.

Redrow is recognised as a leading residential developer in the UK. Our aim is to become the developer of choice for all who deal with us.

We will achieve this by designing differentiated homes that meet market demand and ensuring that we optimise fully our resources and relationships, ultimately creating long term shareholder value.

Our experienced team and focused business structure, our design-led approach and our long term approach to land supply puts us in a good position to benefit from the long term demand for housing in the UK.

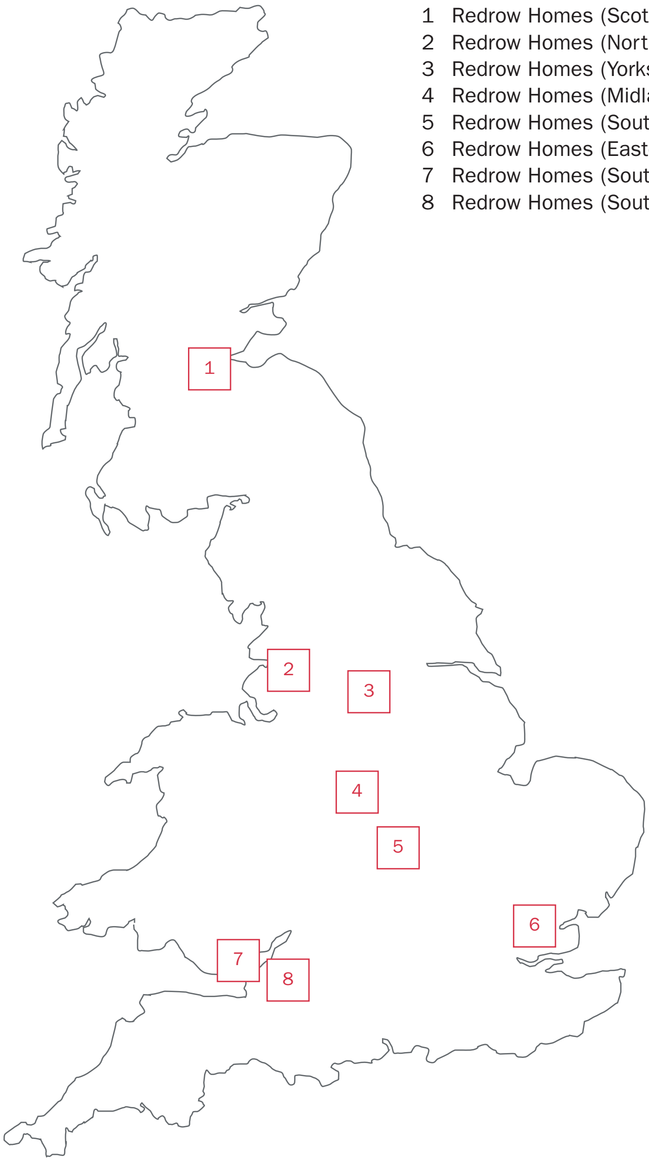
2008 Key figures

	2008 £m	2007 £m
Revenue	**650.1**	834.3
Operating profit from continuing operations pre-exceptional item	**84.5**	136.6
Profit before taxation from continuing operations pre-exceptional item	**65.5**	121.1
(Loss)/profit before taxation from continuing operations	**(193.9)**	121.1
Net assets	**404.6**	577.8

	Pence	Pence
Earnings per share for continuing operations pre-exceptional item	**28.8**	53.3
(Loss)/earnings per share from continuing operations	**(86.3)**	53.3
Dividend per share	**9.3**	15.6

Redrow at a glance

- Redrow currently trades from eight regional offices, managing circa 100 housing developments across England, Scotland and Wales.
- Redrow is listed on the London Stock Exchange (Ticker: RDW) in the Household Goods sector.
- Redrow secures benefits from its strong Executive team working closely with their valued and experienced colleagues at a local operational level.



REGIONAL OFFICES

1 Redrow Homes (Scotland) Ltd
2 Redrow Homes (North) Ltd
3 Redrow Homes (Yorkshire) Ltd
4 Redrow Homes (Midlands) Ltd
5 Redrow Homes (South Midlands) Ltd
6 Redrow Homes (Eastern) Ltd
7 Redrow Homes (South Wales) Ltd
8 Redrow Homes (South West) Ltd

OPERATIONS

The core of our business is developing residential houses under our Signature brand. Over 90% of our plots owned with planning consent are on Signature sites.

We also engage in mixed use projects which combine residential with other types of development (e.g. commercial, leisure and/or industrial).

Key figures for 2008 include

- £650.1m revenue
- £120.5m gross profit*
- £84.5m operating profit*
- £156,900 average selling price

* from continuing operations pre-exceptional item

Northern Region

CHAIRMAN
David Campbell-Kelly

BUSINESSES
The Region covers the North West of England, North Wales, Yorkshire and Scotland, operating out of three offices at Chorley, Wakefield and Falkirk.

EXAMPLE DEVELOPMENT: WOODLANDS GRANGE

Location: Port Sunlight, Wirral

Project description: The Woodlands Grange development is situated on the site of a former distribution centre at Port Sunlight.

The scheme commenced in Spring 2007 and the 17 acre site, located near to the village of Bromborough, has excellent access to local facilities and the motorway network. It will comprise circa 200 dwellings ranging from two bedroom apartments to four bedroom detached houses. The design builds on themes from the nearby historic Port Sunlight village. It utilises the principles in the ‘Manual for Streets’ published in 2007 to effectively accommodate the car within the development.

Southern Region

CHAIRMAN
John Tutte

BUSINESSES
The Region covers the Midlands and the South East of England, operating out of three offices at Tamworth, Northampton and Basildon.

EXAMPLE DEVELOPMENT: IMPERIAL HEIGHTS

Location: Jennett’s Park, Bracknell

Project description: Jennett’s Park, currently under construction in Royal Berkshire, is a new urban village comprising 1,500 homes which is being developed in conjunction with another housebuilder.

The development has excellent access to major road and public transport networks. In addition the 270 acre site incorporates a range of leisure and commercial facilities within a sustainable mixed use scheme. It incorporates a wide array of green space including 91 acres of country park to respect the requirement of the Heathlands Special Protection Area.

The site represents a prime example of the skills within Redrow to promote a major greenfield site through the planning system.

Western Region

CHAIRMAN
Colin Lewis

BUSINESSES
The Region covers South Wales and the South West of England, operating out of two offices in Cardiff and Bristol.

EXAMPLE DEVELOPMENT: CWM CALON

Location: Ystrad Mynach, Caerphilly

Project description: Cwm Calon is a new urban village being developed on the site of the former Penallta Colliery, north of Caerphilly. Extending to 63 acres, 38 acres will be residential, 5 acres allocated to employment related uses, 2 acres for a primary school with the balance providing ample green public open space.

The scheme commenced in May 2005 and will comprise circa 800 homes ranging from one bedroom apartments to five bedroom houses. The design of the development recognises the vernacular themes of nearby market towns such as Usk and Crickhowell. It delivers an innovative street scape using a variety of elevational treatments including coloured render, stone and brickwork.

Macro economics - a year in review

Economic factors affecting the UK housing market.

▶ August 2007

Start of the 'credit crunch'.

Source: BBC

Interest rates rise to 5.75%. Highest since January 2001.

Source: BoE

▶ September

The first run on a British bank for a century - Bank of England provides Northern Rock with emergency funds.

▶ October

Average house prices fall for three consecutive months and now stand at £194,500.

Source: Halifax House price index

▶ November

▶ December

Bank of England drops interest rate to 5.5%

Source: BoE

Mortgage approvals decline for four months in a row.

Source: BoE

▶ January 2008

▶ February

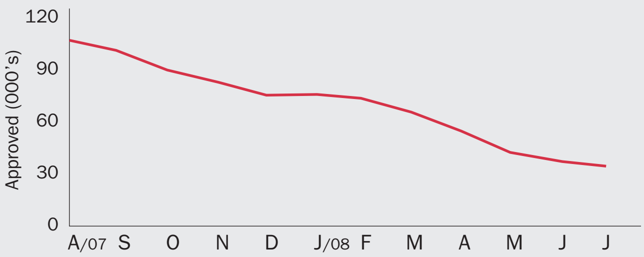
Bank of England drops interest rate to 5.25%.

Source: BoE

▶ Mortgage approvals

July 2008: 33,000

-69% since August 2007

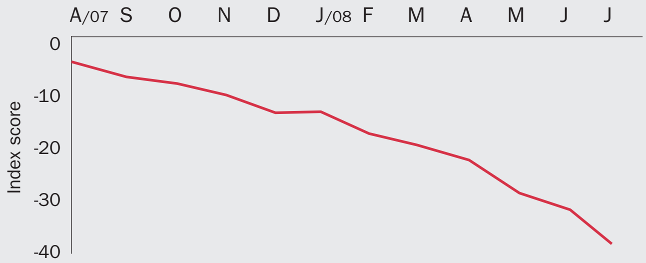


Source: www.bankofengland.co.uk
Number of loans approved for home purchase, seasonally adjusted.

▶ Consumer Confidence Index

July 2008: -39

Index drops to an all time low in July 2008

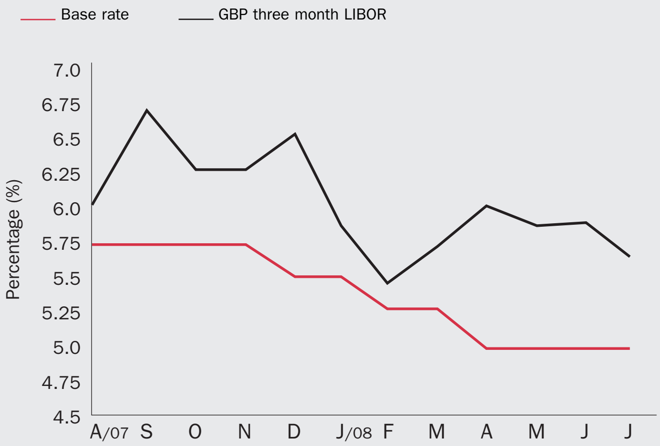


Source: www.gfknop.com
Overall index score.

- The combination of the series of events over the past 12 months has resulted in an unprecedented slowdown in the UK housing market, culminating in a sharp reduction in the number of mortgage approvals and denting consumer confidence.
- Conversely, the demand for new houses, estimated at 240,000 each year until 2016, remains unmet. The underlying outlook for the industry is strong and Redrow is confident that the market will return to more normal levels of activity.
- Redrow has taken decisive actions to manage the short term pressures whilst continuing to put in place foundations for future growth.

March	April	May	June	July	August	September
	Interest rate cut to 5.0%. Source: BoE	Mortgage approvals drop to 40,000 - down 27% from previous month. Source: BoE	Government reiterates requirement for 240,000 new homes per annum until 2016. Source: NHPAU	Mortgage approvals drop to 33,000, the lowest number since records began in 1993. Source: BoE Consumer confidence index drops for seventh consecutive month to all time low. Source: GfkNOP	Average house price falls to £174,178 down 10.9% year-on-year. Source: Halifax House price index	RICS announces lowest number of transactions per surveyor since survey began in 1978. Government announces temporary abolition of stamp duty on houses up to value of £175,000.

Interest rates



Source: For base rate: www.bankofengland.co.uk
For 3 month LIBOR rate: www.bba.org.uk As at first of each month.

240,000

new homes required each year until 2016 to meet UK demand

Source: NHPAU

Chairman's statement

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.

▲ Alan Bowkett, Chairman

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.

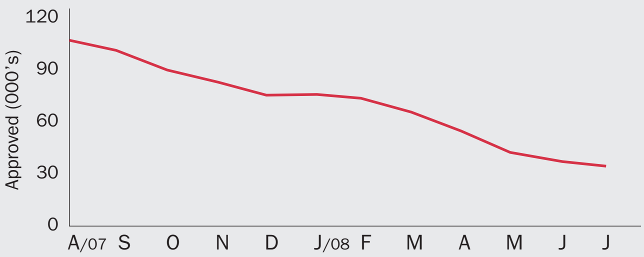
As planned, we have recently concluded a refinancing of our banking arrangements which were due to mature in 2009. We were pleased to receive the support from all our existing relationship banks who participated in a new £450m three year facility with a covenant package appropriate to the current trading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

Chairman's statement

Mortgage approvals

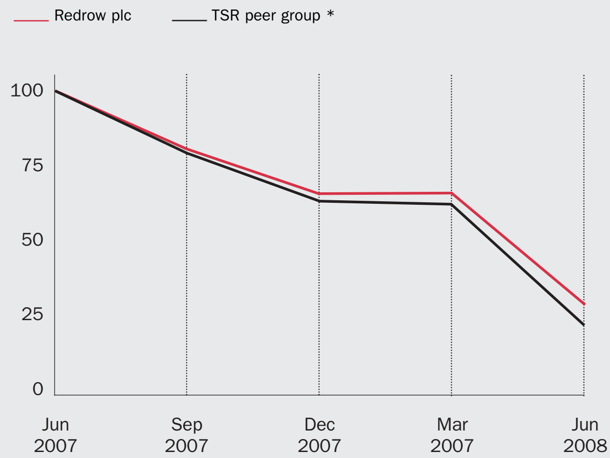
July 2008: 33,000

-69% since August 2007



Source: www.bankofengland.co.uk
Number of loans approved for home purchase, seasonally adjusted.

TSR performance



* The TSR peer group comprises Barratt Developments PLC, Bellway p.l.c., Bovis Homes Group PLC, Persimmon plc and Taylor Wimpey Plc.

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
8 September 2008

Chief Executive and Finance Director's business review

Our industry is experiencing a trading environment in which the speed and scale of the downturn is unprecedented. We responded early to the change in market conditions by prioritising tighter management of cash flows and by adjusting our cost base.

Our strategy

Strategic objectives

- Long term earnings growth
- Differentiation of developments through quality and design
- Investment in strategic land as part of long term land policy
- Returns exceeding cost of capital

Actions

- Significant Group restructuring to better align fixed cost base to market conditions
- Working with suppliers and subcontractor partners to reduce build cost and improve product specification
- Careful control of commitments on land and work-in-progress on site

Short term priorities

- Cash generation
- Reduction in cost
- Selective land opportunities

▲ From left to right. David Arnold, Group Finance Director. Neil Fitzsimmons, Chief Executive.

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

Chief Executive and Finance Director's business review

▲ Hemisphere, Edgbaston, West Midlands.

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.

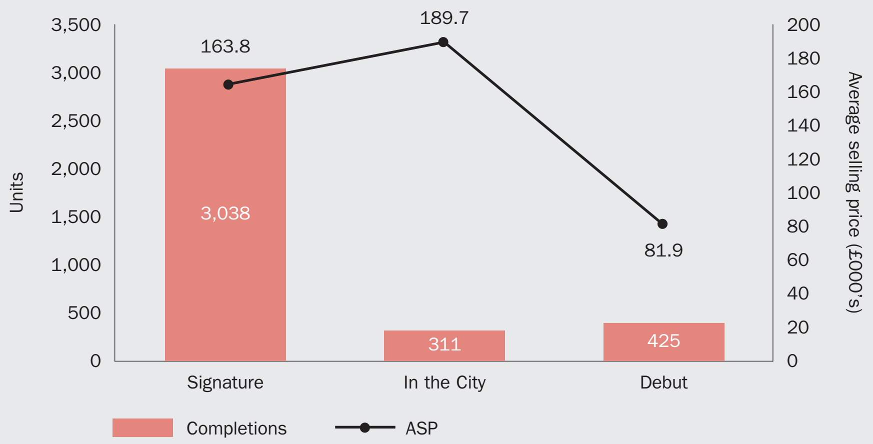
COST BASE

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 subcontractor 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

▲ Woodlands Grange at Port Sunlight, Wirral.

▶ **Actual completions in year to June 2008 in Homes operations**



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

Chief Executive and Finance Director's business review

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.

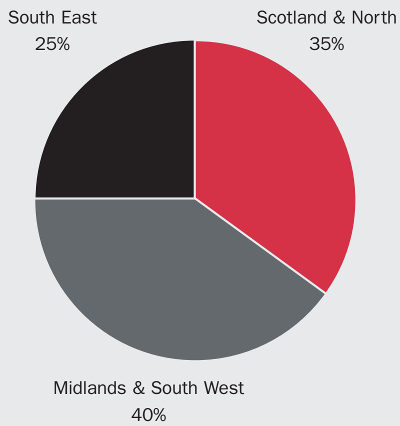
In the current economic climate we have limited our commitment to new land acquisition. However, we remain committed to our long term approach to sourcing land through our forward land bank.

Type of land	Timescale for planning consent	Redrow's focus
Forward/strategic	Long term	Utilising proven experience to deliver appropriate planning consents and pull through to active developments.
Current land - added value/open market	Short term	Reining back purchases in this area until market returns to more normal levels of activity to reduce cash outflow and limit exposure to falling land values.

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.

Group owned land bank with planning as at 30 June 2008 (14,900 plots)



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

▲ Former Brickworks, Buckley, Flintshire.

Land: Focusing on strategic land.

- Optimising land portfolio to reflect market conditions
- Selective acquisitions of committed land
- Building on proven track record of converting strategic land into active developments

▼ Imperial Heights @ Jennett's Park, Bracknell.

Chief Executive and Finance Director's business review

The Myle, Colchester.

Show kitchen at Graemeslea development, Aberuthven.

Product and design: Adding value through design.

- Product Development Committee reports to the Executive Team
- Review of specifications and utilisation of space
- Reinforcement of market-led approach to design
- Clear, competitive differentiation for future developments

Computer generated image of Ringinglow Grange, Sheffield.

Solar Thermal installation at Debut @ Bunkers Hill, Lincoln. Manchester University is currently assisting with the monitoring of its efficiency.

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.

Whether it is the specification and internal layout of the individual home or the quality of the street scenes and hard and soft landscaping of the public realm, our product plays a prominent role in optimising value from the land bank and delivering homes that meet the aspirations of homebuyers. Over the last ten years there has been a general move within the housebuilding industry towards a product offering to customers that has to a large extent removed differentiation in terms of design.

Differentiation of product based on design was a fundamental point of distinction for Redrow and was an integral part of our historic success. Through the development of our Signature house types in conjunction with an investment in key design personnel, we have made significant progress towards our objective of re-establishing our heritage relating to product. This aspect of residential development will assist in improving sales rates in due course and will secure more value when homebuyer confidence returns. The ability to secure these objectives represents a benefit of the relative scale of our business with the executive team able to work closely with the regional design teams and management in the operating companies.

We are also working closely with our supplier partners to identify cost effective changes in specification that will provide enhanced value to homebuyers. We are also reviewing internal layouts of our core house types to optimise the use of space to provide accommodation that recognises the lifestyle of our target customers. We continue to develop our skills in design through our Directors of Design and Centres of Design Excellence that are involved in making sure that all our developments embrace this approach.

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

Chief Executive and Finance Director's business review

▲ Assistant Site Managers graduating with NVQ Level 3 in Construction Site Supervision.

▲ Neil Fitzsimmons, Chief Executive (centre), discussing build on a site visit to Ty Newydd, Wrexham.

People: Tackling the challenges together.

Dedicated training@redrow team in Tamworth delivered over 2,950 training days in 2008

Gold RoSPA award received for third consecutive year

Promotion of Redrow values through Developer of Choice campaign

▲ Delegates receiving training at the Redrow training centre.

▲ Regional sales conferences January 2008.

▲ Robert Sayers, Redrow's Health and Safety Director, receiving the Gold Award from the Royal Society for the Prevention of Accidents (RoSPA).

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

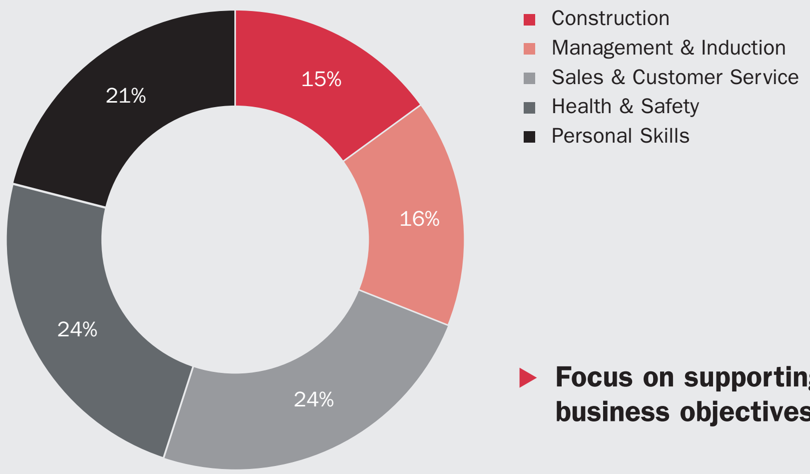
Our objectives can only be achieved through the contribution of our people. Notwithstanding the current market conditions it remains an essential ingredient in our strategy to invest in our employees by developing their skills through our commitment to training to help them both progress their careers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

At all levels within Redrow we have continued to provide training opportunities. We completed nearly 3,000 training days through training@redrow during 2007/08 involving 918 of our employees. A further 10 Assistant Site Managers achieved their Redrow Site Manager Accreditation which includes an NVQ Level 3 bringing to 31 the total number that have achieved this standard. During 2007/08 some 43 Sales Consultants completed our Sales Consultants Accreditation programme to enhance their skills and knowledge of our product. Our Construction Teams received training to increase their knowledge in respect of environmental site management to prevent pollution, comply with changes in legislation and improve resource efficiency.

Our investment in training has supported our objectives to improve the quality of our build and deliver higher levels of customer service. Over the last twelve months we have further improved our relative performance under NHBC inspections with Redrow being 18% better than the peer group (2007: 8%). Our customer service performance ranking in the HBF Customer Service Survey significantly improved and the surveys carried out by independent research companies recorded 78% of our customers were satisfied and 83% would recommend Redrow.

Health & Safety continues to be at the forefront of our business and we are delighted to report that Redrow has secured a Gold Award for the third year running from the Royal Society for the Prevention of Accidents (RoSPA). During the year ended 30 June 2008, we received no Improvement, Enforcement or Prohibition Notices from the Health and Safety Executive. Our total number of accidents reduced by 5% and we had 49 injuries which required reporting under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations (RIDDOR) (2007: 50).

Courses provided by training@redrow



Focus on supporting business objectives

Redrow Training Centre, Tamworth.

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.

