**Redrow plc**

**4 November 2010**

**ANNUAL GENERAL MEETING AND INTERIM MANAGEMENT STATEMENT**

Redrow plc is holding its Annual General Meeting today at 12 noon at St David's Park Hotel, Ewloe, Flintshire, Wales. The following statement, which also constitutes Redrow's Interim Management Statement, will be made to shareholders covering the first 18 weeks trading of the current financial year. The next scheduled update on financial performance will be Redrow's half-yearly results for the six months ended 31 December 2010 which are due to be published on Thursday, 17 February 2011.

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

"Like for like private home sales in the financial year to date are some 9% up on the same period last year at £133m, which has been achieved on 6% fewer reservations. Including the seasonally weaker months of July and August, reservations have averaged 42 homes per week, which equates to 0.55 sales per outlet per week. Cancellation rates have remained steady at around 17%.

The average price of private reservations to date is £174,000, slightly ahead of our own expectations and some 16% ahead of the same period last year. This reflects the shift in product mix to our New Heritage Collection of distinctive quality family homes as underlying prices have been stable throughout 2010. We are currently selling from 78 developments, around half of which feature the New Heritage Collection and we anticipate this will increase to 70% by the end of the financial year.

The return to our traditional values via the New Heritage Collection is proving to be a great success for the business. With high levels of quality design and specification, it is gratifying to see the strong interest in our homes, which is resulting in like for like increases in both selling prices and margins. Our frustration is that due to the current mortgage crisis we are not able to grow the business faster.

In recent months there has been much scaremongering in the media about the state of the housing market. Although the market has undoubtedly been affected by the current economic climate, underlying demand remains strong as there are tens, if not hundreds of thousands of people wanting to buy their first home. Private sector rents are rising as first time buyers are being stifled by the chronic shortage and affordability of mortgages. Most people are left with little choice but to go into the private rented sector or live with their parents. Every week we are forced to turn away potential purchasers simply because they do not have a deposit of 25% or more; people with excellent jobs who under normal circumstances would easily qualify for a mortgage.

For generations 95% mortgages have been the norm. Indeed the vast majority of existing home owners started out buying their first home with a mortgage of this size. Yet the current generation of first time buyers are being denied the opportunity that their parents and grandparents took for granted, simply because they are unable to secure an affordable mortgage with a modest deposit. As a direct consequence of this worsening mortgage famine, the average age of an unassisted first time buyer is now 37 and rising rapidly.

The demand for new homes remains strong, but with only six lenders now covering over 90% of the lending market, the mortgages to meet that demand are not available. In the last three years the number of mortgage products available to buyers with deposits of 5% or less has fallen from 1,224 to just 33. The situation could get a whole lot worse if the FSA's proposed changes in its Mortgage Market Review come to fruition.

The case for resolving the mortgage crisis is compelling as we cannot have a buoyant UK economy without a healthy housing market. Each new home creates around six jobs, both directly and indirectly. Building an extra 100,000 new homes per annum to meet the country's desperate needs will create around 600,000 new British jobs and all the tax revenues that go with it.

The Coalition Government has stated publicly that it is committed to an increase in the construction of much needed new homes and we strongly welcome that commitment. However this will simply not happen without an adequate and fairly priced supply of mortgages. At the very time when the country is in a housing crisis, the house building industry is working at little over 50% of the output of just a few years ago.

Our message to the Government is simple: the regulators are going too far and the medicine risks killing the patient. Deliberately suppressing housing demand at the very time that the country has a chronic housing shortage is laying the foundations for the next boom/bust cycle. The way to end the cycle of boom and bust is to increase the supply of new homes to meet the demand by freeing up the supply of affordable mortgages.

Despite the industry frustration with the lack of mortgages, Redrow remains in good health. With net debt of £58 million giving 13% gearing, our balance sheet is strong and we are well placed to pursue the right opportunities in the land market.

We are concentrating our land buying on smaller sites in prime locations. Since the beginning of the new financial year we have acquired around 800 plots over 9 sites. Our owned and contracted land bank stands at 13,000 plots, representing over 5 years supply.

2010 has been a year of significant change for Redrow. We have successfully implemented significant management changes, refocused the business on our traditional strengths in family housing with the launch of the New Heritage Collection and rebuilt our balance sheet. We are well placed to meet the opportunities and challenges ahead."

**Enquiries:**

**Redrow plc**
Steve Morgan, Chairman 01244 520044
Barbara Richmond, Group Finance Director

**Tulchan Communications**
Susanna Voyle 0207 353 4200
Lucy Legh