

## Consolidated Income Statement

|                              | Note | Unaudited                     |       | Audited                       |
|------------------------------|------|-------------------------------|-------|-------------------------------|
|                              |      | 6 months ended<br>31 December |       | 12 months<br>ended<br>30 June |
|                              |      | 2019                          | 2018  | 2019                          |
|                              |      | £m                            | £m    | £m                            |
| <b>Revenue</b>               |      | <b>870</b>                    | 970   | 2,112                         |
| Cost of sales                |      | (662)                         | (737) | (1,608)                       |
| <b>Gross profit</b>          |      | <b>208</b>                    | 233   | 504                           |
| Administrative expenses      |      | (49)                          | (46)  | (93)                          |
| Operating profit             |      | 159                           | 187   | 411                           |
| Financial income             |      | 1                             | 1     | 3                             |
| Financial costs              |      | (3)                           | (3)   | (8)                           |
| Net financing costs          |      | (2)                           | (2)   | (5)                           |
| <b>Profit before tax</b>     |      | <b>157</b>                    | 185   | 406                           |
| Income tax expense           | 2    | (29)                          | (35)  | (77)                          |
| <b>Profit for the period</b> |      | <b>128</b>                    | 150   | 329                           |
| Earnings per share - basic   | 4    | 37.2p                         | 41.5p | 92.3p                         |
| - diluted                    | 4    | 37.1p                         | 41.4p | 92.0p                         |

## Consolidated Statement of Comprehensive Income

|  | Note | Unaudited                     |      | Audited                       |
|--|------|-------------------------------|------|-------------------------------|
|  |      | 6 months ended<br>31 December |      | 12 months<br>ended<br>30 June |
|  |      | 2019                          | 2018 | 2019                          |
|  |      | £m                            | £m   | £m                            |
| <b>Profit for the period</b>                                   |      | <b>128</b>                    | 150  | 329                           |
| <b>Other comprehensive (expense):</b>                          |      |                               |      |                               |
| <b>Items that will not be reclassified to profit or loss</b>   |      |                               |      |                               |
| Remeasurements of post-employment benefit obligations          | 5    | (3)                           | (5)  | (7)                           |
| Deferred tax on remeasurements taken directly to equity        |      | 1                             | 1    | 1                             |
| <b>Other comprehensive (expense) for the period net of tax</b> |      | <b>(2)</b>                    | (4)  | (6)                           |
| <b>Total comprehensive income for the period</b>               |      | <b>126</b>                    | 146  | 323                           |

