DELIVERING | DISTINCTION

REDROW

ANNUAL REPORT AND ACCOUNTS 2013

About Redrow

Introduction

We pride ourselves in delivering quality homes to our customers and value to our shareholders.

Redrow is one of the UK's leading residential property developers, aiming to be the developer of choice for landowners, customers, employees, suppliers, subcontractors and investors.

Northop Park
Flintshire

Listen to our results webcast online at **www.redrowplc.co.uk**

Watch our video and learn more about My Redrow online at **www.redrow.co.uk/tv**

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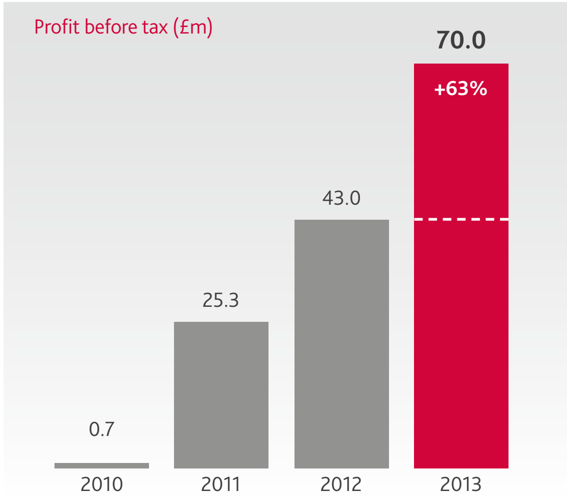
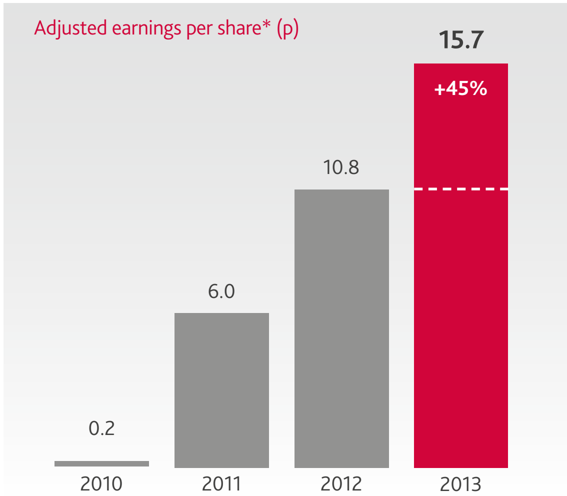
Visit **www.redrowplc.co.uk** to read an online copy of our report

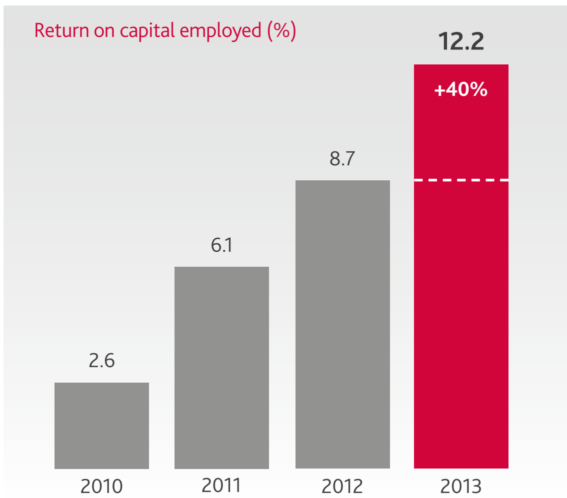
Read the case study on a new London development on **page 23**

Read about our Mary Twill Grove development on **page 19**

Financial highlights







* Excludes exceptional items and deferred tax rate impact.

Read the Financial review on **pages 24 to 27**

View our Achievements on **pages 14 to 17**

About Redrow

Why Redrow?

Our commitment and dedication has led to a position as one of the UK's strongest residential property developers.

Success is based on acquiring and adding value to land for the benefit of investors, customers, employees and suppliers, as well as for the good of our local communities.

Redrow strives to create environments that will stand the test of time, where people want to live or work and can appreciate and enjoy their surroundings.

Read the Operating review on **pages 18 to 23**

Read more in the Sustainability review on **pages 30 to 37**

↑ Cerney on the Water, South Cerney, Gloucestershire

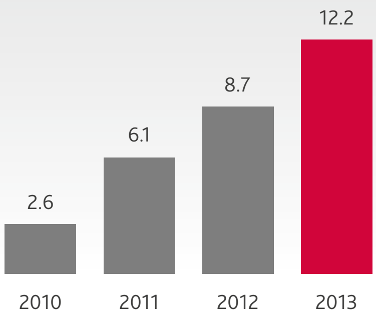
Why choose Redrow?

1
A strong balance sheet

Redrow has a strong balance sheet with net assets of £609m with low gearing. The Group is focused on delivering superior levels of return on capital to ensure an efficient use of its capital base.

Return on capital employed (%)

12.2% (+40%)



2
Successful leadership team

Redrow's strong, experienced and successful leadership team, together with its flat management structure, fosters a coherent and timely approach to implementing strategy and delivering results.

Career development is encouraged through training. We have a national training centre adjacent to our Midlands office staffed by our in-house training team who deliver bespoke training courses and co-ordinate external training requirements and delivery.

Number of training days

2,687 (+17%)

Number of apprentices

82 (+20%)

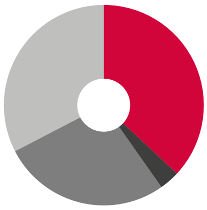
Operating area

South
Redrow South West
Redrow South East
Redrow South Midlands

Central
Redrow Midlands
Redrow South Wales

North
Redrow NW
Redrow Lancashire
Redrow Yorkshire

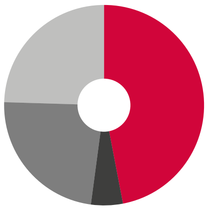
Outlets at June 2013



92
outlets

- South 34
- London 3
- Central 25
- North 30

Current land bank at June 2013



14,162
plots

- South 6,652
- London 728
- Central 3,309
- North 3,473

3

Pride in our developments

Redrow takes great pride in each of its developments, paying attention to every aspect of the design and build process. We carefully select locations and aim to design and deliver developments which match the demands and aspirations of today's customer lifestyles. Wherever possible, local experienced tradesmen and local quality materials are used.

4

Responding to customer demands

By understanding the aspirations of customers and using excellence in design, Redrow has built on historic product strengths to develop ranges of distinctive homes catering for a broad customer base, with an emphasis towards family friendly housing.

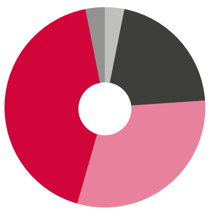
5

Corporate sustainability and responsibility

We aim to continuously improve in all aspects of sustainability: in terms of design, customer satisfaction, developing our people and enhancing communities whilst minimising our impact on the environment and ensuring high standards of Health and Safety across our business.

Customer satisfaction rating

Homes completed in 2013
by number of bedrooms



2,827
homes

- 1 bed 88
- 2 bed 588
- 3 bed 863
- 4 bed 1,200
- 5 bed and above 88

Health and Safety Gold Awards

About Redrow

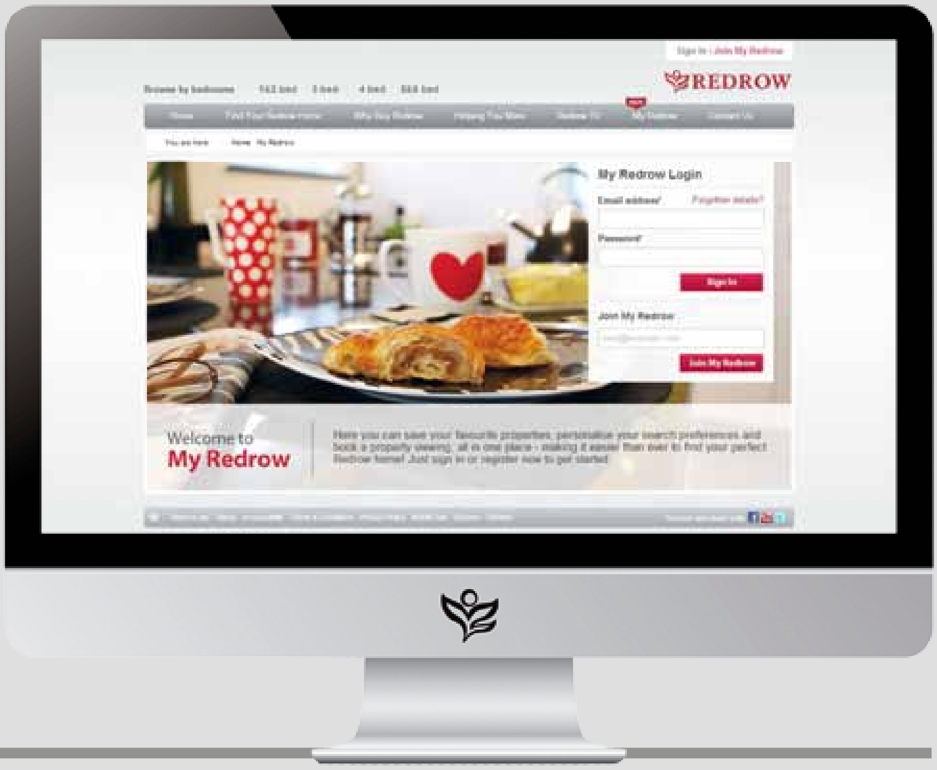
My Redrow

Our customer commitment

Our aim is to provide our customers with a home they are proud of, delivered with the best levels of customer service possible.

My Redrow: Enhancing the customer journey from start to finish

During the year we were proud to launch our pioneering My Redrow tool, aimed at making the housebuying process as personal and as straightforward as possible. My Redrow harnesses the power of the internet to give our customers an unrivalled range of tools and features.



How it works

Giving customers who create an account the chance to select favourite properties and developments, book appointments online, and save everything in one place. Once purchasers have reserved their new home, a unique and major benefit of registering with My Redrow is that they can then select all their personal interior finishing touches via the website, so everything can be done in their own time.

- Select favourite properties and developments
- View specification
- Book appointments

Why it's important

We are committed to delivering a quality service, throughout the whole homebuying process and beyond. My Redrow makes browsing for a new home fun, unique and something the whole family can share in.

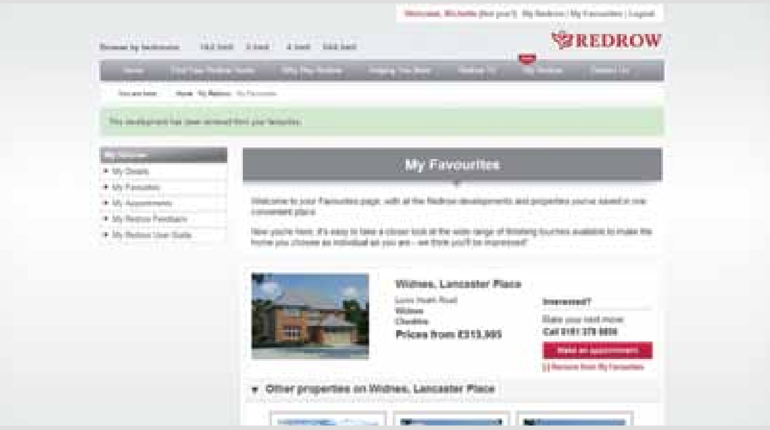
"We've listened to what our customers want and My Redrow will help to make their experience as personal and straightforward as possible. We believe it is a unique offering among the major housebuilders. It brings the process of buying a new home up to speed with other retail sectors and is helping to lead the way for the industry."

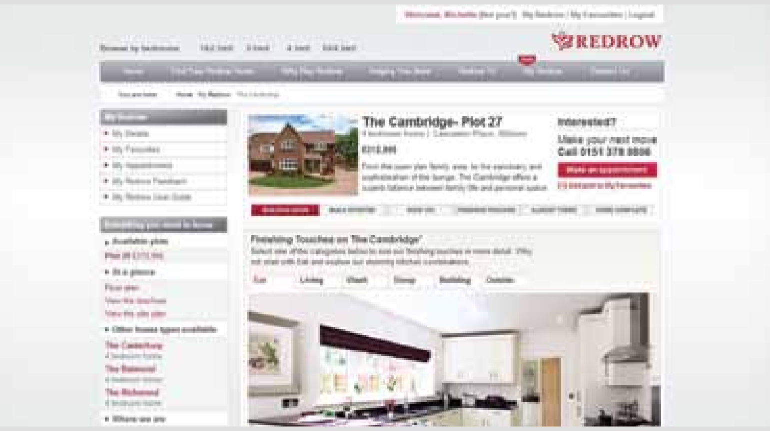
Kim Peters
Group Marketing Director

Key features of My Redrow

My Redrow makes browsing for a new home something the whole family can share in:

- Choose all personal finishing touches
- Purchase additional upgrade items
- Check build progress





Welcome

The user has easy access to view or change their details and access their favourite properties. A real-time calendar allows them to make an appointment at their chosen development at a time that suits them best.

My favourites

Favourite house types can be saved in one convenient place and customers can take a closer look at the wide range of finishing touches available.

Explore finishing touches

Once the customer has reserved they can go online to make their selections and upgrades from a wide range of tile choices, fireplaces, wardrobes, sockets and even turf for their back garden. They can also check on the build stage of their home.

My Redrow has been named as a finalist in the customer engagement category at the 2013 Peer Awards for Excellence

Finalist
The 2013 PEER AWARDS For Excellence

Find out more

Watch our video and learn more about My Redrow online at **www.redrow.co.uk/tv**

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Chairman's statement

Steve Morgan
Chairman

"Progress has been made on all fronts, to the extent that the Board feels it appropriate to recommend the return of a final dividend."

Overview

- Underlying earnings per share were up 45% to 15.7p
- Reinstatement of final dividend of 1p per share
- Return on Capital Employed increased to 12.2%
- Secured 4,729 plots in the year, giving a landbank of 14,162 plots at the year end
- The value of private reservations increased 42% to £668m

Read the Operating review on **pages 18 to 23**

Read more in the Sustainability review on **pages 30 to 37**

I am delighted to be able to report another year of significant growth as we continue our journey to more normalised profit levels. Progress has been made on all fronts, to the extent that the Board feels it appropriate to recommend the return of a final dividend.

Financial Results

Group revenue rose 26% to £605m (2012: £479m) for the financial year. This was due to a combination of a 15% growth in overall legal completions to 2,827 (2012: 2,458) and an 11.8% increase in average selling price to £212,300 (2012: £189,900) largely as a result of a change of product mix.

Gross margins improved from 17.3% to 18.8% as over 60% of our sales volume was generated from sites purchased since the downturn on which we made normal margins.

Operating expenses increased in absolute terms due to the growth and ongoing investment in the business, but reduced as a percentage of sales to 6.6% (2012: 7.3%). Overall profit before tax increased by 63% to £70m (2012: £43m) giving a pre-tax margin of 11.6% (2012: 9%). Underlying earnings per share were 15.7p, up 45% on last year. Return on Capital Employed improved to 12.2% from 8.7% last year.

Net assets increased by 9% to £609m or £1.65 per share (2012: £562m / £1.52). Our ongoing investment in land and work in progress led to net debt rising to £91m at the end of the financial year, giving gearing of 14.9% (2012: 2%). We expect net debt to increase further in line with the ongoing inventory investment.

As a consequence of this strong set of results the Board feels confident to propose the reinstatement of a final dividend of 1p per share.

Market

The housing market has improved throughout the last financial year as mortgage availability has gradually increased on the back of the Funding for Lending scheme. It further strengthened significantly following the launch at the beginning of April 2013 of the Government's Help to Buy scheme for new build homes. Help to Buy has made a significant contribution to our forward sales position; however only 3% of our private completions during the year arose from this initiative.

Assisted by the above initiatives, confidence in the housing market is returning and despite the increase in the average selling price of our new homes, sales per outlet rose to 0.62 per week throughout the financial year, compared to 0.58 in the previous year.

The Heritage Collection, our primary brand, reached our target of 85% of private turnover during the year (2012: 67%), slightly earlier than anticipated. The average selling price of a Heritage home is now £232,000, an increase of 8% on the previous year, due to a greater percentage of larger family homes.

Overall the value of private reservations taken during the year increased 42% from £472m to £668m with all regions of the business performing well apart from Wales, where the Welsh Government initiatives such as Help to Buy have yet to materialise.

Increasing new outlets is the key to enable us - and indeed the new homes industry - to increase supply to meet the country's needs and growing demand. We have employed considerable focus and resource into increasing outlets in recent years and as a result we finished the financial year on 92 outlets, up from 82 in June 2012.

In London we completed the remaining houses at Ealing and the first 13 apartments on our Riverside development in Kingston-upon-Thames. A substantial increase in output is anticipated during the current year, with a number of new sites either commenced or in the pipeline.

Land and Planning

During the year we secured a total of 4,729 plots, of which 1,068 were converted from our strategic land bank. As of June 2013 our current land bank amounted to 14,162 plots, an increase of 15% over last year. The average plot cost has continued to rise and now stands at £57,000 (2012: £50,000) in line with increasing selling prices, as a result of the change in product mix and quality of sites. The percentage of provisioned land continued to reduce from 22% of the land bank in 2012 to 13% now. Provisioned land should be all but eliminated by June 2015.

I mentioned above that demand has increased as a result of improved consumer confidence, which in turn is resulting in an increase in output across our sites. Although on the face of it this is good news, the industry is already starting to experience labour and material shortages. As a consequence, despite output increasing at a reasonable pace, reaching the levels the country requires will not be achieved overnight.

One consequence of increasing output is that sites will be built through in a shorter timescale, which means that they will need to be replaced more quickly. Despite welcome improvements brought about by the NPPF and other Government initiatives to streamline the planning process the system in practice remains a bureaucratic mess and is still failing to deliver implementable planning permissions at anything like the rate the country requires and the house building industry needs to expand.

Home builders are often accused of land banking. Under the present system once an application receives a signed S106 it counts in the statistics as a Planning Approval. However, that is not the end of the story as many of the sites currently "Approved", including many of those counted in our own and indeed our competitors' land banks, require Reserved Matters Approval and after that clearance of Planning and Pre Start Conditions. This process is becoming an increasingly bureaucratic, costly and time consuming exercise.

We currently have 16,600 plots locked in the planning system at one stage or another on a total of 99 sites, which, if approved, would deliver approximately 120 additional outlets. Despite employing considerable resources only a minority of these sites are likely to progress sufficiently through the system to achieve a build start in the next 12 months. Although we do expect to increase outlets in the current year, the pace of growth is much slower than we would like and the level of planning bureaucracy is an unnecessary barrier to increasing the supply of new homes.

People

During the year to June 2013 we have once again made significant strides in terms of training our people. When I returned to Redrow four years ago there wasn't a single trainee in the Company. I am pleased, indeed proud, to announce that over 14% of our total workforce are trainees, spread across all areas of the business.

At Redrow we are industry leaders in our determination to give opportunities for young people to gain employment and develop the skills they will need for a long term career. During the year to date 43 apprentices and 19 graduates have been recruited. In total 15% of our employees are under the age of 25, which will form the foundation for Redrow to continue to grow as a sustainable business.

As announced in the first half of the year, Nick Hewson was appointed Non Executive Director as a replacement for Paul Hampden Smith. Nick, who has many years' experience in the property sector, has also been appointed as Chair of the Audit Committee.

Alan Jackson, who was appointed shortly after my return to Redrow as Deputy Chairman and senior Non Executive Director, has announced that he will be retiring from the Board at the end of the financial year.

The considerable progress which has been made at Redrow is entirely due to our people and I would like to thank them for their continued hard work, commitment and support in ensuring we deliver our strategy.

Current Trading and Outlook

Private reservations since the beginning of July are up 54% on last year at 784 due to a combination of trading on an increased number of outlets - 93 compared to 84 in 2012 - and the increased sales rate reported earlier.

The pace at which we can continue to increase output is very much dependent on our ability to increase the number of outlets through the planning system. Market confidence is returning to more normal levels and with the ongoing assistance of good mortgage availability and Help to Buy, I expect that Redrow will continue to make further significant progress towards our growth targets in the current year.

Steve Morgan
Chairman
17 September 2013

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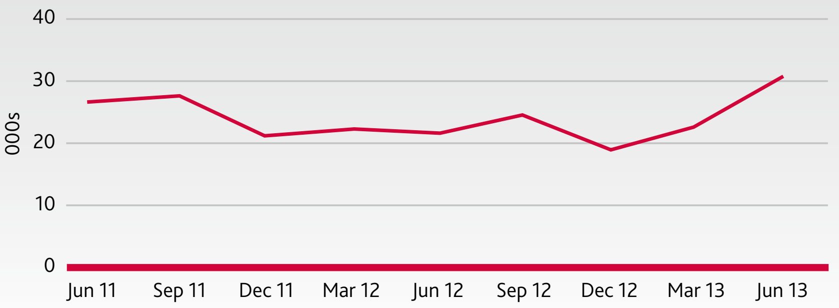
Our markets

Whilst economic conditions are gradually improving, Redrow continues to make strong progress. Government backed initiatives are helping to make home ownership more accessible.

Underlying demand for housing is fundamentally strong. Increasing levels of mortgage approvals reflect improvements in availability and affordability.

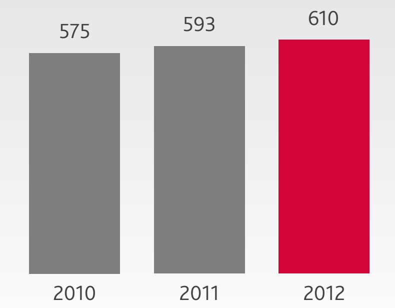
↑ The Oxford housetype from the Heritage Collection

NHBC build starts (England and Wales)



Mortgage approvals No. (000) in calendar year

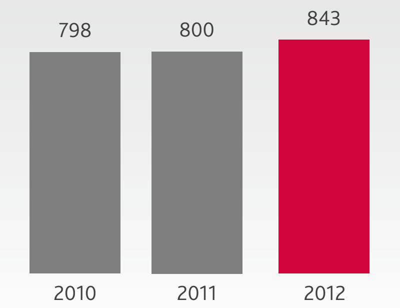
610,000



Source: Bank of England

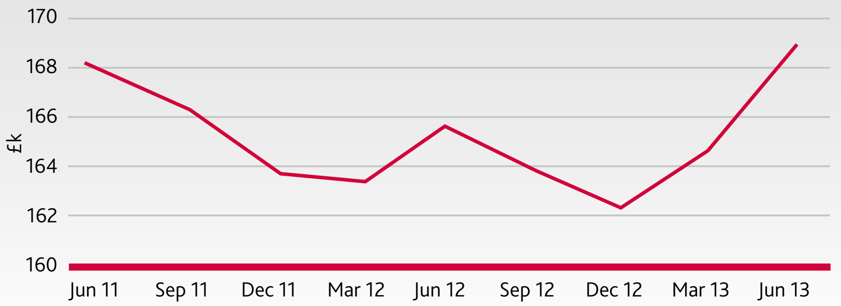
Residential transactions in England and Wales No. (000) in calendar year

843,000



Source: HM Revenue and Customs

House prices Based on Nationwide house price index average



Key Events

January 2013

In January 2013 the Department for Communities and Local Government (DCLG) published a consultation paper on streamlining the planning application process.

February 2013

In February 2013 new regulations came into force designed to encourage Local Planning Authorities and developers to renegotiate existing section 106 agreements which have led to stalled developments or have rendered schemes unviable.

March 2013

The Government's Budget on 20 March 2013 announced the introduction of Help to Buy from 1 April 2013. This replaces FirstBuy and is available to all struggling purchasers, not just first time buyers. The Help to Buy programme is anticipated to run until 31 March 2016 and offers a maximum 20% equity loan on new homes across the whole of England up to a maximum purchase price of £600,000.

The Budget also contained a number of other initiatives to assist housing.

April 2013

In April 2013 DCLG published its latest interim household projections. The number of households is projected to grow to 24.3m in 2021 or 221,000 per year. This compares to the c.135,000 private homes currently built per annum in the UK.

May 2013

The Growth and Infrastructure Act 2013 came into force and introduced various changes to the planning system including:

- allowing applications and appeals for a limited period to modify or discharge the affordable housing elements of section 106 agreements to make developments viable;
- reducing paperwork for an application to simplify the process; and
- reform of the legislation on registering new town and village green applications.

Help to Buy

The dream of home ownership became a real possibility for many more homebuyers on 1 April 2013, when the Government launched Help to Buy.

Through the scheme customers can purchase a brand new Redrow home with a small deposit and enjoy lower monthly mortgage repayments.

Help to Buy enables those who have saved around a 5% deposit to take out an equity loan from the Government for up to 20% of the purchase price. This means they only need a 75% loan to value (LTV) mortgage from their chosen lender and should be able to access much more competitive interest rates to make their mortgage repayments more affordable.

Unlike previous schemes such as FirstBuy, all types of purchasers can apply for an equity loan through Help to Buy, not just first time buyers.

Help to Buy is available exclusively on new homes up to £600,000. The loan can be repaid at any time or when the purchaser comes to sell their home. The scheme will run for three years.

Help to Buy legal completions by Redrow in 2013

82

↑ Help to Buy customers Mika and Mutsa Malengo meet Housing Minister Mark Prisk at Redrow's Woodville Gardens, Moston, North Manchester

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Our strategy

Our strategy is to be the premium brand, by delivering a high quality product to our customers and growing returns for our shareholders.

Priorities

To achieve our strategy, we focus on strengthening the pillars of our business model. We categorise the pillars into capabilities and relationships. These combine to deliver our returns.

