



Rights Issue and Acquisition

23 September 2009



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Overview of the Rights Issue and Harrow Estates Acquisition



- Redrow is proposing a rights issue to raise net proceeds of £150 million
- Rights issue:
 - Strengthens balance sheet
 - Secures relaxation of restrictive banking covenants
 - Provides Redrow with greater financial flexibility for future growth
 - Enables expansion of land bank
- £15 million acquisition of Harrow Estates – an immediate use of proceeds

Rights Issue Terms and Structure



- Size: approx £150 million (net of expenses)
- Irrevocable undertaking from Bridgemere and Durcan (entities controlled by Steve Morgan) to take up full 29.9% entitlement; remainder of issue underwritten
- Terms
 - 13 new shares for every 14 existing shares
 - Issue price of 105p
 - Discount to Theoretical Ex-Rights Price (TERP) of 38.8%
- Structure: rights issue
 - Subject to shareholder approval at EGM
 - Harrow Estates acquisition subject to separate shareholder approval and conditional on the rights issue
 - Nil paid trading period of two weeks subject to new FSA rule change
- Directors intend to subscribe for their full pro-rata entitlements

Strengthening the Balance Sheet



- Net gearing of 73% (June 2009) reduced to pro forma 18% post rights issue and acquisition
 - Net debt reduced to c.£80 million in immediate term
- Rights issue reduces constraints imposed by current banking facilities
- Existing banking facility subject to certain amendments
 - £150 million term loan repaid and cancelled
 - £275 million RCF reduced to £250 million
 - Constraint on acquisition of land removed
 - Participation in joint ventures now permitted
 - Appropriate financial covenant package agreed
- Capital structure positioned for expected trading environment

Strategy for Future Growth



- Re-entering the land market
 - Land teams fully engaged in new land opportunities
 - Land transaction volumes remain modest but likely to increase
 - Focus on joint ventures and low capital intensive projects
 - Harrow Estates acquisition and immediate deployment of proceeds
- New Heritage Collection
 - Return to family housing
 - Increase in average selling price
 - Site re-planning
- Clear focus on ROCE
 - Increasing speed of build
 - Landbank optimisation and move away from capital hungry developments

Harrow Estates Acquisition



- Harrow Estates acquisition provides:
 - Five current land sites selected by Redrow
 - Pipeline of seven sites under option to Redrow
 - Excellent and complementary skill base through Harrow Estates team
- Immediate investment of £15 million of proceeds from rights issue
 - Current land assets of £12.3 million; independent valuation undertaken
 - Option payment of £1.1 million for significant strategic land assets
 - Goodwill of £1.6 million supported by Harrow Estates skill base and track record
- Harrow Estates team
 - Strong track record in remediation and planning
 - Working on a number of existing opportunities
- Harrow Estates acquisition focuses Steve Morgan's UK land interests through Redrow

Five Current Land Sites to be Acquired from Harrow Estates



- Immediate addition to North-West, Yorkshire and Midlands businesses
- Potential to be on-site quickly (H1 2010)
- Opportunity for improved ASP mix from New Heritage Collection

Site	Approximate Size	Expected Plots	Description
Halifax, West Yorkshire	7 acres	89	<ul style="list-style-type: none">● Available for immediate development (has planning consent)
Cadishead, Greater Manchester	8 acres	127	<ul style="list-style-type: none">● Outline planning consent● Detailed planning application to be submitted
Hartford, Cheshire	3 acres	20	<ul style="list-style-type: none">● Located within existing settlement boundary● Part of site has residential planning consent
Telford, Shropshire	21 acres	250	<ul style="list-style-type: none">● Outline planning application for residential development has officer recommendation to approve
Tipton, West Midlands	8 acres	121	<ul style="list-style-type: none">● Outline planning consent for up to 121 dwellings

Seven Land Sites under Option to Redrow



- Options to purchase seven land assets at 96% of open market value
- Redrow to take all actions required to obtain planning permissions and other consents
- Redrow will be reimbursed by Bridgemere for external development/remediation costs

Site	Approximate Size	Description
Hauxton 1, Cambridgeshire	40 acres	<ul style="list-style-type: none"> ● Residentially led mixed use development - draft allocation in the Site Specific Development Plan Document
Hauxton 2, Cambridgeshire	42 acres	<ul style="list-style-type: none"> ● Waste water treatment plant in green belt with an agreed planning objective to replace built form with a lower impact residential development
Horsforth, Leeds, W Yorkshire	47 acres	<ul style="list-style-type: none"> ● Pre-planning negotiations in progress ● Redevelopment / remediation applications during next 6 months
Preston, Lancashire	6 acres	<ul style="list-style-type: none"> ● Site investigation complete ● Submission of application for residential development during next 12 months
Chester, Cheshire	0.5 acres	<ul style="list-style-type: none"> ● City Centre mixed use development opportunity
Hartford, Cheshire	76 acres	<ul style="list-style-type: none"> ● To be promoted on a strategic basis via the local development framework
Clayton, Manchester	44 acres	<ul style="list-style-type: none"> ● Application for residential development has benefit of resolution to grant planning permission

Rights Issue and Harrow Estates Acquisition Positions Redrow for Future Growth



- Stability appears to be returning to market
- Pricing for the first 12 weeks of FY10 has been slightly ahead of expectations
- Reservations comfortably ahead of last year
- Affordability has improved as a result of the reduction in house prices and lower interest rates
- Mortgage availability and valuations remain key to a more widespread recovery
- Clear need for new homes in the UK once economic and homebuyer confidence is restored
- Given industry rationalisation and rights issue, Redrow is well placed for future growth



Appendix



Key Timetable of Events



23 September	Equity issue announced
23 September	Circular posted / Prospectus published
19 October	EGM
20 October	Nil paid rights commence trading
3 November	Last day for acceptance and payment in full
4 November	Rump placing
4 November	Dealing in new, fully paid, ordinary shares commences