



Capital Markets Day 2018
Ebbfleet Garden City

Capital Markets Day

John Tutte
Group Chief Executive

Celebrating 100,000th Redrow home



DEVELOPING THRIVING COMMUNITIES
BY VALUING PEOPLE AND
BUILDING RESPONSIBLY

Capital Markets Day

AGENDA

Strategy	John Tutte
Thriving Communities	Will Heath
Building Responsibly	Matthew Pratt
Valuing People	Karen Jones
Q & A	
Summary	John Tutte
Ebbsfleet Green	Chris Lilley



DEVELOPING THRIVING COMMUNITIES
BY VALUING PEOPLE AND
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Strategy

Continued growth and expansion

Divisions

- 15 homes divisions
- New division in Thames Valley
- Capacity >8,000 homes per year

Harrow Estates

- Restructured to manage group-wide forward land activities



Greater London two divisions



DEVELOPING THRIVING COMMUNITIES
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Strategy Greater London

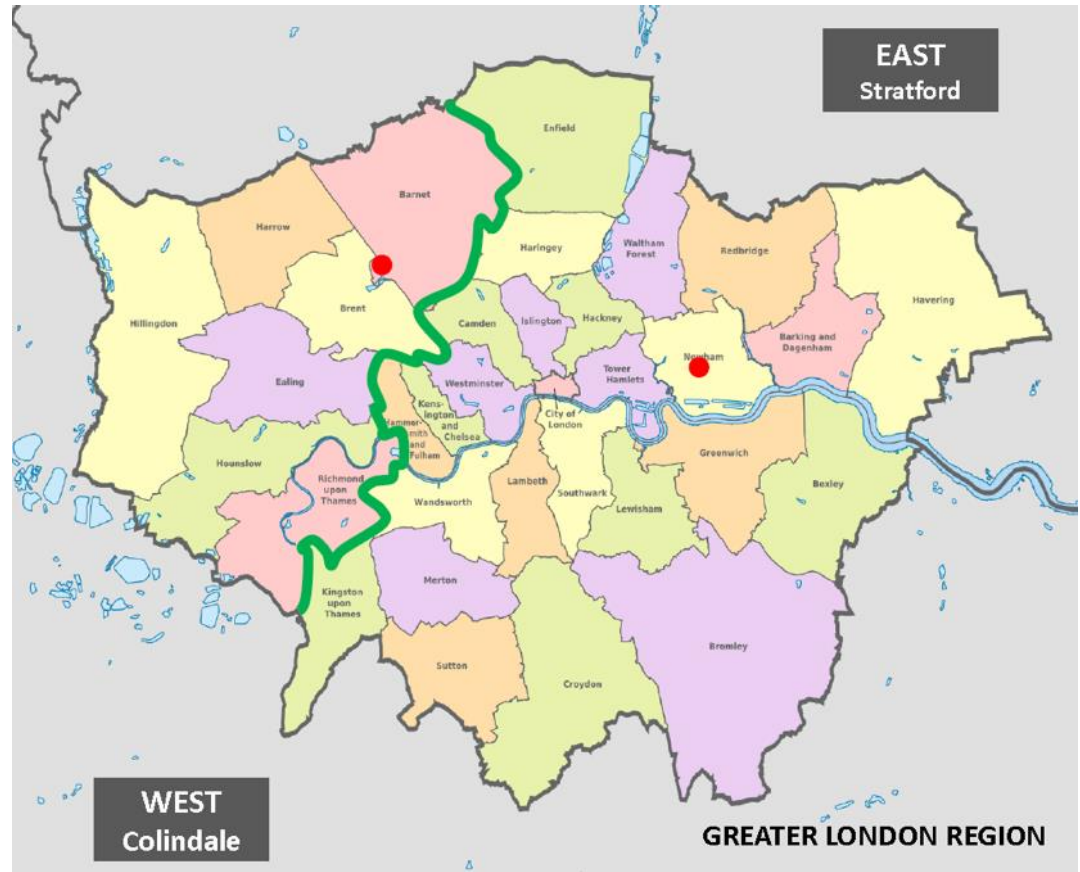
London Plan 10 year target of 649,350 homes

Managed exposure

- ASP <£500,000
- Partnerships
- PRS

Colindale

- Opportunity to increase density from 2,900 plots
- 33% sales secured



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Strategy Product

Flexible and responsive to market

'Market leading' Heritage Collection

- Launched early 2010
- c.25 standard types
- Regularly reviewed and improved
 - Costs and pricing tightly controlled
- >70% of volumes and turnover

Regent

- Higher density housing
- Floor plates based on *Heritage* types

Bespoke solutions

- Generally apartments



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Strategy Operations



**THRIVING
COMMUNITIES**



**VALUING
PEOPLE**



**BUILDING
RESPONSIBLY**

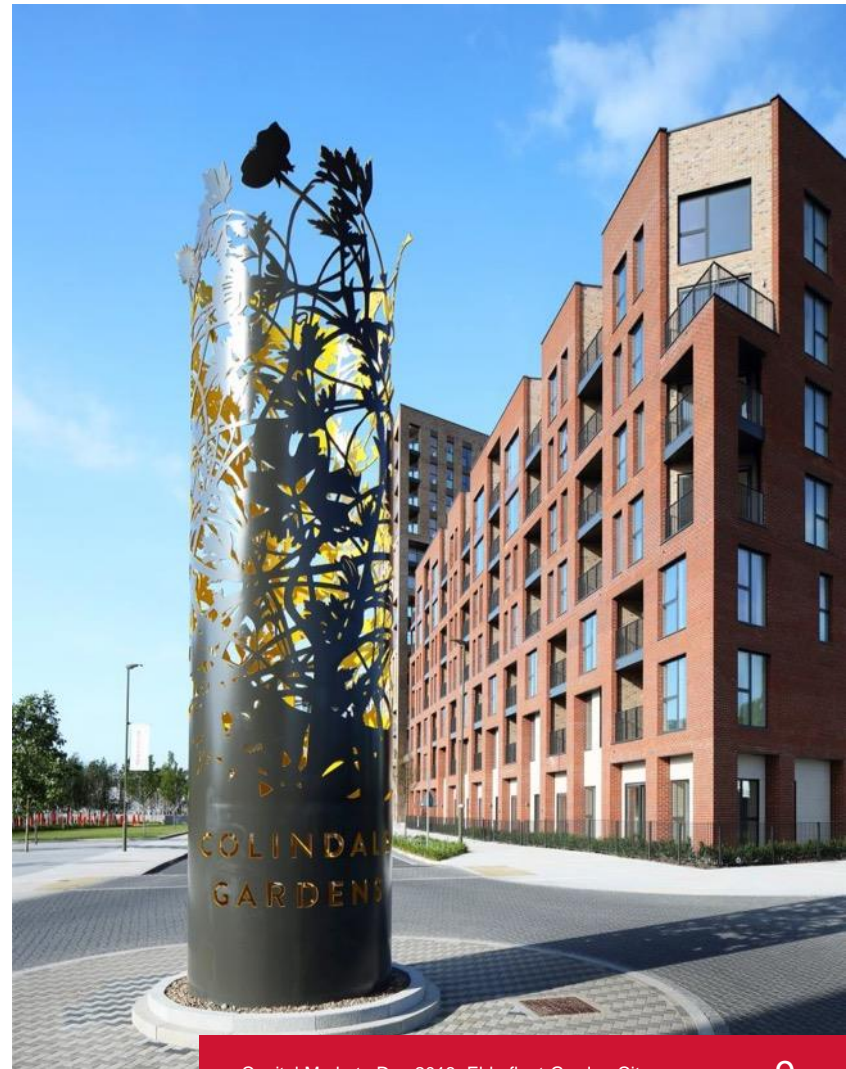


Investment case

- Experienced, successful and motivated management team and workforce
- Focus on differentiation, value for money for customers and shareholder returns
- Excellence in land buying both in terms of current and strategic land
- Excellent product range focused on traditional family housing in the regions and apartment schemes in Greater London
- Strong balance sheet and resilient business model



