



Introduction

Redrow continued to make good progress in the six months to the 31 December 2012 in what remain challenging, but gradually improving, market conditions.



Financial Highlights for H1 2012/13

	2012 £m	6 months ended 31 December 2011 £m	% increase	12 months ended 30 June 2012 £m
Revenue	257.0	232.8	+10%	478.9
Operating profit	24.7	17.4	+42%	48.0
Profit before taxation	23.0	15.3	+50%	43.0
Net assets	576.2	462.1	+25%	561.5
	Pence	Pence	%	Pence
Earnings per share*	4.8	3.7	+30%	10.8

* excludes deferred tax rate change impact

← Hamlet Place, Stourport on Severn, Worcestershire

Our Revenue

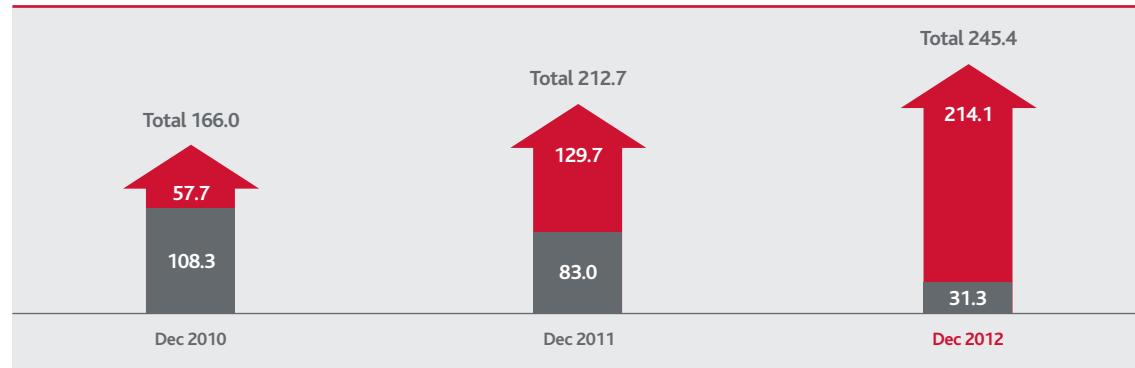
For the six months to December

Total Revenue (£m)



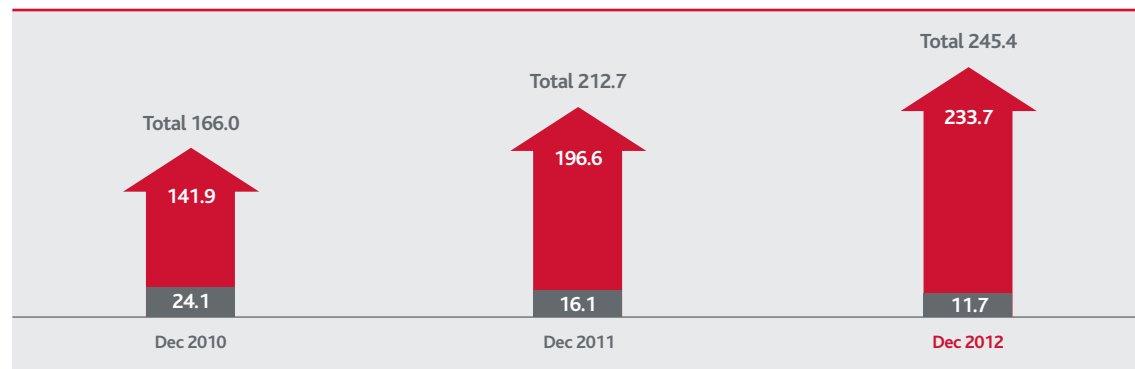
Private Revenue (£m)

■ NHC ■ Other



Houses/Apartments (Private) (£m)

