



Wednesday 8 February 2017

Redrow plc

Interim results for the six months to 31 December 2016

**REDROW'S CONTINUED GROWTH PROVIDING MUCH NEEDED  
NEW HOMES**

**Financial Results**

	<b>H1 2017</b>	<b>H1 2016</b>	<b>% Change</b>
Legal Completions (incl. JV)	2,459	2,178	+13
Revenue	£739m	£603m	+23
Operating Profit	£144m	£110m	+31
Profit Before Tax	£140m	£104m	+35
EPS	31.0p	22.9p	+35
ROCE	24%	21%	+14
Dividend per share	6p	4p	+50

**Financial highlights**

- Group revenue rose 23% to a first half record of £739m
- Homes revenue increased 26% to a first half record of £733m
- Gross margin rose to 25% (2016: 24.2%); operating margin of 19.5% (2016: 18.2%)
- Record first half pre-tax profit of £140m, up 35%
- Earnings per share (EPS) up 35% to 31p
- Return on capital employed of 24% (2016: 21%)
- Net debt of £56m (June 2016: £139m) giving gearing of 5% (June 2016: 14%)
- Interim dividend of 6p per share (2016: 4p)
- Medium term guidance updated with 2019 turnover of £1.9bn, operating margin of 19.5% and EPS of 77p

**Operational highlights**

- Legal completions rose 13% to 2,459 (2016: 2,178), including our Croydon Joint Venture
- Average number of outlets increased to 122 (2016: 121)
- Private order book up 35% at £897m (Dec 2015: £664m)
- Current land bank up 18% to 25,300 plots (Dec 2015: 21,435)
- Acquisition of Radleigh Homes an East Midlands housebuilder in February 2017, which has 1,300 plots with planning and a further 1,200 plots under options in its strategic land pipeline

Steve Morgan, Chairman of Redrow, said

“Redrow delivered a robust performance in the first half, producing another set of record results. In the last six months legal completions increased by 13% to 2,459 adding to the country’s much needed supply of new homes.

At the beginning of February we purchased Radleigh Homes a regional housebuilder based in the East Midlands. Radleigh is an excellent fit given its geographical location and high quality market position. Radleigh will form the basis of a new division for the Group.

We entered the second half with a record order book, and customer traffic and sales remain robust.

Given the strength of our sales position and land holdings our growth strategy is firmly on track, giving me every confidence this will be another year of significant progress for Redrow.”

**Enquiries:**

**Redrow plc**

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**Instincif Partners** **0207 457 2020**

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There will be an analyst and investor meeting at 9.00 am at The London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. Coffee will be served from 8.30 am.

A live audio webcast and slide presentation of this event will be available at 9.00am on [www.redrowplc.co.uk](http://www.redrowplc.co.uk). Participants can also dial in to hear the presentation live at 9.00 am on +44 (0) 20 3003 2666 or UK Toll Free 0808 109 0700; password is Redrow.

Playback will be available by phone for the next 30 days on +44 (0) 20 8196 1998 or UK Freephone 0800 633 8453; access pin 1537016#.

## **Chairman's Statement**

Redrow delivered a robust performance in the first half of the year, delivering yet another set of record results. In the last six months legal completions increased by 13% to 2,459 adding to the country's much needed supply of new homes.

## **Financial Results**

In the first half of the 2017 financial year Group Revenue increased by 23% to £739m. Legal completions, including our Croydon Joint Venture, increased by 281 homes from 2,178 to 2,459 and for wholly-owned sites the increase was 238. The average selling price of our private homes increased by 12% from £306,000 to £344,000 mainly due to geographical mix, with 47% of turnover being generated in the South of England, compared to 38% in the first half of last year.

As a consequence of the mix change, a reduction in impaired sites and net house price inflation, gross margin increased from 24.2% to 25%.

Overheads rose from £36m to £41m, given the further growth in the business. However, due to efficiency of scale, they reduced as a percentage of turnover from 6% to 5.5%.

Operating profit increased by 31% to £144m (2016: £110m) and pre-tax profits were 35% higher at £140m (2016: £104m). Earnings per share at 31p were 35% up on the previous year (2016: 22.9p).

The half year Return on Capital Employed improved to 24% (2016: 21%) and Return on Equity improved to 25.4% (2016: 23.7%).