Our business model is discussed in detail on pages **12 to 13**

Capabilities + **Relationships**

Returns

Capabilities

1. Maintain quality land bank

How we're doing it

- Having a clearly defined strategy
- Knowledgeable land and planning teams based locally at our Divisions with support from Senior Directors at Group

2. Produce a quality product

How we're doing it

- Making design an integral part of our business
- Focusing on build quality, incorporating proven products, built by experienced subcontractors using sustainable materials wherever possible

3. Industry leading sales and marketing

How we're doing it

- Award Winning website and Redrow TV
- In-house online and offline design and production resource
- Reporting – Accurate, robust and targeted campaign management information
- Introduction of My Redrow – A secure online members area to support customers through their search for and purchase of a new home

↑ Kingston Riverside, Kingston-upon-Thames, Surrey

Relationships

4. Excellent customer service

How we're doing it

- Introduction of My Redrow to enhance our customers' purchasing experience
- Consulting customers on our design and performance

5. High standards in Health and Safety

How we're doing it

- Utilising our in-house dedicated Health and Safety team
- Regularly reviewing our training and processes
- Conducting Health and Safety audits

6. Training for the future

How we're doing it

- Purpose built training centre and dedicated training team
- Personal development plans

Returns

7. Be a more sustainable business

How we're doing

- 14% of employees are trainees

8. Improve ROCE

How we're doing

- Increased to 12.2% in 2013

9. Increase margin

How we're doing

- Operating margin increased to 12.2% in 2013

10. Deliver revenue growth

How we're doing

- Revenue increased by 26% in 2013

Business review

Our business model

Redrow prides itself on being a responsible developer. We care about our customers and employees, as well as our impact on the environment and local communities.

Capabilities + **Relationships**

Capabilities	Relationships
Land & Planning	Our Customers
Design & Technical	Our People
Build	Our Suppliers & Subcontractors
Sales & Marketing	

Achievements

Capabilities

Land & Planning

Land is a key resource for our business. The quality and location of our land bank is fundamental to delivering sustainable and profitable growth.

Our experienced land teams have good local knowledge, a clearly defined strategy to follow and work closely with locally based planning teams interpreting, monitoring and anticipating planning policy.

They are further supported and guided by Senior Directors at Group enabling opportunities and returns to be optimised.

Relationships

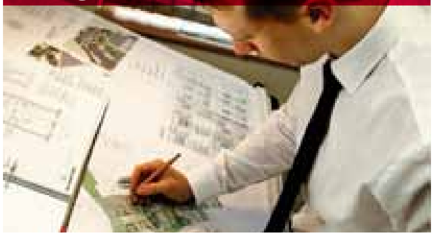
Our Customers

Redrow understands that a home is one of the most important purchases our customers and potential customers make.

We are committed to providing a quality product and high standard of customer service throughout the purchasing process and beyond.

Our My Redrow initiative enhances the customer experience, and practical support and advice enable our customers to optimise the sustainable features of their new homes and to deliver them real, long term value.

Design & Technical

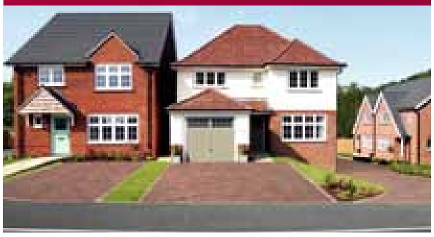


The quality of design of a Redrow home is an important part of our homes' popularity with customers.

Redrow has experienced, centrally based design and technical teams who design our homes and also regionally based teams who masterplan and design our developments with the goal of delivering sustainable communities in mind.

Our in-house expertise is supplemented by the use as appropriate of external leading architects to design bespoke schemes for us.

Build



Build quality is a vital component of our ability to deliver quality homes to our customers.

Redrow's carefully crafted build quality incorporates carefully researched, proven products, materials and technologies. This is supported by our stringent procurement procedures and the use of experienced subcontractors and site management. We aim to deliver well built homes on programme and provide a safe working environment for our employees and subcontractors.

Sales & Marketing

Well informed and approachable sales teams are important to guide customers smoothly through the home buying process.

Our sales teams receive regular training, undertake workshops and attend annual sales conferences to improve skills and knowledge and share best practice.

Aftercare of our customers is equally important. During the year we introduced personalised digital 'Homefiles' in addition to hard copy files containing a practical guide to and information on their new home that can be referred to in years to come.

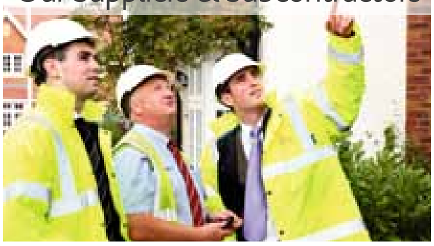
Our People

Redrow depends on the ability, skill, commitment and enthusiasm of our employees to help make us a successful business.

We recognise the need to attract and retain talented staff, to provide career development at all levels and deliver succession planning.

Training is an important part of developing our staff and we have a purpose built, in-house training centre to support our training programmes.

Our Suppliers & Subcontractors



It is important to Redrow to work closely with suppliers and experienced subcontractors to deliver quality products and workmanship and to maintain a strong supply chain.

Redrow has experienced, centrally based commercial and sustainability functions responsible for sourcing key raw materials and new, improved, sustainable products.

Achievements

Turn to pages 14 to 17 for details of our achievements.

Business review

Achievements

To assess the Group's performance and to strengthen the pillars of our business, the Board and Executive Management set key performance indicator targets and regularly monitor these against the strategy and business model.

Key performance indicators set by the Board are used on a regular basis to evaluate the progress against our key objectives. By focusing on these areas we aim to ensure continuous sustainable improvement across the business, allowing investors and other stakeholders to measure our success.

Positive increase/decrease   Negative increase/decrease

Capabilities

Land, Planning & Design

The land bank is the foundation for our future business performance

Measure	How we performed	What affected it	2013 results	2012 results	Change
Number of plots in the current land bank	We increased our current land bank by 15% in the year	Increased focus on acquiring land	**14,162 plots**	12,356 plots	Positive increase
Number of plots transferred from the forward land bank to current land bank in the year	23% of our current land bank additions in the year came from our forward land bank	Delays in finalising planning and landowner agreements	**1,068 plots**	1,991 plots	Negative decrease
Number of plots in the forward land bank	We increased our forward land bank by 14% in the year	Increased focus on acquiring land	**26,024 plots**	22,790 plots	Positive increase

Build

We aim to build our homes well and safely and therefore monitor construction quality and accident rates

Measure	How we performed	What affected it	2013 results	2012 results	Change
The average numbers of reportable items per NHBC inspection	This was again better than the industry average	Significant increase in build output	**0.21**	0.19	Negative increase
Accident incident rate is the number of notifiable accidents as a proportion of persons at risk	This again improved year on year	Continued focus on improving Health and Safety performance	**456**	495	Positive decrease
Proportion of timber from licensed source, progressing to certification or credibly certified	We again increased this important sustainability measure	Continuing focus on sustainable procurement	**99.5%**	99.3%	Positive increase

Sales & Marketing

Outlets define our potential to reach customers

Measure	How we performed	What affected it	2013 results	2012 results	Change
The average number of developments on which we are actively selling	We grew our average active outlets by 14% in the year	Securing planning permissions on more recently acquired land	**83**	73	↑
The value of private homes reserved or exchanged at the end of the period that are due to legally complete in the future	We grew the value of our order book by over 70% in the year	Improvement in market and increase in outlets	**£260m**	£152m	↑
Private reservation rate achieved per outlet per week	We increased our reservation rate per outlet by 7% in the year	Improved mortgage availability	**0.62**	0.58	↑

Relationships

Our Customers

We aim to provide our customers with a home they are proud of and to deliver improving levels of customer service that enhance our reputation in the marketplace

Measure	How we performed	What affected it	2013 results	2012 results	Change
The percentage of customers satisfied with their overall purchase experience including the quality of their home	A deterioration against the very high levels achieved in the previous year	Increasing output and rising customer expectations	**90%**	94%	↓
The percentage of customers who would recommend Redrow to a friend	A deterioration against the very high levels achieved in the previous year	Rising customer expectations	**94%**	97%	↓

Our People

Redrow looks to be regarded as an employer of choice in the industry and therefore we monitor our training provision and staff turnover

Measure	How we performed	What affected it	2013 results	2012 results	Change
Number of staff leaving as a proportion of total staff	Staff turnover in the year increased	Increased mobility in the job market	**12.2%**	10.4%	↑
Number of training days	We increased our training days by 17% in the year	Increase in employees and increasing focus on training	**2,687 days**	2,302 days	↑

Business review

Achievements continued

Returns

Capital Usage

We monitor how effectively we use our capital base with the objective of delivering ROCE in excess of our comparable cost of capital

Measure	How we performed	What affected it	2013 results	2012 results	Change
ROCE – Operating profit before exceptional items adjusted for joint ventures as a percentage of the average of opening and closing capital employed	ROCE increased by 40% on 2012 levels	Increased profitability of the Group	**12.2%**	8.7%	↑

Earnings Per Share

Redrow regards growth in Earnings per Share as an important objective for our shareholders

Measure	How we performed	What affected it	2013 results	2012 results	Change
Profit attributable to ordinary equity shareholders divided by the weighted average number of ordinary shares in issue during the year	EPS increased by 53% on 2012 levels	Increased profitability of the Group	**14.8p**	9.7p	↑
Adjusted prior to deferred tax rate change and exceptional administrative costs	Adjusted EPS increased by 45% on 2012 levels	Increased profitability of the Group	**15.7p**	10.8p	↑

Net Asset Value

We monitor how effective our operations have been in generating shareholder value

Measure	How we performed	What affected it	2013 results	2012 results	Change
Net assets divided by number of ordinary shares in issue	Net asset value increased by 9% during the year	The increase in retained profit for the year	**£1.65**	£1.52	↑

↑ Cerney on the Water, South Cerney, Gloucestershire

Business review

Operating review

John Tutte
Group Managing Director

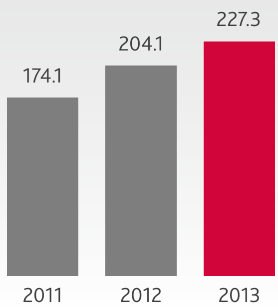
Overview

- Outlets increased to 92 at June 2013
- 93% of site waste diverted away from landfill
- c.160 new jobs created
- 14% of workforce are trainees

Read more in the Sustainability review on **pages 30 to 37**

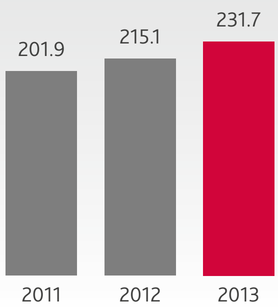
Private average selling price (£k)

£227,300



Heritage Collection private average selling price (£k)

£231,700



The average selling price of homes increased by

12%

Social housing represented

12.5% (▼ 1.0%)

of legal completions in 2013

A closing private order book of

£260m

Apartments represented

11.0% (▼ 1.7%)

of legal completions in 2013

Introduction

Last year I said our strong financial performance in 2012 was a measure of the success of the strategic changes we implemented across the business in 2010 and 2011. The results for 2013 provide further evidence of the significant contribution those changes continue to make to the Group's performance. The results also reflect the impact of more recently acquired land as we bring on-stream more new outlets to replace older less profitable sites.

During the year we completed 2,827 new homes, 369 ahead of the previous year. The average selling price increased from £189,900 to £212,300. The private average selling price increased by 11% to £227,300 and is set to rise further as we bring through some higher priced sites particularly those in London.

Despite some frustrating planning delays we managed to increase the number of outlets in the year. We closed the year selling from 92 outlets, an increase of 10 and we expect this to steadily rise over the course of financial year 2014. We were also successful in acquiring land. We increased the current land bank to 14,162 plots (2012: 12,356) and 52% of our current land bank, including London, is now in the south compared to 43% last year.

All divisions with the exception of South Wales made good progress in the year. South Wales was and continues to be affected by an absence of Government policies to stimulate the housing market and a more difficult planning environment. Our Midlands and South West divisions posted particularly strong performances in the year. The south of the country remains our largest region and accounted for 41% of the Group's revenue which is set to grow as more of our London sites come on-stream.

Build costs were relatively stable throughout most of the year although we have seen material and labour shortages emerging in recent months. With new homes' output set to grow we anticipate these shortages will continue and result in cost pressures across certain materials and trades. We do however maintain excellent working relationships with our supply chain which will help to mitigate the impact of these shortages and cost pressures. We have always had a policy of paying our suppliers on time in line with our contractual terms and as a consequence were pleased to be one of the first major housebuilders to sign-up to the Prompt Payment Code.

Operating expenses increased as we continued to invest in expanding our workforce to meet our planned growth. During the year we created c.160 new direct jobs with hundreds more created indirectly. At the year-end we employed 1,115 people with several thousand more working on our developments for our subcontractors.

Sales and Marketing

Overall 2013 was a much better year for sales. As the year progressed mortgage lending improved with more products available at competitive rates. In the first-half the value of private reservations increased by 55% to £279m, albeit the comparable period was relatively weak. In the second-half the value of private reservations increased by 33% to £389m. The sales rate per outlet per week was 0.53 in the first-half and increased to 0.72 in the second-half helped by the Government's successful Help to Buy scheme that was launched at the beginning of April. Help to Buy accounted for 215 reservations in the year with NewBuy, another Government supported scheme that was launched in March 2012 but failed to gain momentum, accounting for just 182 reservations. We closed the year with a private order book of £260m: £108m ahead of last year.

The use of Part Exchange as a sales incentive decreased in the year and accounted for 12% of reservations compared to 16% in the previous year. The nature of our product makes the convenience of Part Exchange attractive to some of our customers and we will continue to use it where appropriate.

Published national house price indices began to see some modest price rises towards the end of the financial year. Throughout most of the year we experienced stable prices across all divisions with some small increases being achieved where demand was high.

The cancellation rate reduced in the year to 16% reflective of both an improving market and the implementation of more robust reservation procedures that also helped reduce the time taken from reservation to exchange.

Digital marketing continues to be the dominant source of enquiries and leads into the business. During the year we invested heavily in customer facing technology and launched My Redrow in the second-half. My Redrow allows customers to make appointments to visit, choose finishes and order and pay for optional extras online.

Product and Design

The Heritage Collection accounted for 84% of the Group's private volumes and 85% of private revenues. This compares to 67% of private revenues in the previous year. We sold our first Heritage Collection house for over £1m at our Mary Twill Grove site in South Wales which alongside some other high-priced sales across the Group, helped raise the average selling price of the range by 8% in the year to £231,700. We continuously look to improve the Heritage Collection and we have recently extended higher ceiling heights to all the smaller houses in the range. Floor areas have increased and our smallest homes are now more spacious. We also launched our Country Homes range at Stretton Green in Cheshire. Country Homes is a range of large detached family houses finished to a very high level of specification.

As anticipated, our first Regent Collection development of homes is underway in the London Borough of Bexley. We expect to see the range more widely used in response to the demand for more densely plotted well-designed housing in urban areas.

Mary Twill Grove

February 2013 saw the launch of our exclusive new venture, Mary Twill Grove in Langland, South Wales.

The gated development is a beautiful collection of just 11 homes situated in a highly desirable location, just a short walk from some of the area's most picturesque beaches.

All are five bedroom detached designs from our Premium Heritage Collection, including the Blenheim, Sandringham and Buckingham, and have sold at prices up to £1.1m.

More than 100 people attended the launch of the impressive Highgrove showhome and the popularity of the development has continued to increase.

The Highgrove is finished to an exceptional standard with elegant and contemporary interiors and exacting attention paid to every detail. Four of its bedrooms are en-suite, there's a bright open-plan kitchen and family area, double garage and breathtaking views over Langland Bay.

↑ The Highgrove showhome at Mary Twill Grove, Langland, Swansea

Business review

Operating review continued

Apprentices

Affirming our commitment to the training and development of young people, we have increased our apprentice intake more than two-fold this year.

We are looking forward to a positive time of growth for our business and are giving over 40 apprentices the chance to make their mark in the industry.

This is more than twice the number we announced earlier in the year and also a significant increase on last year's intake.

From September, the new recruits will have the opportunity to learn new skills including joinery, bricklaying and plumbing. The Redrow apprenticeship programme combines paid work on site and an NVQ completed over three years.

Apprentices are placed with an experienced and trusted subcontractor, where they can learn new skills while going to college one day a week.

In another move to expand our training schemes, we are also taking on more office based apprentices, following a successful trial last year. The business is also recruiting a number of technical trainees as part of a new initiative.

We're proud that 14% of all Redrow employees are trainees with a structured training plan and real potential. Many past trainees are now in senior roles, showing just how far you can go with talent and initiative.

↑ Redrow apprentice Jack Moore

Building a Sustainable Business

I said in last year's Report and Accounts that at the heart of our business is a determination to safely and responsibly build homes of the highest standard for our customers. We are increasingly conscious of the need to respond to social and environmental change and to have a successful and sustainable business.

Our developments are designed with the customer in mind. We strive to build neighbourhoods that are safe, attractive and will stand the test of time. Places where different generations can happily live alongside one another and enjoy the green spaces, play areas and extensive landscaping that characterise our developments. We are mindful of our ecological responsibilities, we retain mature trees and planting wherever possible and protect and establish new habitats for wildlife. We also invest in the local community through contributions to improve schools and other community facilities and our developments are becoming more environmentally sustainable. We are focused on reducing waste and targeting to minimise landfill: last year we diverted 93% of site waste from landfill. We source our materials responsibly and once again in excess of 99% of our timber products came from well-managed certified sources.

Our homes are becoming more energy efficient. Photovoltaic panels are now becoming common-place across our developments as a source of renewable energy and a majority of our homes are fitted with 'smart' meters that monitor energy consumption. Our homes also use low energy light fittings and appliances and incorporate water saving devices.

Build output increased significantly in the year as a result of rising production levels across more operating outlets. Excluding the London division where build is procured through main contractors, the Group built 2,994 units of output, a 39% increase on the previous year, and 'handed-over' 2,805 completed homes (2012: 2,185).

We are determined to maintain high standards of quality and Health and Safety as our output continues to increase. Our key external measure of quality is the number of NHBC 'Reportable Items' per inspection: in 2013 this was 0.21 (2012: 0.19) and remained better than the industry average. Twelve of our site managers recently won NHBC Awards and last year Syd James and Matt Knight went on to win Regional Awards in the 'Large Builder' category with Syd going on to be announced the Supreme winner: the top site manager in the UK. We also performed well against our key Health and Safety measures and received our fourth RoSPA Gold medal for achieving eight consecutive Gold awards.

We are committed to providing exceptional service to our customers throughout the purchasing process and after completion. We are determined to meet their rising expectations and last year 94% (2012: 97%) said they would recommend us to a friend. We also once again received a five star award in the HBF National New Home Customer Satisfaction Survey for 2013.

Land, Planning and Outlets

We acquired 4,729 plots in the year across 39 sites of which 2,147 were held under contract. After adjusting for legal completions, land sales and re-plans, the current owned and contracted land bank increased from 12,356 plots to 14,162 plots: Affordable housing accounts for 17% of the current land bank. Including London, 52% of the current land bank is now in the South compared to 43% last year as we expand our presence in this part of the country.

We transferred 1,068 plots to the current land bank from 10 forward land sites compared to 1,991 plots across nine sites last year. This was fewer than anticipated due to delays in finalising planning agreements and land owner negotiations. We continue to make excellent progress in pulling-through forward land sites and although as we have seen in 2013 this can be a lengthy and unpredictable process, we expect to report a strong performance in 2014. After taking into account transfers and our annual strategic review, the forward land holding increased from 22,790 plots to 26,024 plots including the acquisition, mainly under option, of a further estimated 6,064 plots.

The efficiency of the planning system is critical to us expanding and growing the business. Last year alone we processed around 60 outline and reserved matters planning applications as well as making numerous submissions to deal with minor amendments and to clear conditions. The recent changes the Government introduced to the planning system have focused local authorities on their housing needs and where to allocate sites to meet a five year supply. Some authorities have responded better than others taking a more pragmatic approach to the principle of development and in a few cases they have positively encouraged planning applications. All too often though there remains a resistance that results in us losing valuable time dealing with trivial issues or reluctantly having little option but to refer decisions to the Planning Inspectorate which is costly for both us and local authorities. Over the past year we have achieved a c.90% success rate at appeal which clearly demonstrates many local authorities are not properly considering applications on their planning merits.

↑ **Interior of Linley House showhome**
Stretton Green, Cheshire

Business review

Operating review continued

Graduates

Our former graduate trainees are proving just how effective Redrow's training scheme is at nurturing promising young talent.

Our graduate programme brings a fresh influx of university leavers into the company's ranks every year. It has proved to be the perfect spring board for a long term career with the company as five of our 2011/12 entrants have been promoted to full time positions and took up their new roles in January 2013.

In September we welcomed a new group of graduates, who will no doubt be hoping to follow in their footsteps.

They will undergo a high intensity training programme, which offers participants the chance to take on responsibility at an early stage, with the intention of developing them into future company leaders. It is a 15 month programme during which graduates spend time working in each key department of the business on rotation.

The training programme provides a solid platform from which to build a career with Redrow.

↑ Former graduate trainee Leanne Allen, promoted to Land Manager, Redrow South Midlands

Land, Planning and Outlets continued

We opened 36 outlets in the year, and after allowing for 26 closures we ended the year with 92 active outlets (2012: 82). We expect to see the number of outlets steadily grow over the course of the next year and by the end of the financial year 2014 we should be active on over 100 outlets.

London

The division made excellent progress on the building of its two high-rise developments at Kingston Riverside, where the first customers took up occupation in June and at One Commercial Street, Aldgate. Both developments are set to make a significant contribution to the division's profits in 2014. At Connaught Place works are well underway converting the existing building into seven luxury apartments and build is also progressing at Kingston River Walk.

The division acquired three further sites in the year. At Amberley Waterside, Little Venice construction works have commenced following a successful sales launch. Demolition has commenced on our Holland Park development which is due to be launched for sale later in the year. At Northway House in Barnet the scheme is progressing through the planning process.

The division closed the year with a current land bank of 728 plots representing c.£500m of Gross Development Value including commercial space.

We have also acquired two sizeable sites in the outer London boroughs that will be managed by our divisions that operate around the outskirts of the capital. At Croydon we have entered a joint venture to develop 290 apartments and at Park Royal we have acquired a site for 268 apartments.

Harrow Estates

During the year Harrow completed the demolition and remediation of the Horsforth, Leeds site which has planning permission for over 300 plots. The local homes' division has obtained reserved matters planning approval and expects to make a start on site immediately following the exercise of the option in the first-half of financial year 2014.

At Hauxton, Cambridge, a site for up to 380 plots, the local homes' division has received reserved matters approval and again will commence site works following the exercise of the option once all remediation formalities have been concluded.

Harrow successfully achieved full planning on a site for 49 plots in the Forest of Dean which has now been cleared and remediated and transferred to the local homes' division. Similarly, a full planning permission for 189 plots was achieved on a former quarry site in Exeter. Demolition and reclamation works are underway and the local homes' division will take possession of the site in the first-half of financial year 2014.

The business also generated a £4.3m pre-tax profit from a joint venture land sale in the south east. The joint venture has a further site which has been sold and will complete in financial year 2014.

Other planning activity remained high in the year. The Supplementary Planning Document for Woodford Aerodrome in Greater Manchester was approved and work is now underway on preparing a planning application for a Garden Village development. A number of other planning applications are pending decisions.

People

Central to the Group's aims of building and growing a successful and sustainable business is its people. As we expand we need to grow our own people and also attract talented new people to the business.

In 2013 we created c.160 new jobs and increased our directly employed workforce to 1,115. We have over recent years focused on helping young people into work and 14% of the workforce are now trainees. We currently have 74 apprentices in the business mostly learning a trade with a further 43 joining us by September 2013. Our successful graduate programmes are attracting high-calibre applicants and we have increased our annual intake to 19. We are also continuing with our undergraduate placement scheme and we plan to introduce more vocational training opportunities, particularly for young people looking to start their career in design and engineering.

We are committed to training and developing our workforce and we aim to have less reliance on external recruitment to fill senior management roles. We have an on-going programme to identify the internal and external training needs of talented individuals in the Group and devise tailored courses to prepare them for senior leadership roles in the future.

During the year the Group completed 2,687 days of training (2012: 2,302). Much of this was completed at our purpose built training facility in the Midlands.

The future of Redrow is very much in the hands of our talented and passionate team of people and we will continue to invest in developing their skills and knowledge to meet the challenge of ambitiously growing a successful and sustainable business.

John Tutte
Group Managing Director
17 September 2013

Amberley Waterfront

Little Venice, Westminster, London

Amberley Waterfront is one of the latest luxury schemes to be launched by Redrow London. Located in Little Venice, a canal-side corner of the famous Westminster district, this scheme will provide 47 luxury homes as part of a striking waterside development in a sought after area.

The site will see the demolition of existing buildings and redevelopment to provide a new primary school, adult education facility and one, two and three bedroom new apartments and six luxury duplexes transforming this stretch of the Grand Union Canal. The apartments will be located in one single residential complex comprising basement parking, ground and five upper floors.

Each apartment will be designed with a warehouse feel in keeping with the area and will boast a private terrace or balcony, all with a stunning canal view. Residents with a penthouse duplex apartment will also have their own private rooftop terrace.