■ Houses ■ Apartments

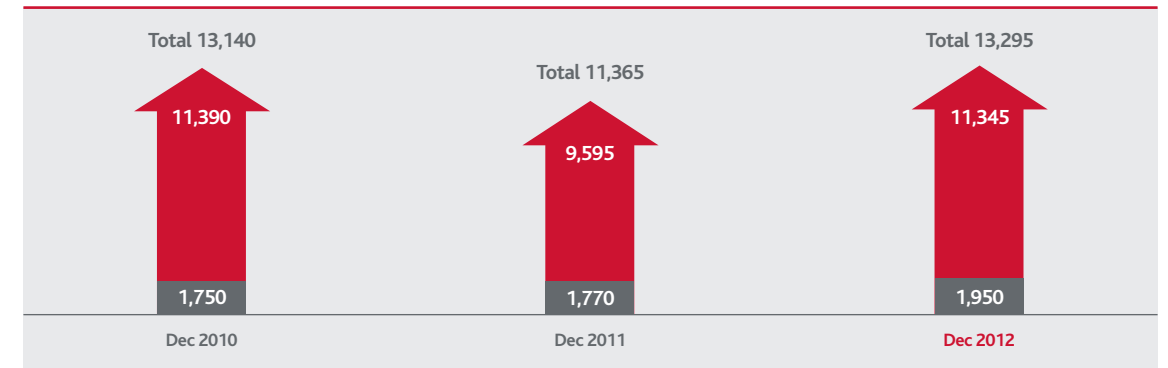


Our Land

Total current land (No. of plots)

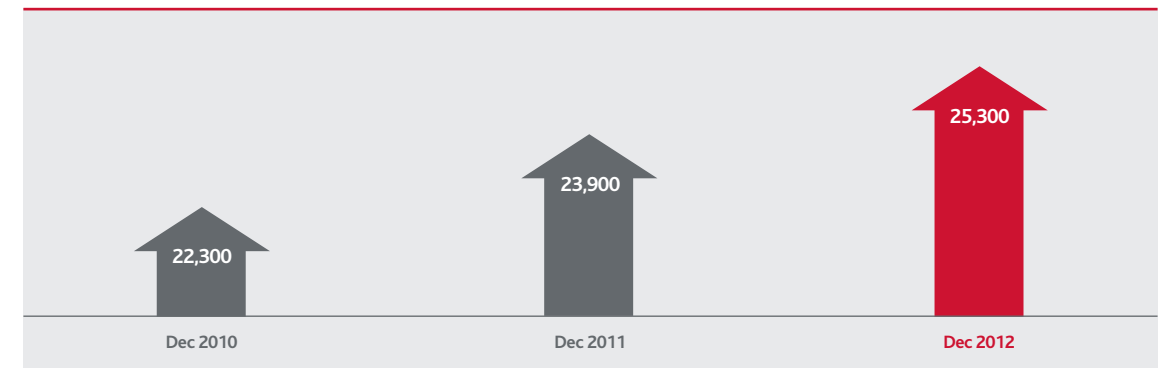
As at December

■ Owned land ■ Contracted land



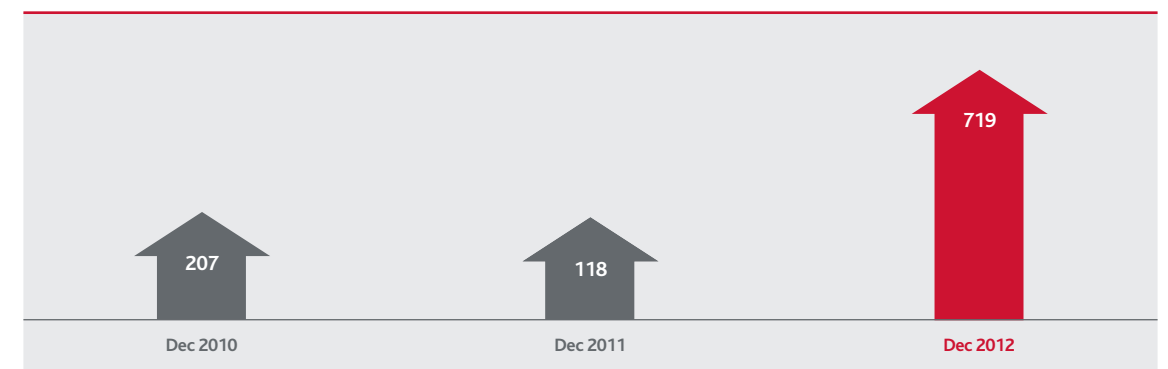
Forward land (No. of plots)

