

Redrow PLC
24 April 2012

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Any investment decision must be made exclusively on the basis of the final prospectus to be published by the Company (incorporating a circular for the purposes of the Listing Rules) (the "Prospectus") and any supplement thereto in connection with the admission of new ordinary shares of the Company ("New Shares") to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities ("Admission"). Copies of the Prospectus will, following publication, be available from the Company's registered office.

24 April 2012

Redrow plc

Firm Placing of 14.9 million New Shares at 130 pence per New Share and Open Offer of 46.3 million New Shares at 130 pence per New Share

The Board of Redrow (the "Company" or "Redrow") today announces a share issue by way of a Firm Placing and Open Offer to raise gross proceeds of approximately £79.6 million through the issue of New Shares at 130 pence per New Share, an 11.1 per cent. premium to yesterday's close of 117 pence.

- £19.4 million will be raised through a Firm Placing of 14.9 million New Shares to Bridgemere Securities Limited ("Bridgemere"); and
- £60.2 million will be raised through a 3 for 20 Open Offer at 130 pence per New Share, fully underwritten by Bridgemere.

Summary

- In line with the Company's stated strategy to focus on a number of specific opportunities in the London residential market that would deliver attractive returns on capital, and in line with the expectation that it expects prime regional sites to continue to be made available, it today announces a Firm Placing and Open Offer to raise proceeds to:
 - further grow the London division; and
 - take advantage of other strategic land opportunities outside of London.
- The Open Offer is to be made on the basis of 3 New Shares for every 20 Existing Shares held on the Record Date, at a price of 130 pence per New Share.
- The Open Offer is underwritten by Bridgemere, which is ultimately controlled by Steve Morgan, the Executive Chairman of Redrow, and the placee of the Firm Placing will also be Bridgemere – as a result, Bridgemere's shareholding will pass through 30 per cent. and therefore, the Firm Placing and Open Offer will require the approval of shareholders at a general meeting, expected to take place on 10 May 2012, including resolutions to:

- waive Steve Morgan's obligation to make a mandatory offer for the Company in accordance with Rule 9 of the City Code; and
 - approve the Firm Placing as a related party transaction in accordance with Chapter 11 of the Listing Rules,
- whereby both resolutions will need to be approved for the Firm Placing and Open Offer to proceed.
- Bridgemere is underwriting the Open Offer for no fee, therefore saving considerable costs for the Company that would otherwise be incurred.
 - HSBC is acting as sole financial adviser, sole sponsor and joint bookrunner to the Company and BofA Merrill Lynch and J.P. Morgan Cazenove are acting as joint bookrunners.

Commenting on today's announcement, Steve Morgan, Executive Chairman of Redrow, said:

"Redrow has made good progress under a strategy designed to return it to its roots, selling high-quality, differentiated family homes. We now believe the time is right to accelerate that strategy by taking advantage of the development opportunities we see. During the year to date we have secured planning on over 3,000 plots from our forward land bank, acquired new sites totalling £50 million within Harrow Estates and commenced construction on our two largest London sites. There are an increasing number of land opportunities both in London and in the regions and as such we are looking to raise further capital to enable us to take advantage of these opportunities as they arise."

Alan Jackson, Senior Independent Director of Redrow, said:

"Since Steve Morgan returned to Redrow the Group has made significant progress under a compelling strategy that has seen the business re-established as one of the leading premier homebuilders in the UK. The time is now right to raise funds to accelerate that strategy so we can take advantage of development opportunities that we have identified.

The structure we have chosen will mean a further substantial investment in the business by Bridgemere at a premium to the current share price - underlining its confidence in and commitment to the business and its future prospects. The Board believes the level of Steve Morgan's beneficial interest in the business is appropriate and consistent with the nature of his historic and on-going relationship with Redrow and shows that his interests continue to be tightly aligned with those of other shareholders."

Expected timetable of events:

<i>Event</i>	<i>Date</i>
Record date for entitlement under the Open Offer	20 April 2012
Prospectus posted to Existing Shareholders	24 April 2012
Expected ex-entitlement date for the Open Offer	24 April 2012
Open Offer Entitlements credited to stock accounts of CREST Shareholders in CREST	25 April 2012
Recommended latest time for withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 2 May 2012
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 3 May 2012
Latest time and date for splitting Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 4 May 2012
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments by registered Shareholders for the Extraordinary	11.00 a.m. on 8 May 2012

General Meeting

Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instruction (as appropriate) 11.00 a.m. on 9 May 2012

Announcement of acceptances by Shareholders 7.00 a.m. on 10 May 2012

General Meeting 10:00 a.m. on 10 May 2012

Admission to the Official List and commencement of dealings in New Shares fully paid on the London Stock Exchange 8.00 a.m. on 11 May 2012

Expected date for crediting of New Shares to CREST accounts in uncertificated form 8.00 a.m. on 11 May 2012

