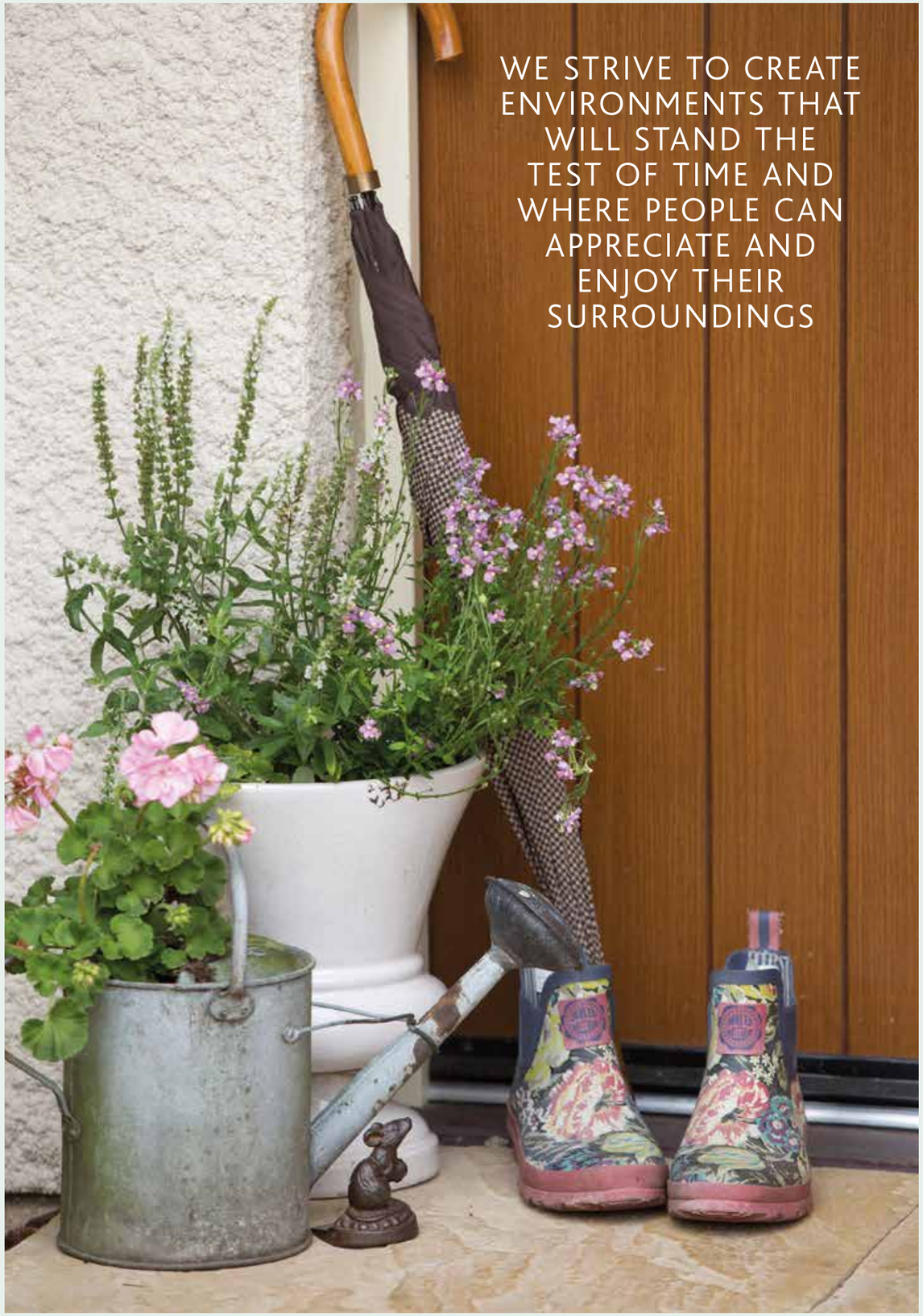
Redrow plc

ANNUAL REPORT 2015



REDROW



HOMES FOR EVERYONE

Redrow's committed and enthusiastic team take enormous pride in the homes we build and the communities we create. As a prestigious housebuilder, Redrow has a reputation for highly imaginative design, build quality and excellent customer service. Our collections have something for everyone:



HERITAGE

The Heritage Collection combines the best of traditional architecture with modern interiors designed for family living.

Read more on pages 12 to 13



PREMIER

Influenced by traditional residences, the Premier range of Redrow's Heritage Collection offers elegant homes in outstanding locations.

Read more on pages 14 to 15



REGENT

The Regent Collection is inspired by elegant formal townhouses and offers modern, flexible family-friendly interiors across multiple floors.

Read more on pages 16 to 17



ABODE

Abode homes offer a fresh, contemporary approach to home design, with clean lines and open plan layouts for a new way of living.

Read more on pages 18 to 19



BESPOKE

Unique homes in unique locations, our Bespoke Collection is designed to make the most of exceptional environments.

Read more on pages 20 to 23

WE PRIDE OURSELVES ON DELIVERING QUALITY HOMES TO OUR CUSTOMERS AND VALUE TO OUR SHAREHOLDERS

ESSENTIAL READING



OUR INVESTMENT CASE
Pages 4 to 5



OUR BUSINESS MODEL
Pages 6 to 7



OUR STRATEGY
Pages 8 to 9



CHAIRMAN'S STATEMENT
Pages 24 to 25

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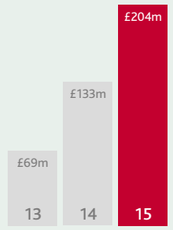
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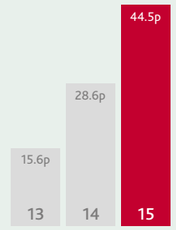
FINANCIAL HIGHLIGHTS



PROFIT BEFORE TAX

£204m

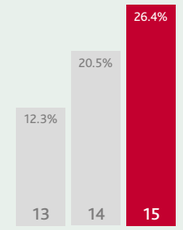
+53%



ADJUSTED EARNINGS PER SHARE

44.5p

+56%

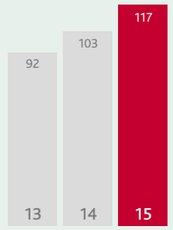


RETURN ON EQUITY

26.4%

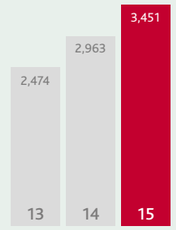
+29%

OPERATIONAL HIGHLIGHTS



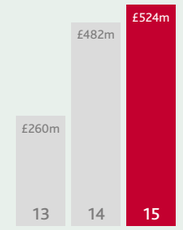
OUTLETS AT JUNE

+14%



PRIVATE LEGAL COMPLETIONS

+16%



PRIVATE ORDER BOOK

+9%

Apprenticeships TOP 100 EMPLOYER 2014 — Building AWARDS 2014 WINNER — WINNER WhatHouse? AWARDS 2014 — 5 STAR HOME BUILDER CUSTOMER SATISFACTION HBF 2015 HOME BUILDERS FEDERATION — INTERNATIONAL PROPERTY AWARDS 2014 — winner of housebuilder awards 2014

OUR INVESTMENT CASE













WHY CHOOSE REDROW?

EXPERTISE IN LAND BUYING

Redrow has the expertise and resources to ensure that the right land opportunities are taken to optimise returns.

EXCELLENT PRODUCT RANGE

Redrow's portfolio of brands have excellent kerb appeal. Customer feedback about our product is very positive and this is endorsed by our track record in winning industry awards.

SUCCESSFUL LEADERSHIP TEAM

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

Career development is strongly encouraged through training.

A STRONG AND EFFICIENT BALANCE SHEET

Redrow has a strong balance sheet with net assets of £849m and a balance of equity and debt. The Group is focused on delivering superior levels of return on capital employed and return on equity from an efficient use of its capital base.

RESPONDING TO CUSTOMERS' DEMANDS

By listening to and understanding our customers' requirements, we continue to evolve our product and customer service. This involves broadening our channels to market, increasing our customer interaction throughout their home buying journey, building homes in appropriate locations and increasing our selection of options to allow customers to personalise their new homes.

CORPORATE SUSTAINABILITY AND RESPONSIBILITY

Redrow understands that our strategy, performance and future expectations are inextricably linked to the creation of value through our socio-economic and environmental relationships.

KEY 2015 HIGHLIGHTS

c.5,900 plots added to current land bank

c.2,000 plots pulled through from forward land bank

Regent Collection revenue increased by 200% in year

Redrow Homes wins Five Star Award for Customer Satisfaction for five consecutive years

15% of workforce on structured training programmes

12% of workforce on personal development plans

50% of director appointments in last two years from internal promotions

Return on equity up 29% to 26.4%

Return on capital employed up 27% to 22.8%

14% growth in outlets to 117 at June 2015

28% growth in Homes private revenue

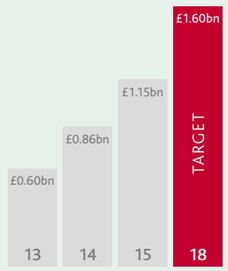
£10m extras sold; 67% increase on 2014 levels

Over 200 hectares of public open space created, up 90%

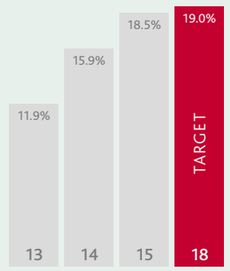
£128m committed to fund improvements to local communities, up 13%

OUR BENCHMARK FOR SUCCESS IN 2018

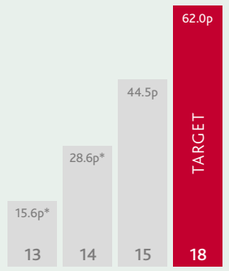
TURNOVER (£bn)



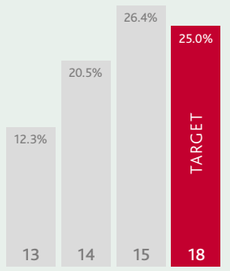
OPERATING MARGIN (%)



EPS (P)



ROE (%)



Excludes exceptional items and deferred tax rate changes

OUR BUSINESS MODEL

REDROW PRIDES ITSELF ON BEING
A RESPONSIBLE DEVELOPER, DELIVERING SUSTAINABLE
DEVELOPMENTS AND SUSTAINABLE RETURNS

CAPABILITIES



RELATIONSHIPS

Land & Planning
The quality and location of our land bank is fundamental to delivering sustainable and profitable growth. Our experienced land teams focus on the investment and promotion of strategic land together with shorter term opportunities where we can add value through our master planning and technical expertise.

Design & Technical
Good design is at the heart of sustainable development. Our design and technical teams pride themselves on creating well designed, attractive and practical homes within high quality living environments.

Build
Quality of build underpins our ability to deliver a quality home to our customers. Our efficient and cost effective build incorporates carefully researched, proven products, materials and technologies.

Sales & Marketing
We aim to make the homebuying process as personal, straightforward and enjoyable as possible for our customers. We aim to provide excellent customer service throughout.

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 referral.

Our People
Our people are at the heart of our business; we invest in attracting and retaining talented staff, providing career development, training and delivering succession planning for the future.

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

OUR STRATEGY

MAINTAIN A QUALITY LAND BANK
PRODUCE A QUALITY PRODUCT
INDUSTRY LEADING SALES & MARKETING
TRAINING FOR THE FUTURE
EXCELLENT CUSTOMER SERVICE
HIGH STANDARDS IN HEALTH & SAFETY
IMPROVE RETURNS

See our strategy on pages 8 to 9

SUSTAINABLE OUTCOMES

DESIGN
housing that benefits people

CUSTOMERS
changing the way people live

COMMUNITY
and the communities in which they live

PEOPLE
developing skills & creating opportunities

ENVIRONMENT
focused on sustainable growth

KEY PERFORMANCE INDICATORS
We have ten key performance indicators to help measure the performance of our business.

See our KPIs on page 9

RISK MANAGEMENT
Our risk management framework provides a structured and consistent process for identifying, assessing and responding to risks.

Read more on pages 38 to 42

GOVERNANCE
We remain committed to high standards of corporate governance. Our Main Board has a balance of Executive Directors and Non-Executive Directors.

Read more on pages 56 to 88

SUSTAINABILITY
We aim to be a responsible, profitable business; reducing our negative effects and increasing our positive effects on both people and the environment.

Read more on pages 44 to 55

OUR STRATEGY

DELIVERING A PREMIUM BRAND WITH A HIGH QUALITY PRODUCT FOR OUR CUSTOMERS AND GROWING RETURNS FOR OUR SHAREHOLDERS

STRATEGY	MEASURE*	2018 OBJECTIVES	KEY PERFORMANCE INDICATORS Performance 2015	2014	Comment
MAINTAIN A QUALITY LAND BANK We are focused on using our expertise to acquire sufficient quality land in appropriate locations on competitive terms to deliver our growth objectives. Ensuring that we obtain current and forward land with suitable planning potential are fundamental in delivering our strategy.	Land bank years Sales outlets	• Maintain land bank at c.4 years • Increase sales outlets	3.9 years 117	4.0 years 103	Land bank maintained to support increasing legal completion numbers Outlets up 14%
PRODUCE A QUALITY PRODUCT We aim to deliver well designed, well built, attractive homes. We are continuing to develop our portfolio of brands to enable us to increasingly deliver more choice for our customers in both product and location.	Private reservation rate	• Maintain an appropriate balance in availability of our portfolio of brands in the right locations	0.68	0.70	Private reservation rate marginally down on prior year levels
INDUSTRY LEADING SALES & MARKETING We continue to enhance our customers' interaction throughout their home buying journey and beyond. Customer feedback, both formal and informal, is important in helping us evolve our offering to benefit future customers, from an enhanced online experience through an increased array of customer options to an improved handover experience.	Revenue	• Revenue increasing to £1.6bn	£1,150m	£864m	Revenue up 33%
TRAINING FOR THE FUTURE 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 centre, dedicated training team and innovative graduate and apprentice programmes play an important role in delivering our strategy.	Number of trainees	• Maintain level of trainees representing 15% of increasing workforce	243	202	Trainee numbers up 20% and maintained at 15% of an increased workforce
EXCELLENT CUSTOMER SERVICE Over the last year we have undertaken a fundamental review of this important aspect of our business. We will shortly be implementing comprehensive improvements to our customer service to ensure we are well placed to deliver the best possible customer experience as our number of customers increases in line with our growth strategy.	Five star customer satisfaction rating	• Maintain HBF five star customer satisfaction rating	5 star	5 star	Five star HBF customer satisfaction rating achieved for five consecutive years
HIGH STANDARDS IN HEALTH & SAFETY We are dedicated to maintaining the highest standards of health and safety as our business grows. We have expanded our own in-house dedicated team of Health and Safety professionals to ensure that our teams on site are appropriately trained, supported and audited.	Accident incident rate by site	• Accident incident rate by site maintained at 0.3 or below	0.23	0.37	38% improvement in accident incident rate
IMPROVE RETURNS 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 ROE ROCE	• EPS increasing to 62p • ROE of 25% • ROCE of 21%	44.5p 26.4% 22.8%	28.6p 20.5% 18.0%	Up 56% Up 29% Up 27%

OUR MARKETS

Strategic Report Approval
The Strategic Report outlined on pages 3 to 55 has been approved by the Board.

By order of the Board

Graham Cope
Company Secretary

7 September 2015

Our Markets
The housing market plays an important role in the UK economy with underlying demand for housing being fundamentally strong.

Planning
The National Policy Planning Framework was published in March 2012 as part of the Government's action to ensure the supply of housing in response to higher demand. The process was further streamlined in 2015 with the newly consolidated Development Management Procedure Order, aiming to simplify and improve the planning process for all users of the system.

The number of applications granted is at its highest level since 2008/09 and the approval rate has been maintained at the 13 year high achieved last year, again increasing 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. These remain significantly below 2007 levels (1,259,000 approvals in the calendar year), but are continuing to increase year on year. (Chart 2).

Seasonally adjusted figures for the first half of 2015 showed an increase in mortgage approvals in the second quarter compared to the first quarter, with 66,000 approvals per month compared to 61,000 approvals per month. (Chart 3).

Housing Supply
NHBC new build starts increased by 1% in the year to June 2015, compared to the previous year, rising to 123,600. The number of private sector starts was 10.9% higher than in the previous year, which was offset by a 20.0% decrease in affordable sector starts. The HBF survey found that the biggest constraints to supply at June 2015 were planning delays, labour availability and labour cost, while problems with materials availability and prices have eased since June 2014.

These new start rates are still significantly below the growth the Government predicts – recent housing projections indicated that 220,000 additional households will be formed each year up to 2022 per the Department for Communities and Local Government (DCLG). (Chart 4).

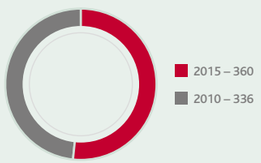
Residential Transactions
Residential transactions in England and Wales increased by 14% in the calendar year 2014 compared to 2013, increasing to 1,101,000. This builds on the 15% increase that occurred in 2013. The continued increase in transactions is being maintained by the continued high frequency of cash transactions, which accounted for nearly 37% of all property transactions in the last 12 months.

UK average prices per the Nationwide House Price Index increased by 4.1% in the 12 months to June 2015, significantly down on the 11.5% increase observed in the 12 months to June 2014. These price increases were again influenced by the London market, where average prices increased by 7.3% in the same period, a marked drop from the 25.8% increase shown in the period to June 2014. (Chart 5).

Help to Buy
In the March 2015 Budget, the Government announced the creation of the "Help to Buy: ISA scheme". This scheme will be available to first time buyers purchasing either new build or second hand properties. The Government will provide £50 for every £200 saved to a maximum of £3,000, which will be paid following the purchase of a new home at a value of up to £250,000 outside London (£450,000 in London).

The ISA accounts will be available through banks and building societies and are expected to be available from Autumn 2015.

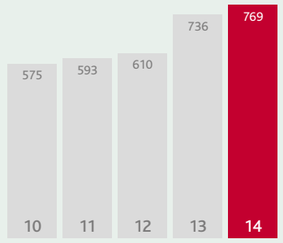
Chart 1



PLANNING APPLICATIONS GRANTED TO MARCH ('000)

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

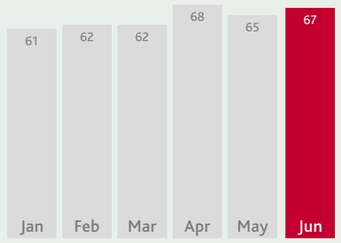
Chart 2



MORTGAGE APPROVALS CALENDAR YEAR ('000)

Source: Bank of England, CML

Chart 3



MORTGAGE APPROVALS 2015 (SEASONALLY ADJUSTED) ('000)

Source: Bank of England, CML

Starter Homes Initiative
The Starter Homes Initiative was launched in February 2015 where young first time buyers, under the age of 40, can sign up for 100,000 cut-price starter homes, with 20% off the asking price. The Government has introduced changes to the planning rules where builders would not be required to pay S106 contributions on Starter Homes built on commercial and industrial land that is under-used or unviable at present. In return the new homes would be provided at a minimum 20% discount on market price.

Social Housing
In the 2015 Summer Budget, the Government introduced a reduction in rents in social housing of 1% a year for the next four years, beginning in April 2016. The aim of the cap is to force Housing Associations and Local Authorities to deliver efficiency savings, but the Office for Budgetary Responsibility has warned that this could lead to thousands of fewer affordable homes being built, due to the Housing Associations being unable to obtain the required funding based on the reduced rents.

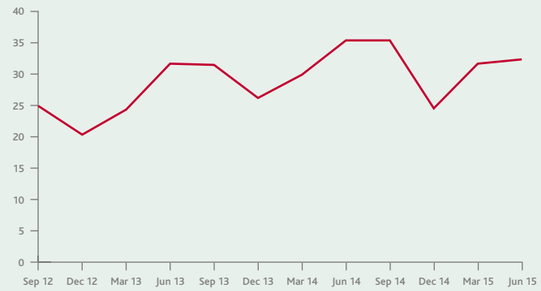


MARKET OPPORTUNITIES
HELP TO BUY UPDATE

The Help to Buy scheme has now been running since April 2013. DCLG figures show that in the two years to March 2015, c.47,000 properties were purchased using the equity loan scheme, with the majority of sales (82%) to first time buyers. The first 12 months of the scheme recorded c.19,000 properties purchased, with c.28,000 purchased in the second 12 months, showing that the popularity of the scheme is increasing.

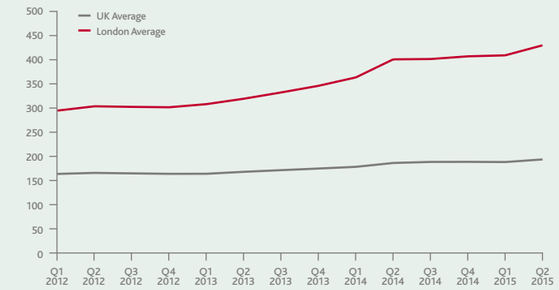
Redrow and Help to Buy
Redrow's customers have been able to use the Help to Buy scheme to purchase their homes since its inception, with 82 legal completions using the scheme in the three months to June 2013, 1,023 in the year to June 2014 and 1,374 in the year to June 2015. This represents 40% of private legal completions in 2015, an increase on the 35% that took advantage of the scheme in 2014.

Chart 4



NHBC BUILD STARTS (ENGLAND AND WALES) ('000)

Chart 5



HOUSE PRICES NATIONWIDE HOUSE PRICE INDEX (£'000)







Above: The Cambridge house type at Riverside View, Lancaster, Lancashire | Below(L): Kitchen from The Balmoral house type

HERITAGE

TRADITIONAL HOMES FOR MODERN LIVING

Understanding our customers' needs

Heritage Collection homes are designed with both the dynamics of family life and the desire for a home with real kerb appeal in mind. Combining the best of traditional architecture and craftsmanship with high specification interiors, the Heritage Collection creates a place that our customers are proud to call home.

Delivering customer experience

"The quality of the build and the fixtures and fittings is excellent and so much better than the competitors. I would buy another one if we moved again. From the sales consultant to the site manager, everyone's been fantastic – nothing is too much trouble."

Stephen Vickery
Redrow customer at Davington Park, Faversham, Kent

Delivering customer experience

"A lot of new builds look the same, but Redrow homes are different. They have character. It was great being able to choose the finish of the kitchen, the bathroom tiles and the fitted wardrobe in the master bedroom. It made a massive difference as it meant everything would go with my chosen colour scheme."

Louisa Hayes
Redrow customer at The Willows, East Leake, Nottinghamshire

HERITAGE COLLECTION

PREMIER

ELEGANT HOMES IN OUTSTANDING LOCATIONS

Understanding our customers' needs

The Premier range of the Heritage Collection of superb homes with impressive proportions and luxury specifications exceed the expectations of even the most demanding home buyer.

Delivering customer experience

"Purchasing our Balmoral home in Horsforth is the best decision we ever made. I always wanted a house with kerb appeal and now we finally have one! The layout gives us so much space and is well planned to suit a modern lifestyle. Redrow includes so many things that other developers would class as extras. The quality of the fixtures and fittings is amazing. It's our dream home."

Rehna Khan
Redrow customer at The Limes, Horsforth Vale, West Yorkshire

Delivering customer experience

"We decided to look at Redrow's Heritage homes after hearing great reviews and found them to be light, spacious and welcoming. Our Highgrove home has an impressive gallery landing and we love the beautiful large kitchen. The high quality of the build is evident throughout the house and the fittings are excellent."

Andy Morgan
Redrow customer at St Denys Gate, Lisvane, Cardiff

HERITAGE COLLECTION







Above: The Bromley house type at Stretton Green, Stretton, Cheshire | Below: Interiors from The Highgrove house type







St Andrew's Place, Newton Kyme, North Yorkshire

REGENT

CLASSIC ARCHITECTURE INNOVATIVE

Understanding our customers' needs

Inspired by the elegant formal townhouse residences and external spaces of the past, Redrow's Regent Collection offers flexible, spacious interiors across multiple floors appropriate for a suburban environment.

Delivering customer experience

"We love that Redrow's Regent Collection homes are contemporary in design whilst retaining a classic Georgian style. The bold external architecture is complemented by a luxurious, modern and flexible interior."

