

5 November 2008

AGM & Interim Management Statement

Redrow plc is holding its Annual General Meeting today at 12 noon at St David's Park Hotel, Ewloe, Flintshire, Wales. The following statement, which also constitutes Redrow's Interim Management Statement, will be made to shareholders covering the first 18 weeks trading of the current financial year:

In our Preliminary Results Announcement published on 9 September we identified important actions we had taken to position Redrow for the unprecedented downturn in the UK housing market. We reported that we had successfully concluded our debt refinancing in early September providing a level of bank facilities and an appropriate suite of covenants through to 30 September 2011. We also recognised the impact of market conditions on land values and prudently assessed the net realisable value of land and work in progress in our balance sheet as at 30 June 2008. We made significant reductions in our headcount to manage our cost base such that our employee numbers are now 40% lower than 12 months ago. We curtailed our land acquisition activities and focused the business on cash generation with the objective of significantly reducing our debt by June 2009. All these actions stand Redrow in good stead to weather the current market conditions.

As we expected, housing market activity has remained at a low level with a modest seasonal upturn experienced in September and October. Net reservations in the last 8 weeks averaged 38 private sales per week over 93 sales outlets. Our cancellation rate over this period has been at 21%. Overall net reservations in the financial year to date have been 45% lower than the prior year. These levels are consistent with our own objectives and we now have cumulative sales representing approximately 63% of our anticipated legal completions for 2008/09. The low levels of activity and resultant competitive conditions mean that pricing remains under significant pressure. In the current environment, our focus remains upon cash generation and debt reduction and consequently we believe it is important to be responsive and competitive in order to secure appropriate market share.

We remain on course to achieve our debt objectives for the financial year. The Group's net debt position is in line with internal forecasts and was just under £300m at the end of October. In the first four months of the financial year we have paid approximately £60m in contracted land payments and land creditors and as anticipated, we received a refund of £13.5m representing corporation tax paid on account during 2007/08.

In line with our cash management objectives, we continue to exert strict control over work in progress with limited new construction activity taking place. In the financial year to date we have reduced the level of unsold completed stock of our Signature product by over one third. The last few months have seen a number of Government initiatives in the housing market. We have submitted a portfolio of properties for consideration under the Clearing House initiative which aims to deploy additional Government funding to increase the level of affordable housing stock and are evaluating the potential of the newly announced Home Buy Direct scheme.

Our energies with our land assets remain directed towards optimising our owned land bank and furthering forward land opportunities. To all intents and purposes, the residential land market remains inactive and we have not committed to any new contracts during the current financial year. With the advantage of an appropriate cost base for our land bank, our businesses have been engaged in re-planning to improve the marketability of the currently consented product mix and exploring alternative uses. We are pursuing a number of non residential opportunities for elements of our land bank with a view to optimising cash flow.

The sales market remains extremely fragile and the outlook for 2009 is very weak with mortgage availability still limited. There is increasing concern about the prospects for the economy with expectations of rising unemployment likely to impact confidence. The degree to which this will affect pricing and margins is uncertain. We have taken decisive action to deal with the adverse conditions we have been experiencing. Our strategy is clearly set on tight control of our cost base and cash flow to weather current markets. This will position the business to take advantage of opportunities when the trading environment improves.

Enquiries

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