2021
HALF-YEARLY REPORT

REDROW

Value Through Collaboration

SUNNINGDALE GREEN, HERNE BAY, KENT

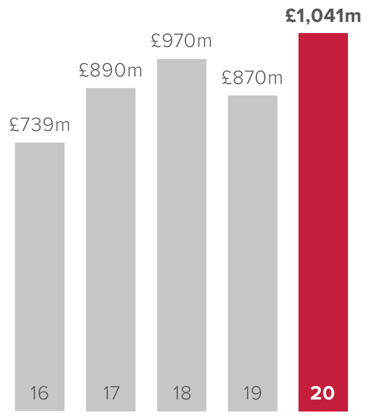
Contents

Find more information at:
redrowplc.co.uk

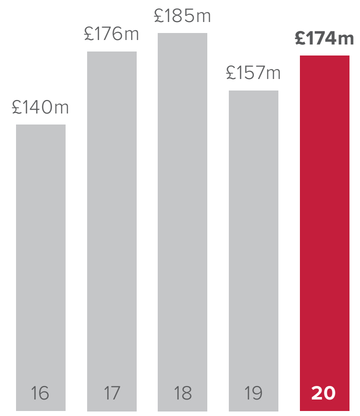
COVER IMAGE: THE OAKS AT TAYLORS CHASE, WARRINGTON, CHESHIRE

REDROW HALF-YEARLY REPORT 2021

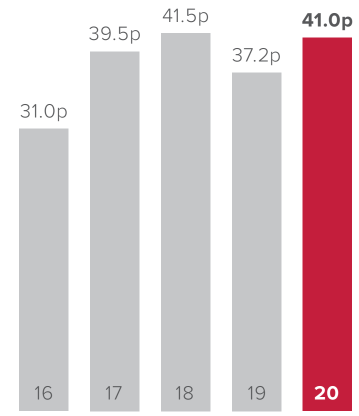
Results Summary



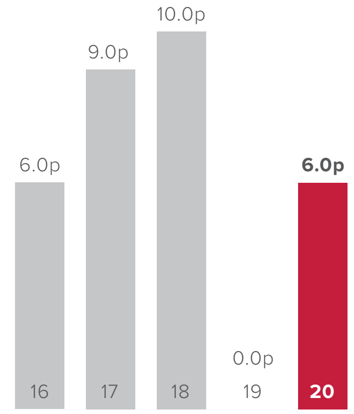
£1,041m
Revenue
+20%



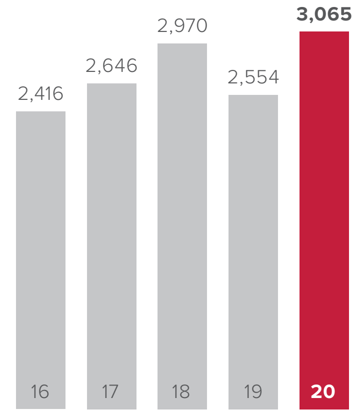
£174m
Profit before tax
+11%



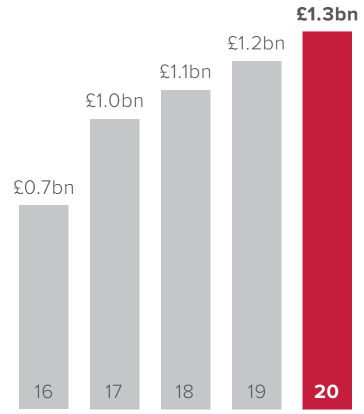
41.0p
Earnings per share
+10%



6.0p
Interim dividend per share
Dividend payment resumed



3,065
Legal completions
+20%



£1.3bn
Order book
+8%

Group Chief Executive's Statement

"The Group delivered a strong first-half performance whilst continuing to operate under strict COVID-secure procedures."

MATTHEW PRATT
Group Chief Executive

OVERVIEW

The Group delivered a strong first-half performance whilst continuing to operate under strict COVID-secure procedures. Completions were 20% ahead at 3,065 homes (2020: 2,554). During a period of intensive activity to rebuild output, it is pleasing to report we have maintained high levels of customer satisfaction and I am grateful to our teams for their ongoing hard work and commitment during these challenging times.

As a result of the high number of completions and resultant reduction in work in progress, the Group reversed an opening net debt position of £126m to end the first half with net cash of £238m. The Group has previously signalled its intention to resume dividends in 2021 and the Board has declared an interim dividend of 6p.

We have seen a strong sales market during the first half driven by a combination of pent-up demand from the first national lockdown, the introduction of the Stamp Duty holiday and the impending end of the Help to Buy scheme for existing home owners. Demand in the regions for our Heritage homes has been particularly high as more buyers reflect on their lockdown experiences and prioritise space in their homes and access to green areas. The private revenue per outlet per week on a like-for-like basis in the first half (excluding PRS) was 13% ahead at £274,000 (2020:£243,000). As a consequence, we entered the second half with a total order book of £1.3bn (2020: £1.2bn).

Last year we announced our intention to scale down our London business to focus solely on our flagship Colindale development. We have to date exited four of the six sites not in build and expect to exit the remaining two before the end of the financial year.

OUR FINANCIAL PERFORMANCE

Group revenue was £1,041m in the first half compared to £870m last year due to legal completions increasing from 2,554 to 3,065.

The growth in completions benefited from very high levels of work in progress carried into the new financial year and a record opening forward order book following the first national lockdown.

Private completions of 2,430 were ahead by 365 and affordable completions at 635 were 146 higher than the same period last year. Affordable homes comprised 21% (2020: 19%) of total completions. The private average selling price was unchanged at £387,000 (2020: £387,000).

The gross margin at 21.3% (2020: 23.9%) was below the level in the same period last year mainly due to higher build cost as a result of COVID measures. However, it was ahead of our guidance for the 2021 full year gross margin of 20.5% due primarily to tenure mix. The full year guidance remains unchanged, as the second half margin will be impacted by completion of two PRS apartment contracts from the lower margin London build out developments and a higher proportion of affordable housing.

Administrative expenses reduced from £49m to £44m as a result of a number of cost saving measures undertaken in the final quarter of the last financial year due to COVID-19. Administrative expenses in the second half are expected to increase reflecting the Group's investment to rebuild and grow the business. As a result, we are expecting the full year operating margin to be approximately 15.5%.

Operating profit increased from £159m to £178m, as a direct result of the increased turnover, and pre-tax profit was £174m (2020: £157m). Earnings per share were up 10% at 41.0p (2020: 37.2p).

