BUSINESS REVIEW

Sales Market

The housing market during the twelve months ended 30 June 2009 was marked by two distinct periods. The first half of our financial year to December 2008, was a continuation of the extremely weak trading environment experienced in the previous financial year. During this six month period house prices, as measured by the Halifax House Price Index, fell by 10.8%, whilst mortgage approvals were 72% lower in monetary terms than the prior year. Redrow's experience mirrored these statistics, with reservations 48.5% lower than the comparative period in the prior year at 853 units (H1 08: 1,657).

The start of the new calendar year brought about greater stability in the market with pricing pressure moderating significantly. House price indices, mirroring our own experience, registered only modest declines at the beginning of the year before recovering over the last few months.

Mortgage availability remains very constrained in an historic context, with overall mortgage approvals in the six months to June 2009 64% lower than the same period in 2007. The availability of mortgages and the continued practice of down valuation of properties by surveyors acting for mortgage lenders remain the biggest obstacles to a significant recovery in the housing market.

Reservations in the second half of the financial year were down slightly on the same period last year, but more importantly our net sales of private houses were 19.5% ahead. Whilst some of this improvement was attributable to an underlying increase in the number of homes sold, the more significant driver was a markedly lower level of cancellations, which reduced from 37% to 21% as buyer confidence started to return.

During the financial year, Redrow had an average of 87 active outlets, 13% lower than the previous year. New sites were held back to preserve cash in the very weak markets, resulting in active outlets declining steadily to 75 as at 30 June 2009. A number of new developments and new phases on existing developments will be launched during the new financial year and we expect to maintain our average outlets throughout the period at similar levels to those at 30 June 2009.

The Group's forward sales position at 30 June 2009 stood at 1,147 homes (June 2008: 1,189 homes) but within this the level of private sales was 22.0% higher than the previous year, at 600 homes (June 2008: 492 homes).

Revenue

Group revenue was £301.8m, 53.6% lower than the previous financial year (2008: £650.1m), principally as a result of the significant reduction in legal completions and average selling prices.

Residential legal completions totalled 2,113 (2008: 3,925) which was in line with our expectations. Social housing completions, which represented both s106 planning contributions and sales to Housing Associations, were 19% of total legal completions (2008: 15%). This increased proportion was a result of the acceleration, where appropriate, of construction of the social element of housing developments. We envisage that the new financial year will see an increase in the proportion of private legal completions.

The relative weakness of the different market segments within the housing market influenced the sales of our products. The buy to let and first time buyer markets were profoundly impacted by the reduction in mortgage availability, the requirement for much higher deposits and more stringent lending criteria. As a consequence, legal completions of our In the City, Regeneration apartment schemes and Debut homes suffered to a greater extent than that of our mainstay Signature homes, which have a stronger base in family housing and the trade-up market. Our future strategy will see more focus on the family housing market.

Legal Completions	**Private**	**Social**	**Total 2009**	**2008**	**Reduction**
Signature	1,453	387	1,840	3,038	-39%
In the City/Regeneration	149	18	167	462	-64%
Debut	100	6	106	425	-75%
Total	**1,702**	**411**	**2,113**	**3,925**	-46%

Reflecting the significant weakness in the housing market, the Group's combined private/social average selling price reduced by 12.4% to £137,400 (2008 : £156,900). The average selling price of private legal completions stood at £143,700 (2008: £167,900) which we expect to increase modestly in the new financial year as a consequence of product mix changes, assuming the housing market remains stable. In the medium term, our strategic focus on family housing is expected to progressively increase the Group's average selling price of private homes.

Land sales were down significantly in the financial year as a consequence of the virtual disappearance of any meaningful land market. Sales that were achieved were mainly to Housing Associations and Local Authorities and totalled £3.4m (2008: £29.3m). The commercial market was also badly affected although we did sell the retail investment at the Regeneration scheme at Barking and an office investment at Lichfield. Overall, commercial turnover totalled £8.1m (2008: £5.4m). Opportunities for further residential land sales, the disposal of existing commercial stock and surplus offices will be pursued during the new financial year, but ultimate success will depend on an improvement in the residential land and commercial markets.

Gross Profit

We estimate that the dramatic correction in the housing market since the middle of 2007 has seen our overall selling prices decline by around 25% from their peak. This impact, combined with the significant reduction in sales volumes, has had a profound impact upon the Group's profitability.