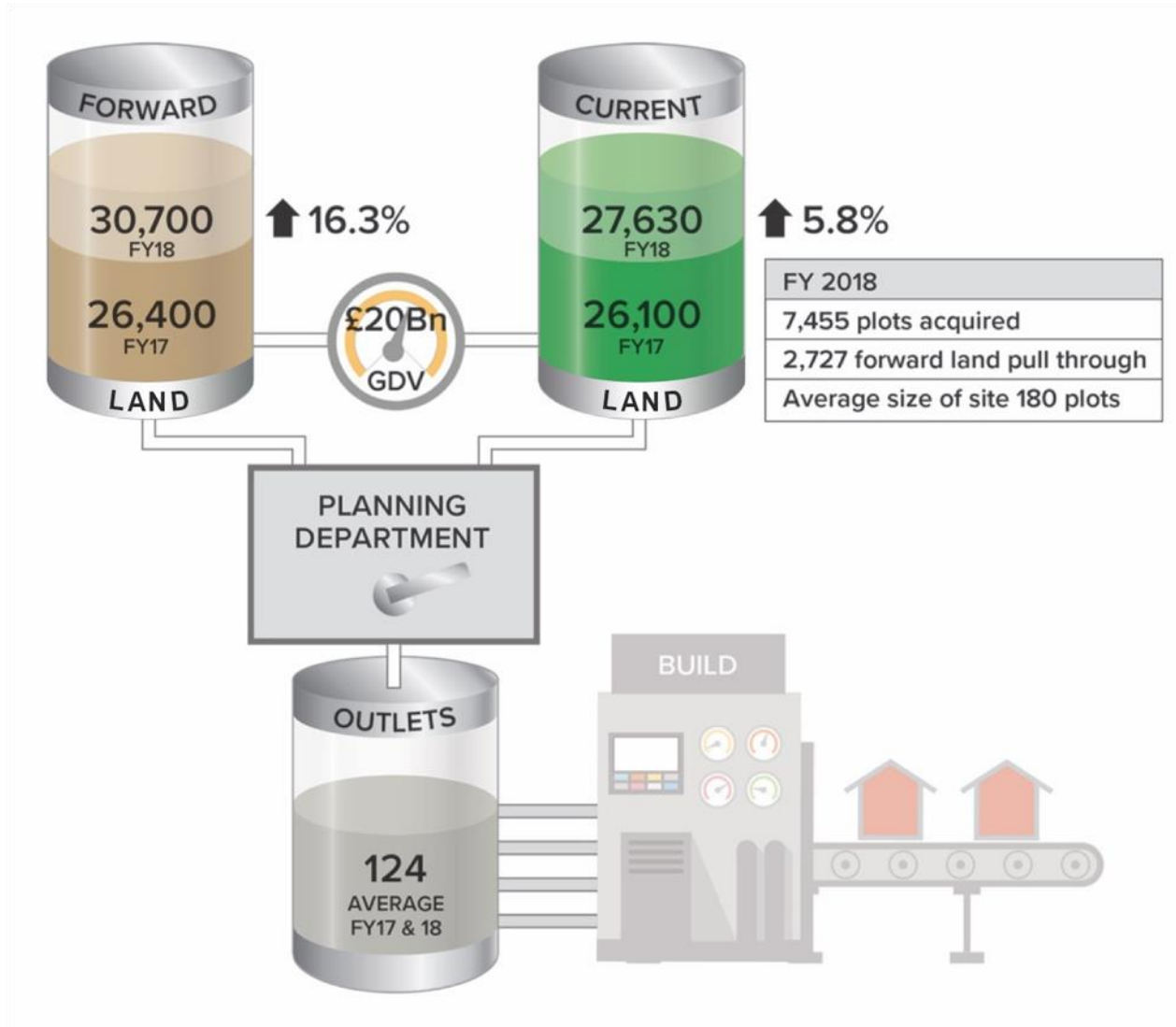
DEVELOPING THRIVING COMMUNITIES
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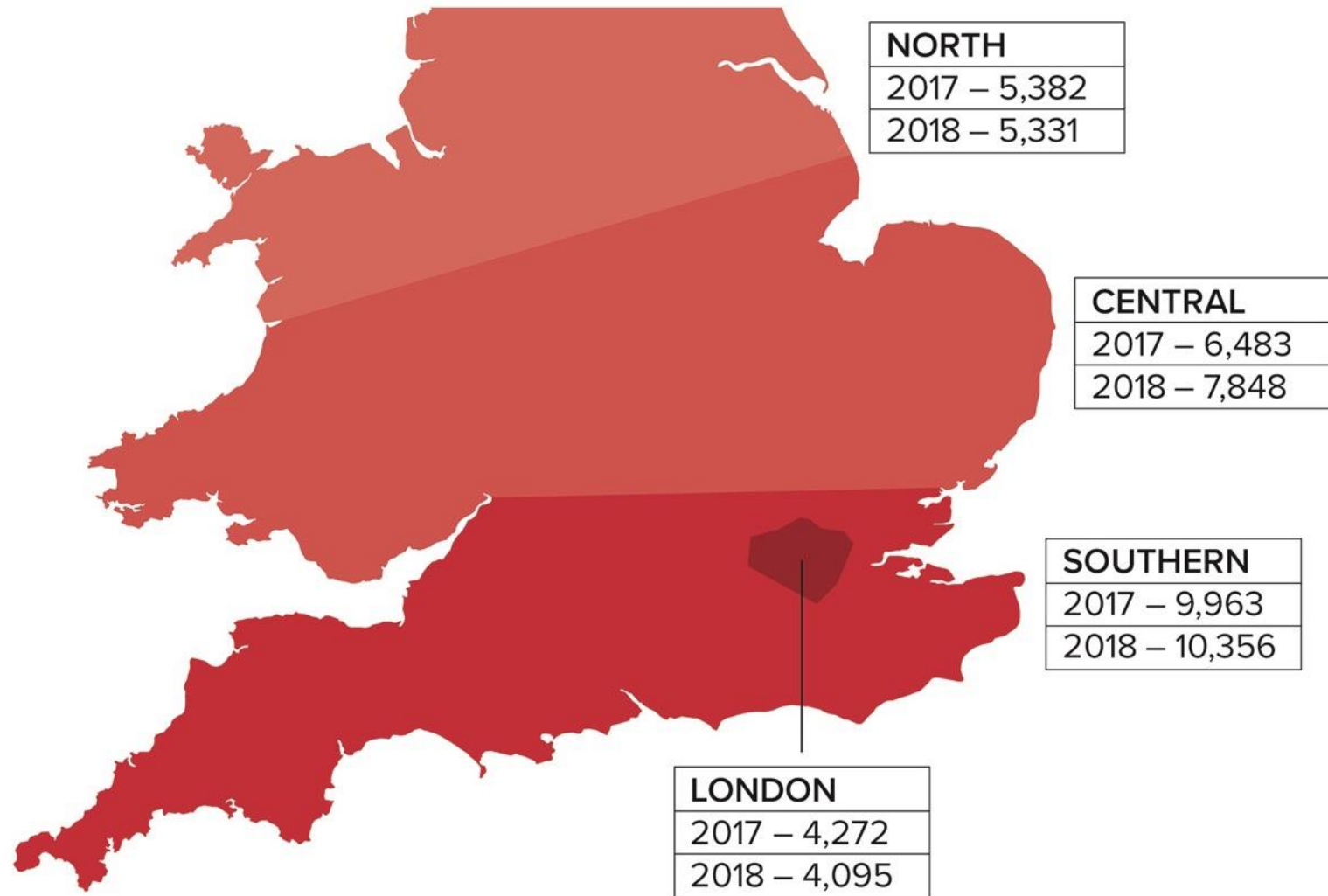
Thriving Communities