As at December



Forward land pull through (No. of plots)

For the six months to December



Chairman's statement



→
Steve Morgan
Chairman

I am pleased to report that Redrow continued to make good progress in the six months to the 31 December 2012 in what remain challenging, but gradually improving, market conditions.

Group revenue increased 10% in the period to £257m (2012: £232.8m) as a result of an increase in the average selling price of private homes from £204,000 to £224,000. This increase can largely be attributed to the sale of a greater proportion of traditional family homes and the continuing success of The New Heritage Collection. Private volumes increased by 4% to 1,097 (2012: 1,051). Overall volumes, including social, increased to 1,202 (2012: 1,168).

Gross margins improved from 15.4% to 18%, resulting in a pre-exceptional operating profit up 50% to £26.2m (2012: £17.4m) and profit before tax also up 50% to £23m (2012: £15.3m).

Our net financing costs reduced to £1.7m (2012: £2.1m) due to a lower level of debt as a result of the placing and open offer in May 2012. Normalised earnings per share rose from 3.7 pence to 4.8 pence.

Net debt has risen to £65.2m, giving a gearing of 11% compared to £14m and 2% gearing in June 2012. Gearing is expected to increase in the second half as we continue to grow our land bank and progress with the large apartment schemes in London.

In September I announced that, subject to economic circumstances, the Board intended to resume the payment of dividends. In line with this, we expect to propose a modest final dividend at the year end.

Market

The housing market has been stable throughout the last six months, with sales rate per outlet per week in the first half marginally increasing from 0.50 to 0.53. The number of active outlets at the end of the first half was 82, slightly lower than we expected due to the higher sales rate leading to some outlets closing earlier than anticipated. Encouragingly, the volume of private reservations in the first half rose by 24% including London to 1,140 and 19% excluding London.

The mortgage market has shown signs of improvement over the last six months. The Government-backed NewBuy scheme, which has helped to re introduce 95% mortgages, is having a beneficial impact on the new homes market. Even more significantly, we are starting to see the benefit of the Funding for Lending Scheme, which is helping to reduce the cost of mortgages for both the new homes and second hand markets. If the current trend in reduction of mortgage rates continues, it will undoubtedly assist in the housing market's gradual return to more normalised conditions. The extension of the Government's FirstBuy funding is also very welcome.

It is interesting to contrast the conditions for our industry between Wales and England. In Wales, where NewBuy is not yet available and there is no proposal for an equivalent of FirstBuy, we are not seeing the same stimulus to the new homes market evident in England. This is compounded by the increased build cost in the Principality due to the more onerous planning and regulatory burdens, a situation which will get substantially worse if the proposed changes to the Welsh Building Regulations take effect. As a company with its headquarters in Wales, it is disappointing to note that our South Wales region is the only one of our nine regional businesses not experiencing notable growth.

London

The new London region is making good progress and has now acquired a total of 700 plots with a gross development value of £450m. Sales on both One Commercial Street and Kingston Riverside are performing slightly ahead of expectations. We expect London to make a meaningful contribution to Group revenue in the next financial year.

Land and Planning

We are at last starting to see some positive impact on applications as a result of the changes introduced by the National Planning Policy Framework (NPPF). The more progressive Local Authorities are engaging with developers to bring forward land for development. There are, however, still far too many who are failing to deliver a five year land supply. The end result of this is that the appeals process is being used to a far greater extent than it should be. Nevertheless, the more positive planning environment has meant that we have been able to increase our current land bank by 940 plots during the last six months; 720 of these being contributed from our forward land bank.