Whilst we moved very swiftly to reduce costs across all areas of activity, overhead and site-related marketing costs increased significantly as a proportion of revenue. Despite sales and marketing costs reducing during the year by 39% over the previous year, they nevertheless increased as a proportion of revenue from 3.2% to 4.2%. Similarly, at a site level, we targeted significant reductions in stock and stopped production across many sites. However, we continued to incur a residual level of fixed costs that, in turn, had a detrimental impact upon our gross margin. Overall, our gross profit before exceptional items reduced to £5.4m (2008: £120.5m) and our gross margin was 1.8% (2008: 18.5%).

Overheads

In July 2008 in response to the deteriorating markets, we announced the closure of our North West office near Warrington and Southern office in Basingstoke and significantly reduced headcount across the Group. With the continued decline in the housing market experienced in the run up to Christmas 2008, we subsequently announced the closure of our Yorkshire office at Wakefield and South Midlands office at Northampton and made further Group-wide reductions. From employee numbers of 1,154 at 30 June 2008, we reduced our headcount to 652 in April 2009.

Since April 2009 we recommenced construction activity in a carefully controlled manner across all our existing developments and several new sites, which were previously 'mothballed'. As construction has increased we have gradually started to recruit again, in many cases approaching staff who were made redundant previously. This recruitment is largely site-based but also encompasses some positions at a managerial level to ensure we can appropriately control the growth in activity.

We considered and implemented broader actions across our employee base to control cost. Bonus schemes were reduced in respect of the maximum award achievable and in July 2009 salaries were generally frozen for their second successive year.

Board costs were also reduced during the year, following Steve Morgan’s return to Redrow, initially as Deputy Chairman and, subsequently, from 30 June 2009 as Chairman. Steve is contracted to provide three days’ services per week, although since returning he has committed a much greater level of his time to the business.

Administration costs before exceptional items were 22.8% lower at £27.8m (2008: £36.0m).

Operating Loss, Financing Costs and Joint Ventures

The Group reported an operating loss of £22.4m (2008: £84.5m profit) before exceptional items and financing costs.

Average bank debt for the financial year ended 30 June 2009 was approximately £20m lower at £258m (2008: £278m). Money market interest rates fell significantly during the period, with the average of 3 month money market rates standing at 2.6% (2008: 6.0%). However, the level of facility fees and higher margins incurred on the Group’s refinancing in September 2008 meant that the underlying net interest charge increased to £21.6m (2008: £18.0m). This figure includes £1.7m relating to the imputed interest charge arising on land creditors (2008: £3.1m).

The 50% share of the Joint Venture to re-develop Watford Junction Railway Station holds certain rights and land assets which are viewed as important to the success of this scheme. Although progress was made in negotiations with various stakeholders, development of this project is not expected in the near term. Redrow’s share of the loss during the period after interest and tax was £0.2m (2008: £1.0m).

The loss before tax from continuing operations and before exceptional items was £44.2m (2008: £65.5m profit).

Exceptional Items

During the financial year a number of one-off costs were incurred relating to the restructuring of the Group, including the Board changes announced in March 2009, and the further provisions required in relation to the carrying value of land and work in progress. Partially offsetting these costs was a significant pension credit which arose as a consequence of both changes made to the defined benefit section of the pension scheme which capped increases in pensionable salary and also as a consequence of the redundancies during the year. These exceptional items are summarised below:

	£m
Redundancy costs arising on Group restructuring	4.3
Impairment for surplus offices	1.2
Pension curtailment credit (non-cash)	(14.5)
March 2009 Board restructuring (incl. advisory fees)	2.4
Net realisable value provision against land and WIP	96.5
Provision against onerous contracts	6.7
Total exceptional costs	**96.6**

Restructuring Costs

The significant reduction in headcount following the redundancy and office closure programme instituted gave rise to a cash cost of £4.3m. In addition, £1.2m was provided in relation to the carrying value of those premises we have identified as available for sale. The Company's actuary has calculated that following the capping of increases in pensionable salaries together with the impact of redundancies, a significant pension curtailment credit arose which amounted to a net £14.5m. This does not have a direct cash impact upon the Group's financial position but is reflected in the reduced liabilities within the defined benefit section of the Group's pension scheme arising from these scheme changes and reduced active membership. The number of active members in this section of the pension scheme fell from 240 at 1 July 2008 to 157 at 1 July 2009.