## Consolidated Balance Sheet

|  |      | Unaudited    |              | Audited      |
|--|------|--------------|--------------|--------------|
|  |      | As at        |              | As at        |
|  |      | 31 December  |              | 30 June      |
|  |      | 2019         | 2018         | 2019         |
|  | Note | £m           | £m           | £m           |
| <b>Assets</b>                                |      |              |              |              |
| Intangible assets                            |      | 2            | 2            | 2            |
| Property, plant and equipment                |      | 17           | 15           | 16           |
| Lease right of use assets                    |      | 8            | -            | -            |
| Investments                                  |      | 8            | 6            | 6            |
| Deferred tax assets                          |      | 4            | 4            | 4            |
| Retirement benefit surplus                   | 5    | 17           | 16           | 18           |
| Trade and other receivables                  |      | 7            | 7            | 9            |
| <b>Total non-current assets</b>              |      | <b>63</b>    | <b>50</b>    | <b>55</b>    |
| Inventories                                  | 6    | 2,350        | 2,258        | 2,297        |
| Trade and other receivables                  |      | 37           | 43           | 48           |
| Current corporation tax receivables          |      | 14           | -            | -            |
| Cash and cash equivalents                    | 8    | 89           | 102          | 204          |
| <b>Total current assets</b>                  |      | <b>2,490</b> | <b>2,403</b> | <b>2,549</b> |
| <b>Total assets</b>                          |      | <b>2,553</b> | <b>2,453</b> | <b>2,604</b> |
| <b>Equity</b>                                |      |              |              |              |
| Retained earnings at 1 July 2019             |      | 1,481        | 1,379        | 1,379        |
| Profit for the period                        |      | 128          | 150          | 329          |
| Other comprehensive (expense) for the period |      | (2)          | (4)          | (6)          |
| Dividends paid                               |      | (72)         | (70)         | (218)        |
| Movement in LTIP/SAYE                        |      | 3            | 1            | (3)          |
| Retained earnings                            |      | 1,538        | 1,456        | 1,481        |
| Share capital                                | 10   | 37           | 37           | 37           |
| Share premium account                        |      | 59           | 59           | 59           |
| Other reserves                               |      | 8            | 8            | 8            |
| <b>Total equity</b>                          |      | <b>1,642</b> | <b>1,560</b> | <b>1,585</b> |
| <b>Liabilities</b>                           |      |              |              |              |
| Bank loans                                   | 8    | 75           | 1            | 80           |
| Trade and other payables                     | 7    | 125          | 143          | 167          |
| Deferred tax liabilities                     |      | 4            | 4            | 4            |
| Long-term provisions                         |      | 8            | 9            | 8            |
| <b>Total non-current liabilities</b>         |      | <b>212</b>   | <b>157</b>   | <b>259</b>   |
| Bank overdrafts and loans                    | 8    | -            | -            | -            |
| Trade and other payables                     | 7    | 699          | 702          | 726          |
| Current income tax liabilities               |      | -            | 34           | 34           |
| <b>Total current liabilities</b>             |      | <b>699</b>   | <b>736</b>   | <b>760</b>   |
| <b>Total liabilities</b>                     |      | <b>911</b>   | <b>893</b>   | <b>1,019</b> |
| <b>Total equity and liabilities</b>          |      | <b>2,553</b> | <b>2,453</b> | <b>2,604</b> |

## Consolidated Statement of Changes in Equity

|   | Share<br>capital<br>£m | Share<br>premium<br>account<br>£m | Other<br>reserves<br>£m | Retained<br>earnings<br>£m | Total<br>£m  |
|---|------------------------|-----------------------------------|-------------------------|----------------------------|--------------|
| At 1 July 2018                            | 37                     | 59                                | 8                       | 1,379                      | 1,483        |
| Total comprehensive income for the period | -                      | -                                 | -                       | 146                        | 146          |
| Dividends paid                            | -                      | -                                 | -                       | (70)                       | (70)         |
| Movement in LTIP/SAYE                     | -                      | -                                 | -                       | 1                          | 1            |
| <b>At 31 December 2018 (Unaudited)</b>    | <b>37</b>              | <b>59</b>                         | <b>8</b>                | <b>1,456</b>               | <b>1,560</b> |
| At 1 July 2018                            | 37                     | 59                                | 8                       | 1,379                      | 1,483        |
| Total comprehensive income for the period | -                      | -                                 | -                       | 323                        | 323          |
| Dividends paid                            | -                      | -                                 | -                       | (218)                      | (218)        |
| Movement in LTIP/SAYE                     | -                      | -                                 | -                       | (3)                        | (3)          |
| <b>At 30 June 2019 (Audited)</b>          | <b>37</b>              | <b>59</b>                         | <b>8</b>                | <b>1,481</b>               | <b>1,585</b> |
| At 1 July 2019                            | 37                     | 59                                | 8                       | 1,481                      | 1,585        |
| Total comprehensive income for the period | -                      | -                                 | -                       | 126                        | 126          |
| Dividends paid                            | -                      | -                                 | -                       | (72)                       | (72)         |
| Movement in LTIP/SAYE                     | -                      | -                                 | -                       | 3                          | 3            |
| <b>At 31 December 2019 (Unaudited)</b>    | <b>37</b>              | <b>59</b>                         | <b>8</b>                | <b>1,538</b>               | <b>1,642</b> |