Expected date of despatch of definitive share certificates for New Shares in certificated form 18 May 2012

Enquiries:

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Charles Packshaw
Simon Cloke
Keith Welch

Sole Sponsor and Joint Bookrunner
Nick Donald
Stuart Dickson

BoA Merrill Lynch 020 7628 1000
Joint Bookrunner
Andrew Tusa
Edward Stratton

J.P. Morgan Cazenove 020 7588 2828
Joint Bookrunner
Andrew Truscott
Nicholas Hall

There will be a presentation to analysts at the J.P. Morgan Cazenove offices, 20 Moorgate, London, EC2R 6DA at 10.00 a.m. today. Participants must register by contacting Susanna Voyle or Lucy Legh at Tulchan Communications on 020 7353 4200.

A copy of the Prospectus will be submitted to the National Storage Mechanism and will shortly be available for inspection at: www.Hemscott.com/nsm.do. Terms used in this announcement shall have the same meaning as set out in the Prospectus.

Copies of the Prospectus will be available for collection at the Company's registered office situated at:

Redrow plc
St David's Park

Flint
CH5 3RX
United Kingdom

This announcement shall not constitute an offer to buy, sell, issue, subscribe for or otherwise acquire, or the solicitation of an offer to buy, sell or issue, subscribe for or otherwise acquire any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

This announcement has been issued by and is the sole responsibility of Redrow. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by HSBC Bank plc, J.P. Morgan Securities Ltd. or Merrill Lynch International, or by any of their respective affiliates or agents as to, or in relation to, the accuracy or completeness of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any responsibility or liability therefor whether arising in tort, contract or otherwise is expressly disclaimed.

This announcement contains certain forward-looking statements which may include reference to one or more of the following: the Group's financial condition, results of operations, cash flows, dividends, financing plans, business strategies, operating efficiencies, budgets, capital and other expenditures, competitive positions, growth opportunities for existing products, plans and objectives of management and other matters. Statements in this announcement that are not historical facts are identified as "forward-looking statements". Such forward-looking statements, including, without limitation, those relating to future business prospects, revenue, interest costs and income of the Group, wherever they occur in this document, are necessarily based on assumptions reflecting the views of Redrow and involve a number of known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements to differ materially from those expressed or implied by the forward looking statements. Such forward-looking statements should, therefore, be considered in the light of various important factors. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation, economic and business cycles, the terms and conditions of Redrow's financing arrangements, competition in Redrow's principal markets, acquisitions or disposals of businesses or assets and trends in Redrow's principal industries. These statements are further qualified by the risk factors disclosed in this announcement that could cause actual results to differ materially from those in the forward-looking statements. See the section of the Prospectus entitled "Risk Factors" for further details.

These forward-looking statements speak only as at the date of this document. Nothing in this paragraph is intended to qualify the working capital statement at paragraph 16 of Part 8 (Additional Information) of the Prospectus. Except as required by the Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules, the London Stock Exchange, the FSMA or applicable law, Redrow does not have any obligation to update or publicly revise any forward-looking statement, whether as a result of new information, further events or otherwise. Except as required by the FSA, the London Stock Exchange, the FSMA or applicable law, Redrow expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in Redrow's expectations with regard thereto or any change in events, conditions or

circumstances on which any such statement is based. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur.

Distribution of this announcement and/or the Application Forms and/or the transfer of New Shares into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession this announcement comes should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement is not for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Australia, Canada, Japan, South Africa, New Zealand or any jurisdiction into which the same would be unlawful. This announcement does not constitute or form a part of any offer or solicitation to purchase, subscribe for or otherwise acquire securities in the United States, Australia, Canada, Japan, South Africa, New Zealand or any jurisdiction in which such an offer or solicitation is unlawful. The New Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Subject to certain exceptions, the New Shares are being offered and sold only outside the United States in accordance with Regulation S under the Securities Act. There will be no public offer of these securities in the United States.

The New Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state's securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Shares or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.

The New Shares will also not be registered under the securities laws of Australia, Canada, Japan, South Africa and New Zealand and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption from and in compliance with any applicable securities laws. There will be no public offer in any of Australia, Canada, Japan, South Africa or New Zealand.

Neither the content of Redrow's website nor any website accessible by hyperlinks on Redrow's website is incorporated in, or forms part of, this announcement.

HSBC Bank plc, J.P. Morgan Securities Ltd. and Merrill Lynch International are acting for Redrow and no one else in connection with the Firm Placing and Open Offer and will not regard any other person as a client in relation to the Firm Placing and Open Offer and will not be responsible to anyone other than Redrow for providing the protections afforded to their respective clients or for providing advice in relation to the Firm Placing and Open Offer or any matters referred to in this announcement.