The increase in the land bank should in turn enable the business to grow volumes for the future. The average plot cost is now £51,000 or £44,000 when London is excluded. Our forward land bank has also increased during the period by 2,500 plots, to 25,300.

Harrow Estates

Harrow Estates has continued to make progress during the period. Remediation is now complete and building operations will shortly be commenced in Horsforth, Leeds. The large site in Cambridge has now secured planning permission and is waiting for final sign-off of the remediation operations from the Local Authority before construction can begin. The proposed Garden Village in Woodford is being progressed with the planners and several new opportunities have recently been secured.

Board

During the first half, Paul Hampden Smith resigned as a non executive director and Nick Hewson was appointed in his place. Nick has many years' experience in the property sector, particularly in central London and I am sure he will be a valuable addition to the Board.

Current Trading

We are anticipating increasing the number of outlets in the second half of the year from an average of 83 to around 90. Trading since the half year has been encouraging, with reservations up 8% on the same period last year.

Given the strong pipeline of new sites and the modest improvement in market conditions, I am cautiously optimistic that Redrow's strong recovery is set to continue.

Steve Morgan
Chairman
25 February 2013

Responsibility Statement

The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- (i) an indication of important events that have occurred during the first six months 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 financial year; and
- (ii) material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

During the period since the approval of the Redrow plc Annual Report and Accounts for the year ended 30 June 2012, Paul Hampden Smith resigned as a director on 1 November 2012. Nicholas Hewson was appointed on 1 December 2012.

The Directors of Redrow plc as at the date of this statement are:

Steve Morgan
Alan Jackson
John Tutte
Barbara Richmond
Debbie Hewitt
Nicholas Hewson

By order of the Board

Graham Cope
Company Secretary
25 February 2013
Redrow plc
Redrow House
St David's Park
Flintshire
CH5 3RX

Independent review report to Redrow plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2012, which comprises the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, The statement of cash flows and related Notes to the financial statements. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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 Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by 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. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 United Kingdom. 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. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) 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.

Conclusion

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 six months ended 31 December 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Manchester
25 February 2013

Note:

- a) The maintenance and integrity of the Redrow plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

(Unaudited) Continuing operations	Note	6 months ended		12 months ended
		31 December 2012	31 December 2011	30 June 2012
		£m	£m	£m
Revenue		257.0	232.8	478.9
Cost of sales		(210.8)	(197.0)	(396.1)
Gross profit		46.2	35.8	82.8
Administrative expenses before exceptional items		(20.0)	(18.4)	(34.8)
Operating profit before exceptional items and financing costs		26.2	17.4	48.0
Exceptional administrative expenses	2	(1.5)	-	-
Operating profit before financing costs		24.7	17.4	48.0
Financial income		1.2	1.4	2.4
Financial expenses		(2.9)	(3.5)	(7.4)
Net financing costs		(1.7)	(2.1)	(5.0)
Profit before tax		23.0	15.3	43.0
Income tax (charge)	3	(7.5)	(6.1)	(12.8)
Profit for the period		15.5	9.2	30.2
Earnings per share from continuing operations - basic	5	4.2p	3.0p	9.7p
- diluted	5	4.2p	3.0p	9.7p

Consolidated statement of comprehensive income

(Unaudited)	Note	6 months ended		12 months ended
		31 December 2012	31 December 2011	30 June 2012
		£m	£m	£m
Profit for the period		15.5	9.2	30.2
Other comprehensive income				
Actuarial (losses) on the defined benefit pension scheme	6	(0.2)	(8.0)	(7.9)
Deferred tax on actuarial (losses) taken directly to equity		-	2.1	1.9
Other comprehensive (expense) for the period net of tax		(0.2)	(5.9)	(6.0)
Total comprehensive income for the period		15.3	3.3	24.2