Will Heath MRICS
Group Development Director
Chairman – Harrow Estates

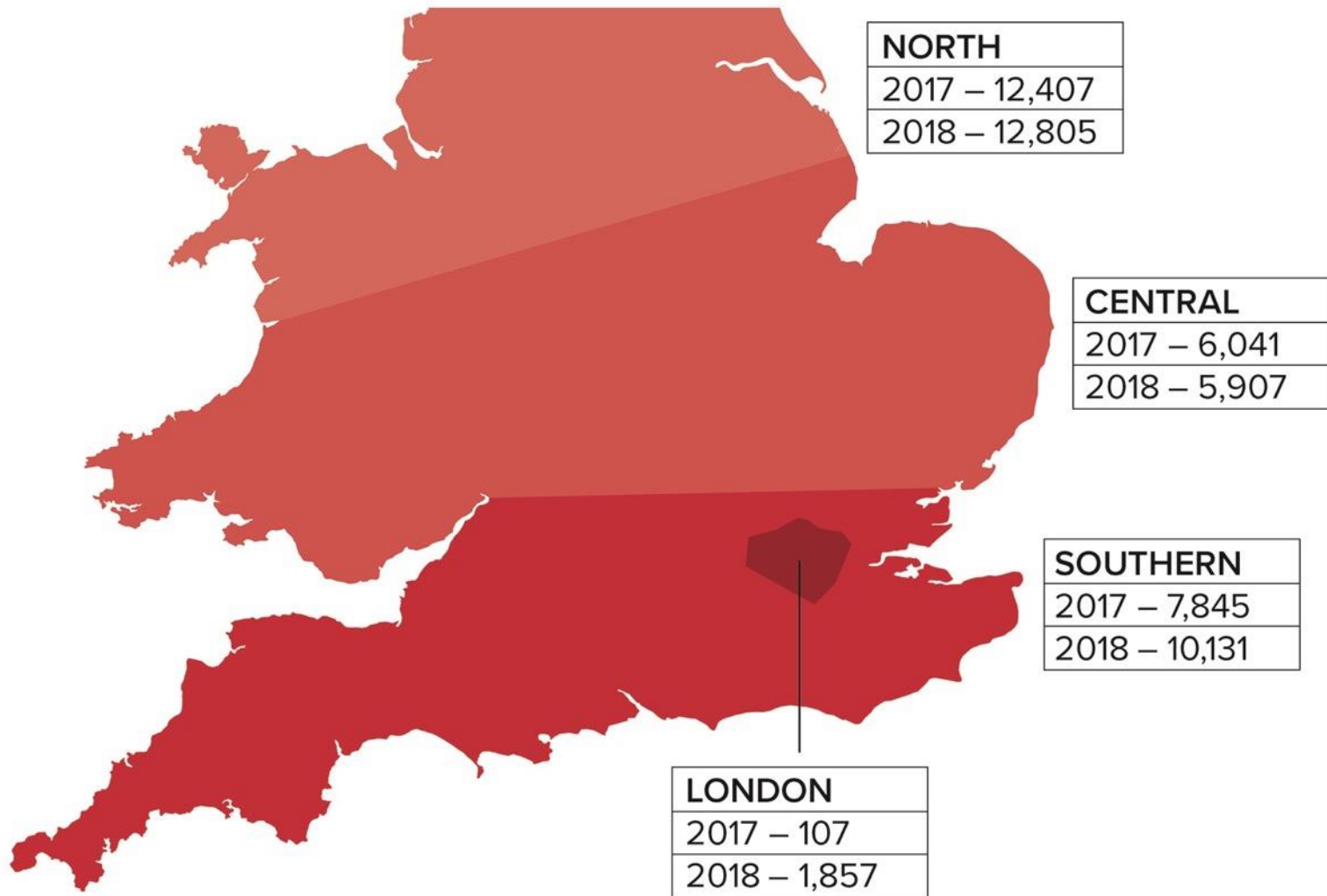
Land holdings



Current land holding - plots



Forward land holding - plots

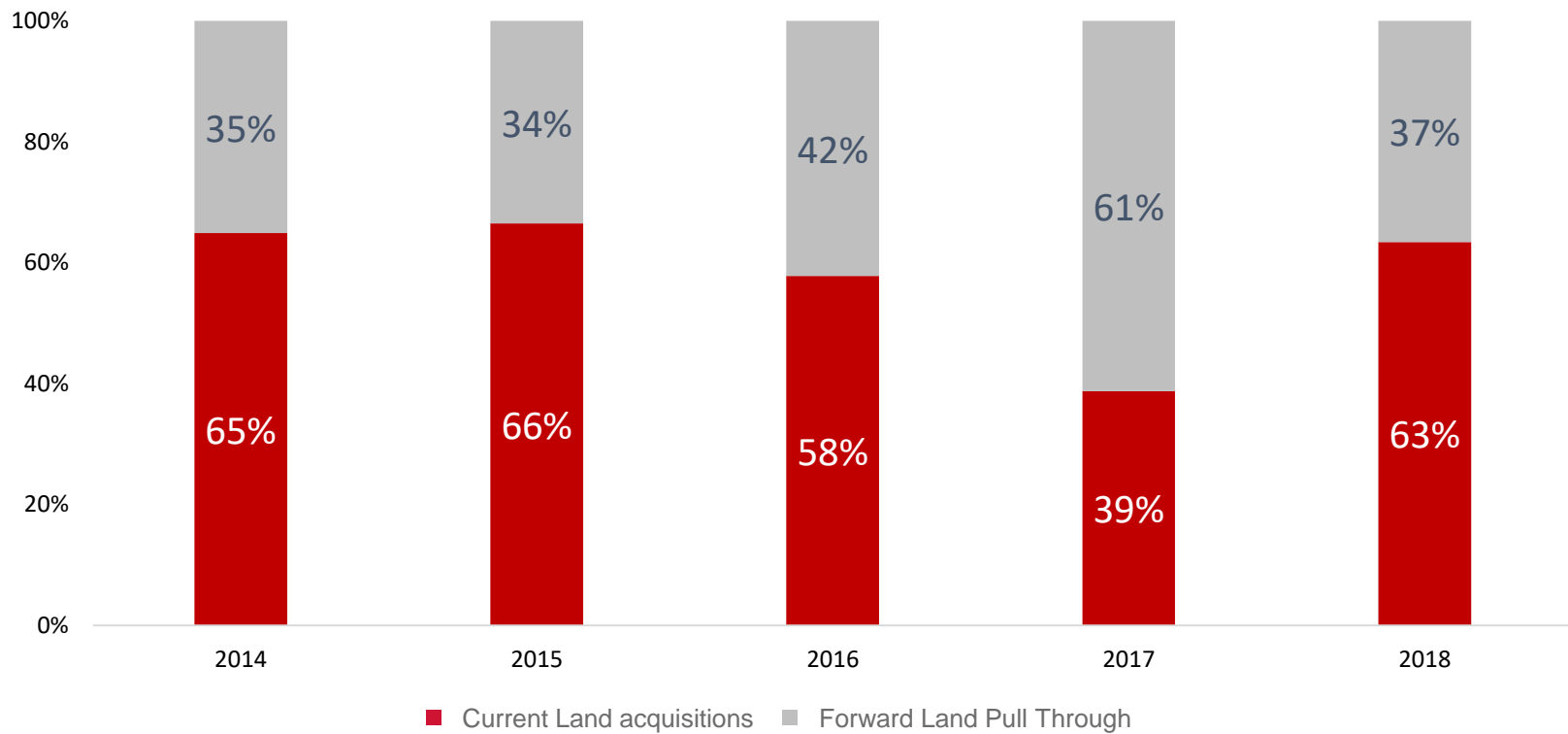


Forward land

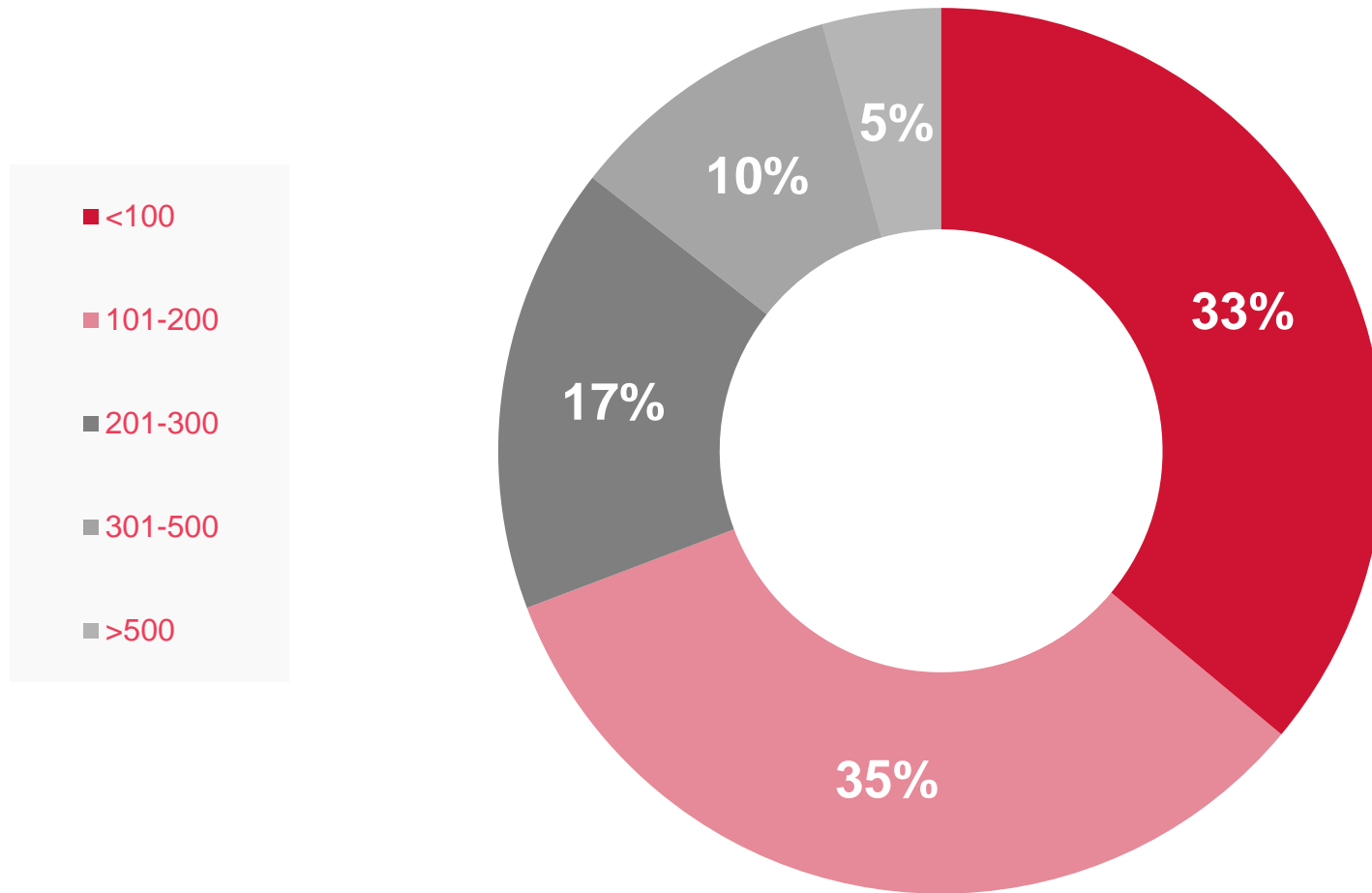
- 30,700 plots in forward land holding
- Forward land under management of Harrow Estates
 - More focused approach to master planning
 - More expertise in valuation negotiations
 - More consistent pull through
 - Track record of enhancing margins



Forward land Pull through



Current land Average site size (plots)



Benefits of larger sites

Forward
Land
Tranche
Drawdown

Multiple
Outlet
Strategy

Maintain
Outlet
Growth

BUT
**maintain
blend of
site size**

Enhancing
Redrow
Placemaking

Larger
Volumes

Consistency
= higher
levels build
quality

Larger site volumes

Site name	Legal completions
Colindale	325
Ebbsfleet Green	210
Amington Green, Tamworth	140
Woodford Garden Village	120
Frenchay Hospital, Bristol	100
Lodge Park, Witham	90
Langdon Hills, Nethermayne	90
Herne Bay Golf Club	90

Land investment strategy

- Optimise size of divisions
- Grow Thames Valley
 - Four secured sites
- Targeting robust sales markets
- Hurdle rates maintained at existing levels
- 'Housebuilder of choice'
- Disciplined approach to land buying



Barrington Cement Works, Cambridge

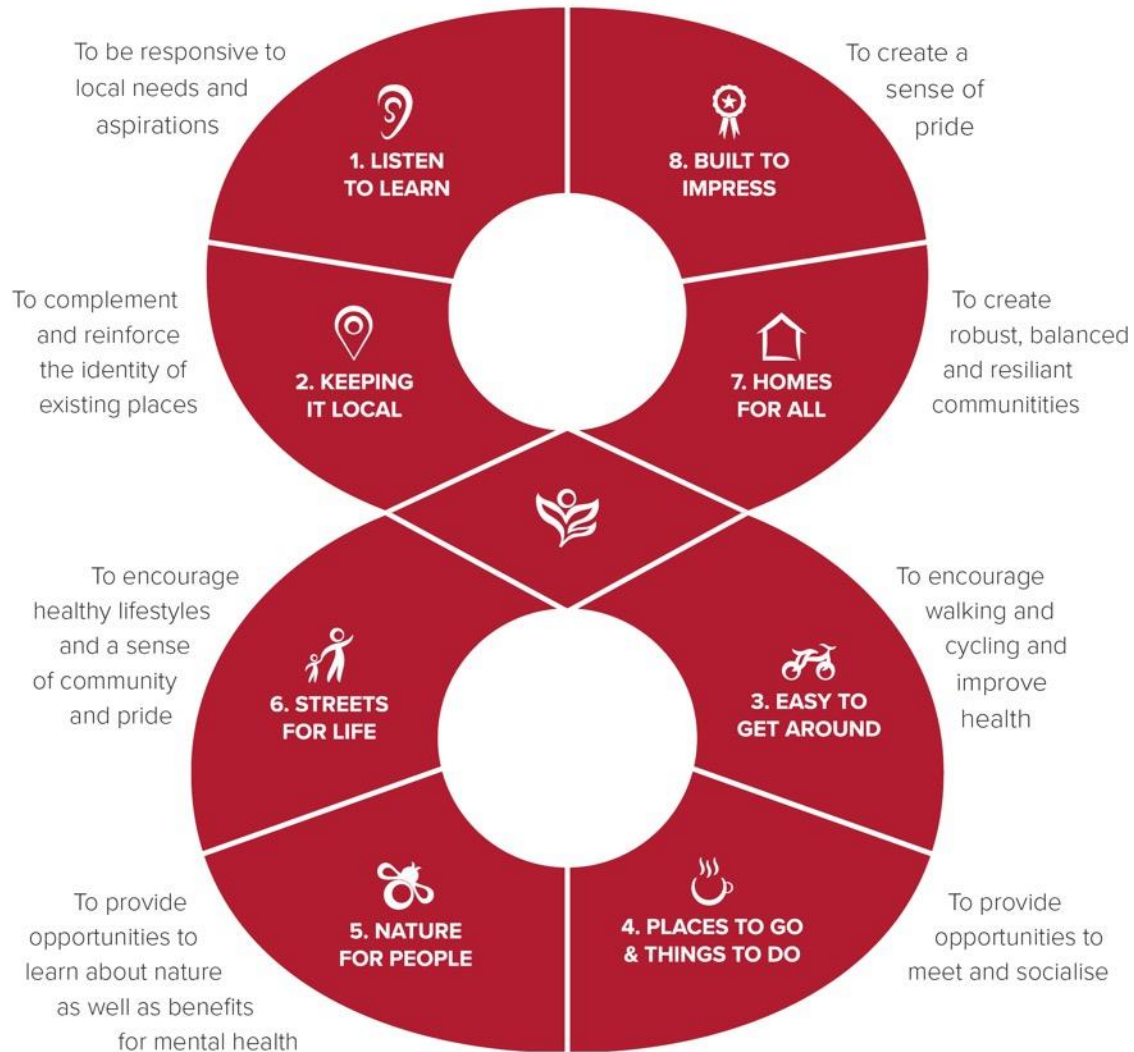


Redrow 8 – Placemaking principles

- Articulate design approach
- Drive additional value
- Support sales rate



Redrow 8 – Placemaking principles



Building Responsibly

Matthew Pratt

Regional Chief Executive (South)

Building Responsibly

Splits into three main areas:

- Working safely & considerately
- Putting our customers first
- Cost efficient building



