Company No. 00306718

Vistry Group

Annual report and accounts 2021

Vistry Group PLC

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A16 30/08/2022 #40
COMPANIES HOUSE

Our purpose

To develop sustainable new homes and communities across all sectors of the UK housing market

housebuilder Awards WINNER 2021

Brand architecture

Corporate brand

Vistry Group

Two operational businesses supported by Vistry Services

Vistry Housebuilding

Vistry Services

Vistry Partnerships

Retail brands

Bovis Homes

Linden HOMES

DREW SMITH

Vistry Partnerships

Strategic report

A review of our business model, strategy and summary financial review

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2021 highlights

Key Performance Indicators

Adjusted revenue[1]
32% Up

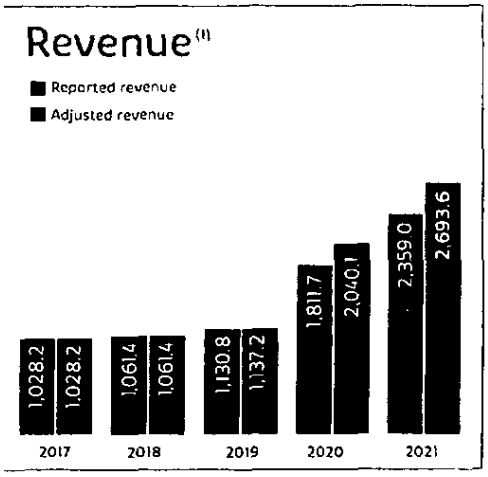
Reported revenue
30% Up

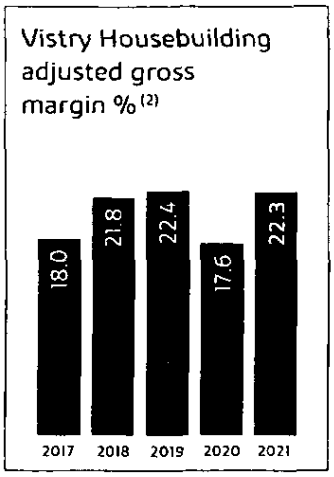
Adjusted profit before tax[2]
140% Up

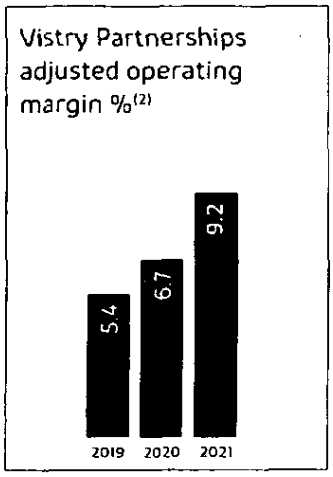
Reported profit before tax
224% Up

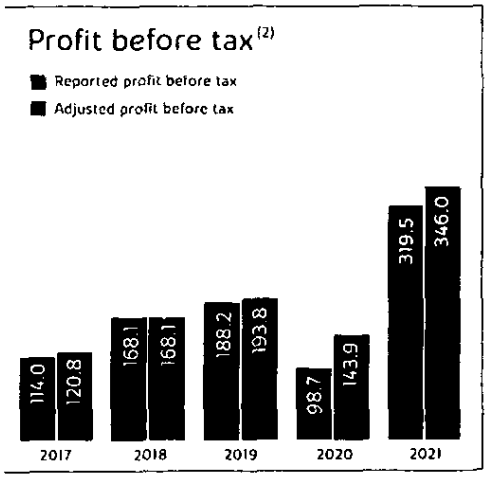
Ordinary dividend[3]
60p

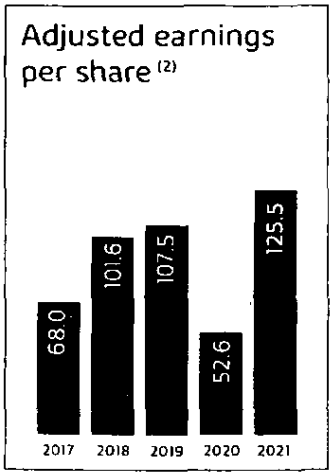
Financial highlights

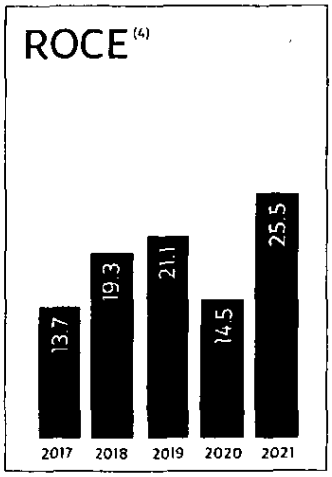












Notes (1) Adjusted revenue includes share of joint venture revenue.

(2) Adjusted gross margin, operating margin, profit before tax and EPS are calculated prior to exceptional costs and amortisation of acquired intangibles

(3) Total ordinary dividends for the year being the aggregate of the interim dividend of 20 pence (2020: 20 pence) and final dividend of 40 pence (2020: nil).

(4) Return on capital employed is calculated as adjusted operating profit (prior to exceptional costs and amortisation of acquired intangibles), divided by the average opening and closing shareholders' funds plus net cash, less goodwill and intangible assets and less retirement benefit asset. See section 5.12 on page 227 for full reconciliation.

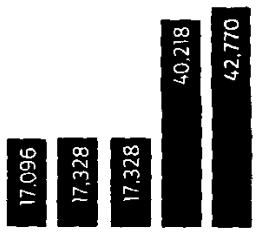
Controlled land plots[5]
6% Up

Legal completions[7]
41% Up

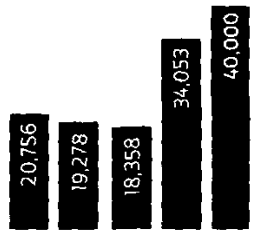
HBF customer satisfaction[8]
5★

Operational highlights

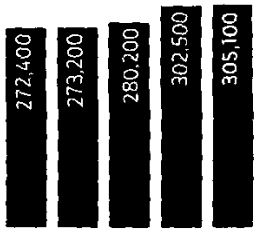
Controlled land
42,770[5]
plots



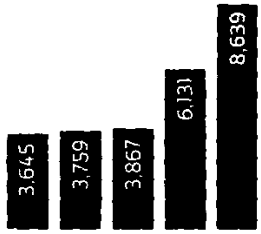
Strategic land
40,000
plots



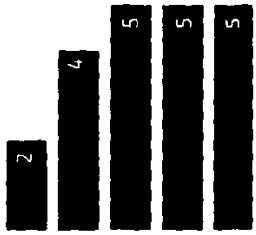
Housebuilding average sales price
£305,100[6]



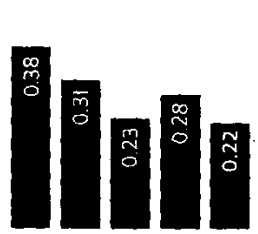
Legal completions
8,639[7]



HBF customer satisfaction
5★[8]



NHBC reportable items
0.22[9]



Notes: (5) Based on owned and controlled land including joint ventures and joint arrangements

(6) Average selling price shown on an adjusted basis to include the proportional contribution of joint ventures.

(7) Includes joint venture completions and excludes partner delivery equivalent units

(8) Based on responses from customers who legally completed between 1 October 2020 to 30 September 2021. Star rating awarded according to the proportion responding 'yes' to the question 'would you recommend your builder to a friend?': 5-Star rating 90% and above.

(9) This shows the average number of reportable items found for each NHBC inspection.

Strategic report at a glance

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Our business at a glance

Our ethos

Do the right thing

We endeavour to do the right thing for our customers, our people and our shareholders

Our values

Striving for sustainable improvement through our values

integrity

- You can trust and count on me
- I am always open and honest
- I take ownership to get it sorted

Caring

- I am committed to keeping people safe
- I understand and adapt to the individual needs of my customer
- I take time to listen and understand how people feel

Quality

- I deliver on my promises and take pride in what I do
- I am committed to getting it right first time
- I am willing to go the extra mile

iQ
integrity
Caring
Quality

Our culture

Our purpose and our values help to embed our One Vistry culture

BUILDING

is our purpose and sits at the heart of everything we do

BETTER

is our everyday aspiration, striving through improvement through the Group wide values we know and share

TOGETHER

is our collective ambition, to learn from and lean on each other's knowledge and expertise

What we do

Delivering high quality homes and communities, with high levels of customer service

Our strategic priorities

We have a clear set of strategic priorities which underpin how we operate across all aspects of our business and will support driving towards our targets. Sustainability is embedded throughout the business and is core to delivering our strategic priorities.

Our people

Investment in the development and training of our people to ensure a committed, motivated and engaged workforce.

Our homes and communities

Developing sustainable new homes and communities.

Our customers

Delivering our customers quality new homes and a high level of customer service that meets their expectations throughout their entire journey.

Our shareholders

Driving enhanced returns for our shareholders through increased profitability, return on capital employed and total shareholder returns.

Our operations

Ensuring the health and safety of our people and subcontractors whilst minimising our impact on the environment.

Our sustainability in action

We demonstrate our sustainability in action with a green stripe on our strategic priority icons.

Our business at a glance

Our businesses

Vistry Housebuilding

Vistry Housebuilding operates across 13 business units, each with a regional office, which are developing around 200 sites across England for the open market

The design and construction of our housing ranges blend tradition and innovation, creating homes and developments with contemporary living standards. Our product range includes one-bedroom apartments through to larger five-bedroom family homes.

1 Yorkshire	7 Eastern
2 Mercia	8 Kent
3 East Midlands	9 South East
4 West Midlands	10 Thames Valley
5 Cotswolds	11 Southern
6 Northern Home Counties	12 Western
	13 South West

Vistry Partnerships

Vistry Partnerships is a market leader in the high-growth partnerships sector with a hard-earned reputation for delivery, quality and sector knowledge across all housing tenures.

Partnerships works closely with Governmental bodies, housing associations and local authorities, as well as selling homes directly to customers on the open market, through its 11 operating business units each with its own regional office.

	6 East England
1 North East	7 London
2 Yorkshire	8 Thames Valley
3 North West	9 West
4 East Midlands	10 South West
5 West Midlands	11 Drew Smith

Together, all of the business units operate with a common One Vistry purpose – to develop sustainable new homes and communities across all sectors of the UK housing market.

Brunel Street Works, London

Chairman's statement

IAN TYLER

"2021 has been a year of exceptional progress for Vistry, with the Group firmly establishing itself as one of the UK's leading and most dynamic housebuilders, two years following the acquisition of Linden Homes and Vistry Partnerships."

This strong performance reflects the Group's quality assets and unique capability combined with the strength and vision of the Executive Leadership Team and commitment and hard work of the Group's talented employees and subcontractors. It was great to see this progress widely recognised with Vistry being awarded 'Large Housebuilder of the Year' for 2021 at the Housebuilder Awards.

I would like to thank our people, our subcontractors, suppliers, and partners for their tremendous efforts this year and contribution to the overall success of the Group in 2021.

The year was not without its challenges as we continued to operate within the constraints of the Covid-19 pandemic. The health and safety of our employees, subcontractors, suppliers and customers remained our top priority. Covid-19 safe operating procedures continued across all areas of the business which allowed production to return to near normal levels early in the year.

Strong market demand for new homes and the resulting step up in production across the industry combined with the challenges of Covid-19 and Brexit, led to pressure on the materials supply chain and extended lead times and inflationary increases on certain products. This was proactively managed, and the Group benefited from its enlarged scale and buying power.

It was particularly pleasing to see a step change in the Group's sales rate in 2021, driven by our improved product range and the benefits of dual branding, supported by strong market demand. Delivery of high-quality homes and customer service remained a key priority, and the investment in an enhanced digital capability during the year, including our 3D virtual site visits, is providing our customers with new, exciting, and more accessible ways to engage and interact with the business. The continued focus on service delivery was recognised by our customers who have, for the 3rd year in a row, rated Vistry 5 star in the HBF independent benchmark customer satisfaction survey.

Following a successful period of integration in 2020, the Housebuilding business made excellent progress across all areas this year and is in great shape to continue to deliver increased returns. Completions increased to 6,551 units and adjusted gross margin improved to 22.3% in the year with return on capital employed at 22.2%, with the business targeting a 25% adjusted gross margin and 25% return on capital employed by FY25.

Vistry Partnerships strengthened its position as the leading UK partnerships business and achieved an impressive 66% growth in its higher margin mixed tenure revenues in the year. The business is firmly on track to deliver its FY22 targets of at least a 10% operating margin and £1bn revenue, with a clear trajectory to increase this to a 12%+ operating margin and £1.6bn revenue in the medium term.

housebuilder Awards WINNER 2021

Total ordinary dividend for 2021
60 pence

Sustainability

The Group's purpose is to deliver sustainable homes and communities across all sectors of the UK housing market. In 2021, we launched our sustainability strategy, which outlined our three priority areas: our people, our operations and our homes & communities

During the year, we laid the foundations to meet our long-term sustainability targets, in particular through our commitment to setting science-based targets and signing up to 'Business Ambition for 1 5°c'. We developed our roadmap to delivering net zero carbon homes and I was very pleased to see the completion of the first net zero carbon on regulated emissions homes at our Vistry Partnerships' development at Europa Way in Leamington Spa. From 2022, Executive remuneration will be linked to sustainability metrics including delivery of additional affordable homes, skills academies and Group's 9-month HBF customer satisfaction score.

People

Our people, their well-being and overall employee engagement remains a key priority, and more so than ever given the challenges of the pandemic and the significant change at Vistry Group over the last two years. We have continued to develop our employee communications in the year and have a wide range of regular initiatives established across the business, a number of which are delivered by the ELT, including the weekly Vistry Voice and semi-annual employee roadshows. There is also the People Forum, attended by Nigel Keen as our employee engagement Non-Executive Director, who feeds directly back to the Board on the sessions.

Mental health and well-being remains at the top of the agenda, and we now have over 100 volunteer trained Mental Health First Aiders in the business.

We are committed to Vistry being an inclusive workplace and have made good progress with our Diversity & Inclusion strategy in the year I am delighted that in November 2021 Vistry Group became accredited as a Real Living Wage employer

On safety, 2,560 internal SHE site inspections were carried out across the business in 2021, achieving an impressive 94% compliance score, a 3% improvement on the prior year. We also saw an improvement in our Accident Incident Rate, reducing from 332 to 257 which sits below the Health and Safety Executive Construction Industry Average. Whilst we are pleased with the improvements we are never complacent and will continue the focus on the safety of our people

Capital allocation

The Group's priority remains investing in high returning land market opportunities in line with its investment strategy and growth targets for both Housebuilding and Vistry Partnerships.

In 2021, the Board announced an acceleration of the dividend pay out to a two times dividend cover for 2021, reflecting the Group's balance sheet strength and its confidence in the Group's unique market position. As such, the Board is recommending a final ordinary dividend of 40 pence per share (2020: 20p) bringing the total ordinary dividend for 2021 to 60 pence per share (2020: 20p).