Amberley Waterfront is situated in the Paddington Basin region and boasts excellent transport links, including proximity to Paddington Station, which will offer Crossrail services when the rail network opens in 2018. Its strong transport connections and a high demand for homes in the area has contributed to the sales success at the development, with more than 60% of Amberley Waterfront already sold since its launch in April 2013.

The scheme is expected to complete in early 2015.

↑ Amberley Waterfront, Little Venice

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Financial review

Barbara Richmond
Group Finance Director

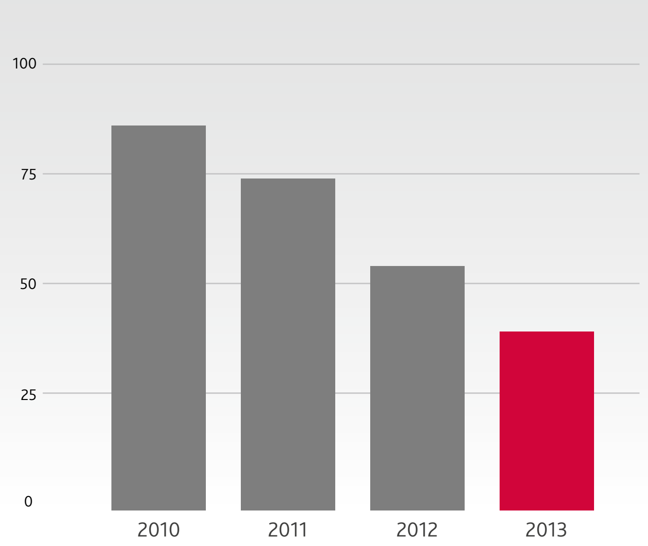
Overview

- Turnover increased by 26%
- Profit before tax increased by 63%

Read the Operating review on **pages 18 to 23**

Read more in the Sustainability review on **pages 30 to 37**

Percentage of legal completions from provisioned land (%) Graph 1



Profit before tax and earnings per share

The Group generated turnover of £604.8m in the year ended 30 June 2013 (2012: £478.9m).

This reflected a 15% increase in homes legal completions and a 12% increase in the average selling price of our homes.

Revenue (£m)	2013	2012
Residential	**600.2**	466.7
Land sales	**3.3**	10.5
Commercial	**1.3**	1.7
	604.8	478.9

Gross profit rose £30.8m to £113.6m (2012: £82.8m) giving a gross margin of 18.8%, up from 17.3% last year. This margin improvement is mainly due to the increase in the proportion of homes legally completed that were built on unprovisioned land acquired post downturn.

Go to **graph 1**

The Group delivered an operating profit, before exceptional administrative expenses, of £73.6m (2012: £48.0m) an increase of 53% on prior year levels and representing a 12.2% operating margin (2012: 10.0%). The operating margin pre-exceptional items has increased almost fourfold between 2010 and 2013 demonstrating our commitment to returning our operating margin to pre downturn levels.

Go to **graph 2**

Exceptional administrative expenses of £1.5m (2012: £nil) related to legal and advisory fees incurred in relation to a possible bid for the Company.

Net financing costs at £5.4m were £0.4m higher than the prior year due to higher levels of imputed interest on deferred land creditors.

The Group generated a profit before tax of £70.0m (2012: £43.0m), a 63% increase on the prior year. Basic earnings per share were 14.8p (2012: 9.7p). Basic adjusted earnings per share pre-exceptional item and excluding the impact of rate changes on our deferred tax assets increased by 45% to 15.7p (2012: 10.8p).

The Return on Capital Employed for 2013 at 12.2% is 40% higher than 2012 and almost a fivefold increase from the 2010 level. We continue to focus on improving this further. Our Return on Equity is slightly higher at 12.4% (2012: 8.4%).

Go to **graph 3**

Tax

As a consequence of tax losses brought forward, the Group paid no corporation tax in the year (2012: £nil).

The Group's tax rate for the year was 23.75% (2012: 25.50%) before taking into account the reduction in the corporation tax rate to 23% on deferred tax assets (£2.0m (2012: £3.5m)).

The normalised rate of tax for the year ending 30 June 2014 is projected to be 22.50% based on rates which were currently substantively enacted on 2 July 2013.

Dividends

As a result of the improvement in the Group's profitability and its future prospects, the Board has decided to recommend the return of a final dividend of 1p per share.

At this stage in the business cycle it is considered that the best use of the majority of the Group's cash resources is to invest in inventory to grow the business. Over time it is expected that dividends will increase.

Balance Sheet

Net assets at June 2013 were £609.2m (2012: £561.5m), an increase of 8% made up as follows:

	£m
Net assets at 1 July 2012	561.5
Profit for the period	53.7
IAS19 actuarial losses net of tax	(1.4)
Movement in share based payment	(4.6)
	609.2

The net asset value per share at the end of June 2013 is £1.65, an increase of 9% on the prior year (2012: £1.52).

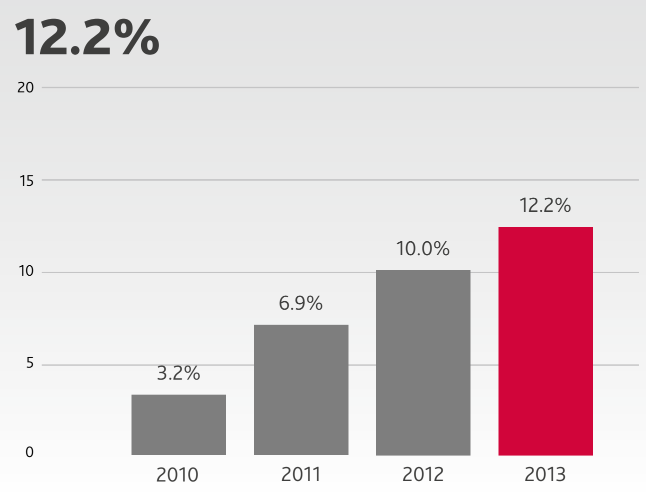
Our investment in land increased by 21% in the year to £622.0m (2012: £515.9m), with a 13% increase in our land bank of plots owned with residential planning permission. Land purchases were weighted towards the South of England.

Our investment in work in progress increased by 42% in the year to £273.5m (2012: £192.3m). This reflects a 24% increase in the number of equivalent units in work in progress excluding London to 1,295 units in order to satisfy our increased order book (50% of these units are either forward sold or showhomes (2012: 43%)). As expected, there was a sizeable increase in work in progress in London due to ongoing construction of the large apartment schemes at Kingston Riverside and One Commercial Street the majority of which were sold "off plan". Work in progress levels are carefully monitored to ensure they remain appropriate.

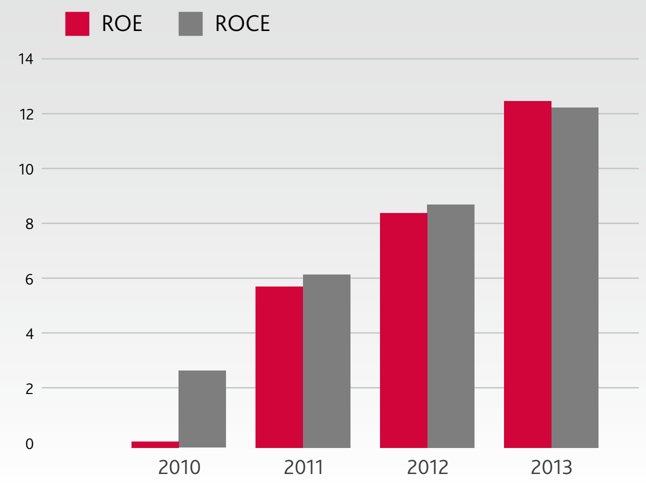
Our net realisable value (NRV) provision reduced by £39.5m to £72.0m in the year with provisioned plots representing 13% of our owned land bank at June 2013. By June 2015 we expect the number of provisioned plots to be immaterial to the Group as a whole.

Go to graph 4

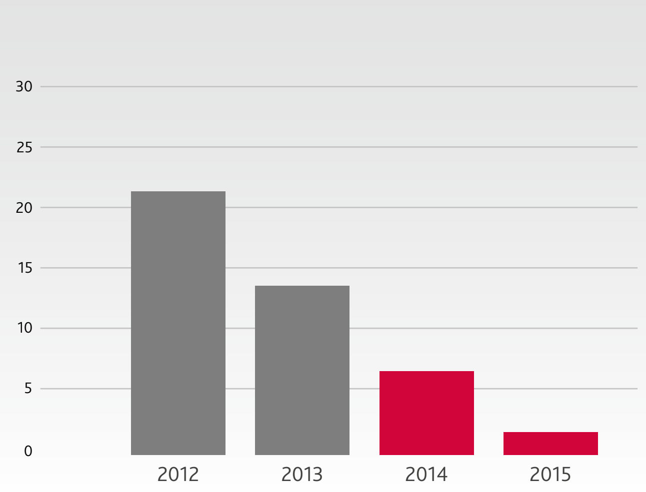
Pre-exceptional operating margin (%) Graph 2



Return on equity and Return on Capital Employed (%) Graph 3



Profile of provisioned plots in landbank (%) Graph 4



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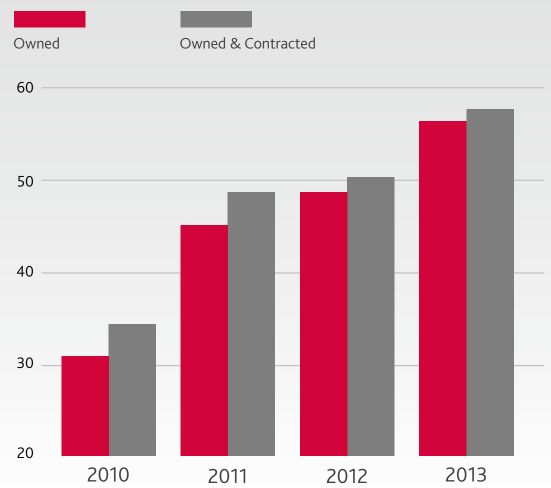
Balance Sheet continued

Homes owned plot cost, after being c.£50,000 per plot for the last two years increased to £56,000 per plot at June 2013. This is due to the increase in the proportion of plots in the south of England and the quality of location of the sites acquired in the year.

Plot cost in landbank (£k) Graph 5



Land creditors increased by £16.0m to £124.3m in the year.

Trade and other receivables decreased by £2.9m during the year to £50.3m. This is due to the receipt of £8.0m of deferred consideration from the disposal of our Scotland business which took place in June 2011 offset in part by increased shared equity debtors as a result of participation in the Government 'First Buy' Scheme.

Capital employed increased by £124.7m to £700.2m mainly due to increases in land holdings and work in progress.

Cash flow and Net Debt

Net debt increased by £77.0m to £91.0m during the year, with gearing of 14.9% at the year-end (2012: 2.5%). This reflects the increased investment in land and work in progress during the year in line with the growth in the business.

On 10 September 2013 we entered into a new Revolving Credit Facility (RCF) of £250m maturing in March 2018. This replaces the £200m RCF we had set up in 2010.

The new facility, as well as providing additional funds for growth, is on better financial terms than the previous arrangement with the covenant package remaining unchanged. There are five banks within the syndicate, three existing banks (Barclays, The Royal Bank of Scotland and HSBC) together with two new banks (Lloyds Bank Commercial Banking and Santander).

Financing and Treasury Management

Financial management at Redrow is conducted centrally using policies approved by the Board.

Redrow is a UK based housebuilder and therefore the main focus of its financial risk management surrounds the management of liquidity and interest rate risk.

(i) Liquidity

The Group regularly prepares and reviews its cash flow forecasts which are used to manage liquidity risks in conjunction with the maintenance of appropriate committed banking facilities to ensure adequate headroom.

Facilities are kept under regular review and the Group maintains regular contact with its banks and other financial institutions; this ensures Redrow remains attuned to new developments and opportunities and that our facilities remain aligned to our strategic and operational objectives and market conditions.

Our current banking syndicate comprises five banks and in addition to our committed facilities, Redrow also has further uncommitted bank facilities which are used to assist day to day cash management.

(ii) Interest rate risk

The Group is exposed to interest rate risk as it borrows money at floating rates. Redrow uses simple risk management products, notably sterling denominated interest rate swaps, as appropriate to manage this risk. Such products are not used for speculative or trading purposes.

Redrow regularly reviews its hedging requirements. No additional hedging was undertaken in the year. At 30 June 2013, the Group has £20m of two year sterling interest rate swaps which are due to mature in Spring 2014. They have a neutral value at 30 June 2013.

Pensions

As at June 2013, the Group's financial statements showed a £3.8m deficit (2012: £2.6m deficit) in respect of the defined benefits section of The Redrow Staff Pension Scheme, as calculated in accordance with IAS19. This Scheme closed to future accrual with effect from 1 March 2012. Pension benefits are now provided via the Redrow Group Personal Pension Plan which is a type of defined contribution plan.

Barbara Richmond
Group Finance Director
17 September 2013

↑ One Commercial Street, Aldgate, London

Business review

Risks and risk management

Redrow has a risk management framework which provides a structured and consistent process for identifying, assessing and responding to risks.

Risk management operates at all levels throughout the Group. The Main Board is ultimately responsible for risk management, which includes maintaining and developing an appropriate internal control framework. By reporting regularly to the Main Board and to the Audit Committee, the internal audit and the risk management functions provide support to the Main Board in maintaining effective risk management across the Group.

Increased risk | No change in risk | Decreased risk

Our market

Risk and Description	Mitigation strategies	
Housing market conditions The conditions within the UK housing market are fundamental to Redrow's business performance	• Close monitoring of, and proactive management response to, lead indicators of the housing market • Regional spread of operations diversifies risk to local markets	Decreased risk
Availability of mortgage finance Lending criteria and deposit requirements for mortgages remain key issues in the current environment	• Proactively engage with Government, lenders and insurers to encourage a return to normal market conditions in the new and second hand housing market • Proactive approach to the management of the mortgage valuation process • Participate in the introduction of Help to Buy	Decreased risk
Liquidity and funding The Group requires appropriate facilities for its short term liquidity and long term funding needs	• Bank facilities with appropriate covenants and headroom for a range of market conditions • Capital structure regularly reviewed • Regular contact and communication with shareholders and relationship banks • Regular preparation of strategic plans	Decreased risk

Capabilities

Risk and Description	Mitigation strategies	
Sustainability The need for a holistic and sustainable approach to our business is fundamental to the Group's future performance	• Ensure close community engagement in design and planning • Ensure high quality design to deliver sustainable communities • Minimise and mitigate any adverse social or environmental impacts of our activities • Commit to sustainability targets in procurement, construction, the performance of our products and carbon emissions, monitored and steered by our Corporate Responsibility Committee • Close monitoring of development in building science and innovation	No change in risk
Land procurement The ability to purchase land suitable for our products and the timing of future land purchases are fundamental to the Group's future performance	• Clearly defined strategy and long term focus on forward land • Close monitoring of market conditions by experienced management team • Strong and knowledgeable land, planning and technical teams with good local knowledge	No change in risk
Planning and regulatory environment The ability to respond and adapt to changing planning and regulatory environment is key to Redrow's future business performance	• Close monitoring of planning environment by experienced management team • Local knowledge of Divisional planning and technical teams • Well prepared, high quality planning submissions addressing local concerns and demonstrating good design • We hold public consultation meetings to share our vision with the community and address local concerns	No change in risk

Capabilities continued

Risk and Description	Mitigation strategies
Appropriateness of product The failure to design and build a desirable product for our customers at the appropriate price may undermine Redrow's ability to fulfil its business objectives	• Design is an integral element of our business • We regularly review our product and product mix on developments to ensure it is appropriate for the market • Prototypes are used to test our designs and refine our homes • We introduced the My Redrow section to our website to support our customers when purchasing their new home
Cyber security Failure of the Group's IT systems and the security of our internal systems, data and our websites	• Proactive management of software security updates • External audit carrying out penetration testing • Complete backup and disaster recovery strategy, together with strong network security controls

Relationships

Risk and Description	Mitigation strategies
Health and safety/environment A significant Health and Safety or environmental incident may put people, the environment and Redrow's reputation at risk	• Dedicated Health and Safety team operates across the Group to ensure appropriate standards are applied • Regular site inspections and audits • All staff receive appropriate training through in-house and external programmes • Suite of management information
Key supplier, main contractor or subcontractor failure The failure or inability to expand capacity of a key supplier, main contractor or subcontractor may disrupt Redrow's ability to manage its production process in an efficient and cost effective way	• Use of suppliers, main contractors and subcontractors with strong track record and reputation • Close monitoring of supplier, main contractor and subcontractor quality and performance through annual assessments • Monitoring of new product innovation in the market place • Sharing of management information
Attracting and retaining staff The loss of key staff and our failure to attract high quality employees may inhibit Redrow's ability to achieve its business objectives	• In-house training centre • Remuneration strategy regularly reviewed • Graduate training programme • Apprentice training programme including office apprentices • Undergraduate placement programme • Careers website • Suite of management information
Fraud/uninsured losses A significant fraud or uninsured loss could damage the financial performance of the business	• Systems, policies and procedures designed to segregate duties and minimise opportunity for fraud • Business process reviews • Regular management reporting and challenge • Business driven insurance strategy

Achievements

Turn to pages 14 to 17 to view our achievements measured against our key performance indicators.

Business review

Sustainability review

Redrow has a track record of delivering quality with responsibility.

Sustainability depends on achieving the right balance between five key elements:

Design

Customers

Community

People

Environment

Redrow Aspirations 2018

Our vision for a sustainable business is to ensure that each year we improve in all aspects of sustainability. It is an ongoing process of continuous improvement that, over time, will transform the business, keep customers satisfied and help to build local communities in a sustainable way. This vision is formalised in our Redrow Aspirations 2018 Action Plan which sets out targets in all these aspects of sustainability to ensure that we secure continuous improvement and deliver quality with responsibility.

Introduction

Redrow has a strategy to be financially successful whilst operating in a sustainable manner across five key pillars:

Design

The homes we build and how their design features can encourage our customers to live more sustainable lifestyles; the sustainability of the materials we use; the recyclability of our construction techniques and the quality of the design within which our homes are set.

Customers

Providing our customers with the highest standards of service, listening to their views and reflecting them in our products and processes.

Community

Co-operation and collaboration at a local level with Planning Authorities permits the planning of infrastructure needed to support the development of thriving communities. It also allows the inclusion of the local community in the design decisions through regular consultation and enables local long and short term employment opportunities.

People

Encouraging and supporting our staff in their career development at all levels; creating tailored training opportunities; attracting talented young staff and making Redrow the employer of choice.

Environment

The environmental considerations we recognise and address are wide ranging. They include:

- ethical and sustainable procurement of the materials and products we use;
- maximising natural resources by reducing wastage;
- developing innovative solutions which reduce reliance on fossil fuels;
- conservation of flora and fauna and encouraging biodiversification;
- minimising the impact of our activity on our neighbours;
- employing sustainable urban drainage (SuDs) techniques and helping to reduce water consumption through design; and
- promotion of sustainable transport initiatives.

Design

Good design is at the heart of sustainable development, creating a sense of place and promoting community spirit.

	2013 Achievement	Redrow Aspirations 2018 Target
Public open space created	>60 hectares	Continued investment in creating public open space
Heat loss from home	53% better than 1970's	66% better than 1970's
Homes including domestic recycling facilities	25%	75%
Homes supplied with rainwater harvesting facilities	35%	50%
SAP rating	83	Continued improvement
Homes with energy efficient lighting	100%	100%

↑ Hamlet Place, Stourport on Severn, Worcestershire

Redrow Design Aspirations 2018

A complete redesign of our products has been at the heart of Redrow's renaissance since 2009. The exciting and unique designs we have created combine lessons learned in the past with modern proven design features. We will continue to evolve our products to meet our customer needs.

The Heritage Collection

The Heritage Collection is Redrow's primary homes collection. It reflects details from the Arts and Crafts period, focusing on quality of detail and richness of materials externally. Internally modern styling and features are embraced including open plan living with the kitchen at the hub of the home. These designs were informed by our extensive customer research.

Public open space

Well-designed open space areas are an essential part of a sustainable community. Redrow created over 60 hectares of public open space in the year including important features such as pedestrian links, green corridors, play areas, plazas and public art as well as areas for ecological conservation. We will continue to focus on delivering quality open space to enhance the communities we build.

Energy efficiency

Our current standard specification reduces heat loss for the average Redrow home by 53% compared to homes built in the 1970's and by 34% compared to homes built in the early part of the new millennium.

Redrow's average home scores 83 using the Government sponsored Standard Energy Assessment Procedure (SAP) to determine the energy performance of dwellings. This is 63% higher than the 51 score for an average house in the UK.

Our specification will evolve to incorporate emerging technologies to further improve performance.

Reducing water consumption

Using natural resources responsibly is a key concern when designing our developments to minimise their impact on the environment. Our specification is designed to meet Code for Sustainable Homes level 4 standards for water consumption and includes low flush cisterns, watersaver baths and flow restriction devices as standard. In addition 35% of our homes are supplied with rainwater harvesting facilities.

We will work to increase rainwater harvesting facilities in our developments, particularly those situated in significantly affected locations.

Recycling

Recycling domestic waste in the home is as important as recycling construction waste in the fight against climate change. 25% of our homes include domestic waste recycling facilities and we are working hard to increase this.

We will continue work with Local Authorities at individual development level to promote use of their kerbside recycling and composting schemes.

Business review

Sustainability review continued

Customers

Redrow understands that a home is one of the most important purchases our customers make.

We aim to provide our customers with a home they are proud of, delivered with the best levels of customer service possible.

	2013 Achievement	Redrow Aspirations 2018 Target
HBF Customer Satisfaction rating	5 star for third successive year	5 star
Customers who would recommend Redrow to a friend	94%	>95%

↑ Our Customers are guided through the homebuying process by our well informed and approachable sales staff

Redrow Customer Aspirations 2018

Satisfied customers are our best advertisement. We value their feedback and suggestions on how to improve our homes and our customer service.

We intend to build on our current performance going forward, aiming to facilitate more sustainable lifestyles for our customers.

Customer Satisfaction Surveys

The Home Builders Federation (HBF) undertakes an independent New Homes Satisfaction survey annually. We are pleased to have been awarded a 5-star rating for the third successive year. We also commission our own customer satisfaction surveys monthly carried out on our behalf by an independent consultant. Their research shows that 94% of customers would recommend Redrow to a friend.

My Redrow

Go to page 4

During the year we launched our My Redrow web-based tool aimed at making the house buying process as personal and straightforward as possible. We currently have c.4,000 registered members benefiting from this facility.

Customer Support

Aftercare of our customers is important. We produce a number of guides including our personalised digital 'Homefiles' containing a practical guide to and information on their new home. This practical support and advice enables customers to appreciate and optimise the sustainable features of their homes.

Consumer Code for Home Builders

Redrow abides by the Consumer Code for Home Builders which was developed by a consortium of respected industry bodies and came into force in April 2010.

The code ensures that Home Buyers:

- are treated fairly;
- know what service levels to expect;
- are fully informed about their purchase and their consumer rights; and
- are provided with a speedy, low cost dispute resolution scheme to deal with complaints.

Initiatives to make home ownership more accessible

Redrow participates in Government sponsored NewBuy and Help to Buy initiatives, available on all our English developments.

We also have our own Mastermove scheme where we aim to sell a customer's existing house for them taking care of all the paperwork, together with instructing and paying the selected estate agent.

Community

Support of the communities we work within and those we help develop is fundamental to our business.

	2013 Achievement	Redrow Aspirations 2018 Target
Community consultation events	>100	Increased engagement
Monies committed to fund the improvement of local communities	£40m	Continued investment in local communities
Homes within 500m of public transport node	c.80%	90%

↑ Public consultation at Wilton, where we are partnering with the Wilton Community Land Trust and Our Enterprise, to shape a development proposal which meets specialised local needs

Redrow Community Aspirations 2018

We aim to achieve positive engagement with the communities we work within. We involve the local community in design decisions through comprehensive consultation and engagement and provide local employment opportunities where possible.

We intend to develop further initiatives, e.g. to encourage local food production, for our developments going forward.

Affordable homes

In 2013 we built £45m worth of low cost affordable homes including social housing. We have a Group Partnership Director whose specific remit is to work closely with Government Agencies, Housing Associations and Local Authorities and to support our Divisions in respect of affordable homes.

Funds to improve local communities infrastructure and facilities

We committed £40m in 2013 to improve the local communities in which our developments are situated. This commitment takes many forms e.g. funding the building of new schools, community buildings and sports centres, the provision of cycle ways, footpaths and play facilities and the provision of discounted public transport tickets.

In 2013 97% of our homes were within 1,000m of a public transport node with approximately 80% within 500m.

We will continue to support appropriate investment in infrastructure and community facilities associated with our developments.

Consulting local communities

In 2013 we conducted over 100 separate community consultations with respect to our development proposals. This gives interested parties the opportunity to see and give feedback on our plans and designs and Redrow the opportunity to explain our development strategy.

We intend to explore additional ways to include local communities in our design considerations.

Community projects

In 2013 Redrow donated £630,000 to charity and our staff held a variety of events to raise money for various charities. In addition, as part of our graduate, undergraduate and apprentice training programmes, our trainees take part in community based projects. These benefit specific local charities whilst helping develop our trainees' team work and leadership skills.

£45m
of low cost affordable homes built in 2013

£630,000
charitable donations in 2013

Business review

Sustainability review continued

People

People are the lifeblood of any business. The performance and sustainability of the business is dependent upon the quality and ability of its people and they need to develop to ensure ongoing succession.