At the end of December 2020, the Group had net cash of £238m compared to net debt of £126m at the end of June 2020 as we converted our high level of brought forward work in progress into completions. Whilst we have significant deferred land payments in the second half together with investing in new sites to grow the business, we still expect to end the year with net cash of over £100m.

Given the Group's cash position and order book, the Board has resumed dividend payments with an interim dividend of 6p (2020: 0p). The interim dividend will be paid on 9th April 2021 to holders of ordinary shares on the register at close of business on 26th February 2021.

STRATEGY UNDERPINNING DEMAND AND CUSTOMER SATISFACTION

The changing trends in home ownership, accelerated by COVID-19, align with Redrow's Heritage product and 'Better Way to Live' philosophy. Our differentiated strategy taps into customers' changed priorities that balance work, home and the local community into a more sustainable lifestyle.

As a result, Redrow's larger, quality family homes - located in great places with plenty of open space - are proving more desirable than ever before.

The alignment of these trends with our unique product and places generated strong pent-up demand across our divisional network as we emerged from the first lockdown. Demand has remained resilient with strong forward sales secured beyond the cut-off dates of the existing Help to Buy scheme and the Government's Stamp Duty holiday.

Whilst reservations for the Group as a whole were unchanged year on year, those for the ongoing business, comprising the regions outside London plus Colindale (excluding PRS), was up 6% at £819m (2020: £772m) and the sales rate was up 11% at 0.69 (2020: 0.62). We will continue to target growth in the regions to offset the scaling down of the London business.

The successful Help to Buy scheme, in its current form since 2013, has helped thousands of people take a step onto the housing ladder and move-up into homes that better match their needs. It has now closed to applications and a new scheme has been launched restricting participation to first time buyers and capping prices on a regional basis.

The price caps favour buyers in the south of the country where they are considerably higher. Notwithstanding this, it is pleasing to note that as we progressed through the first half, reservations were not materially affected by these changes as our homes are targeted more at second time movers who often have larger deposits and an element of equity. Help to Buy was utilised on 44% of our private reservations in the first half (2020: 42%) (excluding PRS).

The market remained strong and we are seeing house price inflation across all of our operating areas except London.

We welcomed the Chancellor's introduction of the Stamp Duty holiday, which is expected to end on 31st March 2021. It is an important initiative, which has led to a positive economic ripple effect beyond the new homes market. The success of the holiday illustrates that high levels of Stamp Duty deter buyers and we continue to urge Government to undertake a reform of the tax to make homes more affordable in the longer term.

PENLANDS GRANGE, HAYWARDS HEATH, WEST SUSSEX

Group Chief Executive's Statement continued

In its current form, Stamp Duty is an arbitrary tax, which inhibits mobility and reduces the liquidity of the housing market. Ultimately, it penalises those looking to relocate for work or wanting to downsize as part of retirement plans. Stamp Duty needs to be reformed to help the housing market work more effectively and to stimulate more transactions, which will in itself drive tax generation throughout the home buying supply chain of estate agents, solicitors, removals, furnishings etc.

Despite a 20% increase in turnover in the first half, we have continued to maintain a very strong order book. At the end of the first half, we had a record December total order book of £1.3bn (2020: £1.2bn) of which 72% is contracted.

Outlets averaged 116 (2020: 129) and the value of private reservations per outlet per week (excluding PRS) was 13% ahead at £274k (2020: £243k). Combining our higher than industry average selling price together with our strong sales rate continues to deliver industry leading reservation values per outlet.

BREXIT AND COVID-19

Following the UK's exit from the European Union, we have not experienced any disruption to our supply chain and we anticipate cost inflation to remain at around 2% to 3%, which we expect to be offset by house price inflation. Our long-standing supplier and sub-contractor relationships and tight cost controls both help to mitigate cost pressures.

Operating within a further national lockdown continues to present challenges. Our sales centres are open on an appointment-only basis, with comprehensive COVID-19 measures in place. Most of our office-based colleagues are working from home and, if required, can self-isolate at home whilst continuing to work. There has been some impact on build as an increasing number of subcontractor colleagues are unable to work whilst self isolating. We expect to see this situation improve as the country's overall COVID-19 infection rate decreases.

Over the last decade, we have been implementing an IT strategy with fully integrated and bespoke online services, including online reservations, tablet-based quality management systems and online customer extras. This investment has proven to be invaluable during COVID-19 helping customers and colleagues alike to connect with Redrow online. This has helped to maintain high levels of customer service and endorsed the Group's COVID-secure procedures.

We are pleased to have launched our Homeowner Support portal where customers can review helpful videos, see warranty information and log and upload photos of any issues for review and action.

The new system provides clear and accurate information for our customer service teams. Once the system is fully utilised we will be able to analyse data highlighting common faults, frequency and location so we can work with our teams to eradicate recurring issues.

Once again, we will retain our Five Star customer service rating. Our customer recommendation score is trending well above the previous closed survey year (2020: 91.9%). We have now held this award for eight out of the last eleven years and for the last three years consecutively. We continue to perform well on Trustpilot with an 'Excellent' rating with 4.6 stars from over 2,000 reviews.

LAUNCH OF REDROW 2025

During the period under review, I launched 'Redrow 2025.' Every Redrow colleague is being tasked to reimagine how the business should, and will, look in five years' time with a focus on innovation and embracing new ways of working.

These ideas will be captured underneath our three strategic pillars: Valuing People, Building Responsibly and Thriving Communities. These themes are embedded within our business and all colleagues have a clear understanding of how they contribute to them - ensuring that sustainability is woven into our business strategy and culture.

Again looking to the future, and in these difficult times when young people have been particularly hard hit, I am very proud of the fact we have recruited an additional 32 graduates, and a new intake of 19 sponsored degree students and maintained our apprentice numbers at around 210. In total, we now have 330 trainees within the business.

We are currently trialling new technology as we prepare for 2025 and the introduction of the Future Home Standards, which will see the removal of fossil fuels used within a new home. At the same time, our 'Reduce the Rubble' project is investigating how we can reduce waste during the homebuilding process.

LAND AND PLANNING

Our positive outlook for the future gives us the confidence to invest in land to rebuild and grow the business, including the replacement of the outlets from our previous London holdings.

The Group added 2,284 plots with planning and the owned and contracted land holdings with planning closed at 26,130 plots (June 2020: 27,000 plots). The Group is processing a sizeable pipeline of sites with terms agreed and we therefore expect acquisitions to accelerate in the second half.

Due to the nature of our product, we continue to invest in primary locations across the country. In the period, we have increased our strategic land holding which now contains a number of large key sites, which will support the company's growth targets. These larger holdings are expected to transfer in whole or part to our current land holdings over the next 12 months.