Looking ahead, the Board expects to sustain the ordinary dividend cover at two times. As previously announced, any surplus capital, following land investment and the payment of the ordinary dividend, is expected to be returned to the Group's shareholders through either a share buyback or special dividend. The method will be determined by the Board considering all factors at the time.

The Board

It was announced in November that I shall step down as Chairman with effect from the conclusion of the forthcoming AGM. I was appointed to the Board in November 2013 and as such my nine-year tenure would have completed in late 2022. During the year, the Nomination Committee undertook a Chair succession planning process and concluded that Ralph Findlay, currently Senior Independent Director and Chairman of the Audit Committee, shall succeed me. I am delighted that Ralph shall take up the leadership of the Board with his appointment providing important continuity for the Group as it pursues its growth strategy. I have been working with Ralph since his appointment to the Board, during which time we have seen significant change, most notably the turnaround since 2017 and bringing the business into a position to form Vistry in 2020. More recently, we have been working closely to ensure there is a smooth and effective transfer of responsibilities. Looking forward, in line with Code requirements, Ralph will step down as Chair of the Audit Committee on taking up the role of Chairman and a recruitment process has commenced to appoint a new Non-Executive Director and Chair of the Audit Committee, along with appointing a new Senior Independent Director

Chairman's statement

On 10 June 2021, the Board appointed Ashley Steel as a Non-Executive Director. Ashley is a highly experienced Non-Executive Director and Committee Chair across a range of sectors and has extensive experience of advising listed companies on strategy. Her experience and skills enhance those already within the Board to effectively support the challenges of the enlarged Group. The number of women on the Board now totals three and the Board meets the recommendation of the Hampton-Alexander Review of 33% women's representation. Mike Stansfield stepped down from the Board on 30 September 2021. Mike had been a member of the Board for over four years and, on behalf of the Board, I would like to thank him for his significant contribution in that time.

The Nomination Committee has also undertaken an Executive Director succession planning process, including an in-depth talent review, supported internally and externally. In October 2021, Greg Fitzgerald confirmed his willingness to continue as CEO beyond the end of 2022. The Board is pleased that Greg will continue in this role and in 2022, the Committee will continue its longer-term succession planning for both the Executive Directors and senior management.

Looking ahead

The Group starts 2022 in a strong position and is on track to deliver another significant improvement in performance this year. The market fundamentals remain strong with good demand for our new homes.

Vistry holds a unique market position with its combination of Housebuilding and Partnerships assets and has strength and capability across all housing tenures. The Group's strategy is focused around leveraging the benefits of this position as One Vistry and is targeting to deliver sector leading returns in the medium term.

Ian Tyler
Chairman

2 March 2022

Governance highlights

A summary of the activities of the Board and its committees during the period is detailed below	
The Board	• Approved the strategic plan and sustainability strategy of the Group, and reviewed its implementation • Approved the dividend policy, determination of the 2021 interim dividend and the recommendation (subject to the approval of shareholders) of a 2021 final dividend. • Approved the capital allocation strategy including the dividend policy. • Approved the Group's sustainability-linked refinancing
	› Board leadership and company purpose. See pages 112 to 122
Nomination committee	• Reviewed the composition, structure, balance of skills and experience of the Board, whilst also considering the diversity of gender, social and ethnic backgrounds, cognitive and personal strengths of the Board • Recommended appointment of Ashley Steel as Non-Executive Director and Clare Bates as General Counsel and Group Company Secretary • Reviewed and agreed succession plans for the Chair and CEO. • Monitored the ongoing development of diversity and inclusion initiatives across the Group.
	› Nomination Committee report. See pages 128 to 131
Audit committee	• Regular and extensive reviews of the impact of Covid-19 on the Group's business, strategy, risk management and control framework and associated accounting judgements and estimates. • Consideration of the viability statement.
	› Audit Committee report. See pages 134 to 140
Remuneration committee	• Approved ESG linked remuneration arrangements to ensure alignment with stakeholders' interests • Reviewed and prepared proposed 2022 Remuneration Policy. • Approved implementation of deferred bonus plan including the use of ESG metrics. • Ensured remuneration arrangements continue to support culture and strategic ambition.
	› Directors' Remuneration report. See pages 142 to 167

Chief Executive's review

GREG FITZGERALD

"2021 has been an excellent year for Vistry Group with progress made and success achieved across all areas of the business."

"I am extremely proud of and grateful to our people who have shown huge talent, passion, and commitment to get us where we are today."

2021 review

I am delighted this dedication was recognised with Vistry being awarded 'Large Housebuilder of the Year' for 2021 at the Housebuilder Awards, in less than two years since we formed the enlarged group.

We are a 5-star housebuilder delivering quality homes and an outstanding service. We hold a unique market position with reach and a strong capability across all housing tenures, with Vistry being the largest private sector provider of affordable housing. Our strategy is to maximise the strengths and opportunities from this dynamic combination of our Housebuilding and Partnerships businesses and deliver sector leading returns in the medium term.

The Group delivered a significant step up in financial performance in the year with Group adjusted profit before tax increasing to £346.0m (2020: £143.9m). The Group delivered an adjusted basic EPS of 125.5p for 2022, up 138.6% on the prior year and 20% ahead of 2019.

On a reported basis the Group made reported profit before tax of £319.5m (2020: £98.7m) and earnings per share of 114.6p (2020: 34.8p).

Housebuilding saw a good recovery in profitability with adjusted gross margin improving to 22.3% up from 17.6% in the prior year. Vistry Partnerships grew higher margin mixed tenure revenues by 65.7% to £396m (2020: £239m) driving a 63.9% increase in adjusted operating profit for the division in the year. This strong financial performance combined with our on-going focus on good working capital management resulted in a year end net cash position of £234.5m, significantly up on the £37.9m net cash position reported in the prior year.

Reflecting the year's performance, the strength of our balance sheet and the positive outlook, the Board is delighted to have accelerated our move to a two times dividend cover and is proposing a 40 pence per share dividend in respect of 2021, taking the total dividend for 2021 to 60 pence per share

Looking ahead, the Board expects to sustain the ordinary dividend cover at two times with any surplus capital, following investment in the business to support the Group's growth strategy and the payment of the ordinary dividend, expected to be returned to the Group's shareholders through either a share buyback or special dividend. The method will be determined by the Board considering all factors at the time.

Operational update

Trading performance

The year saw good progress made across all areas of the business with the significant benefits and opportunities of the Group's unique market positioning and capability being realised.

We have seen strong demand across all areas of our business during 2021, with the Group's average weekly private sales rate per outlet increasing to 0.76 (2020: 0.53). The business performance has been consistent throughout the year and across all of our geographies.

Adjusted profit before tax
£346m

2021 legal completions
8,639

The step-up in sales rate reflects our land strategy of developing a higher proportion of mid-range homes as well as the benefits of our brand positioning and product specification review during 2020, supported by the strong market backdrop. In line with this strong demand, we have seen c. 6% house price inflation in the year.

The Group delivered a total of 8,639 (2020: 6,131) completions, up 41% on prior year and 7% ahead of pro forma 2019 (8,042). Housebuilding completions increased by 41% to 6,551 units (2020: 4,652) and Partnerships mixed tenure completions increased by 41% to 2,088 (2020: 1,479). Group adjusted revenues in 2021 was £2,694m (2020: £2,040m).

Delivering high quality new homes and excellent customer satisfaction remained our top priority in 2021 as we continued to invest in our customer service offering, and we are delighted to have retained the maximum 5-star HBF customer satisfaction rating.

Despite the changes to Help to Buy in April 2021 restricting the scheme to first time buyers only, we saw good demand for the product with 21% (2020: 36%) of 2021 total Housebuilding completions utilising the scheme. In the year, 4% (2020: 8%) of total Housebuilding completions utilised part exchange.

Our sites have operated well during the year, and we have seen no real impact on productivity from Covid-19. The significant step up in production seen across the industry led to pressure on the materials supply chain in 2021, resulting in extended lead times and inflationary pressures on certain products. Working in close partnership with our suppliers, we have actively managed this situation.

The supply agreements entered into at the formation of Vistry Group have delivered an enhanced service and provided some protection against cost inflation thanks to our enlarged scale and buying power. In Partnerships, where we enter into a higher level of pre-sale agreements and therefore have greater exposure to market risk on costs without the compensating house price inflation, we seek to include suitable fixed price allowances to mitigate inflation, and link future revenues on longer term agreements to a build cost index, as well as including an appropriate level of contingency in the pre-sale agreement. There was some easing of the supply chain towards the end of the year which has continued into the start of FY22, and overall cost inflation was more than offset by the benefit from sales price increases in the year.

Housebuilding

Housebuilding made excellent progress during the year, delivering a total of 6,551 (2020: 4,652) completions, including 1,287 (2020: 820) from JVs. Private completions in the year totalled 4,891 (2020: 3,668) with 1,660 (2020: 984) affordable units. Total Housebuilding average selling price remained stable at £305k (2020: £303k) reflecting the increase in affordable homes as a percentage of total completions in the year to 25% (2020: 21%). Private average selling price increased to £356k (2020: £343k) with house price inflation in part offset by changes in product and geographical mix. The affordable average selling price in 2021 increased to £158k (2020: £152k). Adjusted revenue from Housebuilding activities in the year totalled £1,829m (2020: £1,312m). Housebuilding operated from an average of 143 sites in 2021 and we expect this to be a similar level in 2022.

Housebuilding adjusted gross margin increased to 22.3% (2020: 17.6%) with the business targeting an adjusted gross margin of 23% for 2022 and firmly on track to deliver its margin target of 25% for 2025.

Partnerships

Vistry Partnerships also had an excellent year, successfully delivering on its strategy of rapidly growing higher margin mixed tenure development revenues. Mixed tenure completions increased by 41% to 2,088 (2020: 1,479) units including 904 (2020: 608) JV units. The average selling price of mixed tenure units in the year was £237k (2020: £204k) resulting in mixed tenure revenue of £396m (2020: £239m) for 2020. Partnerships operated from an average of 33 active mixed tenure sites in 2021 and expects this to increase to an average of c. 40 active sites in 2022.

Partner delivery revenue remained broadly flat in the year at £469m (2020: £490m), with equivalent units decreasing to 2,441 (2020: 2,823). This is in line with our strategy of maintaining Partner Delivery at this level as a core element of the Partnerships business model.

Total adjusted revenues from Vistry Partnerships increased by 18.7% to £864m (2020: £728m) with adjusted operating margin increasing to 9.2% (2020: 6.7%). This margin improvement has been driven by the strong increase in higher margin mixed tenure revenues. The business is confident it will achieve an adjusted operating margin of at least 10% in 2022, with the potential to increase this further to above 12% in the medium term.

Chief Executive's review

Sustainability

I am delighted to see the progress made with our sustainability strategy in 2021, with our people, our operations and our homes & communities highlighted as our three priority areas and critical to our purpose of delivering sustainable homes and communities across all sectors of the UK housing market.

We laid the foundations to meet our long-term sustainability targets in particular through our commitment to setting science-based targets and signing up for 'Business Ambition for 1.5°C'. We have developed our road map to deliver net zero carbon homes, benefitting from our experience of constructing 54 homes at our development at Europa Way in Leamington Spa achieving net zero carbon on regulated emissions. In December, we agreed a new Sustainability Linked Credit Facility with the interest payable on the facility being determined, in part, by our ability to meet three Sustainable Performance Targets. In addition, FY22 will be the first year when executive remuneration will be linked to sustainability metrics including the delivery of additional affordable housing, skills academies and the Group's 9-month HBF customer satisfaction score

Fire safety

As we previously stated, our strong view is that the costs of remediation should not be borne by leaseholders. We are supportive of the Government's ambition to deliver a lasting industry solution which needs to include a proportionate response to remediation. Mortgage providers and insurers need to align with the solution to ensure we unlock the market for home owners. We are engaging fully with the Government and working with the HBF to deliver a solution

We have assessed buildings over 11 metres where we are the responsible person, and we are engaged with partners where we were the contractor to do the right thing. As a result, we have made provisions for all known liabilities In the year we have taken an additional charge of £5.7m, with a total provision of £25.2m held at 31 December 2021.

From 1 April 2022, the Group will be paying the 4% Residential Property Developer Tax, the principle of which we have publicly supported.

We support the HBF response to the Department for Levelling Up, Housing and Communities dated 25 February 2022 which stresses the sector's commitment to the principle that leaseholders should not have to pay and sets out a number of recommendations to tackle the issue. The HBF response also seeks support to resolving key challenges including finalising and implementing – in a reasonable and proportionate way – the requirements of building safety which also requires the support of lenders, RICS, professional indemnity insurers and fire experts

Given the considerable uncertainties in this area we are unable to precisely estimate the further potential costs of fire safety remedial works arising from current Government proposals. However, we consider that these would be in a range of £35m to £50m in the event that the HBF's proposed recommendations are implemented

Quality and customer service

Building high quality new homes and providing our customers with excellent service has remained a top priority during 2021, and we are pleased to have retained a 5-star rating in the HBF independent benchmark customer satisfaction survey. Importantly this quality is consistent across the Group with all three divisions within the Housebuilding business, as well as the Partnerships business, achieving a 5-star rating. We remain focused on improving our score for the HBF customer satisfaction survey which is sent out 9 months after completion, a metric which is included in our annual bonus criteria and targets.

During 2021, we introduced a new standard Customer Journey across the Group using insights from our customers and best practice from Linden Homes, Bovis Homes and Drew Smith. This standardised framework is embedded within our customer relationship management system, ensuring we deliver a systemised, consistent, and high-quality service to all our customers. We have registered to join the New Homes Quality Board and are well positioned for the launch of the New Homes Ombudsman Service in Q2 2022.

Extending how, when and where customers do business with us has been invaluable over the last year to improving our customer satisfaction scores. There has been further adoption of our digital services with over 70% of our customers choosing to use our '6 Clicks' reservations process, with 36% of customers completing the reservation outside of normal office hours.

Real Living Wage Employer

Strategic land plots added in 2021
7,721

We expect to launch a new third national brand this year, building on the success we have seen within our existing brand portfolio and allowing us to maximise further returns, particularly on our larger and often strategically sourced sites.

People

Our people are critical to the success of our business, and we are thankful to all our employees for the enormous commitment, professionalism, and hard work they have given this year which has enabled the Group to make such great progress.

Investment in the development and training of our people remains a key priority, with our focus on learning, leadership, and management development. We recently launched the VistryLearn online learning platform, designed to deliver training virtually as successfully as if undertaken in person and importantly, making personal development more flexible and accessible for all our employees. We have also launched our new Vistry Leadership Development Framework focused on developing our leaders of the future and existing senior leaders within the business, with the most senior two stages of the framework delivered through Cranfield School of Management. The Vistry Mentoring programme will be rolled-out across the Group in 2022, with c. 40 mentors already having received training.