LETTER FROM THE SENIOR INDEPENDENT DIRECTOR OF REDROW PLC

(Redrow plc, incorporated in England and Wales with registered no 02877315)

Registered Office

Redrow House
St. David's Park
Flintshire
CH5 3RX

24 April 2012

Dear Shareholder,

PROPOSED FIRM PLACING AND OPEN OFFER OF 61,192,459 NEW ORDINARY SHARES AT A PRICE OF 130 PENCE PER SHARE, RULE 9 WAIVER AND NOTICE OF GENERAL MEETING

1 Introduction

On 24 April 2012, the Company announced a proposed fully underwritten share issue, by way of a Firm Placing and Open Offer, to raise gross proceeds of £79.6 million (approximately £78.0 million, net of expenses) by the issue of 61,192,459 New Ordinary Shares in aggregate at 130 pence per New Ordinary Share. Further details of the Firm Placing and Open Offer can be found in paragraph 6.

Redrow has conditionally raised £19.4 million (gross) through a Firm Placing at the Offer Price of 14,902,867 New Ordinary Shares to Bridgemere, which is ultimately controlled by Steve Morgan, the Chairman of Redrow, and Bridgemere has also irrevocably undertaken to take up its full Open Offer Entitlement in respect of 7,895,638 New Ordinary Shares. The remainder of the Open Offer has also been underwritten by Bridgemere on the terms and conditions set out in the Placing Agreement.

The Firm Placing and Open Offer is subject to the granting of a Rule 9 Waiver in respect of Mr Morgan as, following Admission, Mr Morgan will be interested in between 32.8 and 41.6 per cent. of the Enlarged Share Capital (depending on the outcome of the Open Offer). Further details relating to the Rule 9 Waiver and the Takeover Code are given in paragraph 9 (*Letter from the Senior Independent Director of Redrow plc*) and in Part 7 (*Rule 9 Waiver and Information on Steve Morgan*).

The Firm Placing and Open Offer and the Rule 9 Waiver are conditional upon, amongst other things, the passing by Shareholders of the Resolutions at the General Meeting, which is being convened for 10.00 a.m on 10 May 2012. A summary of the principal conditions is set out in paragraph 3 of Part 5 (*Terms and Conditions of the Offer*) of the Prospectus.

The purpose of this letter is:

- (a) to provide you with the background to and reasons for the Firm Placing and Open Offer and the Rule 9 Waiver;
- (b) to explain that, as Bridgemere is ultimately controlled by Steve Morgan, the Chairman of Redrow, Bridgemere's participation in the Firm Placing is a related

party transaction and so will require the approval of Shareholders at the General Meeting in accordance with the Listing Rules;

- (c) to explain why the Board, (or the Redrow Independent Directors in respect of the Rule 9 Waiver) consider that the Firm Placing and Open Offer, the Rule 9 Waiver and the Resolutions are fair and reasonable and are in the best interests of Redrow and the Shareholders as a whole; and
- (d) to explain why the Board unanimously recommends that the Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own beneficial holdings.

In the event that any of the Resolutions are not passed, the Firm Placing and Open Offer and the Rule 9 Waiver will not proceed.

The terms and conditions of the Open Offer will be set out in full in Part 5 (*Terms and Conditions of the Open Offer*) of the Prospectus.

You are recommended to read the whole of the Prospectus and not rely on only part of it. In particular, you are advised to consult the section entitled "Risk Factors".

2 Background to and reasons for the Firm Placing and the Open Offer

Following Steve Morgan's return to the business and the stabilisation of the UK housing market, in September 2009 the Company undertook a £150 million rights issue which provided the Company with operational flexibility and the right financial platform to take advantage of strategic opportunities in the land market.

In the second half of 2010, the Company identified significant opportunities in the London residential market which would deliver attractive returns on capital. As a consequence, a new London division was established and to date six sites with a Gross Development Value of c. £300 million have been acquired. London developments are predominantly flatted schemes which results in capital being tied up for considerable periods.

The Group's first major Central London development was launched successfully in Asia in March 2012. The Board is confident the London business will be a significant contributor to the Group's profitability going forward, eventually accounting for approximately 20 per cent. of the Group's business.

To enable continued investment in London and the rest of the Group, the Company sold its loss-making Scottish business in June 2011.

In its regional businesses the Group has been successful in obtaining planning on a number of forward land sites. The Group has also acquired further sites through its Harrow Estates business which are at various stages of planning and, in December 2011, acquired a significant forward land site at Woodford, South Manchester. The Company expects prime regional sites to continue to be made available. Harrow has purchased sites to a value of around £50 million (which is provided for in the Company's current funding arrangements) in the current year to date.

As a consequence of the number and quality of on-going land opportunities the Group is seeking further capital.

The Directors believe the Firm Placing and Open Offer proceeds, together with the cash generated from operations going forward and available headroom from the Syndicated Facility Agreement, will enable the Company to take advantage of other development

opportunities. The UK housing market has been stable for some time and the Company continues to see attractive land-buying opportunities. Whilst the Company has, through its existing facilities, funds to invest in such opportunities, the Directors believe that the Firm Placing and Open Offer would provide Redrow with additional financial resources to take advantage of them, thereby accelerating its strategy.