Chief Executive and Finance Director’s business review

Risks

Risk	Description	How we manage our risks
FURTHER DETERIORATION IN HOUSING MARKET CONDITIONS	The nature of the conditions within the UK housing market is fundamental to Redrow’s business performance	• Close monitoring of, and swift management response to, lead indicators of the housing market • Regional spread of operations diversifies risks to local markets • Broad product range
LIQUIDITY AND FUNDING	The Group is debt funded and requires appropriate borrowing facilities	• Bank facilities with appropriate covenants and headroom for a range of market conditions • Regular contact and communication with relationship banks • Focus on cash generation • Regular cash flow projections
FAILURE TO ATTRACT AND RETAIN STAFF	The loss of key staff and/or our failure to attract high quality employees will inhibit Redrow’s ability to achieve its business objectives	• Remuneration packages are benchmarked at local and national levels to ensure that they are competitive • In-house training centre provides a central focus for training activities across all disciplines • Structured management training programmes
FAILURE TO RESPOND TO PRODUCT CHANGES IN THE HOUSING MARKET	The failure to design and build a desirable product for our customers could lead to relative underperformance in our business	• The product mix on new sites is extensively considered by local management, reviewed by Executive Directors and if appropriate, adjusted to market conditions • Product Development Team undertakes regular market reviews and independent market research • Design is an integral element of our business with Directors of Design in our three regions and Centres of Design Excellence being established
INABILITY TO SECURE PLANNING ON A TIMELY BASIS	The inability to obtain detailed planning consents on key sites may adversely impact upon anticipated production	• Strong and knowledgeable land, planning and technical teams • Broad spread of developments going through the planning system at any one time • Well prepared, high quality planning submissions which address local concerns and demonstrate good design
TIMING OF PROCUREMENT OF LAND	The timing of future land purchases will be influential in the Group’s future financial performance	• Close monitoring of market conditions by experienced management team • Good local knowledge
KEY SUPPLIER OR SUBCONTRACTOR FAILURE	The failure of a key supplier or subcontractor to perform could disrupt Redrow’s ability to deliver homes on programme	• Use of suppliers and subcontractors with strong track record and reputation • Close monitoring of supplier and subcontractor performance through six monthly assessment process
HEALTH & SAFETY/ ENVIRONMENTAL	A significant Health & Safety or environmental incident or general deterioration in standards could put people and/or the environment at risk as well as damaging Redrow’s reputation	• Dedicated Health & Safety team operates across the Group to ensure appropriate standards are applied with regular on site inspections and audits • Group has established an Environmental Management System and has introduced a site Environmental audit process • All staff receive appropriate training through our in-house programme
FRAUD/UNINSURED LOSSES	A significant fraud or uninsured loss could damage the financial performance of the business	• Systems, policies and procedures designed to segregate duties and minimise opportunity for fraud • Regular management reporting and challenge • Internal Audit reviews • Regular review of insurance programme

Key performance indicators (KPIs)

Financial

KPI	Relevance to Redrow	How we measure it	2008	2007
EARNINGS PER SHARE (EPS)	Redrow regards growth in Earnings per Share as an important objective for our shareholders	• Profit attributable to ordinary equity holders divided by the weighted average number of ordinary shares in issue during the period	28.8p* (basic) (86.3p)	53.3p (basic) 53.3p
RETURN ON CAPITAL EMPLOYED (ROCE)	We monitor how effectively we use our capital base with the objective of delivering ROCE in excess of our comparable cost of capital	• Operating profit pre-exceptional item, adjusted for joint ventures, as a percentage of the average of opening and closing capital employed pre-exceptional item	10.3%	19.4%
OPERATING MARGIN	We regard this as an important measure of the quality of our financial returns	• Operating profit as a percentage of turnover	13.0%*	16.4%
FORWARD SALES	The level of forward sales provides a measure of the activity in future periods that is pre-sold	• The number of homes reserved or exchanged at the end of the period that are due to legally complete in the future	1,189	2,148
NET CASH FROM OPERATING ACTIVITIES	We monitor how effective our operations have been in generating cash	• Cash generated from operations after deducting interest and tax	(£19.0m)	(£17.7m)

Non-Financial

KPI	Relevance to Redrow	How we measure it	2008	2007
LAND	The land bank is the foundation for our future business performance	• The number of plots owned with a planning consent	14,900	17,700
		• The number of plots controlled under contract generally awaiting the grant of a satisfactory planning consent	1,550	2,500
		• The forward land bank is the sum of plots controlled, (generally under option), or owned without a planning consent being promoted through the planning system	26,150	24,900
PRODUCT	We aim to build our homes well and therefore monitor construction quality	• The average number of reportable items per NHBC inspection	0.34	0.32
PEOPLE	Redrow looks to be regarded as an employer of choice in the industry and therefore we monitor our staff turnover	• Number of staff leaving through resignation or dismissal as a proportion of total staff	22.0%	24.0%
	We take our responsibility for Health and Safety very seriously and therefore monitor potential and actual incidents	• A measurement of the accident potential rate identified by Redrow's Health & Safety team across the Group on inspecting sites	5	6
CUSTOMERS	We aim to provide our customers with a home they are proud of and to deliver improving levels of customer service that enhance our reputation in the market place	• The percentage of customers who are satisfied with their overall purchase experience including the quality of their home	78%	79%
		• The percentage of customers who would recommend Redrow to a friend	83%	83%

* from continuing operations pre-exceptional item

Chief Executive and Finance Director's business review

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
Chief Executive

David Arnold
Group Finance Director

Corporate responsibility review

Redrow is committed to responsible development. We recognise that our obligations to the health and safety of our employees and the public, to the environment and to sustainability are integral to being a high quality developer. In addition, we also acknowledge our responsibilities to the communities in which we operate by seeking opportunities to engage with them through consultation and involvement.

OUR 2007/08 PRIORITIES

Through its Sustainability Policy Redrow has identified sustainability targets in six key performance areas :

Land

- Maximise land use and seek regeneration opportunities, retain natural habitats and encourage biodiversity.

Design

- Focus on design excellence, sustainability, durability and performance.

Procurement

- Enhance the efficiency and ethics of our procurement through partnering.

Construction

- Achieve high quality construction, minimising risks to the environment and maintaining high standards of Health and Safety.

Marketing and Sales

- Encourage our customers to recognise the benefits delivered through sustainable development.

Customer Service

- Provide high standards of customer service.

Progress against these objectives is regularly monitored and reviewed by the Corporate Responsibility Committee, chaired by a Non-Executive Director and reporting to the Main Board. In 2008 we have continued to progress existing projects and have identified new initiatives to advance these aspirations.

The importance of addressing the challenges of climate change is clearly understood within Redrow. We have made particular progress in this area during the last twelve months. In September 2007 we published our Environmental Policy which can be found on our website and our intent was reinforced by our Climate Change Statement issued in March 2008. We are ensuring that the importance of these concepts is becoming embedded within our culture through training and communication with staff, setting targets to reduce waste and carbon dioxide emissions, improving recycling and employing measures to limit water consumption.

POLICY PROGRESS IN 2007/08

Maximising land use, regeneration and encouraging biodiversity

We believe it is important to make the best use of land in the development process. We want to use redundant brownfield land to build new homes that people will aspire to own, find opportunities to regenerate areas and revitalise communities, bring historic buildings back to life and as a responsible developer encourage biodiversity on our projects.

We have maintained the level of legal completions on brownfield sites above the Government's 60% target at 74% (2007: 76%). During the last twelve months 79% of the additions to our owned land bank with planning were plots on brownfield sites and as at 30 June 2008, 67% of the plots within our owned land bank with planning were on such sites.

We continue to progress a wide range of significant regeneration projects within our business. We are delighted that the Barking Town Square development by Redrow Regeneration won the Best Brownfield Development as well as a commendation in the Best First Time Buyer Development category in the 2008 Daily Telegraph Your New Home Awards. The second phase of this project is now in construction and in common with Phase 1, incorporates a number of enhanced sustainability features. The scheme provides over 2,000 square metres of sedum planted, 'green' and pebble finished "brown" roofs to encourage biodiversity and assist in surface water retention and improved water quality, together with the provision of on site renewable energy through a biomass system.

Over the years, Redrow has brought back into use many historic buildings that have fallen into disrepair. Knightstone Island in Weston-super-Mare provides for the refurbishment of Grade 2 listed buildings retaining the character of the pavilion, theatre and bath house. Redrow has worked in partnership with North Somerset District Council who secured grant monies to deliver this major project that includes 87 apartments and a new restaurant as well as key improvements in amenities on this important site. We were delighted that the development was opened by Her Majesty The Queen in July 2008 and was highly commended in the Best Conversion category in the 2008 Daily Telegraph Your New Home Awards. In September 2008, it won a high recommendation award at the Daily Mail UK property awards in the category of best redevelopment.

▲ Stamford Brook, Altrincham has provided valuable data for the industry on the thermal efficiency of house construction.

Corporate responsibility review

▲ The refurbishment of the Grade 2 listed Knightstone Island at Weston-super-Mare.

Biodiversity plans will become a feature of development as the Code for Sustainable Homes becomes more widely adopted. However, Redrow has already adopted such plans on selected developments. Redrow has worked closely with Flintshire County Council, the Countryside Council for Wales and local wildlife groups on its plans for 300 new homes on the site of the former Lane End Brickworks and quarry in Buckley, North Wales. A large part of this site is designated a Special Area of Conservation (SAC) and a Site of Special Scientific Interest (SSSI), primarily because it provides habitat for a colony of great crested newts, a European protected species. Redrow's proposals for the ecological restoration of the site involve creating a series of new newt ponds which will provide a greatly enhanced breeding habitat, as well as areas of woodland and terrestrial habitat. Although the site enjoys special protection because of the presence of the great crested newts, Redrow's Wildlife Mitigation Plan for the site includes measures which will benefit a wide range of species, including birds, bats, badgers and amphibians. The Group has also prepared, and is funding the implementation of, an Ecological Management Plan to ensure the sensitive long term management of the nature reserve.

Focusing on design excellence, sustainability and performance

We strive to create places that we are proud to have developed, our customers are proud to own and importantly, contribute to the communities in which we operate.

We have established Design Centres in each of our three regions to promote the importance of good design across our business to implement its principles into our developments. The Urban Design Training and Awareness Course was delivered to senior management in our operating companies and to our technical teams during 2008. This initiative, developed in conjunction with The Commission for Architecture and the Built Environment (CABE) and Oxford Brookes University, has gained industry recognition in the Housebuilder Innovation Awards for 2008.

Our major development 'Vision', with English Partnerships in Devonport, within which we are providing 463 BRE EcoHomes "Excellent" and Level 3 new homes under the Code for Sustainable Homes as part of a sustainable mixed use community, represents a flagship regeneration project. We have engaged very positively with the local community as part of this high profile project with a Community Liaison Officer operating from a dedicated centre. To date, this scheme has scooped a Sustainable Communities Award in the Royal Town Planning Institute Awards, and a Commendation in the Housing Project of the Year category of the Mail on Sunday British Homes Awards, 2007. The scheme is also shortlisted in a number of categories of this year's Housebuilding Innovation Awards, including the Regeneration Partnership Project and the Community Award.

Redrow engages proactively with leading exponents in the increasingly important area of sustainability. The Building Research Establishment (BRE) has worked with us on designing a proposal to provide renewable on site energy for a major development of some 2,500 new homes on a brownfield site in Scotland. We have shared our experience in using the Standard Assessment Procedure (SAP) which measures energy efficiency of homes and the Code for Sustainable Homes with industry bodies to contribute to the continuing development and evolution of the mechanisms that underpin these tools. We worked with Leeds Metropolitan University on our site at Stamford Brook at Altrincham to collect on site data to monitor 'as constructed' performance as compared with calculated design performance in relation to energy use. These results have been used in their LowCarb4Real workshop programme.

We are using the lessons learned by, and the skills of, our in-house Research and Sustainability Team to assist in the building of homes under the Code for Sustainable Homes and also in delivering effective improvements in the efficiency of our core Signature range of homes. The average SAP rating of the homes we legally completed in 2008 was 75 (75 in 2007) and our updated 'B' Signature Series have an assessed SAP rating ranging from 81 to 85 placing them in the Energy Rating B category.

Enhancing the efficiency and ethics of procurement through partnering

We believe in operating in partnership with our suppliers, subcontractors and consultants setting out our expectations across a broad range of business issues as well as payment terms and price. This has been reflected in the way in which we have engaged with these partners during the downturn in our markets, in particular maintaining our payment terms to the many small businesses involved in our operations. We have worked together constructively to reduce costs and improve efficiency without any unilateral actions.

We continue to target improvements in our procurement process to reduce the impact of our operations on the environment. We engage with our suppliers to review their corporate responsibility policies and in particular to look at their sustainability and environmental values and to ensure they share our approach.

Redrow has been regarded in the NextGeneration Climate Change Benchmarking as one of the leaders within our industry in this area and our approach to the ethical sourcing of timber is an exemplar policy. We have been members of World Wildlife Fund Forestry Trade Network (WWF FTN) since 2002 and working with them we have established national supply agreements with suppliers and manufacturers coupled with developed in-house systems to track the procurement of timber products across all our developments. We have set targets to improve our performance and in 2007 over 91% of our timber used on site was classified as Category 3 'Licensed Source' up to Category 5 'Credibly Certified'. This represented a 10% improvement on 2006 with the objective of further improvements in 2008.

▲ Wildlife awareness day organised by Redrow's Green Team at St. David's Park, Flintshire.

Achieving high quality construction, minimising risks to the environment and maintaining high levels of Health and Safety

Over a period of time, Redrow has been collating data in relation to its activities to enable us to be able to set meaningful and realistic targets for improvements in our performance in relation to key elements of our business with regard to the environment and sustainability. We are now in a position to set targets for recycling waste, reducing carbon emissions and are assembling data in relation to water consumption on site.

We have monitored the volume of waste and its content and are now using this information to make changes in our procurement and construction processes to improve efficiency. In 2007/08, we produced 13.9 tonnes of waste per equivalent unit built, of which 65% was recycled. For 2008/09 we have set a target to reduce the level of waste per equivalent unit by 5% and to increase the amount of waste recycled to 70%. We now monitor our carbon emissions across the Group and submit our results to the Carbon Disclosure Project. We have set ourselves a 5% reduction target for the forthcoming year and aspire to a 15% reduction by 2020. Our principal offices are in the process of changing to 100% renewably sourced electricity supplied by Ecotricity.

Redrow uses its in-house training centre to communicate its policy on corporate responsibility to employees. In 2008, in support of our site-based objectives, a Site Environmental Training Programme was designed covering general environmental awareness, pollution prevention, waste minimisation and management, protection of flora and fauna and associated legislation. The course has been delivered to all our construction teams and it encourages them to link the issues with our on site activities.

To further communicate our objectives around our operating businesses and to identify opportunities to reduce the impact of climate change, we have formed Green Teams in each of our businesses. Our employees have come up with a range of initiatives targeted at reducing energy and water consumption and improving the environment. Monitoring of consumption is in hand and at our head office at St. David's Park, measures introduced in relation to lighting are already showing reductions in electricity usage. We encourage our employees to be innovative and at Cheswick near Bristol the Area Construction Manager and Site Manager have introduced rainwater harvesting in the site compound to supplement water supply.

Corporate responsibility review

▲ Customers receive their Homefile pack as part of the customer handover process.

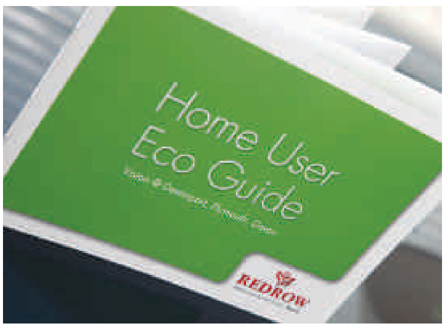
We also strive to minimise the impact of our activities on the local area and with this objective in mind, in 2008 two pilot schemes were chosen to trial the Considerate Constructors Scheme, which aims to promote a "good neighbour" relationship between construction sites and the surrounding community.

Health and Safety remains an essential priority in our business. In 2008 we received a Gold Award from the Royal Society for the Prevention of Accidents (RoSPA) for the third year in a row and in the last 12 months there were no formal notices from the Health and Safety Executive on Redrow sites and no prosecutions relating to Health and Safety or environmental issues. We have played an active role in the Major Home Builder Group skills initiative with CITB – ConstructionSkills to achieve a qualified workforce on housebuilding sites. Redrow expects all personnel on its sites to carry a Construction Skills Certification Scheme (CSCS) card which requires the passing of a Health and Safety Test. In an audit carried out as at 30 June 2008, 97% of persons on Redrow sites had a CSCS card and 93% of relevant Redrow employees were carded.

Encouraging our customers to recognise the benefits delivered through sustainable development

We believe in encouraging our customers to appreciate that living on a new sustainable development brings benefits to the environment and to positively influence customers' attitudes to more environmentally friendly living. We make available the opportunity for our customers to enhance the sustainability of their new home to make it even more sustainable through our Green Options. This allows customers to upgrade their home to incorporate items such as solar water heating, measures to reduce water consumption and rainwater harvesting.

We also encourage our customers to reduce their own carbon footprint and live more sustainably. We provide a comprehensive Home User Eco Guide tailored to each development informing the owner about the efficient running of their new home and local information on items such as public transport and recycling centres. At Farnborough we have developed a Travel Plan for the site with the objective of increasing the attractiveness of walking, cycling and public transport and to reduce the number of solo occupied car trips.



Providing high standards of customer service

Alongside our strategy to differentiate our product based on the quality of our design sits our objective to give customers a positive memorable experience of their dealings with Redrow. We considerably improved our ranking in the HBF Customer Service Survey published in April 2008 and during the last twelve months 78% of customers expressed satisfaction with their dealings with Redrow and 83% would recommend Redrow as a consequence of their experience.

Our primary objective in relation to customer service must be to drive improvements in our build quality. Over the last twelve months the average number of reportable items under the NHBC inspections was 18% lower than the peer group average (2007: 8%). The average number of items in 2008 was 0.34 as compared with 0.32 in 2007. We continued to promote our Assistant Site Manager Accreditation training programme in conjunction with the NHBC which includes assistant site managers achieving an NVQ Level Three. In total, 31 employees have successfully achieved accreditation.

We recognise that there is more to do to improve our service and during the last twelve months we carried out a review of our customer service activities. This highlighted the need to improve communications with our customers during the buying journey and we upgraded our processes as a consequence. We have enhanced the feedback our companies receive from our external survey consultants to identity areas of weakness and selected companies have received training to enhance their delivery of customer service.

▲ Site Manager Syd James achieved a ‘Quality’ award in the NHBC Pride in the Job initiative after graduating from a training course to develop his site management skills.

Summary

We have continued to advance our corporate responsibility policies in key areas despite the trading challenges our industry is currently facing. We have set targets in important areas which align sustainability and environmental issues with business objectives to manage our cost base. We retain our in house training team to develop the skills of our employees to help them progress their careers and we continue to encourage our operations to engage with the communities in which we operate both as regards our activities on site and in a wider context through relationships with locally based clubs, charities and events.

The last twelve months has seen a major change in the trading environment for the housebuilding industry and this has necessitated the need to review our strategy across our business. To emphasise our ongoing commitment to improving the sustainability of our business, in conjunction with external consultants we are investigating a cost effective template for delivering higher levels of the Code for Sustainable Homes which can be incorporated into a new housing range. However we also believe that it may be necessary for some of the significant challenges and targets within Government policies to be reviewed in particular in relation to the ability of our industry to fund social, environmental and infrastructure objectives if we are to meet the objectives to increase the supply of new homes.

The weblinks to Redrow’s Sustainability Policy, Environmental Policy and Climate Change Statement can be found at **www.redrow.co.uk/company/cr**

Board of Directors and Senior management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INDUSTRY EXPERIENCE OF OUR SENIOR MANAGEMENT

	Years at Redrow	Years in the industry
Neil Fitzsimmons	11	22
David Arnold	6	10
Colin Lewis	17	27
John Tutte	6	32
David Campbell-Kelly	14	26
Graham Cope	6	19

KEY

- Main Board member
- Member of the Remuneration Committee
- Member of the Nomination Committee
- Member of the Audit Committee
- Member of the Corporate Responsibility Committee

Our hands-on and experienced senior management team means that we can take action in the downturn very quickly and have the agility to return to growth when the market turns around.

ALAN BOWKETT, 57 ● ● 1
Non-Executive Chairman, and Chairman of the Nomination Committee

Alan Bowkett joined the Redrow Board as Non-Executive Chairman in July 2007. He is currently Chairman of Strix Ltd a global controls business and was previously Chairman of engineering businesses Britax International, Doncasters and Metzler APS Sa and chemicals business Acordis Bv. He is also a former Chief Executive of building products business Boulton and Paul plc and Berisford plc. Until 2006, Alan had been a Non-Executive Director of UK brewing company Greene King for 13 years.

NEIL FITZSIMMONS, 49 ● ● 2
Chief Executive

Neil Fitzsimmons joined Redrow in 1997 and was appointed to the Board as Group Finance Director a year later, becoming Group Managing Director in September 2003. A chartered accountant by profession, he has worked in the construction and housebuilding sectors since 1986 and was appointed Chief Executive of Redrow plc on 1 August 2005.

DAVID ARNOLD, 42 ● 3
Group Finance Director

A Fellow of the Chartered Institute of Management Accountants and the Association of Corporate Treasurers, David Arnold was appointed to the Board as Group Finance Director in September 2003. He joined Redrow in 2002 having previously held senior finance and treasury roles with Tarmac Plc and Six Continents plc.

COLIN LEWIS, 51 ● 4
Chairman - Western Region

Appointed to the Board of Redrow in 2001, Colin Lewis is a lawyer by profession. He joined Redrow in 1991 as a Company Solicitor and became Legal Director and a Company Secretary, before becoming Managing Director for Redrow in the South West and South Wales. Colin has accumulated over 25 years of experience in the property industry.

JOHN TUTTE, 52 ● 5
Chairman - Southern Region and Redrow Regeneration

John Tutte joined the Board of Redrow in July 2002. A qualified civil engineer, John has amassed more than 30 years' experience within the industry, having previously held the position as Chief Executive of Wilson Connolly plc.

DAVID CAMPBELL-KELLY, 50 6
Chairman - Northern Region

David Campbell-Kelly has worked in the housebuilding sector for 26 years joining Redrow in 1994, holding positions as Financial Director and Managing Director of the Midlands regional housing company, before becoming Regional Chairman for the Midlands operation in 2006, and then Regional Chairman of our Northern operation from 1 July 2007.

GRAHAM COPE, 44 7
Company Secretary

Graham Cope joined Redrow as Head of Legal in November 2002 and was appointed Company Secretary two months later. He has 19 years' experience in the housebuilding sector, either working in-house or for clients in private practice. He qualified as a Solicitor in 1989 and is a member of the Law Society.

MALCOLM KING, 63 ● ● ● ● 8
Senior Non-Executive Director, and Chairman of the Remuneration Committee

Malcolm King joined the Redrow Board in January 2004. A Fellow of the Royal Institute of Chartered Surveyors and a Master of Business Administration, he was Senior Partner of UK commercial property consultants, King Sturge, between 1987 and 2005 and held the position of International Chairman until 30 April 2006. In all, Malcolm has 45 years' experience in the property sector.

BOB BENNETT, 61 ● ● ● ● 9
Non-Executive Director, and Chairman of the Audit Committee

Appointed to the Redrow Board in 2007. Bob Bennett is a Fellow of the Institute of Chartered Accountants, Associate of the Chartered Institute of Management Accountants and Member of the Chartered Institute of Public Finance Accountants. He was Finance Director of Northern Rock plc from 1993 until his retirement in January 2007. He is also a Non-Executive Director of Greggs plc and a Trustee of The Children's Foundation.

DENISE JAGGER, 49 ● ● ● ● ● 10
Non-Executive Director, and Chairman of the Corporate Responsibility Committee

Denise joined the Redrow Board in January 2007. She has been a partner of law firm Eversheds LLP since 2004, and was previously Company Secretary and General Counsel of Asda Wal-Mart, where she spent 11 years. Denise also holds non-executive directorships at the Northern Ballet Theatre, the LawWorks charity and York Museums Trust.

Corporate Governance statement

GOVERNANCE FRAMEWORK

The Board is committed to complying with corporate governance guidelines, to maintaining high standards of corporate governance and to continuing to develop its approach to corporate governance and risk management.

Under the requirements of the Listing Rules of the UK Listing Authority, the Company sets out details below of how it has applied the principles of good governance set out in Section 1 of the Combined Code published in July 2006 ('the Code').

The Directors have considered the contents and requirements of the Code and believe that throughout the year ended 30 June 2008 the Company has been substantially compliant. Within this section on corporate governance, the Directors have specifically identified those provisions with which the Company does not comply with the Code together with the reasons behind this.

THE BOARD

Composition of the Board

From 1 October 2007 to 31 May 2008, the Board comprised of a Non-Executive Chairman, four Executive Directors and four independent Non-Executive Directors, in compliance with the Code.

Following the retirement of Brian Duckworth at the end of his second three year term as a Non-Executive Director on 31 May 2008, the Board currently comprises a Non-Executive Chairman, four Executive Directors and three independent Non-Executive Directors.

A summary of the composition of the Board and its committees during the year is set out in Table 1.

There is a clear division of responsibilities at the head of the Company. The Chairman is responsible for leadership of the Board and this responsibility is clearly established, set out in writing and agreed by the Board. The Chief Executive leads the business and is responsible for managing it within the authorities delegated to him by the Board.

Brian Duckworth held the position of Senior Independent Non-Executive Director until his retirement at which point Malcolm King was appointed to this position on 31 May 2008. All Non-Executive Directors are considered to be independent save for the Chairman who was independent on appointment but under the Code is no longer considered independent by virtue of his position.

The Company Secretary acts as secretary to the Board and its Committees and his appointment and removal is a matter for the Board as a whole. The Company Secretary is a member of the Group Senior Management team and all Directors have access to his advice and services. In certain circumstances, Board Committees and individual Directors may wish to take independent professional advice in connection with their responsibilities and duties and, in this regard, the Company will meet the reasonable costs and expenses incurred.

On 5 July 2007, Alan Bowkett was appointed Non-Executive Chairman.

On 11 September 2007, Jim Martin resigned as a Non-Executive Director and on 30 September 2007, Paul Pedley resigned as an Executive Director.

On 31 May 2008, Brian Duckworth retired as an independent Non-Executive Director.