BOARD CHANGES

In advance of John Tutte's retirement ahead of the forthcoming AGM, the process of recruiting a new Chairman is progressing well.

CURRENT TRADING AND OUTLOOK

In the six weeks to 5th February, private reservations in terms of value have averaged £265,000 per outlet per week (2020: £298,000). This is below a very strong comparable last year and is also being affected by reduced availability of product created by the strong forward sales position. The private sales rate of 0.67 per outlet per week (2020: 0.78) is however in line with our long term expectation of trading within a more normal market.

The acceleration of changing buyer trends, which are completely aligned to Redrow's strategy, point to a positive outlook for the business. Our private forward sold position of £750m beyond the end of both the original Help to Buy scheme and the Stamp Duty holiday, demonstrates the resilience of our target market and the desirability of our product and the places we create.

Our people, sub-contractors and partners have embraced our comprehensive COVID-19 measures, which have been embedded into every aspect of Redrow's operations. I would like to thank them, once again, for their hard work, understanding and continued passion to deliver our high quality products and places.

These fundamentals, alongside the encouraging progress being made to tackle the pandemic, mean we can look confidently to the future and fulfil our ambitions to rebuild and grow the business.

MATTHEW PRATT
Group Chief Executive

10 February 2021

KINGS MOAT GARDEN VILLAGE, CHESTER

Value Through Collaboration

Whilst building homes and creating communities is our business, at Redrow we are as much about people as we are about bricks and mortar. That's why Valuing People is one of our three strategic pillars and our people make us who we are. From the customers we serve to all of our colleagues and the suppliers, sub-contractors and service providers we partner with.

In every area of our business we place a high value on teamwork, cooperation, mutual respect and building relationships based on trust. This collaborative approach has enabled us to grow our business while providing the highest levels of service and quality of homes for our customers.

WORDEN GARDENS, LEYLAND, LANCASHIRE

Its influence has also been seen in our rapid and effective response to the Coronavirus pandemic, with our people working together to swiftly put best-practice measures in place and ensure the ongoing safety of our customers and colleagues.

By cultivating a shared sense of purpose, we've also been able to evolve our product range and our brand, introduce new technology and develop exciting new Customer Experience Suites – an evolution of our sales centres designed to enhance the customer journey.

From considering the needs and aspirations of our customers, to the impact on our colleagues and sub-contractors, we've worked tirelessly in this period, introducing new initiatives and changing working practices to ensure our business adapts and thrives. Our ongoing investment in technology over the past decade has proved invaluable during the pandemic and ensured that we are well placed to support our customers and colleagues digitally via our online platforms.

Our Homes

The design of our homes is constantly evolving to meet the needs and aspirations of our customers. They are at the forefront of everything we do.

A DESIGNATED AREA FOR A HOME OFFICE

PLENTY OF SPACE FOR HOME SCHOOLING

We have continued to adapt and improve our homes based on the very latest customer research into how people want to live. We've also focused on how their priorities have changed since the COVID pandemic and the impact of lockdowns.

Our product range, with its emphasis on larger homes and flexible living spaces, lends itself to families who are now spending more time at home. Our designs provide a balance of open plan living spaces and separate, more private spaces to accommodate all of a family's needs. Our houses all have private gardens and the majority of apartments include a terrace or balcony so people have access to fresh air and outdoor space.

We're incorporating designated home offices into many of our designs and now offer bespoke office furniture options through My Redrow. Our new homes also come with Fibre to the Premises broadband for ultrafast internet speeds, a must when several members of the family are at home and using several devices at once.

We've also begun work on an important new research project that will trial low-carbon heating technology combined with home automation systems, battery storage and solar technology. We will be comparing performance data and residents' feedback from two homes, one using the new technology and the other which uses a gas boiler and has a traditional heating and hot water system. The two neighbouring homes will be occupied by families that are of a similar size and circumstance for 12 months.

Awards Highlights

5 STAR HOME BUILDER CUSTOMER SATISFACTION HBF 2020 HOME BUILDERS FEDERATION

NHBC PRIDE IN THE JOB AWARDS 2020 QUALITY AWARD

FT LEADER IN DIVERSITY 2020

The 2020 Peer Awards WINNER FOR EXCELLENCE

GLOBAL GOOD AWARDS UK 2020 FOR PEOPLE, PLANET + PROFIT WITH PURPOSE

UNITED KINGDOM PROPERTY AWARDS AWARD WINNER 2019-2020

Value Through Collaboration continued

Our Customers

Ensuring a smooth, productive and enjoyable customer journey is essential and is also a key part of our Building Responsibly pillar. We have also begun the process of updating our sales centres to enhance the customer journey even further.

The result is our new and exciting Customer Experience Suites. Bright and inviting, their new features include digital welcome screens that can carry personalised messages, digitally controlled content screens, interactive site plans showing availability and digital brochures and pricing. There's also greater emphasis on Redrow's sustainability credentials, with new interactive community signage.

So much more than a sales centre and designed to be an end-to-end hub (somewhere our customers will make use of from pre-reservation to post-moving in), the new Customer Experience Suites will begin to be rolled out across the business from March 2021.

Keeping our customers safe during COVID-19 has remained a top priority and we have continued to enable customers to book appointments via our online system for sales centre and show home visits. We also offer virtual appointments for customers who prefer this option or when lockdown rules have prohibited face to face meetings.

We've also invested in a new customer video messaging app, which is a fresh, innovative way to share personalised communications with our customers. It follows the successful introduction of our video Hard Hat tours, which allowed homebuyers to see inside their homes during construction. The new app can be used in lots of different ways, including to let customers know when the home they want becomes available or to let customers put a name to a face before a meeting, for example. Twenty-two developments are already live and participating in a trial ahead of a Group-wide roll-out.

Excellent

Trustpilot

For those who've already moved in we've recently extended our online members area, My Redrow, to include Homeowner Support, providing a series of useful 'how to' videos, features, help and advice to customers on maintaining their home. This includes an interactive self-help area to review warranty standards guidance and report any post-completion warranty issues online.

We've also produced a new Sustainable Living Guide for our customers, which contains valuable information on how they can use their new Redrow home more efficiently and benefit from inherent design features which contribute to their wellbeing. This will be made available to all new customers.

OUR NEW CUSTOMER EXPERIENCE SUITE

Our Colleagues

Our employees' skills, knowledge and experience are one of our biggest assets. For us, the exceptional value our colleagues bring to the business is our return for our investment in their human capital.

Never has this been more important than during recent months when they have risen to all of the challenges presented by COVID-19. The hard work, dedication and flexibility of colleagues to adapt to new working practices, including frequent home working, and adopting new digital technology, has been central to Redrow's strong performance during this period.