Net debt at the end of December 2016 was £56m (June 2016: £139m), giving gearing of 5%. We expect a modest rise in our net debt position in the second half, as a result of the recent Radleigh Homes acquisition and our ongoing investment in the business.

As a result of the strong earnings and cash performance of the business, the Board has decided to pay an interim dividend of 6p per share (2016: 4p). The interim dividend will be paid on 5 May 2017 to holders of ordinary shares on the register at the close of business on 24 March 2017.

## **Market**

Demand for new homes remains strong throughout the country, on the back of improved mortgage availability and competitive mortgage rates in the last six months. The strong demand, together with the Government's commitment to increasing housing supply, gives us every confidence in the pursuit of our growth strategy. In the first half of the financial year 865 of our private reservations utilised Help to Buy, up from 746 in the same period last year.

The value of private reservations in the first half increased by 13% on a like-for-like basis (27 weeks) to £777m (2016: £688m) resulting in a record closing order book of £897m, up 35% on a like-for-like basis from December 2015.

Our sales rate per outlet per week over the 27 week period was 0.66, up 5% on the 0.63 for the same period last year. The consequence of the faster sales rate was that a number of sites sold out earlier than expected. As a result, and despite opening more outlets than forecast, we were operating on 122 outlets at the end of December 2016 (2015: 121) rather than the

127 planned. The number of outlets should increase notably in the second half. As always, however, this is subject to progressing a considerable number of sites through the planning process, which unfortunately remains as ponderous as ever.

## **Land and Planning**

As a result of the substantial increase in our owned and contracted land in the last financial year, together with the timing of land purchases this year, we secured 1,760 plots for our current land holdings in the last six months. Of these, 1,352 were converted from our forward land pipeline. Over the same period our forward land pipeline has remained unchanged with the potential for 25,600 plots, with the land transferred to current land holdings being replaced by new additions.

In February 2017 we acquired Radleigh Homes, a regional housebuilder based in Derby. Radleigh Homes completed 188 homes in the year to December 2016 and has a pipeline of over 1,300 plots with planning, and a further 1,200 plots controlled under options in its strategic land pipeline. Radleigh Homes is an excellent fit given its geographical location and its high quality market position, similar to Redrow. This acquisition will form the basis of a new regional division for the Group: Redrow East Midlands.

## **People**

The ongoing growth in the business has resulted in our directly employed workforce exceeding 2,200 people, including over 300 apprentices and trainees. Despite our commitment to develop our own talent, there continues to be a shortage of skilled labour in the industry. Redrow is at the forefront of actively encouraging young people to enter the industry and develop successful careers across all disciplines. It is essential that our example is followed industry-wide if we are to resolve this issue.

Our committed team continue to support the business as it grows, for which I thank them and I would also like to take the opportunity to welcome the Radleigh employees to Redrow.

## **Current Trading and Outlook**

We are pleased to update our medium term guidance as a result of the strength of our order book and sales rate, the recent acquisition of Radleigh Homes and lower net debt expectations. In 2019 we expect to deliver turnover of £1.9bn, an operating margin of 19.5% and earnings per share of 77p.

We entered the second half of the current year with a record order book, with many of our sites sold five to six months in advance. The strong advance sales have the effect of limiting availability; nevertheless customer traffic and sales remain robust and the sales rate since the beginning of 2017 at 0.73 is in line with last year. Our growth strategy is firmly on track, giving me every confidence this will be another year of significant progress for Redrow.

Steve Morgan  
Chairman

## Consolidated Income Statement (Unaudited)

		6 months ended		12 months
		31 December		ended
		2016	2015	30 June
	Note	£m	£m	£m
Revenue		<b>739</b>	603	1,382
Cost of sales		<b>(554)</b>	(457)	(1,048)
<b>Gross profit</b>		<b>185</b>	146	334
Administrative expenses		<b>(41)</b>	(36)	(73)
Operating profit before net financing costs		<b>144</b>	110	261
Financial income		<b>2</b>	2	3
Financial costs		<b>(6)</b>	(8)	(14)
Net financing costs		<b>(4)</b>	(6)	(11)
<b>Profit before tax</b>		<b>140</b>	104	250
Income tax expense	2	<b>(28)</b>	(21)	(50)
<b>Profit for the period</b>		<b>112</b>	83	200
<b>Earnings per share from</b>				
<b>continuing operations</b>				
- basic	4	<b>31.0p</b>	22.9p	55.4p
- diluted	4	<b>30.8p</b>	22.8p	55.2p