The cost of the Board restructuring agreed in March 2009 was £2.4m including the Company's advisory costs in relation to Board changes following Steve Morgan's return. The figure also includes the compensation payment made to Neil Fitzsimmons for loss of office in relation to his stepping down as Chief Executive.

Net Realisable Value Provisions and Provisions Against Onerous Contracts

The continued downturn in the housing market experienced during the year has required the Directors to once more review the carrying value of land and work in progress. In respect of the previous financial year, the Directors had undertaken a detailed review of the net realisable value of all the Group's land holdings as at 30 June 2008. This applied to both plots in development, or which the Group was committed to develop (referred to as Type 1 plots) and that element of the land bank where no commitment to develop had been made (referred to as Type 2 plots). The Board has adopted a similar approach at 30 June 2009 and once more engaged external professional advice to support this review process.

The gradual improvement in the stability of the housing market seen over the last six months, combined with the Group's progress in line with its debt objectives, has enabled development to commence on 'mothballed' sites and new phases on existing land holdings to be started. This in turn has allowed approximately 5,300 plots to be transferred from Type 2 to Type 1 plots. The remaining plots categorised as Type 2 now largely constitute sites where either the planning consent and product is not in keeping with the Group's future strategic direction or later phases of large sites which, in both cases, Redrow would be willing to exchange or sell to liberate capital.

	Plots	
	June 2009	**June 2008**
Type 1	9,300	5,400
Type 2	3,200	9,500
Total	**12,500**	**14,900**

The net realisable value of the Type 2 sites has been assessed on the basis of the estimated proceeds that could be realised from their sale in the open market. Given the very limited level of activity in the land market over the last twelve months, this has been estimated by assessing the likely level of financial return appropriate for developers in the current market in order to impute a land value. This work was supported by the external valuers. The net realisable value provision recognised in the financial year ended 30 June 2009 in respect of Type 2 plots has resulted in an exceptional charge of £56.5m. This additional provision reflected the downward movement in pricing, together with an assessment of costs to complete the developments. More than offsetting this charge was a net provision release totalling £145.4m which almost exclusively related to the reclassification of Type 2 to Type 1 plots. The net exceptional credit recognised during the financial year in respect of Type 2 plots was £88.9m. The total net realisable value provision in respect of the Type 2 land as at 30 June 2009 was £116.5m (June 2008: £218.1m).

Following the transfer of the majority of Type 2 plots to Type 1, 74% of the Group's owned land bank with planning now constitutes Type 1 plots. The net realisable value of these plots was estimated by comparing our assessment of selling prices against cost of completion. Whilst the housing market has remained relatively stable for the last six months, we remain concerned that there is a risk of further modest fluctuations in house prices and have therefore included an allowance for such a pricing environment. In addition, the provision allows for costs based upon a slower rate of sale, more consistent with our experience during the financial year ended 30 June 2009. We have also included an estimate of cost relating to direct overhead expenses attributable to the process required to achieve the legal completion of a home. These factors, taken together with the transfer of plots from Type 2, have resulted in an exceptional charge recognised in the year of £185.4m. When this is netted against the exceptional credit of £88.9m arising on Type 2 plots, the net exceptional cost in respect of net realisable value provisions in the financial year ended 30 June 2009 was £96.5m. The net realisable value provision as at 30 June 2009 in respect of Type 1 plots was £202.9m (June 2008: £41.3m).

The net realisable value provisions will continue to be reviewed at future reporting dates to assess their appropriateness in the context of prevailing market conditions and the re-assessment of net realisable value and costs. On the basis of the carrying value of land and work in progress as at 30 June 2009 and the prevailing market conditions, the Directors do not believe any further net writedown of inventory will be required.

During the financial year ended 30 June 2009, the Group successfully re-negotiated contractual commitments on future land purchases and also saw a number of contracts lapse. However, the Directors have provided £6.7m against a number of contracts viewed as onerous.

Loss Before Tax and Earnings per Share

The Group is reporting a loss before tax and after exceptional items of £140.8m (2008: £193.9m). The basic loss per share from continuing operations before exceptional items was 19.3p (2008: 28.8p of earnings). The basic loss per share from continuing operations including exceptional items was 62.8p (2008: loss of 86.3p).