Working safely & considerately

- Committed to improving our overall Health, Safety and Environmental performance
- Significantly restructured teams
- New Group Health, Safety & Environmental Director with wide industry knowledge outside house building
- Teams split into Assurance and Compliance
- Assurance to provide support to the regions
- Compliance required to accord with requirements
- We continue to support our supply chain by organising and hosting events during the year in our divisions
- All accident figure for 2018 was 3% lower at 382



Working safely & considerately

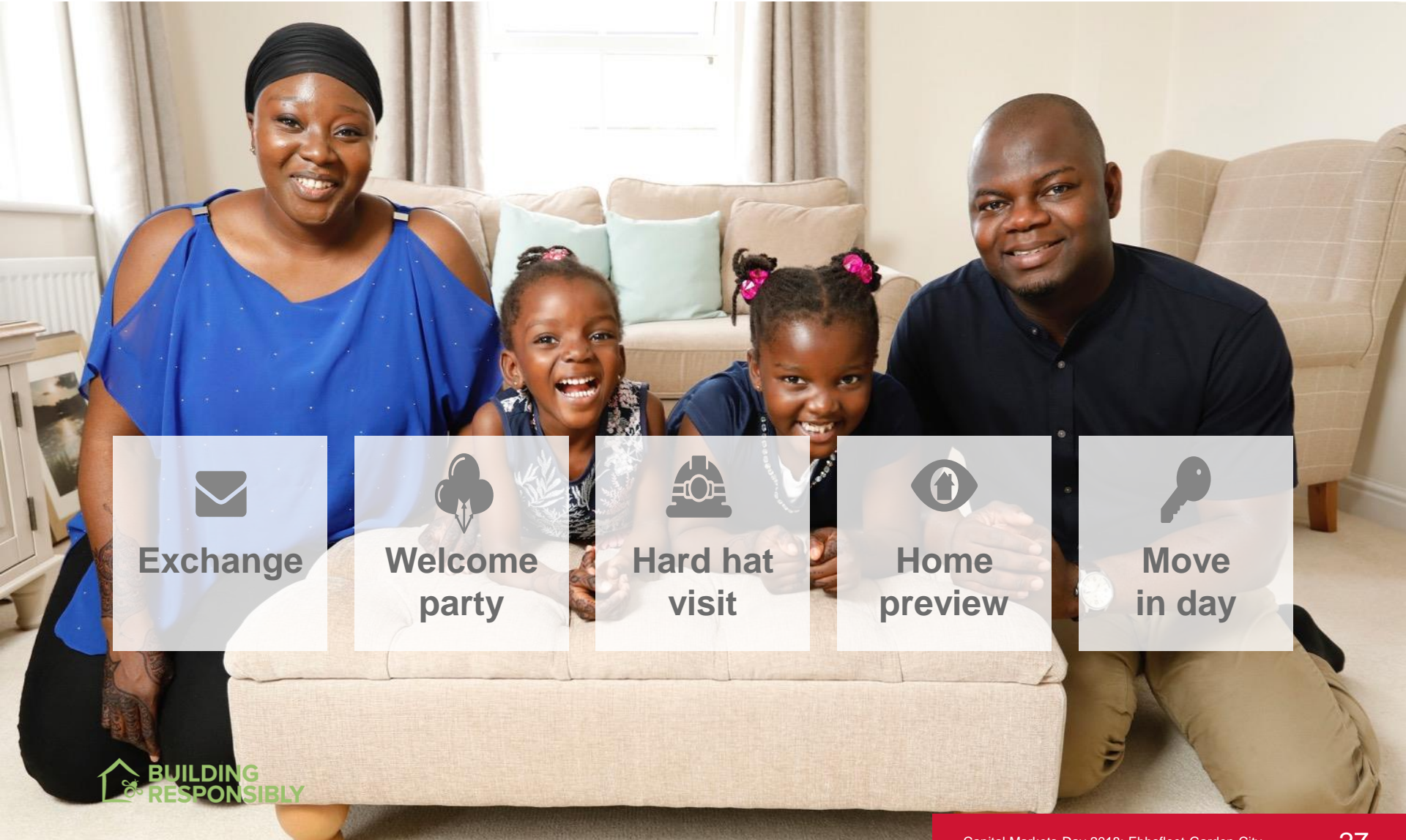
Award winning safety performance



Corporate partners in the Considerate Constructors Scheme



Putting our customers first



Exchange



Welcome party



Hard hat visit



Home preview



Move in day

Putting our customers first

September
2015

2016

2016

2017

2018

Launch of
the Customer
First Strategy

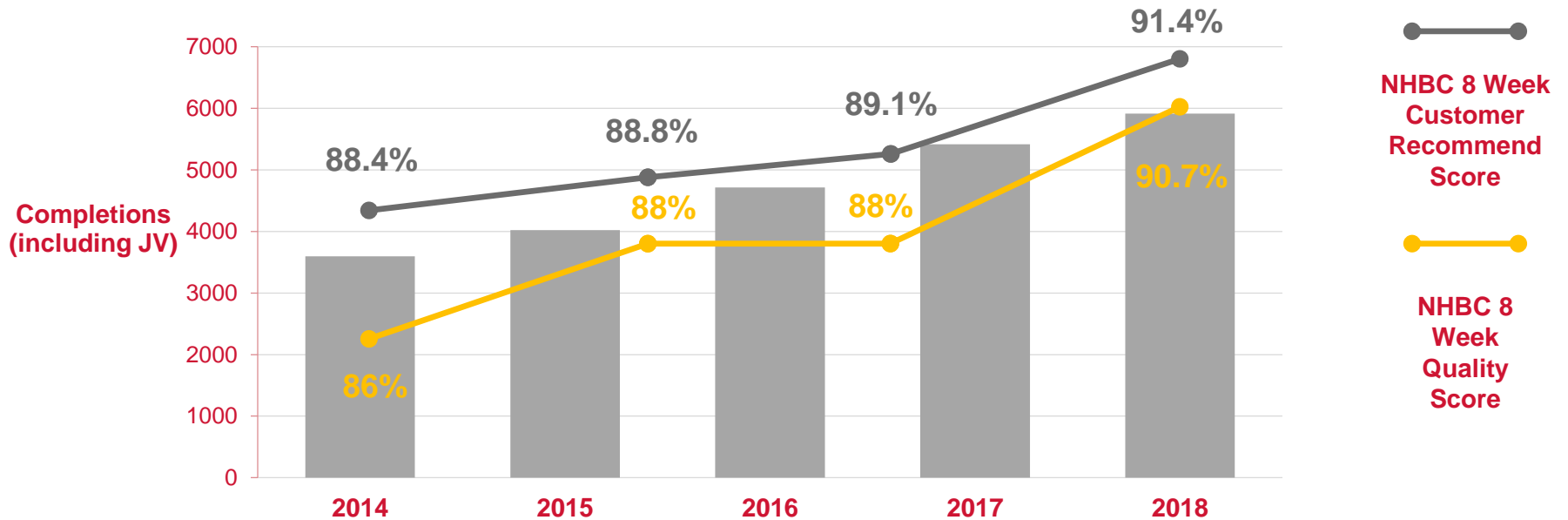
First housebuilder to
join Institute of
Customer Services

Transition
to Red CS

Red CS launched

Hard Hat Visit
launched

Customer Services
&
Quality Strategy



Putting our customers first

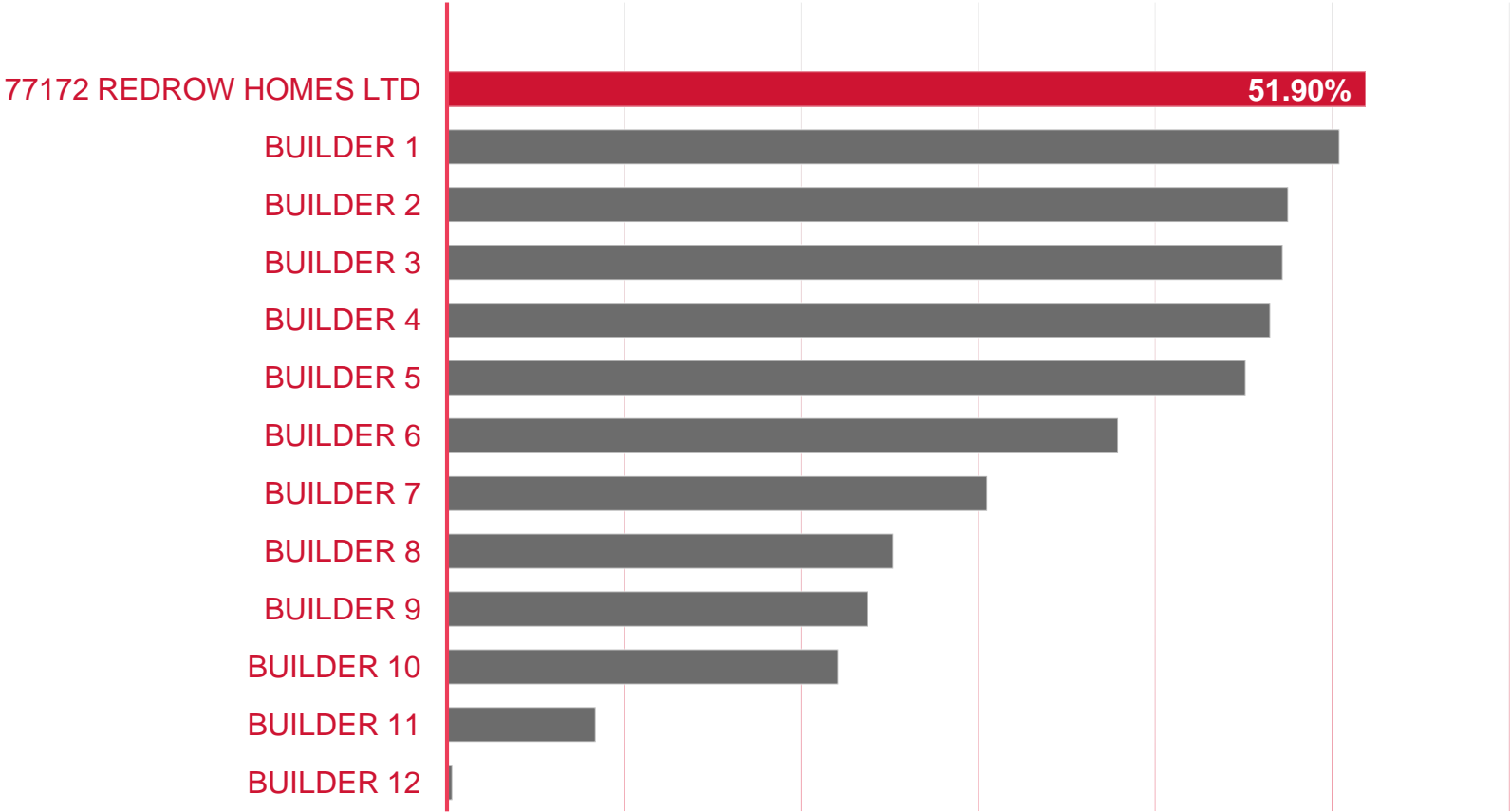
Quality review

- Remove, improve or simplify work with the aid of technology
- iPads provide instant communication and fault reporting
- Drawings stored on iPads with the ability to instantly send to sub-contractors
- Simple apps to remove tick sheets