## Consolidated Statement of Cash Flows

|   | Note | Unaudited      |             | Audited      |
|---|------|----------------|-------------|--------------|
|   |      | 6 months ended |             | 12 months    |
|   |      | 31 December    |             | ended        |
|   |      | 2019           | 2018        | 2019         |
|   |      | £m             | £m          | £m           |
| <b>Cash flows from operating activities</b>                   |      |                |             |              |
| Operating profit  |      | 159            | 187         | 411          |
| Depreciation and amortisation                                 |      | 3              | 1           | 3            |
| Adjustment for non-cash items                                 |      | (3)            | (1)         | (7)          |
| Decrease/(increase) in trade and other receivables            |      | 13             | 1           | (6)          |
| Increase in inventories                                       |      | (53)           | (40)        | (79)         |
| (Decrease)/increase in trade and other payables               |      | (74)           | (3)         | 50           |
| (Decrease)/increase in provisions                             |      | -              | -           | (1)          |
| <b>Cash inflow generated from operations</b>                  |      | <b>45</b>      | <b>145</b>  | <b>371</b>   |
| Interest paid   |      | (1)            | (1)         | (2)          |
| Tax paid  |      | (77)           | (35)        | (77)         |
| <b>Net cash (outflow)/inflow from operating activities</b>    |      | <b>(33)</b>    | <b>109</b>  | <b>292</b>   |
| <b>Cash flows from investing activities</b>                   |      |                |             |              |
| Acquisition of software, property, plant and equipment        |      | (3)            | (1)         | (4)          |
| Interest received   |      | -              | -           | 1            |
| Net payments to joint ventures                                |      | (2)            | -           | -            |
| <b>Net cash (outflow) from investing activities</b>           |      | <b>(5)</b>     | <b>(1)</b>  | <b>(3)</b>   |
| <b>Cash flows from financing activities</b>                   |      |                |             |              |
| Issue of bank borrowings                                      |      | 75             | 1           | 80           |
| Repayment of bank borrowings                                  |      | (80)           | (5)         | (5)          |
| Purchase of own shares  |      | -              | -           | (10)         |
| Dividends paid  | 3    | (72)           | (70)        | (218)        |
| <b>Net cash outflow from financing activities</b>             |      | <b>(77)</b>    | <b>(74)</b> | <b>(153)</b> |
| <b>(Decrease)/increase in net cash and cash equivalents</b>   |      | <b>(115)</b>   | <b>34</b>   | <b>136</b>   |
| Net cash and cash equivalents at the beginning of the period  |      | 204            | 68          | 68           |
| <b>Net cash and cash equivalents at the end of the period</b> | 8    | <b>89</b>      | <b>102</b>  | <b>204</b>   |

## NOTES (Unaudited)

### 1. Accounting policies

#### Basis of preparation

The condensed consolidated half-yearly financial information for the half-year ended 31 December 2019 has been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The half-yearly condensed consolidated report should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2019, which have been prepared in accordance with IFRSs as adopted by the European Union.

These half-yearly financial results do not comprise statutory accounts within the meaning of section 435 of the Companies Act 2006. This condensed half-yearly financial information has been reviewed, not audited. The comparative figures for the financial year ended 30 June 2019 are not the Group's statutory accounts for that financial year. Audited statutory accounts for the year ended 30 June 2019 were approved by the Board of Directors on 4 September 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph, and did not contain any statement under section 498 (2) of (3) of the Companies Act 2006.

The principal accounting policies adopted in the preparation of this consolidated half-yearly report are included in the annual consolidated financial statements for the year ended 30 June 2019. The accounting policies are consistent with those followed in the preparation of the financial statements to the year ended 30 June 2019 with the exception of one main new accounting standard which has been adopted by the Group from 1 July 2019.

IFRS 16, 'leases' is the standard that has replaced the guidance in IAS 17. Under IAS 17, the Group did not have any finance leases only operating leases which were off balance sheet. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a lease right of use asset for virtually all lease contracts. Under IFRS 16, a contract is, or contains a lease, if the contract conveys the right to control the use of the identified asset in exchange for consideration. This standard is effective for the Group for the year ending 30 June 2020.

The Group has a number of leases in relation to cars, photocopiers and some office properties which have been brought onto the balance sheet as a result of the adoption of IFRS 16. The Group has used the modified retrospective method to implement IFRS 16. Under this approach, comparative information is not restated. Rather at 1 July 2019, the Group recognised the accumulative effect of the initial application as an adjustment to the opening balance sheet, increasing both fixed assets and liabilities by £8m. Discount rates are used in the calculation of the lease liability. For photocopier leases, the discount rates implicit in the lease have been used. For cars, the discount rate has been estimated across the asset type based on a sample of implicit rates provided by the lessor. For the office property leases an estimate has been used based on adjusted borrowing rates.