We are delighted that Vistry became an accredited Living Wage employer in 2021. Our commitment not only applies to our directly employed staff but also to our third party contracted staff and we have an established plan to ensure all our third party contracted staff such as our subcontractors on site are paid the real Living Wage in a phased approach.

We are committed to making Vistry an inclusive workplace and our Diversity and Inclusion Committee and working group made great progress in the year in formalising our Diversity and Inclusion strategy and identifying our key actions for 2022. These include the review of our family policies, a facilities review, and the delivery of unconscious bias training across the business.

We continue to place significant emphasis on mental health and to date have trained over 130 mental first aiders (1 per 25 employees) across the business. We continue with our 'Time to Talk' sessions which are open to all of our employees and cover subjects such as anxiety, bereavement, and healthy lifestyles.

We are pleased to report a further increase in our Peakon employee engagement score to 8.5 (July 2021: 8.1), with Vistry in the top 10% of companies completing this survey.

Land

The Group had a successful year in the land market, growing the overall size of our controlled and strategic land banks. As at 31 December 2021, the Group had a total of 42,770 (2020: 40,218 controlled land bank plots and 40,000 (2020: 34,053) strategic land bank plots.

Housebuilding secured 7,667 (2020: 6,281) plots across 38 (2020: 31) developments in the year at an average gross margin and ROCE hurdle rate of at least 25%, resulting in a total controlled land bank of 31,014 (2020: 31,994) plots as at 31 December 2021. The business has a strong deliverable pipeline of land with all of the land required for forecast 2022 completions secured, and 88% of the land required for 2023 completions secured.

Partnerships is investing in its owned land bank to support its rapid growth in mixed tenure completions and in the year secured 4,131 (2020: 2,371) plots on 23 (2020: 11) sites for mixed tenure development. It is also well positioned with 100% of the land required for forecast 2022 mixed tenure completions secured and 78% of the land required for 2023 mixed tenure completions secured.

Strategic land is a key component of the Group's land supply, and we are targeting 30% of total completions to be delivered from higher margin strategic land in the medium term. Our strategic land team delivers consented land to both our Housebuilding and Partnerships businesses, with the two businesses co-developing sites, particularly larger strategic sites, to maximise returns. On average, our strategic land delivers an incremental 150 to 300 basis points to the development gross margin. We are pleased to have added 7,721 (2020: 2,856) strategic land plots across 12 (2020: 10) developments to our strategic land bank in the year, increasing the Group's total strategic land bank at 31 December 2021 to 40,000 (2020: 34,053) plots.

Chief Executive's review

Balance sheet

The Group had a net cash position of £234m (2020: net cash of £38m) as at 31 December 2021, significantly ahead of expectations at the start of the year

This strong cash performance has been driven by the step up in financial performance across the Group and our continued disciplined approach to land buying and working capital management at an individual business level. Following supply chain shortages during 2021 we concluded the year with slightly lower work in progress.

For 2022, we are targeting an average month end net debt position of c. £100m (2021: £120m) and with our on-going investment in land and work in progress to support the controlled growth of Housebuilding revenues and the continued high growth of mixed tenure revenues, we are forecasting a modest overall cash outflow for the year.

The Group successfully re-financed in the last quarter of the year and announced its Sustainability Linked Finance Facility in December. As a result, the Group is operating with substantial funding headroom, with committed banking facilities totalling £666m and well spread maturities out to 2027.

Our strong performance in terms of land buying and achieving good terms has led to an increase in land creditors in the year to £414.2m (2020: £323m) and total gearing of 10.5%, representing a very strong balance sheet position only two years after the formation of Vistry Group.

Group strategy

One Vistry

Vistry Group exists to develop sustainable new homes and communities across all sectors of the UK housing market with 'Doing the right thing' at the core of our strategic focus and operations.

We are a top five national housebuilder with a leading partnerships business. We have a strong market position and capability across all housing tenures making us uniquely positioned to take advantage of the strong, under supplied housing market in England. With our combination of Housebuilding and Partnerships, we are the leading private sector provider of high demand, high growth affordable housing.

Vistry was delighted to have been the only listed developer to be selected by Homes England for delivery of the 2021-26 Affordable Homes Programme, with the business securing a five-year programme of grant funding totalling £83m that will deliver 1,474 new affordable homes. Of these, at least 25% will use modern methods of construction, delivering significant construction skills training opportunities and will follow the national design guide principles

Vistry is also pleased to have been appointed to Homes England's First Homes Early Delivery Programme 2021 – 2023, which will see the Group deliver 297 First Homes with £23m of grant funding from Homes England.

The First Homes programme is successfully helping local-first time buyers and key workers onto the property ladder through offering homes at a 30% plus discount to market prices.

The Group has a high quality, deliverable consented land bank combined with an excellent strategic land capability, and as One Vistry we are especially focused on maximising the returns from larger multi tenure developments. In 2021, our Housebuilding and Partnerships businesses together secured new, high quality development opportunities, while working successfully alongside each other on a number of existing sites, with this joint approach delivering enhanced overall returns.

Housebuilding

Housebuilding is focused on delivering controlled volume growth and significant margin progression from its existing operating structure and is driving towards its medium-term targets of 25% adjusted gross margin and 25% return on capital employed by 2025 ('25x25x25').

The business has national coverage through its 13 operating regions with each targeting annual output of between 550 to 625 units including JV's, giving an overall volume capacity for Housebuilding of more than 8,000 units (2021 total Housebuilding completions including JVs: 6,551) in the medium term. The business is targeting controlled volume growth from this existing business structure. Housebuilding expects to achieve a 23% adjusted gross margin in 2022, progressing towards its target of 25% by 2025. Key to delivery will be improvement in customer satisfaction and our on-going commitment to 'getting it right first time'

Net cash position
£234m

HBF Customer Satisfaction Survey
5★ (2020: 5★)

We will continue to leverage the scale and unique Vistry structure to acquire high margin land and, in particular, increasing the delivery from higher margin strategic land. The business is targeting at least 30% of completions from strategic land in the medium term. Optimising procurement to maximise the benefits of our enlarged national scale through centralised procurement, while maintaining some element of local agility is also key to margin progression. And we will continue the development of our brands and product range, including the launch of a third national brand in 2022, to maximise returns, in particular on our larger sites.

Partnerships

Vistry Partnerships holds a strong and unique position within the partnerships market, combining higher margin mixed tenure development and market resilient cash generative partner delivery.

The business made excellent progress in 2021 with its strategy of driving rapid growth in mixed tenure revenue and is firmly on track to deliver on its 2022 targets of £1bn revenue, an adjusted operating margin of at least 10% and in excess of a 40% return on capital employed

In the medium term, Partnerships' growth strategy is targeting £1.6bn of revenue and at least a 12% operating margin. Key to delivering this strategy is maximising the benefits of One Vistry, including access to capital, land buying expertise and strategic land capability, retail brand strength, and procurement savings and buying power. The business will expand geographically to increase future operating capacity with new business units in the South East and Midlands to contribute from 2023.

Capital allocation and dividends

The Group's priority continues to be to invest in high returning land market opportunities in line with our land investment strategy and growth targets for both Housebuilding and the less capital-intensive Partnerships business.

Earlier this year, the Board announced an acceleration of the dividend pay out to a two times dividend cover for 2021 reflecting the Group's balance sheet strength and its confidence in the Group's unique market position As such the Board is recommending a final ordinary dividend of 40p per share (2020: 20p) bringing the total ordinary dividend for 2021 to 60p per share (2020: 20p)

Looking ahead, the Board expects to sustain the ordinary dividend cover at two times. As previously announced, any surplus capital, following investment in the business to support the Group's growth strategy and the payment of the ordinary dividend, is expected to be returned to the Group's shareholders through either a share buyback or special dividend. The method will be determined by the Board considering all factors at the time.

Current trading and outlook

We have seen an excellent start to the year with the private sales rate per active site per week up 20% to 0.79 in first 8 weeks (2021: 0.66). The last 5 weeks have been particularly strong with a private sales rate of 0.92. We continue to see house price increases

Our sites are operating well and we expect our construction output in the first half of the year to be at a similar level to that achieved in H1 21. We have clear visibility on material supplies and good levels of on-site labour, albeit with some increasing labour costs coming through Overall, we expect our build cost inflation for 2022 to be c 6%, with wage inflation expected to run ahead of material cost inflation.

We continue to see a good supply of land opportunities although the land market is more competitive than it was 12 months ago. As One Vistry, we are leveraging our competitive advantage on larger sites.

We have a very strong forward sales position with Housebuilding and Partnerships mixed tenure forward sales as at 25 February up 23% to £2,155m (1 March 2021: £1,747m) and 64% (2021: 64%) of units for 2022 secured. The partner delivery forward order book totals £860m (2021: £880m) with 85% of 2022 revenue secured.

We expect Housebuilding to deliver further margin progression in 2022 and we are targeting a 23% adjusted gross margin with the business firmly on track to deliver against its 2025 targets of a 25% adjusted gross margin and 25% return on capital employed.

Vistry Partnerships continues its strategy of rapidly growing higher margin mixed tenure revenues and fully expects to deliver its 2022 targets of £1bn revenue and at least a 10% adjusted operating margin. Medium term the business sees a clear trajectory to deliver c. £1.6bn of revenues and an operating margin in excess of 12%.

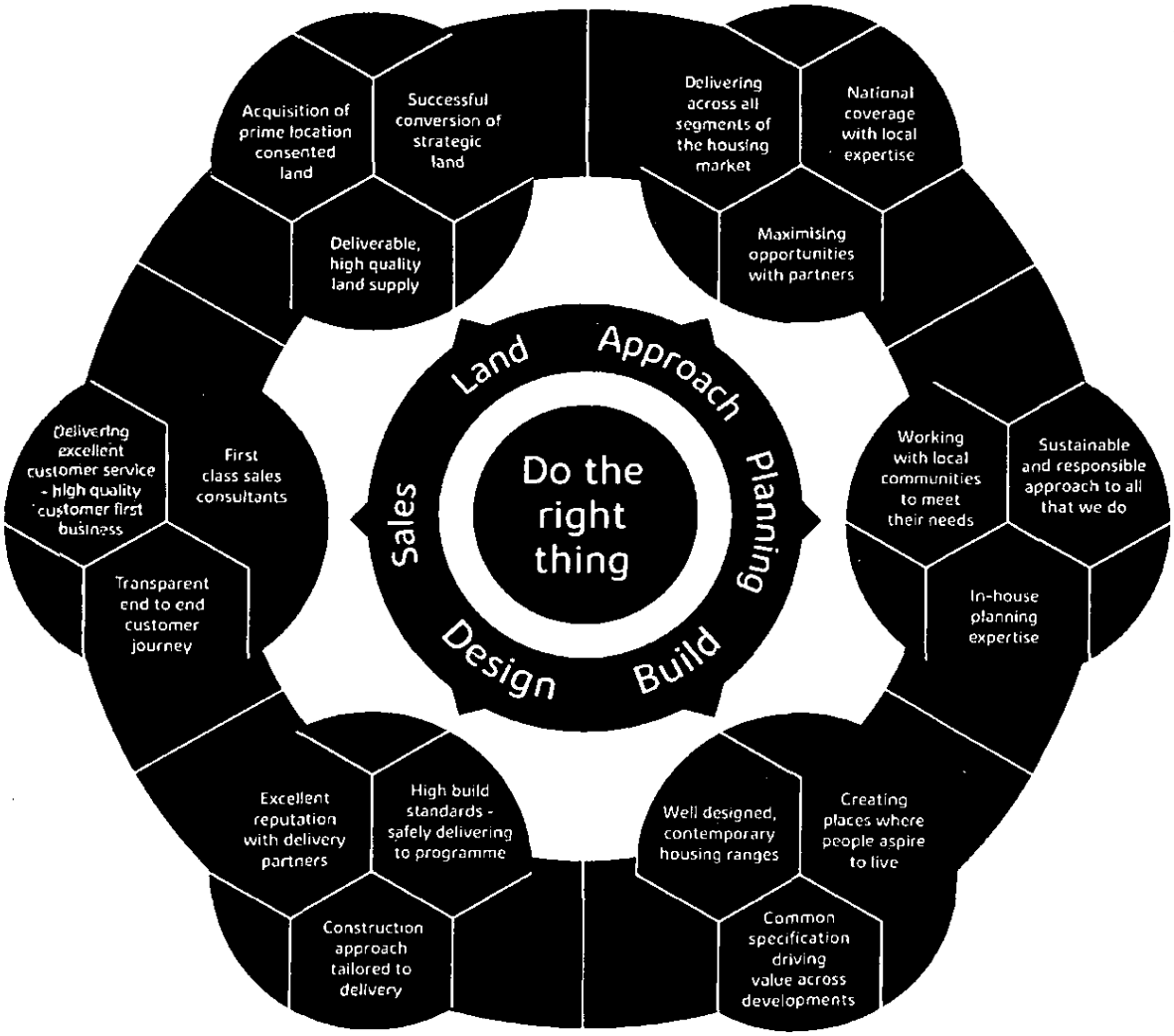
Overall, the Group is in great shape and well positioned to deliver a significant step up in profits and returns in 2022.

Greg Fitzgerald
Chief Executive Officer

2 March 2022

Our business model

Vistry Group exists to develop sustainable new homes and communities across all sectors of the UK housing market. That is our purpose and we have core expertise and competitive advantage across all the areas we operate, with our business model set up to deliver a strong performance across the cycle.



Executive Leadership Team

Vistry Group operates through its Board of Directors with day-to-day management and operation delegated to the Chief Executive Officer and the Executive Leadership Team. The roles and responsibilities of the ELT is detailed below. Full biographies can be found on our website vistrygroup.co.uk.

Greg Fitzgerald
Chief Executive Officer

Greg is responsible for the overall management and development of Vistry Group and its strategic objectives

Graham Prothero
Chief Operating Officer

Graham is responsible for overseeing the operational activities of the Group, including people, health & safety and strategic land He works alongside the CEO to develop the strategies for growth and identifies steps to improve operational processes.

Earl Sibley
Chief Financial Officer

Earl is responsible for setting the financial strategy and policy. His role covers all areas of finance, including tax and treasury along with IT, group commercial, investor relations and change management

Keith Carnegie
Chief Executive – Housebuilding

Keith leads the Housebuilding Division which is a leading provider of residential housing through the brands Bovis Homes and Linden Homes. He provides in-depth multi-functional knowledge and expertise and oversees 13 operating business units across England

Stephen Teagle
Chief Executive – Partnerships

Stephen leads the Partnerships Division which is a hybrid business fusing partner delivery programmes and mixed tenure housing delivery. He provides a unique perspective on joint ventures, regeneration and mixed-tenure delivery and oversees 11 operating business units across England.