Putting our customers first

Net Promoter Score (NPS)



Putting our customers first

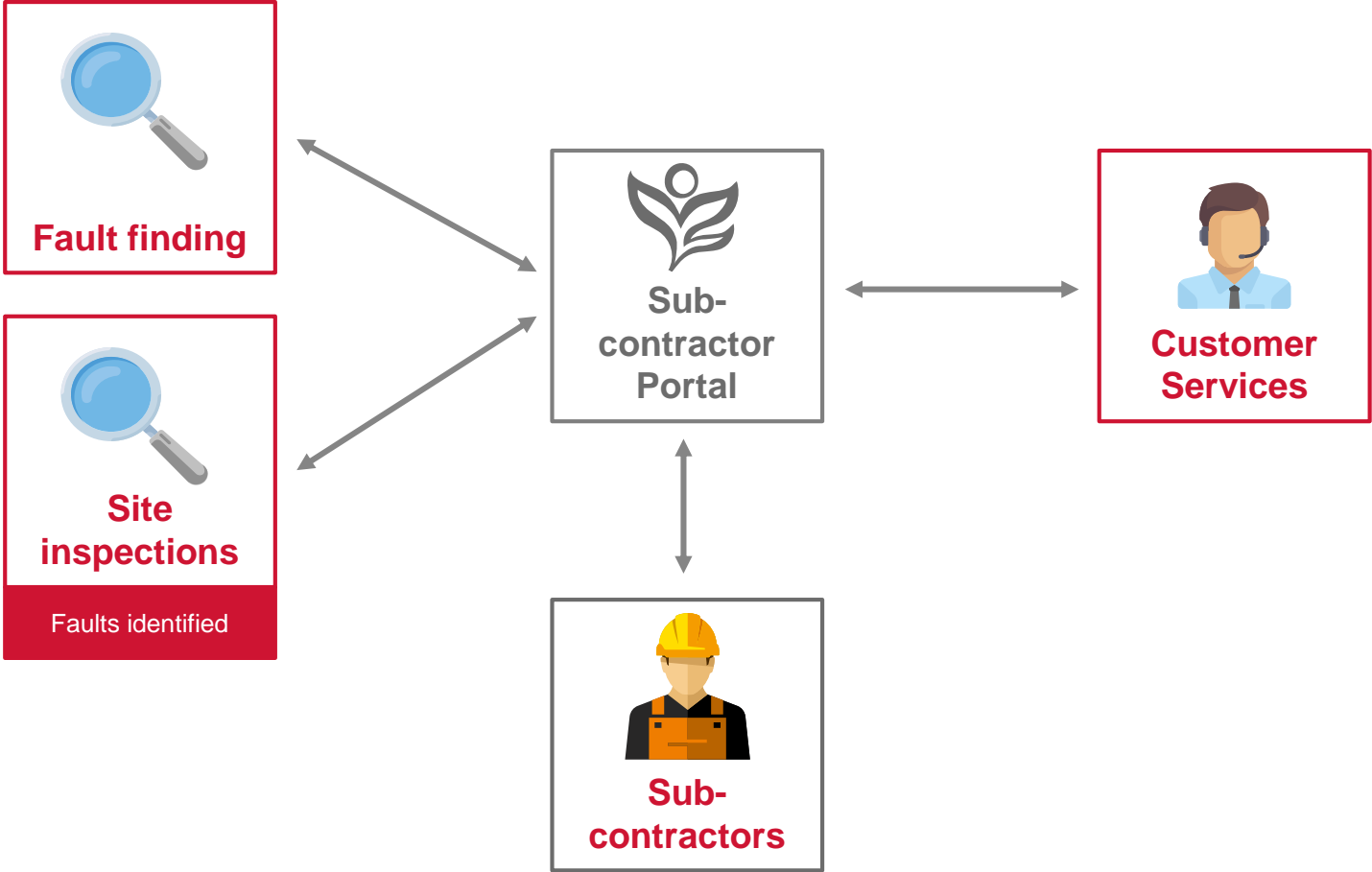
Quality review

- Improve quality training for all site managers and sub-contractors
- More contractor engagement on key focus areas
- Bonuses targeted at raising standards
- Right first time: improves quality and reduces cost