Andrew Hawley
Redrow customer at St Andrew's Place at Southbank, Newton Kyme, North Yorkshire

Delivering customer experience

"A lot of new developments tend to look ultra-modern but the Regent Collection is very traditional with Georgian architectural influences. Inside, the rooms are very spacious and the specification is superb with quality materials used throughout. We enjoyed being able to choose the finish of the kitchen cabinets and work surfaces and the bathroom tiles."

Steve Kane
Redrow customer at Ratio, Erith, Kent

ABODE

OPEN PLAN WHERE FEWER ROOMS DELIVER MORE SPACE

Understanding our customers' needs

Abode by Redrow delivers open plan living, creating modern urban homes full of light and life. They offer a fresh, contemporary approach to home design for people who love apartment style sociability but want more space in and around their home. They are also ideally designed for more urban locations.

Delivering customer experience

"Before Abode we hadn't been able to find anything that ticked all of our boxes; i.e. an attractive exterior, a high quality interior that makes the most of the space with funky and interesting decor and a garage. We also loved the wet rooms at Abode as they're extremely spacious, in fact, I can't see us ever going back to having a normal bathroom now."

Michael Spray
Redrow customer at Abode, Buckley, Flintshire

Delivering customer experience

"We didn't want anything flamboyant or old fashioned so the fresh look of Abode with the brick finish and grey tile roof was perfect. The contemporary open plan ground floor really suits us as there's a well equipped kitchen and a large living space."

Andy Overton
Redrow customer at Abode, Leegomery, Shropshire





Above: Abode at Buckley, Flintshire | Below: Abode at St. Neots, Cambridgeshire







Lymington Shores, Lymington, Hampshire

BESPOKE

INDIVIDUAL DESIGNS FOR UNIQUE LOCATIONS

Understanding our customers' needs

Our bespoke collection allows Redrow to design unique homes within unique locations, from wonderful imaginative lakeside homes with private jetties, to magnificent coastal apartments with breathtaking balcony views, these exquisite developments offer something very special.

Delivering customer experience

"We love the whole house but we seem to spend all of our time in the kitchen. It's incredibly stylish and spacious and we love the fact that it's open plan. The whole house has been cleverly designed and we love the basement too with its fabulous cinema room."

Jacqui Bond
Redrow customer at Lytham Quays, Lancashire

Delivering customer experience

"Every day we wake up and think how lucky are we to live in such a lovely home. When friends and family visit they all say 'wow', because it's a very modern building and we have gone very modern with our choices. Our old house was 200 years old! Tony worked as a builder for 50 years and he was quite taken aback by the quality."

Peggy Venn
Redrow customer at Lymington Shores, Lymington, Hampshire

BESPOKE

GREATER LONDON LIVING

Understanding our customers' needs

Redrow understand the demand for quality homes without compromise in some of the most exclusive and sought after locations in and around the city. These exceptional residences are a reflection of our craftsmanship and innovation.

Delivering customer experience

"The design of the apartment is really well thought out. The building looks like a sailing ship, with beautiful balconies that overlook the river and lovely big windows that let lots of light in. We've got lovely yet practical wooden floors and granite surfaces throughout the home, while the bathrooms are just stunning. I like the gardens too. In all, I think it's a fantastic development, in a beautiful spot."

Victoria Barlow
Redrow customer at Kingston Riverside,
Kingston upon Thames, Greater London

Delivering customer experience

"We picked Kingston Riverside over several new-build developments because of the design and location. A favourite feature is the beautifully landscaped communal roof garden, which uniquely links the two buildings of the development. With its stunning views over the River Thames and peaceful atmosphere, it provides the perfect place to spend time."

Alesja Bojarchuk and Dimitry Volos
Redrow customers at Kingston Riverside,
Kingston upon Thames, Greater London







Above and below left: Amberley Waterfront, Little Venice, London

CHAIRMAN'S STATEMENT

IT GIVES ME GREAT PLEASURE TO REPORT STRONG GROWTH FOR REDROW



Steve Morgan
Chairman

At a time when the UK needs a substantial increase in home building, it gives me great pleasure to report strong growth for Redrow. Turnover comfortably exceeded £1bn for the first time and the number of new homes completed rose to 4,022, a 12% increase over last year and 42% increase over 2013.

Financial Results

Group turnover rose 33% to a record £1.15bn (2014: £864m) for the financial year. Whilst this included £65m of turnover from the sale of commercial property, freehold reversions and land, our core housing turnover was itself up 26% at £1,085m (2014: £861m). This was due to a 12% rise in legal completions to 4,022 (2014: 3,597) and a 13% rise in average selling price to £269,800 (2014: £239,500).

Gross margin improved from 21.7% to 23.8%, as 88% of our completions came from sites purchased post downturn with normal margins and as house price inflation exceeded build cost inflation, particularly in the south of England.

Operating profit was 54% higher at £213m (2014: £138m). This equates to an operating margin of 18.5% (2014: 15.9%), exceeding our 2017 target of 18% two years early.

Operating expenses again increased in absolute terms as we continue to invest in growing the business and opening new divisions. However, as a percentage of turnover, they have further reduced from 5.8% in 2014 to 5.3% in 2015.

We expect to maintain overheads at between 5% and 5.5% of turnover going forward.

Pre-tax profits were up 53% to a record £204m (2014: £133m).

Net assets increased by 22% to £849m (2014: £696m) and Capital Employed rose 16% to £1,003m (2014: £868m). Return on Capital Employed improved from 18% to 22.8%, again beating our 2017 target of 20% two years early, and Return on Equity rose from 20.5% to 26.4%.

We continue to invest significantly in land and work in progress. We have increasingly negotiated deferred terms on many of our land purchases and have also purchased more land on a subject to planning basis. This, together with our strong operating cash generation, has enabled us to reduce our net debt to £154m at the end of the financial year, giving gearing of 18.1% (2014: 24.8%). We expect net debt to increase in the current year with ongoing investment in inventory.

Given the excellent financial performance of the business this year, whilst we continue to invest in growth, the Board is proposing an increase in the final dividend to 4p per share (2014: 2p), making 6p per share for the full year. Subject to shareholder approval at the Annual General Meeting, this will be paid on 13 November 2015 to shareholders on the register at the close of business on 25 September 2015.

Market

Demand for new homes has been strong throughout the year, although there were the normal seasonal variations.

The Government's Help to Buy scheme remains a major driver for the industry to increase output and in this financial year 1,374 (40%) of our private legal completions utilised the Help to Buy scheme, up from 1,023 (35%) last year.

Mortgage availability and mortgage rates continue to improve, whilst the Mortgage Market Review rules appear to be delivering more prudent lending.

The sales rate for the last financial year was robust at 0.68 per week, albeit slightly lower than the peak of 0.70 in the 2014 financial year, when Help to Buy had its initial impact. As I have previously stated, we expect growth in the business in the future to come from increasing outlets, rather than sales rate. To that end, I am pleased to report that at the end of June 2015 we were operating from 117 outlets, 14% more than June 2014 when there were 103.

The total value of private reservations secured in the year amounted to £1.1bn, including our Joint Venture (JV) site at Croydon, an increase of 5% over the previous year. All regions performed well and our order book at the end of June was a record £565m (including our JV site), an increase of 13% over last year.

Last year I reported that due to the roll out of the Regent Collection and Abode, together with apartment schemes in and around London, we expected the proportion of turnover accounted for by our primary brand, the Heritage Collection, to reduce over time to 70%. In 2015 the Heritage Collection accounted for 76% (2014: 77%) of private turnover. The successful roll out of the Regent Collection continues and it now represents 4% of private turnover (2014: 1.6%). Around 20% of turnover is derived from bespoke schemes and we now have a number of Abode developments under construction.

Land and Planning

During the year we secured 5,892 new plots, of which 1,975 were converted from our forward land bank. At June 2015 our current land bank totalled 18,216 plots, a 9% increase on the previous year. The average plot cost has increased to £70,000 (2014: £63,000), primarily as a result of a change in geographical mix of the land bank, with over 50% of plots being in the south of England compared to 44% in June 2014. This plot cost equates to 23.5% of our current average selling price, broadly in line with previous years. The percentage of provisioned land in the land bank has now reduced to 2%. By June 2017 it will be zero.

The Local Plan process has noticeably improved since the introduction of the NPPF; however, Local Plans are still taking far too long in many parts of the country. We welcome the Government's 'Fixing the Foundations' initiative aimed at pushing Local Authorities into taking their housing delivery responsibilities seriously.

Converting forward land holdings into new sites remains a key driver for the industry. Last year there was a noticeable increase in the number of outline planning approvals. However, gaining reserved matters and detailed planning consents is still taking far too long. Increasing housing supply in the UK is dependent on increasing the number of outlets; yet, despite the increase in headline planning consents, the number of outlets in the industry has barely grown. This situation will not improve until the burden of red tape associated with needless planning reports and conditions has been removed.

We welcome the principle of the Government's Starter Homes Initiative and eagerly await the details of how this will be delivered. Getting first time buyers and young people onto the housing ladder is fundamental to the health of the owner-occupier market.

People

As the business continues to grow we have again expanded our workforce significantly. In the last year we have added over 300 direct jobs (2014: 232) across all disciplines, an increase of 23%. Indeed, in the six years since I returned to the business in 2009, the number of people directly employed has increased by 999 to 1,651. The number is, of course, very substantially higher when indirect jobs from our subcontractors and suppliers are added. The new homes industry continues to create significant economic growth for the benefit of all our stakeholders and the whole economy.

As has been widely reported, one of the biggest constraints to growth for the housebuilding industry is the shortage of skilled labour. Redrow continues to take a lead role in developing the next generation of workers at all levels. This year we have had a record intake of new recruits; 83 apprentices, 28 graduates and 32 specialist functional trainees. We are constantly creating new ideas to develop skills; for example we have introduced, in partnership with Glyndŵ r University, a Higher Apprenticeship scheme for engineers and designers which starts with a BTEC Diploma and can lead to a full degree. In total, 250 direct employees are trainees in various disciplines – at 15% of our workforce, this is the highest ratio in the home building industry.

I am delighted to welcome Sir Michael Lyons as a Non-Executive Director, who joined the Board with effect from 6 January 2015. In 2014 Sir Michael chaired the Lyons Housing Commission to produce a road map for increasing house building in this country. Prior to this, following a long and distinguished career in local government, Sir Michael was Chairman of the BBC.

The continued growth and success of the Redrow business has been achieved through the hard work and commitment of our people. I would like to thank them for their efforts and continued support in delivering our strategic objectives.

Current Trading and Outlook

Assisted by Help to Buy, demand for new homes continues to be strong and indeed, this strength in the market is reflected across the country. Redrow is committed to continued growth and to contribute to increasing the number of new homes built.

We have a strong pipeline of attractive sites in excellent locations and a high quality industry leading product. We have entered the year with a record order book and reservations to date are running 5% ahead of last year at 0.68 sales per outlet per week. We have secured 820 (2014: 640) private reservations in the first 10 weeks, some 28% ahead of last year.

Redrow is in great shape and I am looking forward to another year of significant progress.

Steve Morgan
Chairman

7 September 2015

OPERATING REVIEW

I AM DELIGHTED TO REPORT A SIGNIFICANT INCREASE IN TURNOVER AND PRE-TAX PROFITS, BOTH A RECORD FOR THE GROUP



John Tutte
Group Chief Executive

The Group has reported an excellent financial performance for the year. Total completions exceeded 4,000 with private sales increasing by 16% in the year. Turnover was at record levels with private revenues above £1bn for the first time in the Group's history.

Central to the Group's strategy is the quality of its product, but fundamental to these strong results is the dedication and expertise of the people we employ across the business. A team of people that has grown by over 20% in the past year with a significant proportion of those new recruits being young people taking their first career steps. We now employ over 1,650 people of which 15% are on structured training programmes including 130 apprentices. And it is very reassuring to know that our people rate working for us so highly: in our most recent employee survey, 97% of those that responded said they enjoy the work they do for Redrow and 95% think we are a good employer.

The Market

The early months of the financial year were tougher by comparison to the summer of 2013 that was buoyed by the introduction of the Government's Help to Buy scheme in the Spring of that year. Help to Buy continues to be an attractive incentive for our buyers and accounted for around 40% of reservations in the year with the largest take-up being those buying their first home.

As the year progressed the market improved with both sales rates and prices lifting. Concerns over the impact of the election were largely unfounded and the unequivocal outcome has brought further stability to the market, particularly with the announcement that Help to Buy in England is to be extended to 2020. Sadly the Welsh Assembly has yet to make such a commitment which is affecting the industry's confidence to invest for the future.

Wales aside, the prospects for the housing market elsewhere are encouraging. The underlying improvement in the economy coupled with a competitive mortgage market means more people can afford to buy their first home or trade-up, and a more active housing market is also allowing many to trade-down as a lifestyle choice. The key to meeting the increase in demand and tackling the severe housing shortage hinges upon bringing more sites through the planning system and addressing the skills shortage.

Managing Increased Demand

The last government did a lot to improve the planning system and the new administration's recently published productivity plan –'Fixing the foundations: creating a more prosperous nation', sets out a clear intention and determination to build more homes that people can afford. Whilst a well communicated policy at government level is essential to building more homes, ultimately delivery is very much in the hands of local authorities where all too often planning is stifled by local politics, a lack of resources and unnecessary bureaucracy. To materially increase output these fundamental issues have to be addressed.

We try hard to overcome these planning obstacles by consulting with local communities and working closely with planning departments. Indeed, at Maidenhead, where Harrow Estates recently achieved planning permission for 271 new homes on a brownfield site released from the greenbelt, we were complimented by the planning committee on our collaborative approach.

Tackling the industry's skills shortage has been a priority for us in recent years. We have annually increased our intake of trainees and apprentices and now employ c.250 young people on structured training programmes across the business. We also continue to develop our people at all levels and last year we completed 3,859 days of training, a 30% increase: much of this was carried out at our dedicated training centre or remotely through e-learning. We have extended our graduate programme and introduced a Higher Apprenticeship scheme for engineers and designers in partnership with Glyndŵr University. For the second year running we have been listed as a Top 100 Apprenticeship Employer in the National Apprenticeship Service awards. It is very satisfying that our training and career development programmes are helping to deliver our future managers and leaders with over half of our annual Director appointments coming from internal promotions.

Notwithstanding our commitment to tackling the skills shortage, we continue to experience trade shortages in some parts of the country and most acutely in new operating areas where we need to establish a base of subcontractors that can meet our demanding standards. As a consequence we have faced build delays that inevitably have a knock-on effect to customer satisfaction. We have also seen build costs increase during the year. Material prices have stabilised but labour costs, particularly for those trades in short supply, have risen substantially: we estimate that overall build costs have increased by in excess of 5% over the past year and we anticipate this trend will continue for sometime to come. We do however expect any build cost increases will be more than offset by modest house price inflation.

It was very pleasing to once again achieve a five star rating in the annual HBF Customer Satisfaction Awards. However balancing the need to deliver on time against rising customer expectations means that maintaining a 90% or better rating is becoming more challenging. To address this we have invested heavily in customer service over the past year increasing both the size and quality of our teams in readiness to launch our Customer First initiative. Customer First is being rolled-out across the business throughout financial year 2016. It more closely engages with customers at an early stage with managers dedicated to providing a high level of service supported by the latest hand-held technology. Customer First will complement Redrow's reputation for delivering well designed quality homes with industry leading customer service.

On the subject of quality, for the second time in the last three years, a Redrow Site Manager was the supreme winner for the large builder category in the NHBC Pride in the Job Awards. Rob Summers, our Site Manager at Cwm Calon in South Wales, was the eventual winner with Paul Greenaway our Site Manager at The Harringtons in Exeter also reaching the final. This year we have been awarded a record 18 Pride in the Job Awards.

STRATEGY IN ACTION

MAINTAIN A QUALITY LAND BANK

LAND ACQUISITION, CADDINGTON, BEDFORDSHIRE

MAINTAIN A QUALITY LAND BANK

Redrow acquired a former test track and storage centre from General Motors in December 2014. The 59 acre brownfield site situated within the Bedfordshire Green Belt has an outline planning permission for the development of up to 325 homes and a community centre.

More than 30 acres of the site will be given over to open space and woodland with the remaining area creating a leafy and green setting for homes from Redrow's Heritage Collection.

The innovative part of the development plan is for 46 affordable homes to be provided at no cost to a community trust in perpetuity. The rental income from these homes will be used to fund a local bus service and other facilities which will benefit residents of the development and the neighbouring community.

Our design team are finalising details for the development with work scheduled to start later this year.



Aerial photograph of Caddington, Bedfordshire site

Building Responsibly and Sustainably

As well as ensuring we deliver homes built to high standards, we are also conscious of the need to build responsibly and sustainably.

Last year we increased build output by over 20% but despite this, we managed to reduce our notifiable accidents per site from 0.37 in 2014 to 0.23 in 2015. We were also successful in the annual NHBC Safety Awards with three of our Site Managers, from a total of 29 across the country, being highly commended.

Our developments continue to reduce their impact upon the environment and make increasing contributions to local communities. Our carbon emissions are down and 56% of the homes we built last year contained recycling facilities and 57% were on 'brownfield' sites. We almost doubled the amount of public open space we created to 209 hectares and committed £128m of funds to local communities.

Product at the Centre of Divisional Growth

Our product differentiates us from our major competitors. Throughout our developments we focus on delivering homes that are both attractive and functional. We have an unwavering attention to detail and a programme of continuous improvement that ensures our designs respond to changing trends and customer demands. My Redrow is also reinforcing our commitment to provide customers with greater choice to tailor their homes to meet their needs: last year we sold £10m of extras to customers.

The Heritage Collection accounts for around 80% of private volumes and underpins the Group's enviable reputation for designing and building high quality well-planned homes. We have extended the range during the year to include more house types aimed at those looking to trade down.

The Regent Collection with its traditional elevations and modern interiors is proving popular amongst buyers looking to live in higher density housing in urban environments. Abode is our contemporary version of Regent sharing similar footprints but with simple modern elevations and open plan living space. The number of Regent and Abode outlets is expected to steadily increase.

We are able to apply the same attention to detail we have on our standard ranges to bespoke solutions. Most of these developments are apartment schemes, particularly in London, although in places such as South Cerney in the Cotswolds, we have created one-off designs for lakeside living.

OPERATING REVIEW CONTINUED

The number of private apartments completed during the year increased by 24% and represented 14.8% of private sales compared to 13.9% last year. Social housing, as a consequence of the timing of delivery, reduced from 17.6% in 2014 to 14.2% in 2015. Although moving forward this position will be reversed and social housing is set to be a larger proportion of output, the government's announcement regarding year-on-year reductions in social rents for the duration of this parliament, has created a hiatus that will affect the delivery of social housing in the short-term.

Our nationwide reputation for designing and building quality homes on well-planned sites has supported our divisional growth. The Heritage Collection in particular has been the bedrock for growth in our new regional divisions. We continue to expand and open a new division each year – in 2014 we established a West Country division based in Exeter that has made a significant contribution in the year and we recently split our business in the East to create divisions north and south of the Thames. We have also recently announced a reorganisation of our London operation to meet our planned growth in the fastest growing area in the country.

STRATEGY IN ACTION

HOUSE TYPE DESIGN

PRODUCE A QUALITY PRODUCT

PRODUCE A QUALITY PRODUCT

Since the launch of the Arts & Crafts influenced Heritage Collection in 2010 we have further developed our housing portfolio. We have introduced large houses with an enhanced specification including our Premier house types and our Regent Collection of elegant townhouses.

We have also thought outside the box to develop our Abode Collection of homes, which bring modern apartment-style living to a two-storey house type environment.

We have worked closely with our kitchen designers to achieve handle-less kitchen units presented as 'floating' island and peninsular units; a contemporary and desirable feature. Open plan layouts maximise space and light, giving customers the ability to use their homes as they wish. Homes also have the advantage of underfloor heating and wet rooms for a quality spacious feel.



Abode at Buckley, Flintshire

London

London will now operate as a region in its own right. The new region will cover all London boroughs. It will bring together the expertise and skills we have amassed developing sites in the Capital and allow us to undertake more of our own construction with less reliance upon main contractors. Initially there will be two divisions with capacity to add a third at some point in the future.

The Colindale Gardens division will focus entirely on delivering this highly important development for the Group. We recently received a resolution to grant planning for 2,900 new homes and up to 100,000 sq ft of commercial space. Under the planning agreement we will be providing healthcare and nursery facilities, land for a new school, a significant contribution to upgrade Colindale tube station and 4 hectares of public open space and gardens. Colindale Gardens has a gross development value of over £1bn and is expected to take ten years to build.

The Greater London division will oversee our other sites across the Capital including our Joint Venture in Croydon.

The new region will have a number of centralised functions including land buying, sales and marketing, customer service and finance.



Blake Tower, The Barbican, London

STRATEGY IN ACTION

MY REDROW

INDUSTRY LEADING SALES AND MARKETING

INDUSTRY LEADING SALES & MARKETING

My Redrow, our direct internet channel to our customers, has grown from strength to strength since launching in April 2013. It continues to lead the way in the housebuilding industry, providing our customers with support from their initial search to moving into their new Redrow home.

It also enables them to personalise their home by choosing from an extensive range of extras and upgrades for their home, which can all be ordered online.

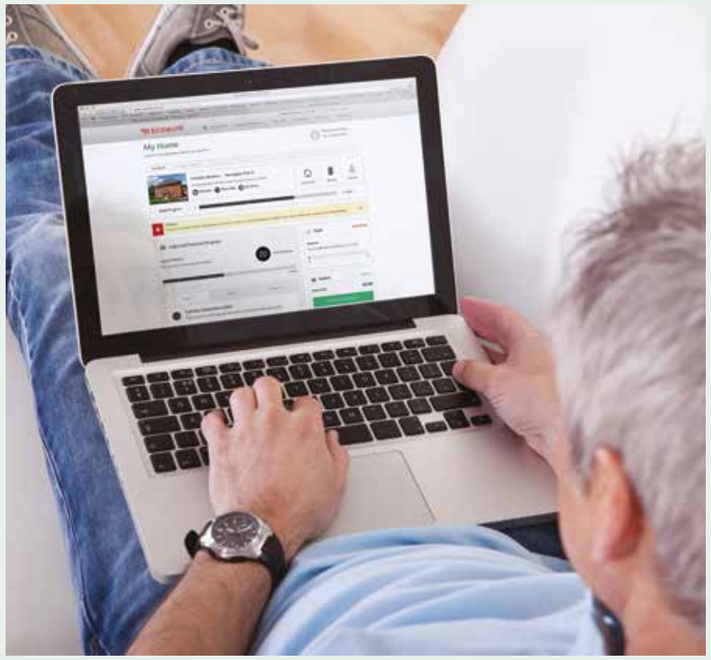
Now with c.27,000 members and growing by an average of 1,000 new members per month, My Redrow was substantially upgraded and moved to a faster operating platform in March 2015.

The re-vamped My Redrow includes new features to further improve the online customer experience.

We worked closely with a number of existing My Redrow members who were keen to support us and provided feedback both on the prototype and first release beta test platform. Their involvement and support has been invaluable in providing a customer centric solution.

Since the re-launch we've had a fantastic response from our customers, who are telling us how much easier the new design is to use. We've seen this culminate in a record month in April for sales of optional extras totalling £1.4 million.

My Redrow will continue to evolve and additional enhancements are already in planning.



Customer using My Redrow, our direct internet channel

OPERATING REVIEW CONTINUED

STRATEGY IN ACTION

COMMERCIAL AND TECHNICAL APPRENTICES

TRAINING FOR THE FUTURE

TRAINING FOR THE FUTURE

Two new apprentice programmes are helping to ensure a steady flow of talented, enthusiastic and suitably skilled young people into the business.

We've developed a two year Commercial Apprenticeship with Coleg Cambria and the Chartered Surveyors Trust. Apprentices are working towards their BTEC Diploma in Construction and the Built Environment and NVQ Level 3 in Quantity Surveying, with training taking place on a block release basis at our UK headquarters or national training centre.

Each apprentice is based in the commercial team at one of our Divisional offices, where they learn all aspects of quantity surveying, e.g. estimating project costs, tendering, purchasing and ensuring that developments are delivered within budget. Following completion of the apprentice programme there is the opportunity to go on to complete a fully accredited RICS degree.

Our Technical Apprentice programme, developed with Coleg Cambria and Glyndŵr University, combines a formal learning programme delivered in-house and 'on the job' practical experience. The course covers designing new housing developments, including planning and drawing site layouts, plus engineering design for associated roads, sewers and utilities. Apprentices complete a BTEC Diploma in Construction and the Built Environment and an NVQ in either Civil Engineering or Architectural Technology. On completing their apprenticeship they can progress to a fully accredited degree at Glyndŵr University.



