

Redrow plc

12 May 2009

## **INTERIM MANAGEMENT STATEMENT**

Redrow plc is releasing the following interim management statement regarding trading for the period from 1 January 2009 to the date of this announcement as required by the UKLA's Disclosure and Transparency rules.

As we noted in Redrow's interim results published on 24 February, we have been encouraged by sales activity since the start of the calendar year with sales rates per outlet ahead of the same period last year. Visitor levels have remained consistent throughout the period and cancellation rates on private sales have improved compared to last year. The average number of sales outlets was 16% lower during the period.

Pricing remains fragile though the pace of house price falls has abated in recent months. The Government's Home Buy Direct initiative has had limited impact to date though we expect this to assist first time buyers in the months ahead. Part exchange remains well controlled with only c.£3m currently owned.

The level of unsold housing stock across the industry has reduced significantly over the last twelve months leading to a steadying of the market. Nevertheless, as a consequence of the economic environment and continued restrictions on mortgage availability, the market is likely to remain challenging into 2010.

We have remained tightly focused upon reducing work in progress to appropriate levels for the prevailing environment. With sales volumes in the housing market seeming to have stabilised, we are recommencing construction on certain developments and starting new sites from our existing land bank. Interest in the land market generally is re-emerging though the number of transactions actually being completed remains relatively low. We will pursue such opportunities carefully with a focus on Redrow's historic competitive strength of traditional family housing.

Net debt is currently c.£235m, well within the Group's committed bank facilities which total £425m. We are well placed to reduce net debt to meet our targeted level of £225m at the end of June 2009.

We are reviewing and rationalising our product range to focus upon traditional family housing with improved specification. Our businesses are actively replanning sites for this new range and consequently reducing the number of apartments and three storey housing within the land bank. These actions should ultimately lead to an increase in the Group's average selling price and in the medium term we aim to return the Company to its historic position of a premium brand within the sector.

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