Clare Bates
General Counsel and
Group Company Secretary

Clare provides expert and strategic legal advice, with a focus on legal and regulatory risk management, mergers and acquisitions, corporate projects, governance and contracts. She is also responsible for legal, compliance, internal audit, enterprise risk management, privacy, insurance and company secretarial functions.

Debbie Hulme
Group Customer Experience Director

Debbie supervises and oversees the strategy, planning and execution of Vistry Group's overall customer experience goals and is responsible for the delivery of a seamless customer experience across all stages and touchpoints in a customer journey She also oversees the Group communications and marketing functions

For further information on our Executive Leadership Team visit our website vistrygroup.co.uk

Market environment

Build rate has been the limiting factor on sales in 2021 with supply chain challenges unable to fully meet unprecedented levels of demand for new homes.

The latest output figures for the sector confirm that restrictions introduced in Spring 2020 in response to the Covid-19 pandemic were the cause of the first fall in net additional dwellings in 9 years, down 11% to 216,490, of which 194,060 were new build. This contraction against the Government's longstanding target for 300,000 new homes each year is considered temporary due to continued high levels of demand for new homes, but it has re-enforced the importance of Government support for the affordable housing sector. Additionally, the combined effect of Covid-19, Brexit and the subsequent increase in demand across construction has had a significant impact on the availability of materials and pricing. Whilst cost inflation has been offset by sales price increases, availability has impacted build rate.

Focus of the demand for new homes

Demand for homes for sale is currently very strong with the number of UK homes on the market falling dramatically over the year from c370,000 to c217,000, a 41% decrease being a sure sign that demand is outstripping supply (Rightmove, Peel Hunt estimates). Additionally, the number of mortgage approvals have on average remained consistently higher than pre pandemic levels and whilst levels have softened towards the end of the year, as Government support for buyers through SDLT relief has been removed, the advent of new mortgage products on the market with higher Loan To Value ratios should continue to help consumer demand.

Short term interest rate rises may impact short term demand but longer term interest rate forecasts still show rates remaining at historically low levels.

To date we are still seeing demand come through across a much wider range of tenures and Vistry continues to operate across each of these tenures, enabling us to access all parts of the housing market directly and through our partners.

These tenures include:

a. Social Rent
b. Affordable Rent
c. Intermediate Rent
d. Private Rented Sector
e. Right to Shared Ownership
f. Right to Buy
g. Rent to Buy
h. Shared Ownership
i. First Homes/Discount Market Sale
j. Help to Buy

Government investment

The Government has continued to support the housing sector, both for affordable homes and first time buyers.

The Government's Help to Buy scheme became available to first time buyers only from April 2021 with regional price caps being applied, and as the Help to Buy scheme starts to wind down by 2023 the Government's First Homes scheme is being piloted with Vistry taking an active part on site in Cannock.

First Homes, is an attractive proposition for the consumer, but the pilots are throwing up planning challenges that will need to be worked through with local authorities due to the variability of possible conditions that can be applied to First Homes.

In August 2021, the Government announced that the first allocation from the 2021 to 2025 Affordable Homes Programme of £8.6bn of affordable homes funding would become available. From this first allocation the Affordable Homes Programme of £5.2bn was established by Homes England for strategic partnerships with 35 organisations to deliver c90,000 affordable homes. Vistry Partnerships is one of those strategic partners with a £83m grant to deliver 1,474 affordable homes.

As additional support for the impact of Covid-19, the Government extended the nil rate band of £500,000 for SDLT until 30 June 2021 with a revision down to £250,000 from 1 July 2021 to 30 September 2021 and a full reversion to £125,000 from 1 October 2021. These dates saw peaks in completions in June and September but demand has remained strong after these dates with reservations remaining at high levels throughout the year.

Greg Fitzgerald
Chief Executive Officer

Market environment

Government legislation

The draft Building Safety Bill introduced in July 2021 proposed an extension to the period during which claims can be made by residents to developers from 6 to 15 years. In January 2022 a revision to the draft bill was made to further extend the period to 30 years when enacted.

From the 1 April 2022 the Residential Property Developers Tax of 4% will come into effect for large developers.

The Competitions and Market Authority is currently investigating the leasehold housing sector regarding unequitable ground rent terms and as a result a number of developers have cancelled contractual clauses that are seen to be punitive in the level of ground rent increases that could be applied

To support legislative action on climate change, in June 2022 changes to Part L and F of building regulations requiring new homes to achieve a 31% reduction in carbon emissions will come into effect. This is a stepping stone towards the 2025 Future Homes Standard which will require a reduction in emissions of 75% to 80%, including the exclusion of gas boilers in all new homes.

Affordable housing

The £11.5bn Affordable Homes Programme was confirmed as a programme that will impact future years with the expectation that it will fund the delivery of 180,000 homes over the next five years which represents an increase in the annual level of funding to £2.3bn. As well as Vistry gaining its own programme of £83m for 1,474 homes, the programme has also attached a greater diversity of organisations to secure funding including for-profit registered providers, local authorities and 26 London boroughs

The average grant rate has increased to £64,000 per home from £38,000 per home in the previous funding round which demonstrates the Government's increased support for delivering affordable housing to close the gap towards the high levels of demand which support our Partnerships division's growth plans.

We expect this to contribute to increasing the annual supply of affordable housing to 60,000 units by 2026 from 50,000 units per annum from 2018 (Savills Spotlight Delivering New Homes, November 2021). This will include the impact of Government reforms regarding First Homes which will see less traditional shared ownership and low cost rental housing provided through s.106 agreements.

Estimates of the demand for affordable housing ranges from 75,000 to 150,000 per annum but this is a market wholly constrained by supply factors, not demand factors.

The short term impact on the delivery of affordable housing due to Covid-19 has seen the supply of affordable housing reduce but the sector is in a strong financial position with the top 250 residential social landlords having £35.2bn cash and undrawn facilities with plans to increase development spending to £18.3bn over next 12 months (compared to £12.1bn over last 12 months). (Data from Quarterly Survey for Q2 (July to September) 2021 to 2022, 25 November 2021).

Build to Rent

Build to Rent has been a growing market with an increase in the supply of build to rent from 7,000 per annum in 2016/17 to 14,000 per annum in 2019/20 significant growth in this sector is expected and could reach 30,000 per annum by 2026 (Savills – future of housebuilding November 2021). In 2021, £4.1bn was invested in the sector (CBRE) including £2.1bn in Q4 2021 which is the highest ever quarter of investment on record in the sector. Investment levels are expected to increase by 65% in 2022 (CBRE).

Local Authority delivery

Local Authority Housing delivery continues to increase with 83% of local authorities having local housing operations. This proportion has increased from 58% in 2017. In total Local Authorities delivered 20,249 homes in the 12 months to March 2021 compared to 8,992 in the 12 months to March 2018.

(data from the Local Authority Direct Provision of Housing: Third Research Report, September 2021 - Professor Janice Morphet and Dr Ben Clifford Bartlett School of Planning, UCL)

The combination of a financially strong purchasing sector combined with business models which operate and support housing delivery across the economic cycles and a reliance on the private sector for development and construction expertise places Vistry Group in a strong position to benefit from this increasing demand.

Affordable homes programme
£83m

Land supply and the planning system

The planning system continues to be disrupted by the Covid-19 pandemic and the ongoing uncertainty surrounding the Government's proposed planning reforms. Local planning authorities and the Planning Inspectorate are under-resourced. Recent Government statistics have confirmed that the number of planning decisions issued for major applications within the prescribed time period has fallen to its lowest level in five years.

However, we continue to promote our larger strategic sites through the Local Plan process and we have found ways to continue pre-planning application discussions on a wide range of sites, including virtual consultations with local residents, planning officers, councillors and other consultees Inevitably we have experienced some delays in the determination of outline and detailed planning applications and we are engaging with the Home Builders Federation and other organisations to try to speed up the planning process.

We are working with Government departments to help to shape planning reform. We support recent amendments to the National Planning Policy Framework which emphasise design quality. The Environment Act has introduced the requirement for a 10% biodiversity net gain on all development sites. We are pro-actively planning to meet this target and our strategic land portfolio provides a real opportunity to deliver this requirement as a key component of high quality placemaking.

As a Group we continue to consider our social value offering and recognise that messaging the wide range of benefits that development can bring to a community will be increasingly important to secure local support for proposals.

The restricted supply of land with planning consent is driving up land prices, particularly at a time when housebuilders are using up the consented land already on their books to meet high demand for new housing. Vistry have a healthy consented land bank and strategic land bank, so we are only purchasing new land that meets our specific land buying criteria.

Supply chain and employment market

2021 was particularly volatile in respect of material pricing with various factors contributing to exceptional price increases throughout the year such as raw material shortages, increased haulage costs and towards the end of the year a spike in energy costs. Raw material shortage particularly affected timber, steel and PVC polymers and prices for these materials reached unprecedented levels during the year. Energy price increases are affecting a number of commodities that are reliant on gas and electric as part of the manufacturing process, particularly impacting carbon heavy commodities such as bricks, blocks, roof tiles and cement in particular who have also been exposed to the carbon levy tax.

The Group has benefitted from the last two years of material rates negotiated at the time of the merger back in 2020 Towards the end of 2021 many of these fixed price contracts came to an end and, as anticipated, we are seeing new price increases in excess of normal market conditions. Whilst we do not believe that rates will return to early 2020 levels, we do not expect the same levels of increases experienced in 2021 and our agreements, where appropriate, maintain a mechanism to track world commodity pricing to ensure we remain aligned with the current markets

We do believe there is a price 'bubble' in certain commodities where demand is outstripping supply and we have finalised our re-negotiations of any agreements expiring at the end of 2021 and have not entered into any fixed price agreements past a 12-month period as we expect to see a correction in the supply market as we move into the second half of 2022. To support this we have recently started to see some reductions in the price of timber as stock levels are recovering at the European mills.

Concern remains around the availability and pricing of labour into 2022 as sector output grows and as an industry we continue to address the skills shortage and impact from Brexit in some areas. As a result, we have a number of advanced trials with alternative methods of construction to look to mitigate this risk

All increased costs have been factored into our cost base for 2022 and we are seeing an annual inflation impact tracking around 5%.

Summary

Despite the uncertainties due to Covid-19 and Brexit, the UK Housing market continues to support the delivery of new homes across all tenures with a strong tail wind of the continued years of undersupply which supports both our Housebuilding and Partnerships business models who operate across all of these tenures.

Strategic priorities

We have a clear set of strategic priorities which underpin how we operate across all aspects of our business and will support driving towards our targets.

Strategic priorities		Risks involved	Measuring success
Our people	Investment in the development and training of our people to ensure a committed, motivated and engaged workforce.	• People capability and change • Diversity and inclusion • Mental health	• Unplanned staff turnover • Employee engagement score
Our customers	Delivering our customers quality new homes and a high level of customer service that meets their expectations throughout their entire journey.	• Quality of product and customer experience • Ability to serve customers during the Covid-19 pandemic	• HBF Customer Satisfaction • NHBC reportable items
Our operations	Ensuring the health and safety of our people and subcontractors whilst minimising our impact on the environment	• Health and safety performance • Delivery of waste, climate change and environmental improvements	• Accident frequency rates • Environmental measures
Our homes and communities	Developing sustainable new homes and communities.	• Protecting wildlife, green space and bio diversity • Delivering social value	• Delivery of social and affordable homes • Green space and biodiversity net gain • Planning and community
Our shareholders	Driving enhanced returns for our shareholders through increased profitability, return on capital employed and total shareholder returns.	• Economic downturn • Prolonged pandemic restrictions • Cash generation	• Profitability • ROCE • TSR

Strategic priorities

Our people

Putting people at the heart of what we do

Progress 2021

We work hard to understand our employees' views and ensure that we provide a supportive environment that they can thrive in, as we recognise that not being able to attract and retain good people is a principal risk to our business.

In September 2021, the Group appointed a Group People Director to drive the Group's people strategy with a focus on attracting diverse talent, retention, staff development and employee wellbeing.

As at 31 December 2021, the Group directly employed 3,145 people (2020: 3,001). This year the total employee turnover rate decreased to 24% (2020: 33%) largely due to the organisational structure stabilising following the merger. Unplanned staff turnover did however increase to 21% (2020: 15%) and this is also reflected in the stability index decreasing to 79% (82% at the start of 2020), much of which can be attributed to the pandemic and the improved candidate recruitment market. Pleasingly however, our engagement score increased to 8.1 (7.9 in 2020). Undoubtedly this pride in the Group contributed to our strong customer 5 star satisfaction score.

Peakon

Our people

Continued to make significant progress harmonising our employee experience with improved and consistent benefits for all our people

Established a Diversity and Inclusion Committee to work alongside and steer the Diversity & Inclusion working group to continue to formalise a strategy, objectives and actions for 2022/2023

Appointed a Group People Director to drive People strategy

Achieved a Real Living Wage Accreditation

Continued to improve employee communication channels

Continued our support for mental health and employee wellbeing

Communication and engagement

We recognise the importance of keeping employees informed of operational, financial, and strategic business matters and do this in a number of ways, including:

- **Vistry Voice**
  A weekly podcast from the Chief Executive or other ELT member.
- **CEO briefings**
  Our respective CEOs of the housebuilding and partnerships businesses engaged their teams directly with further quarterly 2-way virtual sessions.
- **Vistry Roadshow and Q&A**
  The Executive Directors hosted six virtual roadshows in May covering all staff across the country. They updated on progress made against our strategy and answered questions Virtual roadshows with all of the ELT continued in January 2022 and, again covered all of the business.
- **Vistry Awards**
  The Chief Executive and our Group Change Director hosted the virtual Vistry Awards in March which celebrated the successes of our people.
- **Video and animations**
  Videos and animations have been produced covering our brands, One Vistry and our people's approach to sustainability. All of these are hosted on Dug, the Company intranet.
- **Employee representatives**
  Each regional business meets regularly with employee representatives
- **Intranet – 'Dug'**
  DUG contains up to date information for employees
- **People Forum**
  Held periodically throughout the year and are hosted by Nigel Keen, our Employee Engagement Non-Executive Director. They are attended by employee representatives from each of our regional businesses. Feedback from these forums is directly fed back to the Board by Nigel and any actions are followed through

In addition, two confidential Peakon employee engagement surveys were sent to all employees in 2021. In the last survey of 2021 we were very pleased to achieve a high engagement score of 8.1 (against an industry benchmark of 7.6), with a participation rate of 76 per cent We will also continue to develop this platform to measure progress in respect of our diversity & inclusivity objectives throughout 2022.

KPIs	2021	2020
Employee engagement score	8.1	7.9
Unplanned staff turnover	21%	15%

There is active engagement on workforce remuneration. At the Vistry Roadshow employees gave feedback on their total salary increase for 2021 of 4.75% set against inflation being currently high and volatile. The ELT has agreed to keep the position under review during 2022.