Technical Apprentices attended a week's block release BTEC Level 3 Diploma course, delivered by Coleg Cambria, at Redrow's head office, St David's Park

The Central London market softened during the year in response to the threat of mansion tax, increases in Stamp Duty Land Tax and uncertainties in the wider global economy. As a consequence, we curtailed our land buying in the so called 'super prime' areas and focused more on sites in the outer London boroughs where demand is strong and selling prices remain affordable for those that work in the Capital.

Investing to Grow Outlets

As our sales rates and average selling prices reach optimal levels, our future growth will rely largely on increasing the number of outlets from which we operate and expanding our divisional structure.

Last year we opened 54 new outlets, and after taking into account the closure of 40, we ended the year on 117 active outlets: a net increase of 14. In financial year 2016 we expect to open around 55 new outlets, after taking into account a higher number of closures weighted to the second-half, we are forecasting to end the year on 128 outlets and maintain our strong track-record of increasing outlets year-on-year: by the end of this financial year our outlets will have grown by over 50% since 2012.

To preserve our growth, last year we acquired just under 6,000 plots across 52 sites and, after taking into account legal completions, land sales and replans, our owned and contracted land bank increased by nearly 1,500 plots to 18,216.

The Forward Land portfolio continues to make an important contribution to the owned land bank. Last year we pulled-through 1,975 plots across 22 sites and we expect 2016 will be particularly strong with over 3,800 plots at Colindale and Woodford in Stockport on-track to contribute. We also added over 1,300 plots to the Forward Land bank after taking into account transfers and adjustments as a result of our regular strategic review. With some uncertainty over emerging local planning policies, we have taken a particularly cautious view on sites within the greenbelt.

The geographical spread of the land bank is trending towards the south as we focus on opening more outlets and divisions in this part of the country: over half the owned and contracted land bank is now in the South and Greater London and this is expected to increase further with sites such as Colindale coming through.

Despite a strengthening housing market, we have found plenty of land opportunities within the areas we operate that can be acquired on terms that meet our hurdle rates and we expect this to continue to be the case.

STRATEGY IN ACTION

CUSTOMER FIRST

EXCELLENT CUSTOMER SERVICE

EXCELLENT CUSTOMER SERVICE

Over the last year, we sold over 4,000 homes. Throughout that time we've been measuring how happy our customers are and how likely they are to recommend us to other people.

With more importance being placed on good customer service than ever before, we've been working on a company-wide customer service strategy, aptly named 'Customer First'. We're committed to making continuous improvements in customer service and we are targeting an increase in our Net Promoter Score (NPS) over the course of the year.

Over the last 12 months we have implemented a number of positive changes across the business, including;

- An organisational restructure of all customer service departments
- New handover policies for finished homes allowing more time for any remedial works
- A re-engineered customer journey, proactively introducing the customer service team at the earliest opportunity and developing relationships
- Updates to the website and bespoke customer service management software
- Brand new web and app platforms to support our customers

Over the next few months we will finish rolling out the most comprehensive improvements to customer service that Redrow has ever seen, helping to ensure we give our customers the best experience possible.



Our newly launched iPad application – Redrow Fine Tune

OPERATING REVIEW CONTINUED

STRATEGY IN ACTION

HEALTH & SAFETY INITIATIVES

HIGH STANDARDS IN HEALTH & SAFETY

HIGH STANDARDS IN HEALTH & SAFETY

Redrow has launched a year-long campaign to raise awareness of four hazards which adversely affect the health of thousands of construction workers every year:

- Dust and respiratory diseases
- Hand Arm Vibration
- Skin problems including dermatitis and skin cancer
- Noise

Research shows that although there has been a substantial reduction in the number of fatal injuries in the construction industry, there were still an estimated 76,000 cases of work-related ill health last year, including 31,000 new cases identified in the year.

Across the industry approximately 2.3 million working days were lost – 1.7 million of them due to ill health. The combined cost to society of injuries and new cases of ill health is more than £1.1 billion per year; and the effects can be devastating for individuals and their families in terms of quality of life and financial security.

Nine divisional roadshows were delivered across the country in May and June to raise awareness among Redrow contractors and their employees of the hazards associated with inhalation of construction dusts and hand arm vibration syndrome, which can be caused by prolonged exposure to high frequency vibrating power tools. Attendees of these events were also shown various extraction equipment and HAVi meters that can be used to reduce dust exposure and monitor the time that their operatives are exposed to vibrating work equipment. These roadshow workshops were delivered by the Redrow Health and Safety team supported by Dave Arscott, National Technical Manager for Brandon Hire.

Roadshows are being supported with fact sheets, posters and toolbox talks.



Contractors at one of Redrow's Health & Safety workshop roadshows

Well Positioned for Future Growth

The outlook for the market is encouraging. We have an improving economy, a competitive mortgage market and an underlying strong demand for more homes.

Whilst there is still much to do to improve and speed-up the planning system, more consents are being granted and this is helping to ensure the land market remains benign and attractive. Our biggest challenge will be to overcome the planning and technical obstacles we face to close land deals and bring outlets on-stream sooner.

Last year for the first time we set three year targets. We have now updated those targets for 2018 and expect turnover to increase by 40% to £1.6bn, operating margins to improve to 19% and return on capital employed to be in excess of 21% despite our ongoing investment in land and inventory to grow our outlets. We also set a target of 25% for return on equity.

As we continue to grow the number of outlets from which we operate we will inevitably increase the pressure on our teams and contractors to deliver. We can however draw comfort from our track record of recruiting, retaining and developing our people. We have a team of people that are proud to work for Redrow and understand and share our values to build a great product and deliver excellent customer service.

John Tutte
Group Chief Executive

7 September 2015



The Worcester house type at Summerhill Park, Liverpool

FINANCIAL REVIEW

THE GROUP HAS EXCEEDED THE £200M PROFIT BEFORE TAX MILESTONE FOR THE FIRST TIME



Barbara Richmond
Group Finance Director

Profitability

This year the Group again delivered record results with revenue of £1,150m (2014: £864m), exceeding the £1bn turnover milestone for the first time and profit before tax of £204m (2014: £133m), exceeding the £200m milestone for the first time.

Total Group revenue rose 33% to £1.15bn. Private homes revenue increased by 29% to £1,026m (2014: £798m) as a result of a 16% increase in private homes legal completions and a 10% increase in average selling price. Social homes revenue reduced by 6% to £59m as a result of timing differences on legal completions. In addition there was £65m of other revenue. This comprised £47m from the sale of all the commercial units and reversionary interest in our development at One Commercial Street, London, £8m from the sale of a number of freeholds of London developments and £10m from sundry land sales.

Gross profit increased by £86m in the year to £274m (2014: £188m) giving a gross margin of 23.8% (2014: 21.7%). In addition to increased revenues this is due to the decrease in the proportion of our homes legal completions from provisioned land acquired before the downturn from 20% to 12% and house price inflation net of build cost inflation.

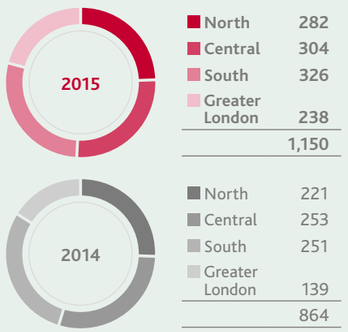
We expect the proportion of provisioned plots in cost of sales to be zero by 2018.

As a consequence of this strong growth the Group generated an operating profit in the year of £213m (2014: £138m), a 54% increase. This represents an operating margin of 18.5% (2014: 15.9%) and means we have exceeded our 2017 target operating margin of 18%. We are now targeting an operating margin of 19% by 2018.

Net financing costs at £9m were £1m higher than the prior year due to increased imputed interest payable on deferred land creditors as we continue to invest in land opportunities and successfully negotiate deferred terms.

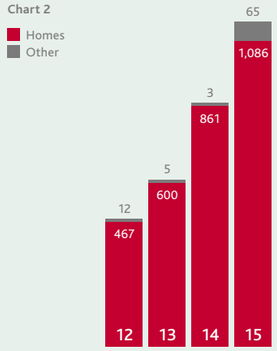
The record profit before tax of £204m (2014: £133m) delivered in the year produced a basic earnings per share up 57% at 44.5p (2014: 28.3p).

Chart 1



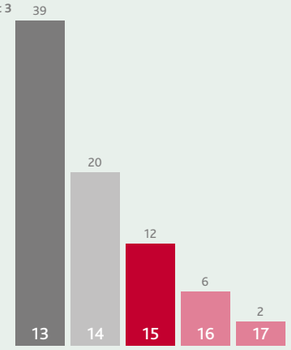
REVENUE BY GEOGRAPHY (£M)

Chart 2



REVENUE (£M)

Chart 3



PROVISIONED PLOTS IN COST OF SALES (%)

Tax

The corporation tax charge for the year was £42m. The Group's tax rate for 2015 was 20.75% (2014: 22.50%). The normalised rate of tax for the year ending 30 June 2016 is projected to be 20% based on rates which are substantively enacted.

The Group paid £22m of corporation tax in the year (2014: £nil) in the normal quarterly pattern having now fully utilised the tax losses generated by downturn losses. Payments in the normal quarterly pattern will continue going forward.

Dividends

The Board has proposed a 2015 final dividend double that of last year at 4.0p per share which will be paid on 13 November 2015.

A final dividend of 2.0p per share in respect of the year ended June 2014 was paid in November 2014 (November 2013: 1.0p), and an interim dividend of 2.0p per share in respect of the year ended June 2015 was paid in May 2015 (May 2014: 1.0p), totalling £15m.

Returns

Net assets at 30 June 2015 were £849m (2014: £696m), a 22% increase. Capital employed at the same date was £1,003m (2014: £868m) an increase of 16%. Our return on capital employed increased in the year from 18.0% to 22.8%, again exceeding our 2017 target. Due to our judicious use of debt as well as equity to fund our growth, we were able to increase our return on equity by 29% from 20.5% to 26.4%, one of the highest returns in the sector. Whilst we will need to increase our investment in inventory to achieve our growth targets we aim to deliver ROCE of at least 21% and ROE of 25% in 2018.

STRATEGY IN ACTION

IMPROVE RETURNS

BISHOPS COURT DEVELOPMENT

IMPROVE RETURNS

Harrow Estates has a wealth of experience in land remediation and master planning and, by working closely with our Homes Divisions, together they bring synergies which deliver improved returns for Redrow as a whole. Our Bishops Court development is an example of this.

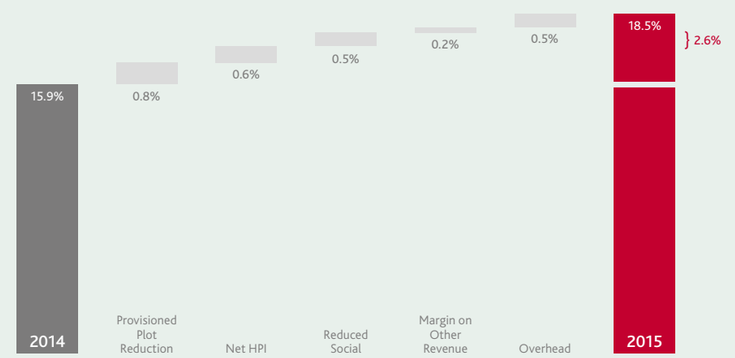
The Group acquired our Bishops Court site, a former quarry in Exeter, which had latterly been used for sand and concrete supplies and carried a nature conservation designation, in December 2011. The Homes Division and Harrow worked closely together to compile a detailed planning application which was submitted in March 2012. A remediation strategy was developed by Harrow specifically designed with the layout and foundation solutions underpinning the detailed planning application in mind.

Planning for 190 homes was granted in April 2013 allowing remediation works to begin on site controlled by Harrow. This left the Homes Division free to finalise their design work and section agreements to allow a start on site immediately after remediation was completed.

Working together they unlocked a land opportunity, delivered an efficient, cost effective remediation strategy and reduced the time from land purchase to the start of house build on site leading to improved returns.

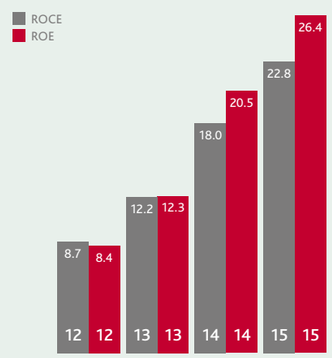
Bishops Court, aerial view

Chart 4



OPERATING MARGIN BRIDGE (%)

Chart 5



ROCE & ROE (%)

FINANCIAL REVIEW CONTINUED

Inventories
Our investment in land increased by 27% in the year to £1,020m (2014: £802m). This produced an 8% increase in our land bank of plots owned with planning permission and also reflected investment in strategic sites, notably Colindale, London, Ebbsfleet in Kent and Woodford, South Manchester.

The land market remains stable with good quality opportunities available. Our owned plot cost has increased by £8,000 per plot to £68,000 at June 2015, 23% of the average selling price of private legal completions in the year (2014: 22%).

Our investment in work in progress increased by 35% in the year to £480m (2014: £355m). This reflected a continued increase in active outlets and further investment in newly acquired substantial developments and large apartment schemes in the South of England.

Our net realisable value provision on land and work in progress reduced by £20m to £28m in the year. Provisioned plots represented a minimal 2% of our owned land bank at June 2015 (2014: 6%).

Land creditors increased by £108m to £266m at June 2015 as we continue to be successful in negotiating deferred terms with land vendors.

Receivables
Trade receivables decreased by £7m during the year to £29m (2014: £36m) with the receipt of £9m of deferred consideration from the disposal of our Scotland business which took place in June 2011. Other receivables increased by £2m to £23m due mainly to the timing of the recovery of VAT paid on land purchases.

Trade payables and accruals increased by £84m to £281m reflecting increased levels of production activity.

Cash flow and Net Debt
Net debt decreased by £18m to £154m at June 2015 (2014: £172m) giving gearing of 18.1% at the year-end (2014: 24.8%). The small decrease in net debt reflects our success in delivering operating cash flow receipts capable of funding the growth in the business, supporting an increase in dividend payments and a return to corporation tax payments in the year.

On 18 March 2015 we extended our Revolving Credit Facility of £350m and a £15m bilateral facility previously maturing in March 2018 to March 2020 on better financial terms.

Financing and Treasury Management
Financial management at Redrow is conducted centrally using policies approved by the Board.

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

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

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

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

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

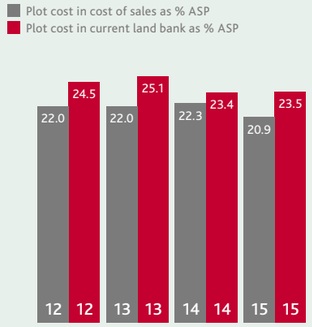
Redrow regularly reviews its hedging requirements. No hedging was undertaken in the year.

Pensions
As at June 2015, the Group's financial statements showed a £3m deficit (2014: £11m deficit) 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 decrease in the deficit is mainly due to improved returns on scheme assets in the year. Pension benefits are now provided via the Redrow Group Personal Pension Plan which is a type of defined contribution plan.

Barbara Richmond
Group Finance Director

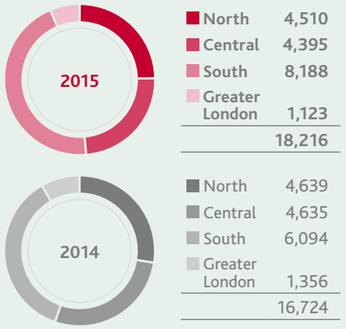
7 September 2015

Chart 6



PLOT COST (%)

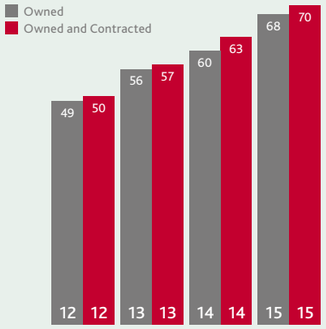
Chart 7



	2015	2014
North	4,510	4,639
Central	4,395	4,635
South	8,188	6,094
Greater London	1,123	1,356
	18,216	16,724

CURRENT LAND BY GEOGRAPHY (NO. PLOTS)

Chart 8



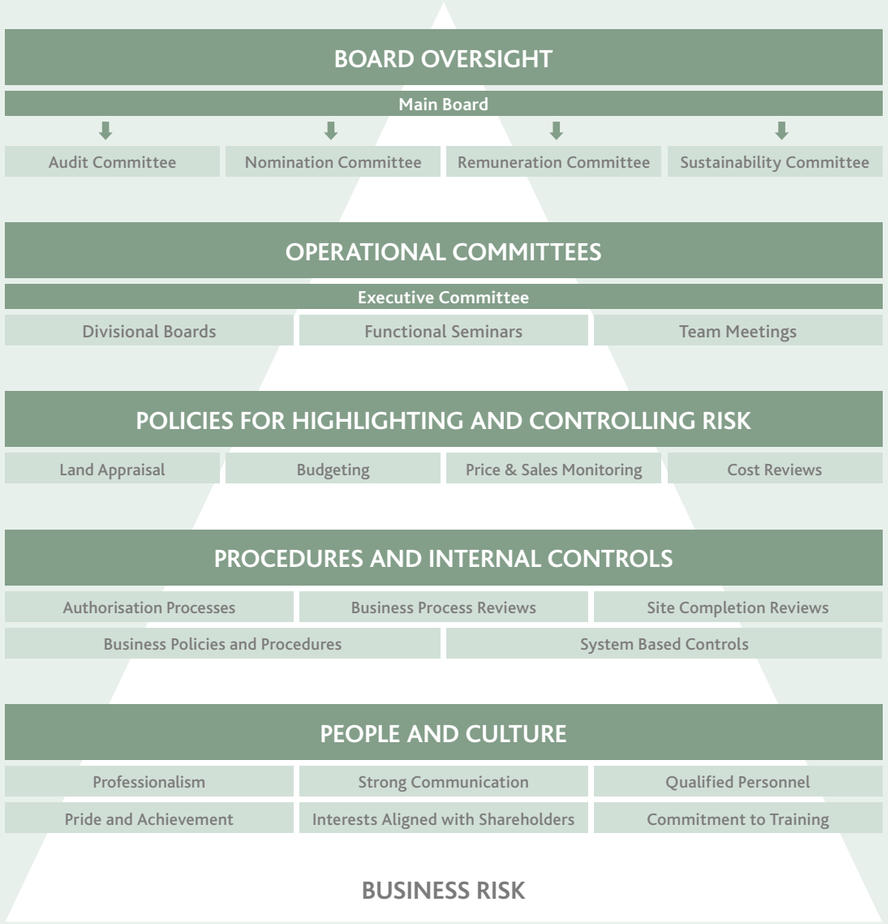
PLOT COSTS (£'000)



Cerney on the Water, South Cerney, Gloucestershire

RISK MANAGEMENT AND RISKS

HOW WE MANAGE RISK



Our Risk Management Process
Once strategic and financial objectives have been set by the Main Board principal risks are identified by the Executive Committee which could affect the Company's ability to achieve those objectives.

The Risk Register is formulated from the principal risks and is updated on an annual basis to reflect any changes to the risk profile of the organisation.

Following the updates to the Risk Register and the subsequent approval obtained from the Audit Committee, actions to minimise and where possible eliminate those risks are incorporated into policies and procedures, monthly management meetings and weekly operational meetings.

Certain risks are mitigated through the risk being transferred contractually or through the insurance markets.

Our Risk Assessment Process
Analysis of the strategic objectives enables risks faced by the organisation to be identified. The top level risks each have an individual risk owner responsible for updating the importance of the risk in current market conditions and any changes required in the management of the risk on an annual basis.

The Risk Register is circulated to the divisional management teams for collation of their feedback as part of the annual risk review process.

The risk owners update the scoring of the relevant sections of the Risk Register to reflect any changes to the risk impact and probability. Internal controls over these risks are categorised into "prevent controls" or "detect controls".

The Risk Register is reviewed by the Audit Committee to ensure the risks are appropriate to the business.

OUR RISK ASSESSMENT AND MANAGEMENT PROCESS

RISK MANAGEMENT AND RISKS CONTINUED

Category	Risk	Risk Owner	Key Controls and Mitigating Strategies	Risk Movement
Improve Returns	**Housing Market conditions** The conditions within the UK housing market are fundamental to Redrow's business performance.	Group Chief Executive	Close monitoring of, and proactive management response to, key indicators of the housing market. Review of weekly sales. Monitoring of competitor performance and incentives given. Regular review and improvement of the product range in response to changes in market conditions.	↓
Improve Returns	**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 new and second hand housing market. Support Government initiatives such as Help to Buy and Help to Buy "Mortgage Guarantee". Monitoring of consumer credit legislation. Panel of New Build Mortgage Specialists utilised to provide an immediate update in respect of regulatory changes.	↓
Improve Returns	**Liquidity and funding** The Group requires appropriate facilities for its short term liquidity and long term funding needs.	Group Finance Director	Bank facilities with appropriate covenants and headroom obtained. An extension to committed banking facilities has been obtained encompassing a reduction in margin. Capital structure regularly reviewed. Regular communication with investors and relationship banks. Strong forecasting and budgeting process providing a clear view of future cash flows.	↓
Excellent Customer Service	**Customer service** The failure of our customer services may undermine Redrow's ability to fulfil its business objectives.	Regional Chief Executive	The new Customer First business processes are currently being introduced to further improve our customer experience. Improved customer engagement through My Redrow section of our website to support our customers when purchasing a new home. Ensure high quality design to deliver sustainable communities.	↓
Maintain a Quality Land bank	**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	Clearly defined strategy and long term focus on forward land. Close monitoring of market conditions by experienced management team. Strong, experienced and knowledgeable land, planning and technical teams. Utilisation of external lawyers with appropriate Professional Indemnity Insurance for larger site acquisitions.	↓
Maintain a Quality Land bank	**Planning and regulatory environment** The ability to respond and adapt to the changing planning and regulatory environment is key to Redrow's future business performance.	Group Development Director	Close monitoring of planning environment by experienced management team. Local knowledge of divisional planning and technical teams. Well prepared, high quality planning submissions addressing local concerns and demonstrating good design. Additional controls have been introduced during the year to monitor the funding quality of the Housing Associations, with social housing quotes being signed off prior to land deals proceeding.	→
Produce a Quality Product	**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	Design is an integral part of our business. Focus on high build quality, with regular site visits being undertaken. Product changes implemented during the year have improved our flexibility to planning changes. The Regent Collection has been rolled out to provide exceptional kerb appeal and a distinctive lifestyle. The Abode Collection has been introduced in the year to provide a contemporary alternative to the Regent Collection.	↓
Improve Returns	**Cyber security** Failure of the Group's IT systems and the security of our internal systems, data and our websites.	IT Director	Proactive management of software security updates. Regular third party testing of the Group's cyber security systems. Quarterly internal audit procedures introduced during the year.	→

→ *No change* ↑ *Increase* ↓ *Decrease*

RISK MANAGEMENT AND RISKS CONTINUED

Category	Risk	Risk Owner	Key Controls and Mitigating Strategies	Risk Movement
High Standards in Health & Safety	**Health and safety/ environment** A significant Health and Safety or environmental incident may put people, the environment and Redrow's reputation at risk.	Group Health and Safety Director	Dedicated Health and Safety team operating across the Group to ensure appropriate standards are applied. Regular site visits and audits are undertaken. All staff receive appropriate training through in-house and external programmes. Divisional CDM Client inspection process has been implemented during the year in response to increased Health and Safety requirements. Health and Safety monitoring forms part of the monthly divisional Board reporting packs.	→
Improve Returns	**Key supplier, main contractor or subcontractor failure** The failure or inability to expand capacity of a key supplier, main contractor or subcontractor may disrupt Redrow's ability to manage its production process in an efficient and cost effective manner.	Group Commercial Director	Utilisation of suppliers, main contractors and subcontractors with a strong track record and reputation. Close monitoring of supplier, main contractor and subcontractor quality through annual assessments. Group Monthly Product Development meetings now being held as a consequence of the increased regulatory environment. The shortage of skilled trades is mitigated by the monitoring of the subcontract supply chain to maintain the appropriate number of companies for each trade. Subcontractor utilisation on sites is monitored to ensure workload and capacity are aligned.	→
Training for the Future	**Attracting and retaining staff** The loss of key staff and our failure to attract high quality employees may inhibit Redrow's ability to achieve its business objectives.	Group Human Resources Director	National training centre. Remuneration strategy reviewed regularly and benchmarked to retain quality staff. Personal Development Programmes. Graduate training and undergraduate placement programmes. Apprentice training programme including office apprentices. Communication enhanced through the Employee Survey and circulation of the InSight e-magazine.	→
Improve Returns	**Fraud/uninsured losses** A significant fraud or uninsured loss could damage the financial performance of Redrow.	Finance Director Operations	Systems, policies and procedures have been designed to segregate duties and minimise the opportunity for fraud. Regular Business Process Reviews undertaken to ensure compliance with policies and procedures. Divisional Action Plans have been implemented during the year as part of the Business Process Review. Timely management reporting and challenge. Business driven insurance strategy.	→

→ *No change* ↑ *Increase* ↓ *Decrease*



The Letchworth house type at Aston Fields, Shifnal, Shropshire

SUSTAINABILITY

OUR COMMITMENT IS GROWING YEAR-ON-YEAR







VISIT OUR NEW SUSTAINABILITY PAGES AT
www.redrowplc.co.uk/sustainability

OUR KEY ACHIEVEMENTS IN 2015



DESIGN

We are proud to build beautiful homes that are warm and efficient to run, on attractive developments that are healthy, vibrant communities in which to live.

