

Redrow plc

28 June 2016

TRADING STATEMENT

Redrow plc is releasing the following statement regarding trading for the 2016 financial year, ahead of its annual results announcement on 6 September 2016, due to its strong performance which will result in pre-tax profit being above the top end of analysts' estimates, currently £240m.

In the run up to the EU referendum there was no impact on house sales or visitor levels. Although it is too early to tell whether Brexit will have any effect on future sales, initial feedback is that sites remain busy, reservations continue to be taken and, indeed, we witnessed long queues and strong reservations at new sites launched last weekend. The fact remains that there is a long term underlying demand for new homes following decades of under supply. This chronic shortage of housing leaves market fundamentals unchanged.

The new homes market remained strong throughout the period as the mortgage market continued to improve. The value of private reservations achieved for the year, driven by strong regional growth, was a record £1.56bn, up 46% on 2015 (£1.07bn). The Private Order Book at the end of June 2016 is £807m, up over 50% on June 2015. The sales rate for the financial year was 0.68 per week, in line with the previous year. The number of active outlets at the year end increased to 128 (2015: 117) in line with previous guidance.

In Central London, the developments at Commercial Street and Amberley Waterfront are now completed and significant progress has been made at Holland Park Avenue and Connaught Place, where just a handful of plots remain. All other London developments, including the Croydon Joint Venture, have sold either in line with or exceeding management expectations. Indeed, at Colindale, in just a few months the order book has reached £116m, including a 211 unit sale to L&Q.

As a result of the Group's strong sales position, turnover for the financial year totalled a record £1.38bn, 20% up on 2015 (£1.15bn). The number of homes legally completed increased by 17% to 4,716 (2015: 4,022), with private completions increasing by 12% to 3,882 (2015: 3,451). The Average Selling Price of private homes was £328,500 (2015: £297,300).

The combination of higher than expected turnover and favourable payment terms on land purchases has resulted in a closing net debt position of £139m, a 10% reduction on 2015 (£154m).

The Group will publish its results for the year to June 2016 on 6 September 2016.

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