Mindful that many of our colleagues are frequently working alone and from home, our weekly digital newsletter regularly reminds them of the extra resources available to help them and also provides tips on how to look after their own mental health and wellbeing. We've also run webinars to provide both financial and wellbeing expertise and nearly 600 people took up our offer of free flu jabs at the start of winter.

Our Engagement groups have continued to operate in every division, allowing colleagues to generate ideas and have valuable input into activities in their area. We coordinated a special Colleague Week to celebrate our teams and give something back. We used this period to extend and enhance the employee benefits we offer, including several measures designed to have a positive impact on family life, e.g. enhanced maternity and paternity pay, making extra holidays available and flexible working. A new monthly employee recognition scheme in each division brings with it a financial reward and, recognising the loyalty of our colleagues, we are now celebrating long-service much earlier with rewards for five years' service, as well as for ten years and longer milestones.

Flexible Working

The introduction of flexible working promotes a better work life balance for our colleagues

Extra Holidays

Extra holidays can now be purchased and days can also be sold or carried over

Maternity/Paternity Pay

Our packages have been enhanced to further support colleagues as they expand their families

Dress Codes Relaxed

Office based colleagues can now enjoy a more relaxed dress code whilst at work

Employee Recognition

Our newly introduced scheme operating in each division offers a financial reward

Earlier Service Rewards

Length of service is now rewarded much earlier including five and ten years and longer milestones

Value Through Collaboration continued

Our Investment in Talent

Despite COVID-19, Redrow has maintained its commitment both to new entrants and to supporting and nurturing existing colleagues. All succession activities have continued, with personal development programmes and coaching moved to remote provision so that colleagues can continue with their chosen career paths.

Our different leadership programmes have continued to help talented individuals progress within the business, with notable examples including Claire Jarvis promoted to Managing Director of our Lancashire division; and Rose Sandell taking responsibility for Partnerships and Affordable Housing, Sustainability and Master Planning, under the umbrella of Group Communities Director.

Elsewhere within the business there have been numerous upward moves including Shane Levy becoming Head of Commercial in South East and Robbie Shuttle moving from Senior QS to Shane's previous Commercial Manager role. Both have been part of our Enhance leadership programme for middle managers. Noah Overton, once a graduate trainee, has advanced his career through Aspire and Enhance to become a Senior Land Manager.

Graduates and under-graduates have been to the fore this year too. We recruited 19 young people, many of them school leavers, for our Construction Management in Housebuilding sponsored degree programme, as planned. Run in conjunction with Liverpool John Moores University and Coleg Cambria, this 'earn while you learn' route is a very safe alternative to traditional academic study and allows individuals to earn a BSc degree in Construction Management without incurring huge student debt.

Then, recognising the particularly tough time those graduating in 2020 were facing because of the pandemic, we took a decision to recruit 32 new graduates to a wide range of roles.

The new recruits have now joined various departments across all our divisions, with roles including IT, HR, Sustainability, Commercial, Land, Construction and Technical.

New starter inductions, as well as ongoing learning and development, have moved largely on line, utilising Zoom technology and other digital tools. The ability to deliver our 'This is Redrow' induction digitally means people can get this valuable insight into the business and its culture as soon as they join the company instead of waiting for the next in-situ course.

We've worked closely with Group Construction Manager Zara Barrow and divisional Construction Directors to streamline our construction induction training for new Site Managers. A combination of Zoom training sessions, e-learning and working with one of our experienced site managers during week one means they are brought rapidly up to speed with Redrow's bespoke Health & Safety policies and procedures, IT systems and software programmes; so are fully ready to take on their own sites in week two.

We continue to employ and train apprentices in a variety of trade, commercial and administrative roles and have been collaborating with NHBC on a national pilot to fast-track trade apprentices and develop an on-site centre of excellence. Further announcements will be made this spring.

WELCOMING OUR NEW GRADUATES

APPRENTICES EMPLOYED IN A VARIETY OF TRADES

Our Places

Redrow is committed to creating Thriving Communities, places where people can thrive, with open spaces for residents to enjoy and amenities that encourage neighbours to come together. The benefits of this commitment have been highlighted further by COVID-19.

GREAT OLDBURY, STONEHOUSE, GLOUCESTERSHIRE

We have developed an online process for the review of all masterplans and layouts, which has proved to be a very effective and efficient way of ensuring all emerging design concepts meet our eight key placemaking principles set out in Redrow 8.

In collaboration with stakeholders and experts, facilitated by the Design Commission for Wales, we have developed a placemaking manual specifically for Wales; one which reflects key priorities in the national planning policy, e.g. children and families, play, active travel (walking and cycling), health and wellbeing, and sustainable drainage.

We've also produced a comprehensive Landscape Manual for all our developments, detailing a clear set of principles to deliver beautiful streets and places as well as contributing to meeting our biodiversity commitments. This sets out clear guidelines for over 20 spatial typologies ranging from new parks and drainage features to individual private gardens.

The Wildlife Trusts have provided input to help us fulfil the commitments we have made in our nature strategy.

Following the launch of our new Nature for People strategy last July, we are continuing our partnership with The Wildlife Trusts to implement the 15 commitments we have made. These are collectively designed to retain and enhance wildlife, encourage community participation and ensure long-term, effective management of our developments.

Biodiversity Net Gain pilot projects are underway to better understand the impact of this approach, to familiarise our teams with the process and tools involved, establish links with local Wildlife Trusts and examine what different levels of gain will mean for our design process.

Our Biodiversity Working Group is updating the land appraisal process, with the aim of flagging sensitive sites and seeking local advice from the Wildlife Trusts at an early stage. This will allow us to fully assess the potential for net gain, identify opportunities and assess risks.

Value Through Collaboration continued

Our Environmental Responsibilities

Redrow's commitment to building responsibly remains as strong as ever and we were delighted in September to win a silver award for Company of the Year at the Global Good Awards, presented annually for social and environmental sustainability.

Since then we have made advancements in a number of key areas that will add further weight to our environmental credentials and achievements.

We have disclosed to the CDP Forests Programme for the first time in order to maintain transparency in our reporting in this area and to continue to develop as industry leader in this field. We scored a 'C' in our first year of disclosure, which is in line with the global average, and are working on exceeding this score next year.

We have been researching the alternate use of Hydro-treated Vegetable Oil (HVO) fuel to reduce diesel usage on our sites. Diesel currently accounts for over half of our operational carbon emissions and impacts local air quality. We are due to begin trials shortly. We are also trialling a hybrid generator with solar PV and a smart energy management system, which can result in fuel savings of between 33% and 50%, while reducing emissions and bringing the added bonus of noise reduction due to the generator needing to operate for less time.