See pages 46 to 47

- We have almost doubled the total amount of public open space we have created
- More than half of our homes have integrated domestic recycling facilities
- 79% of our homes are fitted with smart meters to monitor energy usage



CUSTOMERS

As well as ensuring we provide our customers with the best experience possible when buying their new home, we are also engaging with them on our sustainability strategy and the sustainability features of our homes.

See pages 48 to 49

- Maintaining our excellent HBF 5 star customer service rating for a fifth successive year
- Continued success of My Redrow
- Engaging with our customers on sustainable homes



COMMUNITY

Provision of local economic development opportunities plays a crucial part in encouraging the establishment of sustainable communities. We are proud of the positive contribution that we make wherever we work.

See pages 50 to 51

- 13% increase in monies committed to fund improvement of local communities
- We have improved our considerate constructor score whilst at the same time substantially increasing build activity



PEOPLE

Our reputation as a good employer with excellent staff development is confirmed by our employees, over 90% of whom said Redrow is an employer they are proud to work for in a recent survey.

See pages 52 to 53

- 3,859 training days delivered, up 30%
- 305 direct employment new jobs created
- Offices and sites equipped with defibrillators
- Reduced RIDDOR injuries by over 35%

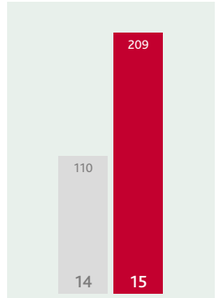


ENVIRONMENT

We aim to provide a sustainable environment for our customers and local communities. As part of this we have established exciting new partnerships with conservation Non-Governmental Organisations (NGOs) who are helping us improve ecology.

See pages 54 to 55

- Carbon emissions reduced, relative to increased build
- Partnership projects underway with RSPB and Bumblebee Conservation Trust
- Percentage of responsibly sourced timber continues to increase



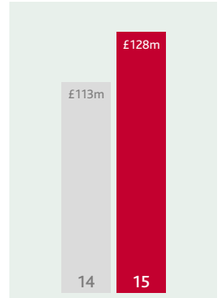
Hectares

PUBLIC OPEN SPACE CREATED



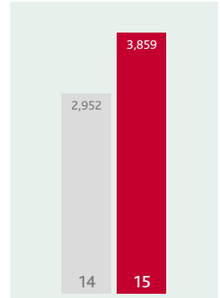
5* Satisfaction Rating Since 2011

INDEPENDENT CUSTOMER SATISFACTION HBF RATING



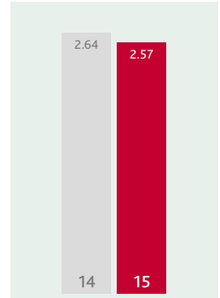
Funds Committed

MONIES COMMITTED TO FUND IMPROVEMENT OF LOCAL COMMUNITIES



Days Delivered

TRAINING DAYS DELIVERED



Tonnes $CO_2e/100m^2$ of Build

CARBON EMISSIONS

Indicates that a video is available at redrow.co.uk/tv

DESIGN

THE EFFICIENT DESIGN OF OUR HOMES MEANS AS WELL AS ENJOYING COSY LIVING SPACES, OUR CUSTOMERS ALSO BENEFIT FROM LOWER RUNNING COSTS

PLANS FOR 2016

- Continue to collate data on our design, construction and verification processes to inform improvements and refine the quality of design and construction of our new homes in response to the Zero Carbon Hub led project – " Designed versus As-Built Performance"
- Develop Building Information Modelling (BIM) with the emphasis on integration with existing information structures alongside BIM-ready tools such as Autodesk Revit and Navisworks; and work closely with all our supply chain partners to develop information flow and improve the format in which we receive our data

Objective	2014	2015	2018 target	Progress
Public open space	110 hectares	209 hectares	Continual investment	●
Heat loss from home	54% better than 1970s	54% better than 1970s	66% better than 1970s	●
% of homes incorporating renewable technologies	23%	19%	75%	●
Reduce water usage (litres/head/day)	105	105	80	●
Homes including domestic recycling facilities	47%	56%	75%	●
Homes fitted with smart meters	67%	79%	100%	●
Building information modelling (BIM) development	Level 2	Level 2	Level 3	●

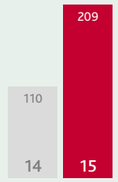
● *Improvement / level maintained* ● *Decline*

"The consistent quality of our design sets our product apart from the rest"

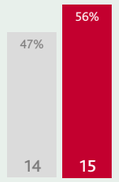
Summary of Progress

The controlled growth of the business and the rise in completions has been mirrored by an increase in the public open space delivered to communities in association with our developments. We pride ourselves on the quality of our landscaping designs, which make an intrinsic contribution to the overall character of a development and the amenity for our customers. We have sought to improve the value of our open space contribution through our partnerships with the Bumblebee Conservation Trust and birds and wildlife charity RSPB; and it is pleasing to see the total space we provided rise to 209 hectares (2014: 110 hectares).

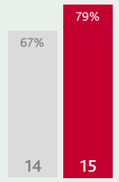
Encouraging sustainable living within the home is just as important as providing the right external environment and we're pleased to report a 9% increase in the number of homes we constructed which included domestic recycling facilities to 56% (2014: 47%); and, with the assistance of our partners Eon, a 12% rise in the number of smart meters fitted to 79% (2014: 67%).



PUBLIC OPEN SPACE CREATED



HOMES WITH INTEGRATED RECYCLING FACILITIES



HOMES FITTED WITH SMART METERS

GOOD DESIGN CAN HELP CREATE HEALTHY, SUSTAINABLE COMMUNITIES FOR ALL

In a statement issued in July 2015, the Government announced further measures as part of its Productivity Plan to reduce net regulation on housebuilders. These included cancelling the introduction of the zero carbon Allowable Solutions offsetting scheme and the proposed 2016 increase in on-site energy efficiency standards. Nevertheless, we will continue to work to improve on the quality and performance of our build specifications.

BIM Update

Development work on BIM continues and 98% of all our designs are now drawn through Autodesk Revit, enabling us to quantify all required elements from the house type models created.

Smartroof

We have trialled a number of modern construction methods this year including the innovative Smartroof system. This involves the off site manufacture of a patented pre-insulated panel system which simply slots together, spanning from gable to gable to provide a complete, structural 'room in roof' solution. This provides our customers with a highly insulated living space in what would have been their attic.

This method of construction brings a number of specific benefits to Redrow in terms of site safety, thermal performance, consistent quality, speed of construction and reduced waste. The design simplifies scaffolding, reduces the amount of time spent working at height and susceptibility to wind damage and inclement weather during construction. The system also encourages a tidier site, reducing the risk of slips and trips.



Fitting Smartroof panels at Goetre Uchaf, Bangor

DESIGNING SUSTAINABLE COMMUNITIES



Castle Fields, Barton Seagrove, Northamptonshire

Our Castle Fields and River View developments at Barton Seagrave provide perfect examples of how we help our customers to be environmentally friendly, help them to save money and provide substantial benefits for the community.

The 54 acre site will deliver up to 450 new homes meeting Code for Sustainable Homes level 4 compliance, achieving a minimum 25% reduction in carbon emissions over relevant building regulations, as well as meeting a site-wide 30% energy reduction target, assisted by high quality photovoltaic installations on all homes.

Residents are encouraged to use pedal power to get around, as individual homes include cycle storage facilities and the design of the development includes a comprehensive cycle path network. The latter takes in a series of landscaped public open spaces with individual character, together with play areas and a large attenuation pond that forms part of the sustainable urban drainage system (SuDs). In addition Redrow has protected and enhanced the nearby Southfield Farm Marsh, which is a 'Site of Special Scientific Interest' due to its rich and diverse rare vegetation and important wildlife habitat.

Customers can also take comfort in the fact that their new homes are helping to provide a package of community benefits worth £6m. As part of this commitment we are building a new community centre and extending an existing allotment site to the north of the development with the gift of a 7,592 square metres parcel of land, which will provide an additional 27 allotments and will be managed by the local council.

CUSTOMERS

WE WANT TO PROVIDE OUR CUSTOMERS WITH THE BEST POSSIBLE HOME-BUYING EXPERIENCE

PLANS FOR 2016

- Embed and refine our Customer First brand
- Continue to update and roll-out sustainability training for sales teams
- Review strategies with our Sales and Marketing team based on the results of our customer attitudes research

Objective	2014	2015	2018 target	Progress
Independent customer satisfaction HBF rating	5 stars	5 stars	No.1 in customer service for home building in the UK	●
% of our customers recommending us to a friend per NHBC research	93%	90.2%	>95%	●
My Redrow Registrations	11,149	13,774	15,000	●
Customer extras	£6m	£10m	£15m	●
NHBC Pride in the Job Awards	14% of sites	15% of sites	20% of sites	●

● *Improvement / level maintained* ● *Decline*

"Customers are our first priority at Redrow and we strive to deliver an exemplary customer service"

Customer First

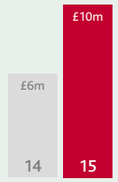
Customers are our first priority at Redrow, so we are delighted to report that for the fifth year running we received a 5 star independent HBF Customer Satisfaction rating. Not content with this we have progressively rolled out our "Customer First" strategy during the year with the aim of becoming Number 1 in customer service for home building in the UK. We believe that great customer service will sell homes and that customer service is our culture, not simply a department.

Our customers are fundamental to the business so we endeavour to listen and do everything we can to make sure that buying and owning their Redrow home is the best it can be. To deliver this commitment we have designed our new "Made for You" customer journey, which guides and supports our customers throughout the home buying process in five different steps from Exchange of Contracts to Move in Day.

Registrations for My Redrow, our award winning direct internet channel to our customers, have increased 24% to 13,774 in the year. This has led to a strong increase in sales of customer extras, which have already exceeded our 2018 target of £10m. We have therefore increased our 2018 target to £15m.

Sustainability Training Modules

Our sales teams are often the first point of contact with our customers, who may use the opportunity to ask detailed questions about the sustainable features of their potential new home. We have previously highlighted that our sales teams require a thorough understanding of the sustainable features of our new homes and associated communities to be able to effectively communicate the benefits to our customers. To support the training already rolled out this year in conjunction with our principal photovoltaic suppliers, JJM Building Supplies, sustainability training modules have been developed and added into the Sales, Construction and Technical development courses.



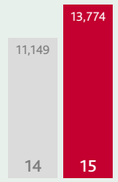
Customer Extras

CUSTOMER EXTRAS ON MY REDROW



5* Satisfaction Rating Since 2011

INDEPENDENT CUSTOMER SATISFACTION HBF RATING



Number of My Redrow Registrations

MY REDROW REGISTRATIONS

WE ARE BROADENING ENGAGEMENT WITH OUR CUSTOMERS ON SUSTAINABILITY ISSUES

How to Videos

To complement our customer guidance we have created a series of short informative "How to" videos, available on Redrow TV, which provide easily understood information, advice and demonstrations for our customers on the operation and maintenance of internal and external home features. They also include sustainability features such as photovoltaics, composting and rain water harvesting.

Build Quality

Quality of build lies at the heart of customer satisfaction and at Redrow we pride ourselves on both the quality of design and construction of the homes and developments we build.

The NHBC Pride in the Job Awards are the house building industry's long standing and most prestigious recognition of site managers who achieve the highest standards and have been instrumental in driving up the quality of new homes over the last 35 years. Success is not only an accolade for the site manager, his team and the associated trades, but also provides our customers with a measure of the quality of our products. Our commitment to quality is underlined by the quality of our construction teams.

This year we congratulate 14 of our site managers who collected Pride in the Job Quality Awards in 2014 and in particular Paul Greenaway (South West), Rob Summers and Syd James (South Wales), Dave Williams (NW) and Stuart Bullough (Lancashire) who went on to collect Seal of Excellence Awards.

Special mention goes to Rob Summers who once again collected a Supreme Award, the ultimate accolade, for his site at Cwm Calon, Ystrad Mynach. The first round of 2015 Pride in the Job has just been announced, with Redrow site managers securing a record 18 Quality Awards.

INVESTIGATING CUSTOMER ATTITUDES TO SUSTAINABLE DEVELOPMENT

With an estimated 220,000 new homes required each year to meet household projections, sustainability should be a fundamental consideration in the design and construction of all new homes and communities. Housing can have profound effects on how people live as a society, as well as having significant impacts on the environment. Despite this, there has been little research undertaken within the industry to examine the views of prospective customers on sustainable homes, their attitude to sustainable features and purchasing intent. Acknowledging this lack of data, Redrow has undertaken an in-depth research project led by its Sustainability Manager Nicola Owen, which has considered the purchase intentions of customers in respect of sustainable homes and the factors influencing their subsequent choices and decisions.

Contacting prospective customers on Redrow's database elicited 1,730 responses and highlighted that customers are increasingly focusing on the value of sustainable development.

- 82% of respondents indicated a willingness to pay extra for a sustainable home
- 60% agreed that they would be more likely to buy from a company building sustainable homes
- 77.5% indicated they were confident about the positive environmental impact such a purchase was likely to have

Overall, the responses show that there is a growing customer preference towards sustainable homes and communities, but they also indicate that some uncertainty exists surrounding the choice of sustainable features. The data from this comprehensive study will be fed into our product design and sales and marketing strategies and will also inform further research to help us to deliver the homes our customers want and to encourage them to lead more sustainable lives.


Customers' views drive our specification

COMMUNITY

CREATING SUSTAINABLE COMMUNITIES IS THE HEART OF OUR BUSINESS

PLANS FOR 2016

- **Develop alternative means of evaluating and promoting the sustainable value of our new homes to local communities**
- **Carrying out comprehensive engagement with our stakeholders to further inform and develop our sustainability strategy**

Objective	2014	2015	2018 target	Progress
Monies committed to fund the improvement of local communities	£113m	£128m	Continued investment in local communities	●
Community consultations as % of planning submissions*	New Metric	47%	Increased engagement	●
Considerate Constructors average score	34.54	34.82	>35	●
Homes within 500m of a public transport node	95%	95%	90%	●

* Minor planning submissions are excluded

● *Improvement / level maintained* ● *Decline*

"Our continuing progress marks Redrow's appreciation of the importance of social and economic investment at a local level for thriving sustainable communities"

Summary of Progress

We have again made substantial direct contributions to our local communities committing £128m, an increase of 13% over last year. Alongside the 12% increase in production achieved this year, we have also seen an improvement in our average Considerate Constructors' score. 40 of our developments scored 30 or more, rating them as "Good" (2014: 10) and 23 of those scored 35+ rating them "Very Good", more than tripling last year's performance. Three sites, St Andrews Park in Halling, Kent, Howton Rise, in Newton Abbot, Devon, and Lymington Shores, in Lymington, Hampshire scored 40 or more, rating "Excellent".

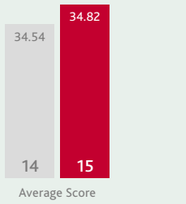
We've also maintained the number of homes we build within 500 metres of a public transport node at 95%, well above our Aspirations 2018 target of 90%, and 99.6% of our homes are within 1,000m of a public transport node.

Community Consultations

Two years into our Redrow Aspirations 2018 Action Plan it is a suitable juncture to review some of the metrics we set with the benefit of experience. One metric which does not meaningfully measure progress is that relating to the number of community consultation events held, since they are clearly limited by the number of planning submissions made in any year. This year we have changed the metric to measure community consultations as a proportion of planning submissions made. This year this stands at 47% which we will target to improve year on year.

Our Contribution to Social, Economic and Environmental Sustainability

We continue to invest directly in our local communities in the form of social housing, S106 contributions and Community Infrastructure Levy (CIL). The importance of the UK housebuilding industry to the UK economy and its major contribution to social, economic and environmental sustainability was firmly underscored by a report published in March 2015, prepared by an independent planning, design and economics consultancy, Nathaniel Lichfield and Partners. The report was commissioned by the Home Builders Federation (HBF).



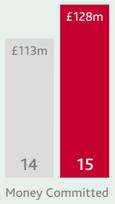
Average Score

CONSIDERATE CONSTRUCTORS AVERAGE SCORE



Percentage

DISTANCE OF HOMES TO A PUBLIC TRANSPORT NODE IN 2015



Money Committed

MONIES COMMITTED TO FUND IMPROVEMENT OF LOCAL COMMUNITIES

WE ARE PROUD OF THE POSITIVE CONTRIBUTION WE MAKE TO LOCAL ECONOMIC DEVELOPMENT

The scale of benefits the industry contributed in the past year is amply illustrated by the impressive headline figures:

- **£12.5bn** invested in land and buildings for homes
- **£5.5bn** spent on suppliers, 90% of which stayed in the UK
- **600,000** jobs generated
- **£5bn** contributed to public services through tax paid, the construction of affordable housing and infrastructure improvements
- **£3.8bn** spent in local shops and services by residents of new homes
- **£131m** invested in open space, community, sport and leisure facilities
- **6.5m** trees and shrubs were planted or retained

Ahead of this report, Redrow commissioned consultants Mott MacDonald (MM) to undertake various pieces of work to better understand the long term sustainability impacts of our own business, including a detailed analysis of the economic impact of our Barrow's Green development at Widnes, Cheshire.

Assessment was undertaken using MM's Transparent Economic Assessment Model (TEAM), designed to calculate the economic impact of proposed infrastructure intervention and policy measures. TEAM has been developed in line with HM Treasury Green Book principles and Homes and Community Agency (HCA) additionality guidelines. The tool measures the potential stimulus to economic activity by estimating consequential employment, salary, Gross Value Added (GVA*) and investment benefits.

ENGAGING PUPILS IN ENERGY EFFICIENCY

It is vitally important for the future that children understand about the impacts of climate change and how sustainable living can mitigate those effects. Redrow undertook a project with UTV Media involving engagement of schools from Kent and neighbouring Essex, who were invited to create a 60 second radio commercial promoting the benefits of new homes built with the environment in mind and explaining to other young people how important energy saving measures are in the home.

The winners of the competition, Bobbing Village School, in Sittingbourne, visited the studios of KMFM to have their advert professionally recorded and broadcast. The successful team were presented with a commemorative gold CD of their recording and a £500 cheque from Redrow for their Sustainability Projects Fund.

Teacher Lisa Bunning said: "We entered the competition as I thought it would be a useful and enjoyable way for my class to learn about an important global issue. The children benefitted from having a real purpose to their learning and were able to improve their understanding about energy efficiency, their speaking and listening skills, as well as using modern technology to produce their adverts."



Bobbing Village School receiving their cheque for sustainability projects

The study concluded that in total the scheme, which will deliver 148 high quality 2, 3 and 4 bedroom homes, will help to deliver 30 net additional full time employment jobs and £1.15m GVA/annum for the North West region.

Based on these findings we estimate that 1,080 jobs have been created and £41.4m GVA/annum has been generated in those communities within which we work during the year as a result of our UK-wide construction activity. This excludes the additional benefits brought to these communities from the £128m invested via S106 contributions and Community Infrastructure Levy (CIL) together with other measures to enhance local amenities and Green Infrastructure. The figures emphasise the significant and often unseen and valuable commitment which Redrow makes whenever we create a development.

* a measure in economics of the value of goods and services produced in an area, industry or sector of an economy.

PEOPLE

REDROW IS ALL ABOUT QUALITY AND THIS GIVES PEOPLE A REAL SENSE OF PRIDE AND ACHIEVEMENT

PLANS FOR 2016

- Focus on improving inter-departmental communications
- Introduce enhanced e-learning platform
- Extend succession planning to include junior positions
- Increase number of entries into NHBC Health and Safety Awards
- Commitment to contractor engagement events
- Independent health and safety assurance programme across the group

Objective	2014	2015	2018 target	Progress
Trainees as percentage of workforce	15%	15%	15%	●
Training days delivered	2,952	3,859	Increasing training per head	●
Graduate programme intake	22	28	Increase in line with growth	●
Workforce under 25	15%	16.5%	Maintain/ Increase	●
Total workforce	1,346	1,651	Maintain headcount growth	●
Health and Safety Awards	1 Highly commended 1 commended	3 Highly commended	Progressive improvement	●
Reportable accidents per site	0.37	0.23	0.3	●

● *Improvement / level maintained* ● *Decline*

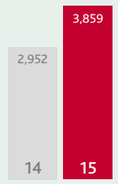
" 'The making of you' brand now underpins everything Redrow does from an employee perspective"

Trainees

In 2013 we had 1,115 employees of whom 14% were trainees. At that time we were aiming to employ 200 trainees at June 2015 – in fact we have far exceeded that target and now have over 240 trainees in the business. Growth in direct employees has also been accelerated – over the last two years we have increased numbers by 25% and 23% respectively, creating around 540 new jobs in the process. We have therefore decided that our target for the percentage of trainees employed across Redrow will remain at 15% for the next three years.

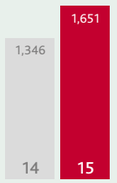
Training

Our focus on training continues to increase. With a 23% rise in headcount we actually saw a 30% rise in training days delivered. It is particularly pleasing to note that in only our second year of offering e-learning, our employees completed over 3,000 modules. This year we are extending our Graduate programme to offer a specific two year Construction programme which will introduce Graduates to all aspects of running a modern construction site and will lead to CIOB membership.



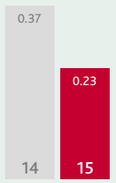
Training Days Provided

NUMBER OF TRAINING DAYS



Number of Employees

TOTAL WORKFORCE



Reportable Accidents per Site

REPORTABLE ACCIDENTS

QUALITY AND SAFETY WORK HAND-IN-HAND

Health and Safety

Accidents

Although the Group encountered a rise in overall accidents of 13% to 286 (2014: 253), stringent health and safety measures have resulted in the business reducing reportable injuries – as defined under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) – by just over 35%. This is an excellent accomplishment considering a 14% increase in outlets open and 12% more plots completed in comparison to the previous year.

Redrow received 11 visits from the Health and Safety Executive (HSE), during 2014/15. No enforcement actions in the form of improvement or prohibition notices were issued following these visits.

Continual review of accident report information has allowed us to identify manual handling and slips, trips and falls as the primary cause of both first aid and reportable accidents within the business, mirroring those reported by other members of the Home Builders Federation (HBF).

The Health and Safety Team intends to re-categorise manual handling accidents on the Group's accident reporting system to improve the data available for this accident causation category and we will be participating in a 'slips and trips' initiative during 2015/16, which will be co-ordinated by the HBF to raise awareness and reduce the number of incidents reported.

Awards

Three Redrow Site Managers secured Highly Commended Awards in this year's National House-Building Council (NHBC) Health and Safety Awards designed to recognise and reward the very best in health and safety and to drive up safety standards in the industry by showcasing and sharing best practice.

These were outstanding results for our winning developments as only 29 awards were issued across the whole of the country in this category.

The award winning site managers are:

Redrow Midlands
Compton Park, Wolverhampton
Dave Dodd

Redrow Lancashire
Harbour Village, Fleetwood
Stuart Bullough

Redrow Lancashire
The Coppice, Banks, near Southport
Shaun Phoenix

Redrow also received a Special Award from the external judging panel at the NHBC Awards by being commended for our Automated External Defibrillator (AED) initiative, something that no other homebuilder has undertaken on this scale.