Consolidated balance sheet

(Unaudited)	Note	As at		As at
		31 December 2012	31 December 2011	30 June 2012
		£m	£m	£m
Assets				
Intangible assets		1.7	1.9	1.8
Property, plant and equipment	7	11.7	12.8	12.1
Investments		9.7	4.6	9.3
Deferred tax assets		44.3	58.5	51.8
Trade and other receivables		29.7	28.9	26.0
Total non-current assets		97.1	106.7	101.0
Non-current assets available for sale		1.3	1.3	1.4
Inventories	8	792.3	630.7	708.2
Trade and other receivables		18.7	26.8	27.2
Cash and cash equivalents	10	54.8	11.9	37.4
Total current assets		867.1	670.7	774.2
Total assets		964.2	777.4	875.2
Equity				
Issued capital	12	37.0	30.9	37.0
Share premium		58.7	58.7	58.7
Other reserves		7.9	7.9	7.9
Retained earnings		472.6	364.6	457.9
Total equity		576.2	462.1	561.5
Liabilities				
Bank loans	10	120.0	110.0	30.0
Trade and other payables	9	37.1	20.4	40.6
Deferred tax liabilities		0.7	0.5	0.7
Retirement benefit obligations	6	2.8	3.2	2.6
Long-term provisions		7.3	7.6	8.2
Total non-current liabilities		167.9	141.7	82.1
Bank overdrafts and loans	10	-	0.7	21.4
Trade and other payables	9	220.1	172.9	210.2
Total current liabilities		220.1	173.6	231.6
Total liabilities		388.0	315.3	313.7
Total equity and liabilities		964.2	777.4	875.2

Consolidated statement of changes in equity

(Unaudited)	Share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2011	30.9	58.7	7.9	361.1	458.6
Total comprehensive income for the period	-	-	-	3.3	3.3
Movement in LTSIP/SAYE	-	-	-	0.2	0.2
At 31 December 2011	30.9	58.7	7.9	364.6	462.1
At 1 July 2011	30.9	58.7	7.9	361.1	458.6
Total comprehensive income for the period	-	-	-	24.2	24.2
Shares issued	6.1	-	-	71.9	78.0
Share based payments	-	-	-	0.3	0.3
Movement in LTSIP/SAYE	-	-	-	0.4	0.4
At 30 June 2012	37.0	58.7	7.9	457.9	561.5
At 1 July 2012	37.0	58.7	7.9	457.9	561.5
Total comprehensive income for the period	-	-	-	15.3	15.3
Movement in LTSIP/SAYE	-	-	-	(0.6)	(0.6)
At 31 December 2012	37.0	58.7	7.9	472.6	576.2

The statement of cash flows

(Unaudited)	Note	6 months ended 31 December 2012 £m	2011 £m	12 months ended 30 June 2012 £m
Cash flow from operating activities				
Operating profit before financing costs		24.7	17.4	48.0
Depreciation and amortisation		0.7	0.6	1.3
Adjustment for non-cash items		(1.6)	(1.2)	(3.1)
Operating profit before changes in working capital and provisions		23.8	16.8	46.2
Decrease in trade and other receivables		2.6	6.3	6.3
(Increase) in inventories		(84.1)	(68.0)	(145.5)
Increase in trade and other payables		6.6	17.3	75.2
(Decrease)/increase in provisions		(0.9)	(0.2)	0.2
Cash (outflow) generated from operations		(52.0)	(27.8)	(17.6)
Interest paid		(1.2)	(1.8)	(3.6)
Net cash (outflow) from operating activities		(53.2)	(29.6)	(21.2)
Cash flows from investing activities				
Sale of Scotland business		3.4	9.0	12.3
Acquisition of property, plant and equipment	7	(0.2)	(0.6)	(0.7)
Payments to joint ventures - continuing operations		(0.4)	(2.2)	(6.7)
Net cash inflow from investing activities		2.8	6.2	4.9
Cash flows from financing activities				
Issue of bank borrowings		120.0	110.0	30.0
Repayment of bank borrowings		(30.0)	(85.0)	(85.0)
Purchase of own shares		(0.8)	-	(0.3)
Proceeds from issue of share capital		-	-	78.0
Net cash inflow from financing activities		89.2	25.0	22.7
Increase in net cash and cash equivalents		38.8	1.6	6.4
Net cash and cash equivalents at the beginning of the period		16.0	9.6	9.6
Net cash and cash equivalents at the end of the period	10	54.8	11.2	16.0

Notes to the financial statements *(unaudited)*

Note 1. Accounting policies

The half-yearly financial statements have been prepared using accounting policies and presentation consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 30 June 2012.