	2013 Achievement	Redrow Aspirations 2018 Target
Employees under the age of 25	15%	Maintain or increase %
Trainees in workforce	14%	>18%
Growth in directly employed workforce	17%	Maintain headcount growth
Graduate programme intake	19	Increase in line with growth
Training days per employee	2.4	Maintain or increase

Redrow People Aspirations 2018

Redrow recognises the need to attract talented staff, to provide opportunities for career development at all levels and to encourage succession planning. We provide career opportunities for people of all ages and skills.

We aim to introduce employee satisfaction surveys, improve communication with employees further and continue to improve our training and development offerings.

Training

Graduate Training Programme

Go to page 22

This programme brings a fresh influx of high calibre university leavers into the Group every year. The initial graduate intake to the programme was five. This has increased substantially to 19 in our latest intake.

Apprentices

The Redrow Trade Apprenticeship Programme combines on the job paid work and a NVQ completed over three years. Trade apprentices are placed with experienced subcontractors where they can learn the skills required in their chosen trade whilst gaining experience working on Redrow developments. They also attend college one day a week.

During 2012 we introduced an office apprentice programme also combining paid work and a NVQ Level 2 in Business Administration.

At June 2013 we had 74 apprentices. We have recruited 43 new apprentices this year to date and currently have 82 apprentices.

Management Development Programme

We have introduced a Management Development Modular Programme accredited by the Institute of Leadership and Management. To date over 40 Redrow managers have successfully completed the programme with a further 51 currently progressing through it.

In-house Training Centre

We have an established, purpose-built training centre adjacent to our Midlands Office at Tamworth. This is staffed by our in-house training team who deliver bespoke training programmes to both new and experienced staff at every level. They also co-ordinate external training requirements and delivery.

Health and Safety

Redrow continues to show its high commitment to Health and Safety which has been recognised by the award of a fourth straight Gold Medal Award and eighth consecutive Gold Award from the Royal Society for the Prevention of Accidents (RoSPA). Once again this reflects the enormous effort undertaken by everyone within the business, together with our subcontractors. This has led to continuing success in the creation of a positive health and safety culture progressively improving health and safety standards.

Health and Safety in the Community

The Redrow dedicated Health and Safety Team engages with local communities by completing safety talks where our developments are located within close proximity to schools. It is key that children are made aware of the potential dangers associated with our activities in a fun and interactive manner, whilst still understanding the importance of Health and Safety. The use of the Redrow Health and Safety mascot 'Buster Bear' has helped achieve this with over 1,000 children attending the various school talks completed over the last year throughout the country.

Communicating our Sustainability objectives

Effective communication of our sustainability objectives, strategies and performance to our staff is of prime importance. The suite of environmental and climate change policies which underpin our strategies are available through our dedicated Sustainability microsite within the Redrow plc website and are also accessible via the Redroweb intranet.

We have also developed Redrow's 'Green Light', an intranet based magazine. This aims to support staff in being more sustainable at work and offers ideas for more sustainable lifestyles at home.

↑ Redrow's Health and Safety mascot Buster Bear along with Redrow staff visit St John the Baptist Primary School, Penymynydd

Business review

Sustainability review continued

Environment

At Redrow we focus on care of the environment, both in terms of land and materials.

	2013 Achievement	Redrow Aspirations 2018 Target
Waste diverted from landfill	93%	>95%
Timber products from well managed certified sources	99.5%	100%
Building materials and subcontract labour locally sourced	>90%	95%
Pallet repatriation reusable	74%	>95%

NextGeneration initiative

This initiative annually externally benchmarks the top 25 UK housebuilders based on their commitment to and strategy for the delivery of sustainable communities. In the latest published figures our ranking has improved to eighth and we are working towards further improvement.

↑ Harrow Estates won the award for Best Public Participation at The Brownfield Briefing Awards for work carried out on the Hauxton project near Cambridge. The award is shared with our remediation partners Atkins and VertaseFLI

Redrow Environment Aspirations 2018

We understand the part that we must play in minimising our impact on the environment and in combating climate change. We ensure that we work with suppliers and subcontractors who share our ethos so we can work together towards meeting these challenges.

Land remediation

Approximately 60% of our 2013 legal completions were on brownfield sites. We remediated 669 acres of contaminated land over the last four years, bringing disused land back into economic use.

60% of our owned land bank at June 2013 was brownfield.

We will continue to seek opportunities to redevelop brownfield sites using our unique in-house expertise.

Waste management

We work closely with our specialist waste management factors to reduce waste and minimise landfill. In 2013 we diverted 93% of site waste from landfill, again improving on our performance in previous years.

We are working towards over 95% diversion of waste from landfill.

Sustainable procurement

We are members of the World Wildlife Fund Forestry Trade Network (WWF) and continually strive to increase our use of timber from accredited sources. In 2013, 99.53% of the timber products incorporated within our homes came from accredited sources within the WWF banding Category 3 to 5 (licensed source to credibly certified). This figure is audited by WWF. We continue to aim for the 100% target.

We seek where possible to work with suppliers who can service our developments from local depots or plants e.g. Ibstock, Travis Perkins and Plumb Centre. This helps both reduce carbon emissions and support the economy in the local community. In addition, we were one of the first major housebuilders to sign up to the Prompt Payment Code, a Government Department for Business Innovation & Skills initiative to encourage and promote best practice between organisations and their suppliers.

Reducing our carbon footprint

We have voluntarily submitted data to the Carbon Disclosure Project for many years. Our latest annual submission shows our Scope 1 and 2 emissions per legal completion decreased by 30% to 6,611 tonnes CO_2e.

Our company car fleet is regularly reviewed to ensure that the choices available to employees combine practicality with reduced environmental impact. The average CO_2 emissions for our fleet is currently 23% lower than the UK average at 115g CO_2/km.

We will seek to implement measures which reduce our carbon emissions/unit constructed.

Corporate governance

Board of Directors

An active, committed Board of Directors

↑ The Board of Directors at Linley House showhome, Stretton Green, Cheshire

1 Steve Morgan, 60

Chairman (A)

Steve Morgan founded Redrow in 1974 and led the business from a small civil engineering contractor to become one of the UK's leading home builders. He floated the Company in 1994 and eventually stepped down as Chairman in November 2000, returning to the helm in March 2009.

Steve is also Chairman of Wolverhampton Wanderers, Carden Leisure and Trinity Aviation. He set up The Morgan Foundation in 2000, which is one of the largest charitable trusts in the north of England.

Steve is a Fellow of the Chartered Institute of Building and holds four Honorary Degrees. He was awarded an OBE in 1992.

2 John Tutte, 57

Group Managing Director (A)

John Tutte joined the Board of Redrow in July 2002. In September 2009 he was promoted to Group Managing Director. He qualified in civil engineering and has amassed more than 35 years' experience within the industry, having previously held the position as Chief Executive of Wilson Connolly plc.

3 Barbara Richmond, 53

Group Finance Director (A)

Barbara Richmond joined the Board of Redrow in January 2010. Bringing with her a proven track record, with 20 years' experience as Group Finance Director at a number of UK listed companies including Inchcape plc, Croda International PLC and Whessoe plc. She has a strong background in both manufacturing and retail as well as having completed a number of major acquisitions and disposals throughout her career.

Barbara is a Fellow of the Institute of Chartered Accountants in England and Wales and a graduate of the University of Manchester.

4 Alan Jackson, 70

Non-Executive Deputy Chairman and Senior Independent Director (ABCDE)

Alan Jackson joined the Redrow Board in August 2009. He has a wealth of experience in executive and non-executive roles.

Alan is currently the Non-Executive Chairman of The Restaurant Group plc. He is also a Non-Executive Director of Playtech plc.

5 Nick Hewson, 55

Non-Executive Director (ABCE)

Nick Hewson joined the Redrow Board in December 2012. He has spent a 30 year career to date mainly involved in the property industry, from commercial to residential.

Nick is currently a Non-Executive Director of Green Automotive Co. Inc. He is also a Non-Executive Director of Croma Security Solutions Group Plc.

Nick is a Fellow of the Institute of Chartered Accountants in England and Wales and has a degree in Law from Cambridge University.

6 Debbie Hewitt, 50

Non-Executive Director (ABCE)

Debbie Hewitt joined the Redrow Board in August 2009. She has a wealth of experience in executive and non-executive roles.

She is currently the Non-Executive Chairman of Moss Bros plc, Evander Group and White Stuff. She is also Non-Executive Director of HR Owen plc, NCC plc, BGL and Domestic & General.

Debbie has an MBA from Bath University, is a fellow of the Chartered Institute of Personnel and Development and was awarded the MBE in 2011 for services to business and the public sector.

7 Graham Cope, 49

Company Secretary

Graham Cope joined Redrow as Head of Legal in November 2002 and was appointed Company Secretary two months later. He has over 20 years' experience in the housebuilding sector, either working in-house or for clients in private practice.

Graham qualified as a Solicitor in 1989 and is a member of the Law Society.

Key to Committee Members

(A) Main Board Member
(B) Member of the Remuneration Committee
(C) Member of the Audit Committee
(D) Member of the Sustainability Committee
(E) Member of the Nomination Committee

Corporate governance

Corporate governance statement

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

The matters reserved include:

- Approval of Redrow's long term objectives and strategy;
- Approval of the Annual Report and Accounts, preliminary and half-yearly financial statements, interim management statements, trading updates and the recommendation of dividends;
- Approval of any significant changes in accounting policies or practices;
- Any changes relating to capital structure;
- Approval of treasury policies;
- Ensuring the maintenance of a sound system of internal control and risk management;
- Approval of corporate acquisitions or disposals, significant land purchases or contracts;
- Changes to the size, structure and composition of the Board;
- Approval of significant policies, including Redrow's Health and Safety policy; and
- Review of overall corporate governance arrangements.

Governance Framework

The Board is committed to complying with corporate governance guidelines and to maintaining high standards of corporate governance.

The Financial Reporting Council introduced in June 2010 a new governance code entitled 'The UK Corporate Governance Code' ('the Code'). This statement, unless specifically stated, refers to the Code, and the Company sets out details below of how it has applied the principles of good governance as set out in Section 1 of the Code.

The Directors have considered the contents and requirements of the Code and believe that throughout the year ended 30 June 2013 the Company has been compliant apart from the period 1 November 2012 to 30 November 2012 following the resignation of Paul Hampden Smith and prior to the appointment of Nick Hewson on 1 December 2012.

The Board

Composition of the Board

The Board comprises an Executive Chairman, two further Executive Directors and three independent Non-Executive Directors. During the financial year Paul Hampden Smith resigned on 1 November 2012 and was replaced by Nick Hewson who commenced with the Company on 1 December 2012.

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

Steve Morgan as Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. The role of John Tutte as Group Managing Director ensures that there is a clear division of responsibilities at the head of the Company between the running of the Board and the operational responsibility for the running of the Company's business as required by the Code.

Table 1 – List of Directors holding office during the year ended 30 June 2013

	Position	Number of years on Board in most recent contractual appointment	Independent	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
Executive Directors							
Steve Morgan	Chairman (i)	4					
John Tutte	Group Managing Director	11					
Barbara Richmond	Group Finance Director	3					
Non-Executive Directors (ii)							
Alan Jackson	Non-Executive Deputy Chairman and Senior Independent Director	1	●	●	●	Chairman	Chairman
Debbie Hewitt	Non-Executive Director	1	●	●	Chairman	●	
Nick Hewson	Non-Executive Director	1	●	Chairman	●	●	

(i) Steve Morgan is the founder of Redrow and rejoined the Board on 23 March 2009, after an absence of over eight years, and became Chairman on 1 July 2009.
(ii) Paul Hampden Smith resigned on 1 November 2012 and was replaced by Nick Hewson who was appointed on 1 December 2012.

The Board continued

Composition of the Board continued

All Non-Executive Directors holding office during the year ended 30 June 2013 were considered to be independent.

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

Board responsibilities and processes

The Board meets regularly and frequently, no less than six times during the year and maintains a close dialogue as appropriate between meetings. Board meetings are held at Head Office or at divisional offices when visits are frequently made to a selection of developments accompanied by the local management team. Board papers are distributed in advance of the meetings to allow adequate time for review and preparation and include key strategic, operational and financial information. Attendance by individual Directors at Board and Committee meetings held during the year ended 30 June 2013 is set out in Table 2.

Details of internal control and risk management processes are included in the Audit Committee report on pages 44 to 46.

Board balance and independence

The Board considers that it is of a size and has a balance of skills, knowledge and experience that is appropriate for its business. The Executive team provides the Board with an appropriate view of the detail of the business and the benefit of their significant collective experience of the UK house building industry and that enables it and its committees to discharge their respective duties and responsibilities effectively. The Non-Executive Directors bring a depth of experience and understanding from outside the Group which enables them to challenge and help develop proposals on the Group's strategy.

Details of the Directors' respective experience is set out in their profiles on pages 38 to 39.

Under the Code, at least half the Board, excluding a Non-Executive Chairman, should comprise independent Non-Executive Directors. The Board currently comprises three Executive and three Non-Executive Directors, in compliance with the Code.

Table 1 on page 40 provides a summary of the Company's assessment of the independence of the Directors.

The Board considers that each Director is able to allocate sufficient time to the Company to discharge their responsibilities effectively.

Appointments and re-elections to the Board

The Board has a Nomination Committee whose Terms of Reference include making recommendations to the Board on the appointment of Executive and Non-Executive Directors. Nick Hewson was appointed to the Board on 1 December 2012 following Paul Hampden Smith's resignation on 1 November 2012. The Nomination Committee report can be found on page 47.

Table 2 – Attendance record of Directors at meetings during the year ended 30 June 2013

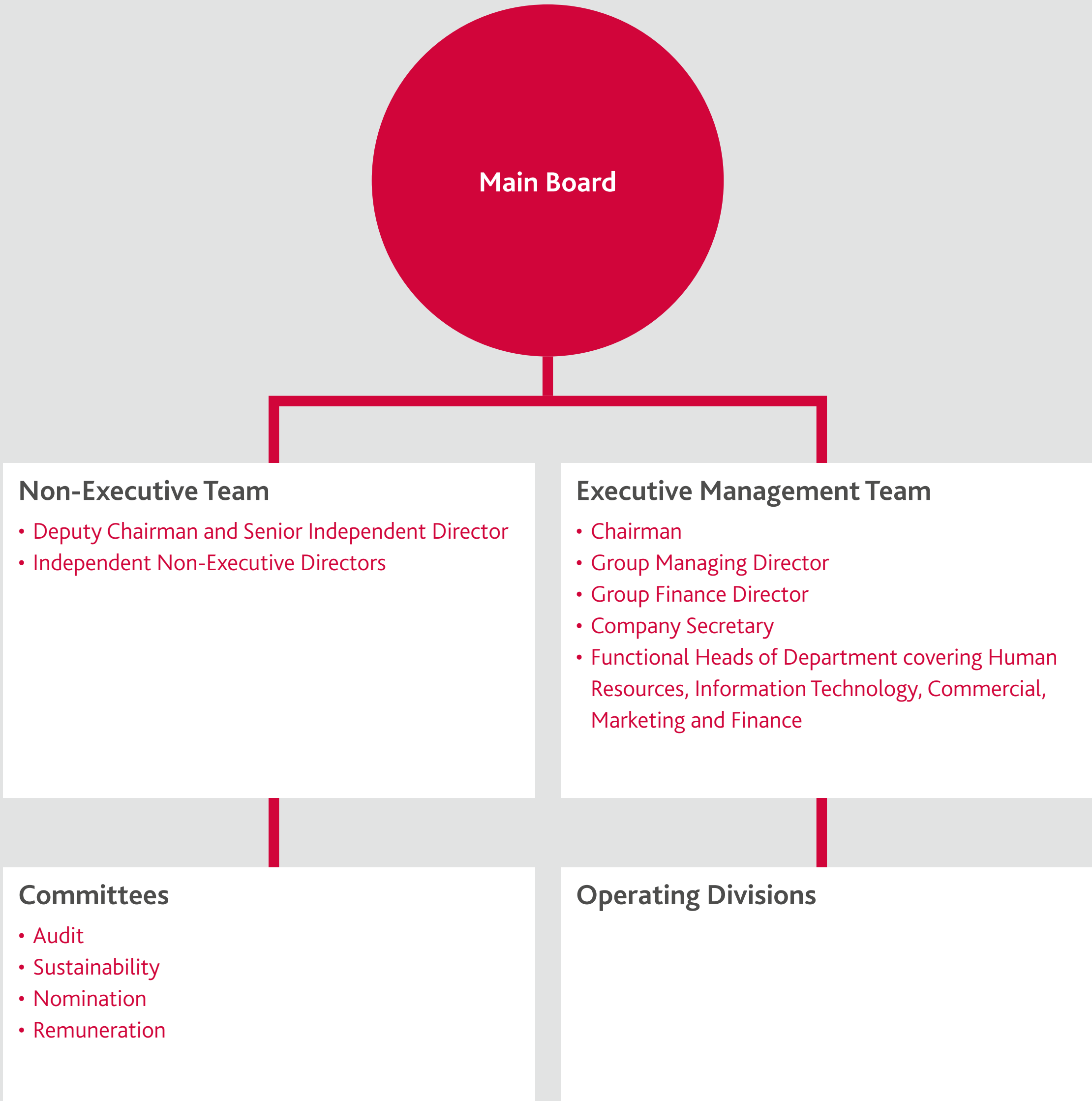
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
Total number of meetings in the year ended 30 June 2013	6	3	2	3	2
Executive Directors					
Steve Morgan	6/6				
John Tutte	6/6				
Barbara Richmond	6/6				
Non-Executive Directors					
Alan Jackson	6/6	3/3	2/2	3/3	2/2
Debbie Hewitt	6/6	3/3	2/2	3/3	
Nick Hewson	4/4	2/2	1/1	1/1	
Paul Hampden Smith*	1/1	1/1	1/1		

* Paul Hampden Smith resigned on 1 November 2012.

Corporate governance

Corporate governance statement continued

Corporate Governance Structure



The Board continued

Appointments and re-elections to the Board continued

Under the Company's Articles of Association, all Directors are subject to re-election at their first general meeting after appointment. The Board however complies with the provisions of the Code on re-election and accordingly all Directors will be submitting themselves for re-election at the AGM. Details of the appropriate AGM resolutions can be found on page 91.

The Board's policy on the term of appointment for a Non-Executive Director is that it is not normally expected that a Non-Executive Director will serve more than six years.

Professional development and performance evaluation

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

All Directors undertake a comprehensive induction programme following their first appointment. The programme for Non-Executive Directors is specifically designed to encompass the full breadth of business and includes visits to operating businesses.

During the year, formal appraisals of the Group Managing Director and Group Finance Director were undertaken by the Chairman.

All independent Non-Executive Directors had an annual appraisal conducted by the Non-Executive Deputy Chairman.

The Board undertakes a formal annual review of it own effectiveness. For the year ended June 2013, this was undertaken using a formal questionnaire completed by each Director and the responses were considered collectively by the Board.

Directors' remuneration

The Board has a Remuneration Committee whose Terms of Reference include the review of Main Board remuneration policy and agreement of the terms of employment and the granting of bonuses, share options or share incentive plans relating to the Group's Senior Management.

The Remuneration report can be found on pages 49 to 55.

Capital structure

Information on the capital structure of the Company is included in the Directors' report on page 58.

Relations with Shareholders

The Group announces its financial results half-yearly and immediately following their publication undertakes formal presentations to equity analysts. These presentations are available on the Company's website. In addition, the Group published an Interim Management Statement in November 2012 and April 2013.

During the year ended June 2013, the Chairman, the Group Managing Director, and the Group Finance Director together with the Senior Independent Director also held a number of meetings with significant Shareholders.

Following the full year and half-yearly results' announcements in September 2012 and February 2013, the Chairman, the Group Managing Director and the Group Finance Director met current or potential significant Shareholders. This embraced visits to London and feedback from these meetings is independently collated and disseminated to the Board.

The Annual General Meeting (AGM) takes place at a venue close to the Group's Head Office. All Directors attended the AGM on 12 November 2012. The AGM represents an opportunity for all Shareholders attending to table questions formally during the meeting and informally afterwards to the Company's Directors.

Formal notification of the AGM, through the Annual Report and Accounts, is sent to Shareholders at least 21 working days in advance. It is Company policy to propose a separate resolution at the AGM on each substantive issue including the opportunity to approve the Remuneration report.

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

Graham Cope
Company Secretary
17 September 2013

Corporate governance

Audit Committee report

The Audit Committee's principal responsibilities lie in reviewing the Group's financial reporting, overseeing the appointment and work of the external Auditors and reviewing Redrow's internal control processes.

Nick Hewson
Chairman of the Audit Committee

Current Members of the Audit Committee

- Nick Hewson
- Alan Jackson
- Debbie Hewitt

Nick Hewson was appointed Chairman of the Audit Committee on 1 December 2012. He replaced Paul Hampden Smith who resigned on 1 November 2012.

The Audit Committee's principal responsibilities lie in reviewing the Group's financial reporting, overseeing the appointment and work of the external Auditors and reviewing Redrow's internal control processes. The Terms of Reference of the Committee, which are in compliance with the Combined Code, are kept under review. The Terms of Reference are available at redrowplc.co.uk.

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

The Committee held three meetings during the financial year ended June 2013 and holds further meetings as appropriate. The Group Finance Director was invited and attended each meeting as did the external Auditors. On each occasion the Committee had the opportunity to meet the external Auditors without any Executive Director being present.

The Committee receives regular updates on changes to accounting standards and best practice in financial reporting and corporate governance. The Committee

Principal activities

Month	Activities
September 2012	A review of the full year 2011/12 results including the Annual Report and Accounts and a report from the External Auditors; and
	Consideration of the Group risk assessment process and a going concern review.
February 2013	A review of the 2012/13 half-yearly accounts and going concern including a report from the external Auditors;
	A review of the Terms of Reference of the Committee;
	A review of the proposed Audit Committee timetable for calendar year 2013;
	A review of the proposed External Audit strategy for 2012/2013 and associated fees;
	A review of the effectiveness of the external audit process;
	A review of the independence and objectivity of the external Auditors; and
	A review of the Committee's effectiveness.
June 2013	A review of the appropriateness of the Group's accounting policies;
	A review of the Risk Register;
	A review of the Group's Whistleblowing Policy;
	A review of internal controls across the whole business; and
	An update on Internal Audit, its strategy and a review of the Internal Audit timetable for 2013/2014.
September 2013	A review of the full year 2012/13 results including the Annual Report and Accounts and a report from the external Auditors; and
	Consideration of the Group risk assessment process and a going concern review.

invites other individuals to attend the meetings to provide technical support and advice as appropriate. In addition, individual members are encouraged to attend external seminars and courses on areas relevant to their membership of the Committee. The Committee addressed a wide variety of issues in its meetings, set out in the table on page 44.

The Group has a widely publicised Whistleblowing Policy which enables employees and other stakeholders e.g. subcontractors to raise concerns in confidence. The Committee has arranged to receive reports on all occasions when such issues are raised under this policy.

Audit Independence

PricewaterhouseCoopers LLP (PwC) were appointed Auditors in 2003 having succeeded PricewaterhouseCoopers who were appointed in 1987. The current Audit Partner from PwC commenced his tenure following the conclusion of the 30 June 2010 audit.

The Committee has a formal policy in respect of the work of the external Auditors. The purpose of this policy is to ensure that the Auditor's objectivity and independence is maintained by ensuring both that the nature of any non-audit work undertaken and the level of fees paid does not compromise the Auditor's position. Appointments in respect of non-audit work require the prior approval of the Committee within an established budget. In addition, no work can be undertaken by the external Auditors in any area where there is any identifiable risk that the work of an individual within the external audit firm or the external audit firm generally could conflict or compromise the quality, objectivity or independence of any audit or compliance work undertaken for the Group.

The external Auditors are not indemnified by the Company nor has the Company purchased liability insurance for them.

Internal Controls

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

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

- Defined authorisation levels exist over key areas such as land purchase, the placing of orders and contracts and staff recruitment;
- A comprehensive prioritised Risk Register which is regularly reviewed and presented to the Audit Committee;
- The Group's management information systems provide weekly updates on key statistics and information in respect of sales and production and the content of these weekly reports is regularly reviewed to ensure it remains appropriate;
- Redrow has an in-house health and safety department and places great emphasis on the importance of health and safety and environmental management. The department works closely with the operating companies to ensure that training is provided to employees and subcontractors. Best practice is shared and appropriate actions are taken to comply with health and safety best practice and legislation throughout the organisation;
- The Board requires each Director in its operating divisions to complete an annual statement on corporate governance and related party transactions. The statement is designed to provide assurance that Group policies and procedures are being implemented and complied with in all material respects. In addition, key functional directors complete a Principal Controls Self-Assessment Questionnaire which is reviewed by the Board to assist in improvements in the control framework;
- A weekly business report (WBR) comprising sales funnel information, gross margins and order book is produced for the Group, each division and each site and circulated across the Group;
- A monthly reporting pack is circulated in advance and reviewed at each of the Main, Executive and Divisional board meetings. Annual budgets are set, with actual performance compared against the annual budget;
- Preparation and regular updates of Strategic Plans;
- A policy and procedures manual which covers all the significant aspects of the Group's operations and describes the systems and controls that are to be applied; and
- Daily statements of a reconciled cash position identifying significant payments are prepared, rolling cash flow forecasts are prepared and forecast banking covenant compliance is tested.