Redrow now has fully automated external defibrillators at our St David's Park headquarters, each of our divisional offices and the vast majority of our 100+ live outlets. Redrow's defibrillators are registered on a national database, which provides emergency services in the area with details of AEDs available locally, providing potential lifesaving equipment to the company's employees and subcontractors, and to members of the public and surrounding businesses.

The AED initiative was also recognised by the 2015 St John Ambulance Everyday Hero Awards, with Redrow being a shortlisted finalist in the Organisation of the Year category.



L–R David Bunyard H&S Manager, David Dodd Redrow Midlands, Stuart Bullough Redrow Lancashire, Shaun Phoenix Redrow Lancashire and Charlotte Weston H&S Manager, at the NHBC Health and Safety Awards 2015.


Dave Ford Redrow Group Health and Safety Director receiving the NHBC Commended Award with NHBC Chief Executive Officer Mike Quinton.

ENVIRONMENT

WE ARE FOCUSING ON IMPROVING THE EFFICIENT USE OF MATERIALS, WATER AND ENERGY IN OUR ACTIVITIES

PLANS FOR 2016

- Further develop our biodiversity partnerships to extend their impact and share best practice
- Focus on reduction and elimination of site waste
- Further reduce carbon emissions from our operations
- Develop our environmental management systems

Objective	2014	2015	2018 target	Progress
Total waste produced per 100m² of build	8.1 tonnes/ 100m²	9.84 tonnes/ 100m²	7.5 tonnes/ 100m²	●
Waste diverted from landfill	93.6%	92.6%	>95%	●
Scope 1 and 2 carbon emissions	2.64 tonnes CO_2e/100m²	2.57 tonnes CO_2e/100m²	10% reduction	●
Site water consumption	16.89 m³/100m²	21.01 m³/100m²	Reduce m³/ 100m²	●
Divisional office energy audits	80%	80%	100%	●
Responsibly sourced timber	99.55%	99.82%	100%	●
% of build materials locally sourced	96%	93%	95%	●
% of subcontract labour employed locally	89%	89%	95%	●

● *Improvement / level maintained* ● *Decline*

"We are excited to be working with Redrow to create beautiful and harmonious landscapes for bumblebees that are in tune with nature..., as a responsible developer, Redrow could set the industry standard for collaboration with a wildlife NGO"

Lucy Rothstein, CEO, BBCT

Summary Highlights

Our carbon emissions, relative to increased build, have continued to reduce slightly this year following a significant drop in 2013/14. We continue to focus our efforts in this important area to ensure this progress continues and we have further divisional office energy audits planned for later this year.

We have improved our reporting of waste generation to differentiate between construction, excavation and demolition waste, assisting us to effectively target waste elimination and necessitating the re-base of our targets. Construction waste diverted from landfill fell marginally to 92.6% (2014: 93.6%) however, our demolition waste stands at 100% diverted.

Water use has proved more challenging due to our increased focus on considerate construction and the desire to be a responsible neighbour. In a very dry year, particularly in the south, we have used more water in dust control but are working to reduce water use further next year.

GHG Reporting – Assurance

We aim to improve the transparency in our sustainability reporting and we have completed the first step in this process, having secured third party verification from leading inspection, verification, testing and certification company SGS. We have achieved limited assurance for our greenhouse gas data for 2013/14 as submitted to this year's Carbon Disclosure Project, as well as this year's data.



Tonnes CO_2e/100m² of Build

CARBON EMISSIONS



CARBON FOOTPRINT DATA VERIFICATION



Percentage of Sourced Timber

RESPONSIBLY SOURCED TIMBER

BUILDING SUSTAINABLE COMMUNITIES WITH ENRICHED ECOLOGY IMPROVES BIODIVERSITY AND POSITIVELY IMPACTS ON WELLBEING

Verification confirms our compliance with ISO 14064-3: 2006, provides us with confidence in our future carbon management strategies and assures our stakeholders of the accuracy of our monitoring. See page 85 for our greenhouse gas emissions.

Sustainably Sourced Timber

Redrow Homes has been a participant in WWF's Global Forest and Trade Network (GFTN) in the UK since 2003. All GFTN participants commit to progressively sourcing forest products from well managed sources.

Achieving 100% responsibly sourced timber is one of our Aspirations 2018 targets and in the 2014 calendar year we made further progress towards our target with 99.82% (2013: 99.55%) of the timber and board material we purchased being Source Assessed/ Verified/Credibly Certified. This constitutes 40.24% Source Assessed/Verified (e.g. PEFC purchased with Chain of Custody) and 59.58% Credibly Certified from forest sources meeting highest social and environmental standards (e.g. FSC purchased with Chain of Custody). Our ambition is to source 65% FSC by 2020.

WWF-UK Timber Scorecard

In response to the 2013 European Timber Regulation (EUTR), in May 2015 WWF-UK introduced their Timber Scorecard, ranking UK retailers, manufacturers and traders buying timber and timber products to raise awareness of the importance of tackling negative impacts on the world's forests and to encourage the securing of timber and timber products from responsible sources. Assessment is based on verified performance information only for 2013 or later and is expressed on a scale of 0 to 3 "trees" where 3 "trees" represents an exemplar performance compliant to EUTR. We are delighted to report that Redrow was awarded a score of 2 "trees" in the recent May assessment.

SUPPORTING OUR FLORA AND FAUNA

We are all increasingly being made aware of the plight of our wildlife in the face of climate change and the impact of modern living through the valuable work being done by various conservation organisations. We have put together two complementary partnerships to help us protect, enhance and create new habitats to support our flora and fauna wherever we work, and also promote the campaign work of the two organisations concerned, The Bumblebee Conservation Trust (BBCT) and The Royal Society for the Protection of Birds (RSPB).

The BBCT is an award winning and growing charity, established in response to concerns over the observed crash in bumblebee populations. It seeks to reverse population declines by 2020 through raising awareness and increasing understanding about bumblebees and the social, economic, environmental and cultural benefits that they and other pollinators contribute.



Redrow Staff enjoying a Bumblebee Safari with Sinead Lynch from the Bumblebee Conservation Trust

Redrow is proud to be the first UK homebuilder to partner with BBCT to provide habitat for bumblebees and other important pollinators.

To raise awareness with our customers, we have developed a co-branded seed dispenser tray and free packets of pollinator friendly seeds for our sales offices, as well as co-branded PR material such as a "Gardening for Wildlife" leaflet, seed impregnated change of address cards and welcome cards. BBCT is also providing us with guidance for our landscaping design at Old Park Village, in Pinhoe, Devon and our partnership has inspired a bee and nature themed bedroom design at our show home at Windsor Park, in Wakefield, West Yorkshire. Meanwhile, we have worked with BBCT to create pollinator friendly landscape areas in the parkland around our head office at St. David's Park, Flintshire.

The RSPB needs little introduction and we are delighted to be able to support them in their "Give Nature a Home" campaign. The partnership between us is designed to strengthen the ability of each organisation to achieve sustainable development through early engagement in the design of targeted initiatives which benefit birds, biodiversity and people. We are co-operating to develop training workshops for key operations staff, producing co-branded advice and information for our customers offering guidance on best practice wildlife sustainability in and around their home.



Bird boxes and other wildlife habitats installed at St. David's Park, Flintshire

RSPB have engaged at an early design stage with our divisional technical team to provide input into Sustainable Urban Drainage Schemes (SuDs) and general design at Chaul End, Luton, including the building-in of features such as special swift nesting bricks.



The Balmoral show home at The Limes, Horsforth Vale, Yorkshire

CORPORATE GOVERNANCE

THE BOARD IS COMMITTED TO COMPLYING WITH CORPORATE GOVERNANCE GUIDELINES AND TO MAINTAINING HIGH STANDARDS OF CORPORATE GOVERNANCE



Graham Cope
Company Secretary

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 financial year ended 30 June 2015, the Company was compliant with the provisions of the UK Corporate Governance Code ("the Code") other than as set out elsewhere in the Annual 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 discussion with the Management Teams on 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 2015.

Our 2015 Annual General Meeting will be held on Tuesday, 10 November 2015 and you will find the Notice of Annual General Meeting and some Explanatory Notes at the end of this Annual Report. For those who wish to attend the Board looks forward to meeting with you.

Graham Cope
Company Secretary



The Blenheim house type from the Premier Heritage Collection

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 believe that throughout the year ended 30 June 2015, the Company has been compliant with the provisions of the Code.

The Board
The Board comprises an Executive 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 below:

Main Board

Non-Executive Team
- Senior Independent Director
- Independent Non-Executive Directors

Executive Management Team
- Chairman
- Group Chief Executive
- Group Finance Director
- Company Secretary
- Group Regional Chief Executives
- Group Human Resources Director
- Group Sales & Marketing Director
- Group Development Director



BOARD OF DIRECTORS

AN ACTIVE, COMMITTED BOARD OF DIRECTORS WITH DIVERSE AND COMPLEMENTARY SKILL SETS



COMPOSITION OF THE BOARD



LENGTH OF TENURE OF NON-EXECUTIVE DIRECTORS



MAIN BOARD BY GENDER

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STEVE MORGAN (62)
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 that effective communications are maintained with shareholders.

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

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

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

M

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JOHN TUTTE (59)
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.

M

3

BARBARA RICHMOND (55)
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.

M

1

GRAHAM COPE (51)
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.

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SIR MICHAEL LYONS (65)
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.

M A N R

6

LIZ PEACE (62)
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 of Morgan Sindall Group plc and The Howard de Walden Estate. She is also a member of the Peabody Trust and a trustee of the property charity Land Aid.

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

M A N R S

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DEBBIE HEWITT (52)
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, Evander Group, White Stuff and Visa UK.

She is also Non-Executive Director of NCC plc, The Restaurant Group PLC, BGL and Domestic & General.

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

M A N R

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NICK HEWSON (57)
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 currently 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

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.

Board Experience: *Finance, Property, Operational, Sustainability*

Committee membership: M *Main Board* A *Audit Committee* N *Nomination Committee* R *Remuneration Committee* S *Sustainability Committee*

CORPORATE GOVERNANCE CONTINUED

The Board continued

Debbie Hewitt has already served a term of 6 years as a Non-Executive Director but the Board considers that it is appropriate that she continues for a further term of three years bearing in mind the relatively new members who have recently joined the Board and to give some continuity.

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 are set out below:

Details of internal control and risk management processes are included in the Audit Committee report on pages 64 to 67.

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 2015 are considered to be independent.

Details of the Directors' respective experience is set out in their biographical profiles on pages 60 to 61.

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 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.

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	3/3

All details for the Directors are provided on pages 60 to 61.

Board Performance Evaluation and Professional Development

The Board undertook an internal formal evaluation of its own performance during the year ended 30 June 2015. This started with a questionnaire designed to assess performance and ongoing effectiveness across key areas in the financial year ended 30 June 2015 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 debate and decision making.

The evaluation also considered succession planning for the Executive Team.

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.

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 64 to 67; the Nomination Committee Report on page 68; the Remuneration Committee Report on pages 70 to 83; and the Sustainability Committee Report can be found on page 69.

Each Committee reports to and 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 by Liz Peace.

The Board completed a performance evaluation of its Committees during the financial year ended 30 June 2015 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, 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

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 page 68.

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 will be submitting themselves for re-election at the Annual General Meeting. The Board has satisfied itself all Directors who will be submitting themselves for re-election continue to perform satisfactorily. Details of appropriate Annual General Meeting Resolutions can be found on page 125.

Capital Structure

The information of the capital structure of the Company is included in the Directors' Report on pages 84 to 85.

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 seen as 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
Executive management team	2 (20%)	8 (80%)
Redrow employees at June 2015	536 (32%)	1,115 (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 2015, 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 2014 and February 2015, the Chairman, Group Chief Executive and Group Finance Director met current and potential significant shareholders. This embraced visits to London and Edinburgh and feedback from these meetings is 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 10 November 2014. Shareholders are encouraged to attend the Annual General Meeting, which represents an opportunity for all shareholders attending to table questions formally during the meeting and informally afterwards to the Company's Directors.

Formal notification of the Annual General Meeting, through the Annual Report, is sent to shareholders at least 21 working days in advance. It is the Company's policy to propose a separate Resolution at the Annual General Meeting on each substantive issue.

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

Graham Cope
Company Secretary

7 September 2015

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 and the Board believes the Committee has the appropriate level of experience to fulfil its Terms of Reference.

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 2015. The external Auditors, PricewaterhouseCoopers LLP ("PwC"), and the Finance Director (Operations) who has responsibility for Internal Audit, were also in attendance at all meetings.

The Committee met three times in the year ended 30 June 2015 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 also met privately with the external Auditors and with Internal Audit following the final audit and the review of the year ended June 2015 financial statements. The Committee Chairman 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.

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	2/2

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.

The Committee's Terms of Reference are available on the Company's website (www.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.

Net realisable value of inventories

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. 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 Auditors and management.

The principal activities undertaken are shown below:

September 2014	A review of the full year 2014 results including the Annual Report and Accounts and a report from the external Auditors; and Consideration of the Group risk assessment process and a going concern review.
February 2015	A review of the 2015 half-yearly report 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 2015 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 2015	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; and An update on Internal Audit, its strategy and a review of the Internal Audit timetable for 2016.
September 2015	A review of the full year 2015 results, including the Annual Report and a report from the external Auditors; and consideration of the Group risk assessment process and a going concern review.

Audit Independence

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

At its meeting in February 2015 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 does not currently have a formal policy on re-tendering of the external audit. However, 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 by the date of the Annual General Meeting prior to June 2020, the Committee will be considering its policy over the next 12 months.

The Committee has a formal policy in respect of the work of the external Auditors. The purpose of this policy is to ensure that the Auditor's objectivity and independence is maintained by ensuring both that the nature of any non-audit work undertaken and the level of fees paid does not compromise the Auditor's position.

Appointments in respect of non-audit work require the prior approval of the Committee within an established budget. In addition, no work can be undertaken by the external Auditors in any area where there is any identifiable risk that the work of an individual within the external Audit firm or the external Audit firm generally could conflict or compromise the quality, objectivity or independence of any audit or compliance work undertaken for the Group.

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

Details of fees paid to PwC are disclosed on page 102.

AUDIT COMMITTEE REPORT CONTINUED

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 and Group Development Director ("the Executive Board") 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 98 to 101.

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.

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 and a report 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

7 September 2015

NOMINATION COMMITTEE REPORT

THE COMMITTEE REVIEWS THE SIZE, STRUCTURE, BALANCE AND COMPOSITION OF THE BOARD 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 2015 were Nick Hewson, Liz Peace and Sir Michael Lyons.

The Committee met twice during the year ended 30 June 2015. 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:

- 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 the re-appointment of Non-Executive Directors, the re-election of Directors at the Annual General Meeting and the membership of the Audit, Nomination, Remuneration and Sustainability Committees.
- ensure 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.

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

Main Activities During the Year

During the year to 30 June 2015 the Committee undertook the following activities:

- a review of the structure, size and composition of the Board. The Committee recommended to the Board the appointment of an additional Non-Executive Director to ensure appropriate succession planning of the Non-Executive Directors. The Committee subsequently 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 2015 Annual General Meeting in accordance with UK Corporate Governance Code.
- reviewed the Committee's Terms of Reference.

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

Performance Evaluation

The Committee completed a performance evaluation during the Financial Year and a report 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.

Debbie Hewitt
Chairman of the Nomination Committee

7 September 2015

Table of Attendance

Name	Role	Attendance at Meetings
Debbie Hewitt	Chairman	2/2
Nick Hewson	Member	2/2
Liz Peace	Member	2/2
Sir Michael Lyons	Member	1/1

SUSTAINABILITY COMMITTEE REPORT

THE COMMITTEE ASSESSES THE IMPACT OF COMPANY OPERATIONS ON THE ENVIRONMENT AND COMMUNITIES AFFECTED BY ITS ACTIVITIES



Liz Peace
Chairman of the Sustainability Committee

Committee Membership and Meetings

The Members of the Committee comprise Liz Peace, who is Chair of the Committee and an Independent Non-Executive Director, Nigel Smith, Group Research and Sustainability Director, and Karen Jones, Group Human Resources Director.

The Committee met three times during the year ended 30 June 2015. 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 Board'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 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 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 March 2015 and are published on the Group's website (www.redrowplc.co.uk).

Main Activities During the Year

During the year ended 30 June 2015 the principal activities of the Committee were as follows:

- overseeing and receiving regular updates on the Company's Aspirations 2018 sustainability action plan, following publication of the Sustainability Report in October 2013. This action plan included the delivery of focused training on environmental and sustainability matters to employees.
- monitoring the introduction of e- learning and the introduction of Green Teams throughout the Divisions.
- reviewing the Housing Standards and their impact on the Company's own design standards.
- monitoring the Company's response to environmental legislation and regulation, including the continuing impact of the Flood and Water Management Act 2010 and the changes to Part G, Part H and Part M 2013 of the Building Regulations.
- reviewing the new Sustainability website.
- reviewing the Company's environmental management standards.
- supporting the forging of new relationships between the Company and the RSPB and Bumblebee Conservation Trust.
- monitoring the Company's responses to numerous consultation papers and environmental surveys from the Government and its agencies and other stakeholders in the sustainability arena.
- Initiating an internal review of how sustainability is managed and embedded within Company policies and how objectives should be set and measured within the context of the Company's wider business targets.

Performance Evaluation

The Committee completed a performance evaluation during the Financial Year and a report 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.

Liz Peace
Chairman of the Sustainability Committee

7 September 2015

Table of Attendance

Name	Role	Attendance at Meetings
Liz Peace	Chairman	3/3
Nigel Smith	Member	3/3
Karen Jones	Member	2/3

DIRECTORS' REMUNERATION REPORT



Debbie Hewitt
Chairman of the Remuneration Committee

I am pleased to present the Directors' Remuneration Report for the year ended 30 June 2015.

At the Annual General Meeting on 10 November 2014, our Directors' Remuneration Policy was put to a binding shareholder vote, which was approved by over 95% of the votes cast. The Remuneration Committee believes that this approved Policy continues to reflect our overall remuneration philosophy set out below, and we are therefore not proposing any changes to our Remuneration Policy this year. The full Policy is not included in this year's report but an extract of the policy table (which explains how our framework operates) is set out on pages 72 to 73.

The Annual Remuneration Report (pages 75 to 83) provides details on the remuneration we paid in respect of 2015 and how we intend to operate our policies in 2016. It will be submitted to an advisory shareholder vote at the 2015 Annual General Meeting.

Our Philosophy – Aligning Reward with Performance

Our Remuneration strategy has been designed to reflect the needs of a UK based, capital intensive, house builder, with ambitious growth plans. We make long-term investments, which are successfully differentiated by the constant innovation and quality of our product. Successfully acquiring land, 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, as codified in our Remuneration Policy, includes the following components:

Fixed components

Salary	Benefits	Pension
– Market competitive – Reflect nature of role, and skills and experience		

Variable components

Annual Bonus	LTIP
– Maximum 100% of salary – Balanced scorecard of key performance measures – PBT, ROCE, land bank, order book – 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	– Maximum 100% of salary – Based on stretching long-term EPS and ROCE targets – Subject to clawback for five years following vesting

Shareholding guidelines

– 100% of salary to be built up over five years from appointment

We will continue to keep our policies under review to ensure they remain appropriate in the face of evolving best practice, regulatory developments and market data.

2015 Outcomes – Aligned to Strong Performance

As described in detail on pages 3 to 55 of this Annual Report, 2015 was an outstanding year for Redrow, which saw:

- Record profits of £204m before tax
- Legal completions increasing by 12%
- Record turnover of £1.15bn, up 33%
- Underlying EPS increasing to 44.5p
- ROCE increasing to 22.8%
- Closing private order book increasing to £524m
- c.5,900 plots added to the current land bank

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 44.5p and ROCE of 22.8% in 2015 were both significantly above the targets for maximum vesting of 30.0p and 18%, respectively. The Committee therefore determined that the 2012 LTIP award should vest in full on 23 October 2015.

The Committee has considered and re-affirmed the policy that, given the highly competitive nature of the sector, annual bonus performance targets remain commercially sensitive immediately following the year end. Therefore, subject to the Committee determining that they are no longer commercially sensitive, it is intended that bonus targets will be disclosed on a two year delayed basis. In line with this policy, the targets for 2015 will be disclosed in the 2017 report, and this report contains the bonus targets for the 2013 financial year.

Remuneration Decision for 2016

The Committee has decided to award salary increases to the Chairman, Chief Executive and Finance Director in line with all other employees, in line with our Policy. Salary increases of 2.8% for the Chairman, Chief Executive and the Finance Director will be effective from 1 July 2015.

The annual bonus and LTIP will operate in line with the Policy. The EPS and ROCE target ranges for the 2016 LTIP award are set out on page 78 of this report.

Shareholder Engagement

We remain committed to an ongoing and transparent dialogue with our shareholders on the issue of executive remuneration. In putting in place our current policy, I engaged with a number of our major shareholders and their valuable feedback was taken into account by the Committee in finalising the policy.

At the Annual General Meeting in November 2015, the Annual Report on Remuneration will be put to an advisory vote. The year ended 30 June 2015 was a great year of progress for Redrow and in this context, we look forward to receiving your support on our approach to remuneration at the 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.

DIRECTORS' REMUNERATION REPORT CONTINUED

REMUNERATION POLICY

The Remuneration Policy became effective following shareholder approval at the 2014 Annual General Meeting. An extract of the remuneration policy table (with updated references, where relevant) and supporting disclosures is re-produced below for information only. The full Remuneration Policy is contained on pages 62 to 68 of the 2014 Annual Report and Accounts which is available in the investor relations section of the Group's website, http://investors.redrowplc.co.uk/.

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. Salaries effective from 1 July 2015 are shown on page 76 of the Annual Remuneration Report.	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
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. 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
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 (see section below).	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 disclosed on page 76 of the Annual Remuneration Report. 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. 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 and vest subject to the satisfaction of performance conditions measured over a period of at least three years. 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). Clawback provisions apply (see section below). Awards under the 2014 LTIP 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 satisfied, on such basis as the Committee may determine, which may assume the reinvestment of these dividends in shares on a cumulative basis. Dividend amounts are not paid on any awards until such time as the performance conditions are achieved and shares vest.	The maximum award which may be granted in respect of a financial year will normally not exceed 100% 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 the maximum vests. 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 2015 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.

DIRECTORS' REMUNERATION REPORT CONTINUED

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 the Policy Table on page 72 and 73, 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.

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 the Remuneration Policy came into effect or (ii) 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 satisfying 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.

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, clawback will not apply.

For deferred bonus plan awards granted in previous years, 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.

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 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 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	01/12/12
Liz Peace	Non-Executive	01/09/14	01/09/14
Sir Michael Lyons	Non-Executive	06/01/15	06/01/15

ANNUAL REMUNERATION REPORT

The tables below set out the remuneration for the Directors in respect of 2015. Further discussion of each of the components, including the intended operation of the policy for 2016, is set out on the pages which follow. Where indicated, these disclosures have been audited.

Single Total Figure of Remuneration Table (audited)

The remuneration of the Executive Directors in respect of 2015 is shown in the table below (with the prior year comparative).

	Salary		Benefits(ii)		Pension(iii)		Annual bonus(iv)		LTIP(v)		Total	
£'000	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Steve Morgan(i)	15	15	38	22	–	–	–	–	–	–	53	37
John Tutte	540	405	16	16	108	81	540	405	1,004	939	2,208	1,846
Barbara Richmond	305	272	15	15	61	54	305	272	670	626	1,356	1,239

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

The Company also made a donation to the Morgan Foundation of £678k in respect of 2015 (2014: £654k). This donation amount is made up of a notional salary of £447k (being the balance of Steve Morgan's notional salary of £462k less the £15k nominal salary) and £231k (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 2015, calculated using the notional salary of £462k 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 2015 bonus amount (£231k) is deferred into cash awards over notional Redrow shares, and will become exercisable as described in footnote (iv) below. Steve Morgan's 2012 LTIP award, also structured as a cash award over notional Redrow shares, will vest in full on 23 October 2015 based on performance to the 2015 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 2015 in accordance with footnote (v) below) is £1,108k (2014: £1,065k). Steve Morgan currently intends to waive his entitlement to these awards at a future point (at any time during the relevant exercise period). A donation to the Morgan Foundation may be made by the Company of an amount equivalent to the cash value of the awards over notional Redrow shares at that time. Any such donation will be disclosed in the relevant remuneration report.