New Standards

a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2012:

- Amendment to IAS 12, 'Income taxes' on deferred tax. The amendment is effective from 1 January 2012.
- Amendment to IAS 1, 'Presentation of financial statements' on OCI. The amendment is effective from 1 July 2012.

b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 July 2012 and have not been early adopted:

- IFRS 9 'Financial instruments' (effective 1 January 2015)
- IFRS 10 'Consolidated financial statements' (effective 1 January 2013)
- IFRS 11 'Joint arrangements' (effective 1 January 2013)
- IFRS 12 'Disclosures of interests in other entities' (effective 1 January 2013)
- IAS 19 (revised 2011) 'Employee benefits' (effective 1 January 2013)
- IFRS 13 'Fair value measurement' (effective 1 January 2013)
- IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2013)
- IAS 28 (revised 2011) 'Associates and joint ventures' (effective 1 January 2013)

Note 1. Accounting policies (continued)

Basis of preparation

The condensed consolidated half-yearly financial information for the half-year ended 31 December 2012 has been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim financial reporting' as adopted by the European Union. The half-yearly condensed consolidated report should be read in conjunction with the annual financial statements for the year ended 30 June 2012, which have been prepared in accordance with IFRSs as adopted by the European Union.

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.

These half-yearly financial results do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2012 were approved by the Board of Directors on 18 September 2012 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 of the Companies Act 2006.

Note 2. Exceptional Items

Exceptional administrative costs of £1.5m (2012: £nil) relate to legal and advisory fees incurred in relation to a possible bid for the Company.

Note 3. 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 (23.75% (2012: 25.75%)) before taking into account the impact of the reduction in corporation tax rate to 23% on the deferred tax assets (£2.0m (2012: £2.1m)).

Note 4. Dividends

No dividend was paid or declared in the six months to 31 December 2012. No dividend was paid in the 12 months ended 30 June 2012.

Notes to the financial statements *(unaudited)*

Note 5. Earnings per Share

The basic earnings per share calculation for the 6 months ended 31 December 2012 is based on the weighted number of shares in issue during the period of 365.0m (2012: 304.3m) 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.

6 months ended 31 December 2012

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	15.5	365.0	4.2p
Effect of share options and SAYE	-	0.8	-
Diluted earnings per share	15.5	365.8	4.2p

6 months ended 31 December 2011

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	9.2	304.3	3.0p
Effect of share options and SAYE	-	0.2	-
Diluted earnings per share	9.2	304.5	3.0p

12 months ended 30 June 2012

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	30.2	311.9	9.7p
Effect of share options and SAYE	-	0.4	-
Diluted earnings per share	30.2	312.3	9.7p

Basic earnings per share excluding the deferred tax rate change impact is based on earnings of £17.5m (2012: £11.3m) and £33.7m for the 12 months ended 30 June 2012.

Note 6. Pensions

The amounts recognised in respect of the defined benefit section of the Group's Pension Scheme are as follows: Total amounts charged against income during the period:

	6 months ended 31 December 2012 £m	2011 £m	12 months ended 30 June 2012 £m
Amounts included within the consolidated income statement			
Period operating costs			
Current service cost	-	(0.4)	(0.5)
(Losses) on curtailments and settlements	-	-	(0.3)
Financing costs			
Expected return on assets	2.0	2.2	4.8
Interest cost	(2.0)	(2.3)	(4.6)
	-	(0.5)	(0.6)
Amounts recognised in the consolidated statement of comprehensive income			
Actuarial (losses)	(0.2)	(8.0)	(7.9)
	(0.2)	(8.5)	(8.5)
Amounts recognised in the consolidated balance sheet			
Present value of the defined benefit obligation	(91.9)	(91.0)	(88.4)
Fair value of the Scheme's assets	89.1	87.8	85.8
(Liability) in the consolidated balance sheet	(2.8)	(3.2)	(2.6)

Note 7. Property, Plant and Equipment

Additions totalling £0.2m were made during the period (2012: £0.6m).