Read about risk management and internal audit on **page 46**

Corporate governance

Audit Committee report continued

Internal Controls continued

Key business activities including finance, land acquisition, product design, procurement and information technology are controlled by the Executive Directors. All activity is organised within a defined structure with formal lines of responsibility, designated authority levels and a structured reporting framework. A formalised reporting structure is established within Redrow. The Executive Directors, the Company Secretary and functional Heads of Department meet monthly to discuss the Group's key issues, risks and opportunities. The operating companies hold monthly board meetings which are attended on a rotational basis by the Executive Directors.

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

Insurance

The Board has appointed an experienced broker to advise on and co-ordinate all insurance matters across the Group and they liaise closely with appropriate Redrow personnel at Head Office and within the divisions and report directly to the Group Finance Director.

Risk Management and Internal Audit

The Group's risk register defines controls as prevent or detect and identifies owners of each high level risk. Feedback on the risks and controls is actively encouraged and is facilitated by links on the Group's intranet to ensure the risks listed remain relevant and accurate. The register itself is regularly maintained and is reviewed by the Committee annually.

The internal audit strategy is discussed with PwC and discussed and agreed with the Committee. Suggested control improvements and any control weaknesses identified are followed up as appropriate. The cornerstone of the Internal Audit work undertaken is the Business Process Reviews. A risk based programme was designed based on the risk register. The Business Process Review programme looks to provide assurance to the Group, by testing internal controls and reviewing specific risks, as well as seeking out best practice and sharing it across the Group and identifying business process improvements. Committee Members receive an Executive Summary of each Business Process Review report.

Nick Hewson
Chairman of the Audit Committee
17 September 2013

Nomination Committee report

Alan Jackson
Chairman of the Nomination Committee

Current Members of the Nomination Committee

- Alan Jackson
- Nick Hewson
- Debbie Hewitt

The Nomination Committee's Terms of Reference are kept under regular review being last considered in June 2013 and are published on the Group's website.

The Committee has met three times during the year ended 30 June 2013 following the publication of the 2012 Annual Report and Accounts and its principal business can be summarised as follows:

1. To consider the selection and appointment of a new Non-Executive Director;
2. To recommend the appointment of Nick Hewson as a Non-Executive Director to the Board;
3. To consider the proposed re-election of Steve Morgan as Executive Chairman at the AGM on 11 November 2013 in compliance with the 'The UK Corporate Governance Code' ('the Code') introduced in June 2010 and after due consideration to recommend his re-election to the Board;
4. To consider the proposed re-election of John Tutte as an Executive Director at the AGM on 11 November 2013 in compliance with the Code and after due consideration to recommend his re-election to the Board;
5. To consider the proposed re-election of Barbara Richmond as an Executive Director at the AGM on 11 November 2013 in compliance with the Code and after due consideration to recommend her re-election to the Board;
6. To consider the proposed re-election of Alan Jackson as Non-Executive Deputy Chairman and Senior Independent Director at the AGM on 11 November 2013 in compliance with the Code and after due consideration to recommend his re-election to the Board;

7 To consider the proposed re-election of Nick Hewson as Non-Executive Director at the AGM on 11 November 2013 in compliance with the Code and after due consideration to recommend his re-election to the Board; and

8. To consider the proposed re-election of Debbie Hewitt as Non-Executive Director at the AGM on 11 November 2013 in compliance with the Code and after due consideration to recommend her re-election to the Board.

The Directors were not present and did not vote when their individual proposals were discussed.

Alan Jackson
Chairman of the Nomination Committee
17 September 2013

Corporate governance

Sustainability Committee report

Alan Jackson
Chairman of the Sustainability Committee

Current Members of the Sustainability Committee

- Alan Jackson
- Nigel Smith
  (Redrow Research and Sustainability Director)

The Sustainability Committee's Terms of Reference are kept under regular review being last reviewed in May 2013 and are published on the Group's website.

The Committee met twice during the year ended 30 June 2013 and its principal business can be summarised as follows:

1. A review of the Terms of Reference of the Committee;
2. A review of the Company's Environmental Management Standards;
3. Review of external environmental benchmarking reporting and an update on the Next Generation UK Homebuilders Sustainability Rankings for 2012;
4. Update on the Carbon Disclosure Project, and Mandatory Carbon Emissions Reporting;
5. Update on the continuing impact of the Flood and Water Management Act 2010;
6. Updates on the Devolution of Building Regulations to the Welsh Assembly Government with particular reference to Part L and the introduction of the Domestic Fire Safety (Wales) Measure in April 2013;
7. Update on the likely changes to Part L 2013 of the Building Regulations and the Standard Assessment Procedure 2012 ('SAP') and their impact;
8. Review of site waste management procedures following the introduction of Site Waste Management Plans in Wales;
9. The review and update of the Company's Sustainability Website;
10. The introduction of the revised version of Building for Life 12 together with guidance introduced in September 2012 and its impact upon the processes of the Company;
11. The introduction of a Code for Sustainable Homes and Renewable Technologies Compliance Policy for the Company;
12. The commissioning of Energy Audits with recommendations for practical energy consumption reducing measures within the Company's Divisional offices;
13. An update on the research undertaken by the National House Building Council on Mechanical Ventilation and Heat Recovery; and
14. Updates on the numerous Sustainability consultations undertaken throughout the financial year.

The Sustainability review on pages 30 to 37 provides further information on areas of work monitored by the Committee.

Alan Jackson
Chairman of the Sustainability Committee
17 September 2013

Directors' remuneration report

Debbie Hewitt
Chairman of the Remuneration Committee

Current Members of the Remuneration Committee

- Debbie Hewitt
- Nick Hewson
- Alan Jackson

This report has been prepared in accordance with the requirements of Schedule 8 to the Accounting Regulations under the Companies Act 2006 and The Listing Rules. The Financial Reporting Council introduced in June 2010 a new governance code entitled 'The UK Corporate Governance Code' ('the Code'). This report, unless specifically stated, refers to the Code, and describes how the Board has applied the principles relating to Directors' remuneration in the Code. As required by the Companies Act 2006, a resolution to approve this report will be put to Shareholders for approval at the Annual General Meeting to be held on 11 November 2013.

Remuneration Committee

The Remuneration Committee is comprised solely of Non-Executive Directors and comprises Debbie Hewitt as Chairman, Alan Jackson and Nick Hewson. Details of Committee attendance has been set out on page 41.

The Committee has agreed Terms of Reference detailing its authority and responsibilities. The Terms of Reference of the Committee were subject to a comprehensive update in line with best practice in 2012, are kept under regular review and were last formally reviewed in June 2013. They are published on the Group's website and include:

- determining and approving the remuneration policy in respect of the Executive Chairman, Steve Morgan the Executive Directors namely, John Tutte the Group Managing Director and Barbara Richmond the Finance Director and the Company Secretary, Graham Cope ('the Senior Executives'), taking into account the context of the Company's overall approach to remuneration for all employees and within this policy determining the total individual remuneration package of each Senior Executive;
- determining performance targets and the extent of their achievement for both annual and long term incentive awards operated by the Company affecting Senior Executives; and
- monitoring and approving the level and structure of remuneration of the Managing Directors immediately below the Senior Executives.

The Committee meets as often as is required but at least twice per year. The Committee met twice during the course of the financial year ended 30 June 2013. The attendance record of Directors at the Committee meeting is shown on page 41.

The Committee has appointed Deloitte LLP to advise on remuneration matters and during the year the Committee consulted with them on remuneration matters. Deloitte LLP also provides the Company with advice on taxation matters but does not have any other connection with the Company.

Deloitte LLP is a member of the Remuneration Consultants Group and as such voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is comfortable that the Deloitte LLP engagement partner and team, that provide remuneration advice to the Committee, do not have any connection with the Company that may impair their independence.

The Committee addressed a variety of matters in its meetings during the year, including:

Principal activities

Month	Activities
July 2012	Agreeing the mechanism for the deferred element of the Annual Bonus award;
	Confirmation of 2011/12 Annual Bonus award and targets for 2012/13;
	Setting the targets for the LTSIP 2012; and
	Annual review of Terms of Reference.
June 2013	Annual review of Terms of Reference;
	Committee Self-Assessment; and
	Salary review of the Senior Executives.

Corporate governance

Directors' remuneration report continued

Executive Remuneration at a Glance

Components of reward

Fixed component	Base salary
	Benefits in kind
	Pension and retirement benefits
Variable component	Annual bonus (cash and deferred element)
	Long Term Share Incentive Plan (LTSIP)
	Save As You Earn Option Scheme (SAYE)

Remuneration Policy

The Committee considers that in framing its remuneration policy it has given full consideration to the provisions of Section 1 and Schedule A of the Code.

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

The Remuneration Committee recognises the importance of aligning the interests of shareholders and employees to create maximum levels of shareholder value.

Consistent with this policy, the remuneration packages awarded to Senior Executives are intended to reward them for their current achievements, whilst also encouraging a focus on the medium and long term strategy and performance of the Company. Remuneration packages are designed to ensure that an appropriate level of performance related remuneration is provided. The performance related elements have clearly defined and stretching quantitative and qualitative targets that link rewards to business performance in the short, medium and long term. Those elements which are performance related are set out in further detail below.

Elements of the Remuneration Package

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

(i) Base salary

Salaries are reviewed as appropriate and at least once per annum.

The Remuneration Committee considered that Senior Executive salaries would be increased in line with the increases awarded at the same time to the general employee population of the Company.

The Committee agreed to increase Steve Morgan's notional fees from 1 July 2013 from £435,000 to £446,000 (2.5%) (see page 53); Barbara Richmond's salary from 1 July 2013 from £265,000 to £272,000 (2.6%) and John Tutte's salary from 1 July 2013 from £395,000 to £405,000 (2.5%).

(ii) Pension and retirement benefits

John Tutte is a deferred member of the Redrow Staff Pension Scheme (now closed to future accrual) and continues to receive a pension allowance supplement, equivalent to 20% of salary. This supplement will not be considered in the calculation of any future bonuses.

Barbara Richmond continues to receive a pension allowance supplement equivalent to 20% of salary. This supplement will not be considered in the calculation of any future bonuses.

Steve Morgan is a pensioner member of the Redrow Staff Pension Scheme.

John Tutte and Barbara Richmond are also covered by fixed term group income protection and death in service benefit.

(iii) Benefits in kind

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

(iv) Annual bonuses

During the financial year ended June 2013, the Senior Executives had the potential to earn a cash bonus equivalent to a maximum of 100% of their base salary, subject to meeting stretching targets relating to performance on and above budget of PBT, ROCE, land bank and forward sales. The Committee will as in previous years review this on a year to year basis.

The Committee feels that this combination of measures represents an appropriate balance between 'backward looking' financial performance and 'forward looking' measures, which support value creation over the medium to long term. The potential payable was weighted equally across the four measures.

The Senior Executives continue to be required to defer 50% of any bonus earned by receiving nil cost options in lieu of cash, half of which will vest after one year and the remaining half after two years. No matching shares will be awarded. The Committee continues to believe the

Elements of the Remuneration Package continued

(iv) Annual bonuses continued

practice is in line with best practice and will help us to increase share ownership throughout the Executive team (including at levels below the Main Board, where a similar scheme is applied). The Committee has retained the discretion under the rules put in place to prevent vesting or exercise and 'clawback' in the event of gross misconduct or the material misstatement of accounts.

Taking into account this deferral, the maximum annual cash bonus potential will be 50% of salary, with an equal amount awarded in share options. Due to the size of Steve Morgan's shareholding half of his potential annual bonus will be paid in cash in the September following the year end and the balance will be paid in cash twelve months later.

The Senior Executives were awarded 80% of base salary for the performance against the bonus targets for the period ended June 2013. The PBT and ROCE metrics paid out in full as performance was above the target range. The land bank component paid out at around the target level, and the forward sales was below the threshold level, resulting in an overall bonus of 80% of maximum, 50% of which will be paid in cash in September 2013 and the remaining 50% of which were deferred by the granting of nil cost options. These options will vest, as described above, over a one and two year period and will have no further performance conditions to vest, except the Executive has to be employed by the Company and not under notice. Dividends equivalents, should dividends be paid, will be paid in respect of these options for the vesting periods.

The Committee has also determined that the annual bonus for the forthcoming financial year will continue to be assessed using the following four metrics – PBT, ROCE, land bank and forward sales, with equal weighting given to each metric.

(v) Long Term Incentives

LTSIP 2013 grant vesting in September 2016

Following the review in September 2011 of the Executive Remuneration Framework, the Committee felt that the quantum of the long term incentive arrangements remains appropriate and as a result each Senior Executive, with the exception of Steve Morgan, will be awarded a grant of nil cost options under the LTSIP with a value equivalent to 100% of their base salary as at 1 July 2012.

The Committee decided that the award would, as last year, be based on performance of EPS and ROCE, pre-exceptional, with up to 50% of any award relating to performance of each of the criteria. The Committee believes that these two measures are transparent, are easy to understand, track and communicate, are cost effective to measure and fundamentally aligned to the strategic ambitions that have been communicated to the market:

- EPS ensures that the team delivers strong 'bottom line' profitability and growth for shareholders; and
- ROCE provides balance by requiring that profit is delivered efficiently from a capital perspective.

The Remuneration Committee does however have complete discretion to adjust the number of any shares vesting from the award if it considers that performance is not sufficiently reflective of the general growth created by the market.

EPS for the year ending June 2016 ('x')

Award	
Nil	x < 39.0p
10.0% to 30.0% on a sliding scale	39.0p ≤ x ≤ 43.5p
+30.0% to 49.9% on a sliding scale	43.5p < x < 48.0p
50.0%	x ≥ 48.0p

ROCE for the year ending June 2016 ('y')

Award	
Nil	y < 16.1%
10.0% to 30.0% on a sliding scale	16.1% ≤ y ≤ 18.1%
+30.0% to 49.9% on a sliding scale	18.1% < y < 20.0%
50.0%	y ≥ 20.0%

LTSIP Phantom Share Scheme 2013

Due to the size of Steve Morgan's shareholding, the Remuneration Committee has decided to grant him a phantom option under the LTSIP. This option will be paid out in cash. In all other respects Steve Morgan's option mirrors the terms and conditions of the LTSIP awarded to the other Senior Executives. If for any reason Steve Morgan's shareholding reduces, the Committee reserves the right to terminate the Phantom Scheme and replace it with the LTSIP awarded to the other Senior Executives.

LTSIP 2012 grant vesting in October 2015

John Tutte and Barbara Richmond were awarded a grant of nil cost options under the LTSIP with a value equivalent to 100% of their base salaries as at 1 July 2011.

The options will vest three years from the date of grant of the option, subject to the satisfaction of performance conditions. The award was based on ROCE (50%) and EPS (50%) with the following performance criteria:

EPS for the year ending June 2015 ('x')

Award	
Nil	x < 24p
10.0% to 30.0% on a sliding scale	24p ≤ x ≤ 27p
+30.0% to 49.9% on a sliding scale	27p < x < 30p
50.0%	x ≥ 30p

ROCE for the year ending June 2015 ('y')

Award	
Nil	y < 14%
10.0% to 30.0% on a sliding scale	14% ≤ y ≤ 16%
+30.0% to 49.9% on a sliding scale	16% < y < 18%
50.0%	y ≥ 18%

Corporate governance

Directors' remuneration report continued

Elements of the Remuneration Package continued

(v) Long Term Incentives continued

LTSIP Phantom Share Scheme 2012

As above, due to the size of Steve Morgan's shareholding, the Remuneration Committee granted him a phantom option under the LTSIP to be paid out in cash but otherwise mirroring the terms and conditions of the LTSIP awarded to the other Senior Executives.

LTSIP 2010 grant vesting in February 2014

In accordance with the performance conditions attached to the 2010 LTSIP grant, which are set out below, the Remuneration Committee confirmed that 19% of the 2010 LTSIP options will vest and the remainder will lapse in February 2014.

The award was split between ROCE (30%), EPS (30%) and TSR (40%) with the following performance criteria:

EPS for the year ending June 2013 (x)*

Award	
Nil	x < 14.2p
10.0% to 29.9% on a sliding scale	14.2p ≤ x ≤ 17.5p
30.0%	x > 17.5p

ROCE for the year ending June 2013 (y)

Award	
Nil	y < 13.5%
10.0% to 29.9% on a sliding scale	13.5% ≤ y ≤ 17.5%
30.0%	y > 17.5%

TSR for the year ending June 2013 (z)

Award	
Nil	z < index
15.0% to 39.9% on a sliding scale	index ≤ z ≤ index + 10.0%
40.0%	z > index + 10.0%

There was no vesting in respect of the ROCE and TSR performance measures with reported EPS at 15.7p which delivered a 19% vesting in accordance with the relevant performance measure.

LTSIP Phantom Share Scheme 2010 vesting in February 2014

As above, due to the size of Steve Morgan's shareholding, the Remuneration Committee granted him a phantom option under the LTSIP to be paid out in cash but otherwise mirroring the terms and conditions of the LTSIP awarded to the other Senior Executives.

In accordance with the performance conditions attached to the 2010 LTSIP Phantom grant, the Remuneration Committee confirmed that 19% of the 2010 LTSIP Phantom options will vest and the remainder will lapse in February 2014.

LTSIP 2008 vesting in November 2013

In accordance with the performance conditions attached to the 2008 LTSIP grant, the performance conditions were not achieved and the Remuneration Committee confirmed that all of these 2008 LTSIP options will lapse in November 2013.

(vi)The CSOP

In accordance with the performance conditions attached to the CSOP awarded to John Tutte, the performance conditions were not achieved and the Remuneration Committee confirmed these will lapse in November 2013.

John Tutte is the only Director who participates in this Scheme as all other awardees have since left the Company.

(vii) SAYE

In addition to their remuneration package, all employees are entitled to participate in the Save As You Earn (SAYE) scheme under which employees are granted options and encouraged to save in order to invest in Company shares.

The Senior Executives, with the exception of Steve Morgan, are encouraged to participate in the SAYE scheme as a means of increasing their shareholdings.

(viii) Share Ownership Guidelines

The importance of encouraging share ownership is recognised by the Committee. Both John Tutte and Barbara Richmond are expected to build and retain a shareholding in the Group at least equivalent to 100% of base salary and the Company Secretary is encouraged to have a shareholding of 75% of base salary.

Directors' Service Agreements

The service agreements of the Executive Directors provide for formal notice to be served to terminate the agreement, by either the Company or the Director. The notice required is six months for Steve Morgan and twelve months for John Tutte. Barbara Richmond is required to give the Company six months notice whilst the Company is required to give Barbara Richmond twelve months notice.

* Amended to reflect Firm Placing and Open Offer share issue.

Directors' Service Agreements continued

The agreements do not include provision for pre-determined compensation for early termination and mitigation will be applied to any compensation payments where considered justified by the Remuneration Committee. No additional compensation or extended notice period is included within the service agreements in the event of a change of control. The service agreements of the Executive Directors are rolling contracts which were entered into on the following dates and had the following unexpired notice periods as at 30 June 2013:

Name	Contract date	Notice period
Steve Morgan	23/03/09	6 months
John Tutte	14/09/09	12 months
Barbara Richmond	18/01/10	12 months

The Non-Executive Directors' terms of appointment, with maturity dates, are detailed in formal letters of appointment in the table below.

Each appointment is for a fixed term although this term is terminable upon either party giving three months' notice. Copies of the appointments are available for inspection as stated on page 94.

The Non-Executive Directors' terms of appointment

Name	Position	Letter of appointment Dated	Matures
Alan Jackson	Deputy Chairman and Senior Independent Director	19/08/13	30/06/14
Debbie Hewitt	Non-Executive	19/08/13	18/08/15
Nick Hewson	Non-Executive	01/12/12	30/11/15

Directors' Remuneration for Period 2012/13

The following tables and notes constitute the audited part of the Directors' Remuneration report:

Directors' detailed emoluments	Basic salary and fees £000	Benefits £000 (ii)	Car allowance £000 (ii)	Pension allowance £000	Total Bonus £000	**Total 2013 £000**	2012 £000
Executive Directors							
Steve Morgan(i)	15	3	—	—	—	**18**	19
John Tutte	395	1	16	79	158	**649**	620
Barbara Richmond	265	15	—	53	106	**439**	451
Non-Executive Directors							
Alan Jackson	90	—	—	—	—	**90**	90
Debbie Hewitt	45	—	—	—	—	**45**	45
Nick Hewson (appointed 1 December 2012)	26	—	—	—	—	**26**	—
Paul Hampden Smith (resigned 1 November 2012)	26	—	—	—	—	**26**	45
	862	19	16	132	264	**1,293**	1,270

(i) Steve Morgan draws a nominal salary of £15,000 per annum which he donates via Payroll Giving to the Morgan Foundation. The Company also made a donation to the Morgan Foundation, a UK registered charity of which Steve Morgan is a trustee (£594,000 in the year ended 30 June 2013 (2012: £622,500); the donation amount is calculated based upon a notional £435,000 salary and cash bonus percentage consistent with that earned by John Tutte and Barbara Richmond). Further details are given in the Directors' report on page 57 and in note 22 to the financial statements.

(ii) Benefits in kind represent fully expensed cars and private health insurance.

Pension Scheme

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

Disclosure required by Part 15 to the Companies Act 2006

Defined Benefit accrued entitlements

Director	Accrued benefit at 30 June 2013 £	Increase in deferred pension due to inflation during the year £	Transfer value of accrued benefit at 30 June 2012 £	Transfer value of accrued benefit at 30 June 2013 £	Change in transfer value less Directors' contributions £
John Tutte	51,472	1,108	943,706	946,889	3,183

Corporate governance

Directors' remuneration report continued

Directors' Remuneration for Period 2012/13 continued

Pension Scheme continued

Disclosure required under the Listings Regulations

Defined benefit accrued entitlements

Director	Accrued benefit at 30 June 2013 £	Increase in deferred pension over year net of inflation £	Transfer value of change in accrued benefit less Directors' contributions £
John Tutte	51,472	—	—

The accrued pension shown above is the amount of pension entitlement that would be paid each year on retirement at age 65 based on service to 29 February 2012. The Scheme closed to the accrual of future benefits with effect from 1 March 2012. The transfer value shown above has been calculated on the basis of actuarial advice in accordance with relevant legislation, less Directors' contributions. The transfer values represent the present value of future payments from the Scheme rather than remuneration currently due to the individual and cannot be meaningfully aggregated with annual remuneration.

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

Interests in share options

Directors' interests in share options

Scheme	Options held at 1 July 2012	Options granted in year	Options exercised in year	Options lapsed	**Options held at 30 June 2013**	Exercise price £	From	To
John Tutte								
SAYE 2011	9,453	—	—	—	**9,453**	0.95	01/01/15	01/07/15
LTSIP 2008(i)	471,512	—	—	—	**471,512**	—	21/11/13	20/11/18
CSOP 2008(ii)	23,981	—	—	—	**23,981**	1.25	21/11/13	21/11/18
LTSIP 2009(iii)	229,007	—	—	(229,007)	**—**	—	22/12/12	21/12/19
LTSIP 2010(iv)	365,131	—	—	—	**365,131**	—	18/02/14	19/04/21
LTSIP 2011(v)	323,834	—	—	—	**323,834**	—	21/09/14	20/09/21
LTSIP 2012(vi)	—	246,164	—	—	**246,164**	—	23/10/15	22/10/22
Deferred bonus 2012	—	124,919	—	—	**124,919**	—	23/10/13	22/10/22
	1,422,918	371,083	—	(229,007)	**1,564,994**			
Barbara Richmond								
LTSIP 2009(ii)	358,423	—	—	(358,423)	**—**	—	25/02/13	24/02/20
SAYE 2010	9,146	—	—	—	**9,146**	0.98	01/01/14	01/07/14
LTSIP 2010(iv)	243,421	—	—	—	**243,421**	—	18/02/14	19/04/21
LTSIP 2011(v)	215,889	—	—	—	**215,889**	—	21/09/14	20/09/21
LTSIP 2012(vi)	—	164,322	—	—	**164,322**	—	23/10/15	22/10/22
Deferred bonus 2012	—	83,387	—	—	**83,387**	—	23/10/13	22/10/22
	826,879	247,709	—	(358,423)	**716,165**			

(i) The performance conditions attached to the exercise of share options granted under the LTSIP 2008 are ROCE, growth in EPS and generation of Total Shareholder Return. The performance condition end date is 30 June 2013.
(ii) The performance condition attached to the exercise of share options granted under the CSOP 2008 is growth in EPS. The performance condition end date is 30 June 2013.
(iii) The performance conditions attached to the exercise of share options granted under the LTSIP 2009 are ROCE, growth in EPS and generation of Total Shareholder Return. The performance condition end date was 30 June 2012.
(iv) The performance conditions attached to the exercise of share options granted under the LTSIP 2010 are ROCE, growth in EPS and generation of Total Shareholder Return. The performance condition end date is 30 June 2013. Please refer to page 52.
(v) The performance conditions attached to the exercise of share options granted under the LTSIP 2011 are ROCE and growth in EPS. The performance condition end date is 30 June 2014.
(vi) The performance conditions attached to the exercise of share options granted under the LTSIP 2012 are ROCE and growth in EPS. The performance condition end date is 30 June 2015. Please refer to page 51.

No other Directors have been granted share options in shares of the Company. The mid-market price of Redrow plc shares at 30 June 2013 was 218.0p and the range during the year was 125.0p to 238.1p.

Directors' Remuneration for Period 2012/13 continued

Interests in share options continued

Gains made by Directors on share options

No Director exercised share options during the year.