Gender Pay Gap

In 2020, our mean gender pay gap was 20.6% and our median gender pay gap was 26.2%. Further information about our gender pay gap and what we are doing to address the gap is included in our Gender Pay Gap Report which is available at vistrygroup.co.uk/sustainable-approach/publications-and-policies. Our report for 2021 shall be published in due course.

Real Living Wage

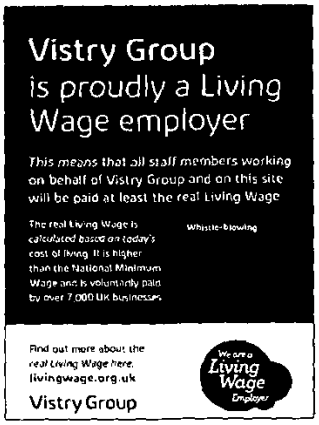
In November 2021, Vistry Group became accredited as a Real Living Wage employer.

The Real Living Wage is higher than the Government's minimum wage, or National Living Wage, and is an independently calculated hourly rate of pay that is based on the actual cost of living. It is calculated each year and announced by the Living Wage Foundation as part of Living Wage Week.

This commitment applies to not only directly employed staff but also to our third party contracted staff. We have a plan in place to ensure that all our third party contracted staff, such as our subcontractors on site, are paid the Real Living Wage in a phased approach.

Learning & Development

As a key part of our Group People strategy, the Learning & Development (L & D) Team continue to focus on how we attract, develop and retain our people, using a range of engaging, blended, learning solutions including virtual classrooms, physical workshops, and e-learning modules to enable them to achieve their career goals and ambitions.



Our integrated Learning Management System, which launched in December 2021, will enable all colleagues to have access to comprehensive, engaging, learning solutions, tailored to their individual needs, that can be accessed when working at home, in the office or on site.

At Vistry we are committed to providing careers, not just jobs, and we have introduced career development plans for all colleagues to help us retain and grow our talent.

Our bespoke executive leadership framework, Leading Better Together, will ensure our senior and future leaders are fully equipped with the expertise and skills the business needs for our continued future success.
We have worked with Cranfield School of Management to develop and deliver our Senior Leaders programme, and we expect around 70 of our Leaders to undergo training over the next two years. Our Future Leaders programme, aimed at our Middle, Frontline and Trainee Managers with potential for Senior roles, is being designed by our internal experts and will launch during Q2 2022. This programme will provide essential learning pathways to develop key skills for managers and potential leaders.

We are committed to becoming a learning organisation and driving cultural change, embracing our Values and our focus on continuous improvement.
We will launch Mentoring and Reverse Mentoring schemes in Q1 2022 and strive to embed a coaching culture whereby every employee has the opportunity to develop a growth mindset, build trust and psychological safety, increase wellbeing and build resilience.

Our Vistry Group Welcome Event, which all new starters are invited to attend on their first day, was launched in January 2021 and provides an introduction from a member of the ELT, along with key information on our Values, SHE, the housebuilding process, our IT systems and our people.

Apprenticeships and trainee programmes

We have focused on supporting early careers and emerging talent during 2021 and in the year we had 147 apprentices and 138 trainees, graduates and educational sponsorships across Vistry Group. We have continued to work closely with the Government Apprenticeship Service and apprenticeship providers across the country to ensure that our apprentices have access to learning and the support that they require to continue working through their programmes, taking subjects from Civil Engineering, Quantity Surveying and Accounting to Carpentry and Joinery, Bricklaying and Site Supervision. We have trainees in most areas of the business including Site Management, Commercial, Technical, Sales, Quantity Surveying, Construction, Finance, Engineering and Estimating and a large number of these trainees are completing apprenticeships or professional qualifications.

Strategic priorities

Our people

The Group's Modern Slavery Transparency Statement and more detailed information on our programme, is on our website vistrygroup.co.uk

Vistry Plus Skills Academies

As part of our Social Value offering, we have created the Vistry Plus Skills Academies. Over 545 learners have gone through the Vistry Plus Skills Academy innovative training programme. Delivered nationwide, each academy provides onsite training, mentoring and skills development, creating opportunities for local people (often long-term unemployed) to gain work experience and vocational qualifications including NVQs, CSCS cards and other safety qualifications; a crucial first step into the industry. Combining classroom and practical learning, the academies allow training to take place within a live site environment. Learners have the opportunity to engage and network with Vistry subcontractors, and there have been many cases of participants being successfully recruited within the supply chain upon completion of an academy.

Over the next 18 months, 8 academies will be running across the UK, totalling to 17 academies to date since the programme launched in 2017. Through the academies over 3,000 live-site experience days have been held, creating over £40m worth of Social Value. Other opportunities created include apprenticeships, traineeships, CITB ATO assured courses, NVQs, Armed Forces Resettlement training, City & Guilds certification and CSCS card qualification.

Modern Slavery

At Vistry Group, we recognise that modern slavery can occur in the construction industry. We operate an Anti-Slavery and Human Trafficking Policy which outlines our zero-tolerance approach to modern slavery and human trafficking and supports our efforts to combat modern slavery.

Our Modern Slavery Act working group oversees the Group's approach to eliminating modern slavery from the business. It comprises a collaborative cross-functional team which meets on a quarterly basis to drive forward our work against modern slavery.

Our people have access to a dedicated Modern Slavery Awareness training page, which provides guidance on understanding modern slavery in the construction industry, how to spot the signs of modern slavery, contact details for relevant agencies and details of our SpeakUp whistleblowing hotline.

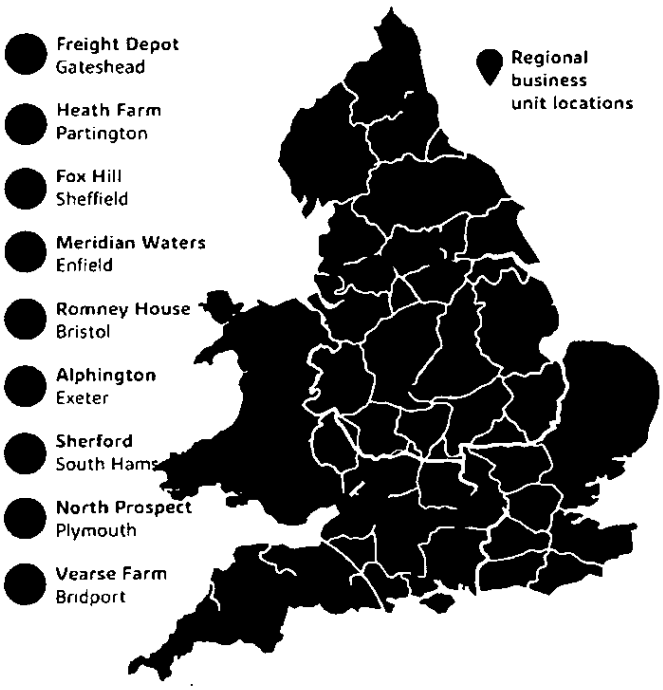
We partner with Supply Chain Sustainability School and are a member of the Modern Slavery Engagement Programme which aims to increase awareness and provide guidance and training to our supply chain. We have also pledged our commitment to the Gangmasters and Labour Abuse Authority Construction Protocol.

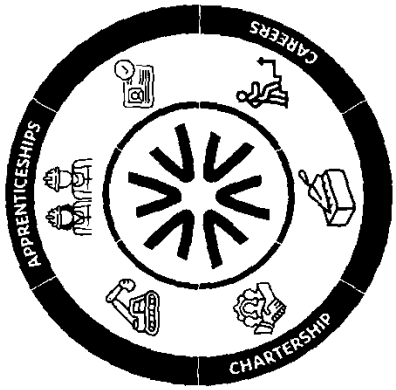
Our supply chain onboarding process ensures that our suppliers and subcontractors confirm compliance to the Modern Slavery Act, provide details of their own modern slavery policies and are aware of our modern slavery commitments and expectations.

During 2021, we registered with the Modern Slavery Statement Registry, commenced an internal audit review of our high-risk sites, increased awareness across our sites with toolbox talks and multi-language posters highlighting the risks of modern slavery in construction together with details of a confidential reporting line.

Our SpeakUp hotline is operated by EthicsPoint and can be used to report any concerns of modern slavery. No reports of modern slavery within Vistry Group were made to EthicsPoint in 2021

Skills Academy locations




APPRENTICESHIPS
CAREERS
CHARTERSHIP

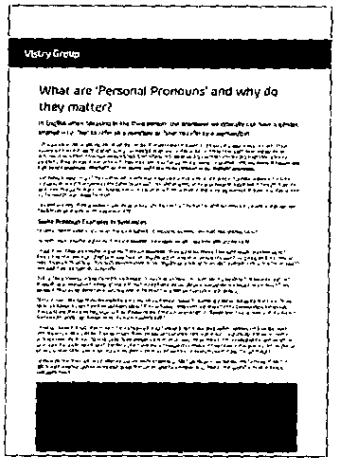
Strategic priorities

Our people

Diversity & inclusion

The Group passionately believes in equality and diversity for all. For Vistry to be a truely inclusive employer we need to ensure we have processes in place that attract and retain a diverse range of employees. We have a Diversity & Inclusion policy which is rigorously enforced and promoted.

It is also Group policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the Group) to ensure requirements of these persons are adequately covered and to comply with any current legislation with regard to disabled persons. This includes: the full and fair consideration of applications for employment; the provision of training whilst employed, and, ongoing opportunites for career development and promotion. The Group's policies are supported by the Group's Dignity at Work policy which prohibits bullying, harassment or victimisation.


Vistry Group

What are 'Personal Pronouns' and why do they matter?

Progress 2021

A Diversity & Inclusion (D&I) Committee was established in April 2021 to work alongside and steer the existing D&I working group to lead the development and delivery of the Company's diversity and inclusion agenda.

A number of initiatives took place during the year to raise awareness, educate, review our processes and start measuring progress. In summary these initiatives were:

- **Employee journey reviews**
  To assess the adequacy of our current processes two workshops were held with a diverse range of colleagues discussing all stages of an employee's time with the Group and recommendations were put forward on how Vistry could become a more inclusive employer. The actions taken from these workshops were reviewed as part of the D&I strategy day.

- **Peakon D&I feedback**
  In January 2021, a D&I module was introduced within our Peakon engagement survey. As well as specific D&I questions, employees were asked to complete a voluntary questionnaire to share their personal background information such as sexuality, ethnicity, gender, care giver status and disability. The information shared importantly helps us to understand the makeup of our organisation, and additionally provides feedback on how our employees feel we are doing and what we need to do better.

- **Agile working**
  Agile working formally implemented in May 2021, is a great tool in improving diversity and inclusion as it offers greater flexibility to work-life balance. Agile working has received really positive feedback from our employees and is also helping us to attract a diverse range of applicants to Vistry that are seeking agile working practices.

- **Women's network**
  In July 2021, the Women's Network was established by two members of our Learning & Development team. The network was set up for people to share experiences, support one another and promote the profile of women in construction.

- **Education and awareness**
  A number of initiatives took place during 2021 to continue to raise awareness and educate our employees about D&I.

  - A dedicated Group Intranet (DUG) page to share information and publish stories
  - Brunch and Learn training sessions covering D&I and Unconscious Bias
  - Time to Talk sessions to raise awareness and break stigma around issues such as disability, juggling parental and working responsibilities and menopause.

A number of events were organised by the D&I working group during the year to celebrate International Women's Day, Pride and Black History Month. These events included a number of internal and external speaker sessions.

- **Reverse Mentoring pilot**
  A reverse mentoring scheme has been piloted with the aim of senior leaders learning from individuals who are currently at a more junior level. This will allow colleagues to educate leaders on the different set of challenges and experiences their careers are providing them. A full-scale scheme has become one of the Group's 2022 objectives.

Strategic priorities

Our people

D&I strategy, objectives and 2022 activities

The D&I Committee reviewed progress and feedback from all the activities that took place during 2021 and formalised the D&I strategy, objectives and activities for the next 12-24 months.

Vistry for All

Aim: To be an inclusive place to work by doing the right thing for us all

1. **Communication** - Providing open and transparent communication. This includes advertising across more diverse platforms, and of agile, part time and job share opportunities in order to attract a diverse range of applicants. Roll out the Employee Value Proposition.
2. **Access** - Create a workplace where all feel welcome and able to achieve. This includes implementing mentoring, reverse mentoring, shadowing and graduate programmes. Continuing employee engagement mechanisms and then to measure their effect through Peakon results. Exhaustive review of our facilities to ensure they are accessible to all.
3. **Employee engagement and attraction** - Make me feel part of One Vistry and value me as an individual. This includes formal work experience schemes and links to Vistry Plus Skills Academies, and engagement with schools and colleges to promote Vistry and the industry.
4. **Practices and Policies** - Treat us all fairly and consistently. This includes creating partnerships with external organisations, charities and networks to tap into a more diverse talent pools. Review the Group's policies (including maternity/paternity) to ensure we are embedding the principles of diversity into the business. Start collecting protected characteristics data, establish baseline, identify and evaluate metrics.
5. **Education** - Build understanding, change attitude and behaviours. This includes mandatory D&I and unconscious bias training for all employees, manager pathway training and regular e-learning training programme.

Mental Health & Wellbeing

Vistry has a dedicated section of DUG providing mental health guidance and support, as well as a platform for our people to share their own personal achievements, experiences and stories. The page provides links to helpful organisations such as Mind and The Samaritans. We have a dedicated Mental Health Committee with members from across the business to support initiatives in this area.

To help spot the signs of a mental health problem and provide our people with an opportunity to talk to someone about their struggles, we have more than 100 volunteer trained Mental Health First Aiders, over 33% more than last year.

To supplement our initiatives and to provide our employees with expert advice, we launched a Wellbeing Centre as part of a new employee discount scheme. The Wellbeing Centre, available to all our employees, gives access to numerous resources for wellness on four different areas, physical, financial, nutritional and mental health.

The Government recently called for employers to strengthen their support to keep millions of women in work. Vistry acknowledged World Menopause Day on 18 October 2021 by inviting Ruth Devlin, founder of Let's Talk Menopause, to talk to us about all things menopause.

Time to talk

Mental health matters

We also have a dedicated Employee Assistance Programme available 24-hours a day, 365 days a year offering additional support to those that need it.

Dawnet McLaughlin
Regional Managing Director

Analysis by age		
Age	No. of employees	%
<21 years	69	2%
21 – 30 years	587	19%
31 – 40 years	812	25%
41 – 50 years	753	24%
51 – 60 years	713	23%
>60 years	211	7%
Total	3,145	100%

Role	Female	Male	Total
Executive Directors & ELT	2	5	7
Non-Executive Directors	3	3	6
Directors/Senior Managers	92	203	295
Managers	157	594	751
Site Based	35	694	729
Support Staff	771	564	1,335
Trade Apprentices	1	21	22
Total	1,061	2,084	3,145

Strategic priorities

Our customers

Putting our customers first

Progress 2021

We continue to put our customers at the heart of everything we do, from the range and quality of homes that we deliver to the journey that they have with us. We have also further enhanced our digital capabilities, providing new and exciting ways for our customers to interact with their future homes as well as delivering more personalised communications to create more positive experiences of engaging with Vistry.