Table 1 - List of Directors holding office during the year ended 30 June 2008

		Position	Number of years on board	Independent	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Responsibility Committee
Executive Directors								
David Arnold		Group Finance Director	5	No	No	No	No	No
Neil Fitzsimmons		Chief Executive	10	No	No	No	No	Yes
Colin Lewis		Regional Chairman - Western	7	No	No	No	No	No
Paul Pedley	Resigned 30 Sep 07	Deputy Executive Chairman	22	No	No	No	No	No
John Tutte		Regional Chairman - Southern	6	No	No	No	No	No
Non-Executive Directors								
Bob Bennett		Non-Executive Director	1	Yes	Chairman	Yes	Yes	No
Alan Bowkett		Non-Executive Chairman	1	No (i)	No	No	Chairman	No
Brian Duckworth	Retired 31 May 08	Non-Executive Director	6	Yes	Yes	Yes	Yes	Chairman until retirement
Denise Jagger		Non-Executive Director	1	Yes	Yes	Yes	Yes	Chairman from 31 May 08
Malcolm King		Senior Non-Executive Director	4	Yes	Yes	Chairman	Yes	No
Jim Martin	Resigned 11 Sep 07	Non-Executive Director	10	No	No	No	Yes	No

(i) Alan Bowkett was independent on appointment but in line with the Code is not regarded as independent by virtue of his position as Chairman.

Table 2 - Attendance record of Directors at meetings during the year ended 30 June 2008

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Responsibility Committee
Total number of meetings in the year ended 30 June 2008	11	4	3	3	2
Executive Directors					
David Arnold	11/11				
Neil Fitzsimmons	11/11				2/2
Colin Lewis	11/11				
Paul Pedley	2/2				
John Tutte	11/11				
Non-Executive Directors					
Bob Bennett	10/11	4/4	2/3	3/3	
Alan Bowkett	11/11			2/2	
Brian Duckworth	9/10	3/3	2/3	1/2	2/2
Denise Jagger	10/11	4/4	3/3	3/3	2/2
Malcolm King	9/11	2/4	3/3	2/3	
Jim Martin	1/1			1/1	

Board responsibilities and processes

The Board meets regularly and frequently, no less than ten times per annum including a meeting solely to review strategy, and maintains a close dialogue as appropriate between meetings. Board meetings are held both at Head Office and at subsidiary offices when visits are made to a selection of developments accompanied by the local management team. Board papers are distributed in advance of the meetings to allow adequate time for review and preparation and include key strategic, operational and financial information. Attendance by individual directors at Board and Committee meetings held during the year ended 30 June 2008 is set out in Table 2.

The Board has a formal schedule of matters reserved specifically for its decision. The matters reserved include:

1. Approval of Redrow's long term objectives and strategy;

2. Approval of the Annual Report & Accounts, preliminary and half-yearly financial statements, interim management statements, trading updates and the recommendation of dividends;

3. Approval of any significant changes in accounting policies or practices;

4. Any changes relating to capital structure;

5. Approval of treasury policies;

6. Ensuring the maintenance of a sound system of internal control and risk management;

7. Approval of corporate acquisitions or disposals, significant land purchases or contracts;

8. Changes to the size, structure and composition of the Board;

9. Approval of significant policies, including Redrow's health and safety policy; and

10. Review of overall corporate governance arrangements.

Details of internal control and risk management processes are included in the Audit Committee report on pages 38 to 39.

Board balance and independence

The Board considers that it is of a size and has a balance of skills, knowledge and experience that is appropriate for its business. The combination within the Executive team of the Chief Executive and Group Finance Director together with the local operational knowledge and experience provided by those Regional Chairmen on the Main Board provides the Board with an appropriate view of the detail of the business. The Non-Executive Directors bring a depth of experience and understanding from outside the Group.

Details of the Directors' respective experience is set out in their profiles on pages 28 to 29.

Under the Code, at least half the Board, excluding the Chairman, should comprise independent Non-Executive Directors. Following the appointment of Alan Bowkett and the resignations of Paul Pedley and Jim Martin, the Board fully complied with this provision until the retirement of Brian Duckworth on 31 May 2008. The Board has engaged a recruitment specialist to assist with the appointment of a new Non-Executive Director to replace Brian Duckworth. Given the current market conditions and significant restructuring recently undertaken within the Group, the Board believes that the appointment of an additional Non-Executive Director should be made at an appropriate time once a suitable candidate has been identified.

Corporate Governance statement

Corporate Governance structure

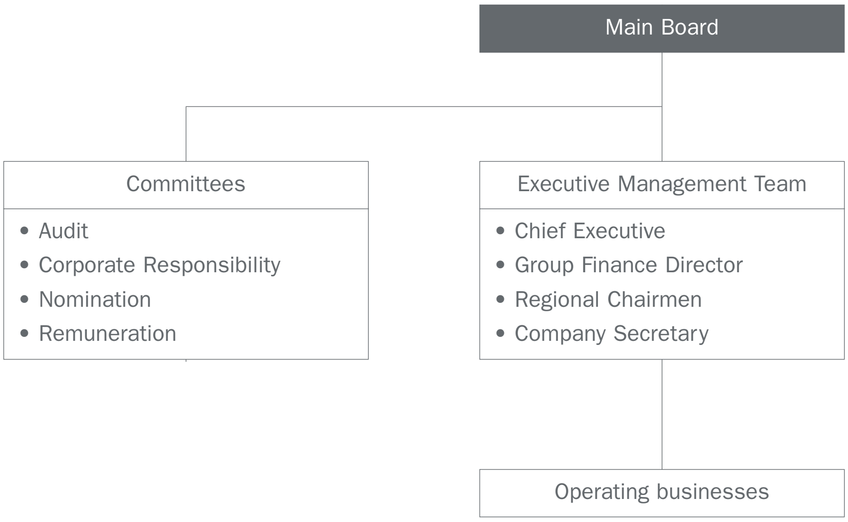


Table 1 on page 30 provides a summary of the Company's assessment of the independence of the Directors.

Appointments and re-elections to the Board
The Board has a Nomination Committee whose terms of reference include making recommendations to the Board on the appointment of Executive and Non-Executive Directors. The Nomination Committee report can be found on page 40.

Under the Company's Articles of Association, all Directors are subject to re-election at their first general meeting after appointment. Subsequently, all Directors submit themselves for re-election at regular intervals of not more than three years. The Board's policy on the term of appointment for a Non-Executive Director is that it is not normally expected that a Non-Executive Director will serve more than six years. In cases where this term is exceeded, then a Non-Executive Director submits for annual re-election if they have served more than nine years since first election.

Professional development and performance evaluation
The Board recognises that a structured appraisal process and good training are important requirements across the Group. The Board receives regular presentations and briefings from those responsible for key Group disciplines. In addition, the Board maintains close relationships with local management teams.

All Directors undertake a comprehensive induction programme following their first appointment and will also attend external training courses. The programme for Non-Executive Directors is specifically designed to encompass the full breadth of business and includes visits to operating subsidiaries.

All Executive Directors have an annual appraisal conducted by the Chief Executive at which performance against personal objectives is reviewed, having received input from the Board generally. Similarly, the Chief Executive is formally appraised annually by the Non-Executive Chairman.

All independent Non-Executive Directors have an annual appraisal conducted by the Non-Executive Chairman and the annual appraisal of the Non-Executive Chairman is undertaken by the Chief Executive and the Senior Independent Non-Executive Director.

The Board undertakes a formal annual review of it own effectiveness. For the year ended June 2008, this was undertaken using a formal questionnaire completed by each Director and the responses were considered collectively by the Board. As a result of this review some minor improvements were identified to processes which have since been implemented.

Directors' remuneration
The Board has a Remuneration Committee whose terms of reference include the review of Main Board remuneration policy and agreement of the terms of employment and the granting of bonuses, share options or long term incentive plans relating to the Group's Senior Management. The Remuneration Committee has agreed that there will be no salary increase for Executive Directors during the year ending 30 June 2009. Similarly the Board has agreed that there will be no fee increase for Non-Executive Directors during this period.

The Remuneration report can be found on pages 42 to 49.

Relations with Shareholders
The Group announces its financial results half-yearly and immediately following their publication undertakes formal presentations to equity analysts. These presentations are available on the Company's website. In addition, the Group published a trading update early in January 2008 and July 2008 on the financial periods just ended, an Annual General Meeting and Interim Management Statement at the time of the AGM in November 2007 and an Interim Management Statement in May 2008.

Following the results' announcement, the Chief Executive and Group Finance Director meet current or potential significant Shareholders. In the year ended June 2008, this embraced visits to London, Edinburgh and Dublin and feedback from these meetings is independently collated and disseminated to the Board. The Chairman also attends meetings with a sample of major Shareholders to ensure that contact is maintained to understand any issues or concerns they may have.

The Senior Independent Non-Executive Director was available to attend meetings at the request of Shareholders should they have had concerns which could not be resolved through normal channels of communication with the Non-Executive Chairman, the Chief Executive or the Group Finance Director.

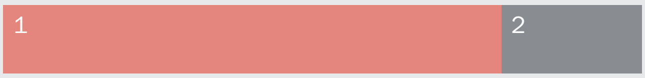
The Annual General Meeting (AGM) takes place at a venue close to the Group's Head Office. This represents an opportunity for Shareholders to table questions formally during the meeting and informally afterwards to the Company's Directors. Exceptionally, the Chairman of the Remuneration Committee, Malcolm King was unable to attend the AGM on 7 November 2007 and therefore the Company was in breach of D2.3 of the Code in this regard.

Formal notification of the AGM, through the Annual Report & Accounts, is sent to Shareholders at least 20 working days in advance. It is Company policy to propose a separate resolution at the AGM on each substantive issue including the opportunity to approve the Remuneration report.

Redrow's website, www.redrow.co.uk, gives access to current financial and corporate information.

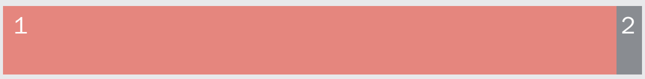
A summary of the Company's compliance with the Code is included here, suitably cross referenced, for ease of reference.

▶ Institutional v. Private shareholders (% of shareholders)



1 Institutional shareholders **78%**
2 Private shareholders **22%**

▶ Institutional v. Private shareholders (% of shares held)



1 Institutional shareholders **96%**
2 Private shareholders **4%**

Corporate Governance statement

Summary of compliance with the Code

Directors	Combined Code Provision	Comment	Page
The Board meets no less than ten times a year which is sufficiently regularly to discharge its duties effectively. There is a formal schedule of matters specifically reserved for its decision. The Corporate Governance statement includes a statement of how the Board operates and which issues are delegated to management.	A.1.1	Compliant	31
The 2008 Annual Report & Accounts identifies the Chairman, the Chief Executive, the Senior Independent Director and the Chairmen and members of the Audit, Remuneration and the Nomination Committees. The number of meetings of the Board and the Committees and individual attendance by Directors is also provided.	A.1.2	Compliant	30 & 31
The Chairman holds regular meetings with the Non–Executive Directors without the Executive Directors present. The Senior Independent Non-Executive Director, having consulted his fellow Non-Executive Directors, reviewed the performance of the Chairman, in conjunction with the Chief Executive.	A.1.3	Compliant	32
Where Directors have concerns about the running of the Company or a proposed action which cannot be resolved, they ensure that their concerns are recorded in the Board minutes.	A.1.4	Compliant	
The Company arranges comprehensive Directors' and Officers' liability insurance cover.	A.1.5	Compliant	
The roles of the Chairman and Chief Executive are not exercised by the same individual. The division of responsibilities between the Chairman and Chief Executive is clearly established, set out in writing and agreed by the Board.	A.2.1	Compliant	30
On appointment, the Chairman met the independence criteria set out in A.3.1 of the Code.	A.2.2	Compliant	30
The Board considers all of its Non-Executive Directors to be independent.	A.3.1	Compliant since 11 Sep 07	30
There are, in addition to the Chairman, three independent Non-Executive Directors (out of a total of eight Directors at June 08).	A.3.2	Compliant between 30 Sep 07 and 31 May 08	31
The Board appointed Malcolm King as Senior Independent Non-Executive Director on 31 May 2008 following the retirement of Brian Duckworth who had previously held this role. The Senior Independent Non-Executive Director is available to shareholders if they have concerns which have not been resolved through the normal channels of communication or for which such contact is inappropriate.	A.3.3	Compliant	30 & 33
The Nomination Committee, comprising the Chairman and the three other Non-Executive Directors meets as necessary and at least once a year. The Chairman of the Company chairs the Nomination Committee. The Nomination Committee's terms of reference are published on the Group's website.	A.4.1	Compliant	40
The Nomination Committee's principal functions are to review the structure, size and composition of the Board and the membership of Board Committees; ensure adequate succession planning is in place and to lead the process for Board appointments including preparing a description of the role and capabilities required for a particular appointment.	A.4.2	Compliant	40
The Chairman discloses to the Board any changes to his other significant commitments as they arise.	A.4.3	Compliant	
The Chairman and other Non-Executive Directors each have a letter of appointment for specified terms which set out the expected time commitment. Such letters of appointment will be available for inspection at the 2008 AGM and at the Company's registered office during normal business hours on any business day.	A.4.4	Compliant	45 & 87

Directors	**Combined Code Provision**	**Comment**	**Page**
The Non-Executive Directors have adequate time to devote to the Company and none are directors of FTSE-100 companies.	A.4.5	Compliant	
The work of the Nomination Committee and the process used in relation to Board appointments is described in the Nomination Committee report.	A.4.6	Compliant	40
The process for inducting new Directors to the Board and details of ongoing training is described in the Corporate Governance statement.	A.5.1	Compliant	32
A procedure is in place so that Directors are able, if required, to seek independent professional advice at the Company's expense in connection with their duties.	A.5.2	Compliant	30
All Directors have direct access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are complied with. The appointment and removal of the Company Secretary is a matter reserved for the Board as a whole.	A.5.3	Compliant	30
The Corporate Governance statement contains a description of how performance evaluation of the Board, its Committees and the individual Directors was conducted in the year ended June 2008. The Senior Independent Non-Executive Director, having consulted his fellow Non-Executive Directors, reviewed the performance of the Chairman, in conjunction with the Chief Executive.	A.6.1	Compliant	32
All Directors are subject to election by shareholders at the first opportunity after their appointment and a minimum of one third of Directors must retire at each AGM. The Notice of Meeting for the 2008 AGM is contained within the Annual Report & Accounts which contains sufficient biographical details to enable shareholders to take an informed decision in relation to those Directors seeking election or re-election.	A.7.1	Compliant	29, 32 & 86
The Board sets out within the Directors' report details of the resolution to elect a Non-Executive Director together with an explanation of why it believes an individual should be elected or in respect of a re-election, that the individuals performance continues to be effective and to demonstrate commitment to the role.	A.7.2	Compliant	50

Directors' Remuneration			
Performance related elements of the remuneration of Executive Directors form a significant proportion of the total remuneration and are designed to align their interest with those of shareholders and to give the Directors keen incentives to perform at the highest levels.	B.1.1	Compliant	42-49
The Remuneration Committee followed the provisions of Schedule A to the Code in designing the performance related remuneration schemes.	B.1.1	Compliant	42
The Company does not offer executive share options at a discount save as permitted by the Listing Rules.	B.1.2	Compliant	
The Board sets levels of remuneration for Non-Executive Directors which reflect the time commitment and responsibilities of the role. Non-Executive Directors are not awarded share options.	B.1.3	Compliant	
None of the Executive Directors served as a Non-Executive Director elsewhere.	B.1.4	Compliant	
The Remuneration Committee has carefully considered what compensation commitments (including pension contributions and all other elements) the Directors' terms of appointment would entail in the event of termination and this is explained in the Remuneration report.	B.1.5	Compliant	45

Corporate Governance statement

Directors' Remuneration	**Combined Code Provision**	**Comment**	**Page**
Notice or contract periods for all Executive Directors are set at 12 months.	B.1.6	Compliant	45
The Remuneration Committee comprises all the independent Non-Executive Directors excluding the Chairman. A description of the role of the Remuneration Committee and the authority delegated to it by the Board is included in the Remuneration report. The Remuneration Committee's terms of reference are published on the Group's website.	B.2.1	Compliant	42 & 43
The Remuneration report includes a statement that the remuneration consultants appointed by the Remuneration Committee do not have any other connection with the Company.	B.2.1	Compliant	43
The Board has delegated responsibility to the Remuneration Committee for setting remuneration for all Executive Directors, the Company Secretary and the Chairman. The Committee also recommends and monitors the level and structure of remuneration for senior management which is defined for this purpose as being those with a position of Managing Director or equivalent within the Group.	B.2.2	Compliant	43
The Board delegates the responsibility for determining the Non-Executive Directors' fees to the Executive Directors.	B.2.3	Compliant	
Shareholders are invited specifically to approve all new long term incentive schemes and significant changes to existing schemes.	B.2.4	Compliant	44 & 86

Accountability and Audit			
The Directors explain their responsibility for preparing the Accounts and there is a statement by the auditors on their reporting responsibilities.	C.1.1	Compliant	52 & 53
The Directors report that the Group and the Company are a going concern.	C.1.2	Compliant	50
The Board conducted a review of the effectiveness of the Group's system of internal controls in 2008. The review covered all material controls, including financial, operational and compliance controls and risk management systems.	C.2.1	Compliant	39
The Audit Committee, comprising the independent Non-Executive Directors excluding the Chairman, meets at least three times a year and held four full meetings during the year ended June 2008. The Chairman of the Audit Committee has recent and relevant financial experience.	C.3.1	Compliant	29 & 38
The main role and responsibilities of the Audit Committee are set out in its terms of reference which are published on the Group's website.	C.3.2 C.3.3	Compliant	38
The Audit Committee has reviewed arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.	C.3.4	Compliant	38
The Audit Committee monitors and reviews the effectiveness of internal audit activities.	C.3.5	Compliant	39
The Audit Committee has primary responsibility for making recommendations on the appointment, reappointment and removal of the external auditors.	C.3.6	Compliant	
A statement on how auditor objectivity and independence is safeguarded is included in the Audit Committee report.	C.3.7	Compliant	38

Relations with Shareholders	**Combined Code Provision**	**Comment**	**Page**
The Chairman ensures that the views of major shareholders are communicated to the Board as a whole. Non-Executive Directors are offered the opportunity to meet major shareholders and whilst the Senior Independent Non-Executive Director does not ordinarily attend meetings with shareholders as the Code requires, he is available to do so if required.	D.1.1	Compliant except as noted	32 & 33
The Corporate Governance statement sets out the steps taken by the Board to ensure that Directors develop an understanding of the views of major shareholders about the Company.	D.1.2	Compliant	33

Constructive use of the AGM			
It is the policy of the Company to ensure that for each resolution, after a vote has been taken, unless a poll is taken, to give at the meeting and then make available on its website details of the number of (i) shares in respect of which proxy appointments have been made; (ii) votes for and against the resolution; (iii) shares regarding which votes were withheld.	D.2.1	Compliant	
It is the policy of the Company to ensure all valid proxy appointments received are properly recorded and counted.	D.2.1	Compliant	
It is the policy of the Company to propose a separate resolution at its AGM on each substantially separate issue and there will be a resolution to receive the Annual Report & Accounts for 2008.	D.2.2	Compliant	86 & 87
The Chairman of the Audit, Remuneration and Nomination Committees are usually available to answer questions at the AGM but, exceptionally, the Chairman of the Remuneration Committee was unable to attend the 2007 AGM. It is intended that all Board members will attend the 2008 AGM.	D.2.3	Compliant except as noted	33
The Notice of Meeting of the AGM is sent to shareholders at least 20 working days in advance of the meeting.	D.2.4	Compliant	33

Audit Committee report

Audit Committee

BOB BENNETT
Chairman of the Audit Committee

Members of the Audit Committee
Bob Bennett
Denise Jagger
Malcolm King

The Audit Committee's principal responsibilities lie in reviewing the Group's financial reporting, overseeing the appointment and work of the external Auditors and reviewing Redrow's internal control processes. The terms of reference of the Committee which are in compliance with Paragraph C3 of the Combined Code are kept under regular review and are published on the Group's website.

Bob Bennett was appointed as Chairman of the Audit Committee on 1 July 2007.

All the members of the Committee are independent and the Board believes the Committee has the appropriate level of expertise to fulfil its terms of reference.

The Committee held four full meetings during the year ended 30 June 2008 and holds further meetings as appropriate. The external Auditors and the Assurance Director, who has responsibility for Internal Audit across the Group, attended each meeting and on each occasion the Committee had the opportunity to meet them without any Executive Director being present.

The Committee receives regular updates and presentations on changes to accounting standards and best practice in financial reporting and corporate governance. In addition, individual members attend external seminars and courses on areas relevant to their membership of the Committee.

The Audit Committee addressed a wide variety of issues in its meetings, including:

1. Reviews of the 2007/08 half-yearly and full year 2007/08 results including the Annual Report & Accounts;
2. Reviews of the results of the 2006/07 external audit and the results of the Interim Review of the results for the six months to December 2007, together with a review of the 2007/08 external audit plan and associated fees;
3. A review of the appropriateness of the Group's accounting policies;
4. A review of the independence and objectivity of the external Auditors;
5. A review of the effectiveness of the external audit process;
6. A review of Internal Audit programmes of work. In addition, Committee members received copies of its reports and regular updates on its activities;
7. Consideration of the Group risk assessment process;
8. A review of internal controls across the whole business together with a formal presentation in respect of the development and operation of the Group's Information Technology systems;
9. A review of the Group's Whistleblowing policy; and
10. A review of Audit Committee effectiveness.

The Group has a widely publicised whistleblowing policy which enables employees to raise concerns in confidence. The Audit Committee has arranged to receive reports on all occasions when such issues are raised under this policy.

AUDIT INDEPENDENCE

PricewaterhouseCoopers LLP ('PwC') were appointed Auditors in 2003 having succeeded PricewaterhouseCoopers who were appointed in 1987. The current audit partner was first appointed in respect of the financial year ended June 2005.

The Audit Committee has an approved policy in respect of the work of the external Auditors. The purpose of this policy is to ensure that the Auditor's objectivity and independence is maintained. The policy excludes the auditors from providing advice in specific areas, such as executive remuneration and requires all appointments in respect of non-audit work to be referred to the Audit Committee for approval at either a timetabled full meeting or a specially convened meeting as appropriate, prior to the appointment being made. The Audit Committee assesses the proposed appointment to have the potential to ensure that the provision of services and associated fees does not impair the Auditor's independence or objectivity.

The main non-audit work undertaken on an ongoing basis relates to information provided to the Company by PwC in their capacity as Scheme Actuary of the Redrow Staff Pension Scheme. The Company has engaged a separate actuary to provide it with advice.

INTERNAL CONTROLS

The Board of Directors recognises its overall responsibility for the Group's system of internal control and for monitoring its effectiveness. There is an ongoing process for identifying, evaluating and managing significant risks. However, in reviewing the effectiveness of internal control, such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

Key business activities including finance, land acquisition, product design, procurement and information technology are controlled by the Executive Directors. All activity is organised within a defined structure with formal lines of responsibility, designated authority levels and a structured reporting framework.

A formalised reporting structure is established within Redrow. The Executive Directors and the Company Secretary meet monthly to discuss the Group's key issues, risks and opportunities. The operating companies hold monthly board meetings which are attended by the Regional Chairmen, each of whom attend all Main Board meetings.

The Group has continued to enhance its approach to risk management and formally reviews its prioritised risk register. In addition, the Executive Board, through its regular meetings, reviews key areas of risk on an ongoing basis and considers whether the internal controls identified in relation to those risks remain appropriate.

The key features of the Group's internal controls are as follows:

- A policy and procedures manual which covers all the significant aspects of the Group's operations and describes the systems and controls that are to be applied. The manual is reviewed and updated regularly with amendments being approved by an Executive Director;

- The Board requires each Director in its operating subsidiaries to complete an annual statement on Corporate Governance and related party transactions. The statement is designed to provide assurance that Group policies and procedures are being implemented and complied with in all material respects. In addition, key functional directors complete a Principal Controls Self Assessment Questionnaire which is reviewed by the Board to assist in improvements in the control framework;

- Defined authorisation levels exist over key areas such as land purchase, the placing of orders and contracts and staff recruitment;

- A comprehensive prioritised risk register which is regularly reviewed;

- A monthly reporting pack is circulated in advance and reviewed at each of the Main, Executive and subsidiary board meetings. Annual budgets are set and quarterly forecasts prepared, with actual performance compared against the annual budget and updated forecasts;

- The Group's management information systems provide weekly updates on key statistics and information in respect of sales and production;

- Daily statements of a reconciled cash position identifying significant payments are prepared and 13 week rolling cashflow forecasts are prepared; and

- Redrow has an in-house health and safety department and places great emphasis on the importance of health and safety and environmental management. The department works closely with the operating companies to ensure that training is provided to employees and subcontractors, best practice is shared and appropriate actions are taken to comply with heath and safety best practice and legislation throughout the organisation.