As at 31 December 2019, lease right of use assets on the balance sheet were £8m.

There were no other key judgements or estimates made in assessing the impact of IFRS 16 on the Group.

The preparation of condensed half-yearly financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may subsequently differ from these estimates. In preparing these condensed half-yearly financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 30 June 2019.

After making due enquiries and in accordance with the FRC's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the Directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed consolidated half-yearly financial statements.

The main operation of the Group is focused on housebuilding. As it operates entirely within the United Kingdom, the Group has only one reportable business and geographic segment. After considering the requirements of IFRS 15 to present disaggregated revenue, the Group does not believe there is any disaggregation criteria applicable to its

one reportable business and geographic segment. There is no material difference between any assets or liabilities held at cost and their fair value.

## Principal risks and uncertainties

As with any business, Redrow plc faces a number of risks and uncertainties in the course of its day to day operations.

The principal risks and uncertainties facing the Group are outlined within our half-yearly report 2020. We have reviewed the risks pertinent to our business in the six months to 31 December 2019 and which we believe to be relevant for the remaining six months to 30 June 2020. The only material change to those outlined in our Annual Report 2019 is that economic uncertainty around Brexit which has decreased following the recent election.

### 2. Income Tax expense

Income tax charge is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year (18.5% (2019: 19.0%)). Deferred taxation balances have been valued at 17% being the corporation tax rate from 1 April 2020 substantively enacted on 6 September 2016.

### 3. Dividends

A dividend of £72m was paid in the six months to 31 December 2019 (six months to 31 December 2018: £70m).

### 4. Earnings per share

The basic earnings per share calculation for the six months ended 31 December 2019 is based on the weighted number of shares in issue during the period of 344m (31 December 2018: 362m) excluding those held in trust under the Redrow Long Term Incentive Plan, 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.

#### 6 months ended 31 December 2019 (Unaudited)

|                                   | Earnings<br>£m | No. of shares<br>millions | Per share<br>Pence |
|-----------------------------------|----------------|---------------------------|--------------------|
| Basic earnings per share          | 128            | 344                       | 37.2               |
| Effect of share options and SAYE  | -              | 1                         | (0.1)              |
| <b>Diluted earnings per share</b> | <b>128</b>     | <b>345</b>                | <b>37.1</b>        |

#### 6 months ended 31 December 2018 (Unaudited)

|                                   | Earnings<br>£m | No. of shares<br>millions | Per share<br>Pence |
|-----------------------------------|----------------|---------------------------|--------------------|
| Basic earnings per share          | 150            | 362                       | 41.5               |
| Effect of share options and SAYE  | -              | 1                         | (0.1)              |
| <b>Diluted earnings per share</b> | <b>150</b>     | <b>363</b>                | <b>41.4</b>        |

#### 12 months ended 30 June 2019 (Audited)

|                                   | Earnings<br>£m | No. of shares<br>millions | Per share<br>pence |
|-----------------------------------|----------------|---------------------------|--------------------|
| Basic earnings per share          | 329            | 356                       | 92.3               |
| Effect of share options and SAYE  | -              | 2                         | (0.3)              |
| <b>Diluted earnings per share</b> | <b>329</b>     | <b>358</b>                | <b>92.0</b>        |