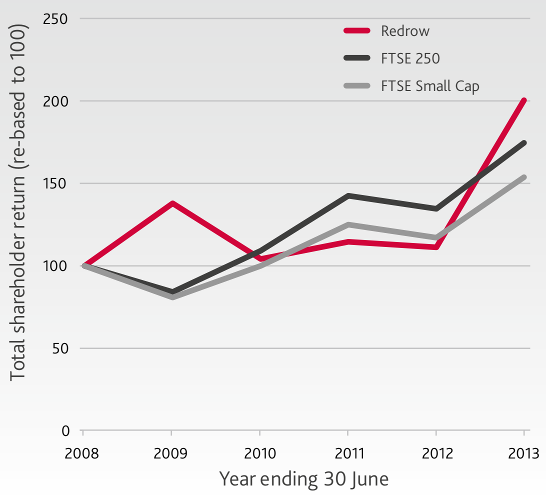
Directors' interests in shares (This section does not constitute an auditable part of the Remuneration report)

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

Beneficial	17 September 2013 No.	**30 June 2013 No.**	30 June 2012 No.
Executive Directors			
Steve Morgan[1]	149,486,045	**149,486,045**	149,486,045
John Tutte	158,334	**158,334**	158,334
Barbara Richmond	89,819	**89,819**	89,819
Non-Executive Directors			
Alan Jackson	22,177	**22,177**	22,177
Debbie Hewitt	21,605	**21,605**	21,605
Nick Hewson	—	**—**	—

[1] Includes shares controlled by The Trinity Trust.

Five-year total shareholder return



By order of the Board

Debbie Hewitt
Chairman of the Remuneration Committee
17 September 2013

Corporate governance

Directors' report

The Directors have pleasure in presenting to the members their report and the audited consolidated financial statements for the 12 months ended 30 June 2013.

Principal Activities and Business Review

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

Revenue and profit on ordinary activities before taxation from continuing operations are stated at £604.8m and £70.0m respectively.

The information that fulfils the requirements of the business review can be found in the Chairman's statement and the Operating review and Financial review on pages 6 to 37. This includes a review of the key risks facing the business and a review of the key performance indicators of the business and future developments. Details of the financial risk management objectives and policies and associated risk exposure is given in note 14: Financial Risk Management.

Going Concern

The Directors have acknowledged the guidance on going concern and financial reporting published by the Financial Reporting Council in October 2009.

The current economic conditions and uncertainty in the housing market create uncertainties for the business, and a description of the Group's principal risks and uncertainties and the arrangements to manage these risks are set out on pages 28 and 29. The Group's business activities, together with the factors likely to affect its future performance, are set out in the Business review section on pages 6 to 37. The Group's management of exposure to financial risk, including liquidity, interest rate risk and credit risk, is disclosed in note 14 to the financial statements together with details of the Group's banking facilities and capital management policies and processes.

As explained in the Financial review on pages 24 to 27, the Group maintains adequate committed banking facilities. As stated in note 14 to the financial statements, at 30 June 2013, the Group had £105.0m of undrawn committed borrowing facilities available.

The Directors have reviewed the Group's financial forecasts for the period to 31 December 2014 and associated financial covenants and have considered various downside sensitivities reflecting the potential impact of a further reasonably foreseeable deterioration in economic conditions. This review confirmed headroom within both financial covenants and facilities, subject to the business undertaking identified mitigating actions which lie within the Group's control. The principal sensitivity relates to the impact of market conditions on profitability and in turn on the Group's net asset position relative to the covenanted level.

After making appropriate enquiries, the Directors consider they have a reasonable expectation for stating that the Group and the Company have adequate resources to continue trading for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Notifiable Interests

As at 17 September 2013, the Company has been advised of the following notifiable interests of 3% or more in its ordinary shares:

Name	No. of shares held	% of issued share capital
Bridgemere (incl. Steve Morgan)	149,486,045	40.42%
Toscafund Asset Management LLP	56,205,646	15.20%
FIL Limited	15,450,460	4.18%
BlackRock, Inc.	15,277,577	4.13%

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

At 17 September 2013, no change in these holdings had been notified nor, according to the registrar of members, did any other shareholder at that date have a notifiable holding of issued share capital.

Directors

The Directors of the Company during the year and up to the date of signing are listed on page 53 of the Directors' remuneration report and the current Directors are also listed together with their biographical details on pages 38 and 39.

Directors continued

Formal appraisals of Executive Directors were undertaken during the financial year. All the Non-Executive Directors underwent an annual appraisal conducted by the Non-Executive Deputy Chairman. The Board confirms that Steve Morgan, John Tutte and Barbara Richmond, who stand for re-appointment as Executive Directors, and Alan Jackson, Debbie Hewitt and Nick Hewson, who stand for re-appointment as Non-Executive Directors, continue to be effective and demonstrate the appropriate commitment to their roles. The Executive Directors have formal service agreements. Termination of their employment may be effected by 12 months' notice given by the Company except for Steve Morgan where the notice period is six months.

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

Details of Directors' service agreements are given in the Directors' remuneration report on pages 52 and 53.

Directors' Interests

Related party transactions are disclosed in note 22 to the financial statements. A summary of remuneration provided to key management personnel is provided in note 7c.

The Directors' interests in the ordinary shares of the Company are given in the Directors' remuneration report on pages 54 and 55. There has been no change in the Directors' interests between 30 June 2013 and 17 September 2013.

Charitable and Political Donations

The Group made no political donations but paid £630,000 in charitable donations during the year being £600,000 in respect of national charities and £30,000 in support of local charities. The Group and its employees are actively involved in fundraising activities for specific charities. The Group made a £594,000 donation during the year to the Morgan Foundation, a UK registered charity of which Steve Morgan is a trustee. This is included within the charitable donations in respect of national charities noted above.

Employees

Redrow places considerable importance on the provision of training and development; training@redrow, a purpose built in-house training facility at Tamworth, completed 2,687 training days during the year ended 30 June 2013 including those which support the Group induction process.

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

The Directors recognise the importance of good communications with employees. Companies within the Group are encouraged to make their employees aware of the financial and economic factors affecting their respective companies and the Group. This is assisted through the medium of regular management meetings, staff publications and the Redrow intranet.

Employee share ownership is encouraged through savings related schemes.

Creditor Payment Policy

The Group values its relationships with suppliers and subcontractors. It is the policy to agree credit terms prior to commencement of trading. Subject to any items of genuine dispute, it is policy to pay creditors within the terms agreed. At June 2013, the Group had 50 days' (2012: 48 days') purchases outstanding in respect of payments to suppliers and the Company had nil days' purchases outstanding in respect of payments to suppliers (2012: nil).

Research and Development

The Group has a centralised Product Development Team charged with identifying and evaluating new construction techniques and products. Environmental and sustainability issues play a prominent role in its activities. The charge to the income statement in respect of research and development in the year was £0.4m (2012: £0.3m).

Corporate governance

Directors' report continued

Environment

Redrow recognises its responsibilities to the community as a whole and has adopted an environmental strategy which is a core part of the Group's objectives. Further details are provided in the Sustainability review on pages 30 to 37 and also on our website at redrowplc.co.uk.

Significant Agreements

The Company's banking arrangements are terminable upon a change of control of the Company. There are no contractual or other arrangements essential to the business which require disclosure under the Companies Act 2006.

Independent Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as external Auditors will be proposed at the Annual General Meeting (AGM) on 11 November 2013.

Provision of Information to Auditors:

In the case of each Director in office at the date the Directors' report is approved, confirm that:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Capital Structure

The Company has an authorised share capital of 480,000,000 ordinary shares of 10p each of which 369,799,938 have been issued. The Company has one class of ordinary shares which carry ordinary rights to dividends (subject to the Company's Articles of Association). Each share carries the right to one vote at general meetings of the Company.

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

Authority was given to the Directors at last year's AGM to allot unissued shares up to an aggregate nominal amount of £12,326,665 equivalent to approximately 33% of the Company's issued share capital and up to a further aggregate nominal amount of £12,326,665 in connection with an offer by way of a rights issue. As this authority expires at the forthcoming AGM the Directors will be seeking new authorities as set out in the Notice of Meeting.

Voting and Transfer of Shares

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

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

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

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

Notice of Annual General Meeting

Pages 91 to 94 set out the Notice of Annual General Meeting and details the resolutions proposed together with explanatory notes.

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

By order of the Board

Graham Cope
Company Secretary
Redrow plc
Registered no. 2877315
17 September 2013

↑ Heritage Park, Penymynydd, Flintshire

Financial statements

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Each of the Directors, whose names and functions are listed below confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and result of the Group and Company; and
- the Directors' report contained on pages 56 to 59 includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

The Directors of Redrow plc as at the date of this statement are:

Steve Morgan, Chairman
Alan Jackson, Deputy Chairman and Senior Independent Director
John Tutte, Group Managing Director
Barbara Richmond, Group Finance Director
Debbie Hewitt, Non-Executive Director
Nick Hewson, Non-Executive Director

By order of the Board

Graham Cope
Company Secretary
17 September 2013

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

Independent Auditors' report

to the members of Redrow plc

We have audited the financial statements of Redrow plc for the year ended 30 June 2013 which comprise the Consolidated income statement, the Consolidated Group and parent company statement of comprehensive income, the Group and parent company Balance sheets, the Group and parent company Statement of changes in equity, the Group and parent company Statement of cash flows, the Accounting policies and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 60, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2013 and of the Group's profit and Group's and parent company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance statement set out on pages 40 to 46 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 56, in relation to going concern;
- the parts of the Corporate Governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to Shareholders by the Board on Directors' remuneration.

Ian Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
17 September 2013

Financial statements

Consolidated income statement

For the 12 months ended 30 June

	Note	2013 £m	2012 £m
Revenue		**604.8**	478.9
Cost of sales		**(491.2)**	(396.1)
Gross profit		**113.6**	82.8
Administrative expenses before exceptional items		**(40.0)**	(34.8)
Operating profit before exceptional items and financing costs	2	**73.6**	48.0
Exceptional administrative expenses		**(1.5)**	—
Operating profit before financing costs		**72.1**	48.0
Financial income	3	**1.8**	2.4
Financial expenses	3	**(7.2)**	(7.4)
Net financing costs		**(5.4)**	(5.0)
Share of profit of joint ventures after interest and taxation	10	**3.3**	—
Profit before tax		**70.0**	43.0
Income tax expense	4	**(16.3)**	(12.8)
Profit for the period		**53.7**	30.2
Earnings per share – basic	6	**14.8p**	9.7p
– diluted	6	**14.7p**	9.7p

Consolidated statement of comprehensive income

For the 12 months ended 30 June

		Group		Company	
	Note	2013 £m	2012 £m	2013 £m	2012 £m
Profit/(loss) for the period		**53.7**	30.2	**104.5**	(6.0)
Other comprehensive expense					
Actuarial losses on defined benefit pension scheme	7e	**(1.9)**	(7.9)	**(1.9)**	(7.9)
Deferred tax on actuarial losses taken directly to equity		**0.5**	1.9	**0.5**	1.9
Other comprehensive expense for the period net of tax		**(1.4)**	(6.0)	**(1.4)**	(6.0)
Total comprehensive income/(expense) for the period	18	**52.3**	24.2	**103.1**	(12.0)

Balance sheets

As at 30 June

		Group		Company	
	Note	**2013 £m**	2012 £m	**2013 £m**	2012 £m
Assets					
Intangible assets	8	**1.9**	1.8	**—**	—
Property, plant and equipment	9	**11.2**	12.1	**—**	—
Investments	10	**13.3**	9.3	**0.1**	0.1
Deferred tax assets	11	**35.8**	51.8	**4.2**	3.9
Trade and other receivables	12	**25.4**	26.0	**—**	—
Total non-current assets		**87.6**	101.0	**4.3**	4.0
Non-current assets held for sale	9	**1.0**	1.4	**—**	—
Inventories	13	**895.5**	708.2	**—**	—
Trade and other receivables	12	**24.9**	27.2	**551.5**	419.1
Current income tax receivables	4	**—**	—	**5.7**	8.3
Cash and cash equivalents	14	**39.0**	37.4	**37.1**	—
Total current assets		**960.4**	774.2	**594.3**	427.4
Total assets		**1,048.0**	875.2	**598.6**	431.4
Equity					
Share capital	17	**37.0**	37.0	**37.0**	37.0
Share premium account	18	**58.7**	58.7	**58.6**	58.6
Hedge reserve	18	**—**	—	**—**	—
Other reserves	18	**7.9**	7.9	**7.0**	7.0
Retained earnings	18	**505.6**	457.9	**379.2**	276.1
Total equity		**609.2**	561.5	**481.8**	378.7
Liabilities					
Bank loans	14	**95.0**	30.0	**95.0**	30.0
Trade and other payables	15	**33.2**	40.6	**—**	—
Deferred tax liabilities	11	**0.5**	0.7	**—**	—
Retirement benefit obligations	7	**3.8**	2.6	**3.8**	2.6
Long term provisions	16	**7.8**	8.2	**—**	—
Total non-current liabilities		**140.3**	82.1	**98.8**	32.6
Bank overdrafts and loans	14	**35.0**	21.4	**—**	3.5
Trade and other payables	15	**263.5**	210.2	**18.0**	16.6
Total current liabilities		**298.5**	231.6	**18.0**	20.1
Total liabilities		**438.8**	313.7	**116.8**	52.7
Total equity and liabilities		**1,048.0**	875.2	**598.6**	431.4

The financial statements on pages 62 to 90 were approved by the Board of Directors on 17 September 2013.

Steve Morgan
Director

Barbara Richmond
Director

Redrow plc Registered Number 2877315

Financial statements

Statement of changes in equity

For the 12 months ended 30 June

	Note	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Profit/(loss) for the period		**53.7**	30.2	**104.5**	(6.0)
Other comprehensive expense for the period		**(1.4)**	(6.0)	**(1.4)**	(6.0)
Total comprehensive income/(expense) relating to the period (net)		**52.3**	24.2	**103.1**	(12.0)
Shares issued	18	**—**	78.0	**—**	78.0
Share-based payment	18	**0.3**	0.3	**—**	—
Movement in LTSIP/SAYE	18	**(4.9)**	0.4	**—**	—
Net increase in equity		**47.7**	102.9	**103.1**	66.0
Opening equity		**561.5**	458.6	**378.7**	312.7
Closing equity		**609.2**	561.5	**481.8**	378.7

As permitted by Section 408 of the Companies Act 2006, the Income statement of Redrow plc is not presented as a part of these financial statements.

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

	2013 £m	2012 £m
Holding company	**8.0**	(6.0)
Subsidiary companies	**45.7**	36.2
	53.7	30.2

Statement of cash flows

For the 12 months ended 30 June 2013

	Note	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Cash flows from operating activities					
Operating profit/(loss) before financing costs		**72.1**	48.0	**(1.9)**	(0.2)
Depreciation and amortisation		**1.2**	1.3	**—**	—
Adjustment for non-cash items		**(4.1)**	(3.1)	**—**	(0.6)
Operating profit/(loss) before changes in working capital and provisions		**69.2**	46.2	**(1.9)**	(0.8)
(Increase)/decrease in trade and other receivables		**(3.4)**	6.3	**(36.5)**	(27.3)
Increase in inventories		**(187.3)**	(145.5)	**—**	—
Increase in trade and other payables		**46.6**	75.2	**1.4**	1.4
(Decrease)/increase in provisions		**(0.4)**	0.2	**—**	—
Cash (outflow) generated from operations		**(75.3)**	(17.6)	**(37.0)**	(26.7)
Interest paid		**(3.2)**	(3.6)	**(3.3)**	(7.1)
Net cash from operating activities		**(78.5)**	(21.2)	**(40.3)**	(33.8)
Cash flows from investing activities					
Sale of business		**8.0**	12.3	**—**	—
Acquisition of software, property, plant and equipment		**(0.5)**	(0.7)	**—**	—
Interest received		**—**	—	**15.9**	—
Net payments to joint ventures – continuing operations		**(0.7)**	(6.7)	**—**	—
Net cash inflow from investing activities		**6.8**	4.9	**15.9**	—
Cash flows from financing activities					
Issue of bank borrowings		**95.0**	30.0	**95.0**	30.0
Repayment of bank borrowings		**(30.0)**	(85.0)	**(30.0)**	(85.0)
Purchase of own shares		**(5.3)**	(0.3)	**—**	—
Proceeds from issue of share capital		**—**	78.0	**—**	78.0
Net cash inflow from financing activities		**59.7**	22.7	**65.0**	23.0
(Decrease)/increase in net cash and cash equivalents		**(12.0)**	6.4	**40.6**	(10.8)
Net cash and cash equivalents at the beginning of the period		**16.0**	9.6	**(3.5)**	7.3
Net cash and cash equivalents at the end of the period	19	**4.0**	16.0	**37.1**	(3.5)

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Financial statements

Accounting policies

Both the consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and effective at 30 June 2013, and in accordance with IFRIC interpretations and the Companies Act 2006 as it applies to companies reporting under IFRS and Article 4 of the IAS Regulation and in accordance with the historical cost convention as modified by the revaluation of derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Whilst these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates (refer to note 1).

The financial statements have been prepared on a going concern basis.

The principal accounting policies have been applied consistently in the periods presented and are outlined below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Redrow plc and all its subsidiaries, together with the Group's share of the results and share of net assets of jointly controlled entities i.e. the financial statements of Redrow plc and entities controlled by Redrow plc (and its subsidiaries). Control is achieved where Redrow plc has the power to govern the financial and operating policies of an entity. Redrow plc's accounting reference date is 30 June. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is to 30 June 2013 (2012: 1 July 2012). For ease of reference all references to the year or 12 months and financial position are for the year ended 30 June and as at 30 June.

The Group has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to present Redrow plc's Company income statement. The profit/(loss) for the financial year is dealt with in the statement of changes in equity.

a. Subsidiaries

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

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

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

b. Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control. Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using the equity method of accounting – the Group's share of profit after tax is shown separately on the face of the income statement and its share of net assets is included within non-current assets in the balance sheet as an investment.

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

Revenue and profit recognition

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

Profit is recognised on legal completion.

Segmental reporting

The main operation of the Group is focused on housebuilding.

As it operates entirely within the United Kingdom, the Group has only one business and geographic segment. This is consistent with the information provided for internal reporting purposes to the Chief Operating Decision Maker (the Board). The Group has no key customers.

Exceptional items

Exceptional items are those which in the opinion of the Board, are material by size or nature, non-recurring and of such significance that they require separate disclosure.

Net financing costs

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

Income and deferred tax

Income tax comprises current tax and deferred tax.

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

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

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

Deferred tax is credited or charged in the income statement, consolidated statement of comprehensive income, or retained earnings as appropriate.

Intangible assets – computer software

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

Property, plant and equipment

Freehold property comprises offices or other buildings held for administrative purposes. Freehold property is shown at cost less the subsequent depreciation of buildings.

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

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

Buildings within freehold property	50 years
Plant and machinery	5 – 10 years
Fixtures and fittings	3 – 5 years

The assets' useful lives are reviewed and adjusted if appropriate at each balance sheet date.

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

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

Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at management's best estimate of realisable value less estimated costs necessary to make the sale.

Investment in subsidiary companies

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

Leases

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

Inventories

Inventories are stated at the lower of cost and net realisable value less cash on account.

Cost comprises land and associated acquisition costs, direct materials and subcontract work, other direct costs and those overheads (based on normal operating capacity) that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs.

Net realisable value for land was assessed by estimating selling prices and cost (including sales and marketing expenses), taking into account current market conditions.

This net realisable value provision will be closely monitored for adequacy and appropriateness as regards under and over provision to reflect circumstances at future balance sheet dates. Any material change to the underlying provision will be reflected through cost of sales as an exceptional item.

Forward land

Expenditure relating to forward land excluding owned sites without residential planning consent but including options, fees etc. is provided for when incurred. After exercise of an option and acquisition of land following the securing of planning permission, the provisions relating to that land are released. Expenditure incurred on owned sites without residential planning consent is included in inventories and is subject to a regular impairment review.

Employee benefits

a. Pension obligation

The Group operates two pension schemes for its staff. The Redrow Staff Pension Scheme (the 'Scheme') closed to the accrual of new benefits with effect from 1 March 2012, with new benefits now being provided via the Redrow Group Personal Pension Plan (the 'GPP'). The Scheme is externally invested and comprises two sections: a defined benefit section and a defined contribution section. A defined benefit plan is a pension plan which defines an amount of pension benefit that an employee will receive on retirement. It is funded through payments to trustee administered funds, determined by actuarial valuations carried out on at least a triennial basis. A defined contribution plan is a pension plan under which the Group pays agreed contributions into a separate fund for each employee and any subsequent pension payable to a specific employee is determined by the amount accumulated in their individual fund. The GPP is also a type of defined contribution plan.

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

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

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

Financial statements

Accounting policies continued

Employee benefits continued

a. Pension obligation continued

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

b. Bonus plans

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

c. Share-based payments

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

d. Termination benefits

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

Financial instruments

a. Land creditors

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

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

b. Derivative financial instruments and hedge accounting

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

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

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

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

c. Loans and receivables

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

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

d. Cash and cash equivalents

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

e. Borrowings and trade payables

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

Onerous contracts

Onerous contracts are contracts in which the unavoidable costs in meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provision is made to reflect management's best current estimate of the least net cost of either fulfilling or exiting the contract.

Share capital

Ordinary shares are classed as equity.

Dividend distribution

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

Impact of new standards and interpretation

a. New standards

Amended IAS 1 'Financial statement presentation'. The main amendment is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amended IAS 1 is required to be applied from 1 July 2012.

b. New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2012 and not early adopted

IAS 19 (revised 2011) 'Employee benefits'. This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The changes will affect most entities that apply IAS 19. They could significantly change a number of performance indicators and might also significantly increase the volume of disclosures. This is effective for annual periods beginning on or after 1 January 2013. The Group will adopt this for the first time for the year beginning 1 July 2013.

IFRS 9 'Financial instruments – classification and measurement'. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost

Impact of new standards and interpretation continued

b. New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2012 and not early adopted continued

accounting for most financial liabilities, with bifurcation of embedded derivatives. Effective for periods beginning on or after 1 January 2014. The Group has not assessed the full impact of this standard, and will adopt this for the first time for the year beginning 1 July 2014, subject to endorsement by the EU.

IFRS 10 'Consolidated financial statements'. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. Effective for periods beginning on or after 1 January 2013 and endorsed by the EU for periods beginning on or after 1 January 2013. This is not expected to have a material impact on the Group financial statements and will be adopted for the first time for the year beginning 1 July 2013.

IFRS 11 'Joint arrangements'. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Effective for periods beginning on or after 1 January 2013 and endorsed by the EU for periods beginning on or after 1 January 2014. The Group has not assessed the full impact of this standard.

IFRS 12 'Disclosure of interests in other entities'. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Not expected to be relevant to the Group, but is effective 1 January 2013 and endorsed by the EU for periods beginning on or after 1 January 2014.

Amendments to IFRS 10, 11 and 12. These amendments also provide additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. Effective for periods beginning on or after 1 January 2013 and endorsed by the EU for periods beginning on or after 1 January 2014.

IFRS 13 'Fair value measurement'. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Group will adopt this for the first time for the year beginning 1 July 2013.

IAS 27 (revised 2011) 'Separate financial statements'. This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. Effective for periods beginning on or after 1 January 2013 and endorsed by the EU for periods beginning on or after 1 January 2014.

IAS 28 (revised 2011) 'Associates and joint ventures'. This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. Effective for periods beginning on or after 1 January 2013 and endorsed by the EU for periods beginning on or after 1 January 2014.

Financial statements

Notes to the financial statements

1. Critical accounting estimates and judgements

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

Carrying value of inventories

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

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

A full review of the net realisable value of inventories was undertaken by the Group as at 30 June 2013.

Pensions

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

2. Operating profit before financing costs

		Note	2013 £m	2012 £m
Operating profit before financing costs is stated				
After crediting:				
Rental income			**0.2**	0.2
After charging:				
Exceptional administrative expenses (a)			**1.5**	—
Inventories expensed in the year		13	**462.1**	373.2
Depreciation		9	**1.1**	1.2
Amortisation		8	**0.1**	0.1
Loss on disposal of property, plant and equipment			**0.1**	—
Operating leases	– plant and machinery		**1.5**	1.5
	– other		**0.2**	0.3
Research and development expenditure			**0.4**	0.3
Auditors' remuneration	– fees payable to Company's Auditors for audit services (b (i))		**0.1**	0.1
	– fees payable to Company's Auditors for other services (b (ii))		**0.1**	0.1

a) Exceptional administrative expenses of £1.5m (2012: £nil) relate to legal and advisory fees incurred in relation to a possible bid for the Company.

b) Fees payable to Company's Auditors for audit services comprise:

(i) fees payable for the audit of parent company and consolidated financial statements £30,000 (2012: £30,000) and fees payable for the audit of the Company's subsidiaries pursuant to legislation £119,000 (2012: £100,000).

(ii) Auditors' remuneration for other services comprised £20,000 (2012: £20,000) in respect of an independent review of the half-yearly financial statements (Audit related assurance services), £6,000 (2012: £nil) in respect of iXBRL tagging (Taxation compliance services), £47,500 (2012: £nil) in respect of financial modelling development support (other non-audit services) and £nil (2012: £120,000) in respect of the preparation of a working capital report in conjunction with the Firm Placing and Open Offer in May 2012 (Assurance services).