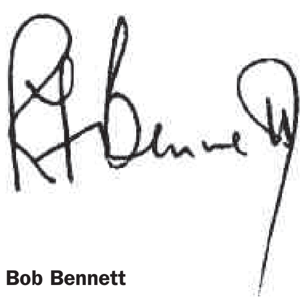
INTERNAL AUDIT AND RISK MANAGEMENT

Redrow has an experienced Assurance Director who is responsible to the Board for all matters relating to internal audit, insurance and risk management.

During the year RSM Bentley Jennison, Chartered Accountants have been used to carry out a broad programme of internal audit work using a risk based approach. RSM Bentley Jennison use staff having an appropriate level of experience and qualification for the particular audit programmes undertaken.

The overall programme of internal audit work is approved in advance by the Audit Committee and commented on by PwC. It allows time for both scheduled and unscheduled visits to companies within the Group. All internal audit reports are distributed to the Board as well as to PwC and any control weaknesses are followed up as appropriate.

Redrow has a fully embedded risk management process and uses a leading accredited external risk management software tool. A risk register with risks appropriately ranked is maintained, is regularly reviewed and updated and is formally considered by the Board at least once per annum. A formal risk assessment template to assist with the risk assessment of newly proposed initiatives has recently been introduced to strengthen the process further.



Bob Bennett
Chairman of the Audit Committee
8 September 2008

Nomination Committee report

Nomination Committee

ALAN BOWKETT
Chairman of the Nomination Committee

Members of the Nomination Committee
Alan Bowkett
Bob Bennett
Denise Jagger
Malcolm King

The Nomination Committee's terms of reference are kept under regular review and are published on the Group's website. These include:

- Reviewing the structure, size and composition of the Board and membership of Board Committees;
- Leading the process for Board appointments and making recommendations to the Board with regard to any changes;
- Ensuring that adequate succession planning is in place;
- The reappointment of Directors following their retirement by rotation.

The Committee was chaired on an interim basis by Jim Martin until 1 August 2007 when Alan Bowkett was appointed Chairman.

The Committee met three times during the year ended 30 June 2008 and its principal business can be summarised as follows:

1. To consider the appointment of Alan Bowkett to the Nomination Committee from 1 August 2007 as its Chairman and after due consideration, to recommend the same to the Board;
2. To consider the proposed re-election of Alan Bowkett, Malcolm King, Denise Jagger and Bob Bennett as Non-Executive Directors at the AGM on 7 November 2007 and after due consideration, to recommend their re-election to the Board;
3. To consider the proposed re-election of John Tutte as an Executive Director at the AGM on 7 November 2007 and after due consideration, to recommend his re-election to the Board;
4. To appoint and liaise with a leading firm of recruitment consultants to identify and recommend a shortlist of Non-Executive Director candidates following the retirement of Brian Duckworth on 31 May 2008 at the end of his second term of three years;
5. To consider the appointment of Malcolm King as Senior Independent Non-Executive Director and the appointment of Denise Jagger as Chairman of the Corporate Responsibility Committee following the retirement of Brian Duckworth who had previously held both posts; the Committee considered the merits of the appointments and the qualities and experience of the individuals concerned and resolved to recommend the appointments to the Board;
6. To consider the proposed re-election of Denise Jagger as Non-Executive Director at the AGM on 5 November 2008 and after due consideration, to recommend the same to the Board;
7. To consider the proposed re-election of Neil Fitzsimmons and Colin Lewis as Executive Directors at the AGM on 5 November 2008 and after due consideration, to recommend the same to the Board.

Alan J. Bowkett

Alan Bowkett
Chairman of the Nomination Committee
8 September 2008

Corporate Responsibility Committee report

▶ Corporate Responsibility Committee

DENISE JAGGER
Chairman of the Corporate Responsibility Committee

Members of the Corporate Responsibility Committee
Denise Jagger
Neil Fitzsimmons
Nigel Smith, Redrow Research and Development Director

The Corporate Responsibility Committee's terms of reference are kept under regular review and are published on the Group's website. These include:

- Assessing the impact of Group operations on the environment and communities affected by its activities;
- Developing and monitoring a corporate responsibility policy.

The Committee was chaired by Brian Duckworth until his retirement on 31 May 2008 when Denise Jagger was appointed as Chairman.

The Committee met twice during the year ended 30 June 2008 and its principal business can be summarised as follows:

1. To formally review the terms of reference and to approve the change of name of the Committee to Corporate Responsibility Committee which better represented its terms of reference (previously Environmental Corporate Responsibility Committee);
2. To approve the appointment of Nigel Smith, Redrow Research and Development Director to the Committee;
3. Review of a wide variety of relevant Redrow procedures e.g. Waste Management procedure and Environmental Policy procedure;
4. Review of proposed Environmental Management site tools being developed;
5. Update on initiatives set up in the individual subsidiaries and at Group in respect of local environmental issues, such as office energy use and water recycling and their progress to date;
6. Review of external benchmarking report and presentation; and
7. Briefing on the Code for Sustainable Homes.

In addition, during the year the Non-Executive Director members of the Committee undertook a site visit with the Sustainability Manager to see the environmental policies in action on a housing development.

The Corporate responsibility review on pages 23 to 27 provides further information on areas of work monitored by the Committee.

Denise Jagger
Chairman of the Corporate Responsibility Committee
8 September 2008

Remuneration report

Remuneration Committee

MALCOLM KING
Chairman of the Remuneration Committee

Members of the Remuneration Committee
Malcolm King
Bob Bennett
Denise Jagger

Dear Shareholder

The Remuneration Committee continues to review the Group's remuneration policy and practice as it relates to the Group Senior Management to ensure that it continues to be appropriate for both the Group and its shareholders.

We have considered carefully the prevailing difficult market conditions and included within the Remuneration report are details of our responses, some of which have already been actioned and some of which are proposed for your specific consideration at the 2008 AGM.

I look for your support for our proposals at the AGM which we believe provide a package of measures to incentivise and retain key members of our team.

Malcolm King
Chairman Remuneration Committee

Contents

This report has been prepared in accordance with the requirements of Schedule 7A to the Companies Act 1985 and The Listing Rules. As required by the Companies Act 1985, a resolution to approve this report will be put to Shareholders for approval at the Annual General Meeting to be held on 5 November 2008.

EXECUTIVE REMUNERATION AT A GLANCE

Principles of Executive Director and Group Senior Management remuneration policy

- Competitive: to attract, reward, retain and motivate high calibre staff whilst remaining cost effective;
- Performance related: a significant proportion of remuneration is expected to be performance related;
- Shareholder aligned: a significant proportion of remuneration is related to share price performance and there are shareholding targets.

Components of reward

Fixed component	Basic salary Pension & retirement benefits Benefits in kind
Variable component	Cash bonuses Long term share incentive plan Phantom share option scheme

Changes from 2007/08 to 2008/09

	2007/08	2008/09
Base salary	Average 6.9% increase on 2007 levels for current Executive Directors	Held at 2008 levels
Cash bonus	Max 100% of basic salary subject to performance conditions	Max 75% of basic salary subject to performance conditions
Long term share incentive plan (LTSIP)	Proposals to grant nil price options over shares to a value of 200% of base salary with a five year performance period to reflect the current market conditions	To be determined by the Remuneration Committee during the course of the year ending June 2009. It is intended that awards will be based on 100% of base salary with a three year performance period

REMUNERATION COMMITTEE

The Remuneration Committee is comprised solely of Non-Executive Directors. Members of the Committee and attendance has been set out on pages 30 and 31.

The Committee has agreed terms of reference detailing its authority and responsibilities. These responsibilities include, inter alia, agreement of the terms of employment and the granting of such bonuses, share options or share incentive plans relating to the Executive Directors and Group Senior Management as may be appropriate from time to time. The terms of reference of the Committee are kept under regular review and are published on the Group's website.

The Committee meets as often as required but at least twice a year. During the course of the financial year ended June 2008, the Committee met on three occasions.

In support of its remuneration policy, the Committee formally undertakes a comprehensive review of the structure of remuneration packages relating to the Group Senior Management at least every three years and monitors the position on an ongoing basis to ensure that the Group provides an appropriate and competitive package to motivate, reward and retain them. Hewitt New Bridge Street Consultants LLP ("HNBS") undertook the last independent triennial review during the year ended June 2006. The Committee has consulted HNBS on a range of issues during the course of the year. HNBS do not have any other connection with the Company.

During the course of the year, legal advice was provided to the Remuneration Committee by Graham Cope (Company Secretary/Group Legal Director) and the Group's external legal advisors, Linklaters LLP.

REMUNERATION POLICY

The Committee aims to ensure that the Group provides competitive but cost effective remuneration packages at all levels in order to reward, retain and motivate staff who are expected to meet high levels of performance as well as ensuring our remuneration is competitive in the market in which we operate and attracts a high calibre of employee.

The Remuneration Committee recognises the importance of aligning shareholders and employee interests to create shareholder value. In addition to their remuneration package, all employees are entitled to participate in the Save As You Earn (SAYE) scheme under which employees are granted options and encouraged to save in order to invest in Company shares. In addition, the Remuneration Committee supports the Company's proposals for the introduction of a Company Share Option Plan (CSOP) under which options over shares will be granted, subject to Shareholder approval, to selected employees up to a value of £30,000 at date of grant per employee under a HM Revenue & Customs approved plan. The Committee is also proposing alteration to the existing Long Term Share Incentive Plan to reinforce the incentive and retentive aspects of the plan for Executive Directors.

Consistent with this policy, the remuneration packages awarded to the Company's Directors are intended to reward Directors for their current achievements whilst also encouraging a focus on the medium and long term strategy and performance of the Company. Remuneration packages are designed to ensure that the interests of Shareholders and the Group's Senior Management are aligned and incorporate an appropriate level of performance related remuneration with important operational and strategic elements. A significant proportion of remuneration is expected to be performance related based upon fair but challenging quantitative and qualitative targets which are determined by the Remuneration Committee. Those elements which are performance related are set out in further detail below.

The performance related elements under each Executive Director's remuneration package have clearly defined criteria that link rewards to business performance in the short, medium and long term.
The Committee considers that in framing its remuneration policy it has given full consideration to the provisions of Section 1 and Schedule A of the Combined Code.

ELEMENTS OF THE REMUNERATION PACKAGE

The main components of the remuneration package provided to an Executive Director are as follows:

(i) Basic salary

Salaries are reviewed as appropriate and at least once per annum in June. In the light of the current difficult market conditions and in line with other senior employees, salaries will be held at 1 July 2007 levels for the year ending June 2009.

(ii) Pension and retirement benefits

The Executive Directors are members of the defined benefit section of the Redrow Staff Pension Scheme.

The Scheme is contributory at a rate of 13.3% of base salary and provides a pension, lump sum death in service benefit and dependant's pension. In addition the Executive Directors are covered by fixed term permanent health insurance.

Pension entitlement for an Executive Director accrues at the rate of 1/45th for each year of service. The Scheme has a normal retirement date of 65 which also applies to the Executive Directors.

Pensionable earnings are calculated on base salary only.

(iii) Benefits in kind

These primarily relate to a fully expensed car or cash equivalent car allowance and private medical insurance.

(iv) Cash bonuses

For the financial year ended June 2008, Executive Directors are entitled to a bonus, payable in cash, equivalent to a maximum of 100% of their salary subject to meeting certain performance criteria. The cash bonuses awarded for the year ended June 2008 are shown in the table on page 46. The cash bonus is payable in September following the financial year end.

Performance is measured against challenging pre-determined targets set by the Remuneration Committee.

Remuneration report

In 2008, the potential 100% cash bonus consisted of three elements of which 60% related to the delivery of profitability, 20% to key business targets covering land, sales and customer service and 20% to individual objectives. In respect of the profitability target, the amount of the award varies from nil bonus at 90% of target to the maximum bonus at 110% of target. The profitability target was based on a Group profit target. The actual cash bonus awarded primarily related to the achievement of individual objectives.

In 2009, the potential bonus will be reduced to 75% of salary subject to meeting certain performance criteria. For 2009 this will comprise 60% in respect of a target for Group cashflow and 15% in respect of individual objectives.

(v) Long Term Share Incentive Plan (LTSIP)
The current LTSIP was approved by Shareholders at the Company's AGM on 3 November 2004 and was designed to align this longer term element of remuneration with the Company's longer term financial performance. For the 2007 annual grant, each Executive Director received a grant of nil-cost options to the value of 100% of his base salary for the financial year ended June 2007.

(a) 2007 option grant
The 2007 option grant of 100% was allocated as to 60% upon the achievement of financial performance conditions based upon the achievement of Return on Capital Employed ("ROCE") and growth in earnings per share ("EPS") and 40% relative to Total Shareholder Return ("TSR").

The options become exercisable on the third anniversary of the date of grant, to the extent that the performance criteria are satisfied over the three consecutive financial years commencing from 1 July in the year of grant. In respect of the ROCE and EPS elements, no options vest if ROCE averages less than 17.5% over this period and the compound annual growth in eps is less than rpi + 3.0%. All the relevant options vest if average ROCE exceeds 22.5% and the compound annual growth in EPS is higher than rpi + 7.0%. A sliding scale exists between nil and maximum awards. As regards the TSR element, performance is calculated by reference to a comparator group. The performance period for TSR runs for three years commencing 1 July 2007. The relevant options will become exercisable on the third anniversary of the date of grant, to the extent that the performance criteria are satisfied. For TSR, at the median, one quarter of options vest with the maximum award vesting for upper quartile performance.

(b) 2008 option grant
The Remuneration Committee proposes changes to the existing LTSIP to reinforce the incentive and retentive aspects of the plan to restore profitability and shareholder value following the recent downturn in the housing market.

It is proposed that in respect of the 2008 grant, each Executive Director will be awarded a grant of nil-cost options under the LTSIP with a value equivalent to 200% of their base salary as at 1 July 2007. The options will vest five years from the date of grant of the option, subject to the satisfaction of performance conditions with the award split equally between the three performance conditions. For subsequent years it is currently intended that grants will revert to a three year performance period at 100% of base salary. The performance criteria will continue to relate to EPS, ROCE and TSR and for the 2008 award will be as follows:

EPS for the year ending June 2013 ("x")

Award	
Nil	$x < 36.0p$
10.00% to 33.32% on sliding scales	$36.0p \leqslant x \leqslant 49.5p$
33.33%	$x > 49.5p$

The EPS performance criteria equate to a minimum hurdle profit before tax of £80m and a maximum award at profit before tax of £110m.

ROCE for the year ending June 2013 ("y")

Award	
Nil	$y < 15\%$
10.00% to 33.32% on a sliding scale	$15\% \leqslant y \leqslant 20\%$
33.33%	$y > 20\%$

The ROCE performance criteria relates to an appropriate return in excess of the weighted average cost of capital in normal markets.

TSR for the year ending June 2013 ("z")

Award	
Nil	$z <$ index
10.00% to 33.32% on a sliding scale	index $\leqslant z \leqslant$ index + 25.97%
33.33%	$z >$ index + 25.97%

Following advice from HNBS and consultation with shareholders and their representative bodies, it was disclosed in the 2007 Annual Report & Accounts that for future LTSIP awards, the TSR performance criteria would be measured against an unweighted index of comparator group companies.

The Shareholders are requested to approve amendments to the existing LTSIP permitting the grant of options with a value of 200% of base salary for the 2008 award and changes to the existing provisions on "good leavers" such that in circumstances relating to retirement or redundancy to give the ability for options to normally be exercisable only at the end of the performance period. In the event of a "good leaver" scenario, including takeover, awards would vest pro rata to time served over the first three years of the performance period. Resolution 6 contained within the Notice of the AGM invites Shareholders to approve amendments to the existing LTSIP scheme to accommodate the above proposals.

(vi) SAYE and CSOP
The Executive Directors are encouraged to participate in the SAYE scheme as a means of increasing their shareholdings. The Remuneration Committee intends to award shares to the Executive Directors under the proposed CSOP under which shares with a value of £30,000 can be awarded under a HMRC approved plan. This will also provide an opportunity for Executive Directors to increase their share ownership. It is proposed to award shares with a value of

£30,000 to each Executive Director. Unlike for other participants in the scheme with a grant period of three years with no performance criteria, awards to the Executive Directors will be subject to performance criteria over a five year period. The performance criteria will be the achievement of an EPS of greater than 36.0p in the financial year ending 30 June 2013.

(vii) Phantom Share Option Scheme
The Phantom Share Option Scheme (the "Phantom"), approved at the Annual General Meeting on 5 November 2001, was previously the vehicle used by the Company for rewarding long term performance over a seven year performance period. This scheme ceased in respect of new Phantom option grants on 5 November 2006.

Under the scheme, participants were granted a Phantom option over a number of shares at the market value at the date of grant. At the end of seven years, the participant is able to exercise the Phantom option such that a cash sum equivalent to the difference between the market value of the shares at the date of grant and the market value of the shares on maturity of the scheme (provided this is a positive figure) becomes payable in three equal instalments over three years.
A Phantom option is exercisable only if the compound growth in earnings per share of the Company increases by 4.5% p.a. over RPI during a seven year period and if the simple average of return on capital employed over the same period exceeds 20.0%.
A Phantom option is also exercisable on a change of control of the Company before expiration of the seven year period provided the performance conditions have been achieved from the date of grant.

Under the Phantom, the following Phantom options have been granted to the Directors of the Company in respect of 200,000 shares each:

Name	Date of Grant	Option Price
Neil Fitzsimmons	05/11/01	221p
Colin Lewis	05/11/01	221p
John Tutte	11/07/02	248p
David Arnold	18/09/03	342p

The performance conditions in respect of the phantom options granted to Neil Fitzsimmons and Colin Lewis were not met and these options will lapse in November 2008.

Directors' service agreements
The service agreements of the Executive Directors provide for formal notice to be served to terminate the agreement, by either the Company or the Director. The notice required is twelve months.

The agreements do not include provision for pre-determined compensation for early termination and mitigation will be applied to any compensation payments where considered justified by the Remuneration Committee. No additional compensation or extended notice period is included within the service agreements in the event of a change of control. The service agreements of the Executive Directors are twelve month rolling contracts which were entered into on the following dates and had the following unexpired notice periods as at 30 June 2008:

Name	Contract Date	Notice Period
David Arnold	17/09/03	12 months
Neil Fitzsimmons	16/09/05	12 months
Colin Lewis	12/07/01	12 months
John Tutte	10/07/02	12 months

The Non-Executive Directors' terms of appointment, with maturity dates, are detailed in formal letters of appointment as follows:

		Letter of Appointment	
Name	Position	Dated	Matures
Bob Bennett	Non-Executive	01/05/07	30/04/10
Alan Bowkett	Chairman	05/07/07	04/07/10
Denise Jagger	Non-Executive	17/01/07	16/01/10
Malcolm King	Non-Executive	07/08/07	04/11/09

Brian Duckworth retired on 31 May 2008, on the maturity of his second three year term of appointment.

The terms of appointment of the Non-Executive Directors include a three month notice period.

Non-Executive Directors are paid a basic fee which is non-pensionable and does not qualify for any performance related element. The level of fees is agreed by the Board. There was no increase in the level of fees paid to the Non-Executive Directors as at 1 July 2008.

SHARE OWNERSHIP GUIDELINES
The importance of encouraging share ownership is recognised by the Group. The Remuneration Committee adopted the following guidelines in the year ended June 2007 after a review. The adopted share ownership guidelines are the market value of shares owned as a percentage of base salary and are set out below:

Name	%
David Arnold	100
Neil Fitzsimmons	200
Colin Lewis	100
John Tutte	100

The guidelines were reviewed during the year when it was agreed that, given the current economic conditions and particularly the share price volatility within the housebuilding sector, the target achievement date would be extended from its original target of September 2009. The Remuneration Committee has confirmed to the Executive Directors that the target can be met beyond this date provided that shares vesting to them under long term incentive arrangements, save in exceptional circumstances, are not sold in the meantime, except so as to meet obligations in respect of tax or national insurance due on such shares.

Remuneration report

TOTAL SHAREHOLDER RETURN

The graph adjacent shows the total shareholder return on the Company's shares over a five year period plotted against the total shareholder return of the FTSE 250 share index (of which the Company was a constituent until the opening of the London Stock Exchange on 23 June 2008, following the index review announcement on 12 June 2008) and which the Company considers to be a representative comparative indicator:

Over the last five years, an investment of £100.00 in the shares of Redrow plc declined in value to £55.58 (2007: increase to £226.34) compared with an increase in value to £210.28 (2007: £241.09) from a theoretical investment of £100.00 in the FTSE 250 share index. These calculations are undertaken on a 'dividend reinvestment' basis.

Total Shareholder Return

Source: THOMPSON DATASTREAM

The following tables and notes constitute the auditable part of the Remuneration report other than where stated as being not auditable.

Directors' detailed emoluments	Basic salary and fees £000	Benefits £000 (vii)	Car allowance £000	Bonus £000 (viii)	Total 2008 £000	Total 2007 £000
Executive Directors						
David Arnold	300	22	3	66	391	384
Neil Fitzsimmons	425	20	-	73	518	534
Colin Lewis	300	26	-	66	392	398
Paul Pedley (i)	90	1	3	-	94	452
John Tutte	300	1	14	66	381	549
Non-Executive Directors						
Bob Bennett (ii)	45	-	-	-	45	7
Alan Bowkett (iii)	124	-	-	-	124	-
Brian Duckworth (iv)	41	-	-	-	41	43
Denise Jagger (v)	45	-	-	-	45	18
Malcolm King	45	-	-	-	45	40
Jim Martin (vi)	10	-	-	-	10	49
	1,725	70	20	271	2,086	2,474

(i) Paul Pedley resigned on 30 September 2007.
(ii) Bob Bennett was appointed on 1 May 2007.
(iii) Alan Bowkett was appointed on 5 July 2007.
(iv) Brian Duckworth retired on 31 May 2008.
(v) Denise Jagger was appointed on 17 January 2007.
(vi) Jim Martin resigned on 11 September 2007.
(vii) Benefits in kind represent fully expensed cars and private medical insurance.
(viii) The cash bonus awarded primarily related to the achievement of individual objectives.

Pension Scheme

Details of the Executive Directors' pension entitlements are as follows:

Disclosure required by Schedule 7A to the Companies Act 1985

Director	Accrued benefit at 30 June 2008 £	Additional accrued benefits earned in the year £	Transfer value of accrued benefit at 30 June 2007 £	Transfer value of accrued benefit at 30 June 2008 £	Change in transfer value less directors' contributions £
David Arnold	20,650	6,627	74,785	125,733	11,048
Neil Fitzsimmons	42,613	10,183	242,974	351,673	52,174
Colin Lewis	47,975	7,862	345,957	453,876	68,019
John Tutte	23,213	6,851	136,374	207,395	31,121

Disclosure required under the Listings Regulations

Director	Accrued benefit at 30 June 2008 £	Additional accrued benefit over year net of inflation £	Transfer value of change in accrued benefit less directors' contributions £
David Arnold	20,650	6,080	(2,119)
Neil Fitzsimmons	42,613	8,918	21,169
Colin Lewis	47,975	6,297	28,023
John Tutte	23,213	6,213	17,347

The accrued pension shown above is the amount of pension entitlement that would be paid each year on retirement at age 65 based on service to the end of the current year. The transfer value shown above has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11, less Directors' contributions. The transfer values represent the present value of future payments from the Scheme rather than remuneration currently due to the individual and cannot be meaningfully aggregated with annual remuneration.

Remuneration report

The following table sets out those share options held by Directors under SAYE schemes and LTSIP schemes. The options granted in respect of the LTSIP schemes were granted at nil cost to the Directors and were awarded in respect of past performance with future performance conditions attached. All options are in respect of shares in Redrow plc. Once the award has vested the exercise of the share options is unconditional.