There was £nil of capital expenditure contracted at 31 December 2012 (2011: £nil).

Note 8. Inventories

	As at 31 December 2012 £m	2011 £m	As at 30 June 2012 £m
Land for development	555.8	454.3	515.9
Work in progress	210.0	152.4	170.5
Stock of showhomes	26.5	24.0	21.8
	792.3	630.7	708.2

Notes to the financial statements (unaudited)

Note 8. Inventories (continued)

Land and work in progress are stated net of net realisable value provisions summarised as follows:

	Type 1 £m	Type 2 £m	Total £m
Provision at 1 July 2012	101.7	9.8	111.5
Utilised during period	(15.1)	-	(15.1)
Provision at 31 December 2012	86.6	9.8	96.4

A description of Type 1 and Type 2 land is included on page 67 and 68 of the Annual Report and Accounts 2012. It is the intention, given the level of Type 2 provision, to disclose the provision in aggregate in the financial statements for the year ending June 2013.

Note 9. Land Creditors (Included In Trade And Other Payables)

	As at		As at
	31 December 2012 £m	2011 £m	30 June 2012 £m
Due within one year	81.1	54.7	67.7
Due in more than one year	37.1	20.4	40.6
	118.2	75.1	108.3

Note 10. Analysis of Net Debt

	As at		As at
	31 December 2012 £m	2011 £m	30 June 2012 £m
Cash and cash equivalents	54.8	11.9	37.4
Bank overdrafts	-	(0.7)	(21.4)
Net cash and cash equivalents	54.8	11.2	16.0
Bank loans	(120.0)	(110.0)	(30.0)
	(65.2)	(98.8)	(14.0)

Note 11. Bank Facilities

At 31 December 2012, the Group had total unsecured bank borrowing facilities of £202.5m, representing £200.0m committed facilities and £2.5m uncommitted facilities.

The Group's syndicated loan facility matures in December 2014.

Note 12. Share Capital

	As at		As at
	31 December 2012 £m	2011 £m	30 June 2012 £m
Allotted, called up and fully paid ordinary shares of 10p each	37.0	30.9	37.0

	Number of ordinary shares of 10p each
At 1 July 2012 and 31 December 2012	369,799,938

Note 13. Contingent Liabilities

Performance bonds, financial guarantees in respect of certain deferred land creditors and other building or performance guarantees have been entered into in the normal course of business.

Note 14. Related Parties

Within the definition of IAS 24 'Related Party Disclosures', the Board and key management personnel are related parties, being identified as the Main Board together with Group Senior Management. Summary key management remuneration is as follows:

	6 months ended		12 months ended
	31 December 2012 £m	2011 £m	30 June 2012 £m
Short-term employee benefits	1.0	1.0	1.6
Share-based payment charges	0.3	0.2	0.6
	1.3	1.2	2.2

During the four months prior to his resignation on 1 November 2012 from Redrow plc, purchases of £2.4m (six months to 31 December 2011: £1.6m) were made from Travis Perkins plc, a company in which Paul Hampden Smith was an executive director.

Related party transactions were carried out with Steve Morgan during the period for a total consideration of £0.2m (2012: £0.2m) primarily relating to donations to the Morgan Foundation.

Notes to the financial statements *(unaudited)*

Note 14. Related Parties (continued)

The Group did not undertake any transactions with The Waterford Park Company Limited, The Waterford Park Company (Balmoral) Limited or Redmira Limited joint ventures. The Group's loans to its joint ventures are summarised below:

	As at		As at
	31 December 2012	2011	30 June 2012
	£m	£m	£m
Loans to joint ventures	10.7	5.8	10.3

Note 15. 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 Management Statement	May 2013
Announcement of results for the year to 30 June 2013	September 2013
Circulation of Annual Report	October 2013
Annual General Meeting	November 2013

Risks

We have reviewed the risks pertinent to our business and these have not changed materially from those outlined in our 2012 Annual Report.