It is for this reason that the Directors believe it is now appropriate to raise approximately £80m of new equity capital (net of expenses) by way of a Firm Placing and Open Offer.

The Firm Placing and Open Offer will reinforce Bridgemere's long-term commitment to Redrow through a further investment of between £37.4 million and £79.6 million (depending on the outcome of the Open Offer). If approved, the Firm Placing and Open Offer will increase Mr Morgan's beneficial interest in Redrow to at least 32.8 per cent. of the Enlarged Share Capital and, depending on the take-up of the Open Offer, may have the effect of increasing Mr Morgan's economic interest up to 41.6 per cent. of the Enlarged Share Capital. As Mr Morgan's interest in Redrow following the Firm Placing and Open Offer will exceed 30 per cent. of the voting rights of Redrow, Mr Morgan would normally be obliged to make a general cash offer pursuant to Rule 9 of the Takeover Code to all other Shareholders and acquire their Ordinary Shares. The Panel has agreed, however, to waive the obligation (subject to Shareholder approval). For more detail, see paragraph 9 of this Part 1 (*Letter from the Senior Independent Director of Redrow plc*) below and Part 7 (*Rule 9 Waiver and Information on Steve Morgan*) of the Prospectus. Both the Board and Mr Morgan believe this level of shareholding is appropriate and consistent with the nature of the historic and ongoing relationship. The Board views Bridgemere as a longstanding and highly supportive shareholder of Redrow and believes that Bridgemere's investment through the Firm Placing and Open Offer demonstrates confidence in and commitment to the business, its management, strategy and future prospects.

The Directors believe that the Offer Price represents an attractive opportunity for the Redrow Group to secure additional equity funding.

3 Redrow's current trading and prospects

The Company has also released today its Interim Management Statement regarding trading for the period from 1 January 2012 to 20 April 2012.

4 Use of proceeds

The Directors expect the net proceeds of the Firm Placing and Open Offer, approximately £78.0 million, to be used to grow the London division and take advantage of other strategic land opportunities outside London.

5 Dividend policy

No dividend was paid in the year to 30 June 2011 in line with the Company's stated policy of only paying a dividend once the Group has an appropriate level of earnings and taking into account the need to invest in land for future developments. It is not currently envisaged that a dividend will be proposed in respect of the current financial year but subject to economic circumstances, the Board intends to resume the payment of dividends next year.

6 Principal terms of the Firm Placing and Open Offer

The Company intends to raise £79.6 million (gross) or approximately £78.0 million (net of expenses) through the issue of 61,192,459 New Ordinary Shares by way of a Firm Placing and Open Offer at 130 pence per New Ordinary Share. The Firm Placing and Open Offer is conditional, amongst other things, on Shareholder approval, which will be sought at the General Meeting.

Firm Placing

The Company intends to raise £19.4 million (gross) through a Firm Placing at the Offer Price of 14,902,867 New Ordinary Shares to Bridgemere (a company controlled by Steve Morgan, the Chairman of Redrow), in accordance with the Placing Limitation. The Firm Placing is not subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer.

Open Offer

The Company intends to raise approximately £60.2 million (gross) through an Open Offer of 46,289,592 New Ordinary Shares at the Offer Price.

Subject to the fulfilment of the conditions set out below and in Part 5 (*Terms and Conditions of the Open Offer*) of the Prospectus, Qualifying Shareholders are being given the opportunity to subscribe for New Ordinary Shares pro rata to their existing shareholdings at the Offer Price on the basis of:

3 New Ordinary Shares for every 20 Existing Ordinary Shares

held by Qualifying Shareholders and registered in their name at the Record Date. Shareholders holding fewer than 6 Existing Ordinary Shares will have no entitlement to subscribe under the Open Offer.

Fractions of Ordinary Shares will not be allotted and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. Fractional entitlements will be aggregated and will be placed pursuant to the Firm Placing for the benefit of the Company. Accordingly, Qualifying Shareholders with fewer than 6 Existing Ordinary Shares will not have the opportunity to participate in the Open Offer.

The Open Offer (other than Bridgemere's own Open Offer Entitlement) has been underwritten by Bridgemere subject to the terms and conditions set out in the Placing Agreement, further details of which are set out in paragraph 14.2 of Part 8 (*Additional Information*) of the Prospectus.

The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared after the date of their issue.

Qualifying Shareholders may apply for any whole number of New Ordinary Shares up to their maximum entitlement which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Open Offer Entitlements.

No application in excess of a Qualifying Shareholder's Open Offer Entitlement will be met, and any Qualifying Shareholder so applying will be deemed to have applied for his Open Offer Entitlement only.