Interests in share options

Directors' interests in share options

Scheme	Options held at 1 July 2007	Options granted in year	Options lapsed	Options exercised in year	Options held at 30 June 2008	Exercise price £	From	To
D L Arnold								
SAYE 2005	2,702	-	-	-	2,702	3.46	02/01/09	02/07/09
LTSIP 2004	24,849	-	(16,566)	(8,283)	-		20/09/07	19/09/14
LTSIP 2005†	46,957	-	-	-	46,957		19/09/08	18/09/15
LTSIP 2006††	40,263	-	-	-	40,263		21/09/09	20/09/16
LTSIP 2007†††	-	53,237	-	-	53,237		19/09/10	18/09/17
	114,771	53,237	(16,566)	(8,283)	143,159			
N Fitzsimmons								
SAYE 2005	540	-	-	-	540	3.46	02/01/09	02/07/09
SAYE 2006	376	-	(376)	-	-	5.02	01/01/10	02/07/10
SAYE 2007	-	4,525	-	-	4,525	2.97	01/01/13	01/07/13
LTSIP 2004	43,438	-	(28,959)	(14,479)	-		20/09/07	19/09/14
LTSIP 2005†	76,305	-	-	-	76,305		19/09/08	18/09/15
LTSIP 2006††	61,269	-	-	-	61,269		21/09/09	20/09/16
LTSIP 2007†††	-	78,869	-	-	78,869		19/09/10	18/09/17
	181,928	83,394	(29,335)	(14,479)	221,508			
C E Lewis								
SAYE 2004	1,219	-	-	-	1,219	2.71	02/01/10	02/07/10
SAYE 2006	1,304	-	(1,304)	-	-	5.02	01/01/12	01/07/12
SAYE 2007	-	4,525	-	-	4,525	2.97	01/01/13	01/07/13
LTSIP 2004	36,323	-	(24,215)	(12,108)	-		20/09/07	19/09/14
LTSIP 2005†	58,696	-	-	-	58,696		19/09/08	18/09/15
LTSIP 2006††	45,514	-	-	-	45,514		21/09/09	20/09/16
LTSIP 2007†††	-	56,194	-	-	56,194		19/09/10	18/09/17
	143,056	60,719	(25,519)	(12,108)	166,148			
J F Tutte								
SAYE 2006	1,882	-	(1,882)	-	-	5.02	01/01/10	01/07/10
SAYE 2007	-	3,232	-	-	3,232	2.97	01/01/11	01/07/11
LTSIP 2004	36,323	-	(24,215)	(12,108)	-		20/09/07	19/09/14
LTSIP 2005†	58,696	-	-	-	58,696		19/09/08	18/09/15
LTSIP 2006††	45,514	-	-	-	45,514		21/09/09	20/09/16
LTSIP 2007†††	-	56,194	-	-	56,194		19/09/10	18/09/17
	142,415	59,426	(26,097)	(12,108)	163,636			

† The performance conditions attached to the exercise of share options granted under the LTSIP 2005 are ROCE, growth in EPS and generation of Total Shareholder Return. The performance condition end date is 30 June 2008. Based on performance in respect of the performance conditions, the options will lapse on 19 September 2008.

†† The performance conditions attached to the exercise of share options granted under the LTSIP 2006 are ROCE, growth in EPS and generation of Total Shareholder Return. The performance condition end date is 30 June 2009.

††† The performance conditions attached to the exercise of share options granted under the LTSIP 2007 are ROCE, growth in EPS and generation of Total Shareholder Return. The performance condition end date is 30 June 2010.

Share options were held by B K Harvey and P L Pedley at 1 July 2007 who resigned on 29 June 2007 and 30 September 2007 respectively. Their share options were exercised or lapsed as appropriate during the year.

No other Directors have been granted share options in shares of the Company.

The mid-market price of Redrow plc shares at 30 June 2008 was 142.5p and the range during the year was 134.25p to 548.5p.

Gains made by Directors on share options

Gains made by individual directors from the exercise of share options during the financial year ended June 2008 are set out in the table below. The gains are calculated as at the exercise date, although in some cases shares were retained.

Gains made by Directors on share options

Executive Director	Share option scheme	No. shares exercised	Date of exercise	Mid price on date of exercise pence	Notional gain on exercise £000
David Arnold	LTSIP 2004	8,283	7 November 2007	358.0	30
Neil Fitzsimmons	LTSIP 2004	14,479	7 November 2007	358.0	52
Colin Lewis	LTSIP 2004	12,108	7 November 2007	358.0	43
John Tutte	LTSIP 2004	12,108	7 November 2007	358.0	43

Directors' contingent interests in share options

No Director has a contingent interest in share options at 30 June 2008 or 30 June 2007.

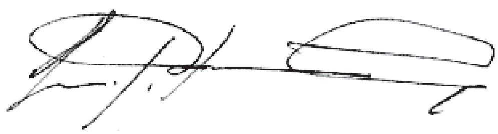
Directors' interests in shares (This section does not constitute an auditable part of the Remuneration report).

The Directors' interests in the ordinary shares of the Company were:

Beneficial:	8 September 2008 No.	30 June 2008 No.	30 June 2007 No.
Executive Directors			
David Arnold	24,015	24,015	15,732
Neil Fitzsimmons	184,393	184,393	160,304
Colin Lewis	84,333	84,333	75,779
John Tutte	54,519	54,054	38,640
Non-Executive Directors			
Bob Bennett	-	-	-
Alan Bowkett	50,000	50,000	-
Denise Jagger	1,300	1,300	1,300
Malcolm King	12,887	12,733	8,112

All Directors interests are beneficially held.

By order of the Board



Malcolm King
Chairman Remuneration Committee
8 September 2008

Directors' report

The Directors have pleasure in presenting to the members their report and the financial statements for the 12 months ended 30 June 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group is residential development which includes mixed use development. Redrow plc is a public listed company, listed on the London Stock Exchange and domiciled in the UK.

Revenue and loss on ordinary activities before taxation from continuing operations are stated at £650.1m and £193.9m respectively.

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 for the year (2007: 15.6p) being the interim dividend paid to shareholders on 2 May 2008.

The information that fulfils the requirements of the business review can be found in the Chief Executive and Finance Director's business review on pages 10 to 22. This includes a review of the key risks facing the business and a review of the key performance indicators of the business and future developments. Details of the financial risk management objectives and policies and associated risk exposure is given in Note 14: Financial Risk Management.

GOING CONCERN

The Directors have considered the Group and Company's financial position and trading prospects and consider they have a reasonable expectation for stating that Redrow plc has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

SIGNIFICANT INTERESTS

As at 8 September 2008, the Company has been advised of the following notifiable interests of 3% or more in its ordinary shares:

Name	No. of shares held	% of issued share capital
Toscafund Asset Management LLP	43,203,240	27.0
Fidelity Investments	9,680,687	6.1
Bridgemere Securities Limited	8,400,130	5.3
Legal & General Group plc	7,654,988	4.8
Schroder Investments	6,364,776	4.0

The persons set out in the table above have notified the Company pursuant to Rule 5 of the Disclosure and Transparency Rules of their interests in the ordinary share capital of the Company.

At 8 September 2008, no change in these holdings had been notified nor, according to the registrar of members, did any other shareholder at that date have a notifiable holding of issued share capital.

DIRECTORS

The Directors are listed together with their biographical details on pages 28 and 29.

In accordance with Article 84 of the Articles of Association, Neil Fitzsimmons, Colin Lewis and Denise Jagger will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. As part of the Board's annual evaluation process, each Executive Director underwent formal performance evaluations which included looking at the individual's effective contribution. Similarly, all the Non-Executive Directors underwent an annual appraisal conducted by the Non-Executive Chairman. The Board confirms that Neil Fitzsimmons and Colin Lewis, who stand for re-election as Executive Directors, and Denise Jagger, who stands for re-election as a Non-Executive Director, continue to be effective and demonstrate the appropriate commitment to their roles.

The Executive Directors have formal service agreements. Termination of their employment may be effected by twelve months notice given by either party.

The Non-Executive Directors have fixed term service agreements outlining their duties and responsibilities.

Details of Directors' service agreements are given in the Remuneration report on page 45.

So far as each Director is aware, there is no relevant audit information of which the Group's external Auditors are unaware. Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's external Auditors are aware of that information.

DIRECTORS' INTERESTS

There were no material related party transactions which require disclosure.

The Directors' interests in the ordinary shares of the Company are given in the Remuneration report on pages 48 to 49. There has been no change in the Directors' interests between 30 June 2008 and 5 October 2008 apart from the increase in holdings by John Tutte and Malcolm King arising from their participation in a monthly share purchase plan.

CHARITABLE AND POLITICAL DONATIONS

The Group made no political donations but paid £281,000 in charitable donations during the year being £217,000 in respect of National charities and £64,000 in support of local charities. The Group and its employees are actively involved in fundraising activities for specific charities.

In March 2006, Redrow established the Redrow Foundation. This independent charitable trust which is a registered charity seeks to relieve poverty and sickness in the UK, and in particular to provide accommodation and related assistance, including respite care, especially for children, the elderly and those who are sick or infirm. In the year ended June 2008, Redrow paid £50 per home legally completed to the Redrow Foundation. The amount paid to the Foundation is included within the charitable donations in respect of National charities disclosed above and amounted to £196,000 in 2008.

EMPLOYEES

Redrow places considerable importance on the provision of training and development; training@redrow, a purpose built in-house training facility at Tamworth, offers over 40 different courses including those which support the Group induction process.

The Group supports the employment of disabled persons wherever possible through recruitment and by the retention and retraining of those who become disabled during their employment.

The Directors recognise the importance of good communications with employees. Companies within the Group are encouraged to make their employees aware of the financial and economic factors affecting their respective companies and the Group. This is assisted through the medium of regular management meetings and staff publications. Employee share ownership is encouraged through savings related schemes. In the year ended 30 June 2008, the Save As You Earn scheme was administered via a Qualifying Employee Share Ownership Trust (QUEST).

CREDITOR PAYMENT POLICY

The Group values its relationships with suppliers and subcontractors. It is the policy to agree credit terms prior to commencement of trading. Subject to any items of genuine dispute, it is policy to pay creditors within the terms agreed. At June 2008 the Group had 44 days' purchases outstanding in respect of payments to suppliers and subcontractors (2007: 46 days). The Company had nil days' purchases outstanding in respect of payments to suppliers (2007: nil).

RESEARCH AND DEVELOPMENT

The Group has a centralised Product Development Team charged with identifying and evaluating new construction techniques and products. Environmental and sustainability issues play a prominent role in its activities. The charge to the income statement in respect of research and development in the year was £0.3m (2007: £0.4m).

ENVIRONMENT

Redrow recognises its responsibilities to the community as a whole and has adopted an environmental strategy which is a core part of the Group's objectives. Further details are provided in the Corporate responsibility review on pages 23 to 27 and also on our website at www.redrow.co.uk.

SIGNIFICANT AGREEMENTS

The Company has entered into a development agreement which is terminable upon a change of control of the Company. In the context of the Company's business as a whole, this agreement is not considered to be significant. In addition, the Company's banking arrangements are terminable upon a change of control of the Company.

AUDITORS

A resolution to re-appoint PricewaterhouseCoopers LLP as external Auditors will be proposed at the Annual General Meeting on 5 November 2008.

CAPITAL STRUCTURE

The Company has an authorised share capital of 330,000,000 ordinary shares of 10p each of which 160,012,013 have been issued. The Company has one class of ordinary shares which carry ordinary rights to dividends (subject to the Company's Articles of Association). Each share carries the right to one vote at general meetings of the Company.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

VOTING AND TRANSFER OF SHARES

The Company's Articles of Association do not contain any specific restrictions on the size of a shareholder's holding or on the transfer of shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

The Company's Articles of Association do not contain and the Company is not aware of any restrictions on voting rights including any limitations on voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights and arrangements by which, with the Company's co-operation, financial rights carried by securities are held by a person other than the holder of the securities.

The voting rights attaching to the shares held by the Company's Employee Benefit Trust are exercisable by Abacus Trust Company (Isle of Man), the trustee of the Trust.

PURCHASE OF THE COMPANY'S OWN SHARES

Resolution 11 set out in the Notice of Annual General Meeting seeks authority from Shareholders for the Company to purchase up to 16,001,201 ordinary shares, an aggregate nominal amount of £1,600,120, which is equivalent to approximately 10% of the Company's issued ordinary share capital at 30 June 2008. The authority will expire at the end of next year's Annual General Meeting and the resolution specifies the maximum and minimum prices at which the shares may be bought. Other investment opportunities, appropriate gearing levels and the overall financial position of the Company will be taken into account before deciding upon this course of action.

POST BALANCE SHEET EVENTS

(i) On 4 September 2008, the Group successfully concluded its planned refinancing.
(ii) Following the 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.

Further details are given in Note 25: Post Balance Sheet Events.

NOTICE OF ANNUAL GENERAL MEETING

Pages 86 to 88 set out the Notice of Annual General Meeting and details the resolutions proposed together with explanatory notes.

To the extent that the Directors' report makes reference to information contained in other sections of the Annual Report, such information will be regarded as forming part of the Directors' report.

By order of the Board
Graham Cope
Company Secretary

Statement of Directors' Responsibilities in respect of the Annual Report, the Remuneration report and the Financial statements

The Directors are responsible for preparing the Annual Report, the Remuneration report and the financial statements.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and Group for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Remuneration report comply with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website and legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board
Graham Cope
Company Secretary
8 September 2008
Redrow plc
Redrow House
St. David's Park
Flintshire
CH5 3RX

Independent Auditors' report

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REDROW PLC

We have audited the Group and Parent Company financial statements (the "financial statements") of Redrow plc for the year ended 30 June 2008 which comprise the Consolidated income statement, the Balance sheets, the Cash flow statements, the Statements of recognised income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Remuneration report that is described as having been audited.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report, the Remuneration report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements. The information given in the Directors' report includes that specific information presented in the Chief Executive and Finance Director's business review that is cross referred from the Business Review section of the Directors' report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance statement reflects the Company's compliance with the nine provisions of the Combined Code 2006 specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the "About Redrow" and the "Business Review" sections, the Corporate Governance statement, the unaudited part of the Remuneration report and the Directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the Accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration report to be audited.

OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 June 2008 and of its loss and cash flows for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 30 June 2008 and cash flows for the year then ended;
- the financial statements and the part of the Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
8 September 2008

Consolidated income statement

12 months ended 30 June 2008

		Note	2008 Pre-exceptional item £m	2008 Exceptional item £m	2008 Total £m	Restated 2007 Total £m
Revenue		1	650.1	-	650.1	834.3
Cost of sales			(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		1,2	84.5	(259.4)	(174.9)	136.6
Financial income		3	4.5	-	4.5	1.6
Financial expenses		3	(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		10	(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)		4	(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		10	(1.9)	-	(1.9)	(0.6)
(Loss)/profit for the period			44.1	(184.0)	(139.9)	84.4
Earnings per share from	**- basic**	6	28.8p		(86.3p)	53.3p
continuing operations	**- diluted**	6	28.8p		(86.3p)	53.2p
Earnings per share including	**- basic**	6	27.6p		(87.5p)	52.9p
discontinued operations	**- diluted**	6	27.6p		(87.5p)	52.8p

Balance sheets

As at 30 June 2008	Note	The Group 2008 £m	The Group 2007 £m	The Company 2008 £m	The Company 2007 £m
Assets					
Intangible assets	8	0.4	0.3	-	-
Plant, property and equipment	9	22.7	24.6	-	-
Investments	10	2.0	3.7	30.7	30.7
Deferred tax assets	11	32.4	3.4	3.4	1.6
Derivative financial instruments	14	0.5	0.6	0.5	0.6
Retirement benefit surplus	7	-	6.1	-	6.1
Trade and other receivables	12	5.4	4.1	-	-
Total non-current assets		63.4	42.8	34.6	39.0
Inventories	13	755.9	988.7	-	-
Trade and other receivables	12	13.5	28.5	379.1	398.1
Derivative financial instruments	14	0.8	1.1	0.8	1.1
Current income tax receivables	4	35.5	-	-	-
Cash and cash equivalents	14	127.1	12.2	126.4	11.5
Total current assets		932.8	1,030.5	506.3	410.7
Total assets		996.2	1,073.3	540.9	449.7
Equity					
Issued capital	17	16.0	16.0	16.0	16.0
Share premium	18	58.7	58.1	58.6	58.0
Hedge reserve	18	0.9	1.2	0.9	1.2
Other reserves	18	7.9	7.9	7.0	7.0
Retained earnings	18	321.1	494.6	97.6	114.2
Total equity	19	404.6	577.8	180.1	196.4
Liabilities					
Bank loans	14	337.5	169.7	337.5	169.7
Trade and other payables	15	24.1	48.8	-	-
Deferred tax liabilities	11	1.0	3.0	0.4	0.5
Retirement benefit obligations	7	0.2	-	0.2	-
Long-term provisions	16	2.1	3.4	-	-
Total non-current liabilities		364.9	224.9	338.1	170.2
Bank overdrafts and loans	14	12.9	20.1	4.0	61.1
Trade and other payables	15	213.8	233.8	18.7	21.8
Current income tax liabilities		-	16.7	-	0.2
Total current liabilities		226.7	270.6	22.7	83.1
Total liabilities		591.6	495.5	360.8	253.3
Total equity and liabilities		996.2	1,073.3	540.9	449.7

The financial statements were approved by the Board of Directors on 8 September 2008.

Directors

N Fitzsimmons

D L Arnold

Cash flow statements

12 months ended 30 June 2008

	Note	The Group 2008 £m	The Group 2007 £m	The Company 2008 £m	The Company 2007 £m
Cash flow from operating activities					
Operating (loss)/profit before financing costs		(174.9)	136.6	-	(2.4)
Depreciation and amortisation		2.1	2.3	-	-
Adjustment for non-cash items		(10.4)	3.1	(7.4)	6.4
Operating (loss)/profit before changes in working capital and provisions		(183.2)	142.0	(7.4)	4.0
Decrease/(increase) in trade and other receivables		13.7	(6.3)	19.0	(110.2)
Decrease/(increase) in inventories		232.8	(139.1)	-	-
(Decrease)/increase in trade and other payables		(46.7)	49.6	(5.4)	10.1
Increase/(decrease) in employee benefits and provisions		5.0	(15.7)	6.3	(14.7)
Cash generated from operations		21.6	30.5	12.5	(110.8)
Interest paid		(18.0)	(13.9)	(17.6)	(13.7)
Tax paid		(24.4)	(35.2)	(0.5)	-
Net cash from operating activities		(20.8)	(18.6)	(5.6)	(124.5)
Cash flows from investing activities					
Acquisition of plant, property and equipment		(2.4)	(5.2)	-	-
Proceeds from sale of plant and equipment		3.1	2.6	-	-
Interest received		1.8	0.9	25.8	21.7
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)	25.8	21.7
Cash flows from financing activities					
Issue of bank borrowings		266.5	170.0	266.5	170.0
Repayment of bank borrowings		(99.0)	(132.0)	(99.0)	(132.0)
Issue costs of bank borrowings		-	(0.1)	-	(0.1)
Purchase of own shares		-	(0.5)	-	-
Dividends (paid)/received		(27.3)	(26.3)	(16.3)	5.7
Proceeds from issue of share capital		0.6	1.9	0.6	1.9
Net cash from financing activities		140.8	13.0	151.8	45.5
Increase/(decrease) in net cash and cash equivalents		122.1	(9.6)	172.0	(57.3)
Net cash and cash equivalents at the beginning of the period		(7.9)	1.7	(49.6)	7.7
Net cash and cash equivalents at the end of the period	20	114.2	(7.9)	122.4	(49.6)

Statements of recognised income and expense

12 months ended 30 June 2008	Note	The Group 2008 £m	The Group 2007 £m	The Company 2008 £m	The Company 2007 £m
Effective portion of changes in fair value of interest rate cash flow hedges		(0.4)	1.3	(0.4)	1.3
Deferred tax on change in fair value of interest rate cash flow hedges		0.1	(0.4)	0.1	(0.4)
Actuarial (losses)/gains on defined benefit pension scheme	7e	(8.3)	5.8	(8.3)	5.8
Deferred tax on actuarial (losses)/gains taken directly to equity		2.3	(1.7)	2.3	(1.7)
Net (expense)/income recognised directly in equity	19	(6.3)	5.0	(6.3)	5.0
(Loss)/profit for the period		(139.9)	84.4	5.7	4.5
Total recognised income and expense for the period	18	(146.2)	89.4	(0.6)	9.5

Accounting policies

Both the consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and effective at 30 June 2008, and in accordance with IFRIC interpretations and the Companies Act 1985 as it applies to companies reporting under IFRS and Article 4 of the IAS Regulation and in accordance with the historical cost convention as modified by the revaluation of derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Whilst these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates (refer to note 24).

The principal accounting policies have been applied consistently in the periods presented apart from:

(i) 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.

(ii) Financial Instruments Disclosures
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.

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

The principal accounting policies are outlined below:

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of Redrow plc and all its subsidiaries, together with the Group's share of the results and share of net assets of jointly controlled entities made up to 30 June each year i.e. the financial statements of Redrow plc and entities controlled by Redrow plc (and its subsidiaries). Control is achieved where Redrow plc has the power to govern the financial and operating policies of an entity.

a) Subsidiaries

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets represents goodwill. Goodwill is subject to an annual impairment review, with any reduction in value being taken straight to the income statement.

Adjustments are made as necessary to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

All inter-company transactions and balances between Group companies are eliminated on consolidation.

b) Interests in Joint Ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control. Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using the equity method of accounting - the Group's share of profit after tax is shown separately on the face of the income statement and its share of net assets is included within non-current assets in the balance sheet as an investment.

When the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of impairment of the asset transferred. Where joint venture arrangements are undertaken directly, the Group's share of jointly controlled assets and liabilities are recognised in the relevant subsidiary company and classified according to their nature.

REVENUE AND PROFIT RECOGNITION

Revenue represents the fair value received and receivable in respect of the sale of residential housing and land and of commercial land and developments net of value added tax and discounts. This is recognised on legal completion.

Profit is recognised on legal completion.

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.

NET FINANCE COSTS

Interest income is recognised on a time apportioned basis by reference to the principal outstanding and the effective interest rate. Borrowing costs are recognised in the income statement on an accruals basis in the period in which they are incurred.

INCOME TAX

Income tax comprises current tax and deferred tax.

Current tax is based on taxable profits for the year and any appropriate adjustment to tax payable in respect of prior years. Taxable profit differs from profit before tax as shown in the income statement as it excludes income or expenditure items which are never chargeable or allowable for tax or which are chargeable or deductible in other accounting periods.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax liabilities are recognised for all temporary differences. Deferred tax is calculated at the rates enacted at the balance sheet date.

Deferred tax is credited or charged in the income statement, statement of recognised income and expense, or retained earnings as appropriate.

INTANGIBLE ASSETS – COMPUTER SOFTWARE

Acquired computer software licences are capitalised on the basis of costs incurred to bring to use the specific software and are amortised over their estimated useful lives of three years.
These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

PLANT, PROPERTY AND EQUIPMENT

Freehold property comprises offices or other buildings held for administrative purposes. Freehold property is shown at cost (or deemed cost at opening balance sheet date under the IFRS 1 transitional rules) less the subsequent depreciation of buildings. Long leasehold property comprises offices. The building element of the lease is accounted for as a finance lease and the land element of the lease is accounted for as an operating lease.

All other plant, property and equipment is stated at historic cost less depreciation. Historic cost includes any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets, excluding assets in the course of construction, is charged so as to write off the cost of assets to their residual values over their estimated useful lives, on a straight line basis as follows:

Buildings	50 years
Plant & machinery	5 – 10 years
Fixtures & fittings	3 – 5 years

These are reviewed for impairment whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

The gain or loss arising on the disposal of an asset represents the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

INVESTMENT IN SUBSIDIARY COMPANIES

In the parent company books, the investment in its subsidiaries is held at cost.

LEASES

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to work in progress or income on a straight line basis over the term of the relevant lease. Leases classified as finance leases are those where substantially all of the risks and rewards of ownership pass to the lessee.

The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

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 represents 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

Accounting policies

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.

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.

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. Further details are included in Note 13: Inventories and Note 24: Critical Accounting Estimates and Judgements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances, call deposits and AAA cash management funds. Bank overdrafts that are repayable on demand, forming an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

BORROWINGS AND TRADE PAYABLES

Interest bearing borrowings and trade payables are recorded at the proceeds received, net of transaction costs incurred and subsequently at amortised cost. Any difference between the proceeds, net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings.

FORWARD LAND

Expenditure relating to forward land, including options, fees etc is provided for when incurred. After exercise of an option and acquisition of land following the securing of planning permission, the provisions relating to that land are released.