We have been undertaking a 'Reduce the Rubble' waste monitoring project at three locations in Yorkshire, Lancashire and the South East, to weigh and cost the amount of waste generated in building a typical Redrow home. Our assistant site managers have worked alongside Reconomy Waste Management Services to analyse and collect accurate data and the results will be used to improve resource efficiency, reduce waste and to work with the supply chain to reduce packaging.

As a 'by-product' of this project, unused wood from our sites has been repurposed as part of the national Community Wood Recycling Scheme. In Leeds, for example, after being de-nailed and made good, 60% of timber has been redirected to a reclaimed timber shop and 30% has been used for free community woodwork training.

We have also held four Waste and Resource Efficiency workshops for divisional colleagues, in partnership with the Supply Chain Sustainability School. These workshops have looked at resource efficiency and the circular economy, including practical measures to reduce waste and the financial benefits that can be achieved.

Our commitment to sign up all of our developments to the Considerate Constructors Scheme, which promotes and achieves best practice for site appearance, protecting the environment, safety and respect for both the community and workforce, remains strong. By the end of the half year 98% of our sites were registered and our monitoring scores continue to improve as we work to maximise our score.

We finished the half year with an average NHBC Construction Quality Review ('CQR') score of 82% from 60 CQR site inspections across 12 divisions. Our monthly and year to date positions throughout this period have remained consistently greater than our 75% benchmark target score. CQRs in January 2021 averaged 92%, bringing the year to date average up to 82%.

REDUCE THE RUBBLE WASTE MONITORING PROJECT

Our Sub-Contractors and Supply Chain

Valuing the people who build our homes goes far beyond our direct employees. We also have a large body of loyal sub-contractors who are part of the Redrow family and long-standing relationships with our supply chain, which has undoubtedly helped mitigate risk of labour or materials shortages in the current climate.

WORKING WITH OUR SUPPLIERS TO HELP MAINTAIN STOCK LEVELS

We have been working closely with our suppliers to ensure that stock levels are maintained and to monitor any potential supply risks and source alternatives where necessary. Special safety measures, social distancing, site signage and extra cleaning introduced during the first lockdown, have continued to be assessed, reviewed and refined throughout the period to ensure the health, safety and well-being of every person working on our sites.

A dedicated COVID-19 supervisor is employed on every site and every sub-contractor undergoes a special COVID induction. We continue to apply strict COVID-safe working practices at all times, with the opportunity for colleagues and co-workers to report any concerns in confidence.

COVID-19 SIGNAGE IN PLACE ON ALL DEVELOPMENTS

FINANCIAL STATEMENTS

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 adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- 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.

THE DIRECTORS OF REDROW PLC AS AT THE DATE OF THIS STATEMENT ARE:

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

By order of the Board

Graham Cope
Company Secretary

10 February 2021

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

Independent Review Report To Redrow plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the period ended 27 December 2020 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 up to note 15.

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 period ended 27 December 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union 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.

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 latest annual financial statements of the group were prepared in accordance with International Financial Reporting Standards as adopted by the EU and the next annual financial statements will be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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

8 Princes Parade
Liverpool
L3 1QH

10 February 2021

FINANCIAL STATEMENTS

Consolidated Income Statement

	Note	Unaudited 26 weeks ended 27 December 2020 £m	Unaudited 26 weeks ended 29 December 2019 £m	Audited 52 weeks ended 28 June 2020 £m
Revenue		**1,041**	870	1,339
Cost of sales		**(819)**	(662)	(1,097)
Gross profit		**222**	208	242
Administrative expenses		**(44)**	(49)	(94)
Operating profit		**178**	159	148
Financial income		**–**	1	2
Financial costs		**(4)**	(3)	(10)
Net financing costs		**(4)**	(2)	(8)
Profit before tax		**174**	157	140
Income tax expense	2	**(33)**	(29)	(27)
Profit for the period		**141**	128	113
Earnings per share – basic	4	**41.0p**	37.2p	32.9p
– diluted	4	**41.0p**	37.1p	32.8p

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

	Note	Unaudited 26 weeks ended 27 December 2020 £m	Unaudited 26 weeks ended 29 December 2019 £m	Audited 52 weeks ended 28 June 2020 £m
Profit for the period		**141**	128	113
Other comprehensive income/(expense)				
Items that will not be reclassified to profit or loss				
Remeasurements of post employment benefit obligations	5	**2**	(3)	1
Deferred tax on remeasurements taken directly to equity		**–**	1	–
Other comprehensive income/(expense) for the period net of tax		**2**	(2)	1
Total comprehensive income for the period		**143**	126	114

FINANCIAL STATEMENTS

Consolidated Balance Sheet

	Note	Unaudited As at 27 December 2020 £m	Unaudited As at 29 December 2019 £m*	Audited As at 28 June 2020 £m
Assets				
Intangible assets		**2**	2	2
Property, plant and equipment		**19**	17	19
Lease right of use assets		**6**	8	7
Investments		**–**	8	9
Deferred tax assets		**1**	4	1
Retirement benefit surplus	5	**24**	17	22
Trade and other receivables		**–**	7	–
Total non-current assets		**52**	63	60
Inventories	6	**2,454**	2,510	2,585
Trade and other receivables		**64**	37	38
Current corporation tax receivables		**–**	14	7
Cash and cash equivalents	8	**242**	89	44
Total current assets		**2,760**	2,650	2,674
Total assets		**2,812**	2,713	2,734
Equity				
Retained earnings at 29 June 2020/1 July 2019		**1,522**	1,481	1,481
Profit for the period		**141**	128	113
Other comprehensive income/(expense) for the period		**2**	(2)	1
Dividends paid		**–**	(72)	(72)
Movement in LTIP/SAYE		**2**	3	(1)
Retained earnings		**1,667**	1,538	1,522
Share capital	10	**37**	37	37
Share premium account		**59**	59	59
Other reserves		**8**	8	8
Total equity		**1,771**	1,642	1,626
Liabilities				
Bank loans	8	**4**	75	170
Trade and other payables	7	**144**	125	120
Deferred tax liabilities		**5**	4	5
Long-term provisions		**8**	8	8
Total non-current liabilities		**161**	212	303
Trade and other payables	7	**879**	859	805
Current income tax liabilities		**1**	–	–
Total current liabilities		**880**	859	805
Total liabilities		**1,041**	1,071	1,108
Total equity and liabilities		**2,812**	2,713	2,734