Our continued focus on service delivery has been recognised by our customers who have, for the 3rd year in a row, rated us a 5 star in the HBF independent benchmark customer satisfaction survey This means that over 90% of our customers would recommend us to their family and friends.

Customer Journey

We have introduced a new standard Customer Journey across the Group using insights from our customers and best practice from Linden Homes, Bovis Homes and Drew Smith. This ensures we can deliver a consistent, quality service to all our customers.

Embedding the journey within our Customer Relationship Management (CRM) system has also ensured we can systemise our communications and interactions and as a result ensure we consistently deliver for all of our customers

Our new journey provides our customers with the opportunity to see the hidden quality of their new home by offering a visit after first fix and again immediately before moving in where a home demonstration inspection is completed. This ensures customers have all the information they need to move into their new home with confidence.

We have seen further adoption of our digital services with over 70% of our customers choosing to use our "6 Clicks" reservations process and with 36% of customers completing the reservation outside of normal office hours. Extending how, when and where customers do business with us has been invaluable over the last year in improving on our customer satisfaction scores.

Our immersive 3D experiences have been rolled out across the Group. These enable our customers to more clearly visualise their homes by providing them with a fully digital site visit where they can walk through the development, enter and explore the homes and gardens even before any work has started on-site This capability has been extended and is now also available on our website so that it is available when our customers are first thinking about buying a home.

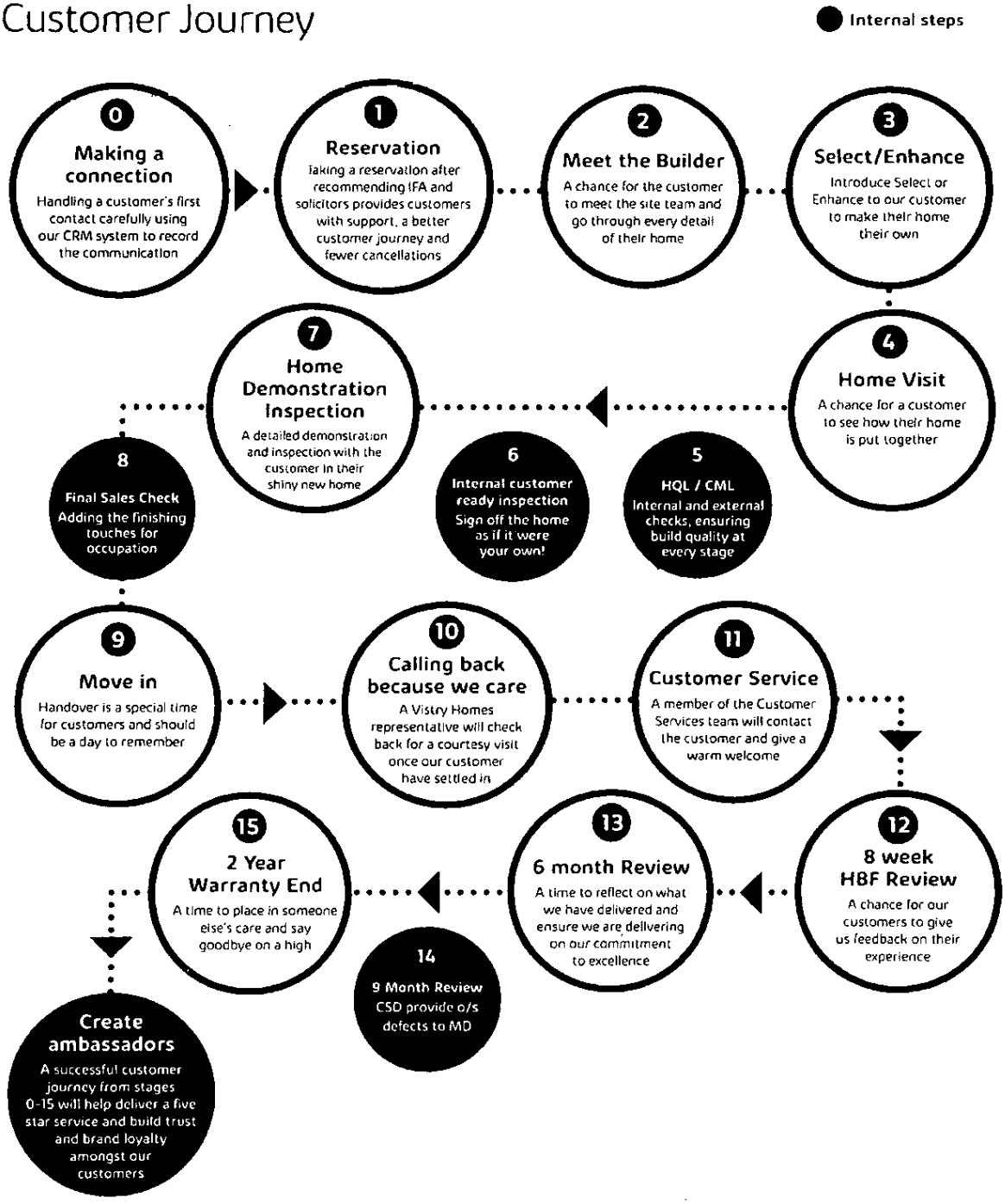
The choices that we provide to our customers to enable them to further personalise their homes by selecting and upgrading kitchen, flooring, tiling, wardrobes and appliance packages have been updated providing Group wide enhancements under our Select and Enhance ranges. Our digital immersive experience also provides the ability to view all these options making it much easier for our customers to visualise the choices available to them.

Our ability to continue caring for our customers throughout their journey has also been enhanced by providing digital capabilities which enable the ability to log and track progress of any snagging issues within their home for the whole 2 year period of the builder's warranty

Strategic priorities

Our customers

Customer Journey



KPIs	2021	2020
HBF Customer Satisfaction	5 star	5 star
NHBC Reportable Items	0.22	0.28

Customer digital immersive platform

Progress 2021

During 2021, we worked to create a digital immersive platform that offers our customers a personal and virtual way to receive brochures, visit our developments, step inside our homes and even customise them without the house being out of the ground

We are the first to do this within the housebuilding industry, it differentiates us from our competitors and transforms our customers homebuying experience. The platform will continue to be rolled out across our developments during 2022.

The new interactive tool allows our customers to immerse themselves into our developments virtually. The *development tool provides information on individual plots such as* availability, price and individual features of the property. Our customers are able to view external and internal images of their future home as well as 3D floor plans. Our customers can walk into any home and use the visualisation *configurator to personalise it and change the look of worktops, cupboards,* flooring, bathroom tile choices and play with the furnishings before then sending themselves their finished creation.

- Interactive site plan with the ability to *freely walk around the development*
- Walk into a home, around the plot/ garden and see the front outlook
- Availability linked to real time data
- Favourites function
- *Internal and external CGIs of each plot*
- Street scene CGIs for each plot
- Hero CGI for the development
- Internal home walk-through for each plot / 360
- Home internal configurator to all rooms *for personalisation on each plot*
- Email notifications to the sales teams with customers details, choices and copy of brochure
- 3D site plan
- 3D floor plans for each plot
- *Personalised digital brochure - with choices selected*
- Generic digital brochure
- Automatic send function to customers
- Model and configurator web version for website integration

Strategic priorities

Our customers

Priorities 2022

Our customer strategy remains consistent in approach, ensuring we continuously improve to meet our customers evolving expectations and needs and by doing so continue to deliver our 5 star service.

For the year ahead:

We will continue to deploy our digital roadmap including the roll out of CRM across the Vistry Partnerships business and enhancing our marketing platform capabilities.

The introduction of a new Third National brand will be launched during the year building on the success we have seen within our current brand portfolio.

This will offer our customers more choice and will lead to higher absorption rates on large schemes.

Project 2025 is also developing new product ranges inspired by our customers and meeting future building standards.

We remain supportive of the Government's planned New Homes Ombudsman and we are well progressed with updating our systems and processes to support the implementation of the draft code. We also welcome the Government's aim of further raising the standard of new homes across the country whilst providing customers with an independent channel to resolve complaints.

Strategic priorities

Our operations

Deliver safe and efficient operations

Progress 2021

Health & Safety	Environment (Waste & Climate Change)
Reviewed and updated our SHE management system to work effectively for the enlarged business	Developed a sustainability data platform to help improve engagement with waste and carbon data
Appointed a dedicated Group SHE Director to oversee all matters and align practices	Appointed a Group Sustainability Manager and Group Design and Sustainability Manager
Successfully implemented a new on-boarding programme incorporating a dedicated behavioural change element	Signed up to the Business Ambition for 1.5°C and formally committed to setting a science-based target for reduction in greenhouse gas emissions

Safety, Health, Environmental Management and Wellbeing

Our approach

The safety of our people, and those who work with us, is our top priority. Our purpose is to prevent work-related death, injury and ill health. Health and Safety is one of the first topics to be covered in executive meetings, and is highlighted early on in our new starter inductions, with clear linkage to our values and ethos.

A Safety, Health & Environmental Leadership Team committee was set up early in 2020. The meetings held bi-monthly are chaired by the Chief Operating Officer with representation from senior management from across the business including the General Counsel and Group SHE Director.

We take our responsibilities for environmental management very seriously. We have a Group environmental team dedicated to protecting our environment, supporting the wider SHE team and collaborating closely with the sustainability department to ensure all aspects and impacts are identified, control measures are implemented, monitored and reviewed.

This year more than ever, looking after our people's mental health has been a priority for us. We have a dedicated Mental Health Committee to ensure we provide vital guidance and support for those with existing issues, for those at risk, and for the workforce as a whole. Observation and communication are key to early identification of those that may be suffering mental ill health.

Committed to Safety & Health

Throughout the Covid-19 pandemic, we have continued to adapt our enhanced measures and keep our Group Covid-19 risk assessment updated in line with the Construction Leadership Council and local authorities' guidance, so that our sites and regional offices operate as safely as possible, and our workforce, customers and communities have remained protected.

To reinforce our commitment to safety and to benefit from external best practice, Vistry Group was an early adopter of the Building A Safer Future Charter. The Charter Commitments are a key mechanism to drive culture and put safety first above all other factors.

To further enable our ability to learn from external best practise, Vistry are working closely with Build Force, an organisation set up to create formal pathways between the military community and the construction industry. Their aim is to establish direct links with employers like Vistry and provide visibility on careers to the community along with the training required to access them. Build Force then ensures that talented Service Leavers and Veterans are supported and valued as they transition into our industry. Earlier this year we created a new Armed Forces Mentoring & Coaching Programme to help those with a keen interest in Health and Safety gain important practical experience to help make that transition. Our first serving member of the military joined our SHE department in September and we are hoping to recruit several more in 2022.

We operate an ISO compliant SHE management system which is accredited for our Partnerships segment. The same principles are adopted by our Housebuilding segment. The system is verified through a series of internal and external site inspections and audits. During 2021, we carried out 2,560 internal SHE Site Inspections achieving an impressive 94% compliance score, a 3% improvement on the previous year.

KPIs	2021	2020
Accident Incident Rate	257	361
Lost Time Incident Rate	0.32	0.32
Accident Frequency Rate	0.11	0.15

A controlled exercise to demonstrate the importance of exclusion zones was carried out across numerous sites as part of the 2021 CECA Stop. Make A Change campaign in October.

The exercise received positive feedback from our workforce and sub-contractor partners who benefited from the opportunity to truly understand the potential consequences of being struck by moving plant.

SHE

Whilst it is difficult to completely mitigate risk, we believe injuries are avoidable and we work tirelessly to improve performance and ensure our Accident Incident Rate (AIR) remains below industry standard. We started the year with an AIR of 332, slightly above the Health and Safety Executive Construction Industry Average of 330, and were very pleased to see that figure reduce to 257 at the end of the year (calculations are based on number of reportable accidents divided by number of people on site x 100,000). Our Accident Frequency Rate (AFR) has reduced from 0.15 at the start of the year to 0.11. The Lost Time Incident Rate (LTIR) remained at 0.32. Previous years have seen Vistry monitor service strike frequency rate, however the data has proven difficult to verify. Therefore, with an increased focus on service strike reduction, we now monitor and review the service strike incident rate (SSIR)

We started the year with an SSIR of 413 and ended on 439. We acknowledge the slight increase and will continue to explore new technology and behaviour change programmes to reduce this rate in 2022

There is no room for complacency within our business and we remain committed to reducing the likelihood of low-frequency, high-impact catastrophic incidents while aspiring to have a positive health impact on all those employed and affected by what we do

Vistry operate a zero-tolerance policy regarding working under the influence of illegal drugs and alcohol. Following the Group SHE restructure in 2020, we updated our Drug and Alcohol Policy and implemented procedures to ensure it is compliant with GDPR. We operate a rigorous testing programme designed to help improve the safety of our sites.

Being struck by a moving vehicle is one of the top common causes of fatal injury on a construction site according to HSE 2020 statistics. Vistry are passionate about managing people and plant interfaces to ensure everyone returns home safely at the end of each day. Through enhanced learning and technology, we aim to raise more awareness of the hazards associated with people and plant interfaces. We use advanced technology installed to all telehandlers to monitor how safely they are being operated. The data supplied enables an additional layer of proactive monitoring that contributes to improved safety across our sites

Strategic priorities

Our operations

Priorities 2022

2022 will see us continue to work closely with our site-based teams to further improve conditions and reduce our Accident Incident Rate (AIR). We will be implementing an improved online site induction process linked to a digital signing in system designed to instantly alert Site Management if an unauthorised person attempts to sign in or if, a person's induction or competency card has expired. We will be reviewing further control measures for plant and people interface including trialling the latest Artificial Intelligence object recognition technology to detect site-based pedestrians and warn operators if a collision is imminent. We will also continue to support those suffering mental ill health.

Delivery 2021

Environmental management

Our team of Environmental professional's work with our regional offices and sites to identify any factors that may lead to environmental degradation that may have an adverse effect as a result of our operations. Through instruction and training, we ensure we are able to plan, manage and implement robust site-specific Environmental Management Plans that demonstrate how we will minimise the impact of our activities on the environment.

In 2021, we became a corporate partner and approved training centre of an international body, the Institute of Environmental Management and Assessment (IEMA), which offers training and qualifications on sustainability, to contribute towards a net zero economy As an IEMA registered training centre, we can provide high standards of quality assurance and training on environmental management to our people.

Waste and Resources

Reducing waste and maximising re-use, recovery and recycling is an important part of our strategy. We identify, manage and mitigate all environmental impacts through our ISO 14001 certified management system, supported by a dedicated team of internal auditors and SHE professionals. We make our people aware of our environmental standards and policies that are integrated into the system through training, instruction and via our intranet. Use of our Standard Operating Procedure's ensures consistency, governance and control and effective risk management by mitigating issues at source.