## Consolidated Statement of Comprehensive Income (Unaudited)

		6 months ended		12 months
		31 December		ended
		2016	2015	30 June
	Note	£m	£m	£m
<b>Profit for the period</b>		<b>112</b>	83	200
<b>Other comprehensive (expense)/income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of post employment benefit obligations	5	<b>(11)</b>	4	8
Deferred tax on remeasurements taken directly to equity		<b>2</b>	(1)	(2)
<b>Other comprehensive (expense)/income for the period net of tax</b>		<b>(9)</b>	3	6
<b>Total comprehensive income for the period</b>		<b>103</b>	86	206

**Consolidated Balance Sheet (Unaudited)**

		As at		As at
		31 December		30 June
	Note	2016	2015	2016
		£m	£m	£m
<b>Assets</b>				
Intangible assets		2	2	2
Property, plant and equipment	6	16	12	17
Investments		26	20	25
Deferred tax assets		6	4	5
Retirement benefit surplus	5	-	1	6
Trade and other receivables		12	12	12
<b>Total non-current assets</b>		<b>62</b>	<b>51</b>	<b>67</b>
Inventories	7	1,840	1,621	1,808
Trade and other receivables		17	36	36
Cash and cash equivalents	9	53	78	135
<b>Total current assets</b>		<b>1,910</b>	<b>1,735</b>	<b>1,979</b>
<b>Total assets</b>		<b>1,972</b>	<b>1,786</b>	<b>2,046</b>
<b>Equity</b>				
Share capital	11	37	37	37
Share premium account		59	59	59
Other reserves		8	8	8
Retained earnings		995	805	913
<b>Total equity</b>		<b>1,099</b>	<b>909</b>	<b>1,017</b>
<b>Liabilities</b>				
Bank loans	9	105	215	230
Trade and other payables	8	204	105	156
Deferred tax liabilities		1	1	2
Retirement benefit obligations	5	5	-	-
Long-term provisions		8	8	7
<b>Total non-current liabilities</b>		<b>323</b>	<b>329</b>	<b>395</b>
Bank overdrafts and loans	9	4	46	44
Trade and other payables	8	520	483	566
Current income tax liabilities		26	19	24
<b>Total current liabilities</b>		<b>550</b>	<b>548</b>	<b>634</b>
<b>Total liabilities</b>		<b>873</b>	<b>877</b>	<b>1,029</b>
<b>Total equity and liabilities</b>		<b>1,972</b>	<b>1,786</b>	<b>2,046</b>

## 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 2015	37	59	8	745	849
Total comprehensive income for the period	-	-	-	86	86
Dividends paid	-	-	-	(15)	(15)
Movement in LTIP/SAYE	-	-	-	(11)	(11)
<b>At 31 December 2015</b>	<b>37</b>	<b>59</b>	<b>8</b>	<b>805</b>	<b>909</b>
At 1 July 2015	37	59	8	745	849
Total comprehensive income for the period	-	-	-	206	206
Dividends paid	-	-	-	(30)	(30)
Movement in LTIP/SAYE	-	-	-	(8)	(8)
<b>At 30 June 2016</b>	<b>37</b>	<b>59</b>	<b>8</b>	<b>913</b>	<b>1,017</b>
At 1 July 2016	37	59	8	913	1,017
Total comprehensive income for the period	-	-	-	103	103
Dividends paid	-	-	-	(22)	(22)
Movement in LTIP/SAYE	-	-	-	1	1
<b>At 31 December 2016</b>	<b>37</b>	<b>59</b>	<b>8</b>	<b>995</b>	<b>1,099</b>