Land

			June 2009	June 2008
Current Land				
Owned with planning			12,500	14,900
Contracted plots			630	1,550
Current land bank			13,130	16,450
Forward Land				
Owned without planning			400	900
Options	-	allocations	9,000	8,700
	-	realistic prospect	13,400	16,550
			22,800	26,150

The Group's land holdings comprises of both a current and forward land bank. As at 30 June 2009, the current land bank consists of 12,500 plots owned with planning (June 2008: 14,900) and 630 contracted plots (June 2008: 1,550 plots). The owned land is reflected in our balance sheet, together with deposits in respect of contracted land, land for commercial development and sundry land holdings, including forward land without planning. As at 30 June 2009, land in the Group's balance sheet was £299.9m (June 2008: £385.4m).

We responded to the downturn in the housing market by curtailing our land buying activities and as a result the level of land controlled under contract reduced to 630 plots (June 2008: 1,550). It was only in June 2009, when greater stability emerged, that we contracted and completed on our only new site purchase of the year which was on deferred terms. Including other sites where we had contractual commitments, we purchased a total of 778 plots during the year at a cost of £45.0m. The number of plots within our owned land bank has been influenced by the re-planning exercise undertaken following our strategic focus back to family housing. The level of apartments and three storey housing has been reduced and, overall, plot numbers have reduced by 8%. Within our owned land bank as at 30 June 2009, we had 23 sites with planning not currently on sales release which represent a source of new outlets for Redrow.

As at 30 June 2009, the net realisable value provision against land and work in progress was £319.4m (June 2008: £259.4m) with £270.5m against land and £48.9m against work in progress. The average plot cost of the owned land bank after NRV provision and taking into account all the plots in the Group's land bank was £23,000 (June 2008: £25,100). However, if the impact of the residual In the City apartment schemes, Debut product and social housing (to which we have allocated nil land value) is taken into account, the average plot cost of the balance of the land bank increases to £27,000 which is more indicative of the plot cost of future private legal completions.

Our forward land portfolio is an important long term source for Redrow. We look to secure sites under option which will provide a pipeline of potential future land supply, under which the purchase price is fixed by reference to a contractual discount to the open market value 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 forward land are fully provided against as incurred so there is no associated balance sheet risk if the site is not subsequently developed. Option payments are also fully provided against as incurred and, as a consequence, there is no value relating to options included in the Group's net assets as at 30 June 2009.

We achieved notable success at a long held forward land site at Liverpool where we were granted an outline planning consent for 450 units in October 2008. This is now included in our current land bank. We also own forward land without a planning consent representing 400 plots (June 2008: 900 plots).

We have reviewed our forward land bank under option as at 30 June 2009 which amounted to 22,800 plots (June 2008: 26,150 plots). The reduction is in line with a fresh assessment of both viability and planning prospects.

Work in Progress

The Group's focus during the first half of the financial year and continuing up to March 2009, has been on reducing stock levels and the construction of sold plots, or completing build to an appropriate point in the construction process. As a consequence of this action we successfully reduced our stock levels of completed homes by over 500 to 435 homes.

In the nine months to March 2009 we built the equivalent of just 630 homes, excluding the Group's In the City and Regeneration apartment schemes. However, with evidence of greater stability in the housing market we increased construction activity more generally in the final quarter of our financial year with our construction output increasing to an annualised rate of 1,600 homes. This has continued into the new year and is now more in line with our budgeted completions.

As at 30 June 2009, work in progress was £268.4m (June 2008: £368.0m), which includes £2.8m attributable to 26 owned part-exchange properties (June 2008: £13.7m, 92 properties). Part-exchange continues to represent a very small component of the Group's marketing proportion.

During the year, the sale of new build property using shared equity as an incentive became more prevalent in the market place. Whilst we had, historically, used deferred consideration and shared equity within our low average selling price Debut range, we had not previously used this across the business. In the year ended 30 June 2009 we did introduce this on a targeted basis as an aid to sell stock properties, supplemented by the Government's HomeBuy Direct scheme. As at 30 June 2009, receivables in respect of shared equity and deferred consideration incentives totalled £4.0m (June 2008: £3.5m). With the successful reduction in stock levels achieved in the last financial year, we have now largely withdrawn the shared equity incentive and its use is principally focused on Debut and HomeBuy Direct homes.