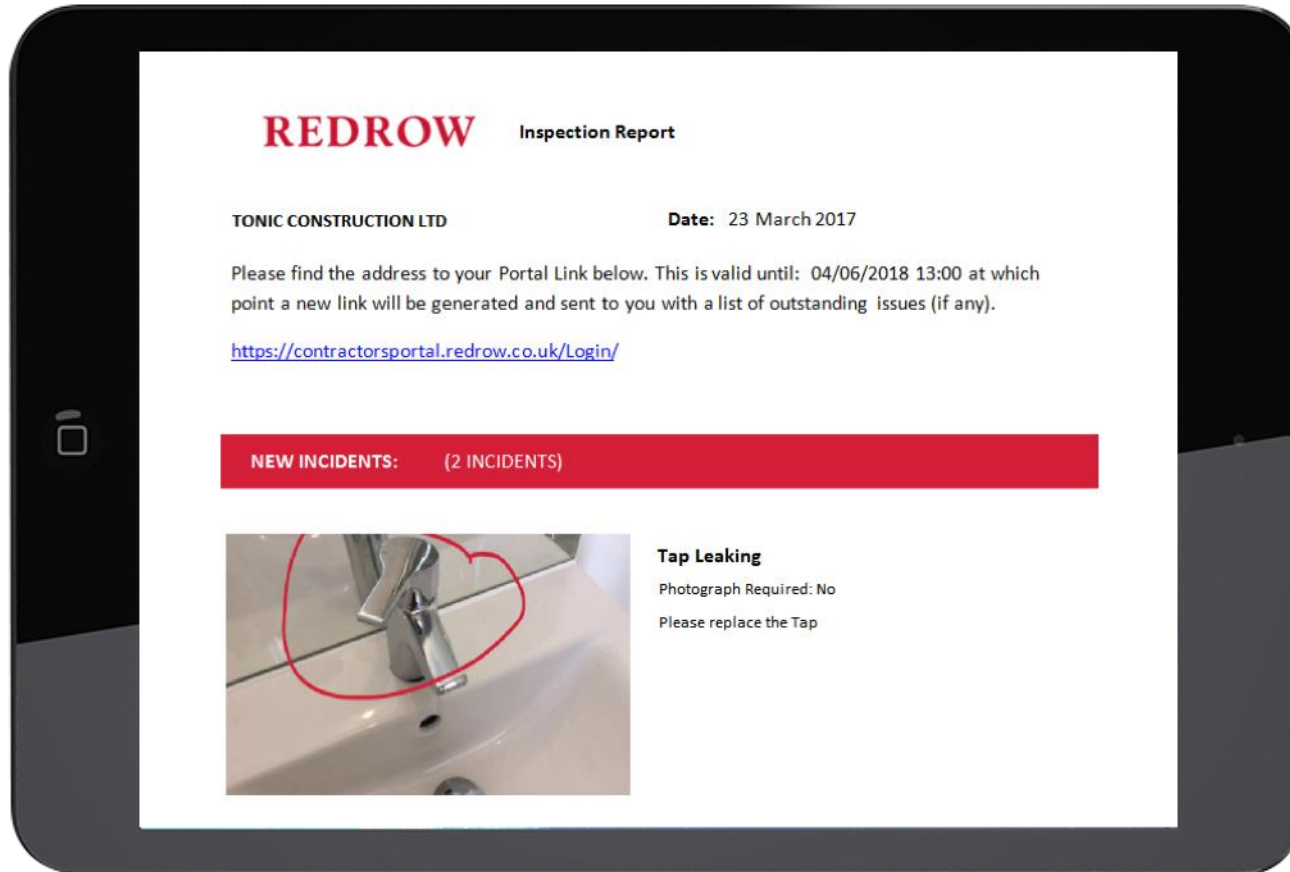


Putting our customers first

Closing the loop

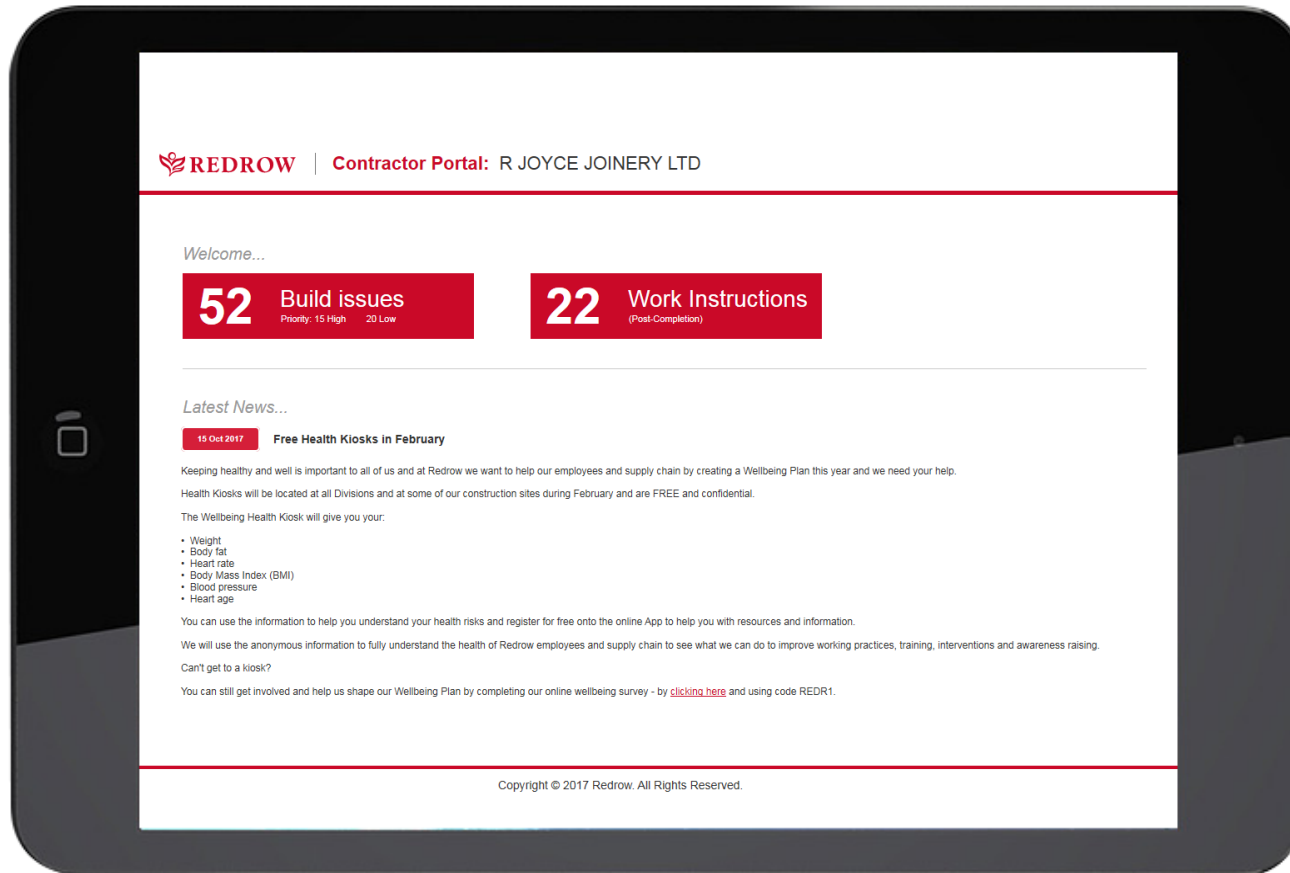


Putting our customers first



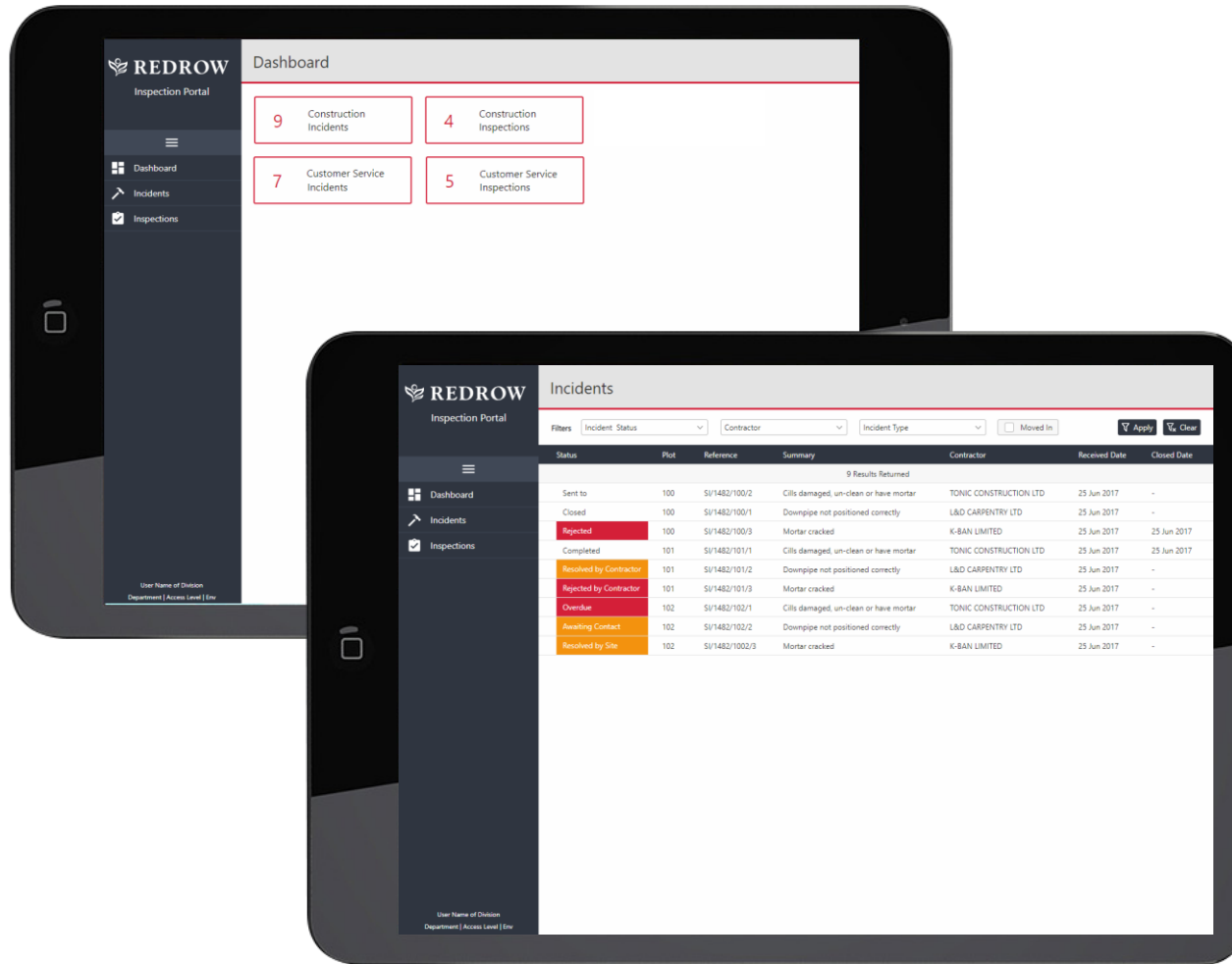
The sub-contractor receives the instruction via e-mail with a simple detail of the issue together with a link back to the sub-contractor portal

Putting our customers first



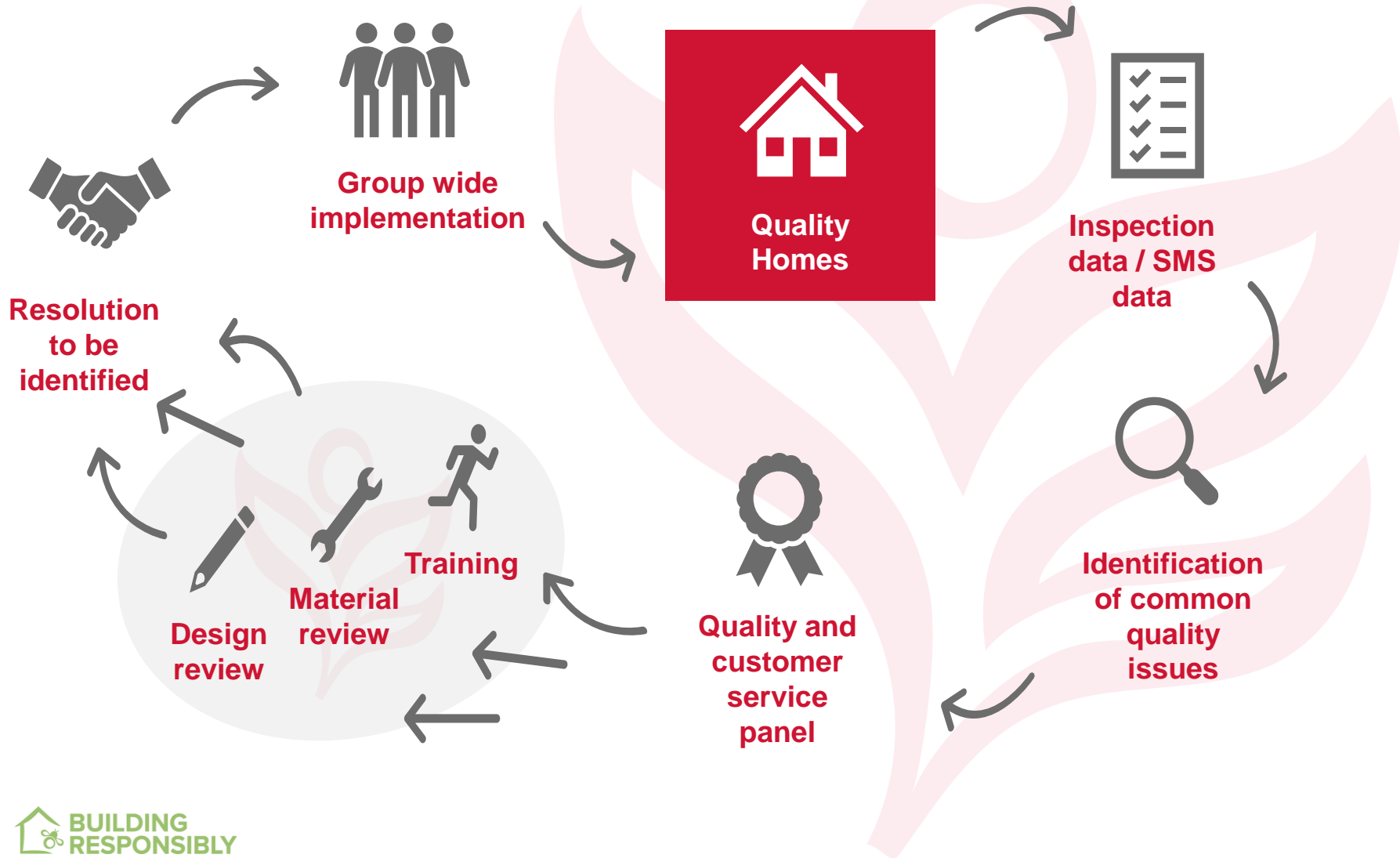
Putting our customers first

The site manager and customer service team are provided with immediate updates of outstanding faults



Putting our customers first

Closing the loop



Cost efficient building

Standardisation

- c.75% standard product enables:
 - Use of standard materials
 - Centralised purchasing
 - Build repetition leading to consistent quality

Managing waste

- Currently 96.8% of our waste is diverted from land fill:
 - Targeting the reduction of skips
 - Reduce the source of waste
 - Working with suppliers to identify creators of waste
 - Bonus direct site operatives to segregate waste
 - Looking for greater cost efficiency by segregation on site

Cost efficient building

Quality

- Better processes and use of technology to improve quality:
 - Reducing costs of customer service
 - Freeing up management to drive down build time

Build time

- Standard products enables benchmarking against targets
- Reduce prelim costs
- Work on fewer plots more efficiently to create cash benefits

Joined up approach

- New Health, Safety and Environment structure
- IT based quality control system which will set the industry standard for properly controlling and monitoring quality
- Customer survey results have improved over the last 12 months and our NPS score now sits as the best in the industry amongst our benchmark group
- Continuous improvement of standardised product



Closing the Skills Gap

Karen Jones, FCIPD
Group HR Director



SKILLS SHORTAGE WILL HAMPER HOUSING DELIVERY


 INDEPENDENT

UK construction worker shortage hits record, warns trade association

The Telegraph

Skills shortage tightens around UK construction sector



 **GOV.UK**

£22m fund launched to boost construction skills

 **THE TIMES**

Construction boom 'will be held back by skills gap'