## 5. Pensions

The amounts recognised in respect of the defined benefit section of the Group's Pension Scheme are as follows:

|  | Unaudited      |           | Audited   |
|--|----------------|-----------|-----------|
|  | 6 months ended |           | 12 months |
|  | 31 December    |           | ended     |
|  | 2019           | 2018      | 2019      |
|  | £m             | £m        | £m        |
| <b>Amounts included within the consolidated income statement</b> |                |           |           |
| <b>period operating costs</b>                                    |                |           |           |
| Scheme administration expenses                                   | -              | 1         | (1)       |
| Net interest on defined benefit liability                        | -              | -         | 1         |
|  | -              | 1         | -         |
| <b>Amounts recognised in the consolidated income statement</b>   |                |           |           |
| <b>of comprehensive income</b>                                   |                |           |           |
| Return on scheme assets excluding interest income                | 1              | (5)       | 13        |
| Actuarial gains arising from change in financial assumptions     | (3)            | -         | (20)      |
| Actuarial gains arising from change in demographic assumptions   | (1)            | -         | -         |
| Actuarial gains arising from experience adjustments              | -              | -         | -         |
|  | (3)            | (5)       | (7)       |
| <b>Amounts recognised in the consolidated balance sheet</b>      |                |           |           |
| Present value of the defined benefit obligation                  | (134)          | (112)     | (130)     |
| Fair value of the Scheme's assets                                | 151            | 128       | 148       |
| <b>Surplus in the consolidated balance sheet</b>                 | <b>17</b>      | <b>16</b> | <b>18</b> |

## 6. Inventories

|                      | Unaudited   |       | Audited |
|----------------------|-------------|-------|---------|
|                      | As at       |       | As at   |
|                      | 31 December |       | 30 June |
|                      | 2019        | 2018  | 2019    |
|                      | £m          | £m    | £m      |
| Land for development | 1,464       | 1,460 | 1,515   |
| Work in progress     | 814         | 723   | 715     |
| Stock of showhomes   | 72          | 75    | 67      |
|                      | 2,350       | 2,258 | 2,297   |

## 7. Land Creditors (included in trade and other payables)

|                           | Unaudited   |      | Audited |
|---------------------------|-------------|------|---------|
|                           | As at       |      | As at   |
|                           | 31 December |      | 30 June |
|                           | 2019        | 2018 | 2019    |
|                           | £m          | £m   | £m      |
| Due within one year       | 229         | 244  | 271     |
| Due in more than one year | 125         | 143  | 167     |
|                           | 354         | 387  | 438     |

## 8. Analysis of Net Cash/(Debt)

|                               | Unaudited<br>As at<br>31 December |            | Audited<br>As at<br>30 June |
|-------------------------------|-----------------------------------|------------|-----------------------------|
|                               | 2019                              | 2018       | 2019                        |
|                               | £m                                | £m         | £m                          |
| Cash and cash equivalents     | 89                                | 102        | 204                         |
| Bank overdrafts               | -                                 | -          | -                           |
| Net cash and cash equivalents | 89                                | 102        | 204                         |
| Bank loans                    | (75)                              | (1)        | (80)                        |
|                               | <b>14</b>                         | <b>101</b> | <b>124</b>                  |

Net cash excludes land creditors and lease liabilities arising under IFRS 16.

## 9. Bank facilities

At 31 December 2019, the Group had total unsecured bank borrowing facilities of £253m, representing £250m committed facilities and £3m uncommitted facilities.

The Group's syndicated loan facility matures in December 2022.

## 10. Issued Share capital

Allotted, called up and fully paid.

|   |           |
|---|-----------|
| At 31 December 2018 – 369,799,938 ordinary shares of 10p each (unaudited)   | £m        |
| At 31 June 2019 – 352,190,420 ordinary shares of 10.5p each (audited)       | 37        |
| At 31 December 2019 – 352,190,420 ordinary shares of 10.5p each (unaudited) | <b>37</b> |

Number of ordinary  
shares of 10.5p each

As at 1 July 2019 and 31 December 2019 **352,190,420**

## 11. Contingent Liabilities

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.