## Consolidated Statement of Cash Flows (Unaudited)

		6 months ended 31 December	12 months ended 30 June
	Note	2016 £m	2015 £m
<b>Cash flow from operating activities</b>			
Operating profit before net financing costs		144	110
Depreciation and amortisation		1	1
Adjustment for non-cash items		(3)	(1)
<b>Operating profit before changes in working capital and provisions</b>		<b>142</b>	<b>110</b>
Decrease in trade and other receivables		21	6
Increase in inventories		(32)	(121)
Increase in trade and other payables		2	31
Increase in provisions – continuing operations		1	1
<b>Cash inflow generated from operations</b>		<b>134</b>	<b>27</b>
Interest paid		(3)	(3)
Tax paid		(26)	(21)
<b>Net cash inflow from operating activities</b>		<b>105</b>	<b>3</b>
<b>Cash flows from investing activities</b>			
Acquisition of software, property, plant and equipment	6	-	(1)
Net payments to joint ventures – continuing operations		-	(5)
<b>Net cash (outflow) from investing activities</b>		<b>-</b>	<b>(6)</b>
<b>Cash flows from financing activities</b>			
Issue of bank borrowings		105	215
Repayment of bank borrowings		(230)	(150)
Purchase of own shares		-	(11)
Dividends paid	3	(22)	(15)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(147)</b>	<b>39</b>
<b>(Decrease)/increase in net cash and cash equivalents</b>		<b>(42)</b>	<b>(36)</b>
Net cash and cash equivalents at the beginning of the period		91	(4)
<b>Net cash and cash equivalents at the end of the period</b>	9	<b>49</b>	<b>91</b>



## **NOTES (Unaudited)**

### **1. Accounting policies**

#### **Basis of preparation**

The condensed consolidated half-yearly financial information for the half-year ended 31 December 2016 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' as adopted by the European Union. The half-yearly condensed consolidated report should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2016, which have been prepared in accordance with IFRSs as adopted by the European Union.

These half-yearly financial results do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. These condensed half-yearly financial statements have been reviewed, not audited. Audited statutory accounts for the year ended 30 June 2016 were approved by the Board of Directors on 5 September 2016 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.

The principal accounting policies adopted in the preparation of this consolidated half-yearly report are included in the annual consolidated financial statements for the year ended 30 June 2016. These policies have been consistently applied to all the periods presented.

The preparation of condensed half-yearly financial statements 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 these condensed half-yearly financial statements, 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 year ended 30 June 2016.

After making due enquiries and in accordance with the FRC's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the Directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed consolidated half-yearly financial statements.

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. There is no material difference between any assets or liabilities held at cost and their fair value.

#### **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 2016. These new standards are not expected to have a material impact for the Group:

- Amendment to IAS 1 ‘Presentation of financial statements’ on the disclosure initiative (effective 1 January 2016)
- 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 2016:**
- Amendment to IAS7, ‘Statement of cash flows’ on disclosure initiative (effective 1 January 2017).
  - IFRS 15, ‘Revenue from contracts with customers’ (effective 1 January 2017).
  - Amendment to IFRS 15, ‘Revenue from contracts with customers’ (effective 1 January 2018).
  - IFRS 16 ‘Leases’. This standard replaces the current guidance in IAS17 and is a far-reaching change in accounting by lessees in particular (effective 1 January 2019)

## 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 on pages 18 to 20 of our half-yearly report 2016.

### 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 (19.75% (2016: 20.00%)).

### 3. Dividends

A dividend of £22m was paid in the six months to 31 December 2016 (six months to 31 December 2015: £15m).

### 4. Earnings per share

The basic earnings per share calculation for the six months ended 31 December 2016 is based on the weighted number of shares in issue during the period of 363m (31 December 2015: 362m) 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 2016

	Earnings £m	No. of shares millions	Per share pence
<b>Basic earnings per share</b>	<b>112</b>	<b>363</b>	<b>31.0</b>
<b>Effect of share options and SAYE</b>	-	1	(0.2)
<b>Diluted earnings per share</b>	<b>112</b>	<b>364</b>	<b>30.8</b>

**6 months ended 31 December 2015**

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	83	362	22.9
Effect of share options and SAYE	-	1	(0.1)
Diluted earnings per share	83	363	22.8

**12 months ended 30 June 2016**

	Earnings £m	No. of shares millions	Per share pence
Basic earnings per share	200	361	55.4
Effect of share options and SAYE	-	1	(0.2)
Diluted earnings per share	200	362	55.2

**5. Pensions**

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

	6 months ended 31 December		12 months ended 30 June
	2016 £m	2015 £m	2016 £m
<b>Amounts included within the consolidated income statement</b>			
<b>Period operating costs</b>			
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	7	(1)	18
Actuarial losses arising from change in financial assumptions	(18)	5	(11)
Actuarial losses arising from change in demographic assumptions	-	-	1
Actuarial gains arising from experience adjustments	-	-	-
	(11)	4	8

**Amounts recognised in the consolidated balance sheet**

Present value of the defined benefit obligation	(133)	(100)	(116)
Fair value of the Scheme's assets	128	101	122
<b>(Liability)/surplus in the consolidated balance sheet</b>	<b>(5)</b>	<b>1</b>	<b>6</b>

## 6. Property, plant and equipment

Additions totalling £nil were made during the period (2016: £1m). There was £nil of capital expenditure contracted at 31 December 2016 (31 December 2015: £nil).