Redrow plc Registered no. 2877315

* Restated – see note 1

FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
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
At 29 December 2019 (Unaudited)	**37**	**59**	**8**	**1,538**	**1,642**
At 1 July 2019	37	59	8	1,481	1,585
Total comprehensive income for the period	–	–	–	114	114
Dividends paid	–	–	–	(72)	(72)
Movement in LTIP/SAYE	–	–	–	(1)	(1)
At 28 June 2020 (Audited)	**37**	**59**	**8**	**1,522**	**1,626**
At 29 June 2020	37	59	8	1,522	1,626
Total comprehensive income for the period	–	–	–	143	143
Dividends paid	–	–	–	–	–
Movement in LTIP/SAYE	–	–	–	2	2
At 27 December 2020 (Unaudited)	**37**	**59**	**8**	**1,667**	**1,771**

FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

	Note	**Unaudited 26 weeks ended 27 December 2020 £m**	Unaudited 26 weeks ended 29 December 2019 £m*	Audited 52 weeks ended 28 June 2020 £m
Cash flows from operating activities				
Profit for the year		**141**	128	113
Depreciation and amortisation		**2**	3	7
Financial income		**–**	(1)	(2)
Financial costs		**4**	3	10
Income tax expense		**33**	29	27
Adjustment for non-cash items		**6**	(3)	1
(Increase)/decrease in trade and other receivables		**(26)**	13	20
Decrease/(increase) in inventories		**131**	(213)	(181)
Increase/(decrease) in trade and other payables		**98**	86	(75)
Cash inflow/(outflow) generated from operations		**389**	45	(80)
Interest paid		**(1)**	(1)	(5)
Tax paid		**(25)**	(77)	(64)
Net cash inflow/(outflow) from operating activities		**363**	(33)	(149)
Cash flows from investing activities				
Acquisition of software, property, plant and equipment		**(2)**	(3)	(7)
Net payments to joint ventures		**4**	(2)	(3)
Net cash inflow/(outflow) from investing activities		**2**	(5)	(10)
Cash flows from financing activities				
Issue of bank borrowings		**–**	75	170
Repayment of bank borrowings		**(166)**	(80)	(80)
Payment of lease liabilities		**(1)**	–	(3)
Purchase of own shares		**–**	–	(16)
Dividends paid	3	**–**	(72)	(72)
Net cash (outflow) from financing activities		**(167)**	(77)	(1)
Increase/(decrease) in net cash and cash equivalents		**198**	(115)	(160)
Net cash and cash equivalents at the beginning of the period		**44**	204	204
Net cash and cash equivalents at the end of the period	8	**242**	89	44

* Restated – see note 1

FINANCIAL STATEMENTS

Notes to the Half-Yearly Financial Information

1. ACCOUNTING POLICIES

Basis of preparation

The condensed consolidated half-yearly financial information for the 26 weeks ended 27 December 2020 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 adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Directors consider this to be appropriate for the reasons outlined below.

The annual financial statements of the group for the 52 weeks to 27 June 2021 will be prepared in accordance with International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 28 June 2020 which were prepared in accordance with IFRSs as adopted by the EU.

Going concern

As a precaution against an extended lockdown, the Group increased its available banking facilities by £100m in April 2020. As a result, the Group has a £350m Revolving Credit Facility (RCF) provided by an established syndicate of six banks being Barclays Bank PLC, Lloyds Bank Plc, The Royal Bank of Scotland Plc, Santander UK PLC, HSBC UK Bank PLC and Svenska Handelsbanken AB (PUBL). This expires in December 2022 and is a committed unsecured facility. No change to the RCF covenants was made as a result of the increase to £350m. As at 10 February 2021, £350m of this facility was undrawn. It is likely that the RCF will be renewed prior to its expiry in December 2022.

In addition the Group has a further £13m of committed, unsecured facilities also expiring in December 2022 and £3m of unsecured, uncommitted facilities.

The Group also gained eligibility as an issuer for the Government's COVID Corporate Funding Facility (CCFF) with an issuer limit of £300m. Given the timely return to work and the effectiveness of measures to protect its cash flow, the Group has not used the CCFF and our forecasts do not assume the utilisation of this facility.

The Directors have prepared forecasts including cashflow forecasts for a period of 22 months from the date of approval of these financial statements to 30 December 2022. These forecasts indicate that the Group will have sufficient funds to meet its liabilities as they fall due, taking into account the following severe but plausible downside assumptions:

A 20% price reduction on all unexchanged private legal completions for FY21 and a 10% price reduction on all unexchanged social legal completions for FY21;

A 10% price reduction on all unexchanged private legal completions for FY22 and a 5% price reduction on all unexchanged social legal completions for FY22;

FY23 legal completions at September 2020 forecast prices; and

A reduction in sales rate to 0.4 per budgeted active outlet per week from January 2021 to Sept 2021.

These downside assumptions reflect the further potential impact of COVID-19 being increased economic uncertainty, further Government lockdown restrictions and increasing rates of unemployment and consumer confidence levels.

Allowing for the above downside scenario, the model shows the Group has adequate levels of liquidity from its committed facilities and complies with all its banking covenants throughout the forecast period. The Directors therefore consider that the Group will have sufficient funds to continue to meet its liabilities as they fall due for the forecast period and have therefore adopted the going concern basis of accounting in preparing these financial statements.

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

The half-yearly condensed consolidated report should be read in conjunction with the annual consolidated financial statements for the 52 weeks ended 28 June 2020, which have been prepared in accordance with IFRSs as adopted by the European Union.

This half-yearly financial information does 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 period ended 28 June 2020 are not the Group's statutory accounts for that financial year. Audited statutory accounts for the 52 weeks ended 28 June 2020 were approved by the Board of Directors on 15 September 2020 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) or (3) of the Companies Act 2006.

The principal accounting policies adopted in the preparation of this condensed half-yearly financial information are included in the annual consolidated financial statements for the 52 weeks ended 28 June 2020. The accounting policies are consistent with those followed in the preparation of the financial statements to the 52 weeks ended 28 June 2020 where there was a change in accounting in respect of Inventories. Inventories were previously stated net of cash on account (payments on account from social and private rented sector customers). These payments are now disclosed in Trade and Other payables and the 2019 comparatives have been restated.

The preparation of condensed half-yearly financial information 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 this condensed half-yearly financial information, 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 52 weeks ended 28 June 2020.

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 (note 16). We have reviewed the risks pertinent to our business in the 26 weeks to 27 December 2020 and which we believe to be relevant for the remaining 26 weeks to 27 June 2021. The only material change from those outlined in our Annual Report 2020 is the considerable unknowns still remaining now the UK has left the EU. We have however not experienced any significant direct impact to date.