Application has been made for the New Ordinary Shares to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective on 11 May 2012 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on the same day.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 25 April 2012. The Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 25 April 2012. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

Shareholders should note that the Open Offer is not a rights issue. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be taken up by Bridgemere pursuant to the Placing Agreement, and the net proceeds will be retained, for the benefit of the Company.

Further information on the Firm Placing and Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part 5 (*Terms and Conditions of the Open Offer*) of the Prospectus and, where relevant, in the Application Form.

For Qualifying non-CREST Shareholders, completed Application Forms, accompanied by full payment in accordance with the instructions in paragraph 4(a) of Part 5 (*Terms and Conditions of the Open Offer*) of the Prospectus, should be returned by post or by hand (during normal business hours only) to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, United Kingdom so as to arrive as soon as possible and in any event so as to be received no later than 10.00 a.m. on 9 May 2012. For Qualifying CREST Shareholders, the relevant CREST instructions must have settled as explained in the Prospectus by no later than 10.00 a.m. on 9 May 2012.

Bridgemere, a company ultimately controlled by Steve Morgan, the Chairman of Redrow, has undertaken pursuant to the Placing Agreement to subscribe for the Firm Placed Shares, to take up its Open Offer Entitlement in full and to underwrite the remainder of the Open Offer. As Bridgemere is deemed to be a related party to the Company for the purposes of the Listing Rules, the Firm Placing requires the approval of Shareholders at the General Meeting.

The Firm Placing and Open Offer are conditional, *inter alia*, upon:

- (i) the passing of the Resolutions;

- (ii) Admission becoming effective by not later than 8.00 a.m. on 11 May 2012 (or such later time and/or date as Bridgemere and the Company may agree, not being later than 8.00 a.m. on 18 May 2012); and
- (iii) the Placing Agreement and the Sponsor's and Joint Bookrunners' Agreement becoming unconditional in all respects.

Accordingly, if any such conditions are not satisfied or, if applicable, waived, the Firm Placing and Open Offer will not proceed, any Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter.

The New Ordinary Shares to be issued pursuant to the Firm Placing and Open Offer will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

7 Structure of the Firm Placing and Open Offer

The structure of the Firm Placing and Open Offer is expected to have the effect of creating a merger reserve in an amount approximately equal to the net proceeds of the Firm Placing and Open Offer less the par value of the New Ordinary Shares issued by the Company. The Company and Bridgemere have agreed to acquire, by direct issue, ordinary shares in Redrow Capital (Jersey) Limited. Computershare will receive, into an account set up specifically for the purpose by Bridgemere, the proceeds of the Firm Placing as well as monies from Qualifying Shareholders taking up New Ordinary Shares under the Open Offer and from Bridgemere pursuant to the Underwriting Commitment. Provided certain conditions are met, Bridgemere will use the amounts in the Computershare account to acquire by direct issue redeemable preference shares in Redrow Capital (Jersey) Limited.

The funds in the Computershare account will be held by Computershare on trust for (i) Bridgemere subject to certain conditions and (ii) for Redrow if Redrow determines that Bridgemere is not solvent or if any other circumstance has arisen which prevents Bridgemere from performing its obligations to subscribe for the redeemable preference shares in Redrow Capital (Jersey) Limited.

The Company will allot and issue the New Ordinary Shares to those persons entitled thereto in consideration for Bridgemere transferring its holdings of ordinary shares and redeemable preference shares in Redrow Capital (Jersey) Limited to the Company. Accordingly, instead of receiving cash as consideration for the issue of the New Ordinary Shares, at the conclusion of the Firm Placing and Open Offer, the Company will own the entire issued share capital of Redrow Capital (Jersey) Limited whose only asset will be its cash reserves, which will represent an amount equivalent to the proceeds of the Firm Placing and Open Offer.

The creation of a merger reserve should increase the Company's distributable reserves which will facilitate any potential return of cash to Shareholders in the future. For a description of the material contracts relating to the Firm Placing and Open Offer, see paragraph 14 of Part 8 (*Additional Information*) of the Prospectus.

8 Effect of the Firm Placing and Open Offer

Upon Admission and assuming no further exercise of options under the Share Schemes, the Enlarged Share Capital is expected to be 369,799,938 Ordinary Shares. On this basis, the New Ordinary Shares will represent approximately 16.5 per cent. of the Enlarged Share Capital. New Ordinary Shares issued pursuant to the Firm Placing will represent 4.0 per cent. of the Company's Enlarged Share Capital and New Ordinary Shares issued pursuant to the Open Offer will represent 12.5 per cent. of the Enlarged Share Capital.

Following the issue of the New Ordinary Shares to be allotted pursuant to the Firm Placing and Open Offer, Qualifying Shareholders who take up their full entitlements under the Open Offer will suffer a dilution of approximately 4.0 per cent. to their interests in the Company. Qualifying Shareholders who do not take up any of their entitlements under the Open Offer or are not eligible to participate in the Open Offer will suffer a dilution of approximately 16.5 per cent. to their interests in the Company.