EMPLOYEE BENEFITS

a) Pension obligation

The Group operates a contributory pension scheme for all its staff. The scheme is externally invested and comprises two sections: a defined benefit section and a defined contribution section.
A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement.
It is funded through payments to trustee administered funds, determined by actuarial valuations carried out on at least a triennial basis. A defined contribution plan is a pension plan under which the Group pays agreed contributions into a separate fund for each employee and any subsequent pension payable to a specific employee is determined by the amount accumulated in their individual fund.

The (liability)/asset recognised in the balance sheet in respect of the defined benefit section of the scheme is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. The defined benefit obligation is determined using the projected unit credit method on an annual basis by an independent scheme actuary.

Under IAS 19, revised December 2004, the Group has taken the option to allow actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions to be charged or credited to equity as they arise in full via the statement of recognised income and expense.

Scheme service costs are charged to gross contribution and administrative expenses as appropriate and scheme finance costs are included in net financing costs. Past service costs are recognised immediately to the extent that the benefits are already vested, or otherwise amortised on a straight line basis over the vesting period, if they are conditional on the employees remaining in service for a further period.

In respect of the defined contribution section of the scheme, contributions are recognised as an employee benefit expense when they are due. The Group has no further payment obligations in respect of the defined contribution section of the Scheme once the contributions have been paid.

b) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged.

c) Share-based payments

The Group has applied the requirements of IFRS 2 'Share-based payments'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002, which had not vested as of 1 July 2004.
Equity settled share-based payments are measured at fair value on the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before normal retirement date by redundancy. These benefits are recognised by the Group in the period in which it becomes demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

FINANCIAL INSTRUMENTS

a) Land creditors

Deferred payments arising from land creditors are held at discounted present value using the effective interest method, in accordance with IAS 39. The difference between the fair value and the nominal value is amortised over the deferment period via financing costs.

The interest rate applied is an equivalent loan rate available on the date of the land purchase.

b) Derivative financial instruments and hedge accounting
Derivative financial instruments are initially recorded at fair value and the fair value is remeasured to fair value at each reporting date.

The Group's use of financial derivatives is governed by an interest rate risk management framework adopted by the Board which sets parameters to ensure an appropriate level of hedging is maintained to manage interest rate risk in respect of borrowings.

The policy prohibits any trading in derivative financial instruments or their use for speculative purposes.

The effective portion of changes in the fair value of derivative financial instruments which are designated and which qualify as cash flow hedges are recognised directly in equity in a hedge reserve. The gains or losses relating to the ineffective portion are recognised in the income statement immediately they arise.

c) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as 'trade receivables' and 'other receivables' in the balance sheet note 12.

Long term trade receivables are held at discounted present value less any impairment. The amount is then increased to settlement value over the settlement period via financing income.

SHARE CAPITAL
Ordinary shares are classed as equity.

DIVIDEND DISTRIBUTION
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared and appropriately authorised.

IMPACT OF NEW STANDARDS AND INTERPRETATION
a) Standards, amendments and interpretations in issue, effective in 2008
- IFRS 7: Financial Instruments: Disclosures and the complementary amendment to IAS1: Presentation of financial instruments - Capital disclosures.
- 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.

b) Standards and interpretations in issue but not relevant
- IFRIC 7: Applying the restatement approach under IAS 29
- IFRIC 8: Scope of IFRS 2
- IFRIC 9: Reassessment of embedded derivatives

c) Standards and interpretations in issue but not yet effective or early adopted
- IFRIC 14: IAS 19 - 'The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' effective for annual periods beginning on or after 1 January 2008.
- IAS 23 (Amendment): Borrowing Costs effective from 1 January 2009. This amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset, removing the option to immediately expense such costs. The Group is assessing the applicability of this amendment, and if applicable, its impact.
- IFRS 8: Operating segments
- IFRIC 11: IFRS 2 – Group and treasury share transactions
- IFRIC 12: Service concession arrangements

Notes to the financial statements

NOTE 1. SEGMENTAL REPORTING

As discussed in the Chief Executive and Finance Director's business review, following the disposal of the Group's interest in the Framing Solutions light steel frame manufacturing joint venture and the operational changes the Group made during the year with Redrow Regeneration plc and its commercial activities now managed 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 forwards.

This represents a change in policy during the year ended 30 June 2008.

As discussed in the Chief Executive and Finance Director's business review, the main operation of the Group is focused on housebuilding. As it operates entirely within the United Kingdom and Jersey, the Group has only one business and geographic segment.

a. Enhanced analysis of income revenue

	2008 £m	Restated 2007 £m
Revenue		
Homes - home sales	591.0	757.0
- land sales	29.3	38.6
Homes - Total	620.3	795.6
Mixed Use & Regeneration	29.8	38.7
	650.1	834.3

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

NOTE 2. OPERATING (LOSS)/PROFIT BEFORE FINANCING COSTS

		2008 £m	2007 £m
Operating (loss)/profit before financing costs is stated			
After crediting:			
Rental income		0.1	0.1
Profit on disposal of fixed assets		1.0	0.4
After charging:			
Exceptional item - inventories net realisable value provision (Note 13)		259.4	-
Depreciation		2.0	2.1
Amortisation		0.1	0.2
Plant hire		9.5	8.6
Operating leases	- plant and machinery	1.6	1.6
	- other	0.1	0.2
Research and development expenditure		0.3	0.4
Auditors' remuneration	- fees payable to Company's auditor for audit services	0.2	0.2
	- fees payable to Company's auditor for other services	0.1	0.1

Fees payable to Company's auditor for audit services comprise:

(i) Fees payable for the audit of parent company and consolidated financial statements £33,000 (2007: £30,000) and

(ii) Fees payable for the audit of the Company's subsidiaries pursuant to legislation £130,000 (2007: £129,000).

Auditors' remuneration for non-audit services comprised £44,000 (2007: £22,000) in respect of pensions advice from the Scheme Actuary on actuarial and accounts pension scheme disclosure matters, £18,000 (2007: £nil) in respect of an independent review of the half-yearly financial statements and £nil (2007: £105,000) in respect of a draft unissued circular. Auditors' remuneration for non-audit services provided directly to the Pension Scheme for actuarial services was £122,000 (2007: £118,000).

NOTE 3. NET FINANCING COSTS

	2008 £m	2007 £m
Interest payable on overdrafts	(0.4)	(0.4)
Interest payable on other bank loans	(19.0)	(13.7)
	(19.4)	(14.1)
Imputed interest on deferred land creditors	(3.1)	(2.8)
	(22.5)	(16.9)
Interest received on pension scheme	1.2	0.7
Other interest receivable	3.3	0.9
	4.5	1.6
Net financing costs	(18.0)	(15.3)

Interest expense includes £0.3m in respect of the amortisation of the issue costs of bank borrowings (2007: £0.2m).

NOTE 4. INCOME TAX (CREDIT)/EXPENSE

	2008 Pre-exceptional item £m	2008 Exceptional item £m	2008 Total £m	Restated 2007 £m
Current tax (credit)/expense				
UK Corporation Tax at 29.5% (2007: 30.0%)	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 (see Note 11)	0.5	(29.1)	(28.6)	1.0
Total income tax (credit)/expense in income statement	19.5	(75.4)	(55.9)	36.1
Reconciliation of tax (credit)/expense for the year				
(Loss)/profit before tax	65.5	(259.4)	(193.9)	121.1
Tax calculated at UK corporation tax rate of 29.5% (2007: 30.0%)	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 net of rolled over capital gains	0.1	-	0.1	0.2
Short term temporary differences	(0.2)	1.1	0.9	(1.2)
Tax (credit)/expense for the year	19.5	(75.4)	(55.9)	36.1
Deferred tax recognised directly in equity				
Relating to pension scheme			2.3	(1.7)
Relating to fair value adjustment on interest rate swaps			0.1	(0.4)
Relating to share-based payment			-	0.1
Relating to short term temporary differences			-	-
			2.4	(2.0)

2007 figures have been restated to exclude the impact of discontinued activities.

Current income tax receivable of £35.5m reflects amounts due in respect of corporation tax payments on account for 2007/08 and the proportion of corporation tax payments in respect of 2006/07 which fall to be repaid as a result of the carryback of a proportion of the losses made in 2007/08 against profits made 2006/07 (2007: £nil).

Current income tax receivable in the Company is £nil (2007: £nil).

Notes to the financial statements

NOTE 5. DIVIDENDS

	2008 £m	2007 £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

As at 30 June 2008 no shareholder has waived their rights to dividends.

NOTE 6. EARNINGS PER ORDINARY 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.

	Earnings 2008 £m	No. of shares 2008 millions	Per share 2008 pence	Earnings 2007 £m	No. of shares 2007 millions	Per share 2007 pence
Basic earnings per share from continuing operations pre-exceptional item	46.0	159.9	28.8p	85.0	159.5	53.3
Effect of share options and SAYE	-	-	-	-	0.4	(0.1)
Diluted earnings per share	46.0	159.9	28.8p	85.0	159.9	53.2
Basic earnings per share from continuing operations after exceptional item	(138.0)	159.9	(86.3p)	85.0	159.5	53.3
Effect of share options and SAYE	-	-	-	-	0.4	(0.1)
Diluted earnings per share	(138.0)	159.9	(86.3p)	85.0	159.9	53.2

Basic and diluted earnings per share including discontinued operations is 27.6p pre-exceptional item and (87.5p) post exceptional item (2007: basic 52.9p, diluted 52.8p).

NOTE 7. EMPLOYEES

a. Cost (including Directors)

	2008 £m	2007 £m
Salaries and wages	43.5	47.6
Social security	5.2	5.7
Pensions	1.8	3.3
Share-based payments	(0.3)	0.8
	50.2	57.4

b. Number

	2008 number	2007 number
The average number of persons employed by the Group was:		
Directors and administrative staff	518	583
Other personnel	753	789
	1,271	1,372

c. Key Management remuneration

Key management personnel, as defined under IAS 24 (Related Party Disclosures), are identified as the Main Board together with Group Senior Management.
Summary key management remuneration is as follows:

	2008 £m	2007 £m
Short term employee benefits	2.4	3.2
Post-employment benefits	0.4	0.5
Share-based payment	(0.3)	0.7
	2.5	4.4

Detailed disclosure of Directors' emoluments and interests in shares are included in the Remuneration report on pages 42 to 49.

d. Share-based payment

SAVE AS YOU EARN SHARE OPTION SCHEME

The Redrow plc Save As You Earn scheme is open to all employees and share options can be exercised either 3 or 5 years after the date of grant, depending on the length of the savings contract. The Save As You Earn schemes are not subject to performance conditions.

The Save As You Earn schemes have been valued using the Black Scholes pricing model.

	2008	2007
Options granted during the year	594,546	252,447
Date of grant	2 January 2008	1 January 2007
Fair value at measurement date	£1.85/£2.25	£2.60/£2.83
Share price	£3.27	£7.15
Exercise price	£2.97	£5.02
Expected volatility	27.00%/27.00%	27.00%/27.00%
Option life (contract length)	3/5 years	3/5 years
Expected dividend	3.5%	2.20%
Risk free interest rate	4.96%	4.903%

The expected volatility on Save As You Earn schemes is based on the historic volatility of the Group's share price over periods equal to the length of the savings contract.

Notes to the financial statements

LONG TERM SHARE INCENTIVE SCHEME

Except in specified circumstances, options granted under the Scheme are exercisable between 3 and 10 years after the date of grant.

Options granted under the LTSIP on 19 September 2007 were granted to a limited number of Senior Executives. The scheme is discussed in greater detail within the Remuneration report.

The Long Term Share Incentive schemes have been valued using the Black Scholes pricing model, with the exception of the TSR element of the options granted on 19 September 2007, 21 September 2006 and on 23 September 2005 for which a simulation model provided by external consultants has been used.

	2008	2007
Options granted during the year	318,434	440,830
Date of grant	19 September 2007	21 September 2006
Fair value at measurement date	£1.68/£3.99	£2.19/£5.36
Share price	£4.40	£5.72
Exercise price	£0.00	£0.00
Expected volatility	27.00%	27.00%
Option life	3 years	3 years
Expected dividend	3.5%	2.20%
Risk free interest rate	4.96%	4.903%

The fair value at measurement date of the LTSIP granted on 19 September 2007 comprises £1.68 in respect of the TSR element, and £3.99 in respect of non-market based performance conditions (21 September 2006 grant: £2.19 in respect of the TSR element and £5.36 in respect of non-market based performance conditions).

The expected volatility of the Long Term Share Incentive scheme is based on the historic volatility of the Group's share price over a period equivalent to that of the options' vesting. The expected volatility of the TSR element of the options granted on 19 September 2007 is based on the historic volatility of Redrow and its peer group companies (being the comparator group as defined in the Remuneration report).

SHARE OPTIONS OUTSTANDING

The following share options were outstanding at 30 June 2008:

Type of scheme	Date of Grant	Number of shares 2008	Number of shares 2007	Exercise price
Long Term Share Incentive	30 June 1999	4,772	4,772	-
Long Term Share Incentive	30 June 2000	12,103	12,103	-
Long Term Share Incentive	30 June 2001	2,918	2,918	-
Long Term Share Incentive	28 September 2001	1,552	3,752	-
Long Term Share Incentive	30 June 2002	2,381	3,406	-
Long Term Share Incentive	23 September 2002	4,527	14,317	-
Long Term Share Incentive	30 June 2003	1,119	3,833	-
Long Term Share Incentive	25 June 2004	401	2,455	-
Long Term Share Incentive	20 September 2004	-	246,941	-
Long Term Share Incentive	28 September 2004	4,430	4,430	-
Long Term Share Incentive	24 June 2005	120	982	-
Long Term Share Incentive	19 September 2005	290,546	390,330	-
Long Term Share Incentive	23 September 2005	5,820	5,820	-
Long Term Share Incentive	21 September 2006	303,558	366,213	-
Long Term Share Incentive	19 September 2007	318,434	-	-
Save As You Earn	2 January 2004	59,754	66,131	£2.70
Save As You Earn	1 January 2005	72,014	215,733	£2.71
Save As You Earn	2 January 2006	150,947	234,847	£3.46
Save As You Earn	2 January 2007	85,324	225,349	£5.02
Save As You Earn	2 January 2008	469,634	-	£2.97

The total share options outstanding at 30 June 2008 under the Long Term Share Incentive Plan and the Save As You Earn schemes represent 1.1% of the issued share capital.

Notes to the financial statements

MOVEMENTS IN THE YEAR

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price 2008	Number of options 2008	Weighted average exercise price 2007	Number of options 2007
Long Term Share Incentive scheme:				
Outstanding at the beginning of the year	-	1,062,272	-	1,159,352
Forfeited during the year	-	(326,826)	-	(350,413)
Exercised during the year	-	(101,199)	-	(187,497)
Granted during the year	-	318,434	-	440,830
Outstanding at the end of the year	-	952,681	-	1,062,272
Exercisable at the end of the year	-	40,143	-	58,788
Save As You Earn scheme:				
Outstanding at the beginning of the year	£3.51	820,761	£2.79	1,009,899
Forfeited during the year	(£3.76)	(392,660)	(£3.27)	(169,261)
Exercised during the year	(£2.52)	(184,974)	(£2.39)	(272,324)
Granted during the year	£2.97	594,546	£5.02	252,447
Outstanding at the end of the year	£3.23	837,673	£3.51	820,761
Exercisable at the end of the year	£2.71	26,780	£2.08	674

The weighted average share price at the date of exercise of share options exercised during the year was £3.29 (2007: £6.56).

The options outstanding at 30 June 2008 had a range of exercise prices of £nil to £5.02 (2007: £nil to £5.02) and a weighted average remaining contractual life of 5.5 years (2007: 5.6 years).

The expected life used in the models has been adjusted, based on best estimates, to reflect exercise restrictions and behavioural considerations.

The credit to income in relation to equity settled share-based payments in the year is £0.3m (2007: charge: £0.8m).

e. Retirement benefit schemes

The Redrow Staff Pension Scheme (the "Scheme") comprises two sections: a funded, self-administered, defined benefits section and a funded defined contribution section, the former of which is contracted out of the State Earnings Related Pensions Scheme.

The total pension charge for the year was £10.1m (2007: credit of £2.5m) £8.6m of which related to the defined benefit section of the scheme (2007: credit of £4.1m), with £0.3m being charged to the income statement (2007: £1.7m) and £8.3m being charged to the statement of recognised income and expense (2007: credit of £5.8m). The charge arising from the defined contribution section was £1.5m (2007: £1.6m).

TRIENNIAL VALUATION

A full independent triennial actuarial valuation of the defined benefit section of the Scheme was undertaken at 1 July 2005. The method used was the Projected Unit Method. The main assumptions were an investment return of 4.89% per annum compound, salary increase of 5.7% per annum compound, and mortality in accordance with the PA92 series of tables. In the opinion of the Actuary, there was a deficit of £11.5m in the defined benefit section of the Scheme, with the value of the Scheme's assets representing 78% of the Scheme's liabilities. As at 1 July 2005 the value of the defined benefit section of the Scheme's assets was £41.5m. The previous triennial valuation was undertaken as at 1 January 2003 and reported a deficit of £2.2m. The pension scheme year end was amended subsequent to 1 January 2003 to coincide with the Group's year end of 30 June.

DEFINED BENEFIT SCHEME – IAS 19 VALUATION

Redrow has a policy of recognising all actuarial gains and losses for its defined benefit plan in the period in which they occur, outside the income statement, in the Statement of Recognised Income and Expense.

This disclosure relates to the defined benefit section of the Scheme. The Scheme's assets are held separately from the assets of Redrow and are administered by the trustees and managed professionally.

The latest formal actuarial valuation of the defined benefit section was carried out at 1 July 2005. This valuation has been updated to 30 June 2008 by a qualified actuary for the purposes of these accounts.

The Company and the Trustees are discussing the funding of the Scheme as part of the triennial actuarial valuation and therefore a contribution rate has not yet been agreed for the year ending 30 June 2009. However, were the contribution rates to be maintained at the current rate, Company contributions for the 12 months ending June 2009 are expected to be approximately £1.8m.

Notes to the financial statements

The major financial assumptions used in arriving at the IAS 19 valuation were:

	2008	2007
Long term rate of increase in pensionable salaries	7.3%	6.5%
Rate of increase of benefits in payment (lesser of 5% per annum and RPI)[1]	4.1%	3.4%
Rate of increase of benefits in payment (lesser of 2.5% per annum and RPI)[2]	2.5%	2.3%
Discount rate	6.5%	5.9%
Inflation assumption	4.3%	3.5%
Expected return on assets	7.1%	7.1%

[1] In respect of pensions in excess of the guaranteed minimum pension earned prior to 30 June 2006

[2] In respect of pensions in excess of the guaranteed minimum pension earned after 30 June 2006. Other pension increases are valued in a consistent manner.

The expected return on assets assumption has been derived by considering the appropriate return for each of the main asset classes listed below. The yields assumed on bond type investments are based on published redemption yields at the balance sheet date. The assumed return on equities and property reflects an assumed allowance for the out-performance of these asset classes over UK Government bonds in the long term. The rates of return are shown net of investment manager expenses.

The mortality tables used in the actuarial valuation were (making allowance for projected further improvements in mortality):

For male members:	PMA92C2020	(adjusted for projected further improvements in mortality)
For female members:	PFA92C2020	(adjusted for projected further improvements in mortality)

The life expectancies implied by these tables for typical members are:

Pensioner currently aged 70:	Male 15.6 years	Female 18.4 years
Future pensioner when aged 65:	Male 19.8 years	Female 22.8 years

It has been assumed that all members will commute part of their pension in return for a tax free cash sum on retirement in accordance with pre-April 2006 limits.

The total assets, the split between the major asset classes in the Scheme, the present value of the Schemes' liabilities, and the amounts recognised in the balance sheet are shown below:

	The Group and Company 2008 £m	2007 £m
Equities (excluding shares held in Redrow plc)	30.8	32.2
Property	5.1	6.8
Gilts	25.7	23.4
High yield bonds	7.3	6.7
Redrow plc shares	0.4	1.3
Cash	1.4	0.4
Insurance policies	1.5	1.5
Total market value of assets	72.2	72.3
Present value of obligations	(72.4)	(66.2)
(Deficit)/surplus in the Scheme	(0.2)	6.1

The total amounts credited/(charged) against income in the year were as follows:

	The Group and Company 2008 £m	2007 £m
Amounts included within the income statement:		
Periodic operating costs		
Current service cost	(1.8)	(2.4)
Curtailments	0.3	-
Financing costs		
Expected return on assets	5.2	4.1
Interest cost	(4.0)	(3.4)
	(0.3)	(1.7)
Amounts recognised in the Statement of recognised income and expense/(SORIE):		
Actuarial (losses)/gains	(8.3)	5.8
	(8.6)	4.1
Cumulative amount of (losses) and gains recognised in the SORIE since 1 July 2004	(4.6)	3.7

Notes to the financial statements

The amount included in the balance sheet arising from the (deficit)/surplus in respect of the Group's defined benefit section is as follows:

	The Group and Company 2008 £m	2007 £m
Balance sheet (deficit)/surplus		
At start of year	6.1	(8.6)
Amounts (charged)/credited against recognised income and expense	(8.6)	4.1
Employer contributions paid	2.3	10.6
At end of year	(0.2)	6.1
Changes in the present value of the defined benefit obligation:		
At start of year	66.2	63.2
Current service cost	1.8	2.4
Curtailments	(0.3)	-
Interest cost	4.0	3.4
Member contributions	1.4	1.6
Benefit payments, group life insurance death in service premiums and administration costs	(1.3)	(0.8)
Actuarial losses/(gains) on liabilities	0.6	(3.6)
At end of year	72.4	66.2
Changes in the fair value of the Scheme's assets:		
At start of year	72.3	54.6
Special contributions	-	8.0
Normal employer contributions	2.3	2.6
Member contributions	1.4	1.6
Expected return on assets	5.2	4.1
Benefit payments, group life insurance death in service premiums and administration costs	(1.3)	(0.8)
Actuarial (loss)/gain on assets	(7.7)	2.2
At end of year	72.2	72.3

The actual return on the plan assets was a loss of £2.5m (2007: gain of £6.3m).

A four year history of experience adjustments is set out below:

	2008	2007	2006	2005
Present value of defined benefit obligation (£m)	72.4	66.2	63.2	49.6
Present value of Scheme assets (£m)	72.2	72.3	54.6	41.7
Scheme (deficit)/surplus (£m)	(0.2)	6.1	(8.6)	(7.9)
Experience adjustments on Scheme liabilities over the year (£m) excluding change in assumptions	0.4	-	(0.9)	2.5
Percentage of Scheme liabilities	0.6%	-	1.4%	5.0%
Experience (loss)/gain on Scheme assets over the year (£m)	(7.7)	2.2	5.0	3.5
Percentage of Scheme assets	(10.7%)	3.0%	9.2%	8.4%

NOTE 8. INTANGIBLE ASSETS

Group	Software £m
Cost	
At 1 July 2006	1.1
Additions	0.1
At 30 June 2007	1.2
Additions	0.2
Disposals	(0.4)
At 30 June 2008	**1.0**
Amortisation	
At 1 July 2006	0.7
Charge	0.2
At 30 June 2007	0.9
Charge	0.1
Disposals	(0.4)
At 30 June 2008	**0.6**
Net book value	
At 30 June 2008	**0.4**
At 30 June 2007	0.3

NOTE 9. PLANT, PROPERTY AND EQUIPMENT

Group	Freehold and long leasehold property £m	Plant & machinery £m	Fixtures & fittings £m	Total £m
Cost or valuation				
At 1 July 2006	19.8	7.5	5.0	32.3
Additions	4.0	0.1	1.0	5.1
Disposals	(1.0)	(3.0)	(0.1)	(4.1)
At 30 June 2007	22.8	4.6	5.9	33.3
Additions	1.3	0.1	0.8	2.2
Disposals	(2.2)	(0.6)	(1.3)	(4.1)
At 30 June 2008	**21.9**	**4.1**	**5.4**	**31.4**
Depreciation				
At 1 July 2006	2.1	2.8	3.6	8.5
Charge	0.4	0.8	0.9	2.1
Disposals	(0.1)	(1.7)	(0.1)	(1.9)
At 30 June 2007	2.4	1.9	4.4	8.7
Charge	0.9	0.3	0.8	2.0
Disposals	(0.4)	(0.3)	(1.3)	(2.0)
At 30 June 2008	**2.9**	**1.9**	**3.9**	**8.7**
Net book value				
At 30 June 2008	**19.0**	**2.2**	**1.5**	**22.7**
At 30 June 2007	20.4	2.7	1.5	24.6

Long leasehold property with more than 50 years unexpired comprised £1.6m at net book value (2007: 1.6m).