3. Net financing costs

	2013 £m	2012 £m
Interest payable on other bank loans	**(3.2)**	(4.2)
	(3.2)	(4.2)
Imputed interest on deferred land creditors	**(4.0)**	(3.2)
Financial expense	**(7.2)**	(7.4)
Net interest received on pension scheme	**0.1**	0.2
Other interest receivable	**1.7**	2.2
Financial income	**1.8**	2.4
Net financing costs	**(5.4)**	(5.0)

4. Income tax expense

	2013 £m	2012 £m
Current tax charge		
UK Corporation Tax at 23.75% (2012: 25.50%)	—	—
	—	—
Deferred tax		
Origination and reversal of temporary differences	14.3	9.3
Impact of changes in deferred tax rate	2.0	3.5
Total income tax charge in income statement	16.3	12.8
Reconciliation of tax charge for the year		
Profit before tax	70.0	43.0
Tax calculated at UK Corporation Tax rate of 23.75% (2012: 25.50%)	16.6	11.0
Impact of change in deferred tax rate	2.0	3.5
Short term temporary differences	(2.3)	(1.7)
Tax charge for the year	16.3	12.8
Deferred tax recognised directly in equity		
Relating to pension scheme	0.5	1.9
	0.5	1.9

Current income tax receivable in the Company is £5.7m (2012: £8.3m).

5. Dividends

No dividend was paid in the year ended 30 June 2013 (2012: £nil).

6. Earnings per ordinary share

The basic earnings per share calculation for the year ended 30 June 2013 is based on the weighted number of shares in issue during the period of 363.4m (2012: 311.9m) excluding those held in trust under the Redrow Long Term Incentive Plan (6.4m shares (2012: 4.3m shares)), which are treated as cancelled.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares in issue for all potentially dilutive shares held under unexercised options.

For the 12 months ended 30 June 2013

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	53.7	363.4	14.8p
Effect of share options and SAYE	—	1.0	(0.1)p
Diluted earnings per share	53.7	364.4	14.7p

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	53.7	363.4	14.8p
Adjustment to deferred tax rate change and exceptional administrative expenses	3.5	—	0.9p
Adjusted earnings per share	57.2	363.4	15.7p

Adjusted diluted earnings per share are 15.7p (2012: 10.8p).

Financial statements

Notes to the financial statements continued

6. Earnings per ordinary share continued

For the 12 months ended 30 June 2012

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	30.2	311.9	9.7p
Effect of share options and SAYE	—	0.4	—
Diluted earnings per share	30.2	312.3	9.7p

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	30.2	311.9	9.7p
Adjustment to deferred tax rate change	3.5	—	1.1p
Adjusted earnings per share	33.7	311.9	10.8p

7. Employees

a. Cost (including Directors)

	2013 £m	2012 £m
Salaries and wages	**38.9**	33.4
Social security	**4.7**	4.0
Pensions	**3.5**	2.8
Share-based payments	**0.9**	0.8
	48.0	41.0

Included in salaries and wages is £0.1m of redundancy and termination payment costs (2012: £0.2m).

b. Number

The average number of persons employed by the Group was:

	2013 Number	2012 Number
Directors and administrative staff	**420**	408
Other personnel	**641**	559
	1,061	967

c. Key management remuneration

Key management personnel, as defined under IAS 24 'Related party disclosures', are identified as the Main Board together with Group Senior Management.

Summary key management remuneration is as follows:

	2013 £m	2012 £m
Salaries and short term employee benefits	**1.6**	1.6
Share-based payments	**0.5**	0.6
	2.1	2.2

In addition, the Redrow Staff Pension scheme paid £34,073 (2012: £10,403) to Steve Morgan in his capacity as an active Scheme pensioner.

Detailed disclosure of Directors' emoluments and interests in shares are included in the Directors' remuneration report on pages 53 to 55, which form part of these financial statements.

7. Employees continued

d. Share-based payments

Save As You Earn Share Option scheme (SAYE)

The Redrow plc SAYE scheme is open to all employees and share options can be exercised either three or five years after the date of grant, depending on the length of the savings contract. The SAYE schemes are not subject to performance conditions. No SAYE options were granted in 2013.

The SAYE schemes have been valued using the Black-Scholes pricing model.

	2012
Options granted during the year	1,181,685
Date of grant	1 January 2012
Fair value at measurement date	£0.74
Share price	£1.19
Exercise price	£0.95
Expected volatility	47%
Option life (contract length)	3/5/7 years
Expected dividend yield	1.3%
Risk free interest rate	1.5%

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

Long Term Share Incentive scheme (LTSIP)

Except in specified circumstances, options granted under the scheme are exercisable between three and ten years after the date of grant.

Options granted under the LTSIP on the 23 October 2012 were granted to a limited number of Senior Executives. The scheme is discussed in greater detail within the Directors' Remuneration report.

The Long Term Share Incentive schemes have been valued using the Black-Scholes pricing model, with the exception of the TSR element of the options granted on 20 April 2011, 25 February 2010, 22 December 2009 and 21 November 2008, for which a simulation model provided by external consultants has been used.

	2013	2012
Options granted during the year	**544,757**	721,070
Date of grant	**23 October 2012**	21 September 2011
Fair value at measurement date	**£1.41**	£1.06
Share price	**£1.54**	£1.10
Exercise price	**£0.00**	£0.00
Expected volatility	**N/A†**	N/A†
Option life	**3 years**	3 years
Expected dividend yield	**3.1%**	1.3%
Risk free interest rate	**N/A†**	N/A†

† For nil-cost awards not subject to a market based condition, volatility and risk free rate are not applicable.

The fair value at measurement date of the LTSIP granted on 23 October 2012 comprises £1.41 in respect of non-market based performance conditions.

The fair value at the measurement date of the LTSIP granted on 21 September 2011 comprises £1.06 in respect of non-market based performance conditions.

The expected volatility of the Long Term Share Incentive scheme is based on the historic volatility of the Group's share price over a period equivalent to that of the options' vesting.

Financial statements

Notes to the financial statements continued

7. Employees continued

d. Share-based payments continued

Deferred Bonus Incentive (DBI)

Grants under the DBI were limited to Senior Management. Except in specified circumstances options granted under the scheme are exercisable between one and ten years after the date of grant for Tranche 1 and between two and ten years after the date of grant for Tranche 2 and are not subject to performance conditions.

The DBI has been valued using the Black-Scholes pricing model.

	2013 Tranche 1	2013 Tranche 2
Options granted during the year	**350,818**	**350,818**
Date of grant	**23 October 2012**	**23 October 2012**
Fair value at measurement date	**£1.50**	**£1.45**
Share price	**£1.54**	**£1.54**
Exercise price	**£0.00**	**£0.00**
Expected volatility	**N/A†**	**N/A†**
Option life	**1 year**	**2 years**
Expected dividend yield	**3.1%**	**3.1%**
Risk free interest rate	**N/A†**	**N/A†**

† For nil-cost awards not subject to a market based condition, volatility and risk free rate are not applicable.

Company Share Option Plan (CSOP)

Grants under the CSOP were limited to Senior Management. Except in specified circumstances, options granted to those other than the Executive Directors are exercisable between three and ten years after the date of grant and are not subject to performance conditions. Except in specified circumstances, options granted to the Executive Directors are exercisable between five and ten years after the date of grant and are subject to performance conditions.

Share options outstanding

The following share options were outstanding at 30 June 2013:

Type of scheme	Date of grant	Number of options 2013	Number of options 2012	Exercise price
Long Term Share Incentive	23 September 2002	**—**	541	—
Long Term Share Incentive	30 June 2003	**—**	161	—
Long Term Share Incentive	25 June 2004	**—**	145	—
Long Term Share Incentive	24 June 2005	**—**	120	—
Long Term Share Incentive	21 November 2008	**801,570**	801,570	—
Long Term Share Incentive	22 December 2009	**—**	389,312	—
Long Term Share Incentive	25 February 2010	**—**	358,423	—
Long Term Share Incentive	18 February 2011	**637,649**	637,649	—
Long Term Share Incentive	20 April 2011	**175,377**	175,377	—
Long Term Share Incentive	21 September 2011	**721,070**	721,070	—
Long Term Share Incentive	23 October 2012	**544,757**	—	—
Deferred Bonus Incentive – Tranche 1	23 October 2012	**350,818**	—	—
Deferred Bonus Incentive – Tranche 2	23 October 2012	**350,818**	—	—
Company Share Option Plan	21 November 2008	**499,588**	803,336	£1.25
Save As You Earn	2 January 2008	**4,464**	7,440	£2.26
Save As You Earn	1 January 2009	**191,349**	243,405	£1.06
Save As You Earn	1 January 2010	**42,740**	145,286	£1.42
Save As You Earn	1 January 2011	**671,549**	742,838	£0.98
Save As You Earn	1 January 2012	**1,026,728**	1,094,026	£0.95

The total share options outstanding at 30 June 2013 under the Long Term Share Incentive Plan, Company Share Option Plan and the Save As You Earn schemes represent 1.6% of the issued share capital (2012: 1.7%).

7. Employees continued

d. Share-based payments continued

Movements in the year

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

	Weighted average exercise price 2013	Number of options 2013	Weighted average exercise price 2012	Number of options 2012
Long Term Share Incentive scheme:				
Outstanding at the beginning of the year	—	3,084,368	—	2,366,402
Forfeited during the year	—	(747,735)	—	—
Exercised during the year	—	(967)	—	(3,104)
Granted during the year	—	544,757	—	721,070
Outstanding at the end of the year	—	2,880,423	—	3,084,368
Exercisable at the end of the year	—	—	—	967
Deferred Bonus Incentive scheme:				
Outstanding at the beginning of the year	—	—	—	—
Granted during the year	—	701,636	—	—
Outstanding at the end of the year	—	701,636	—	—
Exercisable at the end of the year	—	9,721	—	—
Company Share Option Plan:				
Outstanding at the beginning of the year	£1.25	803,336	£1.25	963,204
Forfeited during the year	£1.25	—	£1.25	(159,868)
Exercised during the year	£1.25	(303,748)	£1.25	—
Outstanding at the end of the year	£1.25	499,588	£1.25	803,336
Exercisable at the end of the year	£1.25	451,626	£1.25	755,374
Save As You Earn scheme:				
Outstanding at the beginning of the year	£1.13	2,232,995	£1.09	2,085,436
Forfeited during the year	£1.04	(196,865)	£1.17	(530,378)
Exercised during the year	£1.38	(99,300)	£1.23	(503,748)
Granted during the year	—	—	£0.95	1,181,685
Outstanding at the end of the year	£0.99	1,936,830	£1.13	2,232,995
Exercisable at the end of the year	£2.26	4,464	£1.06	48,908

The weighted average share price at the date of exercise of share options exercised during the year was £1.94 (2012: £1.23).

The options outstanding at 30 June 2013 had a range of exercise prices of £nil to £2.26 (2012: £nil to £2.26) and a weighted average remaining contractual life of 5.9 years (2012: 4.7 years).

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

The charge to income in relation to equity settled share-based payments in the year is £0.9m (2012: charge £0.8m).

e. Retirement benefit schemes

The Redrow Staff Pension Scheme (the 'Scheme') comprises two sections: a funded, self-administered, defined benefit section and a funded defined contribution section. The defined benefit section was closed to all new entrants from July 2006, having been closed to all but a limited number of agreed new entrants from October 2001. Both sections of the Scheme were closed to future accrual with effect from 1 March 2012.

The total pension charge for the year was £5.4m (2012: charge of £10.7m). A charge of £1.8m related to the defined benefit section of the Scheme (2012: charge of £8.5m), with £0.1m being credited to the income statement (2012: charge of £0.6m) and a charge of £1.9m to the statement of comprehensive income (2012: charge of £7.9m). The charge arising from the defined contribution section was £3.6m (2012: £2.2m).

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7. Employees continued

e. Retirement benefit schemes continued

Triennial valuation

A full independent triennial actuarial valuation of the defined benefit section of the Scheme was undertaken at 1 July 2011. The method used was the Projected Unit Method. In the opinion of the Actuary, there was a deficit of £9.8m in the defined benefit section of the Scheme, with the value of the Scheme's assets representing 90% of the Scheme's liabilities. As at 1 July 2011 the value of the defined benefit section of the Scheme's assets was £83.7m. The previous triennial valuation was undertaken as at 1 July 2008 and reported a surplus of £9.9m.

Defined benefit scheme – IAS 19 valuation

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

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

The latest formal actuarial valuation of the defined benefit section was carried out at 1 July 2011. This valuation has been updated to 30 June 2013 by a qualified actuary for the purposes of these accounts.

The Group expects to contribute £0.5m to the Scheme in the year ending 30 June 2014.

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

	2013	2012
Long term rate of increase in pensionable salaries	**n/a**	n/a
Rate of increase of benefits in payment (lesser of 5% per annum and RPI)[1]	**3.4%**	3.1%
Rate of increase of benefits in payment (lesser of 2.5% per annum and RPI)[2]	**2.2%**	2.2%
Discount rate	**4.7%**	4.6%
Inflation assumption – RPI	**3.6%**	3.2%
– CPI	**2.6%**	2.2%
Expected return on assets	**5.9%**	5.4%

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

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

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

The mortality tables used in the actuarial valuation were as follows (which make allowance for projected further improvements in mortality):

For male members: SIN X A CMI_2010 1% Long Term Trend

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

Pensioner currently aged 65: Male 22.3 years

Future pensioner when aged 65: Male 23.3 years

It has been assumed that the majority of members will commute part of their pension in return for a tax free cash sum on retirement.

The Scheme closed to future benefit accrual on 29 February 2012. Prior to the closure, active members received pensionable salary increases which were capped each year at the Retail Price Index (RPI) or 2.5% if lower. Deferred pensions are assumed to increase in line with the Consumer Price Index (CPI). At the date the Scheme closure was effected, the best estimate of future CPI was almost identical to the salary growth assumption, hence the closure does not result in any curtailment item.

In 2012 an enhanced transfer value exercise was completed; approximately £3.5m was paid in transfer values to settle the benefits of approximately 70 members. The liability under IAS 19 of these members was approximately £3.2m. Therefore the exercise resulted in a settlement loss of £0.3m recognised in 2012.

7. Employees continued

e. Retirement benefit schemes continued

Defined benefit scheme – IAS 19 valuation continued

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

	Group and Company	
	2013 £m	2012 £m
Equities	**21.7**	18.2
Property	**6.4**	6.3
Gilts	**17.0**	17.7
Corporate bonds	**17.6**	17.5
High yield bonds	**7.1**	6.9
Diversified growth funds	**18.5**	17.2
Cash	**0.5**	0.1
Insurance policies	**2.0**	1.9
Total market value of assets	**90.8**	85.8
Present value of obligations	**(94.6)**	(88.4)
(Deficit) in the Scheme	**(3.8)**	(2.6)

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

	Group and Company	
	2013 £m	2012 £m
Amounts included within the income statement:		
Administrative expenses		
Current service cost	**—**	(0.5)
(Losses) on curtailments and settlements	**—**	(0.3)
Financing costs		
Expected return on assets	**4.1**	4.8
Interest cost	**(4.0)**	(4.6)
	0.1	(0.6)
Amounts recognised in the statement of comprehensive income:		
Actuarial (losses)	**(1.9)**	(7.9)
	(1.8)	(8.5)
Cumulative amount of (losses) recognised in the statement of comprehensive income since 1 July 2004	**(23.9)**	(22.0)

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7. Employees continued
e. Retirement benefit schemes continued
Defined benefit scheme – IAS 19 valuation continued

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

	Group and Company	
	2013 £m	2012 £m
Balance sheet (deficit)/surplus		
At start of year	**(2.6)**	5.0
Amounts charged against statement of comprehensive income	**(1.8)**	(8.5)
Employer contributions paid	**0.6**	0.9
At end of year	**(3.8)**	(2.6)
Changes in the present value of the defined benefit obligation:		
At start of year	**88.4**	80.7
Current service cost	**—**	0.5
Interest cost	**4.0**	4.6
Member contributions	**—**	0.3
Losses/(gains) on curtailments and settlements	**—**	0.3
Benefit payments, Group life insurance, death in service premiums and administration costs	**(2.2)**	(5.6)
Actuarial losses on liabilities	**4.4**	7.6
At end of year	**94.6**	88.4
Changes in the fair value of the Scheme's assets:		
At start of year	**85.8**	85.7
Normal employer contributions	**0.6**	0.9
Member contributions	**—**	0.3
Expected return on assets	**4.1**	4.8
Benefit payments, Group life insurance, death in service premiums and administration costs	**(2.2)**	(5.6)
Actuarial gains/(losses) on assets	**2.5**	(0.3)
At end of year	**90.8**	85.8

The actual return on the plan assets was a profit of £6.7m (2012: profit of £4.5m).

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

	2013	2012	2011	2010	2009
Present value of defined benefit obligation (£m)	**94.6**	88.4	80.7	81.1	63.2
Present value of Scheme assets (£m)	**90.8**	85.8	85.7	76.7	66.0
Scheme (deficit)/surplus (£m)	**(3.8)**	(2.6)	5.0	(4.4)	2.8
Experience adjustments on Scheme liabilities over the year excluding change in assumptions (£m)	**—**	0.6	—	0.4	(0.2)
Percentage of Scheme liabilities	**—**	0.7%	—	0.5%	(0.3%)
Experience gain/(loss) on Scheme assets over the year (£m)	**2.5**	(0.3)	5.2	6.7	(12.8)
Percentage of Scheme assets	**2.8%**	(0.3%)	6.1%	8.7%	(19.4%)

8. Intangible assets
Group

	Goodwill £m	Software £m	Total £m
Cost			
At 1 July 2011	1.5	1.1	2.6
Additions	—	0.2	0.2
At 30 June 2012	1.5	1.3	2.8
Additions	—	0.2	0.2
At 30 June 2013	**1.5**	**1.5**	**3.0**
Accumulated amortisation			
At 1 July 2011	—	0.9	0.9
Charge	—	0.1	0.1
At 30 June 2012	—	1.0	1.0
Charge	—	0.1	0.1
At 30 June 2013	**—**	**1.1**	**1.1**
Net book value			
At 30 June 2013	**1.5**	**0.4**	**1.9**
At 30 June 2012	1.5	0.3	1.8
At 30 June 2011	1.5	0.2	1.7

9. Property, plant and equipment
Group

	Freehold property £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 1 July 2011	13.3	3.7	5.0	22.0
Additions	—	—	0.5	0.5
Disposals	—	(0.1)	—	(0.1)
At 30 June 2012	13.3	3.6	5.5	22.4
Additions	—	—	0.3	0.3
Disposals	—	(0.3)	—	(0.3)
At 30 June 2013	**13.3**	**3.3**	**5.8**	**22.4**
Accumulated depreciation				
At 1 July 2011	2.7	2.7	3.7	9.1
Charge	0.3	0.3	0.6	1.2
Disposals	—	—	—	—
At 30 June 2012	3.0	3.0	4.3	10.3
Charge	0.3	0.2	0.6	1.1
Disposals	—	(0.2)	—	(0.2)
At 30 June 2013	**3.3**	**3.0**	**4.9**	**11.2**
Net book value				
At 30 June 2013	**10.0**	**0.3**	**0.9**	**11.2**
At 30 June 2012	10.3	0.6	1.2	12.1
At 30 June 2011	10.6	1.0	1.3	12.9

There was £0.1m of capital expenditure contracted at 30 June 2013 (2012: £nil).

The carrying value of non-current assets held for sale at 30 June 2013 was £1.0m (2012: £1.4m).

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10. Investments

a. Investments

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Joint ventures	13.3	9.3	—	—
Subsidiary companies	—	—	0.1	0.1
	13.3	9.3	0.1	0.1

b. Investments in joint ventures

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Share of joint venture net assets:				
Current assets	16.5	12.0	—	—
Current liabilities	(7.2)	(3.0)	—	—
Non-current liabilities	(7.1)	(10.0)	—	—
Net assets/(liabilities)	2.2	(1.0)	—	—
Loans from Group companies	11.1	10.3	—	—
	13.3	9.3	—	—
Share of post-tax profits from joint ventures:				
Revenue	10.0	—	—	—
Cost of sales	(5.6)	—	—	—
Gross profit	4.4	—	—	—
Administrative expenses	(0.2)	—	—	—
Operating profit	4.2	—	—	—
Finance costs	0.1	—	—	—
Profit before tax	4.3	—	—	—
Taxation	(1.0)	—	—	—
	3.3	—	—	—

The Group's joint venture investments are:

- its 50% shareholding in the ordinary share capital of The Waterford Park Company Limited, a company incorporated in Great Britain with a 30 June year end. The Waterford Park Company Limited was formed to pursue the potential redevelopment of Watford Junction railway station;
- its 50% shareholding in the ordinary share capital of Redmira Limited, a company incorporated in Great Britain with a 30 June year end. Redmira Limited was formed to pursue potential redevelopment opportunities in the south east of England; and
- its 50% shareholding in the ordinary share capital of Menta Redrow Limited, a company incorporated in Great Britain with a 30 June year end. Menta Redrow Limited was formed to pursue a redevelopment opportunity in Croydon.

c. Investments in subsidiary undertakings

	Company £m
At 1 July 2012 and 30 June 2013	0.1

The principal subsidiary company is Redrow Homes Limited. All subsidiary companies are incorporated in Great Britain except Redrow Homes (Park Heights) Limited which is incorporated in Jersey. A full list of subsidiary undertakings as at 30 June 2013 will be appended to the Company's next annual return. The capital of all the subsidiary companies, consisting of ordinary shares, is wholly owned. HB (HDG) Limited is directly owned by Redrow plc.

11. Deferred tax assets and liabilities

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

	Employee benefits £m	Imputed interest £m	Hedge reserve £m	Share-based payment £m	Short term temporary differences £m	Losses carried forward £m	Total £m
Deferred tax assets							
At 1 July 2011	0.2	2.2	—	0.1	0.7	60.6	63.8
Credit/(charge) to income	—	0.2	—	—	1.7	(14.5)	(12.6)
Credit to equity	0.6	—	—	—	—	—	0.6
At 1 July 2012	0.8	2.4	—	0.1	2.4	46.1	51.8
(Charge)/credit to income	(0.2)	—	—	—	2.3	(18.6)	(16.5)
Credit to equity	0.5	—	—	—	—	—	0.5
At 30 June 2013	**1.1**	**2.4**	**—**	**0.1**	**4.7**	**27.5**	**35.8**

	Employee benefits £m	Imputed interest £m	Hedge reserve £m	Share-based payment £m	Short term temporary differences £m	Losses carried forward £m	Total £m
Deferred tax liabilities							
At 1 July 2011	(1.3)	—	—	—	(0.5)	—	(1.8)
Charge to income	—	—	—	—	(0.2)	—	(0.2)
Credit to equity	1.3	—	—	—	—	—	1.3
At 1 July 2012	—	—	—	—	(0.7)	—	(0.7)
Credit to income	—	—	—	—	0.2	—	0.2
Credit to equity	—	—	—	—	—	—	—
At 30 June 2013	**—**	**—**	**—**	**—**	**(0.5)**	**—**	**(0.5)**

The Group has no material unrecognised deferred tax assets.

The deferred tax balances in the Company relate to a deferred tax asset arising on retirement benefit obligations of £4.2m (2012: £3.9m).

The Group has considered carefully the extent to which it is probable that future taxable profit will be available resulting in taxable amounts against which the carried forward tax losses could be utilised. The basis for supporting the recognition of the deferred tax asset is as follows:

i. **Historic profitability**
The Group floated in May 1994 and, prior to the financial year ended June 2008, had never made a loss before tax since flotation or during the five years prior to flotation which provides evidence of historic profitability.

ii. **Identifiable causes of the losses and likelihood of reoccurrence**
The carried forward tax losses arise primarily from the exceptional net realisable value provisions created in 2008 and 2009 and to a lesser extent the trading losses in 2009 arising from the challenging housing market conditions. The provisions principally arise from the reductions in house prices and the reduced rate of sales which have reduced land values. Whilst the housing market remains uncertain, short of a collapse of market conditions from those experienced to date during 2013, material provisioning is not anticipated to reoccur regularly into the future.

iii. **Financial forecasts demonstrating a return to profitability**
The Group's medium term financial forecasting model has been reviewed. This forecasts increased profitability building on the profitable performance in 2012 and 2013 and the deferred tax asset being utilised in the medium term.

A Corporation Tax rate of 23% from 1 April 2013 was substantively enacted on 3 July 2012. Accordingly deferred tax balances have been revalued to the lower rate of 23% in these financial statements. The Government has announced that it intends to further reduce the rate of Corporation Tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015. As this legislation was not substantively enacted by 30 June 2013, the impact of the anticipated rate change is not reflected in the tax provisions reported in these financial statements. If the deferred tax assets of the Group at 30 June 2013 were all to reverse after April 2015, the effect of the future changes from 23% to 20% would be to reduce the deferred tax asset by £4.7m. To the extent that the deferred tax reverses more quickly than this, the impact on the deferred tax asset will be reduced.

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12. Trade and other receivables

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Non-current assets				
Trade receivables (net)	**25.1**	25.7	—	—
Other receivables	**0.3**	0.3	—	—
	25.4	26.0	—	—
Current assets				
Trade receivables (net)	**18.4**	21.2	—	—
Amounts due from subsidiary companies	—	—	**551.5**	419.1
Other receivables	**4.9**	3.8	—	—
Prepayments and accrued income	**1.6**	2.2	—	—
	24.9	27.2	**551.5**	419.1

Trade receivables due after more than one year are stated after an allowance of £9.2m has been made (2012: £7.6m) in respect of estimated irrecoverable amounts. This allowance is based on an estimate of default rates. £1.8m provision was made during the year (2012: £1.7m). £0.2m was utilised (2012: £0.1m). It is not considered that a material amount of current asset trade receivables are overdue for payment.

Trade and other receivables due in one to two years are £7.2m (2012: £10.5m), due between two and five years are £4.2m (2012: £2.4m) and due in more than five years are £14.0m (2012: £13.1m). The Group holds a charge over the underlying assets. Trade receivables include £18.5m regarding the Scotland disposal (2012: £26.5m). At the balance sheet date, there is no material difference between the fair value of trade and other receivables and their carrying values as shown in the balance sheet.

13. Inventories

	Group 2013 £m	Group 2012 £m	Company 2013 £m	Company 2012 £m
Land for development	**622.0**	515.9	—	—
Work in progress	**274.8**	183.3	—	—
Stock of showhomes	**27.4**	21.8	—	—
	924.2	721.0	—	—
Payments on account	**(28.7)**	(12.8)	—	—
	895.5	708.2	—	—

Inventories of £462.1m net of £36.1m net realisable value provision utilisation, were expensed in the year (2012: £373.2m net of £46.7m net realisable value provision). Work in progress includes £6.1m (2012: £9.7m) in respect of part exchange properties. Land held for development in the sum of £96.4m is subject to a legal charge as security in respect of deferred consideration (2012: £95.5m).

The carrying value of undeveloped land where net realisable value has been determined on the basis of a sale of land in its current state is £nil (2012: £nil). Of the net realisable value provision of £72.0m (2012: £111.5m), £52.1m (2012: £88.2m) is attributed to land and £19.9m (2012: £23.3m) is attributed to work in progress.

As discussed in note 1, the Group considers the carrying value of inventories to be a critical accounting judgement.

13. Inventories continued

The net realisable value provision movement is analysed below:

	Total £m
As at 1 July 2012	111.5
Utilised during the year	(36.1)
Created during the year	9.7
Released during the year	(13.1)
As at 30 June 2013	**72.0**

The net realisable value provisions of £9.7m and £13.1m created and released in the year are the result of our review at the balance sheet date in the context of prevailing market conditions and the re-assessment of selling prices and costs. They represent the creation of additional provisions against sites acquired pre June 2009 and the reduction of provisions already in place against such sites as required i.e. a reallocation of the quantum of provision amongst sites where provisions already exist.

14. Financial risk management

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

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

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

The Group

	2013 Loans and receivables £m	2012 Loans and receivables £m
Assets per the balance sheet		
Non-current trade and other receivables	**25.4**	26.0
Current trade and other receivables	**23.3**	25.0
Cash and cash equivalents	**39.0**	37.4
	87.7	88.4

	2013 Other financial liabilities £m	**2013 Total £m**	2012 Other financial liabilities £m	2012 Total £m
Liabilities per the balance sheet				
Bank loans and overdrafts	**130.0**	**130.0**	51.4	51.4
Trade payables and other payables	**134.7**	**134.7**	114.8	114.8
Land creditors	**124.3**	**124.3**	108.3	108.3
	389.0	**389.0**	274.5	274.5

Other financial liabilities are at amortised cost.

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14. Financial risk management continued

The Company

	2013 Loans and receivables £m	2012 Loans and receivables £m
Assets per the balance sheet		
Cash and cash equivalents	**37.1**	—
Amounts due from subsidiary companies	**551.5**	419.1
	588.6	419.1

	2013 Other financial liabilities £m	2013 Total £m	2012 Other financial liabilities £m	2012 Total £m
Liabilities per the balance sheet				
Bank loans and overdrafts	**95.0**	**95.0**	33.5	33.5
Amounts due to subsidiary companies	**13.7**	**13.7**	13.2	13.2
	108.7	**108.7**	46.7	46.7

Fair values of financial assets and liabilities are determined by reference to the rates at which they could be exchanged between knowledgeable and willing parties. Where no such price is readily available then fair value is determined by discounting net forward cash flows at a risk adjusted rate.

All financial assets and liabilities (measured at fair value) are categorised at level 2 within the hierarchical classification of IFRS 7 Revised.

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

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

a. Liquidity risk and interest rate risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. Liquidity risks are managed through the regular review of cash forecasts and by maintaining adequate committed banking facilities to ensure appropriate headroom.

At 30 June 2013, the Group had total unsecured bank borrowing facilities of £202.5m, representing £200.0m committed facilities and £2.5m uncommitted facilities.

The Group's cash surpluses arise from the short term timing differences. As a consequence the Group does not consider it bears significant risk of changes to income and cash flows as a result of movements on interest rates on its interest bearing assets.

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. In order to manage its interest rate risk, the Group enters into simple risk management products, almost exclusively interest rate swaps. All interest rate swaps are sterling denominated. The swaps are arranged so as to match with those of the underlying borrowings to which they relate. There was no ineffectiveness to be recorded in respect of these cash flow hedges in 2013 or 2012.

14. Financial risk management continued

a. Liquidity risk and interest rate risk continued

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

	2013					2012				
	Effective interest rate %	Total £m	Zero to one year £m	One to two years £m	Two to five years £m	Effective interest rate %	Total £m	Zero to one year £m	One to two years £m	Two to five years £m
Bank overdraft	2.5	35.0	35.0	—	—	2.5	21.4	21.4	—	—
Bank loans – fixed rate		20.0	—	20.0	—		20.0	—	—	20.0
Bank loans – floating rate	3.6	75.0	—	75.0	—	5.2	10.0	—	—	10.0
		130.0	35.0	95.0	—		51.4	21.4	—	30.0

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

	Balance at 30 June £m	Zero to one year £m	One to two years £m
2013	**20.0**	**20.0**	**—**
2012	20.0	—	20.0

At 30 June 2013, the fixed interest rates varied from 0.985% to 1.045% excluding borrowing margin and the floating rates were three month LIBOR. The swaps had a neutral value at 30 June 2013 and 30 June 2012.

For the year ended 30 June 2013, it is estimated that a general increase of 1% in interest rates applying for the full year would decrease the Group's profit before tax by £0.7m (2012: £0.7m).

b. Maturity of bank loans and borrowings

The maturity of bank loans and borrowings is as below:

The Group

	2013 Bank overdraft £m	2013 Bank loans £m	2012 Bank overdraft £m	2012 Bank loans £m
Due within one year	35.0	—	21.4	—
Due between one and two years	—	98.2	—	—
Due between two and five years	—	—	—	31.7
	35.0	98.2	21.4	31.7

Maturities above include estimated interest payable to the maturity of the facilities.

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14. Financial risk management continued

b. Maturity of bank loans and borrowings continued

The Company

	2013 Bank overdraft £m	2013 Bank loans £m	2012 Bank overdraft £m	2012 Bank loans £m
Due within one year	—	—	3.5	—
Due between one and two years	—	98.2	—	—
Due between two and five years	—	—	—	31.7
	—	98.2	3.5	31.7

Maturities above include estimated interest payable to the maturity of the facilities.

The Company was fully compliant with its banking covenants as at 30 June 2013.

At the year end, the Group and Company had £105.0m (2012: £170.0m) of undrawn committed bank facilities available.

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

c. Amounts due in respect of development land

The Group's policy permits land purchases to be made on deferred payment terms. In accordance with IAS 39, the deferred creditor is recorded at fair value and nominal value is amortised over the deferment period via financing costs, increasing the land creditor to its full cash settlement value on the payment date.

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

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

	Balance at 30 June £m	Total contracted cash payment £m	Due less than one year £m	Due between one and two years £m	Due between two and five years £m
2013	**124.3**	**129.1**	**92.1**	**31.2**	**5.8**
2012	108.3	114.2	67.7	43.1	3.4

d. Maturity of trade and other payables

These represent current liabilities due within one year.

e. Credit risk

Credit risk arises from cash and cash equivalents, including call deposits with banks and financial institutions, derivative financial instruments and trade receivables. It represents the risk of financial loss where counterparties are unable to meet their obligations.

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

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Held at Banks with at least an A- credit rating per Standard & Poor	39.0	37.4	41.5	—
	39.0	37.4	41.5	—

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

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

14. Financial risk management continued

f. Capital management

The Group defines total capital as equity plus net debt where net debt is calculated as total borrowings less cash and cash equivalents.

The Group monitors capital on the basis of the level of returns achieved on its capital base and, with respect to its financing structure, the gearing ratio. This is defined as net debt divided by equity.

The Group's objective in managing capital is to safeguard its ability to continue as a going concern in order to deliver value to its Shareholders and other stakeholders. The Group operates within policies outlined by the Board in order to maintain an appropriate funding structure. The Board keeps the Group's capital structure under review.

No dividends were paid in the year. The Board has a policy of only paying a dividend once the Group has an appropriate level of earnings cover.

The total capital levels and gearing ratios as at 30 June 2013 and 30 June 2012 are as follows:

	2013 £m	2012 £m
Total borrowings	**130.0**	51.4
Less cash and cash equivalents	**(39.0)**	(37.4)
Net debt	**91.0**	14.0
Equity	**609.2**	561.5
Total capital	**700.2**	575.5
Gearing ratio	**14.9%**	2.5%

g. Fair values

At 30 June 2013 there is no material difference between the fair value of financial instruments and their carrying values in the balance sheet.

15. Trade and other payables

	Group		Company	
	2013 £m	2012 £m	2013 £m	2012 £m
Non-current liabilities				
Amounts due in respect of development land	**32.2**	40.6	**—**	—
Other payables	**1.0**	—	**—**	—
	33.2	40.6	**—**	—
Current liabilities				
Trade payables	**130.2**	109.4	**—**	—
Amounts due in respect of development land	**92.1**	67.7	**—**	—
Amounts owed to subsidiary companies	**—**	—	**13.7**	13.2
Other payables	**4.5**	5.4	**—**	—
Other taxation and social security	**1.6**	1.4	**—**	—
Accruals and deferred income	**35.1**	26.3	**4.3**	3.4
	263.5	210.2	**18.0**	16.6

Financial statements

Notes to the financial statements continued

16. Long term provisions

The Group

	Onerous contracts £m	Other £m	Total £m
At 1 July 2012	7.0	1.2	8.2
Provisions created during the year	—	1.3	1.3
Provisions released during the year	—	—	—
Provisions utilised during the year	(1.5)	(0.2)	(1.7)
At 30 June 2013	**5.5**	**2.3**	**7.8**

Provisions relate to onerous contracts (in place at June 2009 and viewed as onerous) and maintenance and sundry remedial costs in respect of development activities, which it is assessed will be utilised within four years.

17. Share capital

	2013 £m	2012 £m
Authorised		
480,000,000 ordinary shares of 10p each (2012: 480,000,000)	**48.0**	48.0
Allotted, called up and fully paid	**37.0**	37.0

	Number of ordinary shares of 10p each
As at 1 July 2012 and 30 June 2013	**369,799,938**

Options granted to Directors and employees under the LTSIP, the CSOP and the SAYE schemes are set out in note 7d.

18. Share capital, share premium account and reserves

The Group

	Share capital £m	Share premium account £m	Hedge reserve £m	Other reserves £m	Retained earnings £m
At 1 July 2011	30.9	58.7	—	7.9	361.1
Total comprehensive income	—	—	—	—	24.2
Shares issued	6.1	—	—	—	71.9
Dividends paid	—	—	—	—	—
Share-based payment	—	—	—	—	0.3
Movement in respect of LTSIP/SAYE	—	—	—	—	0.4
At 30 June 2012	37.0	58.7	—	7.9	457.9
Total comprehensive income	—	—	—	—	52.3
Shares issued	—	—	—	—	—
Dividends paid	—	—	—	—	—
Share-based payment	—	—	—	—	0.3
Movement in respect of LTSIP/SAYE	—	—	—	—	(4.9)
At 30 June 2013	**37.0**	**58.7**	**—**	**7.9**	**505.6**

Hedge reserve

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

Other reserves

Other reserves consists of a £7.0m Capital redemption reserve (2012: £7.0m) and a £0.9m Consolidation reserve (2012: £0.9m).

Undistributable reserves

The Hedge reserve and Other reserves are not available for distribution.

18. Share capital, share premium account and reserves continued

The Company

	Share capital £m	Share premium account £m	Hedge reserve £m	Other reserves £m	Retained earnings £m
At 1 July 2011	30.9	58.6	—	7.0	216.2
Total comprehensive income	—	—	—	—	(12.0)
Shares issued	6.1	—	—	—	71.9
Dividends paid	—	—	—	—	—
Dividends received from subsidiary companies	—	—	—	—	—
At 30 June 2012	37.0	58.6	—	7.0	276.1
Total comprehensive income	—	—	—	—	6.6
Shares issued	—	—	—	—	—
Dividends paid	—	—	—	—	—
Dividends received from subsidiary companies	—	—	—	—	96.5
At 30 June 2013	**37.0**	**58.6**	**—**	**7.0**	**379.2**

Hedge reserve

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

Other reserves

Other reserves consists of a £7.0m Capital redemption reserve (2012: £7.0m).

Undistributable reserves

The Hedge reserve and Other reserves are not available for distribution.

19. Movement in net (debt)/cash

The Group

	At 1 July 2012 £m	Cash flow £m	**At 30 June 2013 £m**
Cash and cash equivalents	37.4	1.6	**39.0**
Bank overdrafts	(21.4)	(13.6)	**(35.0)**
	16.0	(12.0)	**4.0**
Bank loans	(30.0)	(65.0)	**(95.0)**
Issue costs	—	—	**—**
	(14.0)	(77.0)	**(91.0)**

The Company

	At 1 July 2012 £m	Cash flow £m	**At 30 June 2013 £m**
Cash and cash equivalents	—	37.1	**37.1**
Bank overdrafts	(3.5)	3.5	**—**
	(3.5)	40.6	**37.1**
Bank loans	(30.0)	(65.0)	**(95.0)**
	(33.5)	(24.4)	**(57.9)**

Financial statements

Notes to the financial statements continued

20. Operating lease commitments

	2013 £m	2012 £m
Within one year	**1.5**	1.4
Within two to five years	**2.9**	1.8
Later than five years	**0.2**	0.8

21. Contingent liabilities

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

22. Related party transactions

Within the definition of IAS 24 'Related party disclosures', the Board and key management personnel are related parties. Detailed disclosure of the remuneration of the Board is given in the Directors' remuneration report on pages 49 to 55. A summary of remuneration provided to key management personnel is provided in note 7c.

In addition, related party transactions were carried out with parties related to Steve Morgan during the year totalling £0.6m (Company £0.6m), primarily relating to the donation to the Morgan Foundation as described in the Directors' remuneration report on page 53 and in respect of the Group, in addition relating to services provided by Harrow Estates plc on an arm's length basis under promotional agreements forming part of the acquisition of the Harrow business.

As at 30 June 2013, an amount of £nil was due to Harrow Estates plc under normal trading terms.

During the four months prior to his resignation on 1 November 2012 from Redrow plc, the Group made purchases of £2.4m (12 months to June 2012: £4.5m) (£nil (2012: £nil) for the Company) from Travis Perkins plc, a company in which Paul Hampden Smith was an Executive Director.

There have been no other material transactions with key management personnel. There is no other difference between transactions with key management personnel of the Company and the Group.

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

The amount outstanding from subsidiary undertakings at 30 June 2013 was £551.5m (2012: £419.1m). The amount owed to subsidiary undertakings at 30 June 2013 was £13.7m (2012: £13.2m).

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

The Group did not undertake any transactions with The Waterford Park Company Limited or Redmira Limited joint ventures. The Group's loans to its joint ventures are disclosed in note 10.

Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of Redrow plc will be held at Village Urban Resort St Davids, St David's Park, Flintshire CH5 3YB on Monday 11 November 2013 at 12 noon for the following purposes. All resolutions will be proposed as ordinary resolutions except numbers 12 and 13 which will be proposed as a special resolution.

Resolution 1 – Annual Report and Accounts

To receive and adopt the Directors' report and the financial statements for the year ended 30 June 2013, together with the Auditors' report.

Resolution 2 – Dividend

To declare a final dividend of 1.0p per ordinary share for the year ended 30 June 2013.

Resolution 3 – Re-appointment of Director

To re-appoint Steve Morgan as a Director.

Resolution 4 – Re-appointment of Director

To re-appoint John Tutte as a Director.

Resolution 5 – Re-appointment of Director

To re-appoint Barbara Richmond as a Director.

Resolution 6 – Re-appointment of Director

To re-appoint Alan Jackson as a Director.

Resolution 7 – Re-appointment of Director

To re-appoint Debbie Hewitt as a Director.

Resolution 8 – Re-appointment of Director

To re-appoint Nick Hewson as a Director.

Resolution 9 – Re-appointment of Auditors

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

Resolution 10 – Directors' remuneration report

To approve the Directors' remuneration report for the year ended 30 June 2013.

Resolution 11 – Authority to allot shares

That the Directors, in place of any existing authority conferred upon them for the purpose of Section 549/551 of the Companies Act 2006, be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 to exercise all powers of the Company to allot and to make offers or agreements to allot shares or grant rights to subscribe shares or convert any securities into shares:

(i) up to an aggregate nominal amount of £12,326,665; and

(ii) up to a further aggregate nominal amount of £12,326,665 in connection with an offer by way of a rights issue.

Provided that this authority shall (unless previously revoked or renewed) expire on the date of the next Annual General Meeting of the Company (or 31 December 2014 whichever may be the earlier) but so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority had not expired.

For the purposes of this Resolution and Resolution 12, 'rights issue' means an offer to:

(a) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(b) people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

to subscribe further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

Resolution 12 – Authority to disapply pre-emption rights

That, subject to the passing of Resolution 11 as set out above, the Directors be given power pursuant to Resolution 11 to make allotments of equity securities (as defined in Section 560(1) of the Companies Act 2006) pursuant to the authority contained in the said Resolution 11 and to sell shares which are held in treasury wholly for cash pursuant to Section 560(3) of the Companies Act 2006 as if Section 561(1) of the said Act did not apply to such allotments or sale provided that this power shall be limited to:

(i) allotments of equity securities in connection with a rights issue, pursuant to the authority given in Resolution 11 as set out above; and

(ii) any other allotments for cash or equity securities or sale of shares held in treasury up to a maximum aggregate nominal amount of £1,849,000;

and shall (unless previously revoked or renewed) expire on the date which is the earlier of the next Annual General Meeting of the Company or 31 December 2014 save that the said power shall permit the Company to make an offer or enter into an agreement before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if such power conferred had not expired. For the purposes of this Resolution, the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

Resolution 13 – Calling of a general meeting other than an Annual General Meeting

That a general meeting other than the Annual General Meeting may be called on not less than 14 clear days' notice.

17 September 2013
Registered office:
Redrow House
St. David's Park
Flintshire
CH5 3RX
Registered in England Number 2877315

By order of the Board
Graham Cope
Company Secretary

Shareholder information

Notice of annual general meeting continued

Notes:

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

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

(iii) All Shareholders on the Register at 6.00pm on 7 November 2013 (or if the meeting is adjourned 48 hours before the time fixed for the meeting) and only those Shareholders are entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the Register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

(iv) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ('nominated persons'). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

(v) Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The total number of issued ordinary shares in the Company on 17 September 2013 is 369,799,938, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 17 September 2013 is 369,799,938.

(vi) Shareholders should note that, under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting for the financial year beginning 1 July 2012; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning 1 July 2012 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed form of proxy) to communicate with the Company for any purposes other than those expressly stated.

(vii) Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(viii) A copy of this notice and other information required by Section 311A of the Companies Act 2006 can be found at redrow.co.uk.

(ix) Under Section 338 and Section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 28 September 2013, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Notes: continued

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

(xi) The register of Directors' interests in the share capital of the Company will be available for inspection at the place of the meeting from 11.45am on 11 November 2013 until the conclusion of the meeting. None of the Directors has a service contract which cannot be terminated within one year without payment of compensation.

(xii) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

(xiii) In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in note (ii) above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him by other means.

(xiv) CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(xv) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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

Explanatory notes to annual general meeting resolutions:

Resolutions 1 to 11 and Resolution 13 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 12 is proposed as a special resolution. This means that for that resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolutions 2 – Dividend

Subject to approval at the meeting, the dividend will be paid on 15 November 2013 to shareholders on the register at the close of business on 27 September 2013.

Resolutions 3–8 – Re-appointment of Directors

As required by the UK Corporate Governance Code, all Directors retire and offer themselves for re-election. For full biographies of all Directors and further details in relation to their re-election, please see page 39.

Resolution 9 – Re-appointment of Auditors

The Company is required to appoint Auditors at every general meeting at which the accounts are presented to Shareholders.

PricewaterhouseCoopers LLP were appointed at last year's Annual General Meeting and are willing to seek re-appointment this year. It is normal practice for a Company's Directors to be authorised to agree the Auditors' fees. If this resolution is passed, the Audit Committee will approve the fees for recommendation to the Board.

Resolution 10 – Directors' remuneration report

Under the Companies Act 2006 companies are required to ask Shareholders to vote on the Directors' remuneration report. The report is contained on pages 49 to 55 of the Annual Report and Accounts.

Resolution 11 – Authority to allot shares

Shareholders are being invited to renew the authority given to Directors in previous years to allot new shares. If passed, Resolution 11 would renew this authority by authorising the Directors to allot shares up to an aggregate nominal amount of £12,326,665 (which is equivalent to approximately 33% of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 17 September 2013) and a further £12,326,665 only in respect of a rights issue (which is equivalent to approximately 33% of the total issued ordinary share capital of the Company, exclusive of treasury shares as at 17 September 2013). This is in line with corporate governance guidelines. The authority will expire on the date of the next Annual General Meeting of the Company or, if earlier, 31 December 2014.

Shareholder information

Notice of annual general meeting continued

Explanatory notes to annual general meeting resolutions: continued

Resolution 11 – Authority to allot shares continued

The Company does not, as of 17 September 2013 hold any shares in treasury.

The Directors will exercise the authority to allot only when satisfied that it is in the interests of the Company to do so. They have no present intention of exercising the authority, except in connection with the issue of shares under the Company's share option schemes.

There are no present plans to undertake a rights issue or to allot new shares other than in connection with employee share and incentive plans. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

Resolution 12 – Authority to disapply pre-emption rights

The Directors may only allot shares for cash to persons who are not already Shareholders in the Company if authorised to do so by the Shareholders in a general meeting. This resolution renews authority for the Directors to allot shares for cash without first offering them to existing members up to an aggregate nominal amount of £1,849,000. This sum represents 18,489,997 ordinary shares of 10p each, being equivalent to approximately 5% of the Company's current issued share capital. The resolution also enables the Directors to modify the strict requirements for a rights issue in circumstances where they consider it necessary or expedient.

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

The Board considers the authority in Resolution 12 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions.

The authority will expire on whichever is the earlier of the conclusion of the next Annual General Meeting or 31 December 2014.

Resolution 13 – Calling of a general meeting other than an Annual General Meeting

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless Shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days. Annual General Meetings of the Company will continue to be held on at least 21 clear days' notice.

Resolution 13 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be prepared.

Documents available for your inspection

Copies of the following documents will be available for inspection during normal business hours on Monday to Friday each week (public holiday excepted) at the Company's registered office and at the office of Linklaters LLP at One Silk Street, London EC2Y 8HQ from the date of this document up to and including the date of the Annual General Meeting and at the place of the Annual General Meeting from 11.45am until the close of the meeting:

- the Articles of Association and Memorandum of the Company; and
- the service agreements and letters of appointment of the Directors.

Corporate and shareholder information

Shareholder discounts

The Company offers a discount of 1% to Shareholders off the purchase price of a new Redrow home. In order to qualify for the discount a purchaser must hold a minimum of 2,500 ordinary shares in Redrow plc for a minimum of 12 months prior to the date of reservation, subject to a cap of £5,000.

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

Group contacts

Officers and advisers

Company Secretary

Graham Cope

Registered Office

Redrow House
St. David's Park
Flintshire
CH5 3RX
Registered Number 2877315

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Stockbrokers

BofA Merrill Lynch
2 King Edward Street
London
EC1A 1HQ

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Linklaters LLP
One Silk Street
London
EC2Y 8HQ

Shareholder information

Five year summary

12 months ended 30 June

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Revenue	**604.8**	478.9	452.7	396.9	301.8
Operating profit/(loss) before exceptional items and financing costs	**73.6**	48.0	31.2	12.7	(22.4)
Operating profit/(loss) before exceptional items and financing costs as a percentage of turnover	**12.2%**	10.0%	6.9%	3.2%	(7.4%)
Profit before tax	**70.0**	43.0	25.3	0.7	(140.8)
Net assets	**609.2**	561.5	458.6	435.9	293.5
Net (debt)	**(91.0)**	(14.0)	(75.4)	(47.1)	(214.6)
Gearing – net (debt) as a percentage of capital and reserves	**14.9%**	2.5%	16.4%	10.8%	73.1%
Return on capital employed – operating profit before exceptional items adjusted for joint ventures as a percentage of opening and closing capital employed	**12.2%**	8.7%	6.1%	2.6%	(21.0%)
Return on equity	**12.4%**	8.4%	5.7%	0.2%	(12.7%)
Number of legal completions	**2,827**	2,458	2,626	2,587	2,113
Earnings per ordinary share†	**14.8p**	9.7p	4.4p	0.2p	(47.9p)
Dividends per ordinary share	**—**	—	—	—	—
Net assets per ordinary share	**165.0p**	151.8p	148.6p	141.3p	183.4p

† Restated in 2010 to reflect the Rights Issue.

Redrow’s commitment to environmental issues is reflected in this Annual Report which has been printed on Cocoon Silk 50%, an FSC® certified paper.

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Redrow plc
Redrow House, St David's Park, Flintshire CH5 3RX
Telephone: 01244 520044 Facsimile: 01244 520720
Email: groupservices@redrow.co.uk

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Redrow plc Annual Report and Accounts 2013