Further details on the donation to the Morgan Foundation are given in the Directors' report on page 85 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) Pension includes the value of the cash allowance paid to John Tutte and Barbara Richmond in respect of the relevant year.

(iv) 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.

(v) LTIP represents the value of the LTIP award which vests in respect of a performance period ending in the relevant financial year. The 2015 column includes the value of the 2012 LTIP award which will vest in full on 23 October 2015, using the average share price over the last three months of 2015. The 2014 column includes the vested value of the 2011 LTIP award (which vested at 100% of maximum), based on the share price on the date of vesting (21 September 2014).

The fees of the Non-Executive Directors in respect of 2015 are shown in the table below (with the prior year comparative).

	Fees	
£'000	2015	2014
Alan Jackson (i)	17	99
Debbie Hewitt	68	54
Nick Hewson	45	45
Liz Peace(ii)	38	–
Sir Michael Lyons(iii)	22	–

(i) Alan Jackson resigned on 1 September 2014

(ii) Liz Peace was appointed to the Board on 1 September 2014

(iii) Sir Michael Lyons was appointed to the Board on 6 January 2015

DIRECTORS' REMUNERATION REPORT CONTINUED

Key Components of Remuneration

The following sections describe how the Committee implemented key elements of the policy in 2015 and how the policy is intended to operate in 2016.

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 2015 was 3.86%. The Committee decided to award base salary increases for the Executive Directors of 2.8%, effective 1 July 2015, as follows:-

	2016	2015	Change
Steve Morgan	475	462	2.8%
John Tutte	555	540	2.8%
Barbara Richmond	314	305	2.8%

Annual bonus

The maximum bonus opportunity for the Executive Directors during 2015 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 equally weighted 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 order book) which support shareholder value creation over the medium to long term.

	% of bonus opportunity	Rationale
PBT	25%	A fundamental measure of annual profitability
ROCE	25%	A measure of how effectively we use our capital base
Land bank	25%	Measures the foundation for our future success
Order book	25%	A key indicator of medium term profitability

As described in detail on pages 3 to 55 of this Annual Report, 2015 was an 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 75.

The Committee and Board of Redrow consider that, given the highly competitive nature of the sector, the annual bonus performance targets remain commercially sensitive in the period following the relevant financial year and it would therefore be inappropriate to disclose the targets at that point. Therefore, after careful consideration, the Committee's policy on bonus target disclosure continues to be that, subject to the Committee determining that they are no longer commercially sensitive, it is intended that bonus targets will be disclosed in the Annual Remuneration Report on a two year delayed basis. Therefore, the targets for 2015 will be disclosed in the 2017 report. The targets from last year's report (2014) will be disclosed next year (2016). In line with this policy, the Committee has confirmed that the targets for the 2013 annual bonus are no longer commercially sensitive and are therefore disclosed in the following table.

		2013 Target range				
	% of bonus opportunity	Threshold payout (10% of maximum)	Target payout (50% of maximum)	Maximum payout	Actual 2013 performance	Payout (% of total bonus opportunity)
PBT	25%	£60m	£65m	£70m	£71m	25%
ROCE	25%	9.7%	10.7%	11.7%	12.2%	25%
Land bank	25%	Based on a combination of targets for year-end active outlets and Gross Development Value purchased in the year			92 active outlets/ £1,175m GDV	5%
Order book	25%	£190m	£200m	£220m	£260m	25%
Total	100%					80%

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

For 2016, the annual bonus will operate on the same basis as for 2015, assessed using the same balanced scorecard of measures. In line with the policy outlined above, it is the current intention that the targets will be disclosed in the 2018 Annual Remuneration Report provided the Committee is comfortable they are no longer sensitive.

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. The current policy is to make annual awards at the level of 100% of salary.

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 2015 (2012 awards) and which were granted during the 2015 financial year, both of which were made under the 2004 LTIP scheme. The final section provides details of awards which will be made during the 2016 financial year under the 2014 LTIP scheme which was approved by shareholders at the 2014 AGM.

LTIP awards vesting in respect of 2015

The LTIP awards granted in September 2012 were based on performance over the three year performance period ending in 2015. 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 2012 LTIP awards will vest in full on 23 October 2015. The value of these vested awards is included in the 2015 LTIP column of the Single Total Figure of Remuneration on page 75.

Award vesting level (for each component)	EPS for 2014	ROCE for 2014
Nil	Below 24p	Below 14%
10%	24p	14%
30%	27p	16%
50%	30p or above	18% or above
Vesting between the points above is on a sliding scale basis		
Actual performance	44.5p	22.8%
Vesting (% of total award)	50%	50%

LTIP awards granted during 2015

The LTIP awards granted in September 2014 will vest in September 2017 based on performance over the three year performance period ending in 2017 as follows:

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	20.0%
50%	63.6p or above	22.0% or above
Vesting between the points above is on a sliding scale basis		

DIRECTORS' REMUNERATION REPORT CONTINUED

Scheme Interests Awarded During 2015 (audited)

The following table sets out details of LTIP awards to Executive Directors during the 2015 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	£462k	20%	30 June 2017
John Tutte	LTIP	100% of salary	£540k	20%	30 June 2017
Barbara Richmond	LTIP	100% of salary	£305k	20%	30 June 2017

Awards to John Tutte and Barbara Richmond are made in the form of nil-cost options. As described on page 77, 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 285p (the average, over the three days to the date of grant, 8 September 2014).

Awards under the 2014 LTIP were made at 100% of the base salary for the current financial year in line with the rules of that scheme.

LTIP awards to be granted during 2016

Awards in the 2016 financial year will be made at the level of 100% of salary and will be subject to the following EPS and ROCE performance targets, measured over the three year period ending in 2018:

Award vesting level (for each component)	EPS for 2018	ROCE for 2018
Nil	Below 62.5p	Below 18.0%
10%	62.5p	18.0%
30%	69.4p	20.0%
50%	76.3p or above	22.0% or above

Vesting between the points above is on a sliding scale basis

Shareholding guidelines and share interests

Under the shareholding guidelines, Executive Directors are expected to build and retain a shareholding in the Group at least equivalent to 100% of base salary. Following a review of the operation of the shareholding guidelines, the Committee has added a provision to the guidelines that the expected level of shareholding should be met within five years of appointment to the Board. 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 2015 and current interests in long-term incentives.

	Number of shares beneficially held at 30 June 2015	Shareholding as % of salary	Guideline met?
Executive Directors			
Steve Morgan	149,386,045	128,283%	Yes
John Tutte	299,621	220%	Yes
Barbara Richmond	231,954	302%	Yes
Non-Executive Directors			
Debbie Hewitt	21,605		
Nick Hewson	19,000		
Liz Peace	3,400		
Sir Michael Lyons	–		

Shareholding as a percentage of salary is calculated using the shareholding and base salary as at 1 July 2015 and the average share price for the final quarter of 2015.

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

	Awards held at 1 July 2014	Grant date	Share price on grant £	Award vested	Awards granted in year	Awards exercised in year	Awards held at 30 June 2015	Exercise price £	From	To
John Tutte										
SAYE 2012	9,453	15/11/2011	0.95	–	–	(9,453)	–	0.95	01/01/15	01/07/15
SAYE 2015	–	30/10/2014	2.76	–	8,163	–	8,163	2.21	01/01/18	01/07/18
LTIP 2011	323,834	21/09/2011	1.10	323,834	–	(323,834)	–	–	21/09/14	20/09/21
LTIP 2012	246,164	23/10/2012	1.54	–	–	–	246,164	–	23/10/15	22/10/22
LTIP 2013	166,316	24/09/2013	2.37	–	–	–	166,316	–	24/09/16	24/09/23
LTIP 2014	–	08/09/2014	2.85	–	189,474	–	189,474	–	08/09/17	08/09/24
Deferred bonus 2012	62,459	23/10/2012	1.54	62,459	–	–	62,459	–	23/10/13	22/10/22
Deferred bonus 2013	66,526	24/09/2013	2.37	33,263	–	–	66,526	–	24/09/14	24/09/23
Deferred bonus 2014	–	08/09/2014	2.85	–	71,053	–	71,053	–	08/09/15	08/09/24
	874,752			**419,556**	**268,690**	**(333,287)**	**810,155**			
Barbara Richmond										
SAYE 2014	4,545	11/11/2013	2.48	–	–	–	4,545	1.98	01/01/17	01/07/17
SAYE 2015	–	30/10/2014	2.76	–	4,081	–	4,081	2.21	01/01/18	01/07/18
LTIP 2011	215,889	21/09/2011	1.10	215,889	–	(56,000)	159,889	–	21/09/14	20/09/21
LTIP 2012	164,322	23/10/2012	1.54	–	–	–	164,322	–	23/10/15	22/10/22
LTIP 2013	111,579	24/09/2013	2.37	–	–	–	111,579	–	24/09/16	24/09/23
LTIP 2014	–	08/09/2014	2.85	–	107,018	–	107,018	–	08/09/17	08/09/24
Deferred bonus 2012	41,693	23/10/2012	1.54	41,693	–	–	41,693	–	23/10/13	22/10/22
Deferred bonus 2013	44,632	24/09/2013	2.37	22,316	–	–	44,632	–	24/09/14	24/09/23
Deferred bonus 2014	–	08/09/2014	2.85	–	47,719	–	47,719	–	08/09/15	08/09/24
	582,660			**279,898**	**158,818**	**(56,000)**	**685,478**			
Steve Morgan*										
LTIP 2010	78,625	18/02/2011	1.30	–	–	–	78,625	–	18/02/14	19/04/21
LTIP 2011	367,012	21/09/2011	1.10	367,012	–	–	367,012	–	21/09/14	20/09/21
LTIP 2012	271,739	23/10/2012	1.54	–	–	–	271,739	–	23/10/15	22/10/22
LTIP 2013	183,158	24/09/2013	2.37	–	–	–	183,158	–	24/09/16	24/09/23
LTIP 2014	–	08/09/2014	2.85	–	162,105	–	162,105	–	08/09/17	08/09/24
Deferred bonus 2012	137,897	23/10/2012	1.54	68,948	–	–	137,897	–	23/10/13	22/10/22
Deferred bonus 2013	73,263	24/09/2013	2.37	36,632	–	–	73,263	–	24/09/14	24/09/23
Deferred bonus 2014	–	08/09/2014	2.85	–	78,246	–	78,246	–	08/09/15	08/09/24
	1,111,694			**472,592**	**240,351**	**–**	**1,352,045**			

* 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 2010 LTIP awards were EPS, ROCE and TSR over the three year performance period to 2014. As disclosed in the 2013 Directors' remuneration report, these awards vested at 19% of maximum on 18 February 2014.

(ii) The performance conditions attached to 2011 LTIP awards are EPS and ROCE over the three year performance period to 2014. As disclosed in the 2014 Directors' remuneration report, these awards vested in full on 21 September 2014.

(iii) The performance conditions attached to 2012 LTIP awards are EPS and ROCE over the three year performance period to 2015. As disclosed on page 77, these awards will vest in full on 23 October 2015.

(iv) The performance conditions attached to 2013 LTIP awards were disclosed in the 2014 Directors' remuneration report.

(v) The performance conditions attached to the 2014 LTIP awards are shown on page 77.

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

(vii) Between 1 July 2015 and 7 September 2015 (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.

DIRECTORS' REMUNERATION REPORT CONTINUED

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 75. 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 2015 £	Benefits paid to Director during period up to 30 June 2015 £	Defined Benefit accrued during period up to 30 June 2015 £
John Tutte	24 June 2021	53,487	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.

Non-Executive Director Fee Policy

Debbie Hewitt was appointed Senior Independent Director on 1 September 2014 and received an increase from £55k to £70k in recognition of the increased responsibility and time commitment. Nick Hewson continues to receive a fee of £45k. Liz Peace and Sir Michael Lyons joined in 2015 and are each paid £45k.

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 2014 and 2015.

	Group Chief Executive	All Redrow employees
Salary	33.3%*	4.2%
Benefits	nil%	10%
Annual bonus	33.3%	-1%

* Reflects the change in role and substantial increase in remit and responsibilities on John Tutte's promotion to Group Chief Executive with effect from 1 July 2014.

Relative importance of spend on pay

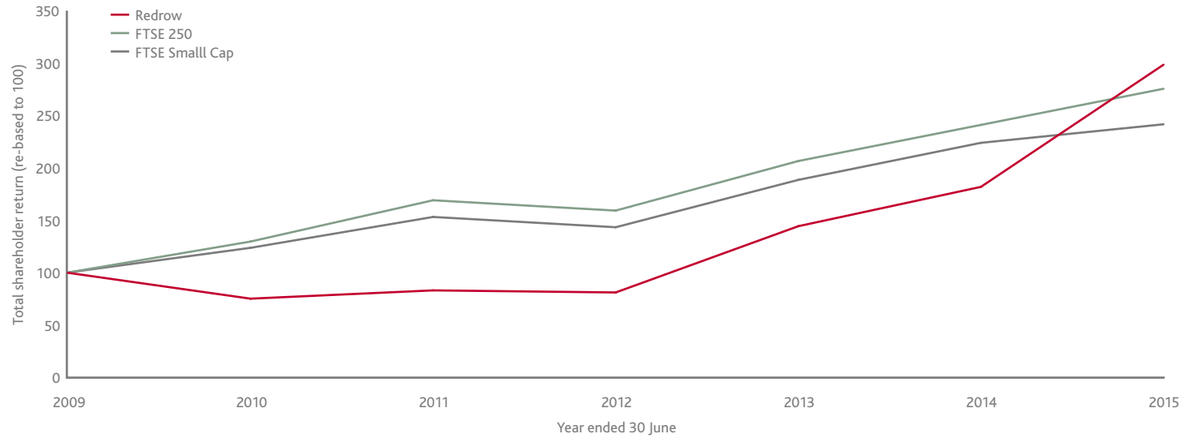
The chart below shows total employee remuneration and distributions to shareholders, in respect of 2015 and 2014 (and the difference between the two).

£m	2015	2014	Change (%)
Total employee remuneration	81	62	+31%
Distributions to shareholders	22	11	+100%

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 accounts). This represents 6 pence per share in respect of 2015 compared to 3 pence per share in respect of 2014 and 1 pence per share in respect of 2013 when dividends were reintroduced.

Performance graph and table

The chart below shows the TSR of Redrow in the five year period to 30 June 2015 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 six financial years over the equivalent period.

	2010	2011	2012	2013	2014	2015
Name	Steve Morgan	Steve Morgan	Steve Morgan	Steve Morgan	Steve Morgan	John Tutte
Remuneration / donations*	£592k	£582k	£855k	£1,050k	£1,922k	£2,208k
Bonus (% of Maximum)	52%	50%	100%	80%	100%	100%
LTIP vesting (% of Maximum)	0%	0%	0%	19%	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 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 85 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).

DIRECTORS' REMUNERATION REPORT CONTINUED

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 £0.2m during 2015.

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.

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 three times during the course of the financial year ended 30 June 2015 and details of Committee attendance are set out in the table below.

Table of Attendance

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

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 2015 were £16k. 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 10 November 2014, votes cast by proxy and at the meeting in respect of directors' remuneration are shown in the table.

	Votes For		Votes Against			
Resolution	No.	%	No.	%	Total votes cast	Votes Withheld
Approval of Remuneration Policy	301,510,353	95.27	14,960,556	4.73	316,470,909	546,398
Approval of remuneration report for year ended 30 June 2014	286,195,229	90.46	30,191,285	9.54	316,386,514	630,793

By order of the Board

Debbie Hewitt
Chairman of the Remuneration Committee

7 September 2015



The Richmond at Hartford Grange, Hartford, Cheshire

DIRECTORS' REPORT

The Directors have pleasure in presenting to the shareholders their report and audited consolidated financial statements for the 12 months ended 30 June 2015.

Results and Dividends

The Group made a profit after tax of £162m (2014: £103m). An interim dividend of 2.0p (2014: 1.0p) per share was paid on 1 May 2015. The Board proposes to pay, subject to shareholder approval, at the 2015 Annual General Meeting, a final dividend of 4.0p (2014: final dividend: 2.0p) per share in respect of the year ended 30 June 2015 on 13 November 2015 to shareholders on the Register as at the close of business on 25 September 2015. The dividend re-investment plan gives shareholders the opportunity to re-invest their dividends.

A review of the performance of the Group and its future prospects is included in the Strategic Report on pages 3 to 55. Details of the financial risk management objectives and policies and associated risk exposure is given in note 14: Financial risk management.

Annual General Meeting

Notice of the 2015 Annual General Meeting to be held on Tuesday, 10 November 2015 is set out on pages 125 to 128. 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.

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 56 to 88.

Directors

The Directors of the Company during the year to the date of signing are listed on page 75 of the Directors' Remuneration report and the current Directors are also listed, together with their biographical details on pages 60 to 61.

Details of Directors pay, service contracts and Directors interests in the ordinary shares of the Company are included in the Director's Remuneration report on pages 70 to 83.

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, Liz Peace 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 will retire at the Annual General Meeting to be held on Tuesday, 10 November 2015, and, being eligible, offer themselves for re-appointment.

Directors Interests

Details of the Directors' interests are shown in the Directors' Remuneration Report on pages 70 to 83. 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 7.

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 and to make market purchases of the Company's ordinary shares and these powers may be exercised under authority and 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.

Capital Structure

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

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

Authority was given to the Directors at last year's 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 year ending 30 June 2015 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.

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.

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

Substantial Holdings in the Company

As at 7 September 2015, the Company has been advised of the following notifiable interests of 3% or more in its ordinary shares:

Bridgemere Securities Limited (including Steve Morgan)	149,386,045	40.40%
Toscafund Asset Management LLP	36,427,860	9.85%
Schroders plc	19,855,864	5.37%
FIL Limited	17,343,977	4.69%
BlackRock Inc	15,277,577	4.13%
Caledonia (Private) Investments Pty Limited	11,321,760	3.06%

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 7 September 2015, 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.

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 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; training@redrow, a purpose built in-house training facility at Tamworth, completed 3,859 training days during the year ended 30 June 2015, 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.

Charitable and Political Donations

The Company made no political donations but paid £0.8m in charitable donations during the year, being £0.7m 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 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.

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 was £1m.

Greenhouse Gas Emissions

This disclosure in the table below 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: 2014 and 2015 respectively.

Independent Auditors

A resolution to reappoint Pricewaterhouse Coopers LLP as external Auditors will be proposed at the Annual General Meeting on Tuesday, 10 November 2015.

Provision of Information to Auditors:

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

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

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

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 34 to 37, the Group maintains adequate committed banking facilities. As stated in note 14 to the financial statements, at 30 June 2015, the Group had £215m 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 the Group's financial forecast for the period to 31 December 2016. 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

7 September 2015

Greenhouse Gas Emissions

Greenhouse gas emissions data for the year 1 July 2014 to 30 June 2015.

Emissions from:	Current Reporting Year (1 July 14 to 30 June 15)	Comparison Year (1 July 13 to 30 June 14)	Units
Scope 1 activities: • Combustion of fuel at our offices and sites • Business use of Redrow-owned and leased vehicles	8,636	7,240	tonnes of CO_2e
Scope 2 activities: • All purchased electricity	2,899	2,770	tonnes of CO_2e
Total Greenhouse gas emissions: • (Scope 1 + Scope 2)	**11,535**	**10,010**	tonnes of CO_2e
Our preferred intensity ratio:			
Total Greenhouse gas emissions relative to build:	**2.57**	**2.64**	tonnes of CO_2e per $100m^2$ of build



Riverside View, Lancaster, Lancashire

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

The Directors consider 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 performance, business model and strategy.

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; and
- the Strategic Report contained on pages 3 to 55 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.

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
Liz Peace, Non-Executive Director
Sir Michael Lyons, Non-Executive Director

By order of the Board

Graham Cope
Company Secretary

7 September 2015

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF REDROW plc

Report on the financial statements

Our 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 2015 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Company financial statements 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
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

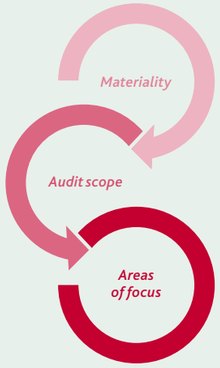
What we have audited

The financial statements comprise:

- the Group and Company balance sheets as at 30 June 2015;
- the Group income statement and the Group and Company statements of comprehensive income for the year then ended;
- the Group and Company statements of cash flows for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.



Our audit approach

Overview

- Overall group materiality: £10 million which represents 5% of profit before tax.
- We performed an audit of the complete financial information of the Group.
- Net realisable value of inventories.
- Valuation of pension scheme deficit.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing 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.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table on page 90. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

INDEPENDENT AUDITORS' REPORT CONTINUED

TO THE MEMBERS OF REDROW plc

Area of focus	How our audit addressed the area of focus
Net realisable value of inventories See the Accounting Policies and Financial Risk Management sections for the directors' disclosures of related accounting policies and key accounting estimates. See note 13 for the detailed disclosures on the inventory provision. Exceptional net realisable value provisions were created in 2008 and 2009 against the value of inventories, represented by land and work-in-progress. £28 million of these provisions remain at the year end in relation to pre 2009 sites which have not yet completed. This constitutes the whole inventory provision as at the year end. The calculation of this provision involves a number of estimates, the most significant of which are forecast movements in the sales prices of plots and expected build costs. These assumptions could have a significant impact on the level of provisions recognised. The carrying value of the remaining inventory balance is subject to estimates, in particular over the likelihood of planning consent being granted for the proposed developments. As this can have a significant impact on whether the value of the land is impaired, this is also an area of focus for us.	For sites impacted by the exceptional net realisable value provisions, 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 assessed expected market trends with reference to independent third party house price indices and our independently formed assumption. We also identified and tested any significant differences between budgeted and actual build costs recognised in the year. We did not identify any material differences between management's estimations and actual results or independent indices. 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 forecast sales prices used in this provision model. We did not identify any significant deficiencies of control in this process. We performed sensitivity analysis to identify the impact that changes in key assumptions, notably the overall market house price variance assumption, have on the provision calculation in challenging management on the overall levels of provisioning. We also considered the adequacy of the disclosures made in the financial statements regarding the provisions. We considered the assumptions used in the calculation of the provisions and the disclosures made to be appropriate. 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.
Valuation of pension scheme deficit See the Accounting Policies and Financial Risk Management sections 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 £3 million at the year end. This deficit is derived from assets with a gross value of £103 million less the present value of obligations of £106 million, both of which are significant in the context of the overall balance sheet and the result of the Group. The valuation of this net liability 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 increase in the calculated net liability. The pension scheme assets are invested in a mixture of pooled funds, individual equities, government and corporate bonds and cash.	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 liability 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 liability 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 the 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.

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 geographic structure of the group, the accounting processes and controls, and the industry in which the group operates.