## 12. Related parties

Key management personnel, as defined under IAS 24 'Related Party Disclosures', are identified as the Executive Management Team and the Non-Executive Directors. Summary key management remuneration is as follows:

|                              | Unaudited                     |          | Audited                       |
|------------------------------|-------------------------------|----------|-------------------------------|
|                              | 6 months ended<br>31 December |          | 12 months<br>ended<br>30 June |
|                              | 2019                          | 2018     | 2019                          |
|                              | £m                            | £m       | £m                            |
| Short-term employee benefits | 3                             | 3        | 5                             |
| Share-based payment charges  | 1                             | 1        | 2                             |
|                              | <b>4</b>                      | <b>4</b> | <b>7</b>                      |



The Group did not undertake any material transactions with Menta Redrow Limited or Menta Redrow (II) Limited. The Group's loans to its joint ventures are summarised below:

|                         | Unaudited<br>As at<br>31 December | Audited<br>As at<br>30 June |
|-------------------------|-----------------------------------|-----------------------------|
|                         | <b>2019</b>                       | 2018                        |
|                         | <b>£m</b>                         | £m                          |
| Loans to joint ventures | <u>7</u>                          | <u>4</u>                    |

### 13. Alternative performance measures

Redrow uses return on capital employed (ROCE) as one of its financial measures. The Directors consider this to be an important indicator of whether the Group is achieving appropriate returns on its invested capital. As this is not defined or specified by IFRSs, a definition and calculation is provided below:

Capital employed is defined as total equity plus net debt or minus net cash.

ROCE - at half year end, this is calculated as operating profit for the 12 months to December before exceptional items as a percentage of the average of current year December and prior year December capital employed.

|                                       | <b>December<br/>2019<br/>£m</b> |                                | December<br>2018<br>£m |
|---------------------------------------|---------------------------------|--------------------------------|------------------------|
| <b>Operating Profit</b>               |                                 |                                |                        |
| 6 months to December 2019             | 159                             | 6 months to December 2018      | 187                    |
| 12 months to June 2019                | 411                             | 12 months to June 2018         | 382                    |
| 6 months to December 2018             | (187)                           | 6 months to December 2017      | (175)                  |
| <b>12 months to December 2019</b>     | <b>383</b>                      | 12 months to December 2018     | 394                    |
| <b>Capital Employed</b>               |                                 |                                |                        |
| Total equity December 2019            | 1,642                           | Total equity December 2018     | 1,560                  |
| Net cash December 2019                | (14)                            | Net cash December 2018         | (101)                  |
| <b>Capital employed December 2019</b> | <b>1,628</b>                    | Capital employed December 2018 | 1,459                  |
| Total equity December 2018            | 1,560                           | Total equity December 2017     | 1,343                  |
| Net cash December 2018                | (101)                           | Net debt December 2017         | 35                     |
| <b>Capital employed December 2018</b> | <b>1,459</b>                    | Capital employed December 2017 | 1,378                  |
| <b>Average capital employed</b>       | <b>1,544</b>                    | Average capital employed       | 1,419                  |
| <b>ROCE %</b>                         | <b>25%</b>                      | ROCE %                         | 28%                    |

### 14. General information

Redrow plc is a public limited company incorporated and domiciled in the UK and has its primary listing on the London Stock Exchange.

The registered office address is Redrow House, St David's Park, Flintshire, CH5 3RX.

## Financial Calendar

|  |                   |
|--|-------------------|
| Interim dividend record date                         | 6 March 2020      |
| Interim dividend payment date                        | 9 April 2020      |
| Announcement of results for the year to 30 June 2020 | 9 September 2020  |
| Final dividend record date                           | 25 September 2020 |
| Circulation of Annual Report                         | 28 September 2020 |
| Annual General Meeting                               | 6 November 2020   |
| Final dividend payment date                          | 13 November 2020  |

## 15. Shareholder enquiries

The Registrar is Computershare Investor Services PLC. Shareholder enquiries should be addressed to the Registrar at the following address:

Registrars Department  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ

Shareholder helpline: 0370 707 1257

## 16. Risks and Risk Management

| Risk  | Risk Owners             | Key Controls and Mitigating Strategies  |
|---|-------------------------|---|
| <p><b>Housing Market</b><br/>The UK housing market conditions have a direct impact on our business performance.</p>             | Chief Operating Officer | <p>Market conditions and trends are being closely monitored allowing management to identify and respond to any sudden changes or movements.</p> <p>With underlying build costs continuing to rise and house price inflation remaining relatively subdued we maintain tight controls on costs and continue to build our relationships with key suppliers and broaden our supplier base.</p> <p>Weekly review of sales at Group, divisional and site level.</p> <p>Ensuring strong relationships with lenders and valuers to ensure they recognise our premium product.</p> <p>Ongoing and regular monitoring of Government policy and lobbying as appropriate.</p> <p>Following the recent election delivering a strong majority, there is a clearer view of the direction of Brexit.</p> <p>Although clear guidance is a benefit to the economy there remain considerable unknowns surrounding the UK leaving the EU.</p> |
| <p><b>Availability of Mortgage Finance</b><br/>Availability of mortgage finance and increased lending criteria requirements</p> | Group Finance Director  | <p>Proactively engage with the Government, Lenders and Insurers to support the housing market.</p> <p>Expert New Build Mortgage Specialists provide updates on and monitoring of regulatory change.</p>   |

|  |   |   |
|--|---|---|
| are key factors in the current environment.  |   | The threat of early withdrawal of Help to Buy dissipated.   |
| <b>Liquidity and Funding</b><br>The Group requires appropriate facilities for its short-term liquidity and long-term funding.  | Group Finance Director  | Suitable committed banking facilities with covenants and headroom.<br><br>Regular communication with our investors and relationship banks, including visits to developments.<br><br>Regular review of our banking covenants and capital structure.<br><br>Ensuring our future cash flow is sustainable through detailed budgeting process and reviews.<br><br>Strong forecasting and budgeting process.   |
| <b>Customer Service</b><br>Failure of our customer service could lead to relative under performance of our business.   | Group Customer and Marketing Director   | My Redrow website to support our customers purchasing their new home.<br><br>Hard Hat Tours for customers of their new home at an appropriate stage of production.<br><br>Regular review of our marketing and communications policy at both Group and divisional level.   |
| <b>Land Procurement</b><br>The ability to purchase land suitable for our products and the timing of future land purchases are fundamental to the Group's future performance.                                 | Group Development Director  | Proactive monitoring of the market conditions to implement a clear defined strategy at both Group and divisional level.<br><br>Experienced and knowledgeable personnel in our land, planning and technical teams.<br><br>Effective use of our Land Bank Management system to support the land acquisition process and monitor opportunities has led to the risk decreasing overall.<br><br>Peer review by Legal Directors and use of third party legal resources for larger site acquisitions to reduce risk. |
| <b>Planning and Regulatory Environment</b><br>The inability to adapt to changes within the planning and regulatory environment could adversely impact on our ability to comply with regulatory requirements. | Group Development Director<br><br>Group Human Resources Director<br><br>Group Company Secretary | Close management and monitoring of planning expiry dates and CIL.<br><br>Well prepared planning submissions addressing local concern and deploying good design.<br><br>Careful monitoring of the regulatory environment and regular communication of proposed changes across the Group through the Executive Management Team.<br><br>Proactive approach to the introduction of GDPR with a broad based project team defining and implementing new policies and procedures.                                    |
| <b>Appropriateness of Product</b><br>The failure to design and build a desirable product for   | Group Design and Technical Director   | Regular review and product updates in response to the demand in the market and assessment of our customer needs.  |