Creditors

Land creditors have, historically, represented an important source of funding for land purchases. However at the peak of the housing market it did become more difficult to obtain deferred payment terms. In the current weaker land market we expect to see more land purchases contain a larger element of payment deferral. This structure will assist in the Group's objective of increasing the speed of its capital turn and improving its return on capital employed.

As at 30 June 2009, land creditors had reduced to £53.4m (June 2008: £92.6m) of which £27.1m is due for payment within one year (June 2008: £68.5m). This reduction in land creditors and the associated land payments made during the year influenced the relatively modest reduction in net debt achieved during the period. In addition, the level of trade payables due within one year reduced significantly from £111.0m at June 2008 to £86.0m at June 2009. This movement, which absorbed cash generated by operations, was a function of the marked impact the slowdown in construction activity had on trade creditors. Redrow has endeavoured to abide, throughout the markets of 2008 and 2009, by agreed payment terms with its supplier and sub-contractor partners, recognising their important role to the business.

Net Debt and Cash Flow

Net debt reduced to £214.6m at 30 June 2009 (June 2008: £223.3m, December 2008: £269.1m). The pace of reduction in net debt has been managed over the last financial year to ensure that appropriate levels of headroom remain within the Group's banking covenants to allow investment into land and work in progress in the new financial year.

In the financial year ended 30 June 2009 there was a cash outflow from operations of £12.1m (2008: £21.6m inflow) and this reflected the operating loss for the year which was almost entirely offset by a net reduction in working capital. Cash generated from the reduction in inventory was £189.6m (2008: £232.8m). As a result of both payments in respect of land commitments and the marked reduction in build activity on site which resulted in a reduction in amounts owed to sub-contractors and suppliers, there was a cash outflow of £75.2m in respect of trade and other payables (2008: £46.7m).

We continue to anticipate a cash inflow from operations during the course of the new financial year which is expected to lead to a reduction in net debt by 30 June 2010. As at 30 June 2009, there were 325 completed stock homes at the Group's In the City schemes at Hemisphere and Jupiter. Together with the 136 new homes nearing build completion in the Tower phase at the Regeneration scheme at Barking, there exists a continued opportunity to liberate cash from this element of work in progress. Land cash commitments for the new financial year at 30 June 2009 were at a lower level than the same stage last year with £35m of these commitments falling due for payment in the new financial year. Furthermore, the significant reduction in trade creditors as a result of the significantly lower level of construction activity in the financial year ended 30 June 2009 is also anticipated to reverse as build increases.

The net cash inflow from operating activities was £7.4m (2008: £20.8m outflow) which reflected the receipt of £40.4m in tax, offset by interest paid of £20.9m.

Financing and Treasury Management

As a UK based house builder, the main focus of Redrow's financial risk management lies with the management of liquidity and interest rate risk. Financial management is conducted centrally using policies approved by the Board.

Liquidity and Facilities

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

During the year, in September 2008, the Group successfully concluded its bank refinancing to replace facilities which were due to mature in Autumn 2009. The new facilities consist of an unsecured £175m amortising term loan scheduled to be fully repaid by March 2011 and an unsecured £275m credit facility. The facilities agreed in September 2008 have a suite of covenants and pricing appropriate to the market conditions prevailing at that time and which are considered competitive today having been negotiated prior to the further significant tightening in the banking market which followed the collapse of Lehman Brothers.

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.

The Group keeps its facilities under constant review and maintains regular contact with its banks and advisors to ensure that its facilities remain appropriate to strategic and operational objectives and market conditions.

Interest Rate Risk

The Group is exposed to interest rate risk as it borrows money at floating rates. The Group's interest rate risk arises primarily from long term borrowings and in order to manage the risk, the Group enters into simple risk management products, almost exclusively interest rate swaps. All interest rate swaps are sterling denominated and these are not used for speculative or trading purposes.

Pensions

The Group provides funded defined benefit pension arrangements and funded defined contribution arrangements within its pension scheme. The defined benefits section of the pension scheme is closed to new entrants.

