

## **CHAIRMAN'S STATEMENT**

The last financial year proved to be one of considerable uncertainty for the housing sector. The market almost came to a standstill in the second quarter of our financial year due to the steep rise in mortgage rates as a result of political uncertainty. Whilst the market did partially recover in spring 2023, the further rise in mortgage rates combined with the cost of living crisis means the market remained subdued. The Board have worked hard to deal with the emerging risks, and regulatory and policy uncertainty, to ensure that our strategy remains fit for purpose in this environment.

### **Financial Results**

We completed 5,436 homes in the year. Whilst this was a 5% reduction on the 2022 financial year (2022: 5,715), revenue was stable due to the increase in average selling price that was already embedded in the order book. This reflects the demand for our Heritage range of family homes in primary locations and our focus on placemaking and enabling thriving communities to develop.

Profit before tax was £395m, which was 4% below the underlying profit for 2022, primarily due to cost inflation exceeding house price inflation in the year.

### **Shareholder Returns**

Our underlying earnings per share of 91.2p were 5% below the previous financial year (2022: 96.0p). In addition to the lower profit before tax this reduction is also due to higher Corporation Tax and Residential Property Development Tax effective rates totalling 24.5% versus 20% last year.

Our underlying Return on Capital Employed was 23.1% (2022: 24.5%) and underlying Return on Equity was 19.9% (2022: 21.5%). We ended the year with net cash excluding lease liabilities of £235m (2022: £288m). The average monthly net cash balance was £196m, only £54m below the prior year, despite the £100m share buyback completed in January 2023.

As a result of this strong financial performance and in line with the company's policy of three times dividend cover, the Board is proposing a final dividend of 20.0p making a total of 30.0p for the year (2022: 32.0p). Subject to shareholder approval at the Annual General Meeting on 10 November 2023, this will be paid on 16 November 2023 to all shareholders on the register at 22 September 2023.

### **Purpose and Strategy**

Our purpose of Creating a Better Place to Live is deeply embedded within the company. The Pillars on which this is built of Thriving Communities, Building Responsibly and Valuing People are the basis of our sustainability agenda. We have made great progress in developing our metrics and commitment to sustainability in the knowledge that it is built on creating developments which will stand the test of time.

The Group has completed its withdrawal from the London market, other than the ongoing Colindale development. Outside London our product is primarily our Heritage Range which has proven to be resilient and popular through the changing market conditions. Despite this, the company found it necessary to undertake a restructuring in July, including the closure of two offices.

### **Fire Safety**

We have continued to make progress in the area of legacy fire safety. We signed the UK Government's Self Remediation Contract and the Welsh Government's Pledge in the year concerning the remediation of life critical fire safety in buildings over 11m that we developed in the last 30 years. Remediation works are either progressing or being planned for all the buildings concerned.

### **People**

I am very pleased that Geeta Nanda joined the Board as an independent non-executive director on 1 May 2023. Geeta has spent almost the entirety of her career in housing associations and is currently Chief Executive of Metropolitan Thames Valley Housing Association. She will add valuable additional experience of the housing sector to the Redrow Board. Nick Hewson retired at the AGM in November 2022 after nearly ten years of service, and we thank him for the valuable contribution he has made over that time. His roles of Senior Independent Director and Audit Chair have been taken up by Nicky Dulieu and Oliver Tant respectively.

The excellent long-term performance of the business is due to the ongoing commitment and hard work of everyone at Redrow, together with our subcontractors and suppliers, and I would like to thank them all for their efforts in these uncertain times.

### **Trading and outlook**

Following the macroeconomic volatility of the last financial year, as we go into 2024 the market remains challenging and uncertain. However, we believe we are well positioned to respond to the market as it develops. We have the land, people, designs and quality to deliver the homes and communities our customers want.

Richard Akers  
Non-Executive Chairman