Risk	Description	How we manage our risks
<ul style="list-style-type: none"> ■ Availability of mortgage finance 	Lending criteria and deposit requirements for mortgages remain key issues in the current environment	<ul style="list-style-type: none"> ■ Proactively engage with Government, lenders and insurers to encourage a return to normal market conditions in the new and second hand housing market ■ Proactive approach to the management of the mortgage valuation process ■ Participate in the development and introduction of NewBuy
<ul style="list-style-type: none"> ■ Housing market conditions 	The conditions within the UK housing market are fundamental to Redrow's business performance	<ul style="list-style-type: none"> ■ Close monitoring of, and proactive management response to, lead indicators of the housing market ■ Regional spread of operations diversifies risk to local markets
<ul style="list-style-type: none"> ■ Planning and regulatory environment 	The ability to respond and adapt to the changing planning and regulatory environment is key to Redrow's future business performance	<ul style="list-style-type: none"> ■ Close monitoring of planning environment by experienced management team ■ Local knowledge of Divisional planning and technical teams ■ Well prepared, high quality planning submissions addressing local concerns and demonstrating good design
<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ Clearly defined strategy and long term focus on forward land ■ Close monitoring of market conditions by experienced management team ■ Strong and knowledgeable land, planning and technical teams with good local knowledge
<ul style="list-style-type: none"> ■ Appropriateness of product 	The failure to design and build a desirable product for our customers at the appropriate price may undermine Redrow's ability to fulfil its business objectives	<ul style="list-style-type: none"> ■ Our product and product mix on sites is kept under review to ensure it is appropriate for the market ■ Design is an integral element of our business ■ We proactively seek to understand customer requirements and explain the advantages of new homes

Risks (continued)

Risk	Description	How we manage our risks
<ul style="list-style-type: none"> ■ Liquidity and funding 	The Group requires appropriate facilities for its short term liquidity and long term funding needs	<ul style="list-style-type: none"> ■ Bank facilities with appropriate covenants and headroom for a range of market conditions ■ Capital structure regularly reviewed ■ Regular contact and communication with shareholders and relationship banks ■ Regular preparation of strategic plans
<ul style="list-style-type: none"> ■ Health and safety/ environment 	A significant Health and Safety or environmental incident may put people, the environment and Redrow's reputation at risk	<ul style="list-style-type: none"> ■ Dedicated Health and Safety team operates across the Group to ensure appropriate standards are applied ■ Regular site inspections and audits ■ All staff receive appropriate training through in-house and external programmes ■ Close monitoring of environmental regulatory requirements by experienced management
<ul style="list-style-type: none"> ■ Attracting and retaining staff 	The loss of key staff and our failure to attract high quality employees may inhibit Redrow's ability to achieve its business objectives	<ul style="list-style-type: none"> ■ Structured training programmes ■ Remuneration strategy regularly reviewed ■ Graduate training programme ■ Apprentice training programme
<ul style="list-style-type: none"> ■ Key supplier, main contractor or subcontractor failure 	The failure of a key supplier, main contractor or subcontractor may disrupt Redrow's ability to manage its production process in an efficient and cost effective way	<ul style="list-style-type: none"> ■ Use of suppliers, main contractors and subcontractors with strong track record and reputation ■ Close monitoring of supplier, main contractor and subcontractor quality and performance through annual assessments ■ Monitoring of new product innovation in the market place
<ul style="list-style-type: none"> ■ Fraud/uninsured losses 	A significant fraud or uninsured loss could damage the financial performance of the business	<ul style="list-style-type: none"> ■ Systems, policies and procedures designed to segregate duties and minimise opportunity for fraud ■ Business process reviews ■ Regular management reporting and challenge ■ Regular review of insurances and insurance strategy



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