2. INCOME TAXES

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 (19% (2020: 18.5%)). Deferred taxation balances have been valued at 19% being the corporation tax rate from 1 April 2020 substantively enacted on 22 July 2020.

3. DIVIDENDS

A dividend of £nil was paid in the 26 weeks ended 27 December 2020 (26 weeks to 29 December 2019: £72m).

4. EARNINGS PER SHARE

The basic earnings per share calculation for the 26 weeks ended 27 December 2020 is based on the weighted number of shares in issue during the period of 344m (26 weeks ended 29 December 2019: 344m) 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.

26 weeks ended 27 December 2020 (Unaudited)

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	**141**	**344**	**41.0**
Effect of share options and SAYE	**–**	**–**	**–**
Diluted earnings per share	**141**	**344**	**41.0**

26 weeks ended 29 December 2019 (Unaudited)

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	128	344	37.2
Effect of share options and SAYE	–	1	(0.1)
Diluted earnings per share	128	345	37.1

FINANCIAL STATEMENTS

Notes to the Half-Yearly Financial Information continued

4. EARNINGS PER SHARE (CONTINUED)

52 weeks ended 28 June 2020 (Audited)

	Earnings £m	Number of shares millions	Per share pence
Basic earnings per share	113	343	32.9
Effect of share options and SAYE	–	2	(0.1)
Diluted earnings per share	113	345	32.8

5. PENSIONS

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

	Unaudited 26 weeks ended 27 December 2020 £m	Unaudited 26 weeks ended 29 December 2019 £m	Audited 52 weeks ended 28 June 2020 £m
Amounts included within the consolidated income statement			
Period operating costs			
Scheme administration expenses	–	–	–
Net interest on defined benefit liability	–	–	–
	–	–	–
Amounts recognised in the consolidated statement of comprehensive income			
Return on scheme assets excluding interest income	5	1	24
Actuarial movements arising from change in financial assumptions	(3)	(3)	(22)
Actuarial movements arising from change in demographic assumptions	–	(1)	(1)
	2	(3)	1
Amounts recognised in the consolidated balance sheet			
Present value of the defined benefit obligation	(155)	(134)	(151)
Fair value of the Scheme's assets	179	151	173
Surplus in the consolidated balance sheet	24	17	22

6. INVENTORIES

	Unaudited As at 27 December 2020 £m	Unaudited As at 29 December 2019 £m*	Audited As at 28 June 2020 £m
Land for development	1,502	1,510	1,538
Work in progress	878	928	972
Stock of showhomes	74	72	75
	2,454	2,510	2,585

* Restated – see note 1

7. LAND CREDITORS (INCLUDED IN TRADE AND OTHER PAYABLES)

	Unaudited As at 27 December 2020 £m	Unaudited As at 29 December 2019 £m*	Audited As at 28 June 2020 £m
Due within one year	195	229	186
Due in more than one year	140	125	116
	335	354	302

* Restated – see note 1

8. ANALYSIS OF NET CASH/(DEBT)

	Unaudited As at 27 December 2020 £m	Unaudited As at 29 December 2019 £m	Audited As at 28 June 2020 £m
Cash and cash equivalents	242	89	44
Bank loans	(4)	(75)	(170)
	238	14	(126)

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

9. BANK FACILITIES

At 27 December 2020, the Group had total unsecured bank borrowing facilities of £366m (29 December 2019: £253m), representing £363m 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

	£m
At 29 December 2019 - 352,190,420 ordinary shares of 10.5p each (unaudited)	37
At 28 June 2020 - 352,190,420 ordinary shares of 10.5p each (audited)	37
At 27 December 2020 - 352,190,420 ordinary shares of 10.5p each (unaudited)	**37**

	Number of ordinary shares of 10.5p each
At 28 June 2020 and 27 December 2020	**352,190,420**

11. CONTINGENT LIABILITIES

The Company has guaranteed the bank borrowings of its subsidiaries. Performance bonds and other building or performance guarantees have been entered into in the normal course of business. Management consider the possibility of a cash outflow in settlement to be remote.

FINANCIAL STATEMENTS

Notes to the Half-Yearly Financial Information continued

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 26 weeks ended 27 December 2020 £m	Unaudited 26 weeks ended 29 December 2019 £m	Audited 52 weeks ended 28 June 2020 £m
Short-term employee benefits	**2**	3	4
Share-based payment charges	**1**	1	1
	3	4	5

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 52 weeks to December before exceptional items as a percentage of the average of current year December and prior year December capital employed.

	December 2020 £m		December 2019 £m
Operating Profit			
26 weeks to December 2020	178	26 weeks to December 2019	159
52 weeks to June 2020	148	52 weeks to June 2019	411
26 weeks to December 2019	(159)	26 weeks to December 2018	(187)
52 weeks to December 2020	**167**	52 weeks to December 2019	383
Capital Employed			
Total equity December 2020	1,771	Total equity December 2019	1,642
Net cash December 2020	(238)	Net cash December 2019	(14)
Capital employed December 2020	**1,533**	Capital employed December 2019	1,628
Total equity December 2019	1,642	Total equity December 2018	1,560
Net cash December 2019	(14)	Net debt December 2018	(101)
Capital employed December 2019	**1,628**	Capital employed December 2018	1,459
Average capital employed	**1,581**	Average capital employed	1,544
ROCE %	**11%**	ROCE %	25%

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	26 February 2021
Interim dividend payment date	9 April 2021
Announcement of results for the 52 weeks to 27 June 2021	15 September 2021
Final dividend record date	24 September 2021
Circulation of Annual Report	4 October 2021
Annual General Meeting	12 November 2021
Final dividend payment date	17 November 2021

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

FINANCIAL STATEMENTS

Notes to the Half-Yearly Financial Information continued

16. RISKS AND RISK MANAGEMENT

	Risk	Risk Owners	Key Controls and Mitigating Strategies
DEVELOPING THRIVING COMMUNITIES	**Housing Market** The UK housing market conditions have a direct impact on our business performance. This year has seen the added risk of distortions in the housing market due to reaction to a global pandemic together with related economic uncertainty. The UK's exit from the EU may also lead to increased economic uncertainty.	Group Chief Executive	Close monitoring of Government guidance. Delegated Crisis Committee established with Executive Board meetings a minimum of twice weekly in times of crisis. Market conditions and trends are being closely monitored allowing management to identify and respond to any sudden changes or movements. Weekly review of sales at Group, divisional and site level with monitoring of pricing trends and Help To Buy (HTB) levels. Ensuring strong relationships with lenders and valuers to ensure they recognise our premium product. Ongoing and regular monitoring of Government policy and lobbying as appropriate. The UK has now left the EU. We currently have not experienced any significant direct impact however it is still early days and there are considerable unknowns. The risk of COVID-19 and the effect on the UK economy continues to add uncertainty.
DEVELOPING THRIVING COMMUNITIES	**Availability of Mortgage Finance** Availability of mortgage finance is a key factor in the current environment.	Group Finance Director	Proactively engage with the Government, Lenders and Insurers to support the housing market. Expert New Build Mortgage Specialists provide updates on and monitoring of regulatory change.