Freehold property includes £1.8m at net book value currently held for resale (2007: £1.0m).

There was £nil of capital expenditure contracted at 30 June 2008 (2007: £nil).

Notes to the financial statements

NOTE 10. INVESTMENTS

a. Investments

	The Group 2008 £m	The Group 2007 £m	The Company 2008 £m	The Company 2007 £m
Joint ventures	2.0	3.7	-	-
Subsidiary companies	-	-	30.7	30.7
	2.0	3.7	30.7	30.7

b. Investments in joint ventures

	The Group 2008 £m	The Group 2007 £m	The Company 2008 £m	The Company 2007 £m
Share of joint venture net assets:				
Current assets	3.8	9.7	-	-
Current liabilities	(3.2)	(8.7)	-	-
Non-current liabilities	(1.4)	(0.5)	-	-
Net (liabilities)/assets	(0.8)	0.5	-	-
Loans from Group companies	2.8	3.2	-	-
	2.0	3.7	-	-
Share of post-tax losses from joint ventures:				
Revenue	-	3.9	-	-
Cost of sales	(1.3)	(4.2)	-	-
Gross profit	(1.3)	(0.3)	-	-
Administrative expenses	-	(0.7)	-	-
Operating loss	(1.3)	(1.0)	-	-
Finance costs	(0.1)	(0.2)	-	-
Loss before tax	(1.4)	(1.2)	-	-
Taxation	0.4	0.4	-	-
	(1.0)	(0.8)	-	-

The Group has a 50% shareholding in the ordinary share capital of The Waterford Park Company Limited, a company incorporated in Great Britain with a 30 June year end. The remaining shares are held by Denrock Associates Limited. The Waterford Park Company Limited was formed to pursue the potential redevelopment of Watford Junction railway station.

The 2007 disclosures above include the Framing Solutions joint venture which is also shown separately below to provide further information in respect of discontinued activities income statement impact.

c. Discontinued operations - disposal of an 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 is disclosed as discontinued operations. Financial information relating to the business for the period prior to disposal was as follows:

The Group and Company

	2008 £m	2007 £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)

d. Investments in subsidiary undertakings	The Company £m
At 1 July 2007 and 30 June 2008	**30.7**

The principal subsidiary companies are detailed on page 2. All are incorporated in Great Britain except Redrow Homes (Park Heights) Limited which is incorporated in Jersey. A full list of subsidiary undertakings as at 30 June 2008 will be appended to the Company's next annual return. The capital of all the subsidiary companies, consisting of ordinary shares, is wholly owned. Redrow Holdings Ltd, Redrow Corporate Services Ltd and Redrow Group Services Ltd are directly owned by Redrow plc.

In the opinion of the Directors the value of the Company's investment in subsidiary undertakings is not less than the amount at which it is stated in the Balance Sheet.

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

The following are the deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior year:

	Employee benefits £m	Imputed interest £m	Hedge reserve £m	Share-based payment £m	Short term temporary differences £m	Losses carried forward £m	Total £m
Deferred tax assets							
At 1 July 2006	2.8	2.0	-	0.2	-	-	5.0
(Charge)/credit to income	(0.9)	(0.1)	-	-	1.0	-	-
Credit/(charge) to equity	(1.7)	-	-	0.1	-	-	(1.6)
At 1 July 2007	0.2	1.9	-	0.3	1.0	-	3.4
(Charge)/credit to income	(0.5)	0.3	-	-	(0.5)	29.1	28.4
Credit/(charge) to equity	0.6	-	-	-	-	-	0.6
At 30 June 2008	**0.3**	**2.2**	**-**	**0.3**	**0.5**	**29.1**	**32.4**

	Employee benefits £m	Imputed interest £m	Hedge reserve £m	Share-based payment £m	Short term temporary differences £m	Losses carried forward £m	Total £m
Deferred tax liabilities							
At 1 July 2006	-	-	(0.1)	-	(1.5)	-	(1.6)
(Charge)/credit to income	(1.7)	-	-	-	0.7	-	(1.0)
Charge to equity	-	-	(0.4)	-	-	-	(0.4)
At 1 July 2007	(1.7)	-	(0.5)	-	(0.8)	-	(3.0)
(Charge)/credit to income	-	-	-	-	0.2	-	0.2
(Charge)/credit to equity	1.7	-	0.1	-	-	-	1.8
At 30 June 2008	**-**	**-**	**(0.4)**	**-**	**(0.6)**	**-**	**(1.0)**

The Group has no material unrecognised deferred tax assets.

The deferred tax balances in the Company relate to a deferred tax asset arising on retirement benefit obligations of £3.4m (2007: £1.6m) and a deferred tax liability arising on the hedge reserve of £0.4m (2007: £0.5m).

Notes to the financial statements

NOTE 12. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008 £m	2007 £m	2008 £m	2007 £m
Non-current assets				
Trade receivables	5.1	3.8	-	-
Other receivables	0.3	0.3	-	-
	5.4	4.1	-	-
Current assets				
Trade receivables	8.1	17.8	-	-
Amounts due from subsidiary companies	-	-	378.9	398.0
Other receivables	1.9	6.8	-	-
Prepayments and accrued income	3.5	3.9	0.2	0.1
	13.5	28.5	379.1	398.1

Trade receivables due after more than one year are stated after an allowance of £1.6m has been made (2007: £1.1m) in respect of estimated irrecoverable amounts. This allowance is based on an estimate of default rates. £0.5m provision was made during the year (2007: £0.8m). No amounts of the provision were utilised or released during 2008 or 2007.

Trade and other receivables due in 1 to 2 years are £nil (2007: £2.0m), due between 2 and 5 years are £2.2m (2007: £nil) and due in more than 5 years are £3.2m (2007: £2.1m). The Group holds a charge over the underlying assets.

At the balance sheet date, there is no material difference between the fair value of trade and other receivables and their carrying values as shown in the balance sheet.

NOTE 13. INVENTORIES

	The Group		The Company	
	2008 £m	2007 £m	2008 £m	2007 £m
Land for development	385.4	641.4	-	-
Work in progress	368.0	349.1	-	-
Stock of showhomes	19.9	14.2	-	-
	773.3	1,004.7	-	-
Payments on account	(17.4)	(16.0)	-	-
	755.9	988.7	-	-

Inventories of £763.1m were recognised as expenses in the year (2007: £628.5m).

Work in progress includes £13.7m (2007: £9.8m) in respect of part exchange properties.

Land held for development in the sum of £37.2m is subject to a legal charge as security in respect of deferred consideration (2007: £47.9m).

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 land is detailed below:

	Land £m	Work in progress £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 construction had commenced at the year end.
Type 2 land: land where housebuild had not commenced and land could be identified as a distinct parcel.

NOTE 14: FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash and cash equivalents, bank loans and overdrafts, derivative financial instruments and various items included within trade receivables and trade payables which arise during the normal course of business.

The tables below provide a summary of financial assets and liabilities by category.

The accounting policies for financial instruments have been applied to the following items:

The Group	2008 Loans & receivables £m	2008 Derivatives used for hedging £m	2008 Total £m	2007 Loans & receivables £m	2007 Derivatives used for hedging £m	2007 Total £m
Assets per the balance sheet						
Derivative financial instruments	-	1.3	1.3	-	1.7	1.7
Non current trade and other receivables	5.4	-	5.4	4.1	-	4.1
Current trade and other receivables	10.0	-	10.0	24.6	-	24.6
Cash and cash equivalents	127.1	-	127.1	12.2	-	12.2
	142.5	1.3	143.8	40.9	1.7	42.6

	2008 Liabilities at fair value through the income statement £m	2008 Other financial liabilities £m	2008 Total £m	2007 Liabilities at fair value through the income statement £m	2007 Other financial liabilities £m	2007 Total £m
Liabilities per the balance sheet						
Bank loans & overdrafts net of issue costs	-	350.4	350.4	-	189.8	189.8
Trade payables and other creditors	-	115.5	115.5	-	126.6	126.6
Land creditors	92.6	-	92.6	124.1	-	124.1
	92.6	465.9	558.5	124.1	316.4	440.5

The Company	2008 Loans & receivables £m	2008 Derivatives used for hedging £m	2008 Total £m	2007 Loans & receivables £m	2007 Derivatives used for hedging £m	2007 Total £m
Assets per the balance sheet						
Derivative financial instruments	-	1.3	1.3	-	1.7	1.7
Cash and cash equivalents	126.4	-	126.4	11.5	-	11.5
Amounts due from subsidiary companies	378.9	-	378.9	398.0	-	398.0
	505.3	1.3	506.6	409.5	1.7	411.2

	2008 Liabilities at fair value through the income statement £m	2008 Other financial liabilities £m	2008 Total £m	2007 Liabilities at fair value through the income statement £m	2007 Other financial liabilities £m	2007 Total £m
Liabilities per the balance sheet						
Bank loans & overdrafts net of issue costs	-	341.5	341.5	-	230.8	230.8
Amounts due from subsidiary companies	-	14.9	14.9	-	16.2	16.2
	-	356.4	356.4	-	247.0	247.0

Notes to the financial statements

The Group's activities expose it to a variety of financial risks.

Financial risk management is conducted centrally using policies approved by the Board. Market risk is negligible due to the Group's limited exposure to equity securities (some limited exposure arises through the pension scheme's investment portfolio) and the associated price risk. Its foreign exchange exposure is negligible given the nature of the Group's business and its exclusive UK activities.

a. Liquidity risk and interest rate risk

Liquidity risks are managed through the regular review of cash forecasts and by maintaining adequate committed banking facilities to ensure appropriate headroom.

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

The Group successfully concluded its bank refinancing on 4 September 2008, details of which are included in Note 25: Post balance sheet events. As the Group has no significant interest bearing assets, the Group's income and operating cashflows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises primarily from long term borrowings. In order to manage its interest rate risk, the Group enters into simple risk management products, almost exclusively interest rate swaps. All interest rate swaps are sterling denominated. The swaps are arranged so as to match with those of the underlying borrowings to which they relate. There was no ineffectiveness to be recorded in respect of these cashflow hedges in 2008 or 2007.

The following table shows the profile of interest bearing debt together with its effective interest rates, after taking account of interest rate swaps as at the balance sheet date and the periods in which they will reprice:

	2008					2007				
	Effective interest rate %	Total £m	0-1 year £m	1-2 years £m	2-5 years £m	Effective interest rate %	Total £m	0-1 year £m	1-2 years £m	2-5 years £m
Bank overdraft	6.0	(12.9)	(12.9)	-	-	6.5	(20.1)	(20.1)	-	-
Bank loans - fixed rate	5.6	(87.5)	(12.5)	(50.0)	(25.0)	5.6	(100.0)	(37.5)	(25.0)	(37.5)
Bank loans - floating rate	6.4	(250.0)	-	(250.0)	-	6.4	(70.0)	-	-	(70.0)
		(350.4)	(25.4)	(300.0)	(25.0)		(190.1)	(57.6)	(25.0)	(107.5)

The notional principal amounts in respect of the interest rate swaps together with their maturities are given in the table below.

	Balance at 30 June £m	0-1 year £m	1-2 years £m	2-5 years £m
2008	87.5	12.5	50.0	25.0
2007	100.0	37.5	25.0	37.5

At 30 June 2008, the fixed interest rates vary from 4.95% to 6.31% (2007: 4.95% to 6.31%) and the floating rates are 3 month LIBOR.

For the year ended 30 June 2008, it is estimated that a general increase of 1% in interest rates applying for the full year would decrease the Group's profit before tax by £1.8m (2007: £1.4m).

b. Maturity of bank loans and borrowings

The maturity of bank loans and borrowings is as below:

The Group	Bank overdraft 2008 £m	Bank loans 2008 £m	Bank overdraft 2007 £m	Bank loans 2007 £m
Due within one year	12.9	-	20.1	-
Due between one and two years	-	177.5	-	-
Due between two and five years	-	160.0	-	170.0
	12.9	337.5	20.1	170.0

The Company	Bank overdraft 2008 £m	Bank loans 2008 £m	Bank overdraft 2007 £m	Bank loans 2007 £m
Due within one year	4.0	-	61.1	-
Due between one and two years	-	177.5	-	-
Due between two and five years	-	160.0	-	170.0
	4.0	337.5	61.1	170.0

At the year end, the Group and Company had £142.5m (2007: £230.0m) of undrawn committed bank facilities available.

There is no material difference between the fair value of the bank overdrafts and bank loans and their carrying values as shown in the balance sheet.

c. Amounts due in respect of development land

The Group's policy permits land purchases to be made on deferred payment terms. In accordance with IAS39, the deferred creditor is recorded at fair value and nominal value is amortised over the deferment period via financing costs, increasing the land creditor to its full cash settlement value on the payment date.

The interest rate used for each deferred payment is an equivalent loan rate available on the date of land purchase, as applicable to a loan lasting for a comparable period of time to that deferment.

The maturity profile of the total contracted cash payments in respect of amounts due in respect of land creditors at the balance sheet date is as follows:

	Balance at 30 June £m	Total contracted cash payment £m	Due less than one year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m
2008	92.6	94.9	68.7	17.7	8.5
2007	124.2	129.4	75.9	32.1	21.4

d. Credit risk

Credit risk arises from cash and cash equivalents, including call deposits with banks and financial institutions, derivative financial instruments and trade receivables.

Notes to the financial statements

Credit risk is managed centrally in respect of cash and cash equivalents and derivative financial instruments. In respect of placing deposits with banks and financial institutions and funds, individual risk limits are approved by the Board. The table below shows the cash and cash equivalents as at the balance sheet date:

	The Group 2008 £m	The Group 2007 £m	The Company 2008 £m	The Company 2007 £m
AAA	75.0	-	75.0	-
AA	52.1	12.2	51.4	11.5
	127.1	12.2	126.4	11.5

No credit limits were exceeded during the reporting period or subsequently and the Group does not anticipate any losses from non-performance by these counterparties.

There is no specific concentration of credit risk in respect of home sales as the exposure is spread over a number of customers. In respect of trade receivables, the amounts presented in the balance sheet are stated after adjusting for any doubtful receivables, based on the judgement of the Group's management through using both previous experience and knowledge of the current position of any more substantial debtors.

e. Capital management

The Group's objective in managing capital is to safeguard its ability to continue as a going concern in order to deliver value to its shareholders and other stakeholders.

The Group operates within policies outlined by the Board in order to maintain an appropriate funding structure.

Gearing at June 2008 was 55% (2007:31%), within Board approved parameters.

f. Fair values

At 30 June 2008 there is no material difference between the fair value of financial instruments and there carrying values in the balance sheet.

NOTE 15. TRADE AND OTHER PAYABLES

	The Group 2008 £m	The Group 2007 £m	The Company 2008 £m	The Company 2007 £m
Non-current liabilities				
Amounts due in respect of development land	24.1	48.8	-	-
	24.1	48.8	-	-
Current liabilities				
Trade payables	111.0	121.8	-	-
Amounts due in respect of development land	68.5	75.4	-	-
Amounts owed to subsidiary companies	-	-	14.9	16.2
Other payables	4.5	4.8	-	-
Other taxation and social security	4.7	3.0	-	-
Accruals and deferred income	25.1	28.8	3.8	5.6
	213.8	233.8	18.7	21.8

NOTE 16. LONG-TERM PROVISIONS

The Group	Total £m
At 1 July 2007	3.4
Provisions made during the year	0.3
Provisions released during the year	(0.6)
Provisions used during the year	(1.0)
At 30 June 2008	**2.1**

Provisions made during the year relate to maintenance and sundry remedial costs in respect of development activities, which it is assessed will be utilised within four years.

NOTE 17. SHARE CAPITAL

	2008 £m	2007 £m
Authorised		
330,000,000 ordinary shares of 10p each (2007: 330,000,000)	33.0	33.0
Allotted, called up and fully paid	16.0	16.0

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

Options granted to Directors and employees under the Executive Share Option scheme, the Long Term Share Incentive Plan and the Save As You Earn schemes are set out in Note 7d.

NOTE 18. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES

The Group	Share capital £m	Share premium account £m	Hedge reserve £m	Other reserves £m	Retained earnings £m
At 1 July 2006	16.0	56.2	0.3	7.9	433.4
Total recognised income and expense	-	-	0.9	-	88.5
Shares issued	-	1.9	-	-	-
Dividends paid	-	-	-	-	(26.3)
Share-based payment	-	-	-	-	0.1
Credit in respect of LTSIP	-	-	-	-	0.2
Contribution to QUEST	-	-	-	-	(1.3)
At 30 June 2007	16.0	58.1	1.2	7.9	494.6
Total recognised income and expense	-	-	(0.3)	-	(145.9)
Shares issued	-	0.6	-	-	-
Dividends paid	-	-	-	-	(27.3)
Share-based payment	-	-	-	-	0.2
Debit in respect of LTSIP	-	-	-	-	(0.4)
Contribution to QUEST	-	-	-	-	(0.1)
At 30 June 2008	**16.0**	**58.7**	**0.9**	**7.9**	**321.1**

Notes to the financial statements

HEDGE RESERVE

The hedge reserve comprises the effective portion of the gain or loss arising from the fair value of cash flow hedging transactions entered into by the Group that have not yet crystallised.

OTHER RESERVES

Other reserves consists of a £7.0m Capital Redemption reserve (2007: £7.0m) and a £0.9m Consolidation Reserve (2007: £0.9m).

UNDISTRIBUTABLE RESERVES

The hedge reserve and other reserves are not available for distribution.

The Company	Share capital £m	Share premium account £m	Hedge reserve £m	Other reserves £m	Retained earnings £m
At 1 July 2006	16.0	56.1	0.3	7.0	99.9
Total recognised income and expense	-	-	0.9	-	8.6
Shares issued	-	1.9	-	-	-
Dividends paid	-	-	-	-	(26.3)
Dividends received from subsidiary companies	-	-	-	-	32.0
At 30 June 2007	16.0	58.0	1.2	7.0	114.2
Total recognised income and expense	-	-	(0.3)	-	(0.3)
Shares issued	-	0.6	-	-	-
Dividends paid	-	-	-	-	(27.3)
Dividends received from subsidiary companies	-	-	-	-	11.0
At 30 June 2008	**16.0**	**58.6**	**0.9**	**7.0**	**97.6**

HEDGE RESERVE

The hedge reserve comprises the effective portion of the gain or loss arising from the fair value of cash flow hedging transactions entered into by the Company that have not yet crystallised.

OTHER RESERVES

Other reserves consists of a £7.0m Capital Redemption reserve (2007: £7.0m).

UNDISTRIBUTABLE RESERVES

The hedge reserve and other reserves are not available for distribution.

NOTE 19. RECONCILIATION OF MOVEMENTS IN EQUITY

	The Group 2008 £m	The Group 2007 £m	The Company 2008 £m	The Company 2007 £m
(Loss)/profit for the period	(139.9)	84.4	5.7	4.5
Dividends on equity shares	(27.3)	(26.3)	(16.3)	5.7
Other recognised income and expense relating to the period (net)	(6.3)	5.0	(6.3)	5.0
Shares issued	0.6	1.9	0.6	1.9
Share-based payment	0.2	0.1	-	-
Movement in LTSIP/SAYE	(0.5)	(1.1)	-	-
Net (decrease)/increase in equity	(173.2)	64.0	(16.3)	17.1
Opening equity	577.8	513.8	196.4	179.3
Closing equity	404.6	577.8	180.1	196.4

As permitted by section 230 of the Companies Act 1985, the income statement of Redrow plc is not presented as a part of these financial statements.

The consolidated (loss)/profit on ordinary activities after taxation for the financial year, excluding intra-Group dividends, is made up as follows:

	2008 £m	2007 £m
Holding company	5.7	4.5
Subsidiary companies	(145.6)	79.9
	(139.9)	84.4

NOTE 20. MOVEMENT IN NET (DEBT)/CASH

The Group	At 1 July 2007 £m	Cash flow £m	Other movements £m	Net movement in the year £m	At 30 June 2008 £m
Cash and cash equivalents	12.2	125.0	(10.1)	114.9	127.1
Bank overdrafts	(20.1)	7.2	-	7.2	(12.9)
	(7.9)	132.2	(10.1)	122.1	114.2
Bank loans	(170.0)	(167.5)	-	(167.5)	(337.5)
Issue costs	0.3	-	(0.3)	(0.3)	-
	(177.6)	(35.3)	(10.4)	(45.7)	(223.3)

The Company	At 1 July 2007 £m	Cash flow £m	Other movements £m	Net movement in the year £m	At 30 June 2008 £m
Cash and cash equivalents	11.5	122.0	(7.1)	114.9	126.4
Bank overdrafts	(61.1)	57.1	-	57.1	(4.0)
	(49.6)	179.1	(7.1)	172.0	122.4
Bank loans	(170.0)	(167.5)	-	(167.5)	(337.5)
Issue costs	0.3	-	(0.3)	(0.3)	-
	(219.3)	11.6	(7.4)	4.2	(215.1)

Other movements comprise amortisation of issue costs, imputed interest on deferred land creditors, actuarial losses on the pension scheme and the movement in fair value of interest rate cash flow hedges.

Notes to the financial statements

NOTE 21. OPERATING LEASE TOTAL COMMITMENTS

	Land and buildings 2008 £m	Other 2008 £m	Land and buildings 2007 £m	Other 2007 £m
Expiring in under one year	-	0.2	-	0.2
Expiring in one to two years	0.1	0.7	-	0.8
Expiring in two to five years	-	0.7	0.2	1.1
Expiring after five years	-	-	-	-

NOTE 22. CONTINGENT LIABILITIES

The Company has guaranteed the bank borrowings of its subsidiaries. Performance bonds, financial guarantees in respect of certain deferred land creditors and other building or performance guarantees have been entered into in the normal course of business.

NOTE 23. RELATED PARTY TRANSACTIONS

Within the definition of IAS 24 (Related Party Disclosures), the Board and key management personnel are related parties. Detailed disclosure of the remuneration of the Board is given in the Remuneration report on pages 42 to 49. A summary of transactions with key management personnel is provided in Note 7c. There have been no other material transactions with key management personnel. There is no difference between transactions with key management personnel of the Company and the Group.

The Company funds the operating companies through both equity investment and loans at commercial rates of interest. In addition, the Company provides its subsidiaries with the services of Senior Management, for which a recharge is made to those subsidiary companies based upon utilisation of services.

The amount outstanding from subsidiary undertakings at 30 June 2008 was £378.9m (2007: £398.0m). The amount owed to subsidiary undertakings at 30 June 2008 was £14.9m (2007: £16.2m).

The Company provides the Group's defined benefit pension scheme, as detailed in note 7e. Expected service costs are charged to the operating businesses at cost. There is no contractual arrangement or stated policy relating to the charge. Experience and actuarial gains are recognised in the Company, via the statement of recognised income and expense.

The Group did not undertake any transactions with The Waterford Company Limited joint venture. The Group's loans to its joint ventures are disclosed in Note 10.

The Group undertook transactions with its Framing Solutions joint venture in the normal course of business. This consisted of the purchase of lightweight steel frames totalling £2.4m during the year to 3 January 2008, the date of disposal when it ceased to be a related party (2007 full year: £5.5m).

NOTE 24. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management consider the key sources of estimation uncertainty and critical accounting judgements relate to:

Carrying value of land held for development and work in progress

The Group carries inventories at the lower of cost and net realisable value less cash on account.

Due to the nature of development timescales, it is routinely necessary to estimate costs to complete and future revenues and to allocate non unit specific development costs between units legally completing in the current financial year and in future periods.

A full review of the net realisable value of inventories was undertaken by the Group as at 30 June 2008 which resulted in an exceptional net realisable value provision of £259.4m:

In respect of land where the construction of homes had commenced, the Group estimated selling prices and costs of its homes under construction. These estimates were based on a combination of experience to date, local market research, current investment yield requirements for private apartments and management experience.

In respect of land where housebuild had not commenced and land could be identified as a distinct parcel, the Group judged it appropriate to assess the net realisable value of the undeveloped land. It prepared estimates using a land appraisal methodology reflecting land as a residual value and used an appropriate financial return to take into account the current housing market conditions and the prevailing financing environment. The estimates reflected management's estimate at the balance sheet date of home selling prices and costs and current estimate of the market required rate of return.