During the year, we've focused on reducing waste through takeback schemes such as paint tins, pallet recovery and also the Community Wood Recycling Scheme where in 2021, 1202 tonnes of timber were collected. This helped to create 13.2 jobs and training for 15.7 people and re-use of 296 7 tonnes of waste. A total of 46,936 pallets were collected for re-use.

Also, in 2021 we developed a new sustainability data platform to improve reporting and engagement with waste data, with full implementation in 2022.

We produced 9.42 tonnes of non-hazardous construction waste per unit in 2021 This will become our baseline figure as 2020 was an abnormal year due to impact of Covid-19.

In 2021, we diverted 98 43% of non-hazardous construction waste from landfill

Priorities 2022

Our target for 2022 is to achieve a 5% reduction in non-hazardous construction waste tonnes per unit against a 2021 baseline, with the longer-term target to have achieved a 20% reduction in tonnes per unit against a 2021 baseline by the end of 2025. We'll also aim to maintain our diversion from landfill rate of 98% with the aim of diverting 100% of non-hazardous construction waste from landfill by 2025.

To achieve this, we will:

- focus at the top of the waste hierarchy by reducing waste, through designing out waste from our standard house types and engaging with our supply chain to reduce unnecessary packaging waste and use takeback schemes
- encourage re-use of construction materials by setting up an internal material re-use register
- set up a research project to understand the route cause and source of waste on our projects
- improve internal reporting and monitoring of waste performance using our new sustainability data platform

Climate Change

Climate change is a key issue for Vistry and we are committed to reducing our carbon emissions. To demonstrate our commitment we have signed up to the Business Ambition for 1.5°C and therefore also the United Nations Framework Convention on Climate Change (UNFCC) Race to Zero. We are in the process of calculating and formalising our precise targets through approval by the Science Based Targets Initiative (SBTI).

We will adopt 2021 as our baseline being the first full operating year (setting aside the abnormal conditions in 2020) since the Group took its current form following the combination with Linden Homes and Galliford Try Partnerships in January 2020. The Group has already committed to a set of carbon reduction performance targets as part of our recent re-financing. Whilst we have calculated these targets on the basis of an expected result in line with SBTi, should the external targets be tougher than those currently in our re-financing, the re-financing targets will be moved upwards to be in line. The re-financing targets focus on scope 1 and 2 carbon emissions as scope 3 reductions will be largely achieved through mandated building regulations and were not considered to be additional in nature. Our scope 1 and 2 carbon reduction targets for 2022 are as follows.

- Reduce absolute scope 1 and 2 carbon emissions by 4.2% against a 2021 baseline.

In 2021, our emissions for scope 1 and 2 (i.e. fuel used on site, fleet vehicles and energy used in sites/offices) was 2.5 tonnes CO2e per completion (this is a commonly used intensity ratio used across the industry). It shows an increase on 2020 where the reported figure was 1.22 tonnes CO2e per completion. This increase is due to reduced activity in 2020 due to Covid-19 as well as improved measurement processes in 2021.

During 2021, we've rolled out a number of initiatives to reduce our scope 1 and 2 carbon emissions. These include trials of hydrotreated vegetable oil (HVO) fuel (to reduce site diesel CO2 emissions by up to 90% where used) and the roll out of eco-cabins on new sites to reduce carbon by up to 71% compared to standard cabins. We also extensively used solar powered site equipment, hybrid generators and increased the number of hybrid fleet vehicles.

Total 2021 tCO2e	Scope 1 2021 tCO2e	Scope 2* 2021 tCO2e
27,881	22,290	5,591

Total 2021 kWh	Scope 1 kWh	Scope 2 kWh
116,721,396	90,387,959	26,333,436

Scope 1 and 2 tCO2e per completion	Scope 1 and 2 tCO2e per 1000 sq ft
2.51	2.54

*Location based

Streamlined Energy and Carbon Reporting (SECR)

The above figures make up our baseline reporting. We are restating our baseline due 2020 being an abnormal year due to Covid-19 and also due to improved accuracy of measurement in 2021.

Scope 1 - consumption and emissions relating to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleet and plant and equipment.

Scope 2 - consumption and emissions relating to indirect emissions arising from the consumption of purchased electricity in day to day business operations.

As Vistry Group PLC's energy usage is solely UK based, the Group's global emissions are included in the UK figures. The methodology and scope for reporting carbon emissions is in line with the Mandatory Carbon Reporting requirements of the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013, and with Streamlined Energy and Carbon Reporting Regulations (SECR) 2019. Our methodology follows the GHG Protocol and our GHG Methodology can be read on our website.

Our scope 3 emissions account for more than 99% of our total emissions. For more information on our scope 3 emissions see page 54.

Priorities 2022

Our key focus areas for carbon reduction activities in 2022 are:

- Improve the efficiency of site set up through the increased use of eco-cabins, hybrid generators, LED lighting.
- Increase number of electric car charging points in our offices.
- Achieve limited assurance of our greenhouse gas data.
- Carry out office energy audits to identify opportunities to reduce energy use and improve energy efficiency.
- Review the process for temporary builder supply applications with the aim of increasing the likelihood of early grid connections and reduce reliance on generators.
- Provide training for plant drivers on fuel efficiency.
- Continue to trial innovative technology, such as fly wheel tower cranes, solar tool chargers, solar site lighting, electric/hydrogen plant and equipment to reduce site emissions.
- Report business unit carbon performance using a standard board template at business unit, divisional, ELT and Board as an output of sustainability data platform.
- Each regional business to have their own sustainability action plan to further engagement across our workforce and with our supply chain partners.

Strategic priorities

Our shareholders

Create the best return for our shareholders

In 2021, the Group has focussed on building on the successful integration that took place in 2020 by driving through the benefits of the combination of Housebuilding and Partnerships businesses, which is a unique proposition for our shareholders.

We have established the value drivers that will create a more valuable Housebuilding business as a result of having a Partnerships business, and a more valuable Partnerships business as a result of having a Housebuilding business.

These drivers include:

- The ability to acquire and develop large sites whilst growing margin for both Housebuilding and Partnerships, and improving overall Return on Capital Employed.
- The ability to leverage relationships originating in our Partnerships business for the overall benefit of the Group
- The ability to develop and deploy new technology anticipated by the Future Homes Standard and beyond, and have the development supported by key partners.
- The ability to attract and retain a diversified and skilled workforce both within the Group and our sub-contractor base.
- The ability to use different brands on larger sites to improve sales rates.
- Better utilisation of our strong strategic land bank.
- Each business is also focused on the delivery of its own strategic agenda and incorporates the shared value drivers into this delivery.

Value drivers in action

The Group has successfully brought the Partnerships business onto our North Whiteley development during the year and as result expects to more than double the overall site return on capital employed

We demonstrated this in action during our Capital Markets Day in November 2021.

Additionally, the Group has leveraged both segments to successfully complete on two multi tenure sites in Kenilworth and Great Haddon.

Both these sites lock in a significant volume of medium term completions for the Group as well as being dual branded for Housebuilding with a 3rd brand for Partnerships.

The addition of new brands improves the overall sales rates for the sites and means we can retain overall control of the site, without the need to sell down portions to either increase sales rates or improve returns on capital employed.

Capital allocation

During 2021, we revised our overall capital allocation strategy on the back of a strong balance sheet. We will prioritise investment in both our operating businesses, maintain a sustainable two times cover ordinary dividend with excess capital, when available, returned to shareholders by way of a share buy back or special dividends as assessed by the Board at the time.

At the end of 2021, we re-evaluated our requirement for term debt in the context of reliable operating cash flows, required investment to deliver business growth and an improved balance sheet and credit position.

The re-financing repaid £150m of term debt and put in place a new, extended revolving credit facility which aligned all our external funding sources and requirements

KPIs	2021	2020
Adjusted profit before tax	£346m	£143.9m
Return on capital employed	25.5%	14.4%
Total shareholder return	59.5%	(28.2%)

Note: For adjusted profit before tax, see note 5.13 and for calculation of ROCE, see table on page 228, note 5.12 to the financial statements.

Vistry Housebuilding

25 x 25 x 25

Our Housebuilding segment will deliver 25% Gross Margin, 25% Returns on Capital Employed by the year 2025. This will be delivered through an increase in delivery coming through:

- The acquisition of large strategic sites and subsequent co-development with Partnerships.
- Optimising the balance between national scale and local agility when procuring materials and labour
- The delivery of a third brand improving sales rates

Vistry Partnerships

Project Pace

By 2027, our Partnerships segment will deliver £1.6bn revenue and 12% operating margin through:

- The optimisation of existing operating business including co-development of large sites with the Housebuilding segment.
- Further leveraging of strategic partnerships using trusted partners to fund growth whilst delivering their plans and providing a route to market for Registered Provider (RP) and Private Rental Sector (PRS) partners.
- Enhancing margin through an increased proportion of mixed-tenure and partner delivery work.
- Expanding into new geographies within the UK

Strategic priorities

Our homes and communities

Create quality homes and communities

Placemaking and social value are both core to our purpose: to develop sustainable homes and communities across all sectors of the UK housing market.

Quantifiable social value is imporant to our people, and is becoming increasingly important to Local Authorities who are preparing their own social value strategies and also starting to embed social values policies in new local plans

During 2021 the Vistry social value toolkit was used 50 times across 9 business units in Vistry Partnerships. The use of the toolkit helped us to quantify and influence our approach to placemaking and social value for clients and partners at development stage

Placemaking	Status
Use the Vistry social value toolkit to implement placemaking strategies on at least one mixed-tenure development in all Vistry Partnerships business units in 2021.	Incomplete (See below)
Invest equivalent of 0.1% of PBIT with charities and community organisations.	Complete

For example, at Tolgus, Redruth in Cornwall, our quantified social value proposal is generating circa £9.9m in social value benefit for the local community.

For 2022, we have signed up to the Social Value Portal, an external provider who will provide limited assurance of our social value reporting. The articulation of the social value created by Vistry is likely to increase our planning success rate, both in terms of securing support for the allocation of sites, and the approval of planning applications and will help generate site engagement from both the teams that work on our sites and our future customers. It may also become increasingly important at the land bid stage as socially conscious landowners seek to secure a positive 'legacy' from development decisions. Total charitable fundraising for the year amounted to c£300k broadly in line with the 0.1% target. The majority of these donations were through fundraising by our people to our chosen charity for the year, Mind.

KPIs	2021	2020
Affordable Housing Completions	2,192	1,306
Planning Obligations Spend	£88.4m	£50.5m

Ecology

We have been working to ensure that we enhance the biodiversity of the communities in which we work. With the Environment Act (2021) now in place, we have been considering how to formalise achieving a 10% biodiversity net gain across the Group. To achieve this plan, we have created a biodiversity forum with representation across all the key areas of the business, and this forum has invited a number of external partners to support us with the creation of the plan and its subsequent delivery

Sites where we are currently delivering Biodiversity Net Gain (BNG) of 10% or within the Group, have been driven primarily by local policy and our clients. These gains have been delivered through both offsite and on-site solutions. To ensure the valuable lessons learned from the delivery of these gains are captured and shared more broadly across the Group, a guidance note has been developed and issued through our environmental management system.

In line with our Sustainability commitments, we have developed a project specific Biodiversity Action Plan (BAP) template which will ensure we help to deliver BNG across the Group. Going forward, this BAP will be a requirement for all of our projects, and we will monitor progress centrally Training for key roles to support our strategy will also be provided across the Group and will be supported by our partners: the Bat Conservation Trust, the Hedgehog Preservation Society, and; the Bumble Bee Conservation Trust.

Ecology	Status
Implement an action plan during the year to achieve a 10% biodiversity net-gain across the Group	Complete

British Hedgehog Preservation Society

Bumblebee Conservation Trust

Strategic priorities

Our homes and communities

Affordable housing

We know that building quality, affordable homes is the right thing to do for our communities, as it addresses the biggest supply / demand gap in the housing sector. As a result, we are committed to delivering a year-on-year increase in affordable homes beyond our planning compliance requirements.

This year we have delivered around 744 additional affordable homes out of a total 4,633 affordable homes. In 2021, we further enshrined this commitment by linking the additional affordable homes target to our external funding facilities in our December 2021 re-financing.

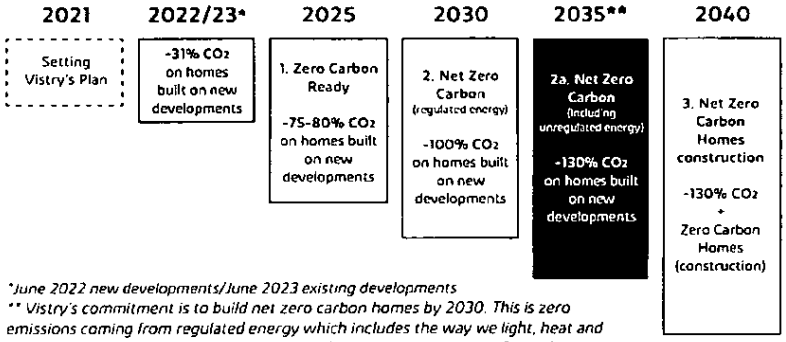
Building standards

We have developed our own roadmap for Net Zero Carbon homes (ZCH). This has been based on lessons learned from recent projects, such as the net zero regulated energy and carbon homes (in line with the 2030 target articulated below) at Europa Way where we are delivering 54 homes aligned to our 2030 target on our roadmap (see case study on page 90). In the delivery of these homes, we also switched to a timber frame from normal blocks to reduce the embodied carbon in the build of each home.