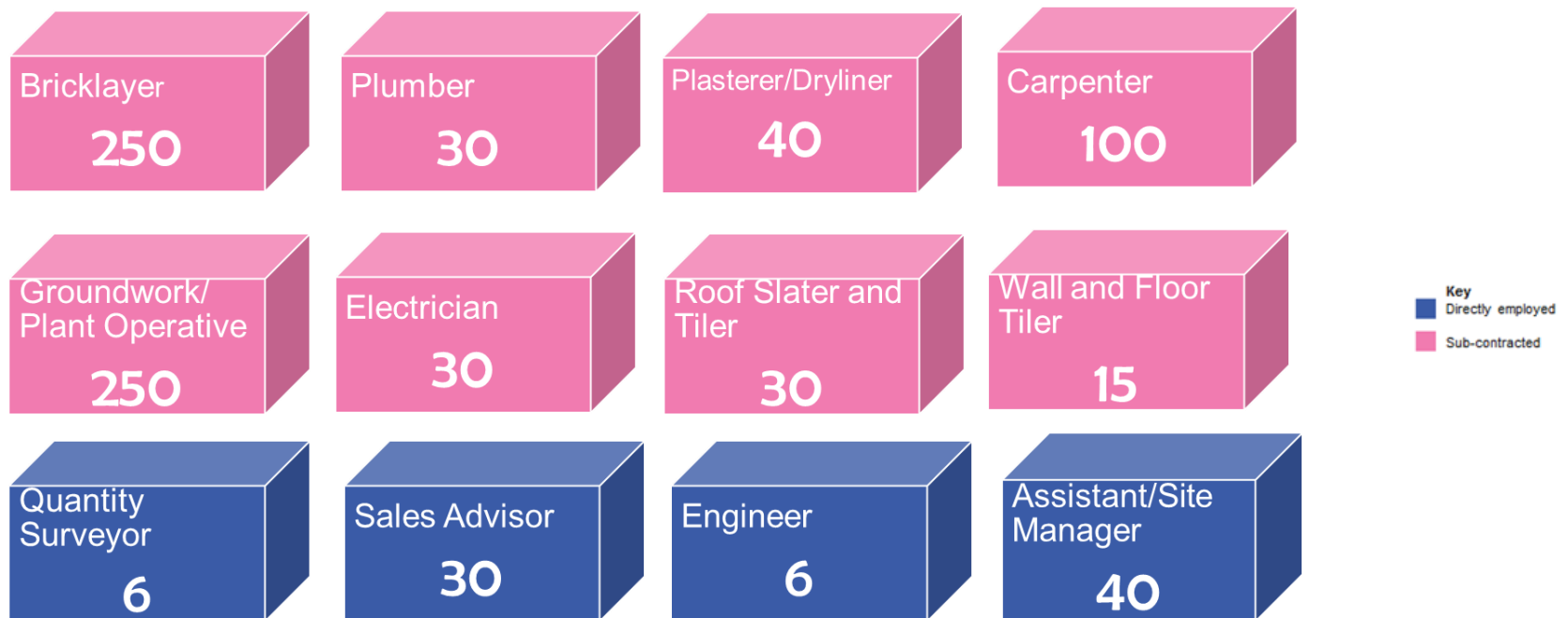
CITB Research shows that over the next five years



Driven largely by infrastructure and housing sectors

Demand for roles

For every extra one thousand houses we need approximately:



Based on research undertaken by the Home Building Skills Partnership

Reliance on overseas labour

	UK housebuilding overall*	Redrow
UK	80.3%	81.5%
EU	17.7%	16.2%
Non-EU	2%	2.3%

....but, only 6.70% of EU workers do not intend to stay in the UK industry – no different to UK workers at 6.35%

Attracting new entrants

We grow our own:

15% of our employees
are trainees

Trades:

450 apprentices recruited
in the last 5 years

- Bricklaying
- Joinery
- Plumbing
- Electrical
- Drylining
- Painting & Decorating



Attracting new entrants

We grow our own:

15% of our employees
are trainees

Professional & Managerial

Recruited in last 5 years:

- 105** General management graduates
- 30** Construction management graduates
- 20** Engineering and design higher apprentices
- 23** Surveying higher apprentices
- 76** Trainee site managers



Results

Destination of trade apprentices:

69% In the supply chain

5% Self-employed

12% Directly employed

14% Unknown



Results

Career progression:

300 Over 300 employees identified as high potential

49% of our managers are internal promotions

45% of our directors are internal promotions



Retaining our people

To retain our existing workforce,
we need to understand them:

49% of our employees
are millennials

Millennials want*:

- To make a positive impact on society through their workplace
- Authentic and honest communication from their leaders
- Their job to be an on-going learning opportunity

*May Kwong, HR Review, July 2017



Inspiring the next generation to build

We're partnering with organisations to help attract young people into the industry and focusing on providing opportunities for social and economic progression



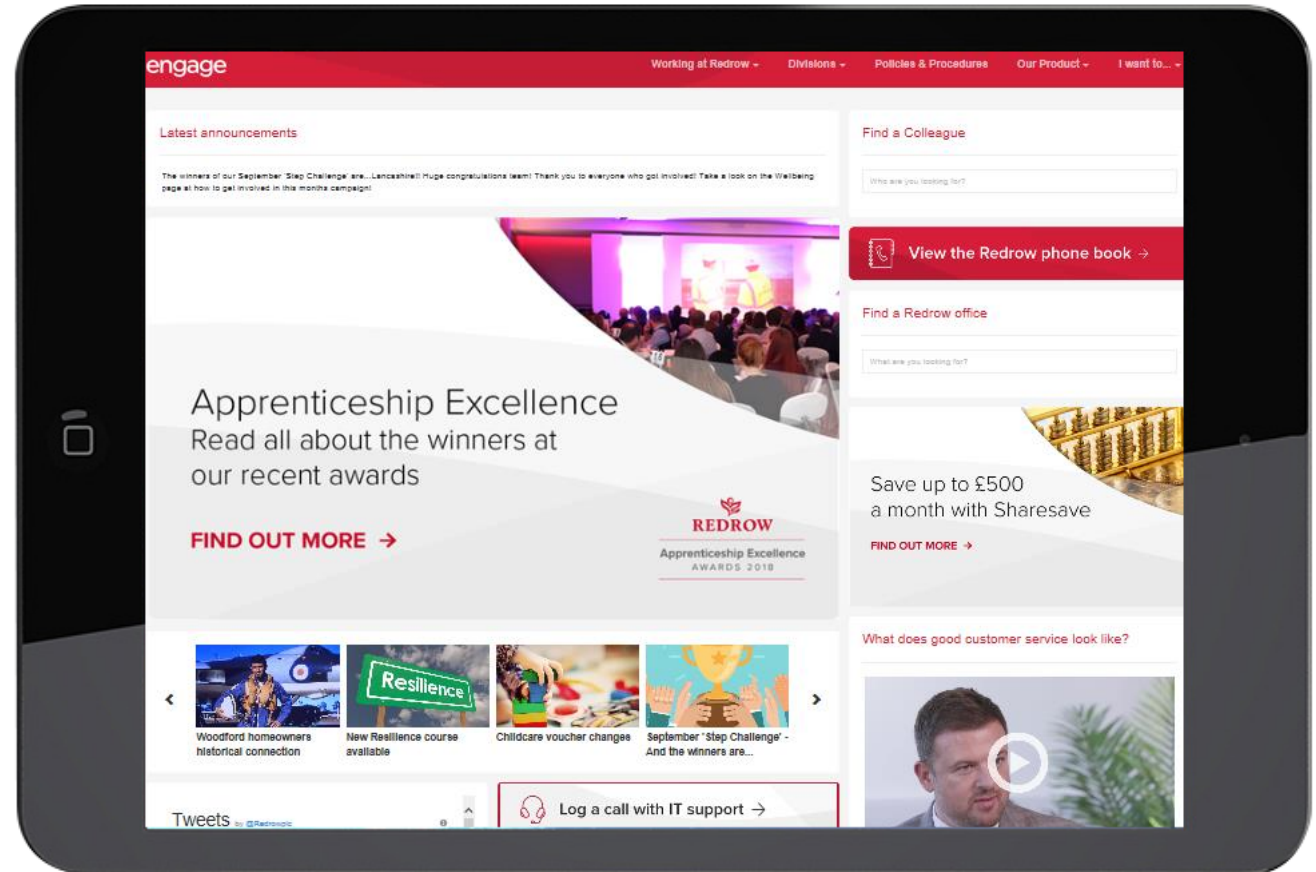
Engaging in our community

Enabling employees to volunteer in their communities through the Redrow Educational Partnership