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| <p>our customers at the appropriate price may undermine our ability to fulfil our business objectives.</p>   |   | <p>Design focused on high quality build and flexibility to planning changes.</p> <p>Regular site visits and implementation of product changes to respond to demands.</p> <p>Introduction of Internal Product Review Panel.</p>   |
| <p><b>Attracting and Retaining Staff</b><br/>The loss of key staff and/ or our failure to attract high quality employees will inhibit our ability to achieve our business objectives.</p>  | <p>Group Human Resources Director</p>                     | <p>Personal Development Programmes supported by National training centres at four locations.</p> <p>Graduate training, Undergraduate placements and Apprentice training programmes to aid succession planning.</p> <p>Development of a bespoke housebuilding degree course in conjunction with Liverpool John Moores University and Coleg Cambria.</p> <p>Remuneration strategy in order to attract and retain talent within the business is reviewed regularly and benchmarked.</p> <p>Engagement Team and continued refinement of internal communications platform in addition to annual employee survey to create framework for strong, two-way communication.</p>  |
| <p><b>Health and Safety/ Environment</b><br/>Instances of non-compliance with Health &amp; Safety standards and Environmental regulations could put our people and the environment at risk, ultimately damaging our reputation.<br/>Increased levels of scrutiny of the housebuilding industry heightens the risk environment.</p> | <p>Group Health and Safety and Environmental Director</p> | <p>Dedicated in-house team operating across the Group to ensure compliance of appropriate Health and Safety standards supported by external professional expertise.</p> <p>Separate focus on Assurance visits to site and proactive management support to develop planning and processes.</p> <p>Monthly Divisional H, S &amp; E Leadership meetings.</p> <p>Tri-annual Group H, S &amp; E Leadership meetings.</p> <p>Internal and external training provided to all employees.<br/>Divisional Construction (Design and Management) Regulation (CDM) inspections carried out to assess our compliance with our client duties under CDM.</p> <p>Health and Safety discussion at both Group and divisional level board meetings.</p> <p>CDM competency accreditation requirement as a minimum for contractor selection process.</p> |
| <p><b>Key Supplier or Subcontractor Failure</b><br/>The failure of a key component of our supply chain to perform due to financial failure or production issues could disrupt our ability to deliver</p>   | <p>Group Commercial Director</p>                          | <p>Use of reputable supply chain partners with relevant experience and proven track record.</p> <p>Monitoring of subcontract supply chain to maintain appropriate number for each trade to identify potential shortage in skilled trades in the near future.</p>   |

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| <p>our homes to programme and budgeted cost.</p>  |                                  | <p>Subcontractor utilisation on sites monitored to align workload and capacity.<br/>Materials forecast issued to suppliers and reviewed regularly.</p> <p>Group Monthly Product Development meetings to identify and monitor changes in the regulatory environment.</p>  |
| <p><b>Cyber Security</b><br/>Failure of the Group's IT systems and the security of our internal systems, data and our websites can have significant impact to our business.<br/>The introduction of GDPR has increased the requirements for the control of personal data.</p> | <p>Chief Information Officer</p> | <p>Communication of IT policy and procedures to all employees.</p> <p>Regular systems back up and storage of data offsite.<br/>Internal IT security specialists.</p> <p>Use of third party entity to test the Group's cyber security systems and other proactive approach for cyber security including Cyber Essentials Plus accreditation.</p> <p>Compulsory GDPR and IT security online training to all employees within our business.</p> |
| <p><b>Fraud/Uninsured Loss</b><br/>A significant fraud or uninsured loss could damage the financial performance of our business.</p>  | <p>Group Finance Director</p>    | <p>Systems, policies and procedures in place which are designed to segregate duties and minimise any opportunity for fraud.</p> <p>Regular Business Process Reviews undertaken to ensure compliance with procedure and policies followed by formal action plans.</p> <p>Timely management reporting.</p> <p>Insurance strategy driven by business risks.</p> <p>Fraud awareness training.</p>  |

## **Responsibility Statement**

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- the interim management report includes a fair review of the information required by:
  - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

During the period since the approval of the Redrow plc Annual Report for the year ended 30 June 2019, Nicky Dulieu was appointed to the board on 6 November 2019 following the close of the 2019 Annual General Meeting.

### **The Directors of Redrow PLC as at the date of this statement are:**

John Tutte  
Matthew Pratt  
Barbara Richmond  
Nicholas Hewson  
Sir Michael Lyons  
Vanda Murray  
Nicky Dulieu

### **By order of the Board**

Graham Cope  
Company Secretary

4 February 2020

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

## **Independent Review Report to Redrow plc**

### **Report on the half-yearly report**

#### **Conclusion**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31<sup>st</sup> December 2019 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31<sup>st</sup> December 2019 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules (“the DTR”) of the UK’s Financial Conduct Authority (“the UK FCA”).

#### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **The impact of uncertainties due to the UK exiting the European Union on our review**

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

#### **Directors’ responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA. The interim financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

#### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

#### **The purpose of our review work and to whom we owe our responsibilities**

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Nick Plumb  
**For and on behalf of KPMG LLP**  
Chartered Accountants

KPMG LLP  
8 Princes Parade  
Liverpool  
L3 1QH

4 February 2020