

Redrow plc

3 November 2011

ANNUAL GENERAL MEETING AND INTERIM MANAGEMENT STATEMENT

Redrow plc is holding its Annual General Meeting today at 12 noon at St David's Park Hotel, Ewloe, Flintshire, Wales. The following statement, which also constitutes Redrow's Interim Management Statement, covering the first 17 weeks trading of the current financial year will be made to shareholders.

At today's AGM Steve Morgan, Chairman, will say:

"Redrow has continued to make steady progress with the value of like for like private home reservations in the financial year to date being up 14% on the same period last year at £131m. The number of reservations to date are 1% ahead, averaging 39 homes per week, which equates to 0.54 sales per outlet per week. Cancellation rates have remained steady at just over 18%.

The average price of private reservations to date is 13% ahead of the same period last year at £197,000, which reflects the continued shift in product mix to our New Heritage Collection of distinctive quality family homes. Underlying prices have remained stable.

The housing market continues to be challenging; yet despite the seemingly endless negative economic news, underlying demand for new homes remains strong and is anticipated to increase. This should come as no surprise given the UK's chronic under-supply of new housing, spanning many years.

Several recent independent surveys have shown that it is now cheaper to buy than to rent in most areas of the country; yet potential first time buyers are not able to buy due to the scarcity and prohibitive cost of high loan to value mortgages. Solving the mortgage issue by the introduction of Mortgage Indemnity Guarantees, or some similar product, would stimulate the housing market and make a significant contribution to the economy.

The lessons of history are there for all to see. During the period 1932-39 it was the huge growth in private house building that largely led the UK economic recovery, providing hundreds of thousands of new jobs and solving the chronic housing shortage of the day. The parallels with today's issues are profound.

In July the Government issued its Draft National Planning Policy Framework (NPPF) for consultation, a process which ended some three weeks ago. The proposed NPPF represents the biggest change to planning policy in decades. Providing its principles are not watered down it should produce a speedier and more balanced planning system and a platform for the growth in new house building which the country desperately needs.

The existing planning environment remains frustratingly slow and costly, with far too many Local Authorities using the current hiatus as an excuse to impede and delay planning applications. As an indication of the present climate, Redrow alone has 30 live planning applications for 5,219 plots, which are either delayed beyond the 13 week statutory determination period or subject to appeal.

We opened the year selling from 74 developments, which has reduced to 68 as of today as older sites have completed and continuing planning delays slow down the commencement of projected new sites. We are hopeful that this trend will reverse in the coming months as planning uncertainties recede.

We have focused our land buying on smaller sites in prime locations around the country and the continuing development of our new London business. Since the beginning of the new financial year we have acquired 1,365 plots over 12 sites across the country. Our current owned and contracted land bank stands at 11,300 plots, representing just over four and a half years' supply.

As most sites are purchased subject to planning, the positive side to the planning delays has been a reduction in net debt from a year end position of £75m to £68m, representing a gearing level of 15%. Our balance sheet is strong, which leaves us well placed to pursue the right opportunities as they arise.

We are living in times of great economic uncertainty, which weighs heavily on the market. Yet despite the poor economic news there remains strong underlying demand for new homes. Redrow has undergone a major transformation in recent years. We have a strong balance sheet and an excellent product in the New Heritage Collection and as such we remain well placed to meet the challenges ahead.

The next scheduled update on financial performance will be Redrow's half-yearly results for the six months ended 31 December 2011 which are due to be published on Thursday, 23 February 2012."

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