9 Rule 9 Waiver

Bridgemere's commitment to participate in the Firm Placing, take up its Open Offer Entitlement and to underwrite the remainder of the Open Offer gives rise to certain considerations and consequences under the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford to Shareholders are described below.

The Takeover Code is issued and enforced by the Panel. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive. Its statutory functions are set out in and under Chapter 1 of Part 28 of the Companies Act.

Under Rule 9 of the Takeover Code, when any person, together with any persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of such voting rights, and such person, or any such person acting in concert with him, acquires an interest in any other shares which increases his percentage of shares carrying voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person. Such an offer would have to be made in cash at a price not less than the highest price paid by him or any persons acting in concert with him for any interest in shares within the 12 months prior to the announcement of the offer.

The Concert Party Group (for details of which, see Part 7 (*Rule 9 waiver and information on Mr Morgan*) of the Prospectus is currently interested in approximately 30.17093 per cent. of the voting rights of the Company. Bridgemere, which is controlled by Mr Morgan, has agreed to subscribe £19.4 million in aggregate for New Ordinary Shares under the Firm Placing (in accordance with the Placing Limitation), has committed to take up in full its Open Offer Entitlement and has agreed to underwrite the remainder of the Open Offer.

Immediately following Admission, as a result of the Firm Placing and Open Offer, the Concert Party Group will have acquired (depending on the results of the Open Offer) interests in shares carrying between 33.0 per cent. and 41.8 per cent. of the voting rights of Redrow which, without a waiver of the obligations under Rule 9 of the Takeover Code, would oblige Mr Morgan to make an offer under Rule 9. However, in this instance, the Panel has agreed to waive the obligation to make a general offer that would otherwise arise as a result of the Firm Placing and Open Offer subject to the approval of Shareholders on a poll at the General Meeting which will be sought pursuant to Resolution

2. To be passed, this resolution will require the approval of a simple majority of votes cast on that poll. Only independent Shareholders will be entitled to vote on this resolution. As at 20 April 2012 (being the latest practicable date prior to the date of this Prospectus), so far as Redrow is aware, the Concert Party Group, directly or indirectly, holds voting rights of approximately 30.17093 per cent. of the issued share capital of the Company.

Following completion of the Firm Placing and Open Offer, the Concert Party Group will be interested in shares carrying more than 30 per cent. of the Company's voting share capital, but may not hold shares carrying more than 50 per cent. of such rights. Any further increase in that interest in shares will be subject to the provisions of Rule 9.

For the avoidance of doubt, this waiver, which is valid only for so long as the authority granted pursuant to Resolution 2 remains in force, applies only in respect of increases in shareholdings of the Concert Party Group resulting from the Firm Placing and Open Offer and not in respect of other increases in its holdings. Mr Morgan has not taken part in any decision of the Board relating to the proposal to seek a waiver of Rule 9 from the Panel. In accordance with the requirements of the Takeover Code, the Concert Party Group will not be voting its interest in 93,109,748 Ordinary Shares, representing 30.17093 per cent. of the issued share capital of the Company.

10 Related Party Transaction

As Bridgemere is ultimately controlled by Steve Morgan, the Chairman of Redrow, Bridgemere's participation in the Firm Placing will also require the approval of Shareholders at the General Meeting in accordance with the Listing Rules.

11 General Meeting

You will find set out at the end of the Prospectus a notice convening the General Meeting to be held at Redrow House, St. David's Park, Flintshire CH5 3RX on 10 May 2012 at 10.00 a.m. where the following Resolutions will be proposed:

Resolution 1

An ordinary resolution to authorise the Directors to allot relevant securities as required by section 551 of the Companies Act, provided that such power be limited to the allotment of the New Ordinary Shares up to an aggregate nominal amount of £6,119,246 pursuant to the Firm Placing and Open Offer.

This Resolution is conditional upon the passing of Resolutions 2 and 3.

Resolution 2

An ordinary resolution to approve the Rule 9 Waiver as required by the Takeover Code in respect of which only independent Shareholders will be entitled to vote. As required by the Takeover Code, voting on Resolution 2 will be by means of a poll of independent Shareholders. The Concert Party Group is not entitled to vote on Resolution 2.

Resolution 3

An ordinary resolution to authorise the Firm Placing as a related party transaction as required by the Listing Rules. Bridgemere has undertaken that it will not, and that it will take all reasonable steps to ensure that its associates (for the purposes of the Listing Rules) will not, vote on Resolution 3.

The authority and the power described in Resolution 1 above will (unless previously revoked or varied by the Company in general meeting) expire on the earlier of the Company's next annual general meeting or 23 April 2013. The authority and the power described in Resolution 1 above is in addition to any like authority or power previously conferred on the Directors.

Ordinary Resolutions 1, 2 and 3 will require a simple majority of those voting in person or on a poll by proxy in favour of the Resolutions.