The formal triennial valuation of the defined benefits section of the pension scheme as at 1 July 2008 was concluded in July 2009. As part of this process the Group recognised that, whilst the defined benefit pension arrangements were viewed by members as an attractive and valuable benefit, increasing costs arising from longer life expectancy, falling interest rates and poor returns on assets potentially made future funding unsustainable. After consultation with the active members of the defined benefit section of the scheme, it was agreed that from 1 July 2009 increases in pensionable salary will be limited to the lower of base salary increases, increases in inflation, or 2.5%. This action enabled the Group to keep the defined benefits section open to future accrual for current members whilst ensuring Group costs are appropriately controlled.

As at 30 June 2009, the Group financial statements showed a £2.8m surplus (2008: £0.2m deficit) in respect of the defined benefit section of the pension scheme, as calculated on an IAS 19 basis. Amounts credited against income in the year included a £14.5m curtailment benefit net of past service cost, as a result of the impact of the changes to scheme benefits and redundancies arising from the restructuring programme undertaken by the Group during the year.

Tax

During the year the Group received refunds on corporation tax previously paid of £40.4m. This reflected the refund of on-account corporation tax payments for the year ended 30 June 2008 and refunds arising from the carry back of losses which arose in the year ended 30 June 2008 against profits made and taxed in the year ended 30 June 2007.

As a consequence of the difficult trading conditions in the year and further net realisable value provisions, the Group reported a post tax loss for the year ended 30 June 2009. The Group’s tax rate for the year was 28.7% and the expected effective rate for 2009/10 is 28.0%. A deferred tax asset is carried in relation to the pre tax losses at 28.0% for use against future profits and is considered to be fully recoverable.

Dividends

No dividends have been proposed in respect of the financial year ended 30 June 2009 (2008: 9.3p per share) and it is not currently envisaged that a dividend will be proposed in the new financial year. Once the housing market's recovery is more broadly based and the business has re-established a sustainable earnings stream, the Board will consider the resumption of dividend payments, maintaining a suitable coverage ratio.

People

We know that our objectives can only be achieved through the contribution of our people. Whilst we have had to downsize to match our overheads to the prevailing market conditions we have recognised the need to develop and motivate our remaining workforce to ensure we retain their skills for the upturn. It has therefore remained a key part of our strategy to continue to invest in quality training and development for our employees.

We have again provided training opportunities for all levels of employees. Our in-house training facility completed around 1,500 training days during 2008/2009, involving 631 employees. The fourth year of our Redrow Site Manager Accreditation Programme produced a further 5 Assistant Site Managers, bringing the total number of graduates to 36.

We are particularly pleased that Syd James, a successful Assistant Site Manager from the 2007 programme has been promoted to running his own site and was awarded an NHBC Quality Award this year.

We have, for the first time, worked with the NHBC to offer NVQ Level 4 to our Site Managers and the first group of 8 managers are progressing well through the programme.

Recognising the success of our partnership with the NHBC in achieving Construction NVQs, we are currently piloting both Levels 2 and 3 in the Sale of Residential Property for a group of 11 Sales Managers and Sales Consultants. This will build on the success of the in-house Sales Accreditation Programme and confirms the importance to Redrow of high quality customer service.

Health and 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 fourth year running from the Royal Society for the Prevention of Accidents (RoSPA). Our total number of accidents reduced by 75% with 12 injuries (2008: 49) requiring reporting under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).

We do of course remain disappointed that during our restructuring we have had to say farewell to many colleagues who have made a positive contribution to Redrow. We thank them for their past commitment and wish them success in future opportunities. We hope to re-employ as many of them as possible as market conditions improve. Our remaining employees recognise the changed landscape of the industry and we have implemented a pay freeze for the vast majority of them.

It is of course vital that we provide incentives to our employees to share in the future success of our business and we will continue to operate our SAYE Scheme which is open to all employees. Following shareholder approval we introduced an HM Revenue and Customs Approved

Company Share Option Plan last year under which we awarded share options to Directors and Senior Managers within the business.

Summary

The future strategy of the business has been clearly defined: Redrow is returning to its historic strength in family housing built around a core range of housetypes. We have re-designed our product and are currently rolling out the New Heritage Collection across our developments in order to launch across the Group from 1 January 2010. We are replanning our owned land bank to increase the focus on family housing. We will look for opportunities to expand our land portfolio at appropriate financial returns in the new financial year and continue to keep our capital structure under review. With the gradual recovery of the economy and the measures we have taken to set a new direction for our business we believe we are well placed to drive significant improvement to our future financial returns.