An independent review by a firm of chartered surveyors was commissioned by the Group to support this process.

Pensions

The Group has utilised assumptions including a rate of return on assets, mortality assumptions and a discount rate having been advised by its actuary. To the extent that such assumed rates are different from what actually transpires, the retirement benefit obligations of the Group would change.

NOTE 25. POST BALANCE SHEET EVENTS

(i) Refinancing

On 4 September 2008, the Group successfully concluded its planned refinancing to replace our 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, two operating company offices will become vacant in due course during the year.

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.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Redrow plc will be held at St. David's Park Hotel, St. David's Park, Flintshire on Wednesday 5 November 2008 at 12 noon for the following purposes. All resolutions will be proposed as ordinary resolutions except numbers 10 and 11 which will be proposed as special resolutions.

ORDINARY BUSINESS

Resolution 1 - Annual Report & Accounts
To receive and adopt the Directors' report and the financial statements for the year ended 30 June 2008, together with the Auditors' report.

Resolution 2 - Re-appointment of director
To re-appoint Neil Fitzsimmons as a director.

Resolution 3 - Re-appointment of director
To re-appoint Colin Lewis as a director.

Resolution 4 - Re-appointment of director
To re-appoint Denise Jagger as a director.

Resolution 5 - Re-appointment of Auditors
To re-appoint PricewaterhouseCoopers LLP as external Auditors to the Company, to hold office until the end of the next general meeting at which financial statements are laid before the Company and to authorise the directors to fix their remuneration.

SPECIAL BUSINESS

Resolution 6 - Amendments to the Redrow Long Term Share Incentive Plan 2004
To approve the amendments to the Rules of the Redrow plc Long Term Share Incentive Plan (the "Plan") (a copy of which is produced to the meeting and initialled by the Chairman for the purposes of identification) as follows:

(i) to increase the limit over which an option under the Plan may be granted to an eligible employee in respect of those grants to be made shortly after the 2008 AGM from 125% of that employee's base salary for that year to 200%; and

(ii) where an optionholder ceases to be employed in good leaver circumstances relating to retirement or redundancy to give the ability for options to normally be exercisable only at the end of the normal performance period rather than at the date of cessation and for options to be pro rated in such way as the Directors determine.

Resolution 7 - Approval of Company Share Option Plan
To approve the Rules of the Redrow plc approved Company Share Option Plan ('CSOP') (the principal features of which are summarised on page 88 of the document of which this Notice forms part and a copy of which is produced to the meeting and initialled by the Chairman for the purposes of identification).

Resolution 8 - Remuneration report
To approve the Remuneration report for the year ended 30 June 2008.

Resolution 9 - Authority to allot shares
That the directors, in place of any existing authority conferred upon them for the purpose of section 80 of the Companies Act 1985, be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise all powers of the Company to allot and to make offers or agreements to allot relevant securities (as defined in section 80 of the said Act) up to an aggregate nominal amount of £5,333,734 provided that this authority shall (unless previously revoked or renewed) expire on the date of the next Annual General Meeting of the Company but so that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority had not expired.

Resolution 10 - Authority to disapply pre-emption rights
That, subject to the passing of Resolution 9 as set out in the Notice convening the Annual General Meeting at which this resolution is to be considered and in place of any existing authority given pursuant to section 95 of the Companies Act 1985, the directors be given power pursuant to section 95 of the Companies Act 1985 to make allotments of equity securities (as defined in section 94 of the said Act) pursuant to the authority contained in the said Resolution 9 and to sell shares which are held in treasury wholly for cash as if section 89(1) of the said Act did not apply to such allotments or sale provided that this power shall be limited to:

(i) allotments of equity securities in connection with a rights issue, being an offer of equity securities by way of rights to ordinary shareholders of the Company in proportion (as nearly as may be) to their holdings subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of or the requirements of any recognised regulatory body or stock exchange in any territory; and

(ii) any other allotments for cash or equity securities or sale of shares held in treasury up to a maximum nominal amount of £800,060 and shall (unless previously revoked or renewed) expire on the date which is the earlier of the next Annual General Meeting of the Company or 4 February 2010 save that the said power shall permit the Company to make an offer or enter into an agreement before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if such power conferred had not expired.

Resolution 11 - Authority to purchase own shares
That, pursuant to Article 11 of the Company's Articles of Association, the Company is generally and unconditionally authorised, in accordance with section 166 of the Companies Act 1985, to make market purchases (within the meaning of section 163(3) of the said Act) of ordinary shares of 10p each in the capital of the Company ("ordinary shares"), and that where such shares are held in treasury, the Company may use them for the purposes of its employees' share schemes, provided that:

(a) the maximum number of ordinary shares authorised to be purchased is 16,001,201;

(b) the minimum price which may be paid for an ordinary share is 10p exclusive of expenses payable by the Company;

(c) the maximum price which may be paid for an ordinary share is an amount equal to (i) 105% of the average of the middle market quotations for an ordinary share derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased (exclusive of expenses payable by the Company); and (ii) that stipulated by Article 5(i) of the Buy-back and Stabilisation Regulation (EC 2273/2003); and

(d) the authority conferred shall expire at the conclusion of the next Annual General Meeting of the Company (or 4 February 2010 whichever may be the earlier) except that the Company may before such expiry make a contract to purchase its own shares which will or may be completed or executed wholly or partly after such expiry.

8 September 2008

By order of the Board
Graham Cope
Company Secretary

Registered office:
Redrow House
St. David's Park
Flintshire
CH5 3RX
Registered in England No. 2877315

Notes:

(i) A shareholder entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him.
A proxy need not be a member of the Company. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

A form of proxy is enclosed which, if required, should be completed in accordance with the instructions set out therein and returned so as to reach the Company's Registrars not later than 48 hours before the time of the meeting or any adjourned meeting. Completion of a form of proxy will not preclude a shareholder from attending and voting at the meeting in person if they so wish.

(ii) All shareholders on the Register at 6pm on 3 November 2008 and only those shareholders are entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the Register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

(iii) Copies of the directors' service contracts will be available for inspection at the registered office during normal business hours on any business day and at the place of the Annual General Meeting for at least 15 minutes before the meeting is held until its conclusion.

(iv) The register of directors' interests in the share capital of the Company will be available for inspection at the place of the meeting from 12 noon on 5 November 2008 until the conclusion of the meeting. None of the directors has a service contract which cannot be terminated within one year without payment of compensation.

(v) If you have any questions about the meeting or need any special assistance at the meeting, please contact the Company Secretary at the registered office or telephone 01244 520044 during normal business hours.

EXPLANATORY NOTES TO ANNUAL GENERAL MEETING RESOLUTIONS:

Resolution 2-4 - Re-appointment of directors

The Company's Articles of Association require that each director shall retire from office at the third Annual General Meeting after the Annual General Meeting at which he was last elected or, in the case of a new director, to seek re-election at the first Annual General Meeting following appointment.

Resolution 5 - Re-appointment of Auditors

The Company is required to appoint Auditors at every general meeting at which the accounts are presented to shareholders. PricewaterhouseCoopers LLP were appointed at last year's Annual General Meeting and are willing to seek re-appointment this year. It is normal practice for a Company's directors to be authorised to agree the Auditors' fees. If this resolution is passed, the Audit Committee will approve the fees for recommendation to the Board.

Resolution 6 and 7: The Redrow plc Long Term Share Incentive Plan 2004 (the "LTSIP") and the Company Share Option Plan ("CSOP")

This section outlines the amendments to the LTSIP and the main features of the CSOP.

Following significant adverse change in the housing market the Board has undertaken a review of executive remuneration and proposes to implement a number of changes to the remuneration of senior executives. This includes the proposed amendments to the LTSIP and the adoption of the CSOP. The objective is to put in place an appropriate reward structure with the aim of restoring profitability and creating value for shareholders, as well as being retentive in nature.

LTSIP

It is proposed to amend the rules of the current LTSIP to reinforce the incentivisation and retentive aspect of the LTSIP. As part of this, options granted shortly after the 2008 AGM will be subject to a performance period over five years rather than three as this is regarded as a more appropriate period in the current markets.

Under the existing rules of the LTSIP, an option to acquire shares may be granted to an eligible employee in any financial year provided that the award does not exceed 125% of the employee's base salary for that year. In previous years the awards have equated to 100% of base salary.

Given the extended performance period and to provide a more effective incentive and retentive scheme it is considered appropriate to increase the individual limit in respect of grants made shortly after the 2008 AGM to 200% of base salary. It is intended that for

Notice of Annual General Meeting

subsequent awards these will be for a three year performance period and 100% of base salary.

Furthermore, where an optionholder leaves the Company in good leaver circumstances relating to retirement or redundancy, it is considered appropriate for options normally to only be exercisable at the end of the performance period rather than accelerating exercise to the time the employment terminates. However, to reflect the longer performance period and to ensure that the operation of the good leaver provisions is not unduly restrictive, it is proposed in respect of options granted under the proposed amendments outlined above that pro rating is only applied in respect of the first three years of the performance period.

The CSOP

Under the CSOP options approved by HM Revenue & Customs for tax purposes will be granted. The options will become exercisable after three years, but in relation to options granted to Executive Directors these will become exercisable after five years and will be subject to performance conditions.
Further details of the CSOP are set out below.

(a) Eligibility

Employees and Executive Directors of the Company and any participating subsidiary are eligible to participate in this plan.

The Remuneration Committee will decide which employees to grant options to and the number of ordinary shares under each option.

(b) Performance Conditions

The Remuneration Committee may impose conditions which must be satisfied before the exercise of any option. In relation to Executive Directors, it is intended that for the first grant of options, those options will only be exercisable to the extent that a performance target is met. For the first grant of options this will be an earnings per share target over a five year performance period of 36.0p.

(c) Option price

The option price must not be less than the market value of the shares on the date of grant.

(d) Individual limits

A participant may not hold options granted under this plan or any other HMRC approved discretionary plan over more than £30,000 worth of shares (valued at date of grant).

(e) Exercise of options

Options will normally be exercisable, subject to any performance condition being satisfied, between three and ten years after grant but in the case of the Executive Directors, between five and ten years after grant. Options may however, be exercised early, subject to performance conditions having been met, in good leaver circumstances.

(f) Plan limits

In any 10 year period, not more than 10% of the issued ordinary share capital of the Company may be issued or committed to be issued under the CSOP and all other employee share plans operated by the Company. In addition, in any 10 year period, not more than 5% of the issued ordinary share capital of the Company may be issued or committed to be issued under the CSOP and all other discretionary share plans adopted by the Company. If shares are transferred from Treasury to satisfy options, these will also be counted towards the dilution limits for as long as it is required by the ABI guidelines.

(g) Operation of the CSOP

Options will first be granted within 42 days of shareholder approval of the CSOP. Further options may be granted within 42 days:

- after the announcement of the Company's results for any period;
- of approval by HMRC;
- of any day on which any change to relevant legislation, regulation or government directive that will affect employees' share schemes is proposed or made;
- of the date on which an Eligible Employee first becomes employed by a Participating Company; and
- of other exceptional circumstances arising.

The CSOP will cease to operate 10 years after shareholder approval, or earlier if the Directors so decide.

(h) Amendments to the CSOP

The Directors may amend the CSOP as they consider appropriate. However, alterations to the CSOP will generally be subject to the prior approval of HMRC. In addition, shareholder approval will be required to amend certain provisions to the advantage of participants. These provisions relate to: eligibility; individual and plan limits; option price (where applicable); principal terms governing the vesting and exercise of options; rights of participants; rights attaching to the options or awards; adjustment of options or awards on variation in the Company's share capital and the amendment powers.

The Directors can without shareholder approval:

- make amendments to the CSOP to obtain or maintain HMRC approval;
- make minor amendments to benefit the administration of the CSOP or which relate to any changes in legislation, or which will obtain or maintain favourable tax, exchange control or regulatory treatment for any participating company or any participant

(i) Change of control, merger or other reorganisations

On a take-over, scheme of arrangement, merger or certain other corporate reorganisations, options can generally be exercised early subject to performance conditions and pro rating.

Participants may be allowed to exchange their options for options over shares in the acquiring company.

(j) General

(i) Any ordinary shares issued under the CSOP will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

(ii) Options may be adjusted following any variation in the share capital of the Company.

(iii) Options granted under the CSOP are not transferable.

(iv) Benefits under the CSOP are not pensionable.

Resolution 8 - Remuneration report

Under the Companies Act 1985 (as amended by the Directors' Remuneration Report Regulations 2002) companies are required to ask shareholders to vote on the Remuneration report. The report is contained on pages 42 to 49 of the Annual Report & Accounts.

Resolution 9 - Authority to allot shares

Shareholders are being invited to renew the authority given to directors in previous years to allot unissued shares. If passed, resolution 9 would renew this authority by authorising the directors to allot shares up to an aggregate nominal amount of £5,333,734.

The authority will expire on the date of the next Annual General Meeting of the Company. This represents 53,337,338 ordinary shares of 10p each and is equivalent to approximately 33% of the Company's current issued ordinary share capital.

Resolution 10 - Authority to disapply pre-emption rights

The directors may only allot shares for cash to persons who are not already shareholders in the Company if authorised to do so by the shareholders in a general meeting. This resolution renews authority for the directors to allot shares for cash without first offering them to existing members up to an aggregate nominal amount of £800,060. This sum represents 8,000,601 ordinary shares of 10p each, being equivalent to approximately 5% of the Company's current issued share capital. The resolution also enables the directors to modify the strict requirements for a rights issue in circumstances where they consider it necessary or expedient.

In addition, if the Company has purchased its own shares and holds them in treasury, this resolution would give the directors power to sell these shares for cash to persons other than existing shareholders, subject to the same limit that would apply to issues of shares for cash to these persons.

The authority will expire on whichever is the earlier of the conclusion of the next Annual General Meeting or 4 February 2010.

Resolution 11 - Authority to purchase own shares

The directors are seeking authority as in previous years, to make market purchases of the Company's shares.

The proposed authority would be limited by the terms of the special resolution to the purchases of 16,001,201 shares, an aggregate nominal value of £1,600,120 which is equivalent to 10% of the Company's issued ordinary share capital at 30 June 2008.

In the past, such shares would have been cancelled immediately. However, The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 which came into effect on 1 December 2003 allows companies to hold shares acquired by way of market purchase as treasury stock, rather than having to cancel them. Such shares can subsequently be cancelled, sold for cash or used pursuant to the Company's employee share schemes.

The ability to hold in treasury shares that the Company purchases pursuant to the authority conferred by this resolution would give the Company the ability to re-issue treasury shares quickly and cost-effectively, and would provide the Company with additional flexibility in the management of its capital base. Shareholders should note that this resolution explicitly authorises the Company to use any shares purchased and held in treasury for the purposes of the Company's employee share schemes. If any shares were used in this way, the Company would take them into account when calculating the share issuing limits in the schemes, as long as required under the Guidelines of the Association of British Insurers.

Details of any shares purchased pursuant to the proposed authority would be notified to the London Stock Exchange by 7.30am on the business day following the purchase and to the Registrar of Companies within 28 days. Details would also be included in the Company's Annual Report & Accounts in respect of the financial period in which any such purchases take place. The authority set out in the special resolution will expire on whichever is the earlier of the end of the next Annual General Meeting or 4 February 2010 and the resolution specifies the maximum and minimum prices at which the shares may be bought. Other investment opportunities, appropriate gearing levels and the overall financial position of the Company will be taken into account before deciding upon the course of action.

The directors would exercise this authority only if they felt it would be in the best interests of the Company to do so and would increase earnings per share. To the extent that any such shares were held in treasury, earnings per share would only be increased on a temporary basis, until the shares were transferred out of treasury.

Documents available for your inspection

Copies of the Amendments to the Redrow Long Term Share Incentive Plan 2004 and the Company Share Option Plan will be available for inspection during normal business hours on Monday to Friday each week (public holiday excepted) at the office of Linklaters LLP at One Silk Street, London EC2Y 8HQ from the date of this document up to and including the date of the Annual General Meeting and at the place of the Annual General Meeting from 10.45am until the close of the meeting.

Awards

In recent years, Redrow has won an enviable number of national, regional and development awards, recognising our achievements in terms of design, innovation, sustainability initiatives, service quality and overall business performance. We are justifiably proud of our successes.

▶ National Awards

Best initiative to aid key workers and first time buyers' category
Housebuilding Innovation Awards 2007
Debut by Redrow

TSC Marketplace Innovation Award
Business in the Community Awards for Excellence 2007
Debut by Redrow

▶ Regional and Development Awards

Best Redevelopment
Daily Mail UK Property awards 2008
High recommendation for Knightstone Island, Weston-super-Mare

Best Brownfield Development
Best First Time Buyer Development
Best Conversion Project
Best New Build Village
Daily Telegraph Your New Home Awards 2008
Barking Central by Redrow Regeneration
Commendation for Barking Central
Highly Commended for Knightstone Island, Weston-super-Mare
Commendation for Cwm Calon, Caerphilly

Residential Developer of the Year
People in Property Awards 'Props' Awards Wales 2007
Peter Thomas, Land Director, Redrow Homes (South Wales)

Renewed Neighbourhoods category
RTPI Planning awards 2007
Commendation for Debut @ Willans Green

Best Sustainable Development
What House? Awards 2007
Gold award for Stamford Brook development, Altrincham (joint win with Bryant Homes in association with the National Trust)

Architectural Review Future Project Award 2007
MIPIM (Marché International des professionels de l'immobilier)
Barking Central, Barking Town Centre

Best Apartment in Sussex and 4 stars for Best Marina Development
Daily Mail Property Awards 2007
The Boardwalk, Eastbourne

Housing Project of the Year
Mail on Sunday British Homes Awards 2007
Commendation for Vision @ Devonport

Best Apartment
London Evening Standard Property Awards 2007
The penthouse at The Boardwalk, Eastbourne

Sustainability award and Flintshire Volume Housebuilder award
North Wales Built in Quality Awards 2007
Debut @ St. David's Park, Flintshire

Sustainable Communities award
Royal Town Planning Institute awards 2007
Vision development, Devonport

Glossary

Affordable housing - properties targeted at or reserved for people who are unable to compete effectively for existing market housing in an area.
Average selling price (ASP) - the statistical average selling price of properties ie. total price of homes sold divided by total number of properties.
Brownfield sites - brownfield land is another term for previously developed land, or land that contains or contained a permanent structure and associated infrastructure.
CABE (Commission for Architecture and the Built Environment) - the Government's advisor on architecture, urban design and public space.
Consented land - land which has an outline or detailed planning consent.
Current land - land owned by Redrow which has an outline or detailed planning consent together with land controlled by Redrow, usually under contract, where planning consent is being sought.
Development site - parcel of land which is being developed for residential, commercial and/or mixed use.
EcoHomes - an independent labelling scheme for housing administered by the Building Research Establishment (BRE), which assesses the environmental quality of a development.
English Partnerships - UK government's national regeneration agency.
Exchange - when the customer has exchanged contracts to purchase a Redrow home and has usually provided a deposit.
Forward land - land which is owned or controlled by Redrow, generally under option, which is being promoted through the planning system in order to ultimately achieve a planning consent.
Forward sales - reservations and exchanges for homes that will be legally completed in a subsequent financial period.
Greenfield sites - land that has not previously been used for development, often referring to land in agricultural use.
Hard/soft landscaping - external elements of a development, whether private gardens or communal areas. Hard landscaping includes features such as paving and walls whereas soft landscaping includes trees and plants.
Land bank - a supply of potential development plots.
Legal completion - the transfer of legal ownership has contractually passed from the seller to the purchaser.
Mixed use - development that combines two or more types of development, eg. residential, commercial (retail, office), leisure and/or industrial.
Mortgage approvals - written notification from the mortgage lender to the borrower that approves the advance of a specified amount of mortgage funds under specified conditions.
Open market - method of asset disposal that involves advertising an asset (eg. land) for sale and inviting bids from prospective purchasers. The alternative of 'private treaty' which involves negotiating with a single potential purchaser to agree terms for the disposal of the asset or land.
Option - a contract which gives one side the contractual right but not an obligation to do something.
Part exchange - a means of purchasing a new home whereby the purchaser's existing property is taken by the developer in part payment for the new home they are buying.
Planning consent - the permission required by most property developers and private individuals in the UK in order to be allowed to build on, or change the use of, a plot of land or to redevelop an existing building. Normally granted by the local planning authority (eg. district council, unitary authority or county council). Consent can be granted in either 'Outline', awaiting detailed plans; or 'Detailed' when planning drawings have been submitted and approved.
Planning permission - see Planning Consent.
Plot cost - the cost of the land on which one dwelling is built.
Reservation - a property that has been reserved for purchase – normally by payment of a reservation fee – but legal contracts have not yet been exchanged between buyer or seller to make the transaction legally binding.
RICS - Royal Institute of Chartered Surveyors, the professional body representing and regulating property professionals and surveyors of all types.
Social housing - a form of housing tenure in which the property is owned by a Government authority, which may be central or local. Sometimes applied more generally to affordable housing usually offered through housing associations on a rented or shared ownership basis (see affordable housing).
Strategic land/land bank - see forward land.
Sustainable – sustainable development is an approach towards development that tries to satisfy people's basic needs and good quality of life without compromising the quality of life for future generations.
Urban design - the process of shaping the physical setting for life in cities, towns and villages; the art of making places. It involves the design of buildings, groups of buildings, spaces and landscapes, and establishing the processes that make successful development possible.
Urban regeneration - concerted social, economic and physical action to bring about a lasting improvement in the economic, physical, social and environmental condition of an area.
Waste management - process by which products and by-products generated by individuals, businesses and industry are collected, stored, transported, treated, disposed of, recycled or reused.

Corporate & shareholder information

OFFICERS AND ADVISERS

Company Secretary
Graham A Cope

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Registered No. 2877315

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The Pavilions
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Bristol
BS99 6ZZ

Stockbrokers and Financial Advisers
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20 Moorgate
London
EC2R 6DA

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London
EC1A 1HQ

Auditors
PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors
Linklaters LLP
One Silk Street
London
EC2Y 8HQ

SHAREHOLDER INFORMATION

Dividend Reinvestment Plan ("the Plan")
The Company offers a dividend reinvestment plan that gives shareholders the opportunity to use their cash dividend to buy ordinary Redrow shares through a special low-cost dealing arrangement.

The Plan is run by Computershare Investor Services PLC ("Computershare") and for further information on the Plan and how to join, please contact Computershare at PO Box 1064, The Pavilions, Bridgwater Road, Bristol BS99 3EB (Telephone Number: 0870 702 0000) or the Company Secretary.

Shareholder Discounts
The Company offers a discount of 1% to shareholders off the purchase price of a new Redrow home. In order to qualify for the discount a purchaser must hold a minimum of 2,500 ordinary shares in Redrow plc for a minimum of twelve months prior to the date of reservation.

Details of our current developments are available on our website: **www.redrow.co.uk**

5 year summary

12 months ended 30 June	IFRS 2008 £m	IFRS 2007 £m †	IFRS 2006 £m	IFRS 2005 £m #	UK GAAP 2004 £m *
Turnover	650.1	834.3	770.1	780.4	669.9
Operating profit before financing costs pre-exceptional item	84.5	136.6	132.8	154.0	132.7
Operating profit before financing costs pre-exceptional item as a percentage of turnover	13.0%	16.4%	17.2%	19.7%	19.8%
Operating (loss)/profit before financing costs	(174.9)	136.6	132.8	154.0	132.7
(Loss)/profit for the period	(139.9)	84.4	84.1	96.5	72.6
Net assets	404.6	577.8	513.8	452.5	376.6
Net (debt)	(223.3)	(177.6)	(129.8)	(103.2)	(130.7)
Gearing – net (debt) as a percentage of capital and reserves	55.2%	30.7%	25.3%	22.8%	34.7%
Return on capital employed – operating profit, pre-exceptional item adjusted for joint ventures, as a percentage of opening and closing capital employed pre-exceptional item	10.3%	19.4%	22.0%	28.7%	29.4%
Number of legal completions	3,925	4,823	4,735	4,372	4,284
Earnings per ordinary share	(87.5p)	52.9p	52.9p	60.7p	54.8p
Dividends per ordinary share	9.3p	15.6p	13.0p	10.8p	9.0p
Net assets per ordinary share	252.9p	361.5p	322.0p	284.3p	237.1p

Restated in 2006 for IFRS

* Restated in 2004 for impact of UITF 38 ‘Accounting for ESOP Trusts’

† Restated in 2008 for change of Revenue recognition policy

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REDROW