12 Actions to be taken

In respect of the General Meeting

A Form of Proxy for use at the General Meeting is enclosed with the Prospectus. Whether or not you intend to be present at the meeting, the Form of Proxy should be completed in accordance with the instructions printed thereon and returned to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, United Kingdom, using the accompanying pre-paid envelope (for use in the UK only) as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 8 May 2012. The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, if you so wish and are so entitled. If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar (CREST participant ID 3RA50), so that it is received by no later than 10.00 a.m. on 8 May 2012. The completion and return of a CREST Proxy Instruction will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, if you so wish and are so entitled.

If the Form of Proxy is not returned or the CREST Proxy Instruction not submitted by 10.00 a.m. on 8 May 2012, your vote will not count.

In respect of the Open Offer

If you are a Qualifying non-CREST Shareholder (that is, you have a share certificate) with a registered address in a jurisdiction other than an Excluded Territory, you will have received an Application Form together with the Prospectus which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for Open Offer Shares, you should complete the enclosed Application Form in accordance with the procedure for application set out in paragraph 4(a) of Part 5 (*Terms and Conditions of the Open Offer*) of the Prospectus and on the Application Form itself. If you do not wish to apply for any Open Offer Shares, you should not complete or return the Application Form. Shareholders are nevertheless requested to complete and return or submit electronically the Form of Proxy.

If you are a Qualifying CREST Shareholder, you will not have received an Application Form and you will instead receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer. You should refer to the procedure for application set out in paragraph 4(b) of Part 5 (*Terms and Conditions of the Open Offer*) of the Prospectus.

The latest time for applications under the Open Offer to be received is 10.00 a.m. on 9 May 2012. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and

payment are set out in Part 5 (*Terms and Conditions of the Open Offer*) of the Prospectus. Further details also appear in the Application Forms which have been sent to Qualifying non-CREST Shareholders.

Qualifying CREST Shareholders who are CREST-sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with the Prospectus and the Open Offer.

If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from an appropriately qualified independent professional adviser.

13 Overseas Shareholders

Shareholders who have registered addresses outside the United Kingdom, who are citizens or residents of countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation, nominees, custodians and trustees) or have a contractual or legal obligation to forward the Prospectus, the Form of Proxy or the Application Form to such persons, should refer to paragraph 6 of Part 5 (*Terms and Conditions of the Open Offer*) of the Prospectus, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you read that part of the Prospectus. For the avoidance of doubt, Overseas Shareholders who receive the Prospectus and a Form of Proxy in accordance with Rule 9 of the Takeover Code may vote on the Resolutions set out in the Notice of General Meeting, attached at the end of the Prospectus, by returning the Form of Proxy to the Registrars or submitting a proxy vote electronically, by no later than 10.00 a.m. on 8 May 2012, despite being unable to participate in the Firm Placing and Open Offer in accordance with the terms of paragraph 6 of Part 5 (*Terms and Conditions of the Open Offer*) of the Prospectus.

14 Additional information

You are recommended to read all the information contained in the Prospectus and not just rely on the key or summarised information and your attention is drawn to the information set out in Part 2 (*Risk Factors*) to Part 8 (*Additional Information*) of the Prospectus.

15 Risk factors

Shareholders and investors should consider fully the risk factors associated with the Firm Placing and Open Offer, the business of the Group, the stock market and share trading. Your attention is drawn to the section entitled "Risk Factors" set out in the Prospectus.

16 Taxation

Information about United Kingdom taxation is set out in paragraph 17 of Part 8 (*Additional Information*) of the Prospectus. This information is a general guide only. If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than the United Kingdom, you should consult your own independent professional adviser without delay.

17 Recommendations

The Board considers the Firm Placing and Open Offer and the Resolutions to be in the best interests of the Company and its Shareholders as a whole. The Board unanimously recommends that Shareholders vote in favour of Resolutions 1 and 3 to be proposed at the General Meeting. The Board, which has been so advised by HSBC, an independent adviser acceptable to the Financial Services Authority considers the Related Party Transaction to be fair and reasonable as far as the Shareholders are concerned.

Steve Morgan has not taken any part in the Board's consideration of the Related Party Transaction and has confirmed that he will not vote on Resolution 3.

The Board, which has been so advised by HSBC considers the Rule 9 Waiver to be fair and reasonable as far as the Shareholders are concerned. In providing its advice to the Board, HSBC has taken into account the Board's commercial assessments. The Redrow Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 2 to be proposed at the General Meeting.

Steve Morgan has not taken any part in the Board's consideration of the Rule 9 Waiver and has confirmed that he will not vote on Resolution 2.

The Board intend to vote in favour of the Resolutions in respect of their own beneficial holdings amounting (as at 20 April 2012, being the latest practicable date prior to the publication of the Prospectus) to an aggregate of 292,266 Existing Ordinary Shares representing approximately 0.95 per cent. of the Existing Ordinary Shares. The Directors have also irrevocably undertaken to take up their entitlements under the Open Offer, in respect of an aggregate of 43,838 New Ordinary Shares (£56,989 in aggregate).