## 7. Inventories

	As at 31 December		As at 30 June
	2016	2015	2016
	£m	£m	£m
Land for development	1,208	1,069	1,215
Work in progress	582	494	539
Stock of showhomes	50	58	54
	<b>1,840</b>	<b>1,621</b>	<b>1,808</b>

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

	Total £m
Provision at 1 July 2016	19
Utilised during period	(8)
<b>Provision at 31 December 2016</b>	<b>11</b>

## 8. Land Creditors (included in Trade and Other Payables)

	As at 31 December		As at 30 June
	2016	2015	2016
	£m	£m	£m
Due within one year	190	183	222
Due in more than one year	204	105	156
	<b>394</b>	<b>288</b>	<b>378</b>

## 9. Analysis of Net Debt

	As at 31 December		As at 30 June
	2016	2015	2016
	£m	£m	£m
Cash and cash equivalents	53	78	135
Bank overdrafts	(4)	(46)	(44)
Net cash and cash equivalents	49	32	91
Bank loans	(105)	(215)	(230)
	<b>(56)</b>	<b>(183)</b>	<b>(139)</b>

## 10. Bank facilities

At 31 December 2016, the Group had total unsecured bank borrowing facilities of £368m, representing £365m committed facilities and £3m uncommitted facilities.

The Group syndicated loan facility matures in March 2020.

## 11. Issued Share capital

	As at 31 December		As at 30 June
	2016	2015	2016
	£m	£m	£m
Allotted, called up and fully paid ordinary shares of 10p each	37	37	37
			Number of ordinary shares of 10p each
At 1 July 2016 and 31 December 2016			<b>369,799,938</b>

## 12. 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.

## 13. Related parties

Key management personnel, as defined under IAS 24 'Related Party Disclosures', are identified as the Main Board together with Group Senior Management. Summary key management remuneration is as follows:

	6 months ended 31 December		12 months ended 30 June
	2016	2015	2016
	£m	£m	£m
Short-term employee benefits	2	2	4
Share-based payment charges	1	-	2
	<b>3</b>	<b>2</b>	<b>6</b>

Related party transactions were carried out with Steve Morgan during the period for a total consideration of £0.3m (2016: £0.2m) primarily relating to donations to the Morgan Foundation.

The Group did not undertake any material transactions with Menta Redrow Limited or Menta Redrow (II) Limited. The Group's loans to its joint ventures are summarised below:

	As at 31 December		As at 30 June
	2016	2015	2016
	£m	£m	£m
Loans to joint ventures	26	21	26

#### 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	24 March 2017
Interim dividend payment date	5 May 2017
Announcement of results for the year to 30 June 2017	5 September 2017
Circulation of Annual Report	22 September 2017
Final dividend record date	22 September 2017
Annual General Meeting	9 November 2017
Final dividend payment date	14 November 2017

#### 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

## **Independent review report to Redrow plc**

### **Report on the consolidated half-yearly financial statements**

#### *Our conclusion*

We have reviewed Redrow plc's consolidated half-yearly financial statements (the "half-yearly financial statements") in the half-yearly report of Redrow plc for the 6 month period ended 31 December 2016. Based on our review, nothing has come to our attention that causes us to believe that the half-yearly financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

#### *What we have reviewed*

The half-yearly financial statements comprise:

- the consolidated balance sheet as at 31 December 2016;
  - the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
  - the consolidated statement of cash flows for the period then ended;
  - the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the half-yearly financial statements

The half-yearly financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the half-yearly financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### **Responsibilities for the half-yearly financial statements and the review**

#### *Our responsibilities and those of the directors*

The half-yearly report, including the half-yearly financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the half-yearly financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

*What a review of interim financial statements involves*

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.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the half-yearly financial statements.

PricewaterhouseCoopers LLP  
Chartered Accountants  
Manchester  
7 February 2017

Notes:

- (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.