Affordability	Status
Deliver a year-on-year increase in additional affordable homes delivered beyond policy compliance	Complete

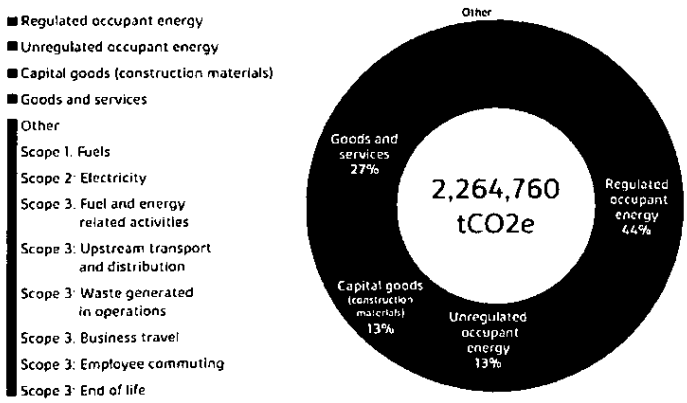
Building standards	Status
Develop a roadmap and set a target for all Vistry homes to be designed to Net-Zero Carbon standards	Complete

Vistry's low / Zero Carbon Homes roadmap



June 2022 new developments/June 2023 existing developments
*** Vistry's commitment is to build net zero carbon homes by 2030. This is zero emissions coming from regulated energy which includes the way we light, heat and ventilate our homes. Unregulated energy includes emissions coming from plug-in*

Summary of 2021 Carbon footprint

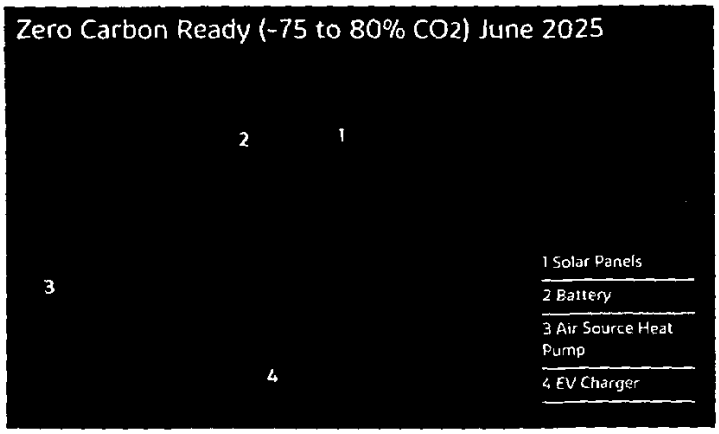


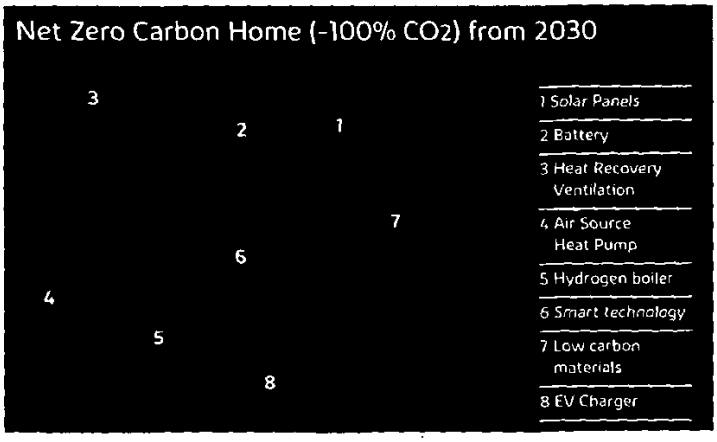
Scope 3 emissions

We have estimated our scope 3 emissions in line with the greenhouse gas protocol, and our greenhouse gas methodology is available on our website. Scope 3 emissions account for around 99% of our total emissions. The greatest impact is from the energy used in the homes we build.

We will be addressing the reduction of scope 3 emissions as part of our carbon reduction targets, and given the relative maturity of the technologies available to deliver, these reductions will be delivering most of these reductions in the years 2025 to 2030 (all in line with our expected SBTI targets).

The three illustrative houses, demonstrate the types of technology that will be required to implement our roadmap and their development will continue to be informed by the delivery of future projects, such as Europa Way.





We have undertaken an embodied carbon analysis of a standard house type (The Beckett). This was to help set a benchmark for embodied carbon and enhance our understanding on how embodied carbon can be reduced in the future. By creating this benchmark, we can then strive to ensure that the embodied carbon in the materials we use does not increase as we improve the energy efficiency and performance of our homes.

Our analysis shows that our current design produces less than 300kg of CO_2 per 100m2 which is ahead of the 2030 benchmark set by the London Energy Transformation Initiative (LETI).

The first two stages, to June 2025, are incorporated into our Project 25 design program.

Vistry 2025

Our industry is facing some significant regulatory changes to the way that we will build our homes The Government's commitment and roadmap to net zero carbon by 2050 is the most notable and will have a direct impact on the way that we heat the homes that we build for our customers.

Vistry 2025 Project is looking at our existing collection of house types and, where possible, bringing them up to speed with these unprecedented number of changes. Where this isn't possible, the project will create new house types to fill gaps and address those house types that don't comply.

Two waves of customer focus groups have taken place to provide feedback in terms of preferences, desires, and tastes of our target markets. This feedback is guiding design concepts and establishing new house types. These house types will be subject to further review and development, as we look to create more house types to become the Group's new third product range in order to support our new national brand.

The existing collections of house types (Bovis and Linden) are also being reviewed in light of the customer feedback to ensure that they are providing the best solution for our customers. In addition, we will ensure that these collections will also comply with the upcoming regulatory changes.

Potters Field, Ringmer Bovis Homes

Viability Statement and Going Concern

The Board is required to assess the prospects of the Group, taking account of its current position and principal risks, and to explain how this has been done, over what period and why that period is considered appropriate.

The assessment context

The Board has considered the longer-term viability of the Group, reviewing this over a 5-year period based on the strategy as outlined on pages 31 to 55 to the current performance of the Group and its principal risks. The average life cycle of our developments falls within a 5-year time period and this aligns with the timeframe focused on for the annual strategic review exercise conducted within the business and reviewed by the Board.

The Group's strategy was communicated in detail at the beginning of 2021 and then recommunicated at half-year. The Board have considered the following elements as part of that strategy as key considerations in the overall assessment of our risk:

- Strong market position and multiple brands that allow us to offer differing propositions based on affordability across all housing tenures, as the leading provider of high demand, high growth affordable housing.
- Our housebuilding business continues to focus on high quality housing developments targeting the edge of town and large village locations which continues to be in high demand across the market. Partnership programmes include partner delivery, partner-led solutions and mixed tenure housing delivery which are better structured, including presales and forward funding, to be more robust through changes in UK economic environment supported by a focus on the provision of affordable housing. Different risk profiles of our two businesses deliver a balance through the housing cycle.
- Strong balance sheet with cash delivery and debt reduction ahead of expectations and substantial funding headroom in place, with committed banking facilities totalling £665.7m and well spread maturities out to 2027. Clear capital allocation policy prioritising investment in operating businesses and a sustainable dividend cover.
- A strong land bank within excess of 40,000 plots to safeguard future growth commitments.

Assessment process & assumptions

A Risk Oversight Committee operates with representation from all parts of our business to identify and monitor the threats identified from within the Group. This meeting includes guest rotational representation from our Non-Executive Directors alongside our external auditors to improve the level of transparency and challenge. This is coupled with a robust assessment carried out by the Board to formally agree and assess the principal risks facing the Group, including those that would threaten the execution of its strategy, future performance, and liquidity.

Management and mitigation of these principal risks, as set out on pages 60 to 65 have been taken into consideration when considering the future viability of the Group.

As part of its annual strategic review the Board also considered the Group's 5-year financial plan, the core assumptions underpinning this plan and how the current economic and regulatory environment may impact this plan. The early years of the financial plan are prepared in detail with the basis being the development of our existing land bank. There is inherently more uncertainty in the later years of the plan as these incorporate a higher level of assumed housing completions from land owned currently without planning or land not currently owned by the Group.

The Group's financial plan has been reviewed in the context of operational performance, economic and regulatory impact alongside the continued possibility of any new pandemic variant. These risks were then tested using the following scenarios against our forecast and strategic plan:

- A 15-20% reduction in volume of private homes produced
- A 5%-10% reduction in average sales price
- A subsequent reduction in uncommitted land investment
- A 30% reduction in overheads

The potentially highest impact risks, from a Group viability point of view, are seen as those which arise from either a downturn in the economic environment or fundamental changes in government policy, leading to decreased affordability, reduced demand for housing, increased costs and falling house prices. See note 1.3 to the financial statements for further detailed information.

Viability Statement

Based on the results of this analysis, the Board has a reasonable expectation that the Group has adequate resources to continue in operation, meet its liabilities as they fall due, and maintain sufficient available cash across the 5-year period reviewed.

Going Concern

The directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the basis of preparation paragraph in note 1.3 to the accounts. In forming this view, the Group has prepared a cash flow forecast using two scenarios – a likely base case and a severe but plausible downside scenario. In the severe but plausible downside scenario the Group has assumed decreased affordability, leading to reduced demand for housing and falling house prices. In each of these scenarios, the forecasts indicated that there was sufficient headroom and liquidity for the business to continue based on the facilities available to the Group. In each of these scenarios the Group was also forecast to be in compliance with the required covenants on the aforementioned borrowing facilities.

The Group has £665.7m in committed financing facilities with well spread maturities out to 2027, including a £500m revolving credit facility, £50m of term borrowings and a £100m US Private Placement facility. The Group regards its current banking arrangements as adequate for its needs in term of flexibility and liquidity. As at 31 December 2021, the Group had £164.3m drawn down under facilities and had net cash of £234m See Note 4.0 to the financial statements for further information.

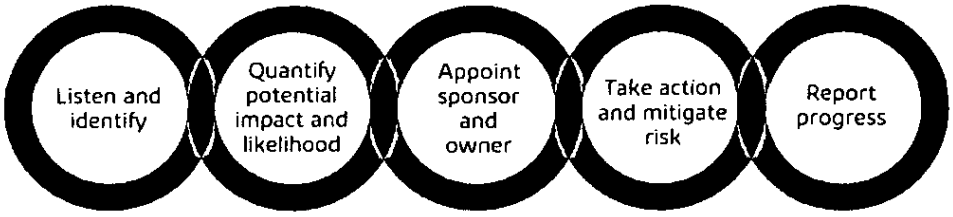
Principal Risks

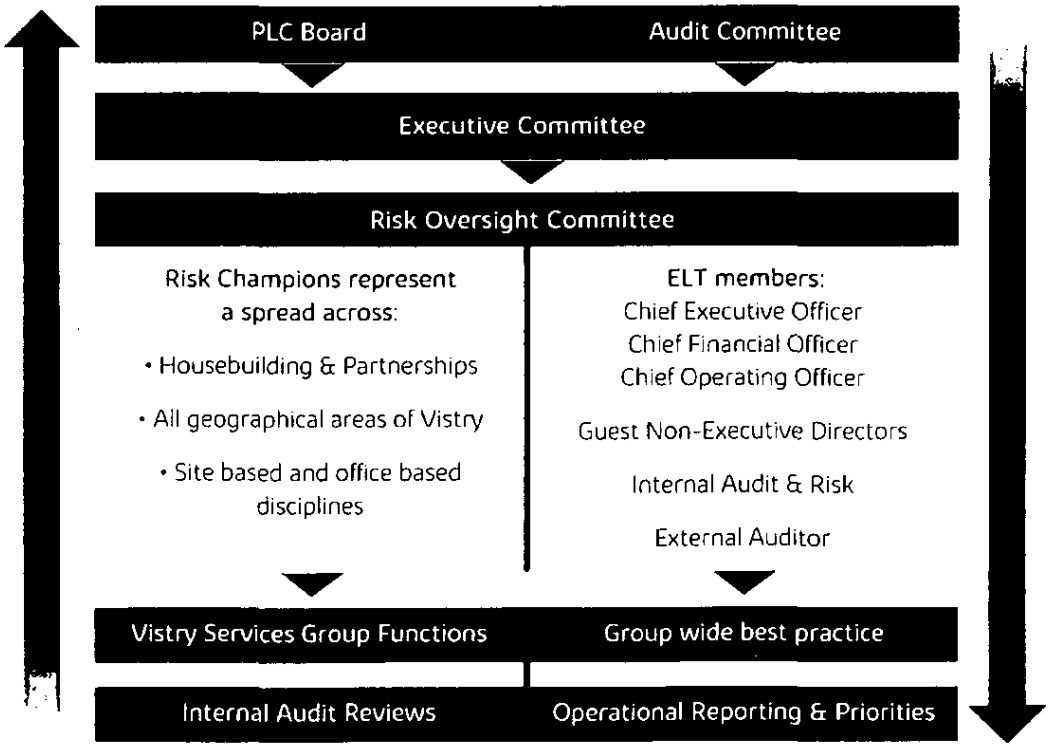
The Group has identified 9 principal risks that it considers may pose a material threat and are actively monitored and reviewed These risks are defined through a top down and bottom-up approach where we listen to all levels of the organisation to ensure we have the best possible understanding of risk and emerging threats.

Integral to this approach is our Risk Oversight Committee where each principal risk subject area is sponsored by a member of the team, who are supported by Internal Audit and provide regular updates for committee debate. This allows us to challenge the trajectory of each risk and the level of mitigation and oversight.

Threat Assessment

Each principal risk is reassessed at least twice yearly, and new threats are monitored to ensure we have the most up to date understanding of the risk profile and the activity needed to ensure adequate preparedness. This cycle occurs continuously, and our methodology support quantification of risk across financial, reputational, operational, SHE and climate factors.





Risk management

Description	Potential impact	Strategic relevance
Materials and subcontractor labour Increasing production across the industry may lead to shortages of both materials and subcontract labour. Pressures on supply chain brought about by increased marked demand, UK and overseas distribution issues, alongside Brexit and labour availability could materially impact the supply of materials or subcontractor services.	• Build is constrained and profitability impacted if costs rise beyond levels of house price inflation • We are unable to source raw materials or experience unplanned delays which hinder our completion rates and build profile. • Our people are placed under significant pressure, particularly at key periods during the year whilst trying to balance customer expectations against unforeseen build delays	
Economic and sales environment Deterioration of the health of the UK economy, brought about by uncertainty, loss of consumer confidence, higher interest rates and increasing unemployment, leading to decreased affordability, reducing demand for housing and falling house prices.	• Adverse effects on consumer confidence and demand for new homes, with consequential impact on revenues, profits and potentially asset carrying values • Our partners are unable or unwilling to invest in social housing due to restricted capital or reluctance to invest until market certainty returns.	
Project delivery Inability to convert land assets to support required housing development. A failure to achieve our operational targets due to new programme complexity within our Vistry Partnership business, an inability to execute our homebuilding programme, or a failure to control our life of site costs.	• We are unable to deliver the committed level of returns from our developments. • We fail to achieve our anticipated completions during a single period and fail to deliver against customer expectations. • Cost overruns on our large and complex sites may have a material impact over financial performance. • We are unable to source the required land or opportunities at the rate we require to maintain our forecasted margin.	

2021 Changes	Mitigations	
Increased This year the risk has increased due to inflationary pressures on both materials and labour and supply interruptions and shortages of certain components. Whilst this eased towards the end of the year, there remains significant pressure across the industry.	• Detailed regular forecasts of future production requirements and impact on suppliers and subcontractors. • Increased and regular engagement with the supply chain at both a regional and Group level to better understand the live issues impacting the market and reacting accordingly to maintain supply • Increased communications throughout the breadth of the business, increased visibility of risk through monthly reporting through our executive committees detailing supply issues that identify problems from front line operations that could impact our group build programme	• Our centralised procurement team sources the majority of the Group's requirements from within the UK including subcontractor materials ensuring reduced import risks, economies of scale and improved relationships with key trades and suppliers. • An agile procurement strategy has served us well through the pandemