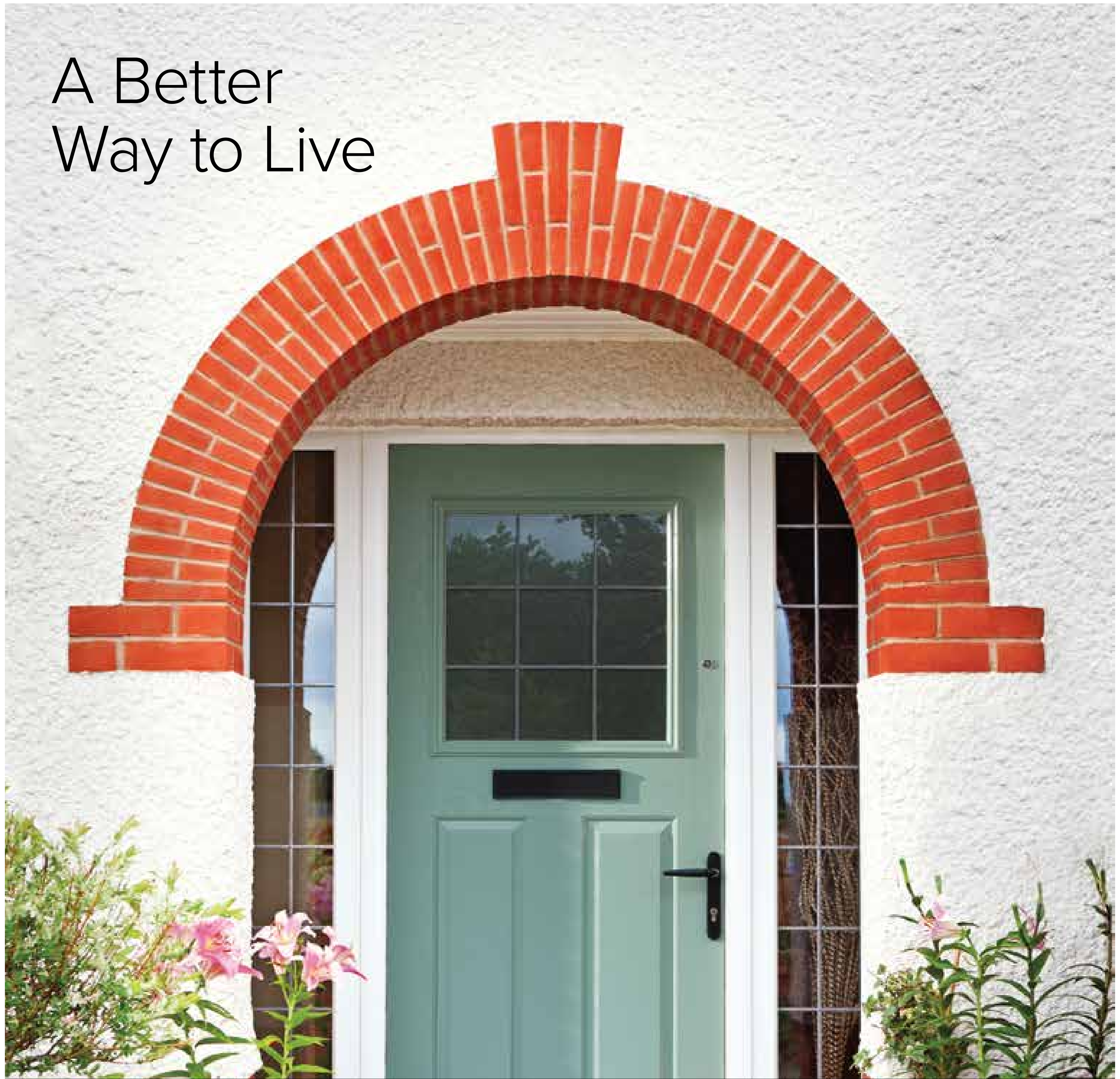
2017
ANNUAL REPORT

REDROW
A BETTER WAY TO LIVE

A Better Way to Live



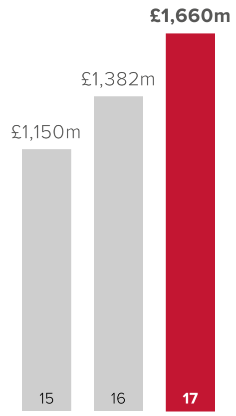
Contents

FIND MORE INFORMATION AT:
WWW.REDROWPLC.CO.UK

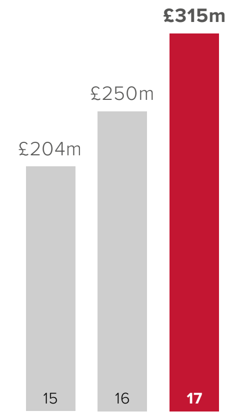
COVER IMAGE: ROYAL WATERSIDE, PARK ROYAL, NORTH WEST LONDON

REDROW ANNUAL REPORT 2017

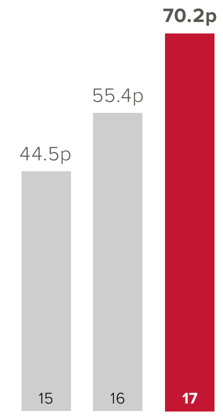
Highlights



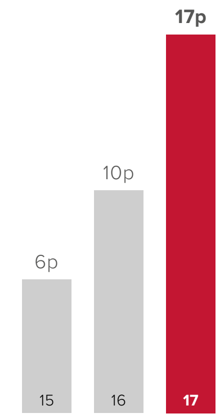
£1,660m
Revenue
+20%



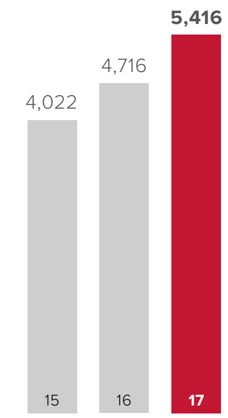
£315m
Profit before tax
+26%



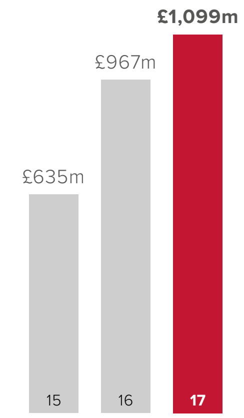
70.2p
Earnings per share
+27%



17p
Dividend per share
+70%



5,416
Legal completions (inc. JV)
+15%



£1,099m
Order book (inc. JV)
+14%

Award highlights

Our Investment Case

Successful leadership team

Redrow has a strong, experienced and successful leadership team and is committed to developing the next generation of homebuilders.

15%
of workforce on structured training programmes

+75%
increase in employees undertaking leadership skills training

Excellent product range

Redrow has an excellent product range which continues to evolve.

£983m
private order book at record level (inc. JV)

Creating communities
a key focus

Expertise in land buying

Redrow has the expertise and resources to ensure that the right land opportunities are taken to deliver targeted geographic expansion.

c5,400 plots
added to current land bank

3,356 plots added
from forward land to owned land bank

Quality and customer service

By listening to and understanding our customers' requirements, we continue to evolve our product and customer service. We focus on quality, differentiation and value for money for customers.

89%
customer recommendation

27
NHBC Pride in the Job awards

Placemaking

We focus on delivering high quality homes and creating community and physical environments that help promote people's sense of wellbeing.

£163m
committed to fund improvements to local communities

1,014
affordable homes delivered to our communities

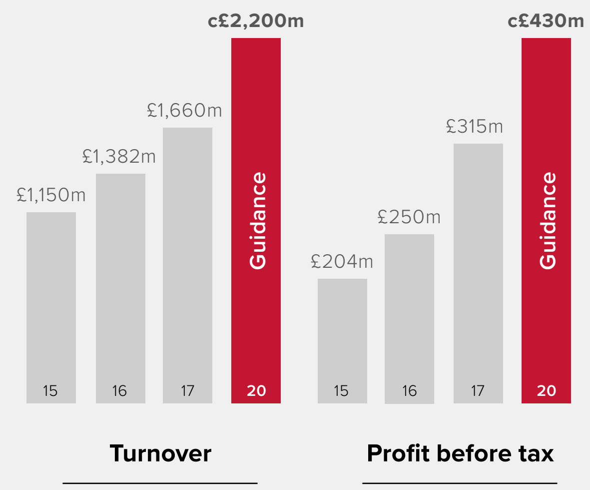
A strong and efficient balance sheet

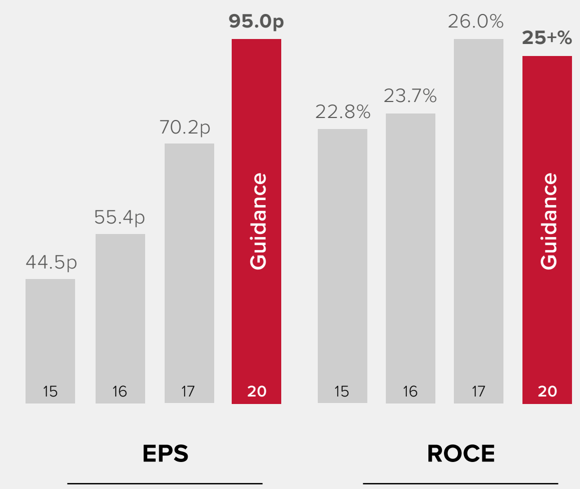
Redrow has net assets of over £1.2bn and a balance of equity and debt. The Group is focused on delivering superior levels of return on equity and return on capital employed from an efficient use of its capital base.

27.7%
return on equity

26.0%
return on capital employed

Our benchmark for success in 2020





STRATEGIC REPORT
GOVERNANCE REPORT
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

STRATEGIC REPORT

Our Strategy

To create long-term sustainable value for all our stakeholders by delivering to our communities high quality homes and environments that provide a better way to live.

		MEASURE	2020 OBJECTIVES	KEY PERFORMANCE INDICATORS 2017	KEY PERFORMANCE INDICATORS 2016	COMMENT
GROW OUR BUSINESS RESPONSIBLY	We have a clearly defined growth strategy, to increase revenue, profits and returns to shareholders by increasing outlets and legal completions over the medium-term.	EPS	• EPS increasing to 95p	70.2p	55.4p	READ MORE ON PAGES 48 AND 49
		DPS	• DPS of 32p	17p	10p	
		Revenue	• Revenue increasing to c£2.2bn	£1,660m	£1,382m	READ MORE ON PAGE 30
		Sales outlets	• 150 outlets	132	128	
MANAGE OUR RESOURCES EFFICIENTLY	To ensure that we grow our business responsibly, we are focused on managing all our resources efficiently and effectively.	ROCE	• ROCE of 25+%	26.0%	23.7%	READ MORE ON PAGES 48 AND 49
		Land bank years	• Maintain land bank at c4 years	4.5 years	4.95 years	READ MORE ON PAGE 26
		Waste diverted from landfill	• >95%	95.4%	94.8%	READ MORE ON PAGE 36
CREATE BETTER PLACES TO LIVE	We are focused on creating high quality places to live by delivering well designed, well built, attractive homes whilst at the same time enhancing the beneficial characteristics of the local landscape, ecology and communal resources.	Monies committed to fund improvements to local communities	• Continued investment in local communities	£163m	£142m	READ MORE ON PAGES 26 TO 29
			• Affordable homes delivered	1,014	834	
PUT CUSTOMERS FIRST	We are working hard to ensure we are well placed to deliver the best possible customer service and customer experience as our number of customers increases in line with our growth strategy.	90% or more customer recommend rating	• HBF 90% customer recommend rating	88.9%	88.4%	READ MORE ON PAGES 44 TO 47
		Private reservation rate (excluding PRS)	• Maintain an appropriate balance in availability of product in the right locations	0.68	0.70	
VALUE AND DEVELOP OUR PEOPLE	We are focused on developing the skills of our current team and ensuring we attract both experienced talent and new and enthusiastic young people into our business to underpin our growth objectives. Our training centres, dedicated Learning and Development team and innovative graduate and apprentice programmes play an important role in delivering our strategy.	Number of trainees	• Maintain level of trainees at 15% of an increasing workforce	328	297	READ MORE ON PAGES 32, 34 AND 35
	We are dedicated to maintaining the highest standards of health and safety as our business grows. We have again expanded our own in-house dedicated team of Health and Safety professionals to ensure that our teams on site are appropriately trained, supported and monitored.	Accident incident rate by site	• Accident incident rate by site maintained at 0.3 or below	0.30	0.20	READ MORE ON PAGES 23 AND 37

Our Business Model

Our strategy is achieved by channelling our resources through our strategic principles and ensuring these are embedded in our relationships with our primary stakeholders.

Our Strategy

READ MORE ON PAGES 4 AND 5

- GROW OUR BUSINESS RESPONSIBLY
- MANAGE OUR RESOURCES EFFICIENTLY
- CREATE BETTER PLACES TO LIVE
- PUT CUSTOMERS FIRST
- VALUE AND DEVELOP OUR PEOPLE

Our key resources and relationships

- Resources
- Relationships
- Risk Management & Corporate Governance

What we do and how we do it

- LAND, PLANNING & DESIGN
- COMMERCIAL & SYSTEMS
- CONSTRUCTION
- SALES & MARKETING
- CUSTOMER SERVICE

We share value with our stakeholders and reinvest to deliver a better future

Customers
Our customers are fundamental to our business and we take great care to research their needs, listen to their feedback and respond with new homes where every detail is carefully considered. This enables us to create high quality homes and engenders loyalty and recommendation.

Communities
We adopt a collaborative approach, engaging with community stakeholders to ensure our developments become sustainable communities and better places to live.

Suppliers & Subcontractors
We work closely with experienced suppliers and subcontractors to deliver quality products and workmanship and to maintain a strong supply chain.

Shareholders
Our Shareholders are the primary providers of financial resources enabling us to create long-term sustainable value. We aim to provide a balance between capital growth and dividend income to our Shareholders.

Reinvestment

Resources

- Our Land Bank
- Our People
- Our Placemaking
- Our Financial Resources

A better way to live

CREATING THRIVING COMMUNITIES

At Redrow, we build more than just homes; we create thriving communities. We are growing in both reputation and popularity by providing what modern homebuyers want, from their homes, from their neighbourhood and from their local environment. Redrow creates a better place to live by putting customer expectations at the heart of our home designs. Our creative and determined approach combines the best of town and country to create healthy, vibrant communities.

Inside our homes we have enhanced our specification by making our ceilings higher, our doors and windows taller and increasing the floor space. Outside, we have created public open spaces, sports facilities, footpaths and cycleways and contributed £163m to local communities in the last year alone.

What's more, we are growing the scale of these ideas; leading the way in the garden village movement so that even our largest developments offer the same superb quality of life.

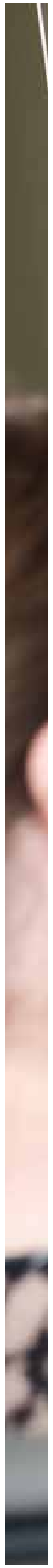
Our developments encourage a better way to live, connecting people to community and nature, enabling happier, healthier lifestyles.

"We create networks of footpaths and cycleways to encourage families out into their community to enjoy precious time together in beautiful landscapes."

Matthew Pratt, Regional Chief Executive

ASH GARDENS, BURCOTE PARK, TOWCESTER

STRATEGIC REPORT
GOVERNANCE REPORT
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION



A better way to work

VALUING PEOPLE

At Redrow, we value both our own people and our partners when we build homes and form communities. We know that to grow as a business we need to make sure that every one of our team has the opportunity to grow as an individual.

We develop all of our people, to help them achieve their full potential, both for themselves and for our business. We have delivered c6,800 training days in the last year alone, with no less than 15% of our total workforce in trainee roles.

Of course, there is more to working at Redrow than just work, and we strive to promote the highest degree of wellbeing throughout our team, respecting diversity in all its forms.

As well as developing our current team, we are also looking to the future, working with schools and colleges to encourage the next generation to consider careers in homebuilding and construction.

Our approach to training and development creates a better way to work, supporting all our employees to fulfil their potential.

"Redrow values each and every one of our staff, providing opportunities for everyone, because we know that real success is the success that you share."

Karen Jones, Group HR Director

SALES CONSULTANT DONNA SABIN AT OUR AMINGTON GARDEN VILLAGE DEVELOPMENT, TAMWORTH

A better way to build

BUILDING RESPONSIBLY

As a responsible business, sustainability is at the heart of our operations.

We are proud to have received a Gold award from the NextGeneration benchmark for our management approach and sustainable procurement, alongside achieving ISO14001 certification, in recognition of our focus on reducing our environmental impact across the business.

We were the first housebuilder to be awarded the Three Trees accolade on the WWF Timber Scorecard, which we have retained for a second year, with 99.94% of our timber responsibly sourced.

We have invested in a reporting tool that monitors in excess of 200 sustainability KPIs, which enables us to analyse our operations in great detail, ensuring that as our business grows, we can demonstrate the wider positive environmental, social and economic effects we have on the communities in which we develop.

As we grow, we are working hard to minimise waste, reduce energy consumption and cut carbon emissions, while maximising the amount of land available in each development for open spaces, woodlands and wildlife habitats.

We know that we are not just building homes for today, but building a sustainable future for generations to come.

"Redrow were benchmark leaders in environmental site management and sustainable procurement. We expect that Redrow will continue to rise in our rankings using their newly integrated strategy."

Claire Racine, Associate Director, NextGeneration

CONSTRUCTION IN PROGRESS AT COLINDALE GARDENS, LONDON

A better way to add value

GENERATING SUSTAINABLE GROWTH FOR SHAREHOLDERS

As we announce our seventh consecutive year of growth, Redrow continues to set the benchmark for delivering sustainable returns for our Shareholders.

All of our key indicators are up, from revenue and legal completions to earnings per share and dividends and the value of our order book. We are contributing more to the UK economy, delivering more homes to meet the national housing shortage and helping more homebuyers than ever before.

We ensure that we grow in a carefully planned and sustainable way and in 2017 over 60% of plots added to our current land bank were converted from our forward land bank. By doing this we are securing the future for our business, our employees and our investors.

This considered and responsible growth strategy means we can continually improve the returns for our Shareholders, without compromising the quality of our product, our commitment to our customers or our focus on sustainability.

By delivering solid, sustainable growth, at Redrow we reward our Shareholders, adding lasting value to their investment.

"Our success is attributable to a robust business model implemented by a talented team of people across a well-structured divisional organisation."

John Tutte, Group Chief Executive

REGENERATING A BROWNFIELD SITE AT SUDBROOK, MONMOUTH

Our Markets

The housing market remains fundamentally strong, with supply and demand maintained through recent market uncertainties.

PLANNING

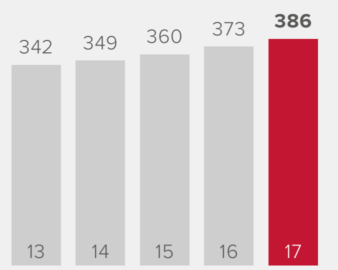
The number of applications granted has increased for the fourth year in a row and is up to 386,000 applications granted in the year. The approval rate has been maintained at 88%, leading to an increase in the supply of residential land in the market (Chart 1).

MORTGAGE APPROVALS

Mortgage approvals are a key indicator of the level of activity in the housing market. There was a slight drop in approvals in 2016 compared to the previous year, reflecting the greater uncertainty in the market following the Brexit referendum (Chart 2). However, approvals are still significantly above the average (667,000 approvals a year) since 2008. Seasonally adjusted figures for the first half of 2017 are relatively stable throughout the period (Chart 3), with an average of 66,200 mortgage approvals per month. This is consistent with the prior calendar year, which had an average of 66,700 approvals per month.

Chart 1

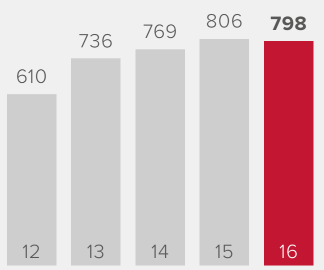
Planning applications granted to March ('000)



Source: Department for Communities and Local Government – District Level applications

Chart 2

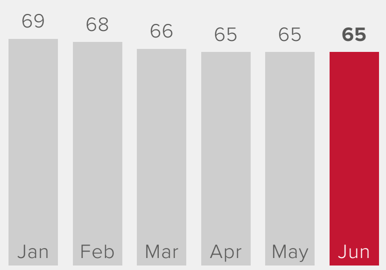
Mortgage approvals calendar year ('000)



Source: Bank of England, CML

Chart 3

Mortgage approvals 2017 (seasonally adjusted) ('000)



Source: Bank of England, CML

HOUSING SUPPLY

NHBC new build starts were 135,700 for the year to June 2017, a 1.8% increase on the previous year (Chart 4). However, in the three month period to June 2017 the NHBC data showed a 0.9% decrease in starts on the same period in the prior year. There is a marked year on year variation in new build starts by region, with starts in London down 25% in the year to June 2017, compared to the preceding 12 month period, whereas Yorkshire & the Humber (up 21%) and the South East (up 14%) show the most significant increases.

In the three months to the end of June 2017, completions for all sectors in England and Wales were up 3.6% on the equivalent period in the previous year. Completions for the 12 month period to June 2017 increased across all regions against the preceding year, with the most significant increases shown in the North East (up 17%) and Yorkshire & the Humber (up 16%).

RESIDENTIAL TRANSACTIONS

Residential transactions in England and Wales have continued to increase year on year, with 1.1 million residential property transactions of £40,000 or above in calendar year 2016 (Chart 5). This includes a spike in transactions in March, followed by a substantial decrease in April, most likely due to the change in SDLT rates around that period.

UK average prices per the Nationwide House Price Index increased by 2.8% in the 12 months to June 2017, down on the 5.1% increase in the 12 months to June 2016. The growth in London in particular was lower than the previous year, with prices only edging up 1.2%, compared to 9.9% in the preceding 12 months (Chart 6). The recent stamp duty tax changes and the Brexit vote have had a greater impact on Central London, with the pricing in the more affordable outer boroughs remaining much more robust.

ISAS

Lifetime ISAs were introduced in April 2017 to anyone aged between 18 and 40 and run alongside the existing Help to Buy ISA. Up to £4,000 a year can be saved in the account and the Government will add a bonus of 25% to any savings put in before the saver is 50. The savings and bonus can then either be used to purchase a first home, up to the value of £450,000, or saved towards retirement.

Chart 4

NHBC build starts, all sectors (England and Wales) ('000)

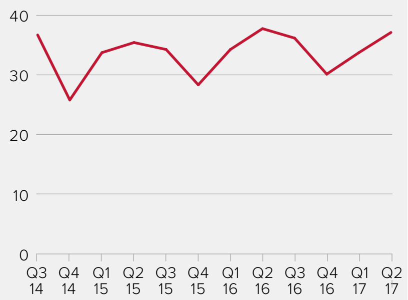


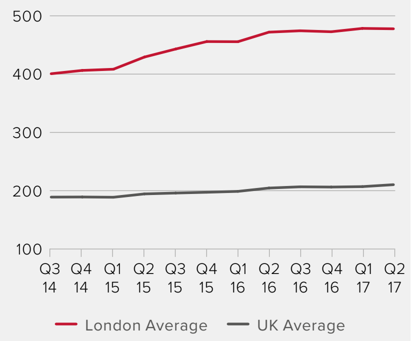
Chart 5

Residential transactions calendar year (England and Wales) ('000)

Source: HM Revenue & Customs

Chart 6

House Prices Nationwide House Price Index ('000)



WOODLANDS, HORSFORTH VALE, LEEDS

STRATEGIC REPORT

Chairman's Statement

Group turnover rose by 20% to £1.66bn.

I am delighted to report that for the fourth consecutive year Redrow has delivered record financial results, and it has done so by completing 5,416 new homes (including our Croydon Joint Venture), an increase of 15% on the prior year.

FINANCIAL RESULTS

Group turnover rose by 20% to £1.66bn (2016: £1.38bn) due to the combination of the increase in legal completions to 5,416 combined with a 7% rise in average selling price to £309,800 (2016: £288,600). The increase in average selling price was mainly due to the continued growth of our southern businesses.

Gross margin improved by 20 basis points to 24.4% and is now at close to normal levels as we have completed construction on almost all the sites purchased before the downturn.

Operating expenses increased by £10m to £83m as we continue to invest in the expansion of the business. For the first time these include the operating expenses of the new East Midlands division from February 2017, created from the acquisition of Radleigh Homes. Due to the overall growth of the business, operating expenses reduced as a percentage of turnover from 5.3% in 2016 to 5% in 2017.

Operating profit was £61m higher at £322m (2016: £261m), with an operating margin of 19.4% (2016: 18.9%).

Pre-tax profits were £315m, up 26% (2016: £250m) including a £1m after tax contribution from our Croydon Joint Venture. Earnings per share increased by 27% to 70.2p (2016: 55.4p).

This strong trading performance, along with continued control of working capital, enabled us to reduce our net debt to £73m (2016: £139m) at the end of the financial year, representing a gearing ratio of 6% (2016: 13%).

The improvement in profitability and control of working capital has resulted in Return on Capital Employed and Return on Equity of the business increasing to 26.0% (2016: 23.7%) and 27.7% (2016: 26.1%) respectively.

In March 2017 we announced our intention to increase our dividend payout ratio to 33% over the medium term. In line with this, the Board is proposing a final dividend of 11p per share (2016: 6p) making 17p in total for the year, an increase of 70% on 2016. Subject to shareholder approval at the Annual General Meeting, this will be paid on 10 November 2017 to shareholders on the register at the close of business on 22 September 2017.

We are also taking the opportunity to update our medium term guidance. Subject to market conditions remaining unchanged we expect our turnover in 2020 to be c£2.2bn and our pre tax profit to be c£430m giving fully diluted earnings per share of 95p. With our projected 33% dividend payout, the dividend in 2020 will rise to 32p per share.

MARKET

Overall housing transactions in the UK have reduced as a consequence of the political uncertainty and increasing cost of moving home, particularly Stamp Duty which, over the last seven years, has increasingly become a tax on mobility. Nevertheless, demand in the new homes market remains robust and we have not seen any impact from recent domestic and international political events.

Mortgage availability is good and interest rates on mortgages have again improved. The Government's Help to Buy scheme continues to support both home buyers and the new homes industry. In this financial year 1,882 of our private reservations utilised Help to Buy, up from 1,521 in 2016. Help to Buy has boosted housing supply and we look forward to working with government to consider the future of the scheme beyond 2021.

LAND AND PLANNING

Redrow entered the 2017 financial year with a very strong land bank. As a consequence, when the land market slowed in the first half following the Brexit vote we were not adversely impacted. The land market has since picked up and we remain active but disciplined in pursuing the right opportunities to further our growth.

As announced at the Half Year, in February 2017 we acquired Radleigh Homes, a Derby based regional housebuilder. Now re-named Redrow East Midlands, I am pleased to say that it has been fully integrated into the Group and made a positive contribution in the second half.

PEOPLE

On 3 July we announced the change in non-executive directors with the appointment of Vanda Murray OBE and the retirement of Liz Peace from the Board. I would like to welcome Vanda to Redrow; I am sure that she will add considerable value and experience to the business. I also thank Liz for her valuable contribution during her tenure on the Board and wish her well in her new roles.

The continued growth of the business has meant we have again expanded our workforce adding 228 new direct jobs, a 12% increase in the year. We now employ 2,200 people directly with over 30,000 jobs supported in total through our subcontractors and suppliers.

We continue to meet our commitment to having 15% of our workforce in training and development. A record number of 150 apprentices, trainees and graduates will join the Group at the start of this new training year.

Our outstanding growth performance over recent years is down to the hard work and effort of my colleagues here at Redrow together with our loyal subcontractors and suppliers. I would like to thank them all for their continued support.

CURRENT TRADING AND OUTLOOK

Redrow began the current financial year with a record order book of £1.1bn (including our Croydon Joint Venture), up 14% on last year. Sales in the first 9 weeks are very encouraging and up 8% on a strong comparator last year. Our strategy of continued growth for the business is on track and I am confident this will be another year of significant progress for the business.

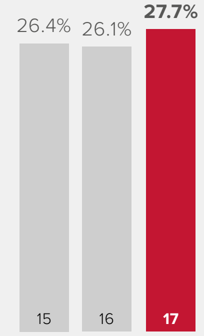
STEVE MORGAN
Chairman

4 September 2017

"Pre-tax profits were £315m, up 26% (2016: £250m). Earnings per share increased by 27% to 70.2p (2016: 55.4p)."

5,416
Record legal completions (including JV)

+70%
increase in dividend



Return on equity
27.7%

STEVE MORGAN
Chairman

STRATEGIC REPORT

Chief Executive's Review

For the first time in our history we completed over 5,000 homes in a financial year.

DELIVERING GROWTH

I am delighted to report that the Group has again delivered outstanding results for the year. We have continued to grow the business and for the first time in our history we completed over 5,000 new homes in a financial year. Our success is attributable to a robust business model implemented by a talented team of people across a well-structured divisional organisation.

These exceptional results were achieved against an uncertain political and economic backdrop as a result of Brexit and also an ongoing requirement to manage an industry-wide shortage of skills to meet our build programmes.

In the year we delivered 5,416 new homes (including JV's), an increase of 15% on the previous year. Turnover grew by 20% to £1.66 billion and pre-tax profits were up 26% to £315m.

During the year we acquired Radleigh Homes, a small Derby-based homebuilder. The acquisition allowed us to accelerate the opening of a new East Midlands division and has given us a pipeline of excellent sites from which to expand. We now have 14 operational divisions across the Group including Colindale Gardens – our major regeneration project in North London.

The strategic decision we took in 2015 to focus our London operation on the outer boroughs was timely. We have now substantially completed our high-end Central London developments. Significant volumes of completions are now coming through from our Outer London sites and these are set to increase materially as Colindale completions begin to come on-stream later in 2017.

Overall our compound rate of growth has been exceptional in recent years. However, whilst our strategy is to continue to grow the business, the rate of growth is expected to moderate over time as divisions reach optimal scale and our scope for divisional expansion reduces.

CREATING GREAT PLACES TO LIVE

Long before the recent resurgence of interest in Garden Towns and Villages, Redrow was leading the way: in the nineties we masterplanned and developed Kingsmead in Cheshire – a thriving community of around 2,000 homes. The development has stood the test of time and continues to be a sought-after location to live. Many of the design principles that made Kingsmead such a success are being applied to the Garden Villages we are developing today.

Our major Garden Village developments at Woodford in Cheshire, Ebbsfleet in Kent, Tamworth in the Midlands and Plasdŵr in Cardiff are designed to create attractive and great places to live. They are well-located to take advantage of excellent transport links but more importantly, are set in landscaped environments where families can live and enjoy a healthy lifestyle. We have also applied the same principles to our Colindale Gardens development in North London. This high density new Urban Village development is just a short walk from the tube and will eventually consist of over 3,000 homes set in generous areas of open space and formal gardens.

This careful approach to designing great places to live is equally applied to our smaller sites that made up a large proportion of the land we acquired in 2017.

In the year we added 5,419 plots with planning and marginally increased our owned and contracted land bank to 26,100 plots. In the first half of the year, immediately following Brexit, there were fewer opportunities in the land market and we also adopted a more cautious approach – in the second half momentum returned to our land buying and we added 3,703 plots. Our forward land pull-through was particularly strong and accounted for 3,356 plots representing over 60% of the plots acquired in the year.

Our Central divisions had an excellent year due to both the Radleigh acquisition and a sizeable contribution from forward land. They now account for 25% of the owned and contracted land bank compared to 22% last year. Over half (54%) of the Group's land bank is in the South and Greater London with the balance of 21% located in the North.

Notwithstanding the strong forward land pull-through, we increased the forward land bank to 26,400 plots by adding 4,000 new plots.

At a strategic level we saw planning improve following the introduction of the National Planning Policy Framework in 2012. There are now signs this improvement has stalled as local authorities fail to get Adopted Local Plans in place. This is adding to the delays that continue to frustrate the detailed planning and technical approval process. We have also seen timescales for appeals extend which unfortunately reduces the pressure on local authorities to make timely decisions.

Our caution in the land market in the first-half combined with planning delays will inevitably have some impact on the timing of new outlets coming on-stream. As a consequence, outlets are only expected to marginally increase over the course of the next year. However, with our strong land bank and output per outlet continuing to steadily increase, we remain firmly on-track to meet our growth plans.

BUILDING RESPONSIBLY

Ensuring our sites are safe places to work, visit and live is central to our build operations. We are also conscious of our responsibilities to protect the environment and to be considerate to those affected by our building works.

We continually strive to improve our build operations and we have recently achieved ISO14001 certification for our environmental management systems. We also retained our Gold rating in the annual NextGeneration Sustainability Benchmark and our 'Three Trees' status from the World Wildlife Fund.

We were also recognised in the year for our standards of Health and Safety winning one Commended and four Highly Commended Awards in the coveted NHBC Health and Safety Awards – one of the best performances amongst the major homebuilders.

2,200
Employees

+200
New directly employed jobs created

"We continually strive to improve our build operations."

JOHN TUTTE
Group Chief Executive

STRATEGIC REPORT

Chief Executive's Review continued

Our success in the NHBC Pride in the Job Awards continued – a record 27 of our site managers received awards in this year's competition. We also won two LABC (Local Authority Building Control) awards for the quality of our site management on our high-rise apartment blocks at Colindale Gardens.

Growing output and maintaining high levels of quality and productivity remains a challenge. However, we are working hard to overcome and manage skills and a few isolated materials shortages as the industry, and its supply chain, adapts and invests to increase resources to meet the ongoing demand to build more new homes. We need the Government to continue to support training initiatives and in particular reach an early agreement as part of the Brexit negotiations on the status of EU workers who make such a valuable contribution to our industry.

Against these challenges and rising customer expectations, it is pleasing to report we maintained a customer recommendation score of close to 90% last year.

VALUING OUR PEOPLE

Much of what we have achieved is attributable to the quality of land we have acquired, our award winning homes and the places we create, but fundamentally, it's about the talented people we employ and their dedication to making our business successful. It is pleasing that when industry-wide talent is in short supply so many of our people remain loyal and committed. In our most recent Employee Satisfaction Survey, 96% of colleagues said they were proud to work for Redrow.

By ensuring we create a rewarding and enjoyable place to work we are able to both retain and expand our workforce. Last year we created over 200 new jobs and increased the directly employed workforce to 2,200 people. We are seeing gratifying returns from our investment in people – in particular, it is pleasing to see so many young people building their careers with us. To support our career development programmes we have expanded our training facilities across the country opening new centres in the North West and at our Colindale Gardens development in London.

LOOKING AHEAD

The longer-term prospects for the housing market remain encouraging: unemployment is low, mortgage rates are attractive and there is robust underlying demand for new homes. However, aside from the short-term risk of political and economic uncertainty, there are key issues that need to be addressed by Government to support future growth: in particular the status of EU workers, the future for Help to Buy and the need to revitalise stalled planning reforms.

Notwithstanding the need to address these issues, we are in a strong position to both deliver another set of record results in 2018 and to meet the ambitious targets we have set for 2020. We have a very strong order book, an excellent land bank, a sought-after product range and, above all, a talented team of people. I am confident we can overcome the challenges we face and maintain our track-record of meeting or exceeding our targets.

JOHN TUTTE
Group Chief Executive

4 September 2017

RADLEIGH HOMES PRODUCT AT LANGLEY COUNTRY PARK, DERBY

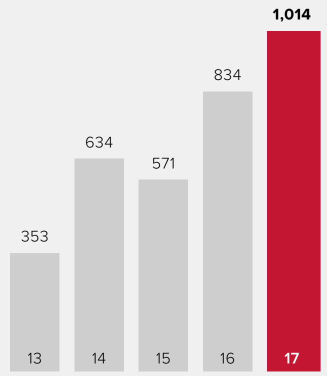
STRATEGIC REPORT

Operating Review

LAND, PLANNING & DESIGN

Using our planning and design skills to convert our quality land bank into great places to live is fundamental to our continued success.

SOCIAL HOUSING LEGAL COMPLETIONS (NO.)



OWNED AND CONTRACTED LAND BY GEOGRAPHY (PLOTS)

	2017
North	5,382
Central	6,483
South	9,963
Greater London	4,272
	26,100

LAND

The Group added 5,419 plots with planning permission to our owned and contracted land bank in the year. This more than replaced the record 5,319 legal completions (excluding JV) and we ended the year with 26,100 plots in our owned and contracted land bank. This was a small increase on the very strong closing position in the previous year and represents about five years output and a Gross Development Value, based on our 2017 average selling price, of £8.2bn.

Forward land again made a significant contribution, comprising over 60% of the 5,419 additions in the year across 22 sites. This included the important strategic 'Plasdŵr' site – Cardiff's new Garden City.

Despite transferring 3,356 plots to the owned and contracted land bank, we still increased our forward land bank by a net 766 plots to 26,400 plots. Over 40% of these plots are allocated for housing in Local Authority Plans.

PLACEMAKING

Redrow has long embraced the design principles of Garden Towns and Villages to create new communities that stand the test of time. During the year we brought together our planning, design and technical teams from across the business in a series of Placemaking workshops to share best practice and formalise a set of design principles. As a result we established seven key design principles that are essential to creating better places to live and are applied to all of our developments, irrespective of their scale and location.

'Nature for People' is one of our seven principles. At our Caddington Woods development in Chaul End we are creating a duck pond and a trim trail along the edge of 35 acres of woodland.

At Barton Park, in the Northamptonshire village of Barton Seagrave, we have made a long-term commitment to the ecological protection, diversity and enhancement of the development. Existing trees and hedgerows have been retained and enhanced with new trees, shrubs, hedgerows and wetland planting. There are a number of park areas across the development, including 'Sanctuary' which is rural in character, utilising natural materials with native tree and hedge planting. In the equipped play area, stepping-stones, low mounding and timber constructed elements provide areas for natural play.

Transport links are important and 97% of our legal completions this year were within 500m of a public transport node.

BRINGING BENEFITS TO LOCAL COMMUNITIES

We delivered 1,014 social housing homes in the year across our developments with a value of £115m – a 22% increase on the number of homes in the previous year (2016: 834 homes, £86m value).

We also committed £163m in 2017 to fund improvements to communities local to our developments, an 11% increase on last year (2016: £142m). These improvements included providing new schools, community centres, local medical and sports facilities, footpaths and cycleways and attractive areas of public open space.

We aim to enhance the ecological value of our developments recognising the importance of strengthening people's connections with nature and their natural surroundings. We achieve this through design, partnerships and our commitment to continually refine our understanding of important biodiversity principles.

We plan to create valuable and functional wildlife corridors and interconnected habitat areas on our developments. For example, at Harbour Village, Fleetwood a coastal path and ecological corridor to the adjacent estuary has been created. On the Sycamore Green development, Cheshire we have created a natural corridor to enable barn owls to cross the site from east to west.

At our Glenwood Park, Barnstaple development and at Caddington Woods, Chaul End we are installing 'hedgehog highways'. These highways are simply small holes created in the bottom of fence panels to allow hedgehogs to move easily from garden to garden. Many of our sites, such as Abode in Bedminster, are now providing nest boxes integrated into external walls to help address the decline in the swift population.

Our unique corporate partnership with the Bumblebee Conservation Trust (BBCT) is working to make our developments as bee friendly as possible. The landscaping at our Saxon Brook, Exeter development has been designed to provide the best habitat for bumblebees to thrive. The development includes a bee trail that runs right across the axis of the site and will help to educate and inform residents about bumblebees.

As we move into the new financial year we are strengthening our relationship with the BBCT. Through greater customer engagement and by working with our supply chain to increase our focus on conservation, we believe even more can be done to help bumblebees flourish.

REGENERATION – CREATING NEW COMMUNITIES ON PREVIOUSLY USED LAND

The demand and need for more new homes cannot be met by only building on previously used land. However, we have to ensure wherever possible, as a priority we redevelop redundant sites. Brownfield sites account for c50% of our owned and contracted land bank.

At Sudbrook, Monmouth in South Wales, Harrow Estates have demolished an unsightly factory on the Severn Estuary and are remediating the site to provide an attractive 212 home outlet with views of the Severn Bridge – the site will be developed by our South Wales division.

During the year our London Division was selected by Wandsworth Borough Council to be their development partner to regenerate the Alton Estate in Roehampton. The development plans include the replacement of parts of the post-war housing with up to 1,000 new private and affordable homes as well as a new library and healthcare and children's centres. As part of the regeneration programme we aim to provide local residents with jobs, training and apprenticeships.

STRATEGIC REPORT

Operating Review continued

Our purpose drives the way we work

LAND, PLANNING & DESIGN

A Unique Opportunity in Cardiff

A trusted team

Plasdŵr is one of Redrow's most ambitious projects to date. A brand new, £2bn Garden City in north west Cardiff, South Wales that will deliver 7,000 high quality homes on 350 hectares of land over the next 15 to 20 years.

Based on Garden City principles the planning application which was consented in outline form earlier this year is one of the largest ever considered by the planners at Cardiff and ranks amongst the largest single applications ever to be granted consent in the UK. It is also the biggest challenge the Redrow Land and Planning team, which includes Grant Strong and Dafydd Andrews, have ever faced.

"Plasdŵr is a once in a generation opportunity for us," explained Dafydd. "It's like managing twenty unique developments rolled into one. It's amazing to have this opportunity so early in our careers."

The pair came to Plasdŵr via Redrow's Graduate Training Scheme; an experience they found invaluable as they took on the sheer size and scale of this landmark project. While it may come under the remit of Land and Planning, this massive project uses skills from all areas of the company.

"Plasdŵr is like a business in its own right," says Grant. "One day we're working on marketing, the next we're dealing with drainage, then the next it's land purchases."

The team have been involved in everything from two years of planning applications, to six months negotiating Redrow's section 106 commitments. They are currently managing the process of both buying parcels of land for Redrow and packaging other parcels for sale to partner developers.

While Grant and Dafydd have felt fully supported by their Redrow colleagues, they still enjoy the freedom and rewards of making their own decisions.

"At Redrow, you can knock on any door for help and advice and not lose ownership of your project," says Dafydd. "Without that, we'd just be pen-pushing!"

"Everyone is happy to help, without feeling the need to take over," agrees Grant. "Which gives you the confidence to proceed with the project in your own way."

Their 'own way' has been highly successful, as they proved when they encountered an issue with a topographically challenging parcel near the entrance to the site, which prevented conventional attenuation and residential development. Thinking outside the box, they created a series of cascading ponds in the location, getting around the planning constraint in an attractive and creative way that was perfect for the Plasdŵr site, since the name translates as 'Water Hall'.

After working with the plans for so long, the team are thrilled to finally see the fruits of their labours. "There's a massive sense of achievement to see homes finally coming out of the ground," says Grant.

Although the project is expected to run for between 15 and 20 years, both Dafydd and Grant hope to stay involved until the end, if Redrow will have them. After working on such a massive and challenging project for so long, it's easy to see why. "We'd love to see the project through to completion," says Dafydd. "It will be incredible to have that legacy."

"Plasdŵr is a once in a generation opportunity, both for Redrow and for my career."

Dafydd Andrews
Redrow Land and Planning

"There's a massive sense of achievement to see homes finally coming out of the ground."

Grant Strong
Redrow Technical Team

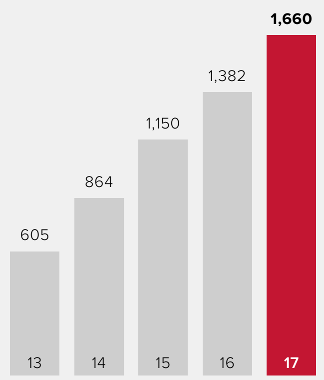
STRATEGIC REPORT

Operating Review continued

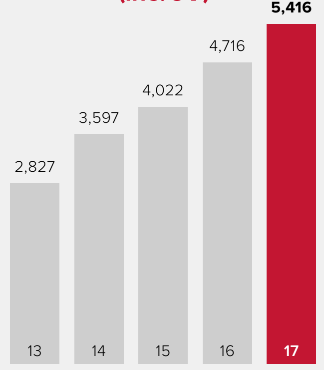
COMMERCIAL & SYSTEMS

We continue to grow our business both organically and from acquisitions such as Radleigh Homes.

REVENUE (£M)



LEGAL COMPLETIONS (NO.) (inc. JV)



In order to meet this growth, it is essential we work closely with our suppliers and subcontractors and continue to develop our supply chain and our systems.

REVENUE

Revenue has increased by 174% since 2013 to £1.66bn (2016: £1.38bn). We have the divisional capacity to deliver £2.2bn of revenue per annum in 2020.

The sale of homes accounted for £1.65bn of revenue with the balance of £12m attributable to land sales – 50% of revenue in the year came from the South of England, including London.

COMPLETIONS

We delivered a record 5,416 legal completions (including JV) in 2017, a 15% increase on 2016 (2016: 4,716).

Social housing accounted for 19% of legal completions volumes compared to 17.7% last year. Apartments represented 16% of private legal completions and 19% of private sales revenue compared to 12% and 15% respectively last year. This reflected the increased contribution from Greater London and the South East where apartments are more prevalent.

OUTLETS

Active outlets increased by four in the year to 132 outlets (2016: 128): the Group opened 56 new outlets in the year and closed 52. The closures were slightly higher than forecast due to a stronger than expected sales performance.

Bringing new outlets on-stream remains a challenge for the industry. Planning remains tortuous and many planning departments lack the resources to process applications and deal with the plethora of pre-start conditions they continue to attach to planning consents.

BLAKE TOWER, BARBICAN , LONDON

STRATEGIC REPORT

Operating Review continued

COMMERCIAL & SYSTEMS

Redrow's apprentice electricians are better connected

As a Top 100 Apprentice Employer for the last four years, Redrow leads the industry in developing the next generation of builders and skilled tradespeople, with trainees making up no less than 15% of our workforce.

Not only do our apprentices get first class training, both on site and at local colleges, Redrow also partners with key suppliers to ensure they get a comprehensive understanding of the wider aspects of their chosen field.

For example, MA Broughton Electrical Contractors worked with Redrow to devise a week-long training programme at their Nottingham premises. The company has trained electrical apprentices for over 30 years, and currently mentors Redrow apprentices on site.

Their new in-house training programme gives our apprentices a unique insight into the day to day workings of a busy electrical contracting company, including stores, warehouse and technical departments. It covers aspects of the industry that our site-based programme simply cannot provide, as Redrow apprentice, Shane Bagby, explained:

"The MA Broughton electricians have been teaching me how to wire a house at the Pennine Grange development in Tamworth. Spending time at their business helped me understand some of the other skills and work involved in being an electrician."

As part of the partnership, MA Broughton are given access to Redrow's training facilities to teach their own apprentices, raising standards across the industry.

"We're very proud of our apprenticeship programme and are constantly looking for ways to improve and develop the training we offer."

Clare Horton
New Entrant Programmes Manager

GROWING OUR BUSINESS RESPONSIBLY

It is important that as we grow, the Group maintains its high environmental and placemaking standards and delivers on its commitment to create socially and economically sustainable communities.

During the year we were pleased to achieve the British Standards Institute ISO14001 environmental standards accreditation. This ensures we apply a systematic approach to environmental management right across the business, helping us to identify and manage our key risks and opportunities.

In addition, we have developed and deployed a sustainability reporting platform throughout the company which is helping us to better collect and evaluate data, both ensuring compliance and driving performance improvements across all aspects of sustainability.

OUR SUPPLY CHAIN

We work closely with key suppliers and subcontractors in our supply chain to improve quality and efficiency and to help develop the homebuilders of the future.

We have secured the coveted 'Three Trees' status from the World Wildlife Fund (WWF) for the second assessment period in a row. We were the first UK homebuilder to achieve the status in 2015, which was awarded for our ongoing work to promote responsible forest management and the eradication of illegal wood products from our supply chain. At present our responsibly sourced and credibly certified timber stands at 99.94%. The accolade places Redrow among the top 40 companies in the country using Forest Stewardship Council (FSC) certified and other responsibly sourced timber and paper products.

During the year we became partners in the Supply Chain Sustainability School (SCSS), which is an award-winning initiative providing free learning and development support to help our supply chain partners to address sustainability issues. We have evaluated the sustainability risks of our different suppliers and are collaborating with the SCSS to prioritise a learning and development programme. We have also encouraged our suppliers to attend a number of events organised by the School across the UK.

We sit on the Homes Leadership and Wales Leadership groups supporting the development of the School. Moving forward our intention is to strengthen our commercial and procurement teams' direct links with the School and encourage more of our supply chain partners to improve their knowledge and understanding to make them more sustainable.

IMPROVING OUR SYSTEMS

We are continually looking to improve our systems and processes to better support our business as it grows, evolves and responds to changes in technology.

We have a dedicated team of IT specialists including systems analysts, software developers, a digital team and help desk experts at our Head Office, led by our Group IT Director. During the year we developed and introduced a new in-house manual payments system and made improvements to our land appraisal system and management reports.

During the year we also implemented a new application to manage all the meetings that form part of our Customer First 'Made for You' process. It uses handheld electronic tablets to display the specification the customer has chosen and to record photographically any issues that need attention. These, together with any issues reported by customers after they have moved in, are tracked by the application to help our customer service teams deal with issues promptly and to the customer's satisfaction. It includes full email and telephone integration for both our customers and subcontractors, for example by recognising incoming calls and popping-up appropriate prompts on screen to improve our service to our customers. We are now working on a portal for use by our subcontractors to further improve how they manage the calls and appointments involved in resolving issues.

We will be introducing an online version of our 2017 Annual Report. This aims to make it easier for Shareholders and other stakeholders to access key information and information on areas of their particular interest and will be available on our website by early October.

We have also introduced a new third party integrated HR and Payroll system with self-service features to replace out-dated paper systems, streamline processes and support future growth.

STRATEGIC REPORT

Operating Review continued

CONSTRUCTION

To meet the need and demand for new homes, the construction industry must work with Government to address the skills shortage.

DEVELOPING HOMEBUILDERS OF THE FUTURE

Here at Redrow we are proud of our record of training and developing our colleagues. We have been listed as a Top 100 Apprentice Employer in the National Apprenticeship Service awards for the fourth consecutive year. In addition to our Trade apprenticeship, Trainee Site Assistant and our Commercial apprenticeship training programmes, this year we have introduced a fast track management programme for graduates with a construction related degree.

We created 228 directly employed new jobs in the year, increasing our employee numbers to a record c2,200. We have continued to invest in our people to ensure we have the skilled and qualified workforce we need for the future. We again maintained our proportion of trainees at 15% of the increased workforce.

We also continue to develop our team at all levels to support the growth of our business, underpin our structured approach to succession planning and encourage all our colleagues to reach their potential. This year we completed c6,800 training days, an increase of over 40% on the prior year (2016: c4,800). Much of our training is carried out in-house by our Learning and Development Team and delivered at either our Tamworth training centre, Head Office or our newly-opened training facilities at Colindale and Daresbury.

We work with recognised training providers and experts in their field to design our training courses: for example, this year we became the first company in the homebuilding industry to work with the NHBC to design a bespoke course. Our 'Effective Snagging and NHBC Warranty' course can now be rolled-out across the business under licence from the NHBC.

EMPLOYEE ENGAGEMENT

In order to ensure that we are supporting all our employees to fulfil their potential, we regularly evaluate employee engagement and use the results to improve working practices, training and development.

We conducted a major survey in 2017, having conducted a mini survey in 2016. This was undertaken by Employee Feedback Ltd on our behalf. We had an 88% response rate and achieved a 95% employee satisfaction rating – 96% of our employees said they were proud to work for Redrow.

BUILD OUTPUT

Build output increased by c15% in the year as the Group continues to position itself to meet its growth targets. We also continue to manage pressures in both labour and material supply chains.

Colindale Gardens is the largest development in the Group and continues to make excellent progress. There are currently c600 homes under construction there and the daily workforce often exceeds 600 people. It was pleasing to see the first apartment block 'unwrapped' in June 2017 and we are on-track to deliver our first legal completions from this important strategic site at the end of this calendar year.

CONSTRUCTION

Hands-on experience for graduates

At Redrow, we're proud to attract some of the most promising graduates in the industry, but we know that getting a construction related degree is just the start.

Before they can manage the creation of complex residential developments, our graduates need hands-on experience, working on site, and learning from our expert construction directors and site managers.

That's why we put all of our graduates through a two-year programme, designed to show how what they learned at university is applied in real life, to ensure the highest levels of quality and health and safety are achieved on site.

As well as being mentored on site, graduates can continue their learning with Redrow.

We offer a variety of courses designed to help them work towards membership of the Chartered Institute of Building, as well as specialising in areas of the business that interest them.

"With Redrow there is endless potential to learn and progress," says graduate trainee, Sean McFadden. "I'm really interested in getting more involved in the sustainability side of things and learning about different build processes."

Redrow welcomed 20 new graduates on to its fast track management programme in 2017.

"We're opening the door for graduates who want to fast track their careers in construction management."

Karen Jones
Group HR Director

STRATEGIC REPORT

Operating Review continued

DRIVING DOWN WASTE

The percentage of homes and apartments that have been connected to on-site renewables or low carbon community energy has substantially increased this year from 13% (2016) to 36%. This is largely due to the increasing use of community energy infrastructure on sites such as Saxon Brooke, Devon and Royal Waterside, Park Royal, North West London. When the Saxon Brooke development is fully completed in three years time, the community energy project will save 4,173 tonnes of CO_2 per year, using 64% less than an equivalent development using traditional individual home energy systems.

We have been disclosing our carbon emissions and reduction activities to the Carbon Disclosure Project (CDP) annually since 2010. In the most recent submission we have moved upwards in the CDP benchmark to a B grade (2015: C). The improvement in grade reflects the progress we have made by measuring awareness, management and by taking actions on climate change.

Our Greenhouse Gas (GHG) emissions expressed in relation to the quantity of build we have undertaken have decreased by 4.2% to 2.5 tonnes of CO_2e per 100m^2 (2016: 2.61tCO_2e/100m^2). Our GHG emissions are independently verified to a limited level of assurance.

We carefully consider the environmental impacts from all of our activities from the initial planning and design stage of the development through to the construction and completion of homes. At Colindale Gardens, London, 16 unused buildings were demolished to make way for new homes to be built.

All the materials from the demolition process were separated, with c5,500 tonnes of metal recycled and 61,000 cubic metres of concrete crushed and re-used on site as aggregates. The re-use of crushed concrete as infill, greatly reduces our environmental impact: it reduces the need to source fresh material from quarries and cart to landfill sites – as a result a huge number of local traffic movements are eliminated.

We are working closely with our subcontractors to reduce waste and increase recycling. For example, it is now a requirement of our trade specification for our painting contractors to recycle their paint cans. This has resulted in c10,000 cans being recycled in the year. We have increased the amount of waste we divert from landfill to 95.4% (2016: 94.8%).

HEALTH & SAFETY

Subcontractor engagement is essential to promote a positive health & safety culture. At Redrow, we continue to support our supply chain by organising and hosting numerous events over the year across the business.

Build output increased by 15% across the Group during the year: this increase in build activity on our sites led to a higher number of notifiable accidents per site during the year to 0.30 (2016: 0.20). Overall the number of reported accidents increased to 393 (2016: 318). Our accident trends are constantly reviewed and measures and campaigns are introduced and launched to improve performance – most recently we introduced a 'slips and trips' campaign to address an increase in minor accidents associated with this cause.

COLINDALE GARDENS, LONDON

SALES & MARKETING

At Redrow we have a reputation for building award winning homes.

Our sales and marketing activities promote the quality of our homes and developments and have established the Redrow brand as one of the UK's leading homebuilders.

BRAND PURPOSE

Our brand purpose is central to everything we do: everyone in the business, across all levels, locations and functions has a clear sense of purpose and how they contribute to the team effort which underpins our continued success.

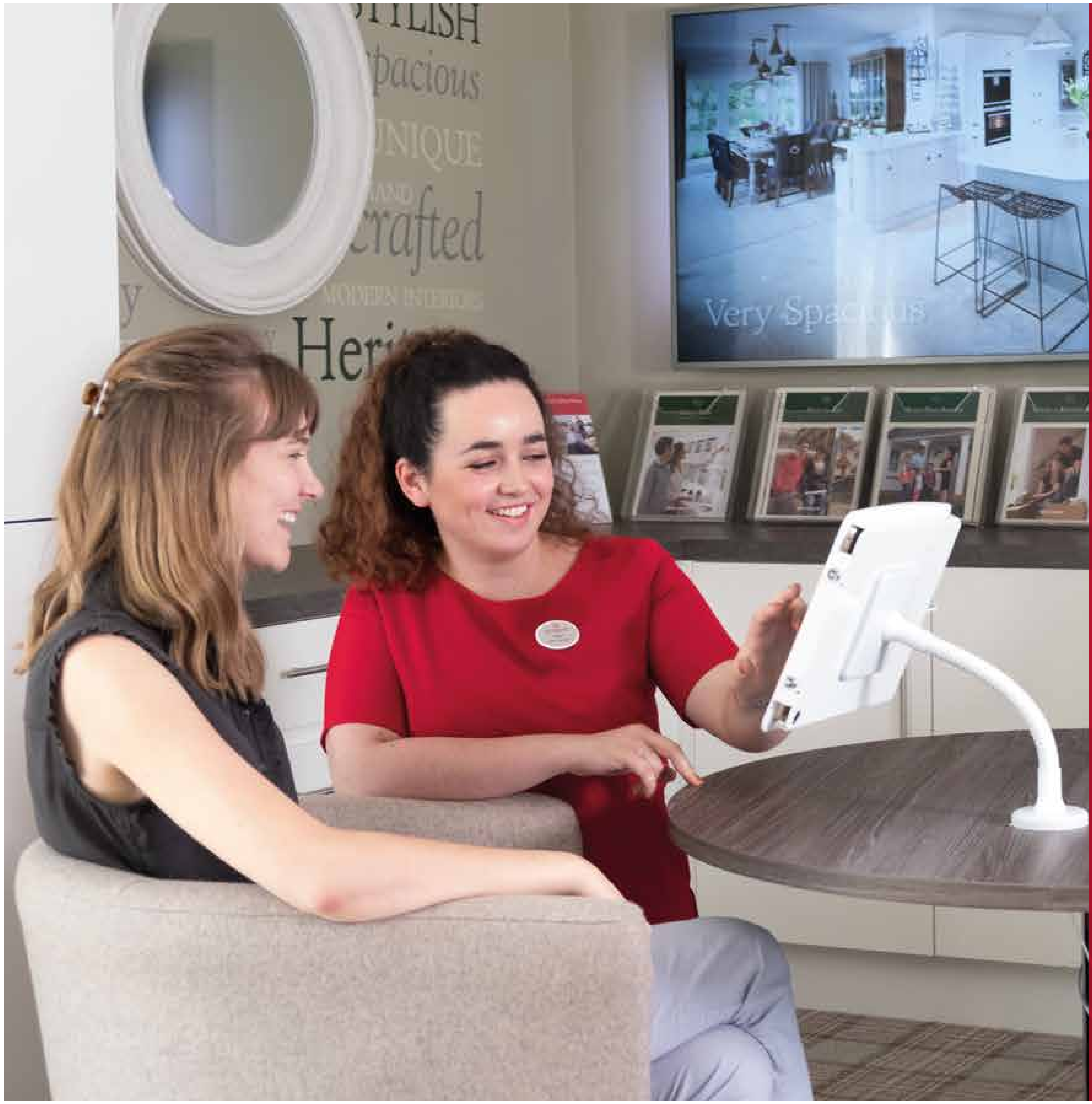
This shared vision is particularly important as the business grows and new colleagues join the team. Redrow strives for continuous improvement regardless of how good the previous performance level has been. This is achieved through Group-wide values of hard work, attention to detail, innovation, passion and the pursuit of excellence. Communication is an essential ingredient and senior management across the Group endeavour to ensure that everyone in the business understands the brand purpose and why Redrow operates in a certain way: The Redrow Way.

AMINGTON GARDEN VILLAGE, TAMWORTH

STRATEGIC REPORT
GOVERNANCE REPORT
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

STRATEGIC REPORT

Operating Review continued



SALES & MARKETING

Employing Technology to Enhance our Customer Journey

Customers increasingly expect a digital experience when making major purchases. Redrow has always been at the forefront of adopting new technologies to help our prospective customers visualise their lifestyle in a Redrow Home. One example is the introduction of 3D immersive and interactive site plans in place of models. These allow users to accurately see in virtual reality where their home is situated, even being able to walk to or out of their front door. It is therefore possible to experience, in virtual reality, the development long before it is built.

They can also remove the roof from any house type and see the layout in 3D, walk through the house and benefit from a much clearer understanding of the living space and flow.

“The Futurium system is a fantastic tool that enables us to show the customer what their home will look like and remove the need to try and imagine how it might appear, it really takes the site plan in to the 21st century.”

Rob McCann
Sales Consultant, Woodford Garden Village, Cheshire

This technology is linked directly to Redrow’s sales and build management system in real time so that sales consultants are always showing the very latest sales position to purchasers and are able to give the best possible advice.

3D kitchen configurators also help people to make more informed decisions on the various combinations that appeal most to them and how they might choose to upgrade some items.

User feedback from sales staff and customers has been extremely positive with many sales consultants reporting that the technology has helped them to increase sales.

“Having recently completed and moved into our new Redrow home, it was amazing to view the plot we bought and how it would look from the very beginning of the project when there wasn't even a brick laid, and how true to life it was when compared to the final outcome.”

Mr John Wildman
Customer, Woodford Garden Village, Cheshire

Operating Review continued

MARKETING COMMUNICATIONS

At Redrow, our attention to detail and focus on how we can improve our customers' lifestyles ensures our homes remain sought-after and award winning. This is reflected in the high level of interest generated through all our marketing platforms – particularly our website, redrow.co.uk, and major social media channels. We work hard to understand our customers' needs and preferences and in particular how they want us to communicate with them. Buyer profiles have been created for all of our house types and a detailed understanding of the media each segment prefers to use to inform their buying decision, enables us to maximise our return on marketing investment.

The presentation of our show homes is also essential to showing our customers how our homes can meet and be furnished to suit their lifestyles. Our Interior design team keep abreast of the latest fashion trends to ensure our show homes are contemporary and empathetic to a wide range of lifestyles.

SALES EXCELLENCE

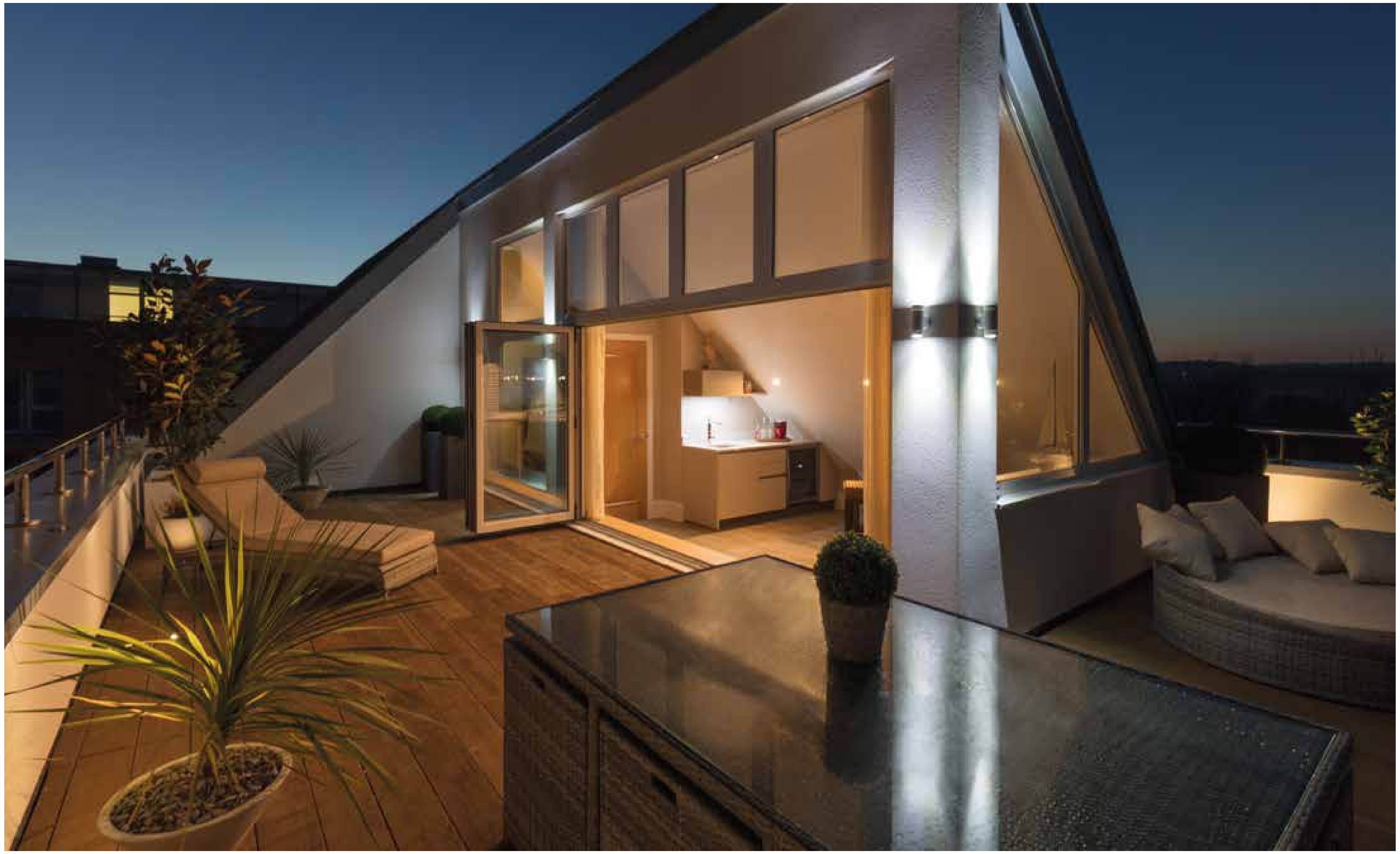
Our sales consultants pride themselves on their product knowledge and customer communication and engagement. They receive regular training and each year the entire team come together at the Annual Sales Conference to discuss market conditions, sales strategies and product innovation. Over 400 people attended the event in January 2017 which culminated in an award ceremony to recognise exceptional performance throughout the previous year.

To best share and implement the ideas that come forward from events such as the Annual Sales Conference, a Sales Excellence Champions Group has been created. They meet regularly to discuss new ideas and to agree programmes to implement new initiatives to improve sales performance.

MARKET RESEARCH

To ensure we keep in the forefront of product design we regularly commission market research. To better understand what creates great places to live we have recently undertaken research into sustainable communities. The findings of the research are set out in a report – 'Creating Britain's New Communities'. The report outlines a framework to help ensure developments foster a sense of community. One of the key findings from the report is that 81% of people don't think the Government is doing enough to prioritise creating communities. When asked what features are most important to a new community, the 2,000 respondents ranked 'access to a doctor's surgery' highest closely followed by high speed broadband and green open spaces.

We are also actively involved in two research projects looking at the role new homebuilding has on health. In the Town and Country Planning Association's 'Developers and Wellbeing' project we have participated in national and local events, workshops, interviews and case studies. The objective of the project is to better understand the role planning and the development process has in improving the health and wellbeing of communities. In addition, as a major developer working in urban environments, we are assisting the research team to identify the barriers and opportunities for making urban environments healthier and more sustainable.



THE VILLAS, LYMINGTON SHORES, LYMINGTON

STRATEGIC REPORT

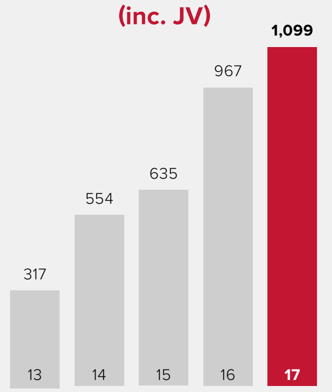
Operating Review continued

Our purpose drives the way we work

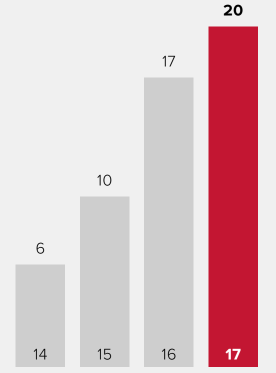
CUSTOMER SERVICE

The quality and design of our product distinguishes Redrow from its main competitors and appeals to our customers.

ORDER BOOK (£M) (inc. JV)



MY REDROW EXTRAS SOLD (£M)



PRODUCT

Outside Greater London, our divisions focus on our award winning Heritage Collection. In 2017 this accounted for 75% of the Group's private sales revenue (2016: 82%). During the year we added a number of house types to the Heritage Collection especially designed to appeal to customers looking to downsize without compromising on design, specification and space.

The Heritage Collection is complemented by bespoke product which represented 25% of private sales revenue (2016: 18%) in the year. In Greater London our main area of operation is the outer boroughs (zones 3 to 6) where each scheme is specifically designed to reflect the site's constraints. £218m of our homes sales revenue came from Greater London in 2017 (2016: £152m). In addition, our joint venture development, Morello, Croydon delivered its first 97 legal completions and a £1m contribution to Group profits.

CUSTOMER FEEDBACK

We achieved an 88.9% HBF customer recommend rating in 2017 (2016: 88.4%) in a year when legal completions increased by 13%.

We continually look at ways to enhance our customers' experience during both the home buying process and after they have taken occupation. An example of this is improved training for our colleagues: our 'Customer Service Culture' course is accredited with the Institute of Customer Service and has been attended by 675 people across the business. Similarly, Redrow is the first homebuilder to achieve endorsement of its internal sales training by the Institute of Sales & Marketing.

During the year we have rationalised our 'My Redrow' extras offering to the most popular choices to improve build quality and efficiency. 'My Redrow' extras accounted for £20m (2016: £17m) of sales in the year, an 18% increase.

RESERVATIONS AND ORDER BOOK

The strength of our order book is testament to the appeal of our homes and developments.

The Group secured £1.6bn of reservations in the year (2016: £1.5bn excluding PRS) and closed the year with a total order book including social and joint ventures of £1.1bn, a record for Redrow and 14% higher than the previous year.

Private reservations per outlet per week were 0.68 (2016: 0.70 excluding PRS). The cancellation rate remained at 15%, in line with the previous year.

KITCHEN IN THE CAMBRIDGE SHOW HOME AT WOODFORD GARDEN VILLAGE, WOODFORD

STRATEGIC REPORT

Operating Review continued

CUSTOMER SERVICE

Going Digital

During the year we implemented a new application to manage all the meetings that form part of our Customer First 'Made for You' process. It uses handheld electronic tablets to display the specification the customer has chosen and to record photographically any issues that need attention.

The Group has actively used social media as a part of its marketing campaigns for a number of years. We are now seeing that it is becoming the medium of choice for many of our customers to communicate with us both during the sales process and after they have taken occupation.

Customers using social media expect us to respond quickly and in detail to their queries: this is difficult to achieve using a centralised approach. To address this we have partnered with Crowd Control HQ to launch their innovative enterprise social media management software across the Group. Within a framework of appropriate controls, we now have more than 100 colleagues with access to social media accounts. All users have been trained to use the software and to adopt an appropriate style and consistent tone of voice when responding.

In the first month of use, over 400 replies were sent by our customer service teams. Feedback has shown customers experienced quicker responses and were far more positive about the content of the replies they received.

Matt Grayson
Group Communications Director

STRATEGIC REPORT

Financial Review

The Group exceeded the £300m profit before tax milestone for the first time.

PROFITABILITY

This year the Group again delivered record financial results with revenue of £1.66bn (2016: £1.38bn) and profit before tax of £315m (2016: £250m), exceeding the £300m milestone for the first time. In addition it is particularly pleasing to report this was achieved by reaching a new record in the number of new homes completed by the business of 5,319.

Total Group revenue rose 20% to £1.66bn. This comprised private homes revenue which increased by 20% to £1.5bn (2016: £1.3bn) as a result of an 11% increase in private homes legal completions and an 8% increase in average selling price, social homes revenue of £115m (2016: £86m) and other revenue of £12m (2016: £21m) from land sales.

As a result of the increase in revenue, gross profit increased by £71m in the year to £405m (2016: £334m) giving a gross margin of 24.4% (2016: 24.2%). The gross margin benefited from a decrease in the proportion of our homes legal completions from provisioned land acquired before the downturn from 6% to 4% together with net House Price Inflation of 20 basis points, but these were partially offset by the impact of a 22% increase in the number of social home legal completions in the year.

The strong revenue growth has generated an operating profit for the year of £322m (2016: £261m), a 23% increase. This represents an operating margin of 19.4% (2016: 18.9%) close to our medium term target operating margin of 19.5%.

Net financing costs at £8m were £3m lower than the prior year due to lower levels of average net debt in the year. Net debt averaged £67m during the year (2016: £174m).

There was also a £1m contribution from our Joint Venture on the Morello, Croydon development which delivered its first 97 legal completions in 2017.

As a result, the Group delivered a record profit before tax of £315m (2016: £250m) in the year which produced a basic earnings per share up 27% at 70.2p (2016: 55.4p).

TAX

The corporation tax charge for the year was £62m (2016: £50m). The Group's tax rate for 2017 was 19.75% (2016: 20%). The normalised rate of tax for the year ending 30 June 2018 is projected to be 19% based on rates which are substantively enacted currently.

The Group paid £56m of corporation tax in the year (2016: £46m) in the normal quarterly pattern. Payments will continue in the normal quarterly pattern until the new legislation for corporation tax payments by very large companies takes effect for our financial year ending 30 June 2020, which will bring our instalment payments forward by four months.

DIVIDENDS

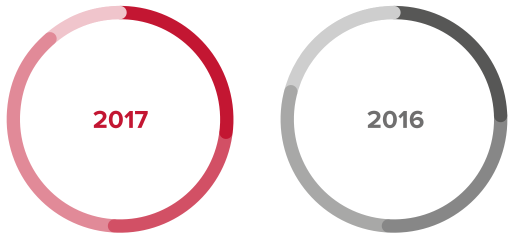
The Board has proposed a 2017 final dividend of 11p per share which will be paid on 10 November 2017, subject to Shareholder approval at the 2017 Annual General Meeting. This is an 83% increase on last year.

The Group paid dividends of £44m (2016: £30m) during the year.

RETURNS

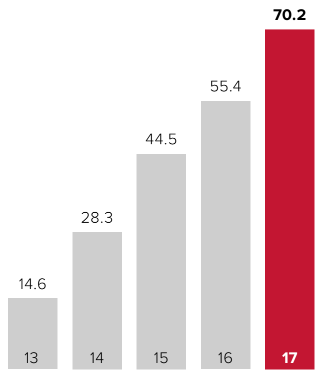
Net assets at 30 June 2017 were £1,235m (2016: £1,041m), a 19% increase. Capital employed at the same date was £1,308m (2016: £1,180m) up 11%. Our return on capital employed again benefited from increased capital turn and higher profits and increased in the year from 23.7% to 26.0%. Return on equity also increased from 26.1% to 27.7%.

Revenue by geography (£m)

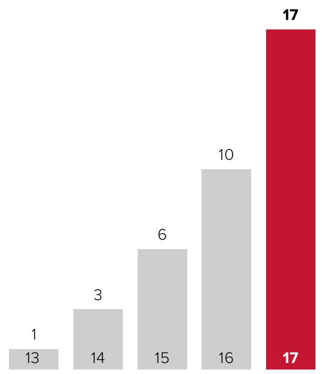


	2017	2016
North	**463**	376
Central	**360**	328
South	**614**	524
Greater London	**223**	154
	1,660	1,382

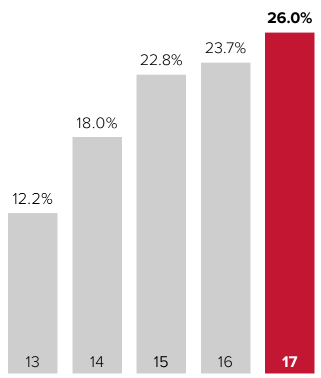
Earnings per share (p)



Dividend per share (p)



ROCE (%)



£315m
Profit before tax

£1,235m
net assets

"Earnings per share increased 27% to 70.2p."

BARBARA RICHMOND
Group Finance Director

STRATEGIC REPORT

Financial Review continued

INVENTORIES

Our investment in land increased by £50m, up 4%, in the year to £1,312m (2016: £1,262m) which reflected a deliberate slowdown in land buying in the first half of the 2017 financial year following the Brexit referendum, with land buying momentum returning in the second half. A healthy 62% of our current land bank additions in 2017 came from our forward land holdings and this contribution has averaged 40% over the last five years.

We have taken the decision to change our accounting policy in respect of forward land to align it with normal industry practice. This change to initially recognise forward land expenditure in inventory at cost and review regularly for impairment has added £30m to land assets at June 2015 and June 2016, restating previous figures and £24m to net assets, net of tax. This change of accounting policy has not affected profits in either 2017 or 2016.

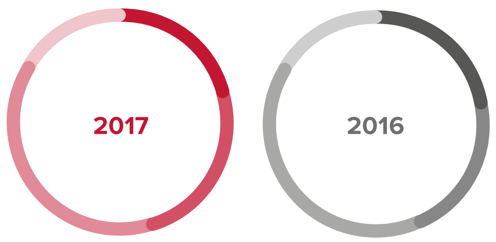
Our owned plot cost has increased by £2,000 per plot to £70,000 at June 2017 (2016: £68,000), reducing slightly to 20% of the average selling price of private legal completions in the year (2016: 21%).

Our investment in work in progress increased by £90m, up 14% year on year to £731m (2016: £641m). This reflected the higher number of strategic sites in production and the levels of apartment schemes in the later stages of production in the South East. However, as a percentage of Homes turnover it reduced from 47% to 44%.

Our net realisable value provision on land and work in progress reduced by £11m to £8m in the year.

Land creditors decreased slightly by £27m to £351m at June 2017 (2016: £378m) representing 26% of land inventory (2016: 29%).

Current land by geography (no. of plots)



	2017	2016
North	**5,382**	5,753
Central	**6,483**	5,579
South	**9,963**	10,420
Greater London	**4,272**	4,248
	26,100	26,000

RECEIVABLES

Trade receivables decreased by £2m during the year to £21m (2016: £23m) due to the ongoing receipt of historic shared equity scheme monies.

PAYABLES

Trade payables, customer deposits and accruals increased by £21m to £422m (2016: £401m) reflecting increased levels of production activity.

CASH FLOW AND NET DEBT

Net debt reduced by £66m to £73m at June 2017 (2016: £139m) giving gearing of 6% at June 2017 (2016: 13%). This significant reduction in net debt reflects a cash inflow generated from operations of £189m (2016: £130m) which more than funded the growth in the business and the increase in both dividend distributions and corporation tax payments made in the year.

FINANCING AND TREASURY MANAGEMENT

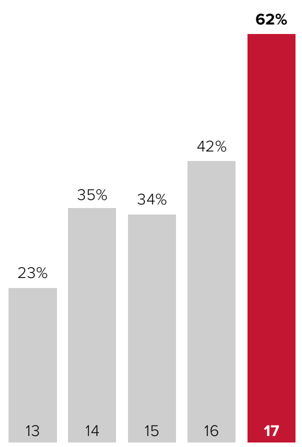
Financial management at Redrow is conducted centrally using policies approved by the Board.

Redrow remains 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.

Forward land pull through into current land bank (%)



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 hedging was undertaken in the year.

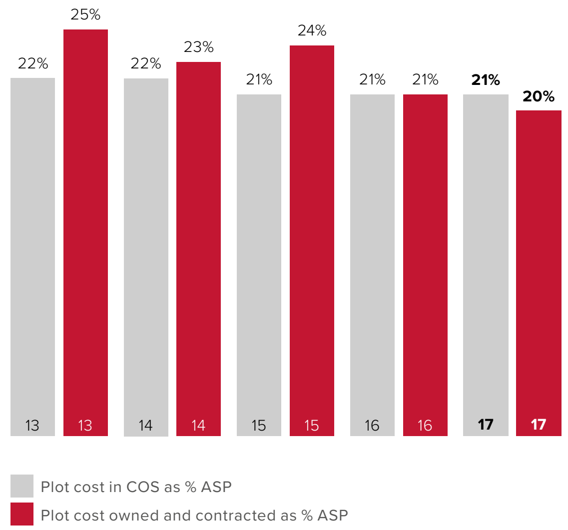
PENSIONS

As at June 2017, the Group's financial statements showed a £2m deficit (2016: £6m surplus) in respect of the defined benefits section of The Redrow Staff Pension Scheme (which closed to future accrual with effect from 1 March 2012). The £8m deterioration is mainly due to the reduction in corporate bond yields and an increase in the market's long term expectations for inflation which have served to increase the liability values. This was partially offset by an update on the assumption for life expectancy.

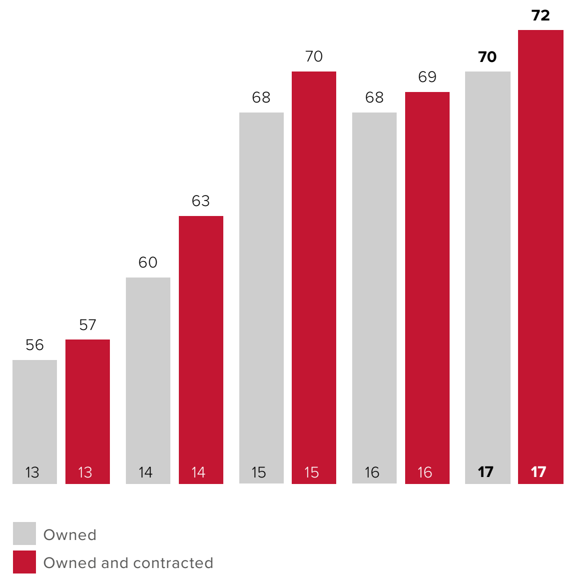
BARBARA RICHMOND
Group Finance Director

4 September 2017

Plot cost (%)

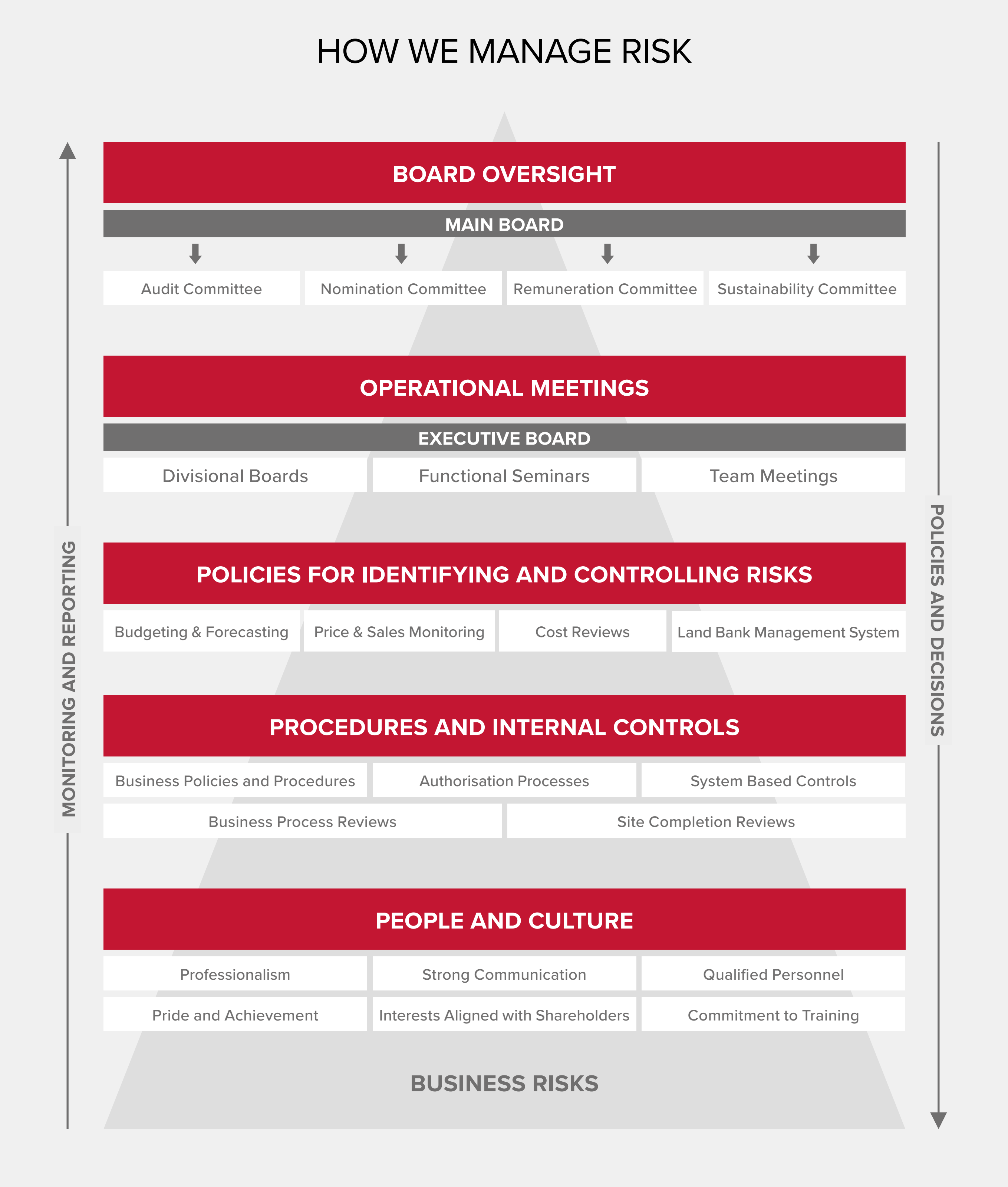


Land bank plot cost (£'000)



STRATEGIC REPORT

Risk Management



OUR RISK MANAGEMENT PROCESS

Our Risk Assessment Process

Principal risks and material concerns identified by the Main Board

↓

Operational review and feedback from Divisions

↓

Risk owners and Executive Board

↓

Risk Register and policies and procedures update

The Main Board has the ultimate responsibility over the effective management of the risks we face in order to achieve our strategic and financial objectives.

As part of our risk assessment framework, a detailed review is carried out of the Company's strategic objectives and identifies the principal risks and material concerns we face as a business. These headline risks are then approved and compiled into a risk register.

The risks and material concerns are then further broken down into components and sub level risks. These sub level risks are reviewed by each Divisional Board, individually assessing the probability and impact of each risk. In order to mitigate, control and continually monitor these risks, appropriate internal controls are implemented.

Any new risks identified are assessed one at a time, evaluating any potential impact to our business and the likelihood of its occurrence. These new risks are then fed back to the risk owners who use this assessment to inform their formal review, ensuring there are preventive and detective controls in place and included in the risk register.

The risk register is reviewed annually to ensure it is up to date. It is also reviewed by the Audit Committee to ensure that it is relevant and appropriate to our business.

Risk Management continued

	Risk	Risk Owners	Key Controls and Mitigating Strategies	Risk Movement
GROW OUR BUSINESS RESPONSIBLY	**Housing Market** UK housing market conditions have a direct impact on our business performance and Help to Buy continues to provide significant support.	Group Chief Executive	The UK housing market is closely monitored, with management responding if there are any changes in market conditions. Regular review and product updates in response to demand in the market. Weekly review of the sales at both Group and Divisional level. Regular review of competitor actions and their performance. Ongoing and regular monitoring of Government policy.	→
GROW OUR BUSINESS RESPONSIBLY	**Availability of Mortgage Finance** Lending criteria and deposit requirements for mortgages remain key issues in the current environment.	Group Finance Director	Proactively engage with the Government, Lenders and Insurers to support the housing market. Expert New Build Mortgage Specialists provide updates on regulatory changes.	↓
MANAGE OUR RESOURCES EFFICIENTLY	**Liquidity and Funding** The Group requires appropriate borrowing facilities in place for its short term liquidity and long term funding.	Group Finance Director	Suitable committed banking facilities with covenants and headroom. Regular review of our banking covenants and capital structure. Regular communication with our investors and relationship banks. Robust forecasting and budgeting process in order to provide a clear view of future cash flows.	→
PUT CUSTOMERS FIRST	**Customer Service** The failure of our customer services could undermine Redrow's business performance.	Regional Chief Executive	Customer First initiative continues to further improve our engagement with our customers. 'My Redrow' website to support our customers purchasing their new home. Regular review of our marketing and communications policies at Group and Divisional level.	→

	Risk	Risk Owners	Key Controls and Mitigating Strategies	Risk Movement
MANAGE OUR RESOURCES EFFICIENTLY	**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.	Group Development Director	Proactive monitoring of the market conditions to implement a clear defined strategy at both Group and Divisional level. Experienced and knowledgeable personnel in our land, planning and technical teams. Use of third party legal resources for larger site acquisitions in order to reduce risk. Effective use of our Land Bank Management System to support the land acquisition process.	→
MANAGE OUR RESOURCES EFFICIENTLY	**Planning and Regulatory Environment** The inability to respond and adapt to the changing planning and regulatory environment will adversely impact upon our ability to comply with the regulatory requirements of the industry.	Group Development Director	Close monitoring of the planning and regulatory environment at Group and Divisional level. Communication of proposed changes across the Group through the Executive Board. Well prepared planning submissions addressing local concerns and displaying good design.	↑
CREATE BETTER PLACES TO LIVE	**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.	Group Design and Technical Director	Regular review and product updates in response to the demand in the market. Design focused on high quality build and flexibility to planning changes. Regular site visits and implementation of product changes to meet demands.	→
VALUE AND DEVELOP OUR PEOPLE	**Attracting and Retaining Staff** The loss of key staff and/or our failure to attract high quality employees will inhibit our ability to achieve our business objectives.	Group Human Resources Director	Personal Development Programmes supported by National training centres at three locations. Graduate training, Undergraduate placements and Apprentice training programmes to aid succession planning. Remuneration strategy to attract and retain talent within the business is reviewed regularly and benchmarked. Regular INsight e-magazine and annual employee survey create a framework for strong communication.	→

STRATEGIC REPORT
GOVERNANCE REPORT
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

STRATEGIC REPORT

Risk Management continued

	Risk	Risk Owners	Key Controls and Mitigating Strategies	Risk Movement
VALUE AND DEVELOP OUR PEOPLE	**Health and Safety/ Environment** Instances of non-compliance with Health & Safety and Environmental regulations could expose our people, the environment and Redrow's reputation.	Group Health and Safety Director	Dedicated team operating across the Group to ensure compliance of appropriate Health and Safety standards. Undertaking regular visits and audits on sites. Internal and external training provided to all employees. Divisional Construction (Design and Management) Regulation (CDM) inspections carried out to assess our compliance with our client duties under CDM. Health and Safety discussion at both Group and Divisional level board meetings. CDM competency accreditation requirement as a minimum for contractor selection process.	→
GROW OUR BUSINESS RESPONSIBLY	**Key Supplier or Subcontractor Failure** The failure or inability to expand capacity of a key supplier, main contractor or subcontractor may disrupt our ability to manage our production process in an efficient and cost effective manner.	Group Commercial Director	Use of reputable supply chain partners with relevant experience and proven track record. Monitoring of subcontract supply chain to maintain appropriate number for each trade and to identify any potential shortage in skilled trades in the near future. Subcontractor utilisation on sites monitored to align workload and capacity. Bi-annual quality assessments of suppliers, contractors and subcontractors. Group Monthly Product Development meetings to identify and monitor changes in the regulatory environment.	↑
GROW OUR BUSINESS RESPONSIBLY	**Cyber Security** Failure of the Group's IT systems and the security of our internal systems, data and our websites can have significant impact to our business.	IT Director	Communication of IT policy and procedures to all employees. Regular systems back up and storage of data offsite. Internal specialist IT security personnel. Use of third party entity to test the Group's cyber security systems and other proactive approach for cyber security including Cyber Essentials Plus accreditation.	→
MANAGE OUR RESOURCES EFFICIENTLY	**Fraud/Uninsured Loss** A significant fraud or uninsured loss could damage the financial performance of our business.	Finance Director Operations	Systems, policies and procedures in place which are designed to segregate duties and minimise any opportunity for fraud. Regular Business Process Reviews undertaken to ensure compliance with procedure and policies followed by formal action plans. Timely management reporting. Insurance strategy driven by business risks.	→

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the Directors have assessed the prospects and viability of the Group.

The Group's investment case, business model and strategy are key to understanding Redrow's future prospects. The Directors' assessment has made reference to our current position, our strategy, the potential impact of the principal risks facing the Group, and the Board's appetite for risk which are to be found in this Report in the Strategic Report. The Group has committed banking facilities through to March 2020.

The Directors have selected a three year timeframe over which to assess the viability of the Group, from 1 July 2017 to 30 June 2020. This timeframe was chosen as it corresponds with the Board's three year planning horizon. On an annual basis, the Directors review the financial forecasts for the Group constructed using a detailed bottom up process incorporating assumptions about the timing of legal completions of new homes and land purchases, selling prices, profitability, working capital requirements and cash flows. The Group also uses a top down model to give another perspective.

The three year plan is stress tested for robust downside scenarios. This involves flexing key assumptions including the impact of reduced average selling prices, sales rates and land prices which could arise from a deterioration in housing market conditions and mortgage availability.

The Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 30 June 2020.

STRATEGIC REPORT APPROVAL

The Strategic Report outlined on pages 1 to 57 has been approved by the Board.

By order of the Board

GRAHAM COPE
Company Secretary

4 September 2017

WOODFORD GARDEN VILLAGE, WOODFORD

NORTHWAY HOUSE, TOTTERIDGE & WHETSTONE, LONDON

GOVERNANCE REPORT

Corporate Governance

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

DEAR SHAREHOLDER

I am delighted to introduce the Corporate Governance report outlining the Company's approach to corporate governance. As outlined elsewhere in the report, the Board remains committed to high standards of corporate governance. This report on corporate governance sets out and explains in clear terms the processes in place which are essential for delivery of long-term success, while ensuring that the Company complies with all applicable laws and regulations and, of course, meeting the requirements of our shareholders and their representative bodies.

This report has been prepared and approved by the Board and, on behalf of the Board I confirm that during the financial year ended 30 June 2017, the Company was compliant with the provisions of the UK Corporate Governance Code other than as set out in this report. This report also explains what the Board of Directors actually does and describes how it is responsible for setting the codes and values of the Company, thereby ensuring that the Company is run in the best interests of our shareholders and other stakeholders and how it interacts with its shareholders and explains the Company's strategic goals and performance against them.

The Board continues to believe that the balance of Non-Executives and Executive Directors has worked well. A number of Board meetings have been held in a number of the Divisions during the year and have included open discussions with the Management Teams on such matters as land acquisition, sales outlets, sales and our product.

There have been no changes in corporate governance best practice during the financial year ended 30 June 2017.

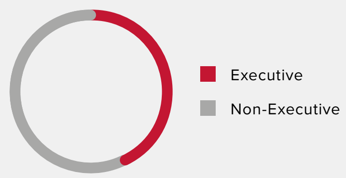
Our 2017 Annual General Meeting will be held on Thursday, 9 November 2017 and the Notice of Annual General Meeting together with Explanatory Notes will be sent to you separately.

Finally on behalf of the Board, for those who wish to attend our 2017 Annual General Meeting, the Board looks forward to meeting with you.

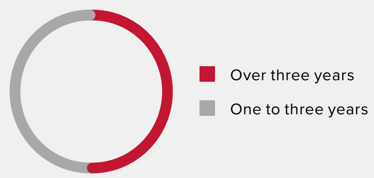
GRAHAM COPE
Company Secretary

GRAHAM COPE
Company Secretary

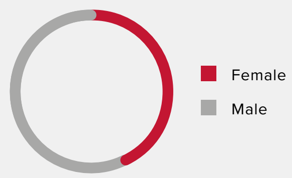
Composition of the Board



Length of tenure of Non-Executive Directors



Main Board by gender



GOVERNANCE REPORT

Board of Directors

1 M

STEVE MORGAN (64)
CHAIRMAN

ROLE: He is primarily responsible for the effective working of the Board, taking a leading role in determining the Board's composition and structure and ensuring effective communications with shareholders.

STRENGTHS AND SKILLS:
Steve Morgan founded Redrow in 1974 and led the business to become one of the UK's leading home builders. He floated the Company in 1994 and stepped down as Chairman in November 2000, returning to the helm in March 2009.

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

Steve is a Fellow of the Chartered Institute of Building and holds five Honorary Degrees. He was awarded an OBE in 1992 for services to the construction industry and a CBE in 2016 for philanthropy.

2 M

JOHN TUTTE (61)
GROUP CHIEF EXECUTIVE

ROLE: He is responsible for the operational management of the Group, the implementing of strategic plans and reporting on these to the Board.

STRENGTHS AND SKILLS:
John Tutte joined the Board of Redrow in July 2002. In September 2009 he was promoted to Group Managing Director and in July 2014 became Group Chief Executive.

John 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.

John was appointed to the board of the Home Builders Federation in February 2015. He is also a Chairman of the Home Building Skills Partnership – an initiative between the HBF and CITB to attract and develop a more diverse skilled workforce for the industry and its supply chain.

3 £ M

BARBARA RICHMOND (57)
GROUP FINANCE DIRECTOR

ROLE: She is responsible for the financial management of the Group in its broadest sense.

STRENGTHS AND SKILLS:
Barbara Richmond joined the Board of Redrow in January 2010, bringing with her a proven track record, with over 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 was appointed a Non-Executive Director of Lonza Group Ltd with effect from 16 April 2014.

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

4 M

GRAHAM COPE (53)
COMPANY SECRETARY

ROLE: He is responsible for governance structures and mechanisms, corporate conduct within the Company's regulatory environment and circulars to shareholders and is the primary source of advice on the conduct of the business.

Graham is Company Secretary to the Main Board and Secretary to all Committees.

STRENGTHS AND SKILLS:
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.

ROLE: The Non-Executive Directors are members of the Board but do not form part of the Executive Management team. They have responsibility to constructively challenge and contribute to the development of strategy, scrutinise the performance of management, satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and are responsible for determining appropriate levels of remuneration of the Executive Management team.

5 M A N R

SIR MICHAEL LYONS (67)
NON-EXECUTIVE DIRECTOR

STRENGTHS AND SKILLS:
Sir Michael joined the Redrow Board in January 2015. He recently chaired the Lyons Housing Commission to produce a road map for increasing house building in this country.

He is also Chairman of the English Cities Fund, which undertakes large scale urban regeneration schemes in a number of places and is Chairman of SQW Group and a strategic adviser to CBRE.

Prior to this, following a long and distinguished career in local government, Sir Michael completed a four year term as Chairman of the BBC and has held a range of non-executive positions across the three sectors.

6 M A N R S

DEBBIE HEWITT (54)
SENIOR INDEPENDENT DIRECTOR

STRENGTHS AND SKILLS:
Debbie joined the Redrow Board in August 2009. She has a wealth of board experience in executive and non-executive roles.

She is currently the Non-Executive Chairman of Moss Bros plc, The Restaurant Group plc and White Stuff.

She is also Non-Executive Director of NCC plc, BGL and Domestic & General, and Visa Europe Limited.

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

7 M A N R S

LIZ PEACE (64)
NON-EXECUTIVE DIRECTOR

STRENGTHS AND SKILLS:
Liz joined the Redrow Board in September 2014. She spent 13 years as the CEO of the British Property Federation and also had a long and distinguished career in the Civil Service.

She is currently a non executive director at The Howard de Walden Estate and non executive chairman of the Shadow Government Property Agency and of the Mayor of London's Old Oak and Park Royal Development Corporation. She is also the chairman of the property industry's charity, LandAid, and of the Architectural Heritage Fund and the Centre for London.

Liz was awarded a CBE in the 2008 New Year's Honours List.

Liz retired from the Board on 31 August 2017.

8 £ M A N R S

NICK HEWSON (59)
NON-EXECUTIVE DIRECTOR

STRENGTHS AND SKILLS:
Nick joined the Redrow Board in December 2012. His business career to date has been spent mainly in the property industry, from commercial to residential.

Nick is the Chairman of Supermarket Income REIT and 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.

M A N R

VANDA MURRAY (56)
NON-EXECUTIVE DIRECTOR

The Board appointed Vanda Murray with effect from 1 August 2017. Vanda has substantial Non-Executive Director and Remuneration Committee experience. She is Chairman of Fenner plc and holds non-executive roles with Bunzl plc, Manchester Airports Group and Just Childcare Ltd. She is also Pro-Chancellor at Manchester Metropolitan University and a Board member of the Manchester Growth Company. She has also previously held non-executive directorships at Carillion plc, Exova plc and Microgen plc.

Vanda was awarded an OBE in 2001 for services to business and to exports.

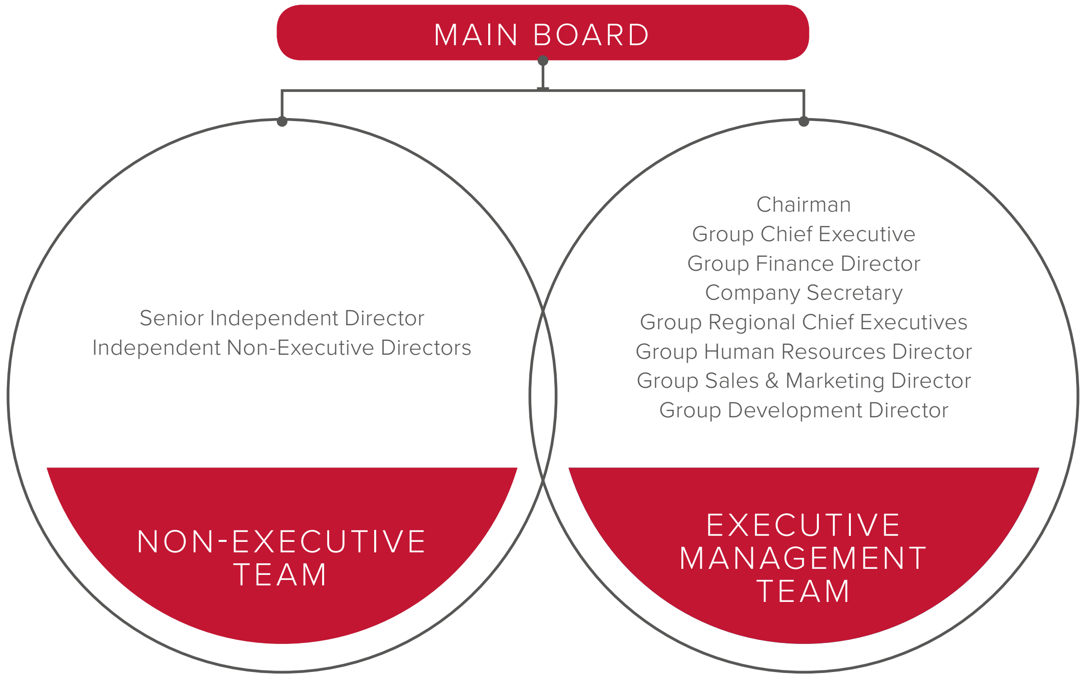
BOARD EXPERIENCE:
- £ *Finance*
- *Property*
- *Operational*
- *Sustainability*

COMMITTEE MEMBERSHIP:
- M *Main Board*
- A *Audit Committee*
- N *Nomination Committee*
- R *Remuneration Committee*
- S *Sustainability Committee*

GOVERNANCE REPORT

Corporate Governance continued

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



INTRODUCTION

This report sets out the Company's compliance with the UK Corporate Governance Code (the "Code") issued by the Financial Reporting Council (www.frc.org.uk) and describes how the governance framework is applied by the Company.

The Directors have considered the contents and requirements of the Code and confirm that throughout the year ended 30 June 2017, other than as set out in the Annual Report, the Company has been compliant with the provisions of the Code.

THE BOARD

The Board comprises a Chairman, two further Executive Directors and four Independent Non-Executive Directors.

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 Chief Executive, 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. This balanced approach also ensures no one individual has unfettered powers of decision.

The governance structure is set out in the diagram above.

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 Executive 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. Where appropriate, the Board delegates decisions to the Executive Management Team and other relevant management bodies.

BOARD MEETINGS

The Board meets regularly and frequently, not less than six times during the year and maintains a close dialogue, as appropriate, between meetings. Board meetings are held at Head Office or 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 meetings is set out on page 65.

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 to discharge their respective duties and responsibilities effectively. The Non-Executive Directors bring a wealth of experience and understanding from outside the Company which enables them to challenge and help develop proposals on the Company's strategy. All Non-Executive Directors holding office during the year ended 30 June 2017 are considered to be independent.

Details of the Directors' respective experience is set out in their biographical profiles on pages 62 to 63.

Under the Code, at least half the Board, excluding a Non-Executive Chairman, should comprise Non-Executive Directors determined by the Board to be independent. The Board currently comprises three Executive Directors, including a Chairman, and four Independent Non-Executive Directors in compliance with the Code.

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

RELATIONSHIP AGREEMENT

The Company is party to a Relationship Agreement with Bridgemere Securities Limited and Steve Morgan, which regulates the relationship between the parties and complies with the requirements of the Listing Rules, including Listing Rule 9.2.2AR(2)(a) and Listing Rule 6.1.4DR. In accordance with the requirements of Listing Rule 9.8.4R(14), the Board confirms that the Company complied with the independence provisions set out in the Relationship Agreement during the period under review, and, so far as the Company is aware, Bridgemere Securities Limited, Steve Morgan and their associates complied with the independence provisions set out in the Relationship Agreement during the period under review.

BOARD PERFORMANCE EVALUATION AND PROFESSIONAL DEVELOPMENT

The Board undertook an internal formal evaluation of its own performance during the year ended 30 June 2017. This started with a questionnaire designed to assess performance and ongoing effectiveness across key areas in the year ended 30 June 2017 and to maintain visibility and progress during the financial year. Following the completion of the questionnaire, a report was presented to the Board and discussed and, as a result, the Board considers that it continues to operate effectively with meetings to facilitate and debate decision making.

The evaluation also considered succession planning for the Executive Team and the Non-Executive Directors.

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 working relationships with Divisional Management Teams.

All Directors undertake a comprehensive induction programme following their first appointment.

The programme for the Non-Executive Directors is specifically designed to encompass the full breadth of the business and includes visits to operating businesses.

TABLE OF ATTENDANCE

Name	Role	Attendance at Meetings
Steve Morgan	Chairman	6/6
John Tutte	Group Chief Executive	6/6
Barbara Richmond	Group Finance Director	6/6
Debbie Hewitt	Senior Independent Director	6/6
Nick Hewson	Non-Executive Director	6/6
Liz Peace	Non-Executive Director	6/6
Sir Michael Lyons	Non-Executive Director	5/6

All details for the Directors are provided on pages 62 to 63.

Details of internal control and risk management processes are included in the Audit Committee report on pages 68 to 71.

GOVERNANCE REPORT

Corporate Governance continued

During the year the formal appraisals of the Group Chief Executive and the Group Finance Director were undertaken by the Chairman

All Independent Non-Executive Directors had an annual appraisal conducted by the Senior Independent Director.

COMMITTEES

The Board is supported by Audit, Nomination, Remuneration and Sustainability Committees and their memberships, roles and activities are set out in separate reports; the Audit Committee report can be found on pages 68 to 71; the Nomination Committee report on pages 72 to 73; the Remuneration Committee report on pages 76 to 97 and the Sustainability Committee report can be found on pages 74 to 75.

Each Committee has terms of reference approved by the Board and the Minutes of the Committee meetings are circulated, and the Committee Chairmen provide reports, to the Board.

The Audit Committee is chaired by Nick Hewson, the Remuneration and the Nomination Committees are chaired by Debbie Hewitt and the Sustainability Committee was chaired by Liz Peace. Following Liz Peace's retirement from the Board on 31 August 2017 Sir Michael Lyons became Chair of the Sustainability Committee.

The Board completed a performance evaluation of its Committees during the financial year ended 30 June 2017 and it was concluded they were contributing and functioning effectively and were complying with their terms of reference.

GOVERNANCE AT WORK IN THE BUSINESS

The Board aims to meet governance best practice where it fits with the Company's business.

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

The Chairman is primarily responsible for:

- effective working of the Board;
- taking a leading role in determining the Board's composition and structure; and
- ensuring that effective communications are maintained with shareholders.

The Chief Executive is responsible for:

- operational management of the Group;
- implementing strategic plans; and
- reporting on these to the Board

Debbie Hewitt, the Senior Independent Director supports the Chairman in ensuring the Board is effective and that constructive relations are maintained. In addition to acting as a Senior Independent Director in which capacity she leads the annual performance evaluation of the Chairman, she also provides an additional point of contact for shareholders.

The Company has Directors' and Officers' insurance in place which insures Directors against certain liabilities, including legal costs.

APPOINTMENTS AND RE-ELECTIONS TO THE BOARD

The Nomination Committee has recommended the re-appointment of the Executive and Non-Executive Directors. The Nomination Committee report can be found on pages 72 and 73.

Under the Company's Articles of Association, all Directors are subject to re-election at their first General meeting after appointment. The Board having been informed of the conditions of the Code on election and re-election, including that there should be a formal, rigorous and transparent procedure for the appointment of new directors to the Board, and that re-election is subject to continued satisfactory performance, has decided that all Directors, with the exception of Liz Peace, will be submitting themselves for re-election at the Annual General Meeting.

Liz Peace retired from the Board on 31 August 2017 and was replaced by Vanda Murray who submits herself for election at the AGM. The Board has satisfied itself that all Directors who will be submitting themselves for re-election continue to perform satisfactorily. Details of appropriate Annual General Meeting Resolutions will be found in the Notice of Annual General Meeting which will be sent to shareholders separately.

CAPITAL STRUCTURE

The information of the capital structure of the Company is included in the Directors' report on page 100.

DIVERSITY

The principle of boardroom diversity is strongly supported by the Board. It is the Board's policy that appointments to the Board will always be based on merit, so that the Board has the right individuals in place, and recognises that diversity is an important consideration as part of the selective criteria used to assess candidates to achieve a balanced Board.

The table below sets out the current position of the Company on a gender basis.

	Female	Male
Main Board	3 (43%)	4 (57%)
Executive Management Team	2 (18%)	9 (82%)
Direct reports to Executive Management Team	12 (32%)	26 (68%)
Redrow employees at June 2017	711 (32%)	1,479 (68%)

SHAREHOLDER ENGAGEMENT

The Company 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.

During the year ended 30 June 2017, the Chairman, the Group Chief Executive and the Group Finance Director, together with the Senior Independent Director, also held a number of meetings with significant shareholders and subsequently briefed the Board on issues discussed at these meetings.

Following the full year and half-yearly results' announcement in September 2016 and February 2017, the Chairman, Group Chief Executive and Group Finance Director met current and potential significant shareholders. This included visits to London, the United States of America and Canada and feedback from these meetings was independently collated and disseminated to the Board.

The Annual General Meeting takes place at a venue close to the Company's Head Office. All Directors attended the Annual General Meeting on 9 November 2016. Shareholders are encouraged to attend the 2017 Annual General Meeting, which represents an opportunity for all shareholders attending to ask questions formally during the meeting and informally afterwards to the Company's Directors.

Formal notification of the 2017 Annual General Meeting is sent to Shareholders at least 21 working days in advance.

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

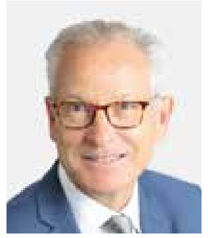
GRAHAM COPE
Company Secretary

4 September 2017

GOVERNANCE REPORT

Audit Committee Report

"The 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

COMMITTEE MEMBERSHIP AND MEETINGS

The four Members of the Committee are Independent Non-Executive Directors. Nick Hewson is Chairman of the Committee and is a Fellow of the Institute of Chartered Accountants in England and Wales. Biographies of the Members of the Committee can be found on pages 62 to 63.

The Board believes that Nick Hewson has the requisite financial qualifications and experience to chair the Committee and the balance of the Committee has the appropriate level of experience to fulfil its Terms of Reference and the requirements of the Corporate Governance Code.

The Group Finance Director and Finance Director – Group Services attend meetings by invitation and both were present at all the meetings in the year ended 30 June 2017. The external Auditors, PricewaterhouseCoopers LLP ("PwC"), and the Finance Director (Operations) who has the responsibility for Internal Audit of the Company, were also in attendance at all meetings.

Table of Attendance

Name	Role	Attendance at Meetings
Nick Hewson	Chairman	3/3
Debbie Hewitt	Member	3/3
Liz Peace	Member	3/3
Sir Michael Lyons	Member	2/3

The Committee met three times in the year ended 30 June 2017 and a summary of the principal activities of the Committee are listed below.

Detailed papers and information were circulated sufficiently in advance of meetings to allow proper consideration of the matters for discussion. The Committee has also had the opportunity to meet separately with the external Auditors and Internal Audit following the final audit and the review of the year ended 30 June 2017 financial statements. No matters of concern were raised within these discussions. The Committee Chairman has also met with the Engagement Partner of the external Auditors and the Finance Director (Operations) to discuss Internal Audit matters. The Group Company Secretary acts as Secretary to the Committee.

RESPONSIBILITIES AND TERMS OF REFERENCE

The key responsibilities of the Committee are:

- monitoring the integrity of the financial statements of the accompanying reports to the shareholders and Corporate Governance Statements including reviewing the findings of external Auditors;
- reviewing and monitoring the effectiveness of systems for internal control, financial reporting and risk management;
- reviewing and overseeing the effectiveness of Internal Audit;
- making recommendations to the Board in relation to the appointment and removal of external Auditors and approving the remuneration and terms of engagement; and
- reviewing and monitoring the external Audit process and independent activity of the Auditors as well as the nature and scope of the external Audit and its effectiveness.
- reviewing the Company's procedures for detecting fraud and the adequacy of its systems and controls for the prevention of bribery.
- reviewing the Company's procedures for raising concerns.

The Committee's Terms of Reference are available on the Company's website (redrowplc.co.uk).

AUDIT COMMITTEE REPORTING ON SIGNIFICANT ISSUES

The primary areas of judgement which were considered by the Committee and how these were addressed is set out below.

VALUATION OF INVENTORY

The Committee receives a paper prepared by management at each reporting date outlining the approach taken by management to assess the net realisable value of inventories together with details of sites with significant areas of judgement and any forward land against which provisions have been made. The Group Finance Director and Finance Director – Group Services attend meetings by invitation to answer any questions the Committee may have.

The Committee also annually reviews the internal controls that are in place and reviews the findings of PwC's testing of controls and processes for estimating as well as the adequacy of disclosures that management propose to be made in financial statements.

DEFINED BENEFIT PENSION SCHEME VALUATION

The Committee receives details of the IAS 19R – Employee Benefits valuations carried out at each reporting date for management by the actuary who advises the Company and the underlying assumptions. A sensitivity analysis is also provided for its consideration. The Committee also receives details of the triennial independent scheme valuation report prepared by the Scheme Actuary and reviews key judgement areas made including relevant actuarial advice that has been received. In addition the Committee also reviews the findings of PwC's testing of pension scheme assets and liabilities.

MAIN ACTIVITIES DURING THE YEAR

The Committee followed a programme which is structured around the annual reporting cycle and received reports from Internal Audit, the external Audit and management.

The principal activities undertaken were as follows:

September 2016	A review of the full year 2016 results including the Annual Report and a report from the external Auditors; and Consideration of the Group risk assessment process, viability statement and a going concern review.
February 2017	A review of the 2017 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 external Audit strategy for 2017 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 2017	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 the Group's Anti-Bribery Policy; A review of internal controls across the whole business; An update on Internal Audit, its strategy and a review of the Internal Audit timetable for 2018; and Further discussions regarding the future tendering of the external Audit in compliance with the Order of the Competition and Markets Authority. Undertook a Performance Evaluation of the Committee.
September 2017	A review of the full year 2017 results, including the Annual Report and a report from the external Auditors; and Consideration of the Group risk assessment process, viability statement and a going concern review.

AUDIT INDEPENDENCE

PwC were appointed Auditors in 1999 having succeeded Coopers & Lybrand who were appointed in 1987. The current Audit Partner from PwC commenced his tenure following the conclusion of the year ended 30 June 2015 audit.

At its meeting in February 2017 the committee considered whether to retain PwC as auditor and concluded that, in view of the quality of service provided and the cost effectiveness of the work carried out, it would be appropriate to retain them. The Committee confirms that there were no contractual obligations that acted to restrict the Committee's choice of external Auditors.

Following the Order of the Competition and Markets Authority in relation to FTSE 350 companies which will require the Company to change its statutory auditor for the June 2021 audit at the latest, the Committee has had further discussions regarding its future policy, strategy and timing for tendering of the external Audit. The Committee will keep the performance of the Auditors under review and will have completed a tender to have new auditors in place for the year ending 30 June 2021, or earlier.

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.

GOVERNANCE REPORT

Audit Committee Report continued

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.

Details of fees paid to PwC are disclosed on page 123.

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 system can only provide reasonable but not absolute assurance against material misstatement or loss.

Key business activities, including finance, land acquisition, product design, and 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, Regional Chief Executives, Group Human Resources Director, Group Sales and Marketing Director, Group Communications Director and Group Development Director ("the Executive Management Team") meet monthly to discuss the Group's key issues, risks and opportunities. The Divisions also hold monthly board meetings which are attended on a rotational basis by the Executive Directors.

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 environment management. The department works closely with the Divisions 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 are tested.

Throughout the year, the Committee has carried out assessments of internal control by considering documentation from the Executive Directors and the internal audit function as well as taking into consideration events since the year end. The internal controls extended to the financial reporting process and the preparation of consolidated accounts. The basis for the preparation of consolidated accounts has been undertaken in accordance with the Company's Accounting policies as set out on pages 118 to 122.

The Committee therefore confirms that it is satisfied that the system of controls has been in operation throughout the financial year and up to the date of this report.

RISK REGISTER

The Group formally reviews its prioritised Risk Register every year. The updated and reviewed Risk Register is then discussed and approved by the Committee. 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 for 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 and these reports are then discussed at the next Committee meeting. In addition the Committee at its meetings reviews the progress made by the relevant Division, following the completion of a Business Process Review, against the internal audit process.

The Company has introduced a new business planning process whereby each land transaction, following completion of the development, is tested against its original appraisal to ascertain its performance and to improve cash flow forecasting. These Post Completion Reports are provided to the Committee and are discussed at each meeting.

WHISTLEBLOWING

The Group has a widely publicised Whistleblowing Policy which enables employees and other stakeholders to raise concerns in confidence. The Committee has arranged to receive reports on all occasions when such issues are raised under this policy. The Whistleblowing Policy is formally reviewed and approved each year by the Committee.

BRIBERY ACT

Following the introduction of the Bribery Act 2010 the Company put in place a policy on bribery and corruption for all employees to strictly adhere to. The Company Secretary ensures that the policy is complied with, updates the policy, procedures and company code of practice as and when required and provides regular reports to the Committee. The Bribery Act policy is formally reviewed and approved each year by the Committee.

Training is given to all staff to highlight the various forms of bribery and all new staff attend an induction course at the commencement of their employment which includes a section relating to bribery and the implication on individuals and the company of an act of bribery either given or received. Every year, through its new internal e-learning facility, each employee will be required to complete a mandatory compliance test which reminds each employee of their obligations.

PERFORMANCE EVALUATION

The Committee completed a performance evaluation during the financial year by the members of the Committee and those who regularly attend by invitation, including the External Auditor, completing a self-assessment questionnaire and a report compiled by the Group Company Secretary from the results was presented to the Committee and discussed. The Committee was found to be effective and it was concluded that the Committee had fulfilled its remit and had in place appropriate Terms of Reference.

NICK HEWSON
Chairman of the Audit Committee

4 September 2017

GOVERNANCE REPORT

Nomination Committee Report

"The Committee reviews the size, structure, balance and composition of the Board, oversees Board and Senior Executive succession planning and identifies and nominates for approval candidates to fill Board vacancies."

DEBBIE HEWITT
Chairman of the Nomination Committee

COMMITTEE MEMBERSHIP AND MEETINGS

All Members of the Committee are Independent Non-Executive Directors with Debbie Hewitt, the Senior Independent Director being Chair of the Committee. The other Members of the Committee during the period ending 30 June 2017 were Nick Hewson, Liz Peace and Sir Michael Lyons. The biographies of the Members of the Committee can be found at pages 62 to 63.

Table of Attendance

Name	Role	Attendance at Meetings
Debbie Hewitt	Chairman	2/2
Nick Hewson	Member	2/2
Liz Peace	Member	0/2
Sir Michael Lyons	Member	2/2

The Committee met two times during the year ended 30 June 2017. For all meetings, papers were circulated sufficiently in advance to allow proper consideration of all matters for discussion. The Group Company Secretary acts as Secretary to the Committee. Liz Peace did not attend the Committee meetings due to her conflict of interest, as a new Non-Executive Director was being discussed, but her apologies were noted.

RESPONSIBILITIES AND TERMS OF REFERENCE

The key responsibilities of the Committee are:

- reviewing the structure, size and composition of the Board (including skills, knowledge and experience) and making recommendations for further recruitment to the Board or proposing changes to the existing Board;
- reviewing the leadership needs of the Company, both executive and non-executive, ensuring appropriate succession planning for directors and other senior executives within the business;
- leading the process for Board appointments ensuring they are conducted on merit and against objective criteria;
- making recommendations to the Board, including on appointment of Executive and Non-Executive Directors to the Board, the re-appointment of Directors, the re-election of Directors at the Annual General Meeting and the membership of the Audit, Nomination, Remuneration and Sustainability Committees;
- ensuring that a formal structured and tailored induction programme is undertaken by any newly appointed member of the Board;
- reviewing annually the time required from the Non-Executive Directors;
- satisfying itself with regard to succession planning for the Board and senior management, taking into account the challenges and opportunities facing the Company and future skills and expertise needed on the Board including development and training; and
- ensuring suitable candidates for the Board are identified through an appropriate recruitment process, giving due regard to the benefits of diversity, including gender and ethnicity, and recommended for appointment.

The Committee's Terms of Reference are published on the Group's website (redrowplc.co.uk).

MAIN ACTIVITIES DURING THE YEAR

During the year to 30 June 2017 the Committee undertook the following activities:

- a review of the structure, size and composition of the Board;
- a review of executive succession. The Committee concluded that the present Board balance and composition remains appropriate but that it will be kept under review;
- undertook the recruitment process for the appointment of a new Non-Executive Director;
- recommended that the Directors stand for re-election at the 2017 Annual General Meeting in accordance with UK Corporate Governance Code; and
- reviewed the Committee's Terms of Reference.

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

SUCCESSION

The Board considers that succession planning of the Board and its Committees is extremely important and believes that it currently has a good balance and diversity among its Non-Executive Directors with each of them having relevant skills derived from serving in a range of executive and non-executive positions over many years.

The Committee decided that it needed to plan for the long term succession of Non-Executive Directors, recognising best practice which advises that Non-Executive Directors should ideally hold a Board position for no longer than nine years and also to plan for the succession of the Chair of the Remuneration Committee where best practice requires the Chair of this Committee to sit on the Committee for a year prior to taking up the Chair role.

During the year, the Committee appointed Stark Brooks Associates Limited, an executive search consultancy, to assist in the recruitment of a new Non-Executive Director. Stark Brooks knows the Company well, having over the years assisted the Company in a limited number of appointments at senior level in the business, below Board level. The Committee notes that Stark Brooks is a related party to the Company as the Chairman's wife holds more than ten per cent of Stark Brooks shares and she is the Executive Chair of the group. The setting of fees, which were externally benchmarked, was handled independently by the Committee.

Following an extensive due diligence process, the Board appointed Vanda Murray with effect from 1 August 2017. Vanda Murray has substantial Non-Executive Director and Remuneration Committee experience. She is Chairman of Fenner plc and holds non-executive roles with Bunzl plc, Manchester Airports Group and Just Childcare Ltd. She is also Pro-Chancellor at Manchester Metropolitan University and a Board member of The Manchester Growth Company. She has also previously held non-executive directorships at Carillion plc, Exova plc and Microgen plc.

Debbie Hewitt will complete nine years as a Non-Executive Director of the Company on 19 August 2018 and will retire from the Board during 2018. The Company will seek to appoint a new Non-Executive Director during the course of the financial year to replace her.

DIVERSITY

The principle of boardroom diversity is strongly supported and recognised by the Board. It is the Board's policy that appointments to the Board will always be based on merit, so that the Board has the right individuals in place, and recognises that diversity is seen as an important consideration as part of the selective criteria used to assess candidates to achieve a balanced Board. Current female representation on the Board is 43%.

The Board believes in the benefits of cognitive diversity, from a wide range of complementary skills. The Committee will continue to aspire to maintain a diverse Board with recruitment and selection of talented individuals and with a broad range of appropriate skills, irrespective of gender.

The Group Human Resources Director attends the monthly Executive Management Team meetings and provides a monthly people report which provides key statistics on Group employees as well as providing updates on employee engagement and recruitment. She reports to the Nomination Committee at least twice a year to update on progress.

PERFORMANCE EVALUATION

The Committee members completed a performance evaluation during the financial year and a report was presented by the Secretary to the Committee and discussed. The Committee was found to be effective and it was concluded that the Committee had fulfilled its remit and had in place appropriate Terms of Reference.

The 2017 Board evaluation recognised that further work was required for long term succession planning of the Board and senior management. In addition to the changes that have already been undertaken the priorities for the coming year are to oversee the Executive development of the next line of reports to the Group Chief Executive, ensuring that there is robust executive succession planning in place and also to oversee the change in Non-Executive Directors, ensuring the Chairmanship and membership of the various Committees are properly constituted.

DEBBIE HEWITT
Chairman of the Nomination Committee

4 September 2017

GOVERNANCE REPORT

Sustainability Committee Report

"The Committee ensures that the Group lives up to high environmental and place-making standards and delivers on its commitment to create socially and economically sustainable communities."

LIZ PEACE
Chairman of the Sustainability Committee

COMMITTEE MEMBERSHIP AND MEETINGS

The Members of the Committee during the Financial Year comprised Liz Peace, who was Chair of the Committee and Nick Hewson, Independent Non-Executive Director, Warren Thompson, Northern & Central Regional Chief Executive, Robert MacDiarmid, Group Research and Sustainability Director, and Karen Jones, Group Human Resources Director.

Liz Peace retired from the Board on 31 August 2017 and was replaced by Sir Michael Lyons on 1 September 2017 as Chair of the Committee.

Matthew Pratt stood down as a Member during the course of the year ended 30 June 2017 and was replaced by Warren Thompson.

The Committee was on 1 September 2017 renamed the Placemaking and Sustainability Committee.

Table of Attendance

Name	Role	Attendance at Meetings
Liz Peace	Chairman	3/3
Nick Hewson	Member	3/3
Matthew Pratt	Member	2/2
Warren Thompson	Member	1/1
Robert MacDiarmid	Member	3/3
Karen Jones	Member	3/3

The Committee met three times during the year ended 30 June 2017. For all meetings, papers were circulated sufficiently in advance to allow proper consideration of all matters for discussion. The Group Company Secretary acts as Secretary to the Committee.

RESPONSIBILITIES AND TERMS OF REFERENCE

The key responsibilities of the Committee are:

- to develop and monitor the Company's approach to sustainability and to review and approve the sustainability targets proposed by management;
- to assess the impact of the Company operations on the environment and communities affected by its activities, including the consideration of policies to enhance the benefits of those activities and mitigate any negative impact of those activities;
- to have regard to environmental corporate social responsibility and community issues, including environmental management systems, waste management systems, recycling and energy management;
- to ensure that the Group Sustainability Director produces in advance of each meeting a sustainability performance scorecard to assist the Committee to more clearly evaluate the relationship between the sustainability initiatives in place, or being considered, and the related performance levels being achieved;
- to ensure that the Company supports its people on a learning and development pathway to deliver high quality products and services and to ensure that there is sufficient encouragement and support given to Company employees so that they can realise their capability to contribute to the social, environment and economic health of our communities and having regard to the promoting and maintaining the highest degree of physical, mental and social well-being in the workplace;
- to ensure that the Company continues to be an employer of choice in the industry, valuing and respecting its diversity; providing both advantage, and equality of opportunity in recruitment, development, recognition and reward;
- to review the Company's policies and reporting with regard to personnel recruitment, development and succession planning to ensure a sustainable and engaged workforce;
- to have regard to the Company's involvement in the community, and the Company's policy on charitable donations and activities; and
- to have regard to the Company's developments in customer engagement and service to ensure its values are upheld.

The Committee regularly reviews its Terms of Reference; these were last reviewed in May 2017 and are published on the Group's website (redrowplc.co.uk)

MAIN ACTIVITIES DURING THE YEAR

During the year ended 30 June 2017 the principal activities of the Committee were as follows:

- evaluated the deployment of a reporting platform which is enabling more efficient and effective sustainability data collection and reporting across the Company;
- monitored the transition of the Company's environmental management system from BS8555 to BS EN ISO 14001:2015;
- monitored the work being undertaken across the Company as part of the Pathfinder programme, where employees volunteer on projects addressing health and wellbeing, community support and biodiversity;
- supported a series of workshops which brought together the design and planning teams across the Company. The purpose of which was to develop a set of design principles that better articulated our proven approach to Placemaking;
- monitored and reviewed the Company's response to environmental legislation and regulation, ensuring the appropriate risk mitigation controls were being implemented, monitored and evaluated;
- monitored the suitability of internal and external communication of sustainability related activities. Methods of communication included internal magazines, Companywide briefings and updates to the Company's website;
- approved research and the production of a subsequent report entitled 'Creating Britain's New Communities', to raise awareness of the importance of creating sustainable and thriving communities to consumers, the wider industry and Government;
- approved the Company's involvement in a programme with Young Enterprise, a leading charity that empowers young people to harness their personal and business skills. The goal of the programme, which will reach approximately 900 young people, is to raise the profile of housebuilding and highlight the range of career choices within the industry; and
- endorsed the Company becoming partners in the Supply Chain Sustainability School, which is an award-winning initiative providing free learning and development support to our supply chain partners to address sustainability issues.

PERFORMANCE EVALUATION

The Committee members completed a performance evaluation during the financial year and a report was presented by the Secretary to the Committee and discussed. The Committee was found to be effective and it was concluded that the Committee had fulfilled its remit and had in place appropriate Terms of Reference.

GRAHAM COPE
Secretary to the Committee
for and on behalf of the Sustainability Committee

4 September 2017

GOVERNANCE REPORT

Directors' Remuneration Report

"I am pleased to present the Directors' Remuneration Report for the year ended 30 June 2017."

DEBBIE HEWITT
Chairman of the Remuneration Committee

Our current Directors' Remuneration Policy was approved by shareholders at our Annual General Meeting (AGM) in 2014. We will therefore be seeking shareholder approval for our new Remuneration Policy (set out on pages 79 to 86 of this report) at the AGM on 9 November 2017.

The Annual Remuneration Report (pages 86 to 97) provides details on the remuneration we paid in respect of 2017 and our approach going forward. It will be submitted to an advisory shareholder vote at the 2017 AGM.

POLICY REVIEW

Since the Policy was last approved in 2014, the business has grown, more than doubling revenue, PBT, market capitalisation and introducing a progressive dividend policy and as a result, outperforming peers in our industry.

As part of this review, the Remuneration Committee has taken the opportunity to benchmark the remuneration framework of our Executive Directors and to update the Policy, to ensure it reflects our growth strategy and developments in best practice. We have consulted fully on this with shareholders and with various shareholder advisory groups.

The Remuneration Committee concluded that overall, the current principles of Executive remuneration have been successful in driving the exceptional performance that the business has delivered and therefore no material changes to our underlying remuneration principles are proposed. However, we are proposing to make the following adjustments to our approach, to align with best practice and to support our growth plans, including the need to retain and strengthen our leadership team and more closely align them to our shareholders:

- Introduce a minimum two year post-vesting holding period for the LTIP, which will continue to apply post employment;
- Increase the required shareholding guideline from 100% to 200% of base salary. Executives will be required to retain all vested LTIP and deferred bonus shares until they have attained the minimum shareholding guideline;
- Increase the maximum LTIP award to 150% of base salary for the CEO and CFO, which will continue to be subject to stretching EPS and ROCE targets. The additional award of 50% of salary will only apply in respect of the highest level of targets set. i.e. our threshold and intermediate vesting points will remain at 20% and 60% of salary;
- Improve the disclosure of our bonus targets. We will continue to fully disclose annual bonus targets on a retrospective basis, but will do so in the year in which payment is made rather than on a delayed basis; and
- Finally, the Committee has concluded that this would be appropriate timing to remove the variable pay elements from the Chairman's package and consequently Steve Morgan will not be invited to participate in the 2017/2018 annual bonus scheme or granted an LTIP in 2017.

During the review, the Committee also considered the current policy on pensions in the context of the stated views of some leading investors on the issue of pension provision for senior executives compared to the wider employee base. The Committee believes that the current pension provision at Redrow is not excessive when compared to market practice nor to internal relativities and therefore no change to the Policy is required. The Committee will keep practice and expectations under review in this area.

Under the new Policy, maximum LTIP awards will increase from 100% to 150% of salary. The Committee recognises the concerns investors have around increases to quantum, but considers the proposed award size reasonable and appropriate for our business in the context of our current benchmarking and our ambitious growth plans. The Committee considers market data as a point of reference in assessing market competitiveness, but does not seek to "match the median" of any particular market. However, the Committee noted that the previous combined annual bonus and LTIP opportunity (200% of salary) positioned Redrow in the lowest 10% of the FTSE 250, while the business is positioned within the upper half of that group. The Committee also noted that the incentive opportunity was significantly lower than in similarly sized housebuilding peers (and will remain lower even after the increase to LTIP levels). The Committee considered it most appropriate to address this via an increase to the LTIP, rather than the annual bonus, so that the increase was delivered in long-term and performance-related shares which, it considers, are most aligned to shareholders' interests.

We remain committed to an open and transparent dialogue with our shareholders on the subject of executive remuneration and accordingly in developing the revised Policy, we engaged with a number of major shareholders and shareholder advisory groups and their feedback was taken into account by the Committee in finalising the proposed policy changes. We shared those changes with all of those that we consulted with and we received strong support for our proposals from those shareholders that engaged with us.

OUR PHILOSOPHY – ALIGNING REWARD WITH PERFORMANCE

Our Remuneration strategy remains unchanged – it is designed to reflect the needs of a UK based, capital intensive house builder, with ambitious growth plans. We make long-term investments, which are differentiated by the constant innovation and quality of our product. Successfully acquiring land, achieving planning consent, opening outlets, building quality homes and selling and handing them over on time, are all critical success factors and feature as part of our management incentive programmes.

We adopt clear, simple and market competitive remuneration arrangements. The alignment of executive remuneration with the objectives of our shareholders has been the principal focus, ensuring remuneration structures are fully attuned to the business strategy. We aim to balance the short, medium and long term components of our remuneration, to ensure that we motivate and retain our executives and keep them focused on delivering long term, sustainable growth. The annual bonus encourages performance in key areas of strategic focus for the business and the Long Term Incentive Plan (LTIP) reflects our market related growth and return ambitions.

Based on these principles, our remuneration framework going forward (which is reflected in the Remuneration Policy on pages 79 to 86) includes the following components:

Fixed Components	Proposed Variable Components	
Salary / Benefits / Pension	Annual Bonus	LTIP
Market competitive	**Maximum 100% of salary**	**Maximum 150% of salary**
– Reflect nature of role, and skills and experience	– Balanced scorecard of key performance measures – for example, PBT, ROCE, land bank, outlet openings – Full and immediate retrospective disclosure of targets – 50% deferred into shares – half vest after one year and half after two years – Cash and shares subject to clawback for five years following payment / vesting	– Based on stretching long-term EPS and ROCE targets – Subject to clawback for five years following vesting – Subject to an additional holding period of two years following vesting (including post-employment)
	Shareholding guidelines	
	200% of salary to be built up over five years from appointment	

Directors' Remuneration Report continued

2017 OUTCOMES – AN OUTSTANDING YEAR

As described in detail on pages 1 to 57 of this Annual Report, 2017 was another outstanding year for Redrow, which saw:

- Record profit before tax of £315m, up 26%
- Revenue of £1.7bn, up 20%
- Earnings per share increasing to 70.2p
- ROCE increasing to 26.0%
- Closing private order book increasing to £915m
- Dividend up 70% to 17p

The alignment between performance and reward which underpins our executive remuneration framework, is reflected in the outcomes for the annual bonus and LTIP:

- Based on exceptional performance, with the targets for maximum payment exceeded for all four of the annual bonus measures (PBT, ROCE, land bank, order book), the Committee determined that the annual bonus should pay out at the maximum level of 100% of salary for all of the Executive Directors. 50% of this will be paid in shares and half of these will be deferred for a period of one year and the remaining half deferred for two years; and
- EPS of 70.2p and ROCE of 26.0% in 2017 were both significantly above the targets for maximum vesting of 63.6p and 22.0%, respectively. The Committee therefore determined that the 2014 LTIP award should vest in full on 8 September 2017.

As per the Policy review outlined above, reflecting investor feedback on our previous approach of retrospectively disclosing on a delayed basis, our policy going forward will be to disclose annual bonus targets in the year to which the payment relates, subject to the Committee being comfortable that the targets are no longer commercially sensitive. This new approach applies immediately and the 2017 targets are disclosed on pages 88 to 90 (as well as the previously undisclosed 2015 and 2016 targets).

The Committee is aware that the annual bonus and LTIP have vested at maximum levels for four consecutive years. This reflects the consistently exceptional performance of the business over these recent periods, in terms of strategic execution, financial performance and the returns delivered to shareholders, on an absolute and relative basis. We have and will continue to, set very stretching target ranges for our incentive awards. Shareholders will note from our disclosure that the targets set were stretching and reflected outperformance in market terms for financial returns and for the strategic objectives of a quality land bank and strong order book.

REMUNERATION DECISIONS FOR 2018

The Committee has decided to award salary increases to the Chairman, Group Chief Executive and Group Finance Director of 2.5%, effective from 1 July 2017. The average increase for all other employees across the business was 3.3%.

The annual bonus and LTIP will operate in line with the new Policy, subject to shareholder approval. The annual bonus will continue to be based on a balanced scorecard of performance measures – PBT, ROCE, a measure based on the number of outlets opened and land acquired. The EPS and ROCE target ranges for the 2017 LTIP award are set out on page 87 of this report. It is intended that targets will be disclosed next year in line with our new approach.

Further, following the feedback we received from our independent shareholders during the consultation on our new policy, the Committee has concluded that this would be appropriate timing to remove the variable pay elements from the Chairman's package and consequently Steve Morgan will not be invited to participate in the 2017/2018 annual bonus scheme nor granted an LTIP in 2017.

SHAREHOLDER ENGAGEMENT

We remain committed to an ongoing and transparent dialogue with our shareholders on the issue of executive remuneration. As explained above, in developing our proposed policy, we engaged with a number of our major shareholders and shareholder advisory groups and their feedback was taken into account by the Committee in finalising the policy.

Last year, 99.78% of votes cast were in favour of the Remuneration Report. We look forward to receiving your continued support on our approach to remuneration policy and practice at this year's Annual General Meeting.

DEBBIE HEWITT
Chairman of the Remuneration Committee

This report has been prepared in accordance with the UK Corporate Governance Code, the relevant provisions of the Listing Rules and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

THE REMUNERATION POLICY

This Remuneration Policy, determined by the Redrow Remuneration Committee ("the Committee"), will be effective following shareholder approval at the 2017 Annual General Meeting.

Changes to the Remuneration Policy

The Remuneration Committee concluded that overall the current principles of Executive remuneration have been successful in driving the exceptional performance that the business has delivered and therefore no material changes to our underlying remuneration principles are proposed. However, we are proposing to make a number of adjustments to our approach, to align with best practice and to support our growth plans, including the need to retain and strengthen our leadership team and more closely align them to our shareholders.

The key changes between this Policy and the previous policy, which was approved at the 2014 AGM, are as follows:

- The introduction of a two-year post-vesting holding period for the LTIP, applying to awards granted from 2017. The post-vesting holding period will continue to apply in the event of cessation of a "good leaver";
- The Executive shareholding guidelines have been increased from 100% of salary to 200% of salary. Executives will be expected to retain all LTIP and deferred bonus shares on a net of tax basis until they meet their guideline;
- To reflect the increased size and scale of the business the normal LTIP award granted in respect of a financial year will be increased to 150% of base salary; and
- To remove the award of variable incentives from the Chairman's package.

In addition to the changes set out above a number of minor changes have been made to the Policy that do not affect its scope.

Future Policy Table for Executive Directors

Component	Purpose/link to strategy	Operation	Maximum	Performance framework
Base Salary	To provide a market competitive element of fixed remuneration to attract and retain leaders of the required calibre to deliver the strategy.	Salaries are determined by the Committee taking into account all relevant factors such as: the size and complexity of the Company, the scope and responsibilities of the role, the skills and experience of the individual, and performance in role. The Committee's assessment of the competitive market positioning of base salaries is based on consideration of market data from UK companies of similar size and complexity, and companies in the house-building sector. Salaries are normally reviewed annually, with any changes effective at the start of the financial year.	There is no prescribed maximum salary. Any salary increases will normally be in line with those of the wider workforce. The Committee has discretion to award larger increases where it considers this appropriate, such as to reflect (for example): – a significant change in the size and complexity of the Company; – an increase in scope and responsibility of the role, or a change in role; – an Executive Director being moved to market positioning over time; and – an Executive Director falling below competitive market positioning.	N/A

Directors' Remuneration Report continued

Future Policy Table for Executive Directors continued

Component	Purpose/link to strategy	Operation	Maximum	Performance framework
Benefits	To provide a market competitive benefits package to support the Director in fulfilling their role.	Benefits may include: a company car (or equivalent cash allowance), private medical insurance, permanent health insurance, fixed term group income protection and a death in service benefit, and where appropriate any tax payable thereon. Executive Directors may also participate in all-employee share plans on the same basis as other employees. The Committee has discretion to include, where it considers it appropriate to do so, other benefits to reflect specific individual circumstances, such as housing, relocation, travel, or other expatriate allowances.	Benefit provision, for which there is no prescribed monetary maximum, is set at an appropriate level for the specific nature and location of the role. Participation in all employee share plans is subject to statutory limits.	N/A
Pension	To provide a market competitive element of fixed remuneration for retirement planning.	Individuals are eligible to participate in the Company's Defined Contribution (DC) pension scheme or receive a pension allowance cash supplement. Executive Directors who are members of the Company's Defined Benefit (DB) pension scheme will continue to receive benefits under the terms of that scheme. There will be no new entrants or accrual of future benefits under the DB scheme.	The maximum DC contribution/cash supplement (in respect of a financial year) is 20% of base salary.	N/A

Component	Purpose/link to strategy	Operation	Maximum	Performance framework
Annual Bonus	A variable pay opportunity which motivates and rewards annual performance and delivery of the strategy on an annual basis. Deferral aligns reward with long term value of Redrow shares.	The Committee determines participation levels each year. Targets are set by the Committee at the start of the relevant financial year and are assessed following the year end. A portion (currently 50%) of any bonus earned will be deferred into Redrow shares, which are awarded in the form of nil-cost options which vest after a period set by the Committee. Currently, half of the deferred shares vests after one year and half after two years, subject to continued employment. Following exercise of a vested deferred share award, participants will be entitled to receive an amount equal to the aggregate of any dividends which they would have been entitled to receive as a shareholder during the period between the grant and satisfaction of the award. In future years, the Committee retains the discretion to change the deferred amount and/or lengthen the deferral period. Where appropriate, the Committee may determine that deferral is in the form of an equivalent cash award (which in all other respects mirrors the terms of the deferred share awards). Clawback provisions apply to both the cash and deferred elements.	100% of salary.	Performance is assessed against key financial and operational performance measures linked to the delivery of the strategy and shareholder value determined each year by the Committee. The current performance measures are: – 25% based on profit before tax (PBT); – 25% based on return on capital employed (ROCE); – 25% based on land bank; and – 25% based on outlet openings The Committee retains discretion to adjust the measures and/or weightings in future years to reflect prevailing financial, strategic and operational objectives of the business or of the individual. However, a minimum of 50% of the total will always be based on key financial measures. No bonus will be payable for performance below threshold levels set by the Committee. The Committee has discretion to adjust the level of pay out if the outcome from a formulaic assessment does not appropriately reflect underlying business performance.
Long Term Incentive Plan (LTIP)	Designed to motivate and reward long-term performance and delivery of the strategy, and provide alignment with Redrow shareholders.	Awards may be made under the Redrow plc 2014 Long Term Incentive Plan (LTIP). Awards are normally in the form of nil-cost options. The Committee may also determine that awards are made in the form of conditional share awards or as an equivalent cash award (which in all other respects mirrors the terms of the LTIP). Awards normally vest subject to the satisfaction of performance conditions measured over a period of at least three years. Vested award will normally be subject to an additional holding period of two years. Clawback provisions apply. Awards may incorporate the right to receive (in cash or shares) the aggregate value of dividends paid on vested shares between the vesting date and the date on which the awards are released following the holding period, on such basis as the Committee may determine, which may assume the reinvestment of these dividends in shares on a cumulative basis.	The maximum award which may be granted in respect of a financial year will normally not exceed 150% of salary. However, in exceptional circumstances only, the Committee may make awards of up to 200% of salary.	The LTIP is based on performance measures aligned to the creation of long-term shareholder value, measured over a performance period of at least three years. The current performance measures are: – 50% based on earnings per share (EPS); and – 50% based on return on capital employed (ROCE) For threshold performance, 20% of salary would normally vest. The Committee retains discretion to include additional or alternative financial performance measures and/or adjust the weightings in future years to reflect prevailing strategic or operational objectives of the business aligned with shareholder value creation. Performance conditions applicable to LTIP awards may be amended if an event occurs which causes the Committee to consider that an amended performance condition would be more appropriate and not materially less difficult to satisfy.

GOVERNANCE REPORT

Directors' Remuneration Report continued

Future Policy Table for Executive Directors continued

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Remuneration Policy set out above where the terms of the payment were agreed (i) before 10 November 2014 (the date the Company's first shareholder-approved Remuneration Policy came into effect); (ii) before the Remuneration Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Remuneration Policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes "payments" includes the Committee agreeing awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

The Committee may make minor amendments to the Remuneration Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval.

Choice of performance measures and target setting

For the annual bonus and LTIP, performance measures are chosen which help to drive and reward the achievement of the Group's strategy and also provide alignment between employees and shareholders. The Committee reviews measures each year to ensure they remain appropriate and reflect the future strategic direction of the Group.

Targets for each performance measure are set by the Committee with reference to internal plans and external expectations. Performance is measured on a 'sliding scale' so that incentive payouts increase pro-rata for levels of performance in between the threshold and maximum performance targets.

Differences in pay policy for employees and Executive Directors

The principles applied to the remuneration of Executive Directors are essentially the same as those for the Company. The difference between pay for Executive Directors and employees is that for Executive Directors the variable pay element forms a greater proportion of the overall package and the total remuneration opportunity is higher to reflect the increased responsibility of the role.

While remuneration practices vary across the full employee population, they are based on the same broad principles which underpin the policy for Executive Directors set out above. For example:

- Remuneration packages should be sufficient to attract and retain the calibre of talent necessary to deliver the strategy for shareholders;
- A significant number of Group employees are eligible to participate in bonus or incentive arrangements designed to drive a shared responsibility for delivering performance for shareholders;
- Redrow operates a number of share incentive plans to encourage employee share ownership and align employees with the interests of shareholders. The deferred bonus plan is cascaded to senior management. All employees are entitled to participate in the Save As You Earn (SAYE) share option plan under which employees are granted options and encouraged to save in order to invest in Company shares; and
- All employees are eligible to participate in the defined contribution pension scheme.

Executive shareholding guidelines

Under the proposed shareholding guidelines going forward, Executive Directors are expected to build and retain a shareholding in the Group at least equivalent to 200% of base salary. Until the shareholding guideline has been met Executives will be required to retain all deferred bonus shares and LTIP shares on a net of tax basis.

Clawback

For awards under the annual bonus plan (including deferred share awards) made in respect of the 2015 financial year onwards and awards under the 2014 LTIP, the Committee has discretion to claw back awards in the event of a material misstatement of the Company's audited financial results or employee misconduct.

In such circumstances, at any time prior to the fifth anniversary of the payment of any cash bonus or vesting of a deferred bonus/ LTIP award, the Committee has discretion to:

- reduce, cancel or impose further conditions on outstanding deferred bonus/LTIP awards; or
- require the participant to repay (in cash or shares) some or all of the value delivered from a deferred bonus/LTIP awards; and/or
- require the participant to repay some or all of any cash bonus received.

Where a charitable donation has been made in accordance with the Remuneration Policy, see page 86, clawback will not apply.

For deferred bonus plan awards granted prior to the 2015 financial year, if a participant's gross misconduct has resulted in the material misstatement of the Group accounts (or the accounts of one of its members), any unexercised awards will lapse immediately and the participant will forfeit any shares previously acquired under awards made under that plan.

Corporate events

Unvested awards under the deferred bonus plan and LTIP will normally vest early in the event of a takeover or winding-up of the Company and, in the case of the deferred bonus plan, if the Company goes into administration or a voluntary arrangement is proposed with its creditors. In these circumstances, deferred bonus awards vest in full and LTIP awards vest taking into account the relevant performance conditions and, unless the Committee determines otherwise, time pro rating to reflect the proportion of the performance period that has elapsed. Awards may also be rolled over for equivalent awards in a different company.

If the Company is or is likely to be affected by a demerger, special dividend, delisting or other event which in the Committee's opinion, may affect the current or future value of the Company's shares, the Committee may allow some or all of the awards to vest. The extent to which LTIP awards vest in these circumstances will be calculated on the same basis as set out above for a takeover.

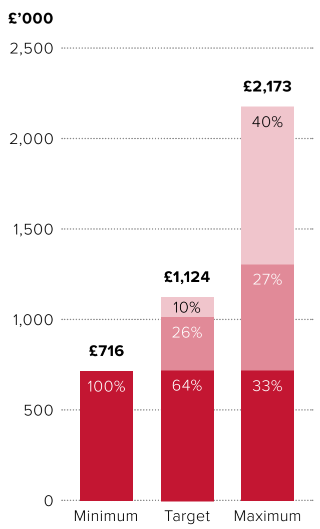
The terms of awards may be (a) in the event of any variation of the Company's share capital, delisting, special dividend or distribution, demerger or other event which may in the Committee's opinion, affect the current or future value of the Company's shares, adjusted or (b) amended in accordance with the plan rules.

Illustration of Remuneration Policy

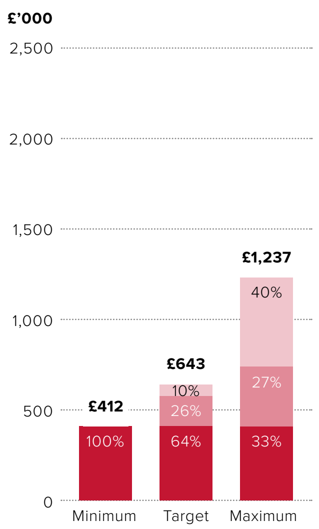
The charts below illustrate the potential value of the remuneration packages for the Executive Directors under the following scenarios (no share price growth is assumed):

- Minimum – reflects fixed pay only (base salary and pension contributions as at 1 July 2017 and benefits included using the disclosed values for the year ended 30 June 2017, except for the Chairman, where it reflects his proposed ongoing position of no variable incentives);
- Target – reflects fixed pay, target bonus (50% of salary) and LTIP awards vesting at threshold (i.e. 20% of salary); and
- Maximum – reflects fixed pay, maximum bonus (100% of salary) and maximum LTIP awards, assuming the proposed Policy is approved (i.e. 150% of salary for the CEO and FD).

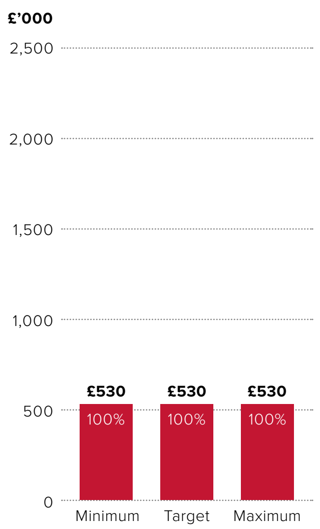
Group Chief Executive
John Tutte



Group Finance Director
Barbara Richmond



Chairman
Steve Morgan



KEY
Fixed pay
Bonus
LTIP

GOVERNANCE REPORT

Directors' Remuneration Report continued

Approach to remuneration for recruitment of a new Executive Director

On the appointment of any new Executive Director, the Committee would seek to offer a remuneration package which can secure an individual with the necessary skills and experience to lead the business and deliver the strategy.

Executive Directors would be appointed within the remuneration framework set out in the Policy Table for Executive Directors. Salaries would typically be set at an appropriately market competitive level to reflect skills and experience, although, if appropriate, the Committee may set salaries towards the lower end of the market range to allow future salary progression to reflect performance in the role. In accordance with the Policy Table, the Committee also has discretion to include other benefits such as housing or relocation benefits, if relevant to reflect specific individual circumstances. The maximum level of variable remuneration which may be awarded (excluding any compensatory awards referred to below) would be as set out in the Policy Table.

Where an individual forfeits outstanding incentive awards with a previous employer, the Committee may offer compensatory awards to facilitate recruitment. These awards would be in such form as the Committee considers appropriate, taking into account all relevant factors including the form, expected value, anticipated vesting and timing of the forfeited awards. The value of any compensatory awards would be no higher, in the opinion of the Committee, than the value forfeited. While cash may be included in the recruitment package to reflect the forfeiture of cash-based incentive awards, the Committee does not envisage that substantial "golden hello" cash payments would be offered.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share plans. Share awards may be granted under the Company's LTIP in excess of the limits set out in the Policy Table above to provide compensatory buyout awards only (which may be subject to any performance conditions the Committee considers appropriate), in accordance with the terms above. If necessary, awards may be granted outside of these plans as currently permitted under the Listing Rules, but within the limits set out in this section.

The remuneration package for a newly appointed Non-Executive Director would normally be in line with the structure set out in the Policy Table for Non-Executive Directors.

Service contracts

The service agreements of the Executive Directors are rolling contracts which were entered into on the dates shown in the table below:

Name	Contract date	Notice period from the Director	Notice period from the Company
Steve Morgan	01/01/11	6 months	6 months
John Tutte	01/07/14	12 months	12 months
Barbara Richmond	18/01/10	6 months	12 months

The service agreements provide for formal notice to be served to terminate the agreement, by either the Company or the Executive Director, with the required period of notice shown in the table. The agreements and letters of appointment do not include any provisions for pre-determined compensation for early termination. The Committee may terminate service agreements immediately by making a payment in lieu of notice consisting of base salary, benefits and pension for the unexpired period of notice. At the discretion of the Committee, this payment may be made as instalments over the period, subject to a duty to mitigate, or as a lump sum.

For future appointments, it is the Committee's policy that notice periods will normally be 6 months from both the Director and the Company initially and thereafter, 12 months from both the Director and the Company, and that payments in lieu of notice will comprise no more than base salary, benefits and pension only over the unexpired period of notice.

The Non-Executive Directors' terms of appointment are detailed in formal letters of appointment as shown in the table below. Each appointment is for a fixed initial period of three years although this term is terminable upon either party giving three months' notice.

Name	Position	Date of initial appointment	Current date of appointment
Debbie Hewitt	Senior Independent Director	21/08/09	19/08/15
Nick Hewson	Non-Executive	01/12/12	01/12/15
Liz Peace	Non-Executive	01/09/14	01/09/14
Sir Michael Lyons	Non-Executive	06/01/15	06/01/15
Vanda Murray	Non-Executive	01/08/17	01/08/17

On 3 July 2017, the Company announced that Liz Peace will retire from the Board at the end of her current appointment on 31 August 2017 following her appointment as Chairman of the Old Oak Common Development Corporation. No payments were made to Liz Peace as a result of her retirement from the Board. It also announced the appointment of Vanda Murray as a Non-Executive Director. She joined the Board on 1 August 2017.

Policy on payments following Directors' termination of service

On termination of a Director's contract, the Committee's objective is to agree an outcome which is in the best interests of the Company and its shareholders, taking into account the specific circumstances and performance of the individual, as well as any relevant contractual obligations and incentive plan rules.

As described in the section above, contractual payments in lieu of notice would be limited to salary and contractual benefits and may be made in instalments subject to mitigation.

The Committee has discretion to make a payment under the annual bonus in respect of the year of leaving where an individual is designated a "good leaver" (as described below). In such circumstances, the maximum bonus opportunity would normally be reduced pro-rata to reflect the portion of the year served. Any payment would remain subject to performance against the original targets and, if practicable, would be assessed and paid (in cash) as part of the normal year end assessment process.

Outstanding awards under the deferred bonus plan and the LTIP would be treated in accordance with the relevant plan rules. Under these rules, if the participant leaves as a "good leaver", then the treatment of outstanding awards will be as follows:

- **Deferred bonus:** Nil-cost options will be exercisable for a period of six months following the date of cessation. Options will be exercisable in full unless (for awards made in respect of 2015 and subsequent financial years other than in the case of death) the Committee exercises discretion to reduce the awards pro-rata to reflect the extent to which the vesting period had elapsed at the date of cessation; and
- **LTIP:** Awards will normally continue to the original vesting date although the Committee may determine that awards vest following cessation. Where a holding period applies, awards will normally continue to be subject to that holding period following cessation. Unless the Committee determines otherwise, awards will be reduced pro-rata to reflect the extent to which the performance period has elapsed at the date of cessation. The Committee will decide the extent to which the award vests in these circumstances, taking account of the extent to which the performance condition is satisfied. If an individual dies, their LTIP awards will normally vest shortly following their death and their LTIP awards will only be time pro-rated if the Committee considers it appropriate.

Circumstances in which a participant will be considered a "good leaver" are: death, ill-health, injury, disability, redundancy, retirement or the sale of the individual's employing company or business outside of the Group.

Where an individual leaves the Company for any other reason, deferred bonus and unvested LTIP awards will lapse.

The Committee retains discretion to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment or for any fees for outplacement assistance and/or the director's legal and/or professional advice fees in connection with their cessation of office or employment. The details and rationale for any such payments would be disclosed in the Annual Remuneration Report.

GOVERNANCE REPORT

Directors' Remuneration Report continued

Policy Table for the Non-Executive Directors

Component	Approach of the Company
Non-Executive fees	Fees are determined by the Board excluding the Non-Executive Directors. The fee encompasses a basic fee and supplementary fees for serving on a Board Committee or acting as Senior Independent Director. It may also include supplementary fees for undertaking duties or making a time commitment to Company business beyond the Non-Executive Director's normal role. Expenses incurred in respect of the performance of duties for the Company may be reimbursed or paid for by the Company, including any tax due on such payments. The fees payable to the Non-Executive Directors will not exceed the limit set out in the Company's Articles of Association and will be set at a level which reflects skills, experience, time commitment and appropriate market data.
The Non-Executive Directors do not participate in any bonus or incentive plan, nor do they receive any benefits nor participate in any pension arrangements.	

Consideration of conditions elsewhere in the Company

When setting the Remuneration Policy for Executive Directors, the Committee has regard to the pay and employment conditions of employees within the Company. The Committee did not consult directly with employees when formulating the Remuneration Policy for Executive Directors. The Committee considers salary increases within the business but does not formally consider any other comparison metric.

Consideration of shareholder views

The Committee engaged with all independent shareholders with a shareholding of 0.35% of the company and above (16 Institutions) and 3 shareholder advisory groups, on the development of this Remuneration Policy. Views expressed during this engagement were taken into account by the Committee in finalising the proposals. The Committee subsequently informed all of those consulted of planned changes as a result of the consultation and the final proposed Policy.

Charitable donations

Where an individual waives any current or future right or entitlement to a remuneration payment or other benefit which he would otherwise be eligible to receive under any of the components set out in this Remuneration Policy, the Committee may determine that a charitable donation, which is, in its opinion, equivalent to the value of that payment or benefit, may be made by the Company.

ANNUAL REMUNERATION REPORT

STATEMENT OF IMPLEMENTATION FOR 2018

This section summarises how the Committee intends to operate the Remuneration Policy for the year ending June 2018.

Salary

The Committee's policy on salary increases, as set out in the Remuneration Policy, is that they should normally be in line with increases for employees within the business. This approach has been applied consistently by the Committee over a number of years.

The average increase for all Redrow employees on 1 July 2017 was 3.3%. The Committee decided to award base salary increases for the Executive Directors of 2.5%, effective 1 July 2017, as follows:

£'000	2018	2017	Change
Steve Morgan	**499**	487	2.5%
John Tutte	**583**	569	2.5%
Barbara Richmond	**330**	322	2.5%

Annual bonus

For 2018, the annual bonus will operate on the same basis as for 2017, assessed using the same balanced scorecard of measures as shown on page 89.

In line with the new disclosure policy, it is the current intention that the targets will be disclosed in the FY 2018 Annual Remuneration Report provided the Committee is comfortable they are no longer commercially sensitive.

Following the recent shareholder consultation, the Committee has concluded that this is appropriate timing to remove the variable pay elements from the Chairman's package and consequently, Steve Morgan will not be invited to participate in the 2017/2018 annual bonus scheme.

LTIP awards to be granted during 2018

Subject to shareholder approval of the new Remuneration Policy, LTIP awards in the 2018 financial year will be made at the level of 150% of salary and will be subject to the following stretching EPS and ROCE performance targets, measured over the three year period ending in 2020:

Award vesting level as % of salary (for each component)	EPS for 2020	ROCE for 2020
Nil	Below 80.4p	Below 24.2%
10%	80.4p	24.2%
30%	90.4p	25.7%
75%	104.4p or above	27.2% or above
Vesting between the points above is on a sliding scale basis		

In line with the new Policy, these awards will be subject to an additional two year post-vesting holding period.

Following the recent shareholder consultation, the Committee has concluded that this is appropriate timing to remove the variable pay elements from the Chairman's package and consequently, Steve Morgan will not be granted an LTIP in 2017.

NON-EXECUTIVE DIRECTOR FEES

The Board undertook a review of Non-Executive Directors' fees which had not been reviewed since 2013. The base fee for a Non-Executive Director will increase to £55k p.a. from 1 August 2017. In line with current practice the Company will pay an additional fee of £10k p.a. to Committee Chairs and an additional fee of £10k p.a. to the Senior Independent Director.

OUTCOMES IN RESPECT OF 2017

The tables below set out the remuneration for the Directors in respect of 2017. Further discussion of each of the components is set out on the pages which follow. Where indicated, these disclosures have been audited.

GOVERNANCE REPORT

Directors' Remuneration Report continued

SINGLE TOTAL FIGURE OF REMUNERATION TABLE (AUDITED)

The remuneration of the Executive Directors in respect of 2017 is shown in the table below (with the prior year comparative):

	Salary		Benefits(ii)		Annual bonus(iii)		LTIP(iv)		Pensions (v)		Total	
£'000	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Steve Morgan(i)	15	15	31	36	–	–	–	–	–	–	46	51
John Tutte	569	555	16	16	569	555	1,057	679	114	111	2,325	1,916
Barbara Richmond	322	314	16	16	322	314	597	456	64	63	1,321	1,163

(i) Steve Morgan draws a nominal salary of £15k per annum which he donates via Payroll Giving to The Steve Morgan Foundation, a UK registered charity of which Steve Morgan is a trustee.

The Company also made a donation to The Steve Morgan Foundation of £716k in respect of 2017 (2016: £698k). This donation amount is made up of a notional salary of £472k (being the balance of Steve Morgan's notional salary of £487k less the £15k nominal salary) and £244k (being an amount in respect of the cash annual bonus which Steve Morgan waived his entitlement to). The notional cash bonus represents half of the total bonus for 2017, calculated using the notional salary of £487k and a bonus percentage of 100% of maximum, equivalent to that earned by John Tutte and Barbara Richmond.

The remaining half of Steve Morgan's 2017 bonus amount (£244k) is deferred into cash awards over notional Redrow shares, and will become exercisable as described in footnote (iv) below. Steve Morgan's 2014 LTIP award, also structured as a cash award over notional Redrow shares, will vest in full on 8 September 2017 based on performance to the 2017 financial year (as described in the section below). The value of this award (calculated using the average share price over the last three months of 2017 in accordance with footnote (v) below) is £904k (2016: £748k).

Further details on the donation to The Steve Morgan Foundation are given in the Directors' Report on page 101 and in note 22 to the financial statements.

(ii) Benefits include a fully expensed company car (or equivalent cash allowance) and private health insurance.

(iii) Annual bonus represents the full value of the bonus awarded in respect of the relevant financial year. Half of the bonus is deferred into Redrow shares, which vests in two tranches of 50% each, on the first and second anniversaries of the grant date, subject to continued employment. For Steve Morgan, deferral is in the form of cash awards over notional Redrow shares. Details of performance targets are set out below.

(iv) LTIP represents the value of the LTIP award which vests in respect of a performance period ending in the relevant financial year. The 2017 column includes the value of the 2014 LTIP award which will vest in full on 8 September 2017, using the average share price over the last three months of 2017. The 2016 column includes the vested value of the 2013 LTIP award (which vested at 100% of maximum), based on the share price on the date of vesting (24 September 2016).

(v) Pension includes the value of the cash allowance paid to John Tutte and Barbara Richmond in respect of the relevant year.

The fees of the Non-Executive Directors in respect of 2017 are shown in the table below (with the prior year comparative).

	Fees	
£'000	2017	2016
Debbie Hewitt	70	70
Nick Hewson	45	45
Liz Peace	45	45
Sir Michael Lyons	45	45

Annual bonus

The maximum bonus opportunity for the Executive Directors during 2017 continued to be 100% of salary, in line with the Remuneration Policy. This was based on the achievement of stretching targets under a balanced scorecard of four key performance measures. The scorecard combines measures which represent an appropriate balance between 'backward looking' financial performance (PBT and ROCE) and 'forward looking' strategic and operational measures (land bank and outlet openings) which support shareholder value creation over the medium to long-term.

	% of bonus opportunity	Rationale
PBT	30%	A fundamental measure of annual profitability
ROCE	30%	A measure of how effectively we use our capital base
Land bank	20%	Measures the foundation for our future growth
Outlets opened	20%	A fundamental indicator of future growth

As described in detail on pages 1 to 57 of this Annual Report, 2017 was another outstanding year for Redrow. As a result of the targets for maximum payment being exceeded for all four of the measures, the Committee determined that the bonus should pay out at the maximum level, resulting in bonus awards to the Executive Directors as shown in the Single Total Figure of Remuneration on page 88.

Reflecting investor feedback on our previous approach of retrospectively disclosing on a delayed basis, our policy going forward will be to disclose annual bonus targets in the year to which the payment relates, subject to the Committee being comfortable that the targets are no longer commercially sensitive. We have decided to introduce this principle immediately and the 2017 targets are disclosed in the following table:

		2017 Target Range				
	% of bonus opportunity	Threshold payout (10% of maximum)	Target payout (50% maximum)	Maximum payout	Actual 2017 performance	Payout (% of total bonus opportunity)
PBT	30%	£273m	£293m	£313m	£315m	30%
ROCE	30%	20.2%	21.8%	23.4%	26.0%	30%
GDV of land acquired	20%	£1.4bn	£1.5bn	£1.6bn	£1.7bn	20%
Outlets opened in year	20%	44	47	50	56	20%
Total	100%					100%

For completeness, the previously undisclosed targets for 2015 and 2016 are disclosed below:

		2016 Target Range				
	% of bonus opportunity	Threshold payout (10% of maximum)	Target payout (50% maximum)	Maximum payout	Actual 2016 performance	Payout (% of total bonus opportunity)
PBT	25%	£215m	£230m	£245m	£250m	25%
ROCE	25%	17.6%	19.4%	21.0%	24.2%	25%
GDV of land acquired	25%	£1,325m	£1,475m	£1,575m	£2,500m	25%
Order book	25%	£620m	£650m	£680m	£807m	25%
Total	100%					100%

		2015 Target Range				
	% of bonus opportunity	Threshold payout (10% of maximum)	Target payout (50% maximum)	Maximum payout	Actual 2015 performance	Payout (% of total bonus opportunity)
PBT	25%	£168m	£180m	£192m	£204m	25%
ROCE	25%	17.2%	19.0%	20.8%	22.8%	25%
GDV of land acquired	25%	Based on Gross Development Value of land purchased in the year			£1.6bn GDV	25%
Order book	25%	£441.m	£463m	£485m	£524m	25%
Total	100%					100%

Executive Directors are required to defer 50% of any bonus earned into shares, half of which will vest after one year and the remaining half after two years, subject to continued employment and clawback. Steve Morgan's notional cash award is subject to the same deferral schedule. Clawback provisions for both the cash and deferred share elements will apply.

GOVERNANCE REPORT

Directors' Remuneration Report continued

Long Term Incentive Plan (LTIP)

The LTIP is designed to motivate and reward long-term performance and delivery of the strategy and provide alignment with Redrow shareholders. In 2017, annual awards were made at the level of 100% of salary, in line with the prevailing policy.

The vesting of LTIP awards is based on performance of EPS and ROCE, pre-exceptional, with 50% relating to performance of each measure.

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 has discretion to adjust the number of shares vesting from the award if it considers that performance in the metrics above is not sufficiently reflective of the general growth created by the market.

Steve Morgan's awards under the LTIP are receivable in cash but in all other respects mirror the terms and conditions of the LTIP awarded to the other Executive Directors.

The sections below summarise details of the LTIP awards which vested in respect of 2017 (2014 awards) and which were granted during the 2017 financial year.

LTIP awards vesting in respect of 2017

The LTIP awards granted in September 2014 were based on performance over the three year performance period ending in 2017. Based on performance against the EPS and ROCE targets set when the award was granted, summarised in the table below, the Committee determined that the 2014 LTIP awards will vest in full on 8 September 2017. The value of these vested awards is included in the 2017 LTIP column of the Single Total Figure of Remuneration on page 88.

Award vesting level (for each component)	EPS for 2017	ROCE for 2017
Nil	Below 52p	Below 17.7%
10%	52p	17.7%
30%	57.8p	20%
50%	63.6p or above	22% or above
Vesting between the points above is on a sliding scale basis		
Actual performance	70.2p	26.0%
Vesting (% of total award)	50%	50%

LTIP awards granted during 2017

The LTIP awards granted in September 2016 will vest in September 2019 based on performance over the three year performance period ending in 2019 as follows:

Award vesting level (for each component)	EPS for 2019	ROCE for 2019
Nil	Below 74.1p	Below 21.0%
10%	74.1p	21.0%
30%	82.4p	23.0%
50%	90.6p or above	25.0% or above
Vesting between the points above is on a sliding scale basis		

SCHEME INTERESTS AWARDED DURING 2017 (AUDITED)

The following table sets out details of LTIP awards to Executive Directors during the 2017 financial year.

Executive Director	Type of interest	Basis of award	Face value	Threshold vesting (% of maximum)	End of performance period
Steve Morgan	LTIP (cash)	100% of salary	£487k	20%	30-Jun-19
John Tutte	LTIP	100% of salary	£569k	20%	30-Jun-19
Barbara Richmond	LTIP	100% of salary	£322k	20%	30-Jun-19

Awards to John Tutte and Barbara Richmond are made in the form of nil-cost options. As described above, awards to Steve Morgan are made in the form of cash which in all other respects mirror the terms of the awards to other directors.

The face value has been calculated using the average share price used to determine the number of shares awarded, being 409.7p (the average, over the three days to the date of grant, 12 September 2016).

Shareholding guidelines and share interests

Under the previous shareholding guidelines, Executive Directors were expected to build and retain a shareholding in the Group at least equivalent to 100% of base salary which will increase to 200% in 2018. Until the shareholding guideline has been met, Executives will be required to retain all deferred bonus shares and LTIP shares on a net of tax basis. As shown in the table below, all Executive Directors currently meet this guideline. Non-Executive Directors are not subject to a shareholding guideline.

STATEMENT OF SHAREHOLDING AND SCHEME INTERESTS (AUDITED)

The following table sets out the shareholding (including connected persons) of the Directors in the Company as at 30 June 2017 and current interests in long-term incentives.

	Number of shares beneficially held at 30 June 2017	Shareholding as % of salary	Guideline met?
Executive Directors			
Steve Morgan	107,386,045	119,877%	Yes
John Tutte	643,469	615%	Yes
Barbara Richmond	431,466	730%	Yes
Non-Executive Directors			
Debbie Hewitt	30,687		
Nick Hewson	20,500		
Liz Peace	3,400		
Sir Michael Lyons	3,000		

Shareholding as a percentage of salary is calculated using the shareholding and base salary as at 1 July 2017 and the average share price for the final quarter of 2017.

GOVERNANCE REPORT

Directors' Remuneration Report continued

STATEMENT OF SHAREHOLDING AND SCHEME INTERESTS (AUDITED) CONTINUED

The table below provides details of the interests of the Executive Directors in incentive awards during the year.

	Awards held at 1 July 2016	Grant Date	Share Price on Grant £	Award Vested	Awards granted in year	Awards Exercised in year	Awards held at 30 June 2017	Exercise Price £	From	To
John Tutte										
SAYE 2015	8,163	30/10/14	2.76	–	–	–	8,163	2.21	01/01/18	01/07/18
LTIP 2012	246,164	23/10/12	1.54	246,164	–	(246,164)	–		23/10/15	22/10/22
LTIP 2013	166,316	24/09/13	2.37	166,316	–	(166,316)	–		24/09/16	24/09/23
LTIP 2014	189,474	08/09/14	2.85	–	–	–	189,474		08/09/17	08/09/24
LTIP 2015	112,348	14/09/15	4.94	–	–	–	112,348		14/09/18	14/09/25
LTIP 2016	–	12/09/16	4.097	–	138,882	–	138,882		12/09/19	12/09/26
DEF BONUS 2012	62,459	23/10/12	1.54	62,459	–	(62,459)	–		23/10/13	22/10/22
DEF BONUS 2013	66,526	24/09/13	2.37	66,526	–	(66,526)	–		24/09/14	24/09/23
DEF BONUS 2014	71,053	08/09/14	2.85	71,053	–	(71,053)	–		08/09/15	08/09/24
DEF BONUS 2015	54,656	14/09/15	4.94	27,328	–	(27,328)	27,328		14/09/16	14/09/25
DEF BONUS 2016	–	12/09/16	4.097	–	67,732	–	67,732		12/09/17	12/09/26
	977,159			639,846	206,614	(639,846)	543,927			
Barbara Richmond										
SAYE 2014	4,545	11/11/13	2.48	–	–	(4,545)	–	1.98	01/01/17	01/07/17
SAYE 2015	4,081	30/10/14	2.76	–	–	–	4,081	2.21	01/01/18	01/07/18
LTIP 2011	159,889	21/09/11	1.10	159,889	–	(159,889)	–		21/09/14	20/09/21
LTIP 2012	164,322	23/10/12	1.54	164,322	–	(164,322)	–		23/10/15	22/10/22
LTIP 2013	111,579	24/09/13	2.37	111,579	–	(111,579)	–		24/09/16	24/09/23
LTIP 2014	107,018	08/09/14	2.85	–	–	–	107,018		08/09/17	08/09/24
LTIP 2015	63,462	14/09/15	4.94	–	–	–	63,462		14/09/18	14/09/25
LTIP 2016	–	12/09/16	4.097	–	78,472	–	78,472		12/09/19	12/09/26
DEF BONUS 2012	41,693	23/10/12	1.54	41,693	–	(41,693)	–		23/10/13	22/10/22
DEF BONUS 2013	44,632	24/09/13	2.37	44,632	–	(44,632)	–		24/09/14	24/09/23
DEF BONUS 2014	47,719	08/09/14	2.85	47,719	–	(47,719)	–		08/09/15	08/09/24
DEF BONUS 2015	30,870	14/09/15	4.94	15,435	–	(15,435)	15,435		14/09/16	14/09/25
DEF BONUS 2016	–	12/09/16	4.097	–	38,260	–	38,260		12/09/17	12/09/26
	779,810			585,269	116,732	(589,814)	306,728			
Steve Morgan*										
LTIP 2010	78,625	18/02/11	1.30	78,625	–	–	78,625		18/02/14	19/04/21
LTIP 2011	367,012	21/09/11	1.10	367,012	–	–	367,012		21/09/14	20/09/21
LTIP 2012	271,739	23/10/12	1.54	271,739	–	–	271,739		23/10/15	22/10/22
LTIP 2013	183,158	24/09/13	2.37	183,158	–	–	183,158		24/09/16	24/09/23
LTIP 2014	162,105	08/09/14	2.85	–	–	–	162,105		08/09/17	08/09/24
LTIP 2015	96,154	14/09/15	4.94	–	–	–	96,154		14/09/18	14/09/25
LTIP 2016	–	12/09/16	4.097	–	118,867	–	118,867		12/09/19	12/09/26
DEF BONUS 2012	137,897	23/10/12	1.54	137,897	–	–	137,897		23/10/13	22/10/22
DEF BONUS 2013	73,263	24/09/13	2.37	73,263	–	–	73,263		24/09/14	24/09/23
DEF BONUS 2014	78,246	08/09/14	2.85	78,246	–	–	78,246		08/09/15	08/09/24
DEF BONUS 2015	46,761	14/09/15	4.94	23,380	–	–	46,761		14/09/16	14/09/25
DEF BONUS 2016	–	12/09/16	4.097	–	57,969	–	57,969		12/09/17	12/09/26
	1,494,960			1,213,320	176,836	–	1,671,796			

- All scheme interests held by Steve Morgan are receivable in cash on terms which in all other respects mirror those for other Executive Directors.

(i) The performance conditions attached to 2013 LTIP awards are EPS and ROCE over the three year performance period to 2016. As disclosed in the 2016 Directors' Remuneration Report, the awards vested in full on 24 September 2016.

(ii) The performance conditions attached to the 2014 LTIP awards are disclosed on page 90. This award will vest in full on 8 September 2017.

(iii) The performance conditions attached to the 2015 LTIP awards were disclosed in the 2016 Directors' Remuneration Report.

(iv) The performance conditions attached to the 2016 LTIP awards are shown on page 90.

(v) There are no further performance conditions attached to the exercise of the deferred bonus awards.

(vi) Between 1 July 2017 and 4 September 2017 (being the latest practicable date prior to the posting of this report), there were no further changes to the directors' interests set out in the Statement of shareholding and scheme interests above.

Pension

John Tutte is a deferred member of the Redrow Staff Pension Scheme (now closed to future accrual) and details of entitlements under this plan are set out below. He also receives a pension allowance supplement of 20% of salary. Barbara Richmond receives a pension allowance supplement equivalent to 20% of salary. The value of these cash supplements is included in the pension column of the Single Total Figure of Remuneration Table on page 88. John Tutte and Barbara Richmond are also covered by fixed term group income protection and death in service benefit.

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

TOTAL PENSION ENTITLEMENTS (AUDITED)

Details of the Executive Directors' pension entitlements under the defined benefit section of the Redrow Staff Pension Scheme are as follows:

Director	Normal retirement date	Accrued benefit at 30 June 2017 £	Benefits paid to Director during period up to 30 June 2017 £	Defined Benefit accrued during period up to 30 June 2017 £
John Tutte	24 June 2021	53,991	Nil	Nil

The normal retirement date shows the date at which the director can retire without actuarial reduction. No additional benefit is available on early retirement.

The accrued pension shown above is the amount of pension entitlement that would be paid each year on retirement on the normal retirement date, based on service to 29 February 2012. The Scheme closed the accrual of future benefits with effect from 1 March 2012.

Directors' Remuneration Report continued

SUPPORTING DISCLOSURES AND ADDITIONAL CONTEXT

Percentage change in remuneration of Group Chief Executive

The table below shows the percentage change in the salary, benefits and annual bonus of the Group Chief Executive and of all Redrow employees who qualify for participation in the Company's bonus and benefits plans between 2016 and 2017.

	Group Chief Executive	All Redrow employees
Salary	2.5%	3.6%
Benefits	Nil%	-3.8%
Annual bonus	2.5%	-1.9%

Relative importance of spend on pay

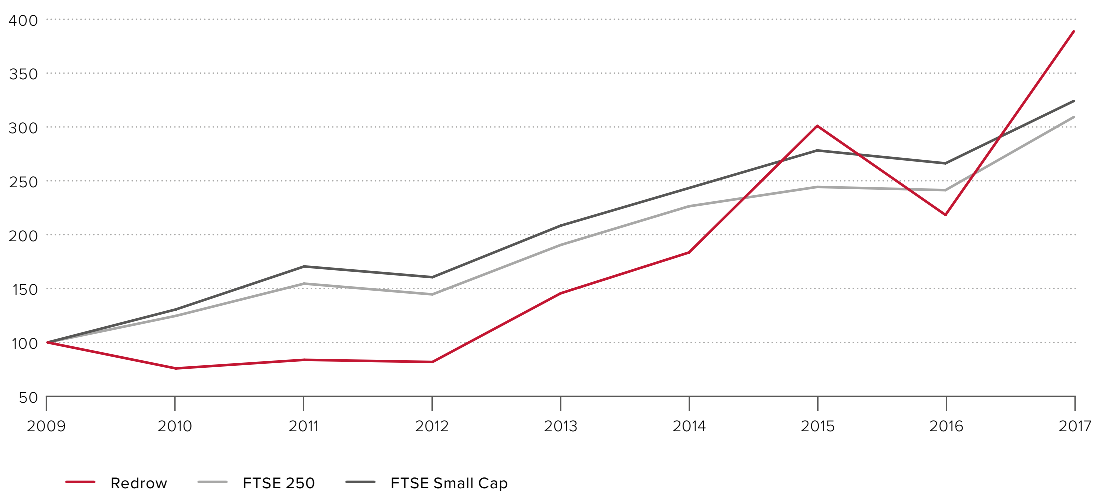
The table below shows total employee remuneration and distributions to shareholders, in respect of 2017 and 2016 (and the difference between the two).

£m	2017	2016	Change (%)
Total employee remuneration	120	100	+20%
Distributions to shareholders	63	37	+70%

Total employee remuneration represents amounts included in note 7a to the accounts in respect of wages, social security, pension and incentive costs for all Group employees. Distributions to shareholders include the total dividend in respect of each financial year (see note 5 to the financial statements). This represents 17 pence per share in respect of 2017 compared to 10 pence per share in respect of 2016.

Performance graph and table

The chart below shows the TSR of Redrow in the seven year period to 30 June 2017 against the TSR of the FTSE 250 and FTSE Small Cap. TSR refers to share price growth with re-invested dividends. The Committee believes the FTSE 250 and FTSE Small Cap indices are the most appropriate indices against which the TSR of Redrow should be measured.



The table below provides remuneration data for the Chairman/Group Chief Executive (as applicable) for each of the eight financial years over the equivalent period.

	2010	2011	2012	2013	2014	2015	2016	2017
Name	Steve Morgan	Steve Morgan	Steve Morgan	Steve Morgan	Steve Morgan	John Tutte	John Tutte	John Tutte
Remuneration/donations*	£592k	£582k	£855k	£1,050k	£1,922k	£2,355k	£1,916k	£2,325k
Bonus (% of Maximum)	52%	50%	100%	80%	100%	100%	100%	100%
LTIP vesting (% of Maximum)	0%	0%	0%	19%	100%	100%	100%	100%

* For Steve Morgan, this value includes the nominal salary and benefits disclosed in the Single Total Figure of Remuneration Table as well as Company donations to The Steve Morgan Foundation, a UK registered charity of which Steve Morgan is a trustee, reflecting notional salary and waived annual cash bonus in respect of the relevant year, as disclosed in the footnotes to the Single Total Figure of Remuneration Table and in the Directors' Report on page 101 and in note 22 to the financial statements. It also includes the value of deferred bonus and vested LTIP cash awards in respect of each relevant year (calculated in accordance with the methodology applicable to the Single Total Figure of Remuneration Table).

External non-executive directorships held by Executive Directors

It is the Committee's policy that, with the approval of the Board, Executive Directors may hold one non-executive directorship at another company in order to broaden their knowledge and experience to the benefit of the Company. The Executive Director may retain any fee received for these duties.

Barbara Richmond is a non-executive director of Lonza Group Ltd and in line with the committee's policy, she is entitled to retain the fees from this appointment. She received fees of £170k during 2017 (£148k during 2016).

Consideration of directors' remuneration – Remuneration Committee and advisors

The Remuneration Committee is comprised solely of Non-Executive Directors and comprises Debbie Hewitt as Chairman, Nick Hewson, Liz Peace and Sir Michael Lyons. As noted on page 63, Liz Peace stepped down from the Committee on 31 August 2017 and Vanda Murray joined the Committee on 1 August 2017.

The Committee has agreed Terms of Reference detailing its authority and responsibilities. The Terms of Reference of the Committee are kept under regular review and are published on the Group's website and include:

- determining the Remuneration Policy in respect of the Executive Directors and the Company secretary (together '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 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 five times during the course of the financial year ended 30 June 2017 and details of Committee attendance are set out in the table below.

GOVERNANCE REPORT

Directors' Remuneration Report continued

Table of Attendance

Name	Role	Attendance at Meetings
Debbie Hewitt	Chairman	5/5
Nick Hewson	Member	5/5
Liz Peace	Member	5/5
Sir Michael Lyons	Member	5/5

The Committee retained Deloitte LLP as independent advisor to the Committee during the year. Deloitte LLP was originally appointed by the Committee in 2010 following a selection process undertaken by the Committee. 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 connections with Redrow plc that may impair their objectivity and independence. The fees charged by Deloitte LLP for the provision of independent advice to the Committee during 2017 were £25k. Deloitte LLP also provides the Company with tax advisory services but does not have any other connection with the Company.

Statement of voting at Annual General Meeting

At the Annual General Meeting held on 9 November 2016, votes cast by proxy and at the meeting in respect of directors' remuneration report are shown in the table.

	Votes For		Votes Against			
Resolution	No.	%	No.	%	Total votes cast	Votes withheld
Approval of Remuneration Report for year ended 30 June 2016	319,777,364	99.78	704,392	0.22	320,481,756	2,555,752

By order of the Board

DEBBIE HEWITT
Chairman of the Remuneration Committee

4 September 2017

LANCASTER MEWS, YORK

Directors' Report

OTHER STATUTORY DISCLOSURES

The Companies Act 2006 ("the Act") requires the directors to present a fair review of the business during the year to 30 June 2017 and of the position of the Company at the end of the financial year together with the financial statements, auditor's report and a description of the principal risks and uncertainties which the Company faces. The strategic report can be found on pages 1 to 57 of the Annual Report. The FCA's Disclosure Guidance and Transparency Rules require certain information to be included which can be found in the Corporate Governance Report on pages 61 to 105.

There were no significant events since the balance sheet date. An indication of likely future developments in the business of the Company and details of the Company's use of financial instruments for risk management purposes are included in the strategic report.

The corporate governance report and the strategic report, together with the notice of AGM including the explanatory notes and sections of the annual report incorporated by reference, form part of the directors' report which is presented in accordance with, and with reliance upon, applicable English company law. The liabilities of the directors in connection with this report shall be limited as provided by English Law.

The table opposite sets out where key information can be found in the Annual Report.

Subject	Page Reference
Dividends	See note 5 of the financial statements on page 124
Capital Structure (details of the issued share capital)	See note 17 of the financial statements on page 143
Directors	• See page 62 to 63 detailing the Directors who served during the year. • Biographical details of the Directors of the Company who are seeking election and re-election at the 2017 AGM are set out on pages 62 to 63. • Details of Director' interests, including interests in the Company's shares, are disclosed in the Directors' Remuneration report on page 91.
Employment Policies	Details of the Company's employment policies may be found in the Directors' Report on page 101.
The Redrow Employee Benefit Trust ("the Trust")	Details of the shares held by the Trust may be found in the Directors' Report on page 100.
Environmental, social and governance (ESG) disclosures	Details of the Company's approach to diversity and ESG disclosures can be found in the Directors' Report on pages 98 to 103.
Redrow plc Long Term Incentive Plan (LTIP)	Details of the Company's LTIP are set out in note 7d of the consolidated financial statements on pages 126 to 129 and the Directors' Remuneration Report on pages 76 to 97.
Greenhouse gas emissions	All disclosures on the Company's greenhouse gas emissions, as required to be disclosed under Schedule 7 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (pursuant to the Act, Strategic Report and directors' report Regulations 2013), are contained in the Directors' Report on page 102.

The Directors have pleasure in presenting to the shareholders their report and audited consolidated financial statements for the 12 months ended 30 June 2017.

RESULTS AND DIVIDENDS

The Group made a profit after tax of £315m (2016: £250m). An interim dividend of 6.0p (2016: 4.0p) net per share was paid on 05 May 2017. The Board proposes to pay on 14 November 2017, subject to shareholder approval at the 2017 Annual General Meeting, a final dividend of 11.0p (2016: Final Dividend: 6.0p) net per share in respect of the year ended 30 June 2017 to shareholders on the Register as at the close of business on 22 September 2017. The Company's dividend re-investment plan gives shareholders the opportunity to re-invest their dividends.

ANNUAL GENERAL MEETING

Notice of the 2017 Annual General Meeting to be held on Thursday, 9 November 2017 will be sent to shareholders separately. Members wishing to vote should return forms of proxy to the Company's Registrar not less than 48 hours before the time for holding the meeting. The formal notice convening the Annual General Meeting, together with explanatory notes, will be found in a separate circular which will be sent to shareholders separately and will be available on the Company's website. Shareholders will also find with the Notice of Annual General Meeting a form of proxy for use in connection with the meeting.

The Board noted that Resolution 14 relating to the approval of the terms of the waiver received a vote of 61.69% in favour at the 2016 Annual General Meeting. The Board values and respects the views of shareholders. The Board consulted with a number of shareholders and proxy advisor bodies prior to the 2016 Annual General Meeting to discuss their concerns relating to the waiver. The Board continues to take its responsibility to engage with shareholders seriously and assessed the feedback it received to inform future consultations.

CORPORATE GOVERNANCE

The Board remains committed to high standards of corporate governance; details relating to the Company's compliance with the UK Corporate Governance Code are given in the Corporate Governance Report on pages 61 to 67.

DIRECTORS

The Directors of the Company during the year to the date of signing and the current Directors are listed on pages 62 to 63 together with their biographical details.

Details of Directors pay, service contracts, and Directors interests in the ordinary shares of the Company, are included in the Directors' Remuneration Report on pages 76 to 97.

Formal appraisals of the Executive Directors were undertaken during the financial year. All the Non-Executive Directors underwent an annual appraisal conducted by the Senior Independent Non-Executive Director. The Board confirms that Steve Morgan, John Tutte and Barbara Richmond, who stand for re-appointment as Executive Directors and Debbie Hewitt, Nick Hewson and Sir Michael Lyons 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 and termination of their employment may be effective by 12 months' notice given by the Company, except for Steve Morgan where the notice period is six months.

In accordance with the UK Corporate Governance Code, all the Directors, with the exception of Liz Peace, will retire at the Annual General Meeting to be held on Thursday, 9 November 2017, and, being eligible, offer themselves for re-appointment. Liz Peace retired from the Board on 31 August 2017 and was replaced by Vanda Murray who submits herself for election at the AGM.

GOVERNANCE REPORT

Directors' Report continued

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.

POWERS OF THE DIRECTORS

Subject to the Company's Articles of Association, UK legislation and any of the directions given by Special Resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company. Directors have been authorised to allot and issue shares by way of Resolutions of the Company passed at its Annual General Meeting.

The rules in relation to the appointment and replacement of Directors are as set out in the Company's Articles of Association and UK company law. The Articles of Association can only be amended, or new Articles adopted, by a resolution passed by shareholders in general meeting by at least three quarters of the votes cast.

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 in respect of resolutions which are taken on a poll.

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 Annual General Meeting 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. The authority was not exercised during the period ending 30 June 2017 or prior to the date of this Report. The Company has no current intention of exercising the authority but nevertheless as this authority expires at the forthcoming Annual General Meeting the Directors will be seeking new authorities as set out in the Notice of Meeting.

Authority was given to the Directors at last year's Annual General Meeting to make market purchases of the Company's ordinary shares up to an aggregate nominal value of £3,697,999.30. This authority will expire at the Annual General Meeting, and no such purchases were made during the financial year ended 30 June 2017.

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 the Company's co-operation, financial rights carried by securities are held by a person other than the holder of the securities.

Zedra Trust Company (Guernsey) Limited, as trustee of the Company's Employee Benefit Trust, held 9,148,119 shares (2.5%) in the Company as at 30 June 2017 on trust for the benefit of employees of the Company. The voting rights attaching to the shares held by the Company's Employee Benefit Trust are exercisable by the Trustee and there are no restrictions on the exercise of the voting of, or acceptance of any offer relating to those shares. The Trust agreed to waive its right to the final dividend over 3.1m shares being part of its total shareholding.

SUBSTANTIAL HOLDINGS IN THE COMPANY

As at 30 June 2017, the Company has been advised of the following notifiable interests of 3% or more in its ordinary shares:

Bridgemere Securities Limited	107,386,045	29.04%
The Steve Morgan Foundation	38,900,000	10.52%
Vidacos Nomineus/HSBC	18,770,138	5.076%
Schroders plc	18,359,023	4.965%
FIL Limited	17,343,977	4.69%
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 4 September 2017, 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.

CHANGE OF CONTROL

The Company's banking facilities require repayment in the event of a change of control. In addition the Company's employee share incentive schemes contain provisions, whereby, upon a change of control, outstanding options and awards would vest and become exercisable by the relevant employees, subject to the rules of the schemes.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment in event of a takeover bid.

EMPLOYEES

The Company's employment policies do not discriminate between employees or potential employees on the grounds of gender, sexual orientation, age, colour, creed, ethnic origin, religious beliefs, pregnancy or maternity or trade union membership. It is Company policy to give full and fair consideration to applications for employment by, and the employment and training needs of, disabled persons (and in the case of employment needs, persons who become disabled whilst employed by the Company) where requirements may be adequately covered by these persons and to comply with any current legislation with regard to disabled persons.

The Company places considerable importance on the provision of training and development of its employees through training@redrow. Training is administered at a purpose built in-house training facility at Tamworth. Training@redrow completed 6,193 training days during the year ended 30 June 2017, including those which support the Company's induction process.

The Directors recognise the importance of good communications with employees. The Divisions are encouraged to make their employees aware of the financial and economic factors affecting their respective Divisions and the Company as a whole.

This is assisted through the medium of regular management meetings, staff publications, its internal staff 'Insight Magazine' and the Redrow intranet. Employees are consulted on a regular basis so that employee views may be taken into account when decisions are made that may affect their interests.

Employee share ownership is encouraged through savings related schemes.

DIVERSITY AND INCLUSION POLICY

The Company recognises that our continued success depends upon our ability to recruit the right people, retain them and help them to reach their full potential.

The Company believes that attracting a diverse range of skills and abilities will enable us to meet the challenge of the growing skills gap in the sector.

The Company is firmly committed to giving every potential recruit and employee the same opportunities irrespective of their gender, race, ethnic or national origin, disability, age, sexuality, religious belief, marital status or social class.

As such the Company opposes all forms of unlawful or unjust discrimination and requires all colleagues to comply with legislation in this area and strive for best practice.

The Company embeds this through awareness and training in the following policies:

- Diversity and Inclusion Policy
- Employee Policy
- Recruitment and Selection Policy
- Disciplinary and Grievance Policy and Procedures

CHARITABLE AND POLITICAL DONATIONS

The Group made no political donations but paid £0.9m in charitable donations during the year, being £0.8m in respect of national charities and £0.1m in support of local charities. The Company and its employees are actively involved in fundraising activities for specific charities. The Company made a £0.7m donation during the year to The Steve 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.

GOVERNANCE REPORT

Directors' Report continued

GREENHOUSE GAS EMISSIONS

Greenhouse gas ("GHG") emissions data for the period 1 July 2016 to 30 June 2017 are set out in the table below.

Emissions from:	Current Reporting Year (1 July 16 to 30 June 17)	Comparison Year (1 July 15 to 30 June 16)	Units
Scope 1 activities:			
• Combustion of fuel at our offices and sites			
• Business use of Redrow-owned and leased vehicles	**11,128**	10,607	tonnes of CO_2e
Scope 2 activities:			
• All purchased electricity	**2,956**	2,814	tonnes of CO_2e
Total Greenhouse Gas Emissions:			
• (Scope 1 + Scope 2)	**14,084**	13,421	tonnes of CO_2e
Our preferred intensity ratio:			
Total Greenhouse Gas emissions relative to build:	**2.50**	2.61	tonnes of CO_2e per $100m^2$ of build

RESEARCH AND DEVELOPMENT

The Company has a centralised Product Development Team charged with identifying and evaluating new construction techniques and products. In addition, the Company has a centralised Environmental and Sustainability Team, of which issues play a prominent role in the Company's activities. The Company recognises its responsibilities to the community as a whole and has adopted an environment strategy which is a core part of the Company's objectives.

The charge to the income statement in respect of research and development in the year ended 30 June 2017 was £0.6m (2016: £0.4m).

METHODOLOGY

This disclosure includes all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within our consolidated financial statement and we do not have responsibility for any emission sources that are not included in our consolidated statement.

This inventory of greenhouse gas emissions has been verified by SGS to a limited level of assurance, in accordance with ISO 14064-3:2006, as meeting the requirements of the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard. Emissions have been calculated using the UK Government's GHG Conversion Factors for Company Reporting: 2015, 2016 and 2017 respectively.

INDEPENDENT AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as external Auditors will be proposed at the Annual General Meeting on Thursday, 9 November 2017.

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 (as defined in section 418(3) of the Companies Act 2006) of which the Company's Auditors are unaware; and

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

GOING CONCERN

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

As explained in the Financial Review on pages 48 to 51, the Group maintains adequate committed banking facilities. As stated in note 14 to the financial statements, at 30 June 2017, the Group had £275m of undrawn committed borrowing facilities available.

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. These enquiries consisted of a detailed review of the Group's financial forecast for the period to 31 December 2018. The forecasts take into account current market trends with reasonable judgements and estimates applied to arrive at future cash flow estimates. As part of the review, the Group analysed its forecast covenant compliance over this period linked to its banking facility, arriving at an assessment of the headroom evident between the forecast covenant test outturn and the outturn necessary to achieve covenant compliance. The review confirmed headroom within both financial covenants and facilities.

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

By order of the Board

GRAHAM COPE
Company Secretary
Redrow plc

Registered no: 2877315

4 September 2017

GOVERNANCE REPORT

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 (EU). 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 and 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.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

RESPONSIBILITY STATEMENT

Each of the Directors, whose names and functions are listed below confirms 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 profit of the Group;
- the Strategic Report contained on pages 1 to 57 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and
- that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

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

Steve Morgan	Chairman
John Tutte	Group Chief Executive
Barbara Richmond	Group Finance Director
Debbie Hewitt	Senior Independent Non-Executive Director
Nick Hewson	Non-Executive Director
Sir Michael Lyons	Non-Executive Director
Vanda Murray	Non-Executive Director

By order of the Board

GRAHAM COPE
Company Secretary

4 September 2017

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

REGENCY MANOR, WEST DERBY, LIVERPOOL

FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of Redrow plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Redrow plc's Group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2017 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- 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.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Group and Company Balance Sheets as at 30 June 2017;
- the Consolidated Income Statement and Group and Company Statement of Comprehensive Income;
- the Group and Company Statements of Cash Flows;
- the Group and Company Statements of Changes in Equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

Other than those disclosed in note 2 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 July 2016 to 30 June 2017.

OUR AUDIT APPROACH

Overview

- 15.75 million (2016: £12.5 million) – Group financial statements.
- Based on 5% of profit before tax.
- £4.9 million (2016: £3.8 million) – Company financial statements.
- Based on 1% of total assets.

- Three financially significant companies in the Group.

- Valuation of inventory.
- Valuation of pension scheme deficit (Group and parent).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of inventory See the Accounting Policies for the Directors' disclosures of related accounting policies and key accounting estimates. See note 13 for the detailed disclosures on the inventory provision. The Group holds inventory in the form of land for development, work in progress and showhomes with a carrying value of £2,119m, net of provisions. The carrying value of inventory is determined by reference to a number of assumptions and judgements, which are subject to levels of estimation. These include regular updates to site appraisals for latest sales prices and costs to complete, the availability of mortgage financing for customers, the availability of Government schemes aiding first-time buyers, and assessments of the likelihood of obtaining planning permission on land held for development. Changes in any of these key judgements could lead to a material change in the carrying value of inventory.	We reviewed management's forecasts to identify any non-profitable sites, assessing management's assumptions relating to these sites and ensuring adequate provisions were included for them. We compared forecast sales prices to actual prices achieved post year-end and assessed the accuracy of management's historical forecasts by comparing net realisable values recognised in the prior year with actual sales prices achieved in the current year. We tested management's controls over the process for estimating the expected remaining build costs, including the budgeting and review processes. We also inspected evidence of the Board's review of divisional management's forecast sales prices. We did not identify any significant deficiencies of control in this process. For significant sites that have not yet been developed, we considered the latest stage of planning applications and assessed the accuracy of management's historical estimates by comparing previous estimated impairments to actual outturns achieved. We did not identify any material differences between management's estimations and actual results achieved. No material differences were identified from our testing performed.
Valuation of pension scheme deficit See the Accounting Policies for the Directors' disclosures of related accounting policies and key accounting estimates. See note 7 for the detailed disclosures on the pension scheme deficit. The Group operates a defined benefit pension scheme with a net deficit of £2 million at the year end. This deficit is derived from assets with a gross value of £128 million less the present value of obligations of £130 million, both of which are significant in the context of the overall balance sheet and the results of the Group. The valuation of this net deficit is dependent on the application of significant judgements in the actuarial assumptions, in particular discount rates, future Retail Price Index ('RPI') inflation and mortality rates, and on the expected returns on investments. Unfavourable changes in any of the key actuarial assumptions could lead to a material movement in the calculated net position.	We obtained and read the actuarial report that was prepared by an independent firm of actuaries and used by the Directors in estimating the value of the Group's deficit in respect of the scheme. We tested the completeness and accuracy of the pension scheme membership data provided to management's actuary on which the pension deficit is calculated, comparing the data to the underlying payroll systems. We noted no material exceptions from our testing. We challenged the key assumptions used in that actuarial valuation, being the discount rate, future RPI inflation, mortality rates and expected returns on investments by comparing them to internally-generated typical ranges used for such assumptions, taking into account the industry in which the Group operates and other specific characteristics of this pension scheme. The actuarial assumptions were within the typical ranges for similar pension schemes. The pension scheme assets are invested in a mixture of pooled funds, individual equities, government and corporate bonds and cash. We obtained independent confirmations of the existence and valuation of all of the scheme assets from the external investment managers and tested the valuations of a sample of these assets by agreeing them to valuations obtained from independent third party sources. No material differences were identified from our testing performed.

FINANCIAL STATEMENTS

Independent Auditors' Report continued

To the Members of Redrow plc

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group comprises one principal trading company and a number of smaller subsidiaries and joint ventures, all of which are based in the UK.

We performed audits of the three financially significant companies in the Group. This gave us the evidence we needed for our opinion on the Group financial statements. All work was performed by the Group engagement team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£15.75 million (2016: £12.5 million).	£4.9 million (2016: £3.8 million).
How we determined it	5% of profit before tax.	1% of total assets.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.	We believe that total assets is the primary measure used by the shareholders in assessing the position of the Holding Company, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.6 million and £15 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.8 million (Group audit) (2016: £0.5 million) and £0.2 million (Company audit) (2016: £0.2 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 70 to 71) about internal controls and risk management systems in relation to financial reporting processes and (on page 100) about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (on pages 61 to 67) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. (CA06)

FINANCIAL STATEMENTS

Independent Auditors' Report continued

To the Members of Redrow plc

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The Directors' confirmation on page 104 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The Directors' explanation on page 104 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 104, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit.
- The section of the Annual Report on page 68 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; 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.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors in 1987 to audit the financial statements for the period ended 30 June 1987 and subsequent financial periods. The period of total uninterrupted engagement is 31 years, covering the years ended 30 June 1987 to 30 June 2017.

ARIF AHMAD
(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

4 September 2017

FINANCIAL STATEMENTS

Consolidated Income Statement

For the 12 months ended 30 June

	Note	2017 £m	2016 £m
Revenue		**1,660**	1,382
Cost of sales		**(1,255)**	(1,048)
Gross profit		**405**	334
Administrative expenses		**(83)**	(73)
Operating profit	2	**322**	261
Financial income	3	**4**	3
Financial costs	3	**(12)**	(14)
Net financing costs		**(8)**	(11)
Share of profit of joint ventures after interest and taxation	10	**1**	–
Profit before tax		**315**	250
Income tax expense	4	**(62)**	(50)
Profit for the year		**253**	200
Earnings per share – basic	6	**70.2p**	55.4p
– diluted	6	**70.0p**	55.2p

FINANCIAL STATEMENTS

Statement of Comprehensive Income

For the 12 months ended 30 June

		Group		Company	
	Note	2017 £m	2016 £m	2017 £m	2016 £m
Profit for the year		**253**	200	**51**	201
Other comprehensive (expense)/income					
Items that will not be reclassified to profit or loss					
Remeasurements of post employment benefit obligations	7e	**(8)**	8	**(8)**	8
Deferred tax on actuarial losses/(gains) taken directly to equity		**1**	(2)	**1**	(2)
Other comprehensive (expense)/income for the year net of tax		**(7)**	6	**(7)**	6
Total comprehensive income for the year	18	**246**	206	**44**	207

FINANCIAL STATEMENTS

Balance Sheets

As at 30 June

		Group		Company	
	Note	2017 £m	Restated 2016 £m	2017 £m	2016 £m
Assets					
Intangible assets	8	**2**	2	**–**	–
Property, plant and equipment	9	**16**	17	**–**	–
Investments	10	**27**	25	**–**	–
Deferred tax assets	11	**5**	5	**3**	2
Retirement benefit surplus	7	**–**	6	**–**	6
Trade and other receivables	12	**11**	12	**–**	–
Total non-current assets		**61**	67	**3**	8
Inventories	13	**2,043**	1,903	**–**	–
Trade and other receivables	12	**35**	36	**945**	918
Cash and cash equivalents	14	**62**	135	**61**	134
Total current assets		**2,140**	2,074	**1,006**	1,052
Total assets		**2,201**	2,141	**1,009**	1,060
Equity					
Retained earnings at 1 July 2016		**937**	769	**701**	524
Profit for the year		**253**	200	**51**	201
Other comprehensive (expense)/income for the year		**(7)**	6	**(7)**	6
Dividend Paid		**(44)**	(30)	**(44)**	(30)
Movement in LTIP/SAYE		**(8)**	(8)	**–**	–
Retained earnings	18	**1,131**	937	**701**	701
Share capital	17	**37**	37	**37**	37
Share premium account	18	**59**	59	**59**	59
Other reserves	18	**8**	8	**7**	7
Total equity		**1,235**	1,041	**804**	804
Liabilities					
Bank loans	14	**90**	230	**90**	230
Trade and other payables	15	**197**	156	**–**	–
Deferred tax liabilities	11	**3**	2	**–**	–
Retirement benefit obligations	7	**2**	–	**2**	–
Long-term provisions	16	**8**	7	**–**	–
Total non-current liabilities		**300**	395	**92**	230
Bank overdrafts and loans	14	**45**	44	**83**	–
Trade and other payables	15	**585**	631	**27**	25
Current income tax liabilities		**36**	30	**3**	1
Total current liabilities		**666**	705	**113**	26
Total liabilities		**966**	1,100	**205**	256
Total equity and liabilities		**2,201**	2,141	**1,009**	1,060

The financial statements on pages 114 to 146 were approved by the Board of Directors on 4 September 2017 and were signed on its behalf by:

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		Company	
		2017 £m	2016 £m	2017 £m	2016 £m
Profit for the year		**253**	200	**51**	201
Other comprehensive (expense)/income for the year		**(7)**	6	**(7)**	6
Total comprehensive income relating to the year (net)		**246**	206	**44**	207
Dividend paid	18	**(44)**	(30)	**(44)**	(30)
Movement in LTIP/SAYE	18	**(8)**	(8)	**–**	–
Net increase in equity		**194**	168	**–**	177
Opening equity		**1,041**	873	**804**	627
Closing equity		**1,235**	1,041	**804**	804

The above items are presented net of tax where appropriate. See note 4 and note 11 for information on income tax and deferred tax expense.

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 on ordinary activities after taxation for the financial year, excluding intra-Group dividends, is made up as follows:

	2017 £m	2016 £m
Holding company	**5**	12
Subsidiary companies	**248**	188
	253	200

FINANCIAL STATEMENTS

Statement of Cash Flows

For the 12 months ended 30 June

	Note	Group		Company	
		2017 £m	2016 £m	2017 £m	2016 £m
Cash flows from operating activities					
Operating profit/(loss)		**322**	261	**(3)**	(2)
Depreciation and amortisation		**2**	1	**–**	–
Adjustment for non-cash items		**(5)**	(5)	**–**	–
Operating profit/(loss) before changes in working capital and provisions		**319**	257	**(3)**	(2)
Decrease in trade and other receivables		**6**	7	**19**	11
Increase in inventories		**(140)**	(373)	**–**	–
Increase in trade and other payables		**3**	239	**2**	3
Increase in provisions		**1**	–	**–**	–
Cash inflow generated from operations		**189**	130	**18**	12
Interest paid		**(5)**	(6)	**(3)**	(5)
Tax paid		**(56)**	(46)	**–**	–
Net cash inflow from operating activities		**128**	78	**15**	7
Cash flows from investing activities					
Acquisition of software, property, plant and equipment		**(1)**	(6)	**–**	–
Interest received		**–**	–	**13**	21
Net payments to joint ventures – continuing operations		**(1)**	(11)	**–**	–
Net cash (outflow)/inflow from investing activities		**(2)**	(17)	**13**	21
Cash flows from financing activities					
Issue of bank borrowings		**90**	230	**90**	230
Repayment of bank borrowings		**(230)**	(150)	**(230)**	(150)
Purchase of own shares		**(16)**	(16)	**–**	–
Dividend paid		**(44)**	(30)	**(44)**	(30)
Net cash (outflow)/inflow from financing activities		**(200)**	34	**(184)**	50
(Decrease)/increase in net cash and cash equivalents		**(74)**	95	**(156)**	78
Net cash and cash equivalents at the beginning of the year		**91**	(4)	**134**	56
Net cash and cash equivalents at the end of the year	19	**17**	91	**(22)**	134

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 2017, and in accordance with IFRS Interpretations Committee 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.

Redrow plc is a public listed company, listed on the London Stock Exchange and domiciled in the UK.

The principal accounting policies have been applied consistently in the periods presented apart from the change in accounting policy in respect of Forward land. This change in accounting policy to initially recognise expenditure relating to forward land options and conditional contracts in inventory at cost has given rise to the restatement outlined in the table below together with a reclassification of customer deposits:

	Restated 2016 £m	Original 2016 £m
Land for development	1,282	1,215
Payments on account (within inventories)	(33)	(61)
Customer deposits (within trade payables)	(65)	–
Current income tax liabilities	30	24
Retained earnings	937	913

The principal accounting policies 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 2 July 2017 (2016: 26 June 2016). 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 for the financial year is dealt with in the statement of changes in equity.

a. Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. 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

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Redrow plc has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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.

In respect of social housing, the Group enters into contracts for the sale of social housing either at an agreed price or at a discount to open market value. Payment for these properties is made by the purchaser, either on legal completion of the unit or, in certain circumstances on a staged basis. Revenues in all cases are recognised on the legal completion of the built home.

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.

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.

FINANCIAL STATEMENTS

Accounting Policies continued

INVENTORIES

Inventories are stated at the lower of cost and net realisable value less cash on account (which represents payments made against work in progress, excluding private customer deposits).

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. These include infrastructure and development costs such as roads and sewers, including contributions to other community benefits such as schools, medical centres and community centres.

Total land costs are allocated to the private housing on a development as, in the case of amenity land and social housing land, neither has sufficient contribution from sales of the precise area of the land to cover the land costs and are a planning requirement of the development.

Provisions are established to write down land where the estimated net sales proceeds less costs to complete exceed the current carrying value. Adjustments to the provisions will be required where selling prices or costs to complete change.

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 options, conditional contracts and land owned without planning is initially recognised in inventory at cost. It is reviewed regularly for impairment.

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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are 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 in income.

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

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.

f. Deposits

New property deposits from private customers are held within Trade and Other payables until the legal completion of the related property or the rescission of the sale contract.

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.

IMPACT OF NEW STANDARDS AND INTERPRETATIONS

a) New and amended standards adopted by the Group. The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2016:

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation
- Amendments to IAS 27, 'Separate financial statements' on the equity method
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative
- Annual improvements 2014. These set of amendments impact four standards:
  - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
  - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
  - IAS 19, 'Employee benefits' regarding discount rates.
  - IAS 34, 'Interim financial reporting' regarding disclosure of information.
- The implementation of these standards has not had a material impact on the Group financial statements.

FINANCIAL STATEMENTS

Accounting Policies continued

IMPACT OF NEW STANDARDS AND INTERPRETATIONS CONTINUED

b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 July 2016 and have not been early adopted:

- IFRS 15 'Revenue from contracts with customers'. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. It is more prescriptive in terms of what should be included within revenue than IAS 18 'Revenue'. Published May 2014, effective date: annual periods beginning on or after 1 January 2018. The Group does not expect the implementation of this standard to have a material impact on profit.
- Amendment to IFRS 15, 'Revenue from contracts with customers'. Published April 2016, effective date: Annual periods beginning on or after 1 January 2018.
- IFRS 9 'Financial instruments'. This standard replaces the guidance in IAS 39. Published July 2014, effective date: annual periods beginning on or after 1 January 2018.
- IFRS 16 'Leases'. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Published January 2016, effective Annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. The Group has a number of operating leases, mainly in relation to cars and some office properties, with the net impact on profit not expected to be significant.

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 2017. Reasonably foreseeable changes in the assumptions used would not have a significant impact on the net realisable value.

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.

The primary risks the Group is exposed to by the defined benefit pension scheme are the movement in corporate bond yields, the market's long-term expectations for inflation and movement in mortality rates. The scheme closed to future accrual with effect from 1 March 2012.

2. OPERATING PROFIT

	Note	2017 £m	2016 £m
Operating profit is stated after charging:			
Inventories expensed in the year	13	**1,193**	992
Depreciation	9	**2**	1
Operating leases – plant and machinery		**3**	2
– other		**1**	1
Research and development expenditure		**1**	1
Auditors' remuneration – fees payable to the Company's Auditors for audit services (i)		**–**	–
– fees payable to the Company's Auditors for other services (ii)		**–**	–

Fees payable to the Company's Auditors comprise:

(i) fees payable for the audit of parent company and consolidated financial statements £30,000 (2016: £30,000) and fees payable for the audit of the Company's subsidiaries pursuant to legislation £146,000 (2016: £145,000).

(ii) Auditors' remuneration for other services comprised £20,000 (2016: £20,000) in respect of an independent review of the half-yearly financial statements (Audit related assurance services), £10,000 (2016: £nil) in respect of Radleigh audit file review (Non-audit services), £408,000 (2016: £nil) in respect of Reporting Accountant services (Non-audit services) and £8,000 (2016: £8,000) in respect of iXBRL tagging (Taxation compliance services).

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

3. NET FINANCING COSTS

	2017 £m	2016 £m
Interest payable on bank loans	(6)	(8)
Imputed interest on deferred land creditors	(6)	(6)
Financial costs	(12)	(14)
Other interest receivable	4	3
Financial income	4	3
Net financing costs	(8)	(11)

4. INCOME TAX EXPENSE

	2017 £m	2016 £m
Current tax charge		
UK Corporation Tax	62	51
Deferred tax		
Origination and reversal of temporary differences	–	(1)
Total income tax charge income statement	62	50
Reconciliation of tax charge for the year		
Profit before tax	315	250
Tax calculated at UK Corporation Tax rate	62	50
Tax charge for the year	62	50
Deferred tax recognised directly in equity		
Relating to pension scheme	1	(2)
	1	(2)

Current income tax payable in the Company is £3m (2016: payable £1m).

5. DIVIDENDS

The following dividends were paid by the Group:

	2017 £m	2016 £m
Prior year final dividend per share of 6.0p (2016: 4.0p); Current year interim dividend per share of 6.0p (2016: 4.0p)	44	30
	44	30

The Board decided to propose a final dividend of 11.0p per share in respect of 2017 (£41m (2016: 6.0p £22m)). The dividend has not been provided for and there are no income tax consequences.

6. EARNINGS PER ORDINARY SHARE

The basic earnings per share calculation for the year ended 30 June 2017 is based on the weighted average number of shares in issue during the period of 361m (2016: 361m) excluding those held in trust under the Redrow Long Term Incentive Plan (9m shares (2016: 9m 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 2017

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	253	361	70.2
Effect of share options and SAYE	–	2	(0.2)
Diluted earnings per share	253	363	70.0

For the 12 months ended 30 June 2016

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	200	361	55.4
Effect of share options and SAYE	–	1	(0.2)
Diluted earnings per share	200	362	55.2

7. EMPLOYEES

a. Cost (including Directors)

	Group		Company	
	2017 £m	2016 £m	2017 £m	2016 £m
Wages and salaries	92	77	3	3
Social security costs	13	11	2	1
Other pension costs	8	7	–	–
Share-based payments	7	5	2	1
	120	100	7	5

b. Number

The monthly average number of persons employed by the Group was:

	Group		Company	
	2017 Number	2016 Number	2017 Number	2016 Number
Directors and administrative staff	860	778	9	9
Other personnel	1,270	1,088	–	–
	2,130	1,866	9	9

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

7. EMPLOYEES CONTINUED

c. Key management remuneration

Key management personnel, as defined under IAS 24 'Related party disclosures', are identified as the Executive Management Team and the Non-Executive Directors.

Summary key management remuneration is as follows:

	2017 £m	2016 £m
Salaries and short-term employee benefits	**5**	4
Share-based payments	**2**	2
	7	6

In addition, the Redrow Staff Pension scheme paid £14,730 (2016: £14,541) to The Steve Morgan Foundation on behalf of 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 76 to 97, which form part of these financial statements.

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.

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

	2017	2016
Options granted during the year	**1,073,997**	679,476
Date of grant	**1 January 2017**	1 January 2016
Fair value at measurement date	**£1.51**	£1.75
Share price	**£4.00**	£4.63
Exercise price	**£3.20**	£3.70
Option life (contract length)	**3/5 years**	3/5 years
Expected dividend yield	**4.43%**	2.1%
Risk free interest rate	**1.5%**	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 Incentive scheme (LTIP)

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 LTIP on 12 September 2016 were granted to a limited number of Senior Executives. The scheme is discussed in greater detail within the Directors' Remuneration Report.

7. EMPLOYEES CONTINUED

d. Share-based payments continued

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

	2017	2016
Options granted during the year	**334,953**	175,810
Date of grant	**12 September 2016**	14 September 2015
Fair value at the measurement date	**£3.56**	£4.65
Share price	**£4.08**	£4.95
Exercise price	**£0.00**	£0.00
Expected volatility	**N/A†**	N/A†
Option life	**3 years**	3 years
Expected dividend yield	**4.43%**	2.1%
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.

The fair value at the measurement date of the LTIP granted on 12 September 2016 comprises £3.56 in respect of non-market based performance conditions.

The fair value at the measurement date of the LTIP granted on 14 September 2015 comprises £4.65 in respect of non-market based performance conditions.

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.

	2017 Tranche 1	2017 Tranche 2	2016 Tranche 1	2016 Tranche 2
Options granted during the year	**705,703**	**705,845**	471,023	471,136
Date of grant	**12 September 2016**	**12 September 2016**	14 September 2015	14 September 2015
Fair value at the measurement date	**£3.94**	**£3.77**	£4.87	£4.75
Share price	**£4.08**	**£4.08**	£4.95	£4.95
Exercise price	**£0.00**	**£0.00**	£0.00	£0.00
Expected volatility	**N/A†**	**N/A†**	N/A†	N/A†
Option life	**1 year**	**2 years**	1 year	2 years
Expected dividend yield	**3.50%**	**3.93%**	1.7%	2.1%
Risk free interest rate	**N/A†**	**N/A†**	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.

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

7. EMPLOYEES CONTINUED

d. Share-based payments continued

Share options outstanding

The following share options were outstanding at 30 June 2017:

Type of scheme	Date of grant	Number of options 2017	Number of options 2016	Exercise price
Long Term Share Incentive 2011	21 September 2011	**–**	159,889	–
Long Term Share Incentive 2012	23 October 2012	**134,271**	544,757	–
Long Term Share Incentive 2013	24 September 2013	**90,947**	368,842	–
Long Term Share Incentive 2014	8 September 2014	**377,194**	377,194	–
Long Term Share Incentive 2015	14 September 2015	**175,810**	175,810	–
Long Term Share Incentive 2016	12 September 2016	**334,953**	–	–
Deferred Bonus Incentive 2012 – Tranche 1	23 October 2012	**13,212**	16,130	–
Deferred Bonus Incentive 2012 – Tranche 2	23 October 2012	**13,212**	122,981	–
Deferred Bonus Incentive 2013 – Tranche 1	24 September 2013	**23,205**	99,984	–
Deferred Bonus Incentive 2013 – Tranche 2	24 September 2013	**43,206**	159,490	–
Deferred Bonus Incentive 2014 – Tranche 1	8 September 2014	**103,850**	278,849	–
Deferred Bonus Incentive 2014 – Tranche 2	8 September 2014	**154,024**	505,847	–
Deferred Bonus Incentive 2015 – Tranche 1	14 September 2015	**157,181**	428,506	–
Deferred Bonus Incentive 2015 – Tranche 2	14 September 2015	**393,355**	428,603	–
Deferred Bonus Incentive 2016 – Tranche 1	12 September 2016	**652,818**	–	–
Deferred Bonus Incentive 2016 – Tranche 2	12 September 2016	**652,939**	–	–
Company Share Option Plan	21 November 2008	**77,935**	95,920	£1.25
Save As You Earn	1 January 2010	**–**	1,836	£1.42
Save As You Earn	1 January 2011	**21,514**	21,514	£0.98
Save As You Earn	1 January 2012	**49,175**	202,317	£0.95
Save As You Earn	1 January 2014	**154,711**	772,612	£1.98
Save As You Earn	1 January 2015	**890,421**	982,351	£2.21
Save As You Earn	1 January 2016	**445,196**	638,482	£3.70
Save As You Earn	1 January 2017	**1,006,056**	–	£3.20

The total share options outstanding at 30 June 2017 under the LTIP, Deferred Bonus Incentive Plan, Company Share Option Plan and the Save As You Earn schemes represent 1.6% of the issued share capital (2016: 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:

	Number of options 2017	Weighted average exercise price 2017	Number of options 2016	Weighted average exercise price 2016
Long Term Share Incentive scheme:		**–**		
Outstanding at the beginning of the year	**1,626,492**	**–**	1,450,682	–
Lapsed during the year	**–**	**–**	–	–
Exercised during the year	**(848,270)**	**–**	–	–
Granted during the year	**334,953**	**–**	175,810	–
Outstanding at the end of the year	**1,113,175**	**–**	1,626,492	–
Exercisable at the end of the year	**225,218**	**–**	704,646	–
Deferred Bonus Incentive scheme:				
Outstanding at the beginning of the year	**2,040,389**	**–**	1,921,610	–
Lapsed during the year	**(155,045)**	**–**	(61,617)	–
Exercised during the year	**(1,089,890)**	**–**	(761,763)	–
Granted during the year	**1,411,548**	**–**	942,159	–
Outstanding at the end of the year	**2,207,002**	**–**	2,040,389	–
Exercisable at the end of the year	**507,890**	**–**	677,434	–
Company Share Option Plan:				
Outstanding at the beginning of the year	**95,920**	**£1.25**	161,865	£1.25
Lapsed during the year	**–**	**–**	–	–
Exercised during the year	**(17,985)**	**£1.25**	(65,945)	£1.25
Outstanding at the end of the year	**77,935**	**£1.25**	95,920	£1.25
Exercisable at the end of the year	**77,935**	**£1.25**	95,920	£1.25
Save As You Earn scheme:				
Outstanding at the beginning of the year	**2,619,112**	**£2.39**	2,419,327	£1.91
Lapsed during the year	**(357,184)**	**£3.20**	(274,917)	£1.77
Exercised during the year	**(768,852)**	**£1.78**	(204,774)	£1.10
Granted during the year	**1,073,997**	**£3.20**	679,476	£3.70
Outstanding at the end of the year	**2,567,073**	**£2.81**	2,619,112	£2.39
Exercisable at the end of the year	**6,448**	**£2.51**	–	–

The weighted average share price at the date of exercise of share options exercised during the year was £4.27 (2016: £4.40).

The options outstanding at 30 June 2017 had a range of exercise prices of £nil to £3.70 (2016: £nil to £3.70) and a weighted average remaining contractual life of 5.6 years (2016: 5.5 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 £7m (2016: charge £5m).

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

7. EMPLOYEES CONTINUED

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 £16m (2016: credit of £1m). A charge of £8m related to the defined benefit section of the Scheme (2016: credit of £8m), with £nil being charged to the income statement (2016: charge of £nil) and a charge of £8m to the statement of comprehensive income (2016: credit of £8m). The charge arising from the defined contribution section was £8m (2016: £7m).

Triennial valuation

A full independent triennial actuarial valuation of the defined benefit section of the Scheme was undertaken at 1 July 2014 using the Projected Unit Method. In the opinion of the Actuary, there was a deficit of £20m in the defined benefit section of the Scheme, based on the Trustees' technical provisions assumptions with the Scheme's assets representing 82% of the Scheme's technical provisions. As at 1 July 2014 the value of the defined benefit section of the Scheme's assets was £92m. The previous triennial valuation was undertaken as at 1 July 2011 and reported a deficit of £10m.

Defined benefit scheme – IAS 19R valuation

Redrow recognises 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 2014. This valuation has been updated to 30 June 2017 by a qualified actuary for the purposes of these financial statements.

The Group agreed a recovery plan for the 1 July 2014 actuarial valuation: it agreed to contribute £1.1m per annum to the Scheme from 1 July 2014 to 30 June 2020 and £1.5m per annum from 1 July 2020 to 30 June 2026. During the 2017 financial year, the Group agreed to increase its contributions to £3.0m per annum from 1 January 2018. As a result, the Group expects to contribute £2.1m to the Scheme in the year ending 30 June 2018.

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

	2017	2016
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]	**3.1%**	2.8%
Rate of increase of benefits in payment (lesser of 2.5% per annum and RPI)[2]	**2.2%**	2.0%
Discount rate	**2.6%**	3.0%
Inflation assumption – RPI	**3.2%**	2.8%
– CPI	**2.2%**	1.8%

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

For male and female members: SAPS CMI_2016 1.25% Long Term Trend (2016: SAPS CMI_2015 1.25% Long Term Trend)

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

Pensioner currently aged 65:	Male 22.1 years (2016: Male 22.2 years)	Female 24.0 years (2016: Female 24.2 years)
Future pensioner when aged 65:	Male 23.1 years (2016: Male 23.5 years)	Female 25.1 years (2016: Female 25.7 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.

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes 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					
	2017 £m Quoted market price in active market	2017 £m No quoted market price in active market	2017 £m Total	2016 £m Quoted market price in active market	2016 £m No quoted market price in active market	2016 £m Total
Equities	**44**	**–**	**44**	33	2	35
Debt instruments	**59**	**–**	**59**	64	–	64
Other	**14**	**3**	**17**	9	3	12
Cash	**6**	**–**	**6**	9	–	9
Insurance policies	**–**	**2**	**2**	–	2	2
Total market value of assets	**123**	**5**	**128**	115	7	122
Present value of obligations			**(130)**			(116)
(Deficit)/surplus in the Scheme			**(2)**			6

The defined benefit obligation can be approximately attributed to the scheme members as follows:

	2017 %	2016 %
Deferred members	**75**	73
Pensioner members	**25**	27
	100	100

All benefits are vested at 30 June 2017 (unchanged from 30 June 2016).

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

	Group and Company	
	2017 £m	2016 £m
Amounts included within the income statement:		
Administrative expenses		
Scheme administration expenses	**–**	–
Net interest on defined benefit liability	**–**	–
	–	–
Amounts recognised in the statement of comprehensive income:		
Return on scheme assets excluding interest income	**8**	18
Actuarial gains arising from changes in demographic assumptions	**3**	1
Actuarial losses arising from changes in financial assumptions	**(19)**	(11)
Actuarial gains arising from experience adjustments	**–**	–
	(8)	8
	(8)	8

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

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

	Group and Company	
	2017 £m	2016 £m
Balance sheet (deficit)/surplus		
At start of year	**6**	(3)
Amounts (charged)/credited against statement of comprehensive income	**(8)**	8
Employer contributions paid	**–**	1
At end of year	**(2)**	6
Changes in the present value of the defined benefit obligation:		
At start of year	**116**	106
Interest expense	**4**	4
Benefit payments	**(6)**	(4)
Actuarial (gains) arising from changes in demographic assumptions	**(3)**	(1)
Actuarial losses arising from changes in financial assumptions	**19**	11
Actuarial gains arising from experience adjustments	**–**	–
At end of year	**130**	116
Changes in the fair value of the Scheme's assets:		
At start of year	**122**	103
Interest income	**4**	4
Return on scheme assets excluding interest income	**8**	18
Scheme administration expenses	**–**	–
Normal employer contributions	**–**	1
Benefit payments	**(6)**	(4)
At end of year	**128**	122

7. EMPLOYEES CONTINUED

e. Retirement benefit schemes continued

Sensitivity of key assumptions

The table below gives a broad indication of the impact on the IAS 19R numbers to changes in assumptions and experience (away from the assumptions shown on page 130). All figures are before allowing for deferred tax.

Item	Approximate impact 2017	Approximate impact 2016
Present value of defined benefit obligation (£m)		
Discount rate -25 basis points	137.7	123.1
Discount rate +25 basis points	123.2	110.2
Price inflation rate -25 basis points	123.4	110.3
Price inflation rate +25 basis points	137.5	122.9
Post-retirement mortality assumption -1 year age adjustment	134.3	119.7
Weighted average duration of defined benefit obligation (in years)		
Discount rate -25 basis points	22.40	22.39
Discount rate +25 basis points	22.11	21.89

8. INTANGIBLE ASSETS

Group

	Goodwill £m	Software £m	Total £m
Cost			
At 1 July 2015	1	2	3
Additions	–	–	–
At 30 June 2016	1	2	3
Additions	–	–	–
At 30 June 2017	**1**	**2**	**3**
Accumulated amortisation			
At 1 July 2015	–	1	1
Charge	–	–	–
At 30 June 2016	–	1	1
Charge	–	–	–
At 30 June 2017	**–**	**1**	**1**
Net book value			
At 30 June 2017	**1**	**1**	**2**
At 30 June 2016	1	1	2
At 30 June 2015	1	1	2

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

9. PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold property £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 1 July 2015	14	3	5	22
Additions	3	–	3	6
Disposals	–	–	(1)	(1)
At 30 June 2016	17	3	7	27
Additions	–	–	1	1
At 30 June 2017	**17**	**3**	**8**	**28**
Accumulated depreciation				
At 1 July 2015	3	3	4	10
Charge	–	–	1	1
Disposals	–	–	(1)	(1)
At 30 June 2016	3	3	4	10
Charge	1	–	1	2
At 30 June 2017	**4**	**3**	**5**	**12**
Net book value				
At 30 June 2017	**13**	**–**	**3**	**16**
At 30 June 2016	14	–	3	17
At 30 June 2015	11	–	1	12

10. INVESTMENTS

a. Investments

	Group		Company	
	2017 £m	2016 £m	2017 £m	2016 £m
Joint ventures	**27**	25	**–**	–
	27	25	**–**	–

10. INVESTMENTS CONTINUED

b. Investments in joint ventures

	Group		Company	
	2017 £m	2016 £m	2017 £m	2016 £m
Share of joint venture net assets:				
Current assets	**29**	24	**–**	–
Current liabilities	**(7)**	(6)	**–**	–
Non-current liabilities	**(22)**	(19)	**–**	–
Net (liabilities)	**–**	(1)	**–**	–
Loans from Group companies(i)	**27**	26	**–**	–
	27	25	**–**	–
Share of post-tax profits from joint ventures:				
Revenue	**17**	–	**–**	–
Cost of sales	**(15)**	–	**–**	–
Gross profit	**2**	–	**–**	–
Administrative expenses	**–**	–	**–**	–
Operating profit	**2**	–	**–**	–
Finance costs	**(1)**	–	**–**	–
Profit before tax	**1**	–	**–**	–
Taxation	**–**	–	**–**	–
	1	–	**–**	–

(i) £27m of the loans to joint ventures are secured (2016: £26m).

The Group's joint venture investments are:

- its 50% shareholding in the ordinary share capital of Menta Redrow Limited and Menta Redrow (II) Limited, both companies incorporated in Great Britain with a 30 June year end. Menta Redrow Limited and Menta Redrow (II) Limited were formed to pursue redevelopment opportunities in Croydon.

c. Investments in subsidiary undertakings

	Company £m
At 1 July 2016 and 30 June 2017	**–**

The principal subsidiary company is Redrow Homes Limited. All subsidiary companies are incorporated in Great Britain except Redrow Homes (Park Heights) Limited and Blue Capital (Jersey) Limited which are incorporated in Jersey. A full list of subsidiary undertakings as at 30 June 2017 is shown on page 136. The capital of all the subsidiary companies, consisting of ordinary shares, is wholly owned by HB (HDG) Limited which in turn is wholly and directly owned by Redrow plc.

All the subsidiaries registered office is Redrow House, St David's Park, Flintshire, CH5 3RX apart from those marked (i), (ii) and (iii) whose registered offices are as follows:

(i) c/o TLT LLP, 140 West George Street, Glasgow, G2 2HG

(ii) 13 Castle Street, St. Helier, Jersey, JE4 5UT

(iii) 44 Esplanade, St. Helier, Jersey, JE4 9WG

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

10. INVESTMENTS CONTINUED

c. Investments in subsidiary undertakings continued

Subsidiaries

Name	Company Number	Name	Company Number
HB (HDG) Limited	1990709	Redrow Homes (London) Limited	7472674
Redrow Homes Limited	1990710	St David's Park Limited	2479183
Harrow Estates plc	6825371	PB0311 Limited	7577839
Redrow Real Estate Limited	3996541	Debut Freeholds Limited	4638403
Redrow Regeneration plc	5405272	Tay Homes (Western) Limited	2806562
Redmira Limited	7587765	Tay Homes (Northern) Limited	2708575
HB (NW) Limited	1189328	Tay Homes (Midlands) Limited	2183136
HB (LCS) Limited (i)	SC38052	Tay Homes (North West) Limited	2189721
HB (MID) Limited	2469449	Redrow Homes (Park Heights) Limited (ii)	66240
HB (SW) Limited	3522335	Blue Capital (Jersey) Limited (iii)	110509
HB (SWA) Limited	2230870	Redrow Construction Limited	1375826
HB (Y) Limited	2293006	Poche Interior Design Limited	2169473
HB (ESTN) Limited	4017345	Redrow (Shareplan) Limited	3520984
HB (WM) Limited	3379746	Imagelines Limited	3520986
HB (SM) Limited	3522321	Cadmoore Limited	3977222
HB (SN) Limited	537405	Redrow (Sudbury) Limited	4558070
HB (WC) Limited	4984069	The Waterford Park Company Limited	5429823
HB (WX) Limited	1940936	The Waterford Park Company (Balmoral) Limited	6047122
HB (EM) Limited	2827161	HB (Herne Bay No 1) Limited	7743649
HB (CD) Limited	2034733	HB (Herne Bay No 2) Limited	9163243
HB (GRPS) Limited	2898913	Redrow Homes East Midlands Limited	4219459
HB (CPTS) Limited	1079513	Radleigh Construction Limited	4219460
HB (SE) Limited	3988594	Radleigh Homes Limited	4210633
HB (CSCT) Limited (i)	SC231364	Radbourne Edge (Holdings) Limited	8737345
HB (SC) Limited (i)	SC74732	Redrow Langley Limited	7306461
HB (1995) Limited (i)	SC155021	Radleigh (Hackwood) Limited	8131049
Redrow Homes (Wallyford) Limited (i)	SC205159		

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	Share-based payment £m	Short-term temporary differences £m	Losses carried forward £m	Total £m
Deferred tax assets						
At 1 July 2015	1	3	–	1	–	5
Credit to income	–	–	–	1	–	1
Charge to equity	(1)	–	–	–	–	(1)
At 30 June 2016	–	3	–	2	–	5
Credit to income	–	–	–	–	–	–
Charge to equity	–	–	–	–	–	–
At 30 June 2017	**–**	**3**	**–**	**2**	**–**	**5**

11. DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

	Employee benefits £m	Imputed interest £m	Share- based payment £m	Short-term temporary differences £m	Losses carried forward £m	Total £m
Deferred tax liabilities						
At 1 July 2015	–	–	–	(1)	–	(1)
Credit to income	–	–	–	–	–	–
Charge to equity	(1)	–	–	–	–	(1)
At 30 June 2016	(1)	–	–	(1)	–	(2)
Arising on acquisition	–	–	–	(2)	–	(2)
Credit to equity	1	–	–	–	–	1
At 30 June 2017	**–**	**–**	**–**	**(3)**	**–**	**(3)**

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 £3m (2016: £2m).

A Corporation Tax rate of 20% from 1 April 2016 was substantively enacted on 2 July 2013. Changes to reduce the Corporation Tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 were substantively enacted on 26 October 2015. A further change to reduce the rate to 17% from 1 April 2020 was substantively enacted on 6 September 2016. Deferred tax balances have been valued at 19%. The overall effect of these changes, if they had applied to the deferred tax balance at the balance sheet date, would not be significant to the Group.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 £m	2016 £m	2017 £m	2016 £m
Non-current assets				
Trade receivables (net)	**11**	12	**–**	–
	11	12	**–**	–
Current assets				
Trade receivables (net)	**10**	11	**–**	–
Amounts due from subsidiary companies	**–**	–	**945**	918
Other receivables	**21**	21	**–**	–
Prepayments and accrued income	**4**	4	**–**	–
	35	36	**945**	918

Trade receivables due after more than one year are stated after an allowance of £8m has been made (2016: £9m) in respect of estimated irrecoverable amounts. This allowance is based on an estimate of default rates. £nil provision was made during the year (2016: £nil). £1m was utilised (2016: £1m). £nil provision was released during the year (2016: £3m). It is not considered that a material amount of current asset trade receivables are overdue for payment.

Trade and other receivables due between one and two years are £1m (2016: £nil), between two and five years are £8m (2016: £9m) and due in more than five years are £2m (2016: £3m). The Group holds a charge over the underlying assets. 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.

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

13. INVENTORIES

	Group 2017 £m	Group Restated 2016 £m	Company 2017 £m	Company 2016 £m
Land for development	**1,339**	1,282	**–**	–
Work in progress	**723**	600	**–**	–
Stock of showhomes	**57**	54	**–**	–
	2,119	1,936	**–**	–
Payments on account	**(76)**	(33)	**–**	–
	2,043	1,903	**–**	–

Inventories of £1,193m net of £11m net realisable value provision utilisation, were expensed in the year (2016: £992m net of £9m net realisable value provision utilisation). Work in progress includes £2m (2016: £3m) in respect of part exchange properties. Land held for development in the sum of £168m is subject to a legal charge as security in respect of deferred consideration (2016: £232m).

Payments on account comprises £27m (2016: £20m) attributable to land and £49m (2016: £13m) attributable to work in progress.

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 (2016: £nil). Of the net realisable value provision of £8m (2016: £19m), £nil (2016: £9m) is attributed to land and £8m (2016: £10m) 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.

Details of the restatement in respect of the change in Forward land accounting policy can be found in Accounting Polices on page 118.

The net realisable value provision movement is analysed below:

	Total £m
As at 1 July 2016	19
Utilised during the year	(11)
Created during the year	1
Released during the year	(1)
As at 30 June 2017	**8**

The net realisable value provision relates to land with residential planning consent.

The net realisable value provisions of £1m and £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.

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:

14. FINANCIAL RISK MANAGEMENT CONTINUED

The Group

	2017 Loans and receivables £m	2016 Loans and receivables £m
Assets per the balance sheet		
Non-current trade and other receivables	**11**	12
Current trade and other receivables	**31**	32
Cash and cash equivalents	**62**	135
	104	179

	2017 Other financial liabilities £m	2016 Other financial liabilities £m
Liabilities per the balance sheet		
Bank loans and overdrafts	**135**	274
Trade payables and other payables including customer deposits	**359**	356
Land creditors	**351**	378
	845	1,008

Other financial liabilities are at amortised cost.

The Company

	2017 Loans and receivables £m	2016 Loans and receivables £m
Assets per the balance sheet		
Cash and cash equivalents	**61**	134
Amounts due from subsidiary companies	**945**	918
	1,006	1,052

	2017 Other financial liabilities £m	2016 Other financial liabilities £m
Liabilities per the balance sheet		
Bank loans and overdrafts	**173**	230
Amounts owed to subsidiary companies	**14**	14
	187	244

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.

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

14. FINANCIAL RISK MANAGEMENT CONTINUED

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 2017, the Group had total unsecured bank borrowing facilities of £368m, representing £365m committed facilities and £3m uncommitted facilities.

The Group's cash surpluses arise from 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 from time to time 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 2017 or 2016.

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:

	2017					2016				
	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	**2.0**	**45**	**45**	**–**	**–**	2.0	44	44	–	–
Bank loans – floating rate	**2.3**	**90**	**–**	**–**	**90**	2.3	230	–	–	230
		135	**45**	**–**	**90**		274	44	–	230

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
2017	**–**	**–**	**–**
2016	–	–	–

For the year ended 30 June 2017, it is estimated that for any incremental general increase of 1% in interest rates applying for the full year the decrease in the Group's profit before tax would be £1m (2016: £3m).

b. Maturity of bank loans and borrowings

The maturity of bank loans and borrowings is as below:

The Group

	2017		2016	
	Bank overdraft £m	Bank loans £m	Bank overdraft £m	Bank loans £m
Due within one year	**45**	**–**	44	–
Due between one and two years	**–**	**–**	–	–
Due between two and five years	**–**	**95**	–	247
	45	**95**	44	247

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

14. FINANCIAL RISK MANAGEMENT CONTINUED

b. Maturity of bank loans and borrowings continued

The Company

	2017		2016	
	Bank overdraft £m	Bank loans £m	Bank overdraft £m	Bank loans £m
Due within one year	**83**	**–**	–	–
Due between one and two years	**–**	**–**	–	–
Due between two and five years	**–**	**95**	–	247
	83	**95**	–	247

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 2017.

At the year end, the Group and Company had £275m (2016: £135m) 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
2017	**351**	**359**	**154**	**103**	**102**
2016	378	386	222	83	81

d. Maturity of trade and other payables

These represent current liabilities due within one year.

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

14. FINANCIAL RISK MANAGEMENT CONTINUED

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	
	2017 £m	2016 £m	2017 £m	2016 £m
Held at Banks with at least an A- credit rating per Standard & Poor	62	135	61	134
	62	135	61	134

No credit limits were exceeded during the reporting year 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.

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.

The total capital levels and gearing ratios as at 30 June 2017 and 30 June 2016 are as follows:

	2017 £m	2016 £m
Total borrowings	135	274
Less cash and cash equivalents	(62)	(135)
Net debt	73	139
Equity	1,235	1,041
Total capital	1,308	1,180
Gearing ratio	6%	13%

g. Fair values

At 30 June 2017 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	
	2017 £m	2016 £m	2017 £m	2016 £m
Non-current liabilities				
Amounts due in respect of development land	197	156	–	–
	197	156	–	–
Current liabilities				
Trade payables	289	286	–	–
Amounts due in respect of development land	154	222	–	–
Customer deposits	64	65	–	–
Amounts owed to subsidiary companies	–	–	14	14
Other payables	6	5	–	–
Other taxation and social security	3	3	–	–
Accruals and deferred income	69	50	13	11
	585	631	27	25

16. LONG-TERM PROVISIONS

The Group

	Onerous contracts £m	Other £m	Total £m
At 1 July 2016	2	5	7
Provisions created during the year	–	2	2
Provisions released during the year	–	–	–
Provisions utilised during the year	–	(1)	(1)
At 30 June 2017	**2**	**6**	**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

	2017 £m	2016 £m
Authorised		
480,000,000 ordinary shares of 10p each (2016: 480,000,000)	48	48
Issued and fully paid	37	37

	Number of ordinary shares of 10p each
As at 1 July 2016 and 30 June 2017	**369,799,938**

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

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

18. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES

The Group

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m
At 1 July 2015	37	59	8	769
Total comprehensive income	–	–	–	206
Dividends paid	–	–	–	(30)
Movement in respect of LTIP/SAYE	–	–	–	(8)
At 30 June 2016	37	59	8	937
Total comprehensive income	–	–	–	246
Dividends paid	–	–	–	(44)
Movement in respect of LTIP/SAYE	–	–	–	(8)
At 30 June 2017	**37**	**59**	**8**	**1,131**

Other reserves
Other reserves consists of a £7m Capital redemption reserve (2016: £7m) and a £1m Consolidation reserve (2016: £1m).

Undistributable reserves
Other reserves are not available for distribution.

The Company

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m
At 1 July 2015	37	59	7	524
Total comprehensive income†	–	–	–	207
Dividends paid	–	–	–	(30)
At 30 June 2016	37	59	7	701
Total comprehensive income†	–	–	–	44
Dividends paid	–	–	–	(44)
At 30 June 2017	**37**	**59**	**7**	**701**

† Includes dividends received from subsidiary companies.

Other reserves
Other reserves consists of a £7m Capital redemption reserve (2016: £7m).

Undistributable reserves
Other reserves are not available for distribution.

19. MOVEMENT IN NET (DEBT)/CASH

The Group

	At 1 July 2016 £m	Cash flow £m	At 30 June 2017 £m
Cash and cash equivalents	135	(73)	**62**
Bank overdrafts	(44)	(1)	**(45)**
Net cash and cash equivalents	91	(74)	**17**
Bank loans	(230)	140	**(90)**
Net debt	(139)	66	**(73)**

The Company

	At 1 July 2016 £m	Cash flow £m	At 30 June 2017 £m
Cash and cash equivalents	134	(73)	**61**
Bank overdrafts	–	(83)	**(83)**
Net cash and cash equivalents	134	(156)	**(22)**
Bank loans	(230)	140	**(90)**
Net debt	(96)	(16)	**(112)**

20. OPERATING LEASE COMMITMENTS

	2017 £m	2016 £m
Within one year	**3**	3
Within two to five years	**5**	4
Later than five years	**1**	2

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. Management estimate that the bonds and guarantees amount to £99m (2016: £84m) at the year end and consider the possibility of a cash outflow in settlement to be remote.

FINANCIAL STATEMENTS

Notes to the Financial Statements continued

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 76 to 97. 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 £0.8m (Company £0.8m), primarily relating to the donation to The Steve Morgan Foundation as described in the Directors' Remuneration Report on page 88 and 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 2017, an amount of £nil was due to Harrow Estates plc under normal trading terms.

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 2017 was £945m (2016: £918m). The amount owed to subsidiary undertakings at 30 June 2017 was £14m (2016: £14m).

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 Menta Redrow Limited and Menta Redrow (II) Limited joint ventures. The Group's loans to its joint ventures are disclosed in note 10.

FINANCIAL STATEMENTS

Glossary

DPS
Dividend Per Share

Forward Land
Land which is owned or controlled by Redrow, generally under option, which is being promoted through the planning system in order to ultimately achieve a residential planning consent

HBF
Home Builders Federation

NHBC
National House Building Council

PRS
Private Rented Sector

SDLT
Stamp Duty Land Tax

HOW KEY PERFORMANCE INDICATOR MEASURES ARE CALCULATED:

Land bank years
No. of plots in owned land bank at 30 June divided by no. of legal completions in financial year

Sales outlets
No. of sales outlets open at 30 June

Private reservation rate
No. of private reservations per week in financial year divided by average no. of sales outlets

Revenue
Revenue per consolidated income statement

Number of trainees
No. of trainees at 30 June

HBF customer satisfaction rating
Independent HBF customer satisfaction rating score

Accident incident rate by site
No. of notifiable accidents in financial year divided by average no. of sites

Return on capital employed (ROCE)
Operating profit before exceptional items adjusted for joint ventures as a percentage of opening and closing capital employed

Return on equity (ROE)
Profit before tax before exceptional items adjusted for joint ventures as a percentage of opening and closing net assets

Earnings per share (EPS)
Profit attributable to ordinary equity shareholders (excluding exceptional items and deferred tax rate changes) divided by the weighted average no. of ordinary shares in issue during the financial year

STRATEGIC REPORT
GOVERNANCE REPORT
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

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

Barclays
5 The North Colonnade
Canary Wharf
London
E14 4BB

Peel Hunt
Moor House
120 London Wall
London
EC2Y 5ET

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Slaughter and May
One Bunhill Row
London
EC1Y 8YY

Financial Public Relations Consultants

Instinctif Partners
65 Gresham Street
London
EC2V 7NQ

SHAREHOLDER INFORMATION

Five Year Summary

12 months ended 30 June

	2013* £m	2014 £m	2015 £m	2016† £m	2017 £m
Revenue	605	864	1,150	1,382	1,660
Operating profit before exceptional items	73	138	213	261	322
Operating profit before exceptional items as a percentage of turnover	12.1%	15.9%	18.5%	18.9%	19.4%
Profit before tax	69	133	204	250	315
Net assets	609	696	873†	1,041	1,235
Net debt	(91)	(172)	(154)	(139)	(73)
Gearing – net debt as a percentage of capital and reserves	14.9%	24.8%	17.6%†	13.3%	5.9%
Return on capital employed – operating profit before exceptional items adjusted for joint ventures as a percentage of opening and closing capital employed	12.2%	18.0%	22.8%	23.7%	26.0%
Return on equity	12.3%	20.5%	26.4%	26.1%	27.7%
Number of legal completions	2,827	3,597	4,022	4,716	5,319
Earnings per ordinary share	14.6p	28.3p	44.5p	55.4p	70.2p
Dividends paid per ordinary share	–	2.0p	4.0p	8.0p	12.0p
Net assets per ordinary share	165.0p	188.1p	236.1p†	281.5p	334.0p

* Restated to reflect the application of IAS 19R – Employee Benefits.

† Restated to reflect change in accounting policy.

Printed by Empress Litho with vegetable based inks utilising their FSC and ISO 14001 certified environmental printing process. Printed on Cocoon 50 Silk, an environmentally responsible paper from sustainable sources, which is manufactured using 50% recycled fibre from genuine waste paper.

When you have finished with this report and do not wish to keep it, please do pass it on to other interested readers or dispose of it in your recycled paper waste, thank you.

ISO 14001

FSC www.fsc.org MIX Paper from responsible sources FSC® C008198

Designed and produced by emperor
Visit us at emperor.works

Redrow plc
Redrow House, St. David's Park, Flintshire CH5 3RX
Tel: 01244 520044 Fax: 01244 520720
Email: groupservices@redrow.co.uk