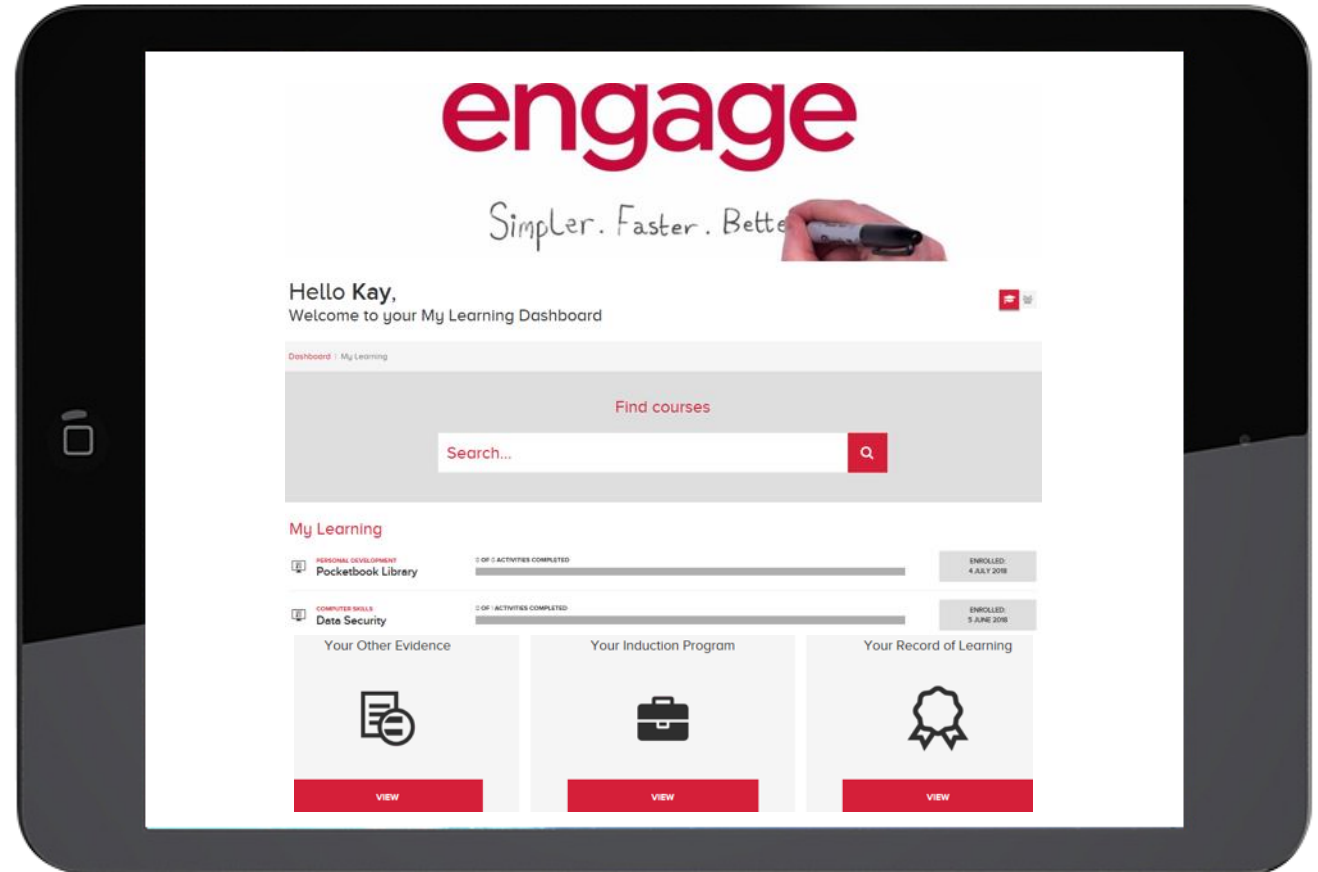
Engaging with our people

Use of technology to encourage communication and collaboration



Personalised learning opportunities

Personalised training and development available to all



Employee engagement survey results

	Redrow	External benchmark (upper quartile norm)
Overall response rate	90%	
Redrow ensures that I receive the training I need to do a great job for the Company	86	72
I feel a strong sense of loyalty to my team	95	89
Redrow gives me the support I need to deliver excellent service to customers, whether internal or external*	84	79
As a company, Redrow really cares about its people, whether employees or sub-contractors	81	75
I am proud to work for Redrow	95	88

Closing the skills gap - summary

- We offer a broad range of high quality routes into the business
- We are committed to improving the wellbeing of our employees
- We strive to engage fully with our employees
- Our employees are motivated by the opportunity for career progression in a supportive, growing business
- We focus on internal progression and so have an experienced management team who understand the Redrow way of working

All with the aim of retaining highly engaged, motivated and skilled employees to enable us to continue to deliver a high quality product and service

Capital Markets Day

John Tutte
Group Chief Executive

Strategy Summary

Strategy for continued well-managed growth and divisional expansion

- Underpinned by adept land buying

A Better Way to Live more than a ‘strapline’

- Adding value by responding to what customers want
 - Creating great places
 - Award winning products delivered responsibly
 - Focus on quality and customer service

People at the heart of the business

- An experienced, committed and motivated management team and workforce

Robust finances and resilient business model

- Focus on cost and cash management

A unique combination of attributes that differentiates Redrow and places it in a strong position for the future



DEVELOPING THRIVING COMMUNITIES
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BUILDING RESPONSIBLY

Ebbfleet Garden City

Chris Lilley

Redrow South East - Managing Director

Ebbfleet Green land & planning history

- Part of the wider Garden City which will include a large commercial centre creating more than 30,000 new jobs, leisure and recreational facilities and 15,000 homes
- Former National Grid part brownfield site extending to 52 developable acres
- 10 minutes walk from Ebbfleet International Station
- Acquired in 2013
- Outline Planning Application for 950 homes approved in March 2014
- First reserved matters approval obtained in June 2015
- Infrastructure commenced September 2015
- Housebuilding commenced in January 2016
- Sales commenced in Spring 2016
- Completed 214 homes (including 27 affordable) to date



Ebbsfleet Green master plan



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Ebbfleet Green mixed-use development

- New office for Redrow South East
- Hotel, pub and local shop
- Community facilities
 - Primary school
 - Public open spaces
 - Play areas
 - Sports pitches and pavilion
 - Community allotments
 - Community hall



DEVELOPING THRIVING COMMUNITIES
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Benefits to the wider community

OUR COMMITMENT TO THE EBBSFLEET COMMUNITY

Working with you to create more sustainable places to live.

NATURE CONSERVATION

The intention of an every garden tree as possible alongside the introduction of new and attractive new landscaping like and around site. Local on-site ecological enhancements will be the creation of meaghe fields and habitat areas.



PLAY AND RECREATIONAL AREA

Providing a range of opportunities and informal play spaces for various ages like of exciting and challenging play experiences. These will be where natural play combines with equipped play areas and a multi use games area encouraging imaginative agility and co-ordination.

OUR APPROACH

As well as building beautiful, efficient homes, we work closely with local communities to design attractive places to live that strengthen existing community spirit. Our focus is to invest in community facilities, creating opportunities for improved wellbeing for everyone. Protecting and enhancing nature is important to us and we strive to increase biodiversity on our developments for the enjoyment of all.

To find out more about how we are growing our business responsibly visit www.redrow.co.uk/sustainability-overview



PRIMARY SCHOOL

A modern purpose built primary school will be developed by the Education Authority to provide education facilities to the community and surrounding areas.

SPORTS PITCH AND TENNIS COURTS

We will be providing a sports pitch, tennis courts, local park and a central green to support the school and the local community.

OUR WIDER COMMUNITY CONTRIBUTION



ALLOTMENTS

These will be created in a mix of plot sizes to encourage a wider variety of keen gardeners all surrounded by native planting.

COMMUNITY CENTRE

The new community centre that will be provided will incorporate sustainable technologies such as solar PV panels to reduce carbon emissions. The community centre will be available for residents to hire.

CYCLE PATHS AND FOOTPATHS

We know that having access to nature helps to improve quality of life and wellbeing which is why we are introducing footpaths and cycle paths across the development enabling you and your family to connect to the beautiful surroundings of the area.



30% of Ebbsfleet Green will be green space



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Benefits to the wider community

Financial contributions approaching £15 million

- Over £4.5 million towards a new primary school at Ebbsfleet Green
- Over £6 million towards nearby secondary school provision
- £171,000 for adult education
- £1.7 million towards improvements to the local bus service and local highways
- £621,000 to provide facilities, resources and services to support and meet the needs of children and young adults
- £10,000 towards adult social care
- £216,000 for local libraries



DEVELOPING THRIVING COMMUNITIES
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Diverse range of product

- Abode
- Heritage
- Regent
- Bespoke



DEVELOPING THRIVING COMMUNITIES
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Delivering high levels of output

Range of construction methods

- Traditional
- Timber frame
- Modular (office)



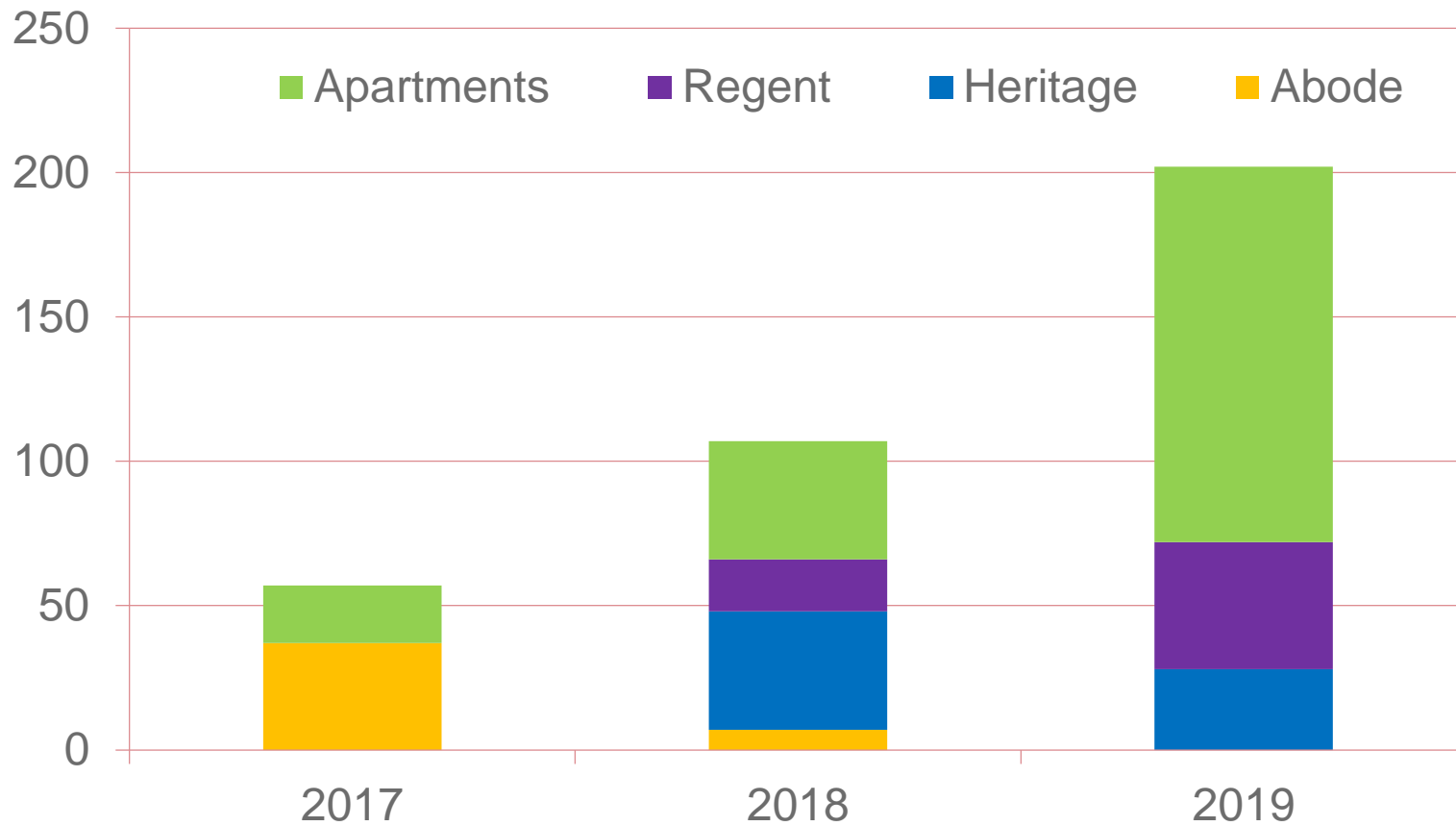
Modern methods

- Effective on high volume sites
- Reduced build times
- Bricklayer off critical path
- Less weather dependent
- Reduced site waste



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Completions at Ebbsfleet Green



DEVELOPING THRIVING COMMUNITIES
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Delivering exceptional customer satisfaction

- Customer Recommendation c.95%
- Net Promotor Score c.70%



DEVELOPING THRIVING COMMUNITIES
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Summary

- Creating a vibrant mixed-use new community
- Diverse range of product to maximise sales
- Adopting a range of construction methods to deliver high volumes and meet demand
- Exceptional levels of customer satisfaction
- Leading award winning site in the South East



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Thank you