Yours faithfully

.....
Alan Jackson
Senior Independent Director
Redrow plc

DEFINITIONS

“Admission” means the admission of the New Ordinary Shares to the premium segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities becoming effective.

“Bridgemere” means Bridgemere Securities Limited, a private limited company incorporated in Guernsey and which is ultimately controlled by Steve Morgan.

“Companies Act” the Companies Act 2006 (as amended) including any statutory modification or re-enactment thereof for the time being in force.

“Company” or **“Redrow”** means Redrow plc, registered in England and Wales under number 02877315.

“Concert Party Group” means Steve Morgan and his concert parties.

“Directors” or **“Board”** means the Directors of the Company.

“Directive” means the Takeover Directive (2004/25/EC).

“Enlarged Share Capital” means the issued ordinary share capital of the Company following the Firm Placing and Open Offer.

“Existing Ordinary Shares” means the 308,607,479 existing ordinary shares of 10 pence each in nominal value in the capital of the Company as at the date of this document.

“Firm Placed Shares” means the 14,902,867 New Ordinary Shares which the Company has agreed to issue to Bridgemere pursuant to the Firm Placing.

“Firm Placing” means the subscription by Bridgemere for the Firm Placed Shares pursuant to the Placing Agreement and the Subscription and Transfer Agreement.

“Financial Services Authority” or **“FSA”** means the UK Financial Services Authority.

“FSMA” means the Financial Services and Markets Act 2000 (as amended) and all regulations promulgated thereunder from time to time.

“General Meeting” means the General Meeting of the Company convened for the purpose of passing the Resolutions, to be held on 10 May 2012, including any adjournment thereof.

“Group” or **“Redrow Group”** means Redrow and its subsidiaries at the date of the Prospectus.

“Listing Rules” means the listing rules made by the FSA in exercise of its functions as competent authority pursuant to Part VI of FSMA.

“London Stock Exchange” means London Stock Exchange plc.

“New Ordinary Shares” means the new Ordinary Shares of ten pence each in nominal value in the capital of the Company issued in connection with the Firm Placing and Open Offer.

“Offer Price” means 130 pence per New Ordinary Share.

“Official List” means the Official List of the FSA.

“Open Offer” means the conditional invitation to Qualifying Shareholders to apply for up to 46,289,592 New Ordinary Shares at the Offer Price on a pre-emptive basis.

“Open Offer Entitlement” means the pro-rata entitlement to subscribe for Open Offer Shares allocated to a Qualifying Shareholder pursuant to the Open Offer.

“Open Offer Shares” means the 46,289,592 New Ordinary Shares for which Qualifying Shareholders are being invited to apply at the Offer Price to be issued pursuant to the terms of the Open Offer.

“Ordinary Share” means ordinary shares in the capital of the Company from time to time.

“Overseas Shareholders” means Qualifying Shareholders who have registered addresses outside the United Kingdom.

“Panel” means the Panel on Takeovers and Mergers.

“Placing” means the firm placing by the Company of the Firm Placed Shares on the terms and subject to the conditions contained in the Placing Agreement.

“Placing Agreement” means the firm placing and open offer agreement dated 24 April 2012, between Bridgemere and the Company relating to the Firm Placing and Open Offer.

“Prospectus” means the combined circular and prospectus to be issued by the Company in relation to the Firm Placing and Open Offer on around the date of this announcement.

“Qualifying CREST Shareholders” means Qualifying Shareholders whose Existing Ordinary Shares are in uncertificated form.

“Qualifying non-CREST Shareholders” means Qualifying Shareholders whose Existing Ordinary Shares are in certificated form.

“Qualifying Shareholders” means holders of Existing Ordinary Shares on the register of members of the Company on the Record Date (other than certain Overseas Shareholders).

“Record Date” means 20 April 2012.

“Redrow Independent Directors” means the Directors other than Steve Morgan.

“Resolutions” means the resolutions to be proposed at the General Meeting.

“Rule 9” means Rule 9 of the Takeover Code.

“Rule 9 Waiver” means the waiver agreed by the Panel and to be approved by Shareholders of the obligations that would otherwise fall upon Steve Morgan pursuant to Rule 9 as a result of the issue of New Ordinary Shares in the Firm Placing and Open Offer.

“Shareholder” a holder of Existing Ordinary Share(s).

“Subscription and Transfer Agreement” means the subscription and transfer agreement dated 24 April 2012 between the Company, Blue Capital (Jersey) Limited and Bridgemere relating to the Firm Placing and Open Offer.

“Syndicated Facility Agreement” means the syndicated facility agreement dated 13 December 2010 between the Company, certain Group companies, the lenders named therein and Barclays Bank PLC.

“Takeover Code” means the City Code on Takeovers and Mergers issued by the Panel.