	Risk	Risk Owners	Key Controls and Mitigating Strategies
BUILDING RESPONSIBLY	**Customer Service** Failure of our customer service could lead to relative under performance of our business. This year has seen the added risk of customer technicians entering occupied homes at a time of global pandemic.	Group Customer and Marketing Director	Customer and Quality Director appointed. My Redrow website to support our customers purchasing their new home. Increased use of digital and virtual communication tools. Attention to customer feedback supported by a process at nine months post occupation to address root cause of customer fatigue and dissatisfaction. Regular review of our marketing and communications policy at both Group and divisional level.
BUILDING RESPONSIBLY	**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 Chief Executive	Proactive monitoring of the market conditions to implement a clear defined strategy at both Group and divisional level. Experienced and knowledgeable personnel in our land, planning and technical teams. Appropriate investment in strategic land programme supported by specialist Group team. Effective use of our Land Bank Management system to support the land acquisition process. Close monitoring of progress of relevant Local Plans. Peer review by Legal Directors and use of third party legal resources for larger site acquisitions to reduce risk.

FINANCIAL STATEMENTS

Notes to the Half-Yearly Financial Information continued

16. RISKS AND RISK MANAGEMENT (CONTINUED)

	Risk	Risk Owners	Key Controls and Mitigating Strategies
BUILDING RESPONSIBLY	**Liquidity and Funding** The Group requires appropriate facilities for its short-term liquidity and long-term funding.	Group Finance Director	Medium term committed banking facilities sufficient for a major market breakdown. Regular communication with our investors and relationship banks, including visits to developments as appropriate. Regular review of our banking covenants appropriateness and design and capital structure. Ensuring our future cash flow is sustainable through detailed budgeting process and reviews and scenario modelling. Strong forecasting and budgeting process.
DEVELOPING THRIVING COMMUNITIES	**Appropriateness of Product** The failure to design and build a desirable product for our customers at the appropriate price may undermine our ability to fulfil our business objectives.	Group Design and Technical Director	Regular review and product updates in response to the demand in the market and assessment of our customer needs. Design focused on high quality build and flexibility to planning changes. Regular site visits and implementation of product changes to respond to demands. Focus on award winning Heritage Collection.
BUILDING RESPONSIBLY	**Planning and Regulatory Environment** The inability to adapt to changes within the planning and regulatory environment could adversely impact on our ability to comply with regulatory requirements.	Group Chief Executive Group Human Resources Director Group Company Secretary	Close management and monitoring of planning expiry dates and CIL. Well prepared planning submissions addressing local concern and deploying good design. Careful monitoring of the regulatory environment and regular communication of proposed changes across the Group through the Executive Management Team. Proactive approach to managing data protection with multi-functional team meeting regularly.
BUILDING RESPONSIBLY	**Key Supplier or Sub-Contractor Failure** 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 our homes to programme and budgeted cost. Failure to secure required resources as a result of the UK leaving the EU	Group Commercial Director	Use of reputable supply chain partners with relevant experience and proven track record and maintain regular contact. Monitoring of sub-contract supply chain to maintain appropriate number for each trade to identify potential shortage in skilled trades in the near future. Sub-contractor utilisation on sites monitored to align workload and capacity. Materials forecast issued to suppliers and reviewed regularly. Collaborate with Supply Chain Partners in development of updated Brexit supply continuity strategies. Collaborate with Supply Chain Partners in development of return to work recovery plans. Group Monthly Product Development meetings to identify and monitor changes in the regulatory environment.

FINANCIAL STATEMENTS

Notes to the Half-Yearly Financial Information continued

16. RISKS AND RISK MANAGEMENT (CONTINUED)

	Risk	Risk Owners	Key Controls and Mitigating Strategies
VALUING PEOPLE	**Attracting and Retaining Staff** The loss of key staff and/or our failure to attract high quality employees will inhibit our ability to achieve our business objectives.	Group Human Resources Director	Personal Development Programmes supported by National training centres at four locations. Graduate training, Undergraduate placements and Apprentice training programmes to aid succession planning. Bespoke housebuilding degree course in conjunction with Liverpool John Moores University and Coleg Cambria. Remuneration strategy in order to attract and retain talent within the business is reviewed regularly and benchmarked. Engagement Team and continued refinement of internal communications platform in addition to annual employee survey to create framework for strong, two-way communication. Flexible working policy. Equality, Diversity and Inclusion working group with membership from across the business.
BUILDING RESPONSIBLY	**Health and Safety/ Environment** Non-compliance with regulations could put our people and the environment at risk. Increased levels of scrutiny of the industry heightens the risk environment as does ensuring safe COVID-19 working practices are adhered to.	Group Health and Safety and Environmental Director	Dedicated in-house team operating across the Group to ensure compliance of appropriate Health and Safety standards supported by external professional expertise. Separate focus on Assurance visits to site and proactive management support to develop planning and processes. Monthly Divisional H, S & E Leadership meetings. Bi-annual Group H, S & E Leadership meetings. Internal and external training provided to all employees. Divisional Construction (Design and Management) Regulation (CDM) inspections carried out to assess our compliance with our client duties under CDM. Health and Safety discussion at both Group and divisional level board meetings. CDM competency accreditation requirement as a minimum for sub-contractor selection process.
BUILDING RESPONSIBLY	**Cyber Security** Failure of the Group's IT systems and the security of our internal systems, data and our websites can have significant impact to our business. The introduction of GDPR has increased the requirements for the control of personal data.	Chief Information Officer	Communication of IT policy and procedures to all employees. Regular systems back up and storage of data offsite. Internal IT security specialists. 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. Compulsory GDPR and IT security online training to all employees within our business. The systems have proved resilient to increased home working.
BUILDING RESPONSIBLY	**Fraud/Uninsured Loss** A significant fraud or uninsured loss could damage the financial performance of our business.	Group Finance Director	Systems, policies and procedures in place which are designed to segregate duties and minimise any opportunity for fraud. Regular Business Process Reviews undertaken to ensure compliance with procedure and policies followed by formal action plans. Timely management reporting. Insurance strategy driven by business risks. Fraud awareness training.

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