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 Company and all of the Group's subsidiaries and joint ventures. 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 and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

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

Overall group materiality	£10 million (2014: £6.6 million).
How we determined it	5% of profit before tax.
Rationale for benchmark applied	Consistent with last year, we have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be more appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.5 million (2014: £0.3 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 88, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the group and company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinions

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 56 to 63 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT CONTINUED

TO THE MEMBERS OF REDROW plc

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• Information in the Annual Report is:	
– materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group and company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report arising from this responsibility.
• the statement given by the directors on page 88, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's and company's performance, business model and strategy is materially inconsistent with our knowledge of the group and company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on page 54, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

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
- the 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.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 88, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

7 September 2015

CONSOLIDATED INCOME STATEMENT

FOR THE 12 MONTHS ENDED 30 JUNE

	Note	2015 £m	2014 £m
Revenue		1,150	864
Cost of sales		(876)	(676)
Gross profit		274	188
Administrative expenses		(61)	(50)
Operating profit before financing costs	2	213	138
Financial income	3	3	3
Financial costs	3	(12)	(11)
Net financing costs		(9)	(8)
Share of profit of joint ventures after interest and taxation	10	–	3
Profit before tax		204	133
Income tax expense	4	(42)	(30)
Profit for the year		162	103
Earnings per share – basic	6	44.5p	28.3p
– diluted	6	44.4p	28.2p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 12 MONTHS ENDED 30 JUNE

		Group		Company	
	Note	2015 £m	2014 £m	2015 £m	2014 £m
Profit for the year		162	103	158	9
Other comprehensive income/(expense)					
Items that will not be reclassified to profit or loss					
Remeasurements of post employment benefit obligations	7e	8	(7)	8	(7)
Deferred tax on actuarial (gains)/losses taken directly to equity		(2)	1	(2)	1
Other comprehensive income/(expense) for the year net of tax		6	(6)	6	(6)
Total comprehensive income for the year	18	168	97	164	3

BALANCE SHEETS

AS AT 30 JUNE

		Group		Company	
	Note	2015 £m	2014 £m	2015 £m	2014 £m
Assets					
Intangible assets	8	2	2	–	–
Property, plant and equipment	9	12	11	–	–
Investments	10	17	11	–	–
Deferred tax assets	11	5	8	4	6
Trade and other receivables	12	13	15	–	–
Total non-current assets		49	47	4	6
Non-current assets held for sale	9	–	1	–	–
Inventories	13	1,500	1,157	–	–
Trade and other receivables	12	39	42	741	622
Current income tax receivables	4	–	–	1	3
Cash and cash equivalents	14	56	55	56	53
Total current assets		1,595	1,255	798	678
Total assets		1,644	1,302	802	684
Equity					
Share capital	17	37	37	37	37
Share premium account	18	59	59	59	59
Other reserves	18	8	8	7	7
Retained earnings	18	745	592	524	375
Total equity		849	696	627	478
Liabilities					
Bank loans	14	150	175	150	175
Trade and other payables	15	84	54	–	–
Deferred tax liabilities	11	1	1	–	–
Retirement benefit obligations	7	3	11	3	11
Long term provisions	16	7	6	–	–
Total non-current liabilities		245	247	153	186
Bank overdrafts and loans	14	60	52	–	–
Trade and other payables	15	471	307	22	20
Current income tax liabilities		19	–	–	–
Total current liabilities		550	359	22	20
Total liabilities		795	606	175	206
Total equity and liabilities		1,644	1,302	802	684

The financial statements on pages 94 to 124 were approved by the Board of Directors on 7 September 2015 and were signed on its behalf by:

Steve Morgan
Director

Barbara Richmond
Director

Redrow plc Registered Number 2877315

STATEMENT OF CHANGES IN EQUITY

FOR THE 12 MONTHS ENDED 30 JUNE

	Note	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Profit for the year		**162**	103	**158**	9
Other comprehensive income/(expense) for the year		**6**	(6)	**6**	(6)
Total comprehensive income relating to the year (net)		**168**	97	**164**	3
Dividend paid	18	**(15)**	(7)	**(15)**	(7)
Share-based payment	18	**–**	–	**–**	–
Movement in LTSIP/SAYE	18	**–**	(3)	**–**	–
Net increase in equity		**153**	87	**149**	(4)
Opening equity		**696**	609	**478**	482
Closing equity		**849**	696	**627**	478

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:

	2015 £m	2014 £m
Holding company	**8**	9
Subsidiary companies	**154**	94
	162	103

STATEMENT OF CASH FLOWS

FOR THE 12 MONTHS ENDED 30 JUNE

	Note	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Cash flows from operating activities					
Operating profit/(loss) before financing costs		**213**	138	**(2)**	(1)
Depreciation and amortisation		**1**	1	**–**	–
Adjustment for non-cash items		**(5)**	(4)	**–**	–
Operating profit/(loss) before changes in working capital and provisions		**209**	135	**(2)**	(1)
(Increase)/decrease in trade and other receivables		**(2)**	(12)	**30**	(68)
Increase in inventories		**(343)**	(262)	**–**	–
Increase in trade and other payables		**196**	67	**2**	1
Increase/(decrease) in provisions		**1**	(1)	**–**	–
Cash inflow/(outflow) generated from operations		**61**	(73)	**30**	(68)
Interest paid		**(6)**	(9)	**(6)**	(7)
Tax paid		**(22)**	–	**–**	–
Net cash inflow/(outflow) from operating activities		**33**	(82)	**24**	(75)
Cash flows from investing activities					
Sale of business		**9**	10	**–**	–
Acquisition of software, property, plant and equipment		**(1)**	(1)	**–**	–
Interest received		**–**	–	**19**	18
Net (payments to)/receipts from joint ventures – continuing operations		**(6)**	5	**–**	–
Net cash inflow from investing activities		**2**	14	**19**	18
Cash flows from financing activities					
Issue of bank borrowings		**150**	175	**150**	175
Repayment of bank borrowings		**(175)**	(95)	**(175)**	(95)
Purchase of own shares		**(2)**	(6)	**–**	–
Dividend paid		**(15)**	(7)	**(15)**	(7)
Net cash (outflow)/inflow from financing activities		**(42)**	67	**(40)**	73
(Decrease)/increase in net cash and cash equivalents		**(7)**	(1)	**3**	16
Net cash and cash equivalents at the beginning of the year		**3**	4	**53**	37
Net cash and cash equivalents at the end of the year	19	**(4)**	3	**56**	53

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 2015, 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 and are outlined below:

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Redrow plc and all its subsidiaries, together with the Group's share of the results and share of net assets of jointly controlled entities i.e. the financial statements of Redrow plc and entities controlled by Redrow plc (and its subsidiaries). Control is achieved where Redrow plc has the power to govern the financial and operating policies of an entity. Redrow plc's accounting reference date is 30 June. Consistent with the normal monthly reporting process, the actual date to which the balance sheet has been drawn up is to 28 June 2015 (2014: 29 June 2014). 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.

Profit is recognised on legal completion.

Segmental Reporting

The main operation of the Group is focused on housebuilding.

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

Exceptional Items

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

Net Financing Costs

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

Income and Deferred Tax

Income tax comprises current tax and deferred tax.

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

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

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

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

Intangible Assets – Computer Software

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

Property, Plant and Equipment

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

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

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

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

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

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

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

Non-current Assets Held for Sale

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

Investment in Subsidiary Companies

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

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to work in progress or income on a straight line basis over the term of the relevant lease.

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).

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.

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

Employee Benefits

a. Pension obligation

IAS 19R – Employee Benefits, has been adopted with effect from 1 July 2013. The change in the accounting standard has been adopted retrospectively and the comparative accounts have been restated. Under IAS 19R the separate calculations of an interest cost on the defined benefit obligation and an expected rate of return on plan assets have been replaced with a net interest charge calculated by applying the discount rate to the net defined benefit liability. The impact of the restatement on prior periods is shown in the table in note 7e.

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.

ACCOUNTING POLICIES CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Share Capital
Ordinary shares are classed as equity.

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

Impact of New Standards and Interpretations
a. New standards
IFRS 10, 'Consolidated financial statements'. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. Effective annual periods beginning on or after 1 January 2013 although endorsed for annual periods on or after 1 January 2014.

IFRS 11, 'Joint arrangements'. This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Effective annual periods beginning on or after 1 January 2013 although endorsed for annual periods on or after 1 January 2014.

IFRS 12, 'Disclosures of interests in other entities' This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. Effective annual periods beginning on or after 1 January 2013 although endorsed for annual periods on or after 1 January 2014.

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

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

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

Amendments to IAS 32 on Financial instruments asset and liability offsetting. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Effective annual periods on or after 1 January 2014.

Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. Effective annual periods on or after 1 January 2014.

Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting (effective annual periods on or after 1 January 2014) These narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way. Similar relief will be included in IFRS 9, 'Financial instruments'. Effective annual periods on or after 1 January 2014.

Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Effective for periods beginning on or after 1 January 2014 and endorsed by the EU on December 2012.

IFRIC 21, 'Levies'. This interpretation is on IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. Effective annual periods on or after 1 January 2014.

b. New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2013 and not early adopted
IFRS 9 'Financial instruments – classification and measurement'. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. Effective for periods beginning on or after 1 January 2018.

Amendments to IFRS 9, 'Financial instruments', regarding general hedge accounting. These amendments to IFRS 9, 'Financial instruments', bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. Effective for periods beginning on or after 1 January 2018 but no date set yet for endorsement by the EU.

Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. Effective for periods beginning on or after 1 January 2016 but no date set yet for endorsement by the EU.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Effective for periods beginning on or after 1 January 2016 but no date set yet for endorsement by the EU.

Amendment to IAS 19,'Employee benefits', regarding defined benefit plans. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Effective annual periods on or after 1 July 2014 although endorsed for annual periods on or after 1 February 2015.

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. Effective for periods beginning on or after 1 January 2018 but no date set yet for endorsement by the EU.

Amendments to IAS 27, 'Separate financial statements' on the equity method. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Effective for periods beginning on or after 1 January 2016 but no date set yet for endorsement by the EU.

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 2015.

Pensions

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

2. Operating profit before financing costs

	Note	2015 £m	2014 £m
Operating profit before financing costs is stated after charging:			
Inventories expensed in the year	13	826	633
Depreciation	9	1	1
Operating leases – plant and machinery		2	1
– other		1	–
Research and development expenditure		1	–
Auditors' remuneration – fees payable to Company's Auditors for audit services (i)		–	–
– fees payable to Company's Auditors for other services (ii)		–	–

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

(i) fees payable for the audit of parent company and consolidated financial statements £30,000 (2014: £30,000) and fees payable for the audit of the Company's subsidiaries pursuant to legislation £117,280 (2014: £111,500).

(ii) Auditors' remuneration for other services comprised £20,000 (2014: £20,000) in respect of an independent review of the half-yearly financial statements (Audit related assurance services), and £8,200 (2014: £7,333) in respect of iXBRL tagging (Taxation compliance services).

3. Net financing costs

	2015 £m	2014 £m
Interest payable on bank loans	(7)	(7)
Net interest expenses – pension scheme (note 7e)	–	–
Imputed interest on deferred land creditors	(5)	(4)
Financial costs	(12)	(11)
Other interest receivable	3	3
Financial income	3	3
Net financing costs	(9)	(8)

4. Income tax expense

	2015 £m	2014 £m
Current tax charge		
UK Corporation Tax at 20.75% (2014: 22.50%)	41	–
Deferred tax		
Origination and reversal of temporary differences	1	29
Impact of changes in deferred tax rate	–	1
Total income tax charge in income statement	42	30
Reconciliation of tax charge for the year		
Profit before tax	204	133
Tax calculated at UK Corporation Tax rate of 20.75% (2014: 22.50%)	42	30
Impact of change in deferred tax rate	–	1
Short term temporary differences	–	(1)
Tax charge for the year	42	30
Deferred tax recognised directly in equity		
Relating to pension scheme	(2)	1
	(2)	1

Current income tax receivable in the Company is £1m (2014: £3m).

5. Dividends

The following dividends were paid by the Group:

	2015 £m	2014 £m
Prior year final dividend per share of 2.0p (2014: 1.0p); Current year interim dividend per share of 2.0p (2014: 1.0p)	15	7
	15	7

The Board decided to propose a final dividend of 4.0p per share in respect of 2015 (£15m (2014: £7m)). The dividend has not been provided for and there are no income tax consequences.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. Earnings per ordinary share

The basic earnings per share calculation for the year ended 30 June 2015 is based on the weighted average number of shares in issue during the period of 364m (2014: 363m) excluding those held in trust under the Redrow Long Term Incentive Plan (6m shares (2014: 7m 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 2015

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	162	364	44.5
Effect of share options and SAYE	–	1	(0.1)
Diluted earnings per share	162	365	44.4

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	162	364	44.5
Adjustment to deferred tax rate change	–	–	–
Adjusted earnings per share	162	364	44.5

Adjusted diluted earnings per share are 44.4p (2014: 28.5p).

For the 12 months ended 30 June 2014

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	103	363	28.3
Effect of share options and SAYE	–	2	(0.1)
Diluted earnings per share	103	365	28.2

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	103	363	28.3
Adjustment to deferred tax rate change	1	–	0.3
Adjusted earnings per share	104	363	28.6

7. Employees

a. Cost (including Directors)

	2015 £m	2014 £m
Wages and salaries	64	49
Social security costs	8	6
Other pension costs	7	5
Share-based payments	2	2
	81	62

7. Employees continued

b. Number

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

	2015 Number	2014 Number
Directors and administrative staff	629	482
Other personnel	901	763
	1,530	1,245

c. Key management remuneration

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

Summary key management remuneration is as follows:

	2015 £m	2014 £m
Salaries and short term employee benefits	2	2
Share-based payments	2	1
	4	3

In addition, the Redrow Staff Pension scheme paid £14,411 (2014: £14,060) to Steve Morgan in his capacity as an active Scheme pensioner.

Detailed disclosure of Directors' emoluments and interests in shares are included in the Directors' Remuneration report on pages 70 to 83, 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.

	2015	2014
Options granted during the year	1,172,005	969,704
Date of grant	1 January 2015	1 January 2014
Fair value at measurement date	£1.01	£0.98
Share price	£2.76	£2.48
Exercise price	£2.21	£1.98
Option life (contract length)	3/5 years	3/5 years
Expected dividend yield	2.7%	1.3%
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 Share Incentive scheme (LTSIP)

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

Options granted under the LTSIP on 8 September 2014 were granted to a limited number of Senior Executives. The scheme is discussed in greater detail within the Directors' Remuneration report.

The Long Term Share Incentive schemes have been valued using the Black-Scholes pricing model.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. Employees continued

d. Share-based payments continued

	2015	2014
Options granted during the year	377,194	368,842
Date of grant	8 September 2014	24 September 2013
Fair value at the measurement date	£2.53	£2.21
Share price	£2.75	£2.37
Exercise price	£0.00	£0.00
Expected volatility	N/A†	N/A†
Option life	3 years	3 years
Expected dividend yield	2.7%	2.3%
Risk free interest rate	N/A†	N/A†

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

The fair value at the measurement date of the LTSIP granted on 8 September 2014 comprises £2.53 in respect of non-market based performance conditions.

The fair value at the measurement date of the LTSIP granted on 24 September 2013 comprises £2.21 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.

	2015 Tranche 1	2015 Tranche 2	2014 Tranche 1	2014 Tranche 2
Options granted during the year	625,688	625,634	453,003	453,003
Date of grant	8 September 2014	8 September 2014	24 September 2013	24 September 2013
Fair value at the measurement date	£2.69	£2.62	£2.32	£2.27
Share price	£2.75	£2.75	£2.37	£2.37
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	2.20%	2.40%	2.08%	2.08%
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.

7. Employees continued

d. Share-based payments continued

Share options outstanding

The following share options were outstanding at 30 June 2015:

Type of scheme	Date of grant	Number of options 2015	Number of options 2014	Exercise price
Long Term Share Incentive 2010	18 February 2011	–	30,470	–
Long Term Share Incentive 2011	21 September 2011	159,889	721,070	–
Long Term Share Incentive 2012	23 October 2012	544,757	544,757	–
Long Term Share Incentive 2013	24 September 2013	368,842	368,842	–
Long Term Share Incentive 2014	8 September 2014	377,194	–	–
Deferred Bonus Incentive 2012 – Tranche 1	23 October 2012	54,341	120,010	–
Deferred Bonus Incentive 2012 – Tranche 2	23 October 2012	168,035	330,163	–
Deferred Bonus Incentive 2013 – Tranche 1	24 September 2013	159,060	422,507	–
Deferred Bonus Incentive 2013 – Tranche 2	24 September 2013	395,052	422,507	–
Deferred Bonus Incentive 2014 – Tranche 1	8 September 2014	572,585	–	–
Deferred Bonus Incentive 2014 – Tranche 2	8 September 2014	572,537	–	–
Company Share Option Plan	21 November 2008	161,865	263,780	£1.25
Save As You Earn	1 January 2010	1,836	21,108	£1.42
Save As You Earn	1 January 2011	180,874	199,164	£0.98
Save As You Earn	1 January 2012	234,416	986,209	£0.95
Save As You Earn	1 January 2014	863,174	947,162	£1.98
Save As You Earn	1 January 2015	1,139,027	–	£2.21

The total share options outstanding at 30 June 2015 under the Long Term Share Incentive Plan, Company Share Option Plan and the Save As You Earn schemes represent 1.6% of the issued share capital (2014: 1.5%).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 2015	Weighted average exercise price 2015	Number of options 2014	Weighted average exercise price 2014
Long Term Share Incentive scheme:				
Outstanding at the beginning of the year	**1,665,139**	**–**	2,880,423	–
Lapsed during the year	**–**	**–**	(1,460,121)	–
Exercised during the year	**(591,651)**	**–**	(124,005)	–
Granted during the year	**377,194**	**–**	368,842	–
Outstanding at the end of the year	**1,450,682**	**–**	1,665,139	–
Exercisable at the end of the year	**159,889**	**–**	30,470	–
Deferred Bonus Incentive scheme:				
Outstanding at the beginning of the year	**1,295,187**	**–**	701,636	–
Lapsed during the year	**(67,586)**	**–**	(55,467)	–
Exercised during the year	**(557,313)**	**–**	(256,988)	–
Granted during the year	**1,251,322**	**–**	906,006	–
Outstanding at the end of the year	**1,921,610**	**–**	1,295,187	–
Exercisable at the end of the year	**381,436**	**–**	120,010	–
Company Share Option Plan:				
Outstanding at the beginning of the year	**263,780**	**£1.25**	499,588	£1.25
Lapsed during the year	**–**	**£1.25**	(77,937)	£1.25
Exercised during the year	**(101,915)**	**£1.25**	(157,871)	£1.25
Outstanding at the end of the year	**161,865**	**£1.25**	263,780	£1.25
Exercisable at the end of the year	**161,865**	**£1.25**	263,780	£1.25
Save As You Earn scheme:				
Outstanding at the beginning of the year	**2,153,643**	**£0.98**	1,936,830	£0.99
Lapsed during the year	**(146,637)**	**£1.83**	(141,418)	£0.93
Exercised during the year	**(759,684)**	**£0.96**	(611,473)	£1.01
Granted during the year	**1,172,005**	**£2.21**	969,704	£1.98
Outstanding at the end of the year	**2,419,327**	**£1.91**	2,153,643	£1.41
Exercisable at the end of the year	**3,402**	**£0.95**	18,290	£0.98

The weighted average share price at the date of exercise of share options exercised during the year was £3.34 (2014: £2.94).

The options outstanding at 30 June 2015 had a range of exercise prices of £nil to £2.21 (2014: £nil to £1.98) and a weighted average remaining contractual life of 6.0 years (2014: 4.6 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 £2m (2014: charge £2m).

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 credit for the year was £1m (2014: charge of £12m). A credit of £7m related to the defined benefit section of the Scheme (2014: charge of £8m), with £1m being charged to the income statement (2014: charge of £1m) and a credit of £8m to the statement of comprehensive income (2014: charge of £7m). The charge arising from the defined contribution section was £6m (2014: £4m).

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

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

The latest formal actuarial valuation of the defined benefit section was carried out at 1 July 2014. This valuation has been updated to 30 June 2015 by a qualified actuary for the purposes of these accounts.

Based on the recovery plan agreed for the 1 July 2014 actuarial valuation, the Group expects to contribute £1m to the Scheme in the year ending 30 June 2016.

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

	2015	2014
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]	**3.2%**	3.4%
Rate of increase of benefits in payment (lesser of 2.5% per annum and RPI)[2]	**2.2%**	2.2%
Discount rate	**3.8%**	4.3%
Inflation assumption – RPI	**3.2%**	3.6%
– CPI	**2.2%**	2.6%

[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 members: SAPS CMI_2014 1.25% Long Term Trend (2014: SIN X A CMI_2010 1% Long Term Trend)

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

Pensioner currently aged 65: Male 22.4 years (2014: Male 22.3 years)

Future pensioner when aged 65: Male 23.7 years (2014: Male 23.3 years)

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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					
	2015 £m Quoted market price in active market	2015 £m No quoted market price in active market	2015 £m Total	2014 £m Quoted market price in active market	2014 £m No quoted market price in active market	2014 £m Total
Equities	33	–	33	33	–	33
Property	1	–	1	1	–	1
Debt instruments	48	–	48	40	–	40
Other	8	4	12	5	5	10
Cash	7	–	7	8	–	8
Insurance policies	–	2	2	–	2	2
Total market value of assets	97	6	103	87	7	94
Present value of obligations			(106)			(105)
(Deficit) in the Scheme			(3)			(11)

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

	2015 %	2014 %
Deferred members	72	74
Pensioner members	28	26
	100	100

All benefits are vested at 30 June 2015 (unchanged from 30 June 2014).

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

	Group and Company	
	2015 £m	2014 £m
Amounts included within the income statement:		
Administrative expenses		
Scheme administration expenses	(1)	(1)
Net interest on defined benefit liability	–	–
	(1)	(1)
Amounts recognised in the statement of comprehensive income:		
Return on scheme assets excluding interest income	10	2
Actuarial losses arising from changes in demographic assumptions	(1)	–
Actuarial losses arising from changes in financial assumptions	(4)	(9)
Actuarial gains arising from experience adjustments	3	–
	8	(7)
	7	(8)

7. Employees continued

e. Retirement benefit schemes continued

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

	Group and Company	
	2015 £m	2014 £m
Balance sheet (deficit)		
At start of year	(11)	(4)
Amounts credited/(charged) against statement of comprehensive income	7	(8)
Employer contributions paid	1	1
At end of year	(3)	(11)
Changes in the present value of the defined benefit obligation:		
At start of year	105	95
Interest expense	4	4
Benefit payments	(5)	(3)
Actuarial losses arising from changes in demographic assumptions	1	–
Actuarial losses arising from changes in financial assumptions	4	9
Actuarial gains arising from experience adjustments	(3)	–
At end of year	106	105
Changes in the fair value of the Scheme's assets:		
At start of year	94	91
Interest income	4	4
Return on scheme assets excluding interest income	10	2
Scheme administration expenses	(1)	(1)
Normal employer contributions	1	1
Benefit payments	(5)	(3)
At end of year	103	94

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 109). All figures are before allowing for deferred tax.

Item	Approximate impact on 2015 deficit	Approximate impact on 2014 deficit
Increase/reduce discount rate by 0.25%	-£6m/+£6m	-£5m/+£6m
Increase/reduce inflation by 0.25% (assumed affects deferred and pensioner increases)	+£6m/-£5m	+£5m/-£5m
Change mortality assumption to include negative 1 year age rating	+£3m	+£2m
The above sensitivities are applied to adjust the defined benefit obligation at the end of the reporting period. Whilst the analysis does not take account of the full distribution of cashflows expected under the scheme, it does provide an approximation to the sensitivity assumptions shown.		
No changes have been made to the method and assumptions used in the analysis from those used in the previous period.		

Note that some of the changes illustrated above may take the actuarial basis outside a reasonable range.

8. Intangible assets

Group

	Goodwill £m	Software £m	Total £m
Cost			
At 1 July 2013	1	2	3
Additions	–	–	–
At 30 June 2014	1	2	3
Additions	–	–	–
Disposals	–	–	–
At 30 June 2015	**1**	**2**	**3**
Accumulated amortisation			
At 1 July 2013	–	1	1
Charge	–	–	–
At 30 June 2014	–	1	1
Charge	–	–	–
Disposals	–	–	–
At 30 June 2015	**–**	**1**	**1**
Net book value			
At 30 June 2015	**1**	**1**	**2**
At 30 June 2014	1	1	2
At 30 June 2013	1	1	2

9. Property, plant and equipment

Group

	Freehold property £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 1 July 2013	13	3	6	22
Additions	–	–	1	1
Disposals	–	–	–	–
At 30 June 2014	13	3	7	23
Additions	–	–	1	1
Transfer from Non-current assets held for resale	1	–	–	1
Disposals	–	–	(3)	(3)
At 30 June 2015	**14**	**3**	**5**	**22**
Accumulated depreciation				
At 1 July 2013	3	3	5	11
Charge	–	–	1	1
Disposals	–	–	–	–
At 30 June 2014	3	3	6	12
Charge	–	–	1	1
Disposals	–	–	(3)	(3)
At 30 June 2015	**3**	**3**	**4**	**10**
Net book value				
At 30 June 2015	**11**	**–**	**1**	**12**
At 30 June 2014	10	–	1	11
At 30 June 2013	10	–	1	11

10. Investments

a. Investments

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Joint ventures	**17**	11	**–**	–
Subsidiary companies	**–**	–	**–**	–
	17	11	**–**	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. Investments continued

b. Investments in joint ventures

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Share of joint venture net assets:				
Current assets	14	11	–	–
Current liabilities	(5)	(5)	–	–
Non-current liabilities	(10)	(7)	–	–
Net (liabilities)	(1)	(1)	–	–
Loans from Group companies[i]	18	12	–	–
	17	11	–	–
Share of post-tax profits from joint ventures:				
Revenue	–	8	–	–
Cost of sales	–	(4)	–	–
Gross profit	–	4	–	–
Administrative expenses	–	–	–	–
Operating profit	–	4	–	–
Finance costs	–	–	–	–
Profit before tax	–	4	–	–
Taxation	–	(1)	–	–
	–	3	–	–

[i] £15m of the loans to joint ventures are secured (2014: £9m).

The Group's joint venture investments are:

- its 50% shareholding in the ordinary share capital of The Waterford Park Company Limited, a company incorporated in Great Britain with a 30 June year end. The Waterford Park Company Limited was formed to pursue the potential redevelopment of Watford Junction railway station; and
- 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 2014 and 30 June 2015	–

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 2015 is shown on page 115. 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.

10. Investments continued

c. Investments in subsidiary undertakings continued

Subsidiaries

Name	Company Number	Name	Company Number
HB (HDG) Limited	1990709	HB (CPTS) Limited	1079513
Redrow Homes Limited	1990710	HB (SE) Limited	3988594
Harrow Estates plc	6825371	HB (CSCT) Limited	SC231364
Redrow Real Estate Limited	3996541	HB (SC) Limited	SC74732
Redrow Regeneration plc	5405272	HB (1995) Limited	SC155021
Redmira Limited	7587765	Redrow Homes (Wallyford) Limited	SC205159
HB (NW) Limited	1189328	Redrow Homes (London) Limited	7472674
HB (LCS) Limited	SC38052	St David's Park Limited	2479183
HB (MID) Limited	2469449	PB0311 Limited	7577839
HB (SW) Limited	3522335	Debut Freeholds Limited	4638403
HB (SWA) Limited	2230870	Tay Homes (Western) Limited	2806562
HB (Y) Limited	2293006	Tay Homes (Northern) Limited	2708575
HB (ESTN) Limited	4017345	Tay Homes (Midlands) Limited	2183136
HB (WM) Limited	3379746	Tay Homes (North West) Limited	2189721
HB (SM) Limited	3522321	Redrow Homes (Park Heights) Limited	66240
HB (SN) Limited	537405	Blue Capital (Jersey) Limited	110509
HB (WC) Limited	4984069	Redrow Construction Limited	1375826
HB (WX) Limited	1940936	Poche Interior Design Limited	2169473
HB (EM) Limited	2827161	Redrow (Shareplan) Limited	3520984
HB (CD) Limited	2034733	Imagelines Limited	3520986
HB (GRPS) Limited	2898913	Redrow (Sudbury) Limited	4558070

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 2013	2	3	–	5	27	37
Charge to income	–	–	–	(4)	(26)	(30)
Credit to equity	1	–	–	–	–	1
At 1 July 2014	3	3	–	1	1	8
Charge to income	–	–	–	–	(1)	(1)
Charge to equity	(2)	–	–	–	–	(2)
At 30 June 2015	**1**	**3**	**–**	**1**	**–**	**5**

	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 2013	–	–	–	(1)	–	(1)
Credit to income	–	–	–	–	–	–
Credit to equity	–	–	–	–	–	–
At 1 July 2014	–	–	–	(1)	–	(1)
Credit to income	–	–	–	–	–	–
Credit to equity	–	–	–	–	–	–
At 30 June 2015	**–**	**–**	**–**	**(1)**	**–**	**(1)**

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 £4m (2014: £6m).

A Corporation Tax rate of 20% from 1 April 2015 was substantively enacted on 2 July 2013. Accordingly deferred tax balances have been valued at the rate of 20% in these financial statements.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. Trade and other receivables

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Non-current assets				
Trade receivables (net)	**13**	15	**–**	–
	13	15	**–**	–
Current assets				
Trade receivables (net)	**16**	21	**–**	–
Amounts due from subsidiary companies	**–**	–	**741**	622
Other receivables	**19**	15	**–**	–
Prepayments and accrued income	**4**	6	**–**	–
	39	42	**741**	622

Trade receivables due after more than one year are stated after an allowance of £13m has been made (2014: £12m) in respect of estimated irrecoverable amounts. This allowance is based on an estimate of default rates. £1m provision was made during the year (2014: £3m). £nil was utilised (2014: £nil). It is not considered that a material amount of current asset trade receivables are overdue for payment.

Trade and other receivables due between two and five years are £6m (2014: £4m) and due in more than five years are £7m (2014: £11m). 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.

13. Inventories

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Land for development	**1,020**	802	**–**	–
Work in progress	**463**	361	**–**	–
Stock of showhomes	**54**	30	**–**	–
	1,537	1,193	**–**	–
Payments on account	**(37)**	(36)	**–**	–
	1,500	1,157	**–**	–

Inventories of £826m net of £20m net realisable value provision utilisation, were expensed in the year (2014: £633m net of £21m net realisable value provision utilisation). Work in progress includes £3m (2014: £3m) in respect of part exchange properties. Land held for development in the sum of £102m is subject to a legal charge as security in respect of deferred consideration (2014: £102m).

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 (2014: £nil). Of the net realisable value provision of £28m (2014: £48m), £17m (2014: £34m) is attributed to land and £11m (2014: £14m) is attributed to work in progress.

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

13. Inventories continued

The net realisable value provision movement is analysed below:

	Total £m
As at 1 July 2014	48
Utilised during the year	(20)
Created during the year	3
Released during the year	(3)
As at 30 June 2015	**28**

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

The net realisable value provisions of £3m and £3m 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:

The Group

	2015 Loans and receivables £m	2014 Loans and receivables £m
Assets per the balance sheet		
Non-current trade and other receivables	**13**	15
Current trade and other receivables	**35**	36
Cash and cash equivalents	**56**	55
	104	106

	2015 Other financial liabilities £m	2014 Other financial liabilities £m
Liabilities per the balance sheet		
Bank loans and overdrafts	**210**	227
Trade payables and other payables	**226**	162
Land creditors	**266**	158
	702	547

Other financial liabilities are at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14. Financial risk management continued

The Company

	2015 Loans and receivables £m	2014 Loans and receivables £m
Assets per the balance sheet		
Cash and cash equivalents	**56**	53
Amounts due from subsidiary companies	**741**	622
	797	675

	2015 Other financial liabilities £m	2014 Other financial liabilities £m
Liabilities per the balance sheet		
Bank loans and overdrafts	**150**	175
Amounts due to subsidiary companies	**14**	14
	164	189

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

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

a. Liquidity risk and interest rate risk

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

At 30 June 2015, 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 2015 or 2014.

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:

	2015					2014				
	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**	**60**	**60**	**–**	**–**	2.0	52	52	–	–
Bank loans – floating rate	**2.7**	**150**	**–**	**–**	**150**	2.4	175	–	–	175
		210	**60**	**–**	**150**		227	52	–	175

14. Financial risk management continued

a. Liquidity risk and interest rate risk continued

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
2015	**–**	**–**	**–**
2014	–	–	–

For the year ended 30 June 2015, 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 £2m (2014: £2m).

b. Maturity of bank loans and borrowings

The maturity of bank loans and borrowings is as below:

The Group

	2015 Bank overdraft £m	2015 Bank loans £m	2014 Bank overdraft £m	2014 Bank loans £m
Due within one year	**60**	**–**	52	–
Due between one and two years	**–**	**–**	–	–
Due between two and five years	**–**	**164**	–	190
	60	**164**	52	190

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

The Company

	2015 Bank overdraft £m	2015 Bank loans £m	2014 Bank overdraft £m	2014 Bank loans £m
Due within one year	**–**	**–**	–	–
Due between one and two years	**–**	**–**	–	–
Due between two and five years	**–**	**164**	–	190
	–	**164**	–	190

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 2015.

At the year end, the Group and Company had £215m (2014: £190m) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14. Financial risk management continued

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
2015	**266**	**273**	**182**	**33**	**58**
2014	**158**	**162**	**104**	**34**	**24**

d. Maturity of trade and other payables

These represent current liabilities due within one year.

e. Credit risk

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

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

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Held at Banks with at least an A- credit rating per Standard & Poor	**56**	55	**56**	53
	56	55	**56**	53

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.

14. Financial risk management continued

f. Capital management continued

The total capital levels and gearing ratios as at 30 June 2015 and 30 June 2014 are as follows:

	2015 £m	2014 £m
Total borrowings	**210**	227
Less cash and cash equivalents	**(56)**	(55)
Net debt	**154**	172
Equity	**849**	696
Total capital	**1,003**	868
Gearing ratio	**18%**	25%

The Company was fully compliant with its banking covenants at 30 June 2015.

g. Fair values

At 30 June 2015 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	
	2015 £m	2014 £m	2015 £m	2014 £m
Non-current liabilities				
Amounts due in respect of development land	**84**	54	**–**	–
Other payables	**–**	–	**–**	–
	84	54	**–**	–
Current liabilities				
Trade payables	**221**	156	**–**	–
Amounts due in respect of development land	**182**	104	**–**	–
Amounts owed to subsidiary companies	**–**	–	**14**	14
Other payables	**5**	6	**–**	–
Other taxation and social security	**3**	–	**–**	–
Accruals and deferred income	**60**	41	**8**	6
	471	307	**22**	20

16. Long term provisions

The Group

	Onerous contracts £m	Other £m	Total £m
At 1 July 2014	3	3	6
Provisions created during the year	–	2	2
Provisions released during the year	–	–	–
Provisions utilised during the year	(1)	–	(1)
At 30 June 2015	**2**	**5**	**7**

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17. Share capital

	2015 £m	2014 £m
Authorised		
480,000,000 ordinary shares of 10p each (2014: 480,000,000)	**48**	48
Issued and fully paid	**37**	37

	Number of ordinary shares of 10p each
As at 1 July 2014 and 30 June 2015	**369,799,938**

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

18. Share capital, share premium account and reserves

The Group

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m
At 1 July 2013	37	59	8	505
Total comprehensive income	–	–	–	97
Shares issued	–	–	–	–
Dividends paid	–	–	–	(7)
Share-based payment	–	–	–	–
Movement in respect of LTSIP/SAYE	–	–	–	(3)
At 30 June 2014	37	59	8	592
Total comprehensive income	–	–	–	168
Shares issued	–	–	–	–
Dividends paid	–	–	–	(15)
Share-based payment	–	–	–	–
Movement in respect of LTSIP/SAYE	–	–	–	–
At 30 June 2015	**37**	**59**	**8**	**745**

Other reserves

Other reserves consists of a £7m Capital redemption reserve (2014: £7m) and a £1m Consolidation reserve (2014: £1m).

Undistributable reserves

Other reserves are not available for distribution.

18. Share capital, share premium account and reserves continued

The Company

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m
At 1 July 2013	37	59	7	379
Total comprehensive income	–	–	–	3
Shares issued	–	–	–	–
Dividends paid	–	–	–	(7)
At 30 June 2014	37	59	7	375
Total comprehensive income†	–	–	–	164
Shares issued	–	–	–	–
Dividends paid	–	–	–	(15)
At 30 June 2015	**37**	**59**	**7**	**524**

† Includes dividends received from subsidiary companies.

Other reserves

Other reserves consists of a £7m Capital redemption reserve (2014: £7m).

Undistributable reserves

Other reserves are not available for distribution.

19. Movement in net (debt)/cash

The Group

	At 1 July 2014 £m	Cash flow £m	At 30 June 2015 £m
Cash and cash equivalents	55	1	**56**
Bank overdrafts	(52)	(8)	**(60)**
Net cash and cash equivalents	3	(7)	**(4)**
Bank loans	(175)	25	**(150)**
Net debt	(172)	18	**(154)**

The Company

	At 1 July 2014 £m	Cash flow £m	At 30 June 2015 £m
Cash and cash equivalents	53	3	**56**
Bank overdrafts	–	–	**–**
Net cash and cash equivalents	53	3	**56**
Bank loans	(175)	25	**(150)**
Net debt	(122)	28	**(94)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. Operating lease commitments

	2015 £m	2014 £m
Within one year	3	2
Within two to five years	3	3

21. Contingent liabilities

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

22. Related party transactions

Within the definition of IAS 24 'Related party disclosures', the Board and key management personnel are related parties. Detailed disclosure of the remuneration of the Board is given in the Directors' Remuneration report on pages 70 to 83. 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 £0.7m (Company £0.7m), primarily relating to the donation to the Morgan Foundation as described in the Directors' Remuneration report on page 75 and in respect of the Group, relating to services provided by Harrow Estates plc on an arm's length basis under promotional agreements forming part of the acquisition of the Harrow business.

As at 30 June 2015, 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 2015 was £741m (2014: £622m). The amount owed to subsidiary undertakings at 30 June 2015 was £14m (2014: £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 The Waterford Park Company Limited and Menta Redrow and Menta Redrow (II) joint ventures. The Group's loans to its joint ventures are disclosed in note 10.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Redrow plc will be held at Village Urban Resort St. David's, St. David's Park, Flintshire CH5 3YB on Tuesday 10 November 2015 at 12 noon for the following purposes. All resolutions will be proposed as ordinary resolutions except numbers 13 and 14 which will be proposed as special resolutions.

Resolution 1 – Annual Report
To receive and adopt the Directors' report and the financial statements for the year ended 30 June 2015, together with the Auditors' report.

Resolution 2 – Dividend
To declare a final dividend of 4.0p per ordinary share for the year ended 30 June 2015.

Resolution 3 – Re-appointment of Director
To re-appoint Steve Morgan as a Director.

Resolution 4 – Re-appointment of Director
To re-appoint John Tutte as a Director.

Resolution 5 – Re-appointment of Director
To re-appoint Barbara Richmond as a Director.

Resolution 6 – Re-appointment of Director
To re-appoint Debbie Hewitt as a Director.

Resolution 7 – Re-appointment of Director
To re-appoint Nick Hewson as a Director.

Resolution 8 – Re-appointment of Director
To re-appoint Liz Peace as a Director.

Resolution 9 – Appointment of Director
To appoint Sir Michael Lyons as a Director.

Resolution 10 – Re-appointment of Auditors
To re-appoint PricewaterhouseCoopers LLP as external Auditors to the Company, to hold office until the end of the next general meeting at which financial statements are laid before the Company and to authorise the Directors to fix their remuneration.

Resolution 11 – Directors' Remuneration Report
To approve the Directors' remuneration report (other than the remuneration policy) for the year ended 30 June 2015.

Resolution 12 – Authority to Allot Shares
That the Directors, in place of any existing authority conferred upon them for the purpose of Section 549/551 of the Companies Act 2006, be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 to exercise all powers of the Company to allot and to make offers or agreements to allot shares or grant rights to subscribe shares or convert any securities into shares:

(i) up to an aggregate nominal amount of £12,326,665; and

(ii) up to a further aggregate nominal amount of £12,326,665 in connection with an offer by way of a rights issue.

Provided that this authority shall (unless previously revoked or renewed) expire at the conclusion of the next Annual General Meeting of the Company (or 31 December 2016 whichever may be the earlier) but so that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if the authority had not expired.

For the purposes of this Resolution and Resolution 13, 'rights issue' means an offer to:

(a) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(b) people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

to subscribe further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Resolution 13 – Authority to Disapply Pre-emption Rights
That, subject to the passing of Resolution 12, the Directors be given power to make allotments of equity securities (as defined in Section 560(1) of the Companies Act 2006) wholly for cash:

(i) pursuant to the authority given by paragraph (i) of Resolution 12 and to sell shares which are held in treasury pursuant to Section 560(3) of the Companies Act 2006 and in each case:

a) in connection with a pre-emptive offer; and

b) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £1,849,000; and

(ii) pursuant to the authority given by paragraph (ii) of Resolution 12 in connection with a pre-emptive rights issue,

as if Section 561(1) of the Act did not apply to any such allotment, and such power shall (unless previously revoked or renewed) expire at the earlier of the conclusion of next Annual General Meeting of the Company, or 31 December 2016 save that the said power shall permit the Company to make an offer or enter into an agreement before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if such power conferred had not expired. For the purposes of this Resolution, the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

For the purposes of this Resolution:

"pre-emptive offer" means an offer of equity securities open for acceptance for a period fixed by the Directors to (a) holders (other than the Company) on the register on a record date fixed by the Directors of ordinary shares in proportion to their respective holdings and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

Resolution 14 – Calling of a General Meeting other than an Annual General Meeting
That a general meeting other than the Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board

Graham Cope
Company Secretary

7 September 2015

Registered office:
Redrow House
St. David's Park
Flintshire
CH5 3RX
Registered in England Number 2877315

Notes:

(i) A Shareholder entitled to attend and vote may appoint a proxy or proxies to attend, speak and vote instead of him. A proxy need not be a member of the Company. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

(ii) A form of proxy is enclosed which, if required, should be completed in accordance with the instructions set out therein and returned so as to reach the Company's Registrars not later than 48 hours before the time of the meeting or any adjourned meeting. Completion of a form of proxy will not preclude a Shareholder from attending and voting at the meeting in person if they so wish.

(iii) All Shareholders on the Register at 6.00pm on 6 November 2015 (or if the meeting is adjourned 48 hours before the time fixed for the meeting) and only those Shareholders are entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the Register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

(iv) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ('nominated persons'). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

(v) Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The total number of issued ordinary shares in the Company on 7 September 2015 is 369,799,938, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 7 September 2015 is 369,799,938.

(vi) Shareholders should note that, under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting for the financial year beginning 1 July 2014; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning 1 July 2014 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed form of proxy) to communicate with the Company for any purposes other than those expressly stated.

(vii) Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(viii) A copy of this notice and other information required by Section 311A of the Companies Act 2006 can be found at www.redrow.co.uk.

(ix) If you are in any doubt as to what action you should take, you are recommended to immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

(x) If you have sold or otherwise transferred all of your ordinary shares in the Company, please forward this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank manager, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

(xi) Under Section 338 and Section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless: (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) it is defamatory of any person; or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 26 September 2015, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

(xii) Copies of the Directors' service contracts will be available for inspection at the registered office during normal business hours on any business day and at the place of the Annual General Meeting for at least 15 minutes before the meeting is held until its conclusion.

(xiii) The register of Directors' interests in the share capital of the Company will be available for inspection at the place of the meeting from 11.45am on 10 November 2015 until the conclusion of the meeting. None of the Directors has a service contract which cannot be terminated within one year without payment of compensation.

(xiv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

(xv) In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in note (ii) above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him by other means.

(xvi) CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(xvii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(xviii) If you have any questions about the meeting or need any special assistance at the meeting, please contact the Company Secretary at the registered office or telephone 01244 520044 during normal business hours.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Explanatory Notes to Annual General Meeting Resolutions:
Resolutions 1 to 12 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 13 and 14 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 2 – Dividend
Subject to approval at the meeting, the dividend will be paid on 13 November 2015 to shareholders on the register at the close of business on 25 September 2015.

Resolutions 3–9 – Re-appointment and appointment of Directors
As required by the UK Corporate Governance Code, all Directors retire and offer themselves for re-election. Following changes to the Listing Rules which took effect in May 2014, Resolutions 6, 7, 8 and 9 must be approved both by a simple majority of all Shareholders, and by a simple majority of the independent Shareholders (that is all Shareholders other than Steve Morgan and his concert parties). For full biographies of all Directors and further details in relation to their re-election, please see page 61 and page 63.

Resolution 10 – Re-appointment of Auditors
The Company is required to appoint Auditors at every general meeting at which the accounts are presented to Shareholders.

PricewaterhouseCoopers LLP were appointed at last year's Annual General Meeting and are willing to seek re-appointment this year. It is normal practice for a Company's Directors to be authorised to agree the Auditors' fees. If this resolution is passed, the Audit Committee will approve the fees for recommendation to the Board.

Resolution 11 – Directors' remuneration
This resolution deals with the remuneration of the directors and seeks approval of the remuneration paid to the directors during the year under review respectively.

The Company is required to ask shareholders to approve the Directors' Remuneration Report. This is set out on pages 70 to 83 of the Annual Report. Resolution 11 is an advisory vote.

Resolution 12 – Authority to allot shares
Shareholders are being invited to renew the authority given to Directors in previous years to allot new shares. If passed, Resolution 12 would renew this authority by authorising the Directors to allot shares up to an aggregate nominal amount of £12,326,665 (which is equivalent to approximately 33% of the total issued ordinary share capital of the Company, exclusive of treasury shares, as at 7 September 2015) and a further £12,326,665 only in respect of a rights issue (which is equivalent to approximately 33% of the total issued ordinary share capital of the Company, exclusive of treasury shares as at 7 September 2015). This is in line with corporate governance guidelines. The authority will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 December 2016.

The Company does not, as of 7 September 2015 hold any shares in treasury.

The Directors will exercise the authority to allot only when satisfied that it is in the interests of the Company to do so.

There are no present plans to undertake a rights issue or to allot new shares other than in connection with employee share and incentive plans. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

Resolution 13 – Authority to disapply pre-emption rights
The Directors may only allot shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme) to persons who are not already Shareholders in the Company if authorised to do so by the Shareholders in a general meeting. The purpose of paragraph (i) of Resolution 13 is to authorize the Directors to allot new shares pursuant to the authority given in paragraph (i) of Resolution 12, or sell treasury shares, for cash in connection with a pre-emptive offer or rights issue, or (ii) otherwise up to an aggregate nominal amount of £1,849,000, in each case without first offering them to existing members. The sum in (ii) represents approximately 5% of the Company's current issued share capital (excluding treasury shares) as at 7 September 2015. The resolution also enables the Directors to modify the strict requirements for a rights issue in circumstances where they consider it necessary or expedient.

In addition, if the Company has purchased its own shares and holds them in treasury, this resolution would give the Directors power to sell these shares for cash to persons other than existing Shareholders, subject to the same limit that would apply to issues of shares for cash to these persons.

The Board considers the authority in Resolution 12 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions.

The authority will expire on whichever is the earlier of the conclusion of the next Annual General Meeting or 31 December 2016.

Resolution 14 – Calling of a general meeting other than an Annual General Meeting
Under the Companies Act 2006 the notice period required for general meetings of the Company is 21 days unless Shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days. Annual General Meetings of the Company will continue to be held on at least 21 clear days' notice.

Resolution 14 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be prepared.

Documents Available for your Inspection
Copies of the following documents will be available for inspection during normal business hours on Monday to Friday each week (public holiday excepted) at the Company's registered office and at the office of Linklaters LLP at One Silk Street, London EC2Y 8HQ from the date of this document up to and including the date of the Annual General Meeting and at the place of the Annual General Meeting from 11.45am until the close of the meeting:

- the Articles of Association and Memorandum of the Company; and
- the service agreements and letters of appointment of the Directors.

GLOSSARY

NPPF
The National Policy Planning Framework

HBF
Home Builders Federation

NHBC
National House-Building Council

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

Five star customer satisfaction rating
Independent HBF customer satisfaction rating

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

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

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Redrow House
St. David's Park
Flintshire
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Registered Number 2877315

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The Pavilions
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Barclays
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Chartered Accountants and Statutory Auditors
101 Barbirolli Square
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Manchester
M2 3PW

Solicitors
Linklaters LLP
One Silk Street
London
EC2Y 8HQ

FIVE YEAR SUMMARY

12 MONTHS ENDED 30 JUNE

	2011 £m	2012 £m	2013* £m	2014 £m	2015 £m
Revenue	453	479	605	864	1,150
Operating profit before exceptional items and financing costs	31	48	73	138	213
Operating profit before exceptional items and financing costs as a percentage of turnover	6.9%	10.0%	12.1%	15.9%	18.5%
Profit before tax	25	43	69	133	204
Net assets	459	562	609	696	849
Net debt	(75)	(14)	(91)	(172)	(154)
Gearing – net debt as a percentage of capital and reserves	16.4%	2.5%	14.9%	24.8%	18.1%
Return on capital employed – operating profit before exceptional items adjusted for joint ventures as a percentage of opening and closing capital employed	6.1%	8.7%	12.2%	18.0%	22.8%
Return on equity	5.7%	8.4%	12.3%	20.5%	26.4%
Number of legal completions	2,626	2,458	2,827	3,597	4,022
Earnings per ordinary share	4.4p	9.7p	14.6p	28.3p	44.5p
Dividends paid per ordinary share	–	–	–	2.0p	4.0p
Net assets per ordinary share	148.6p	151.8p	165.0p	188.1p	229.5p

* Restated to reflect the application of IAS 19R – Employee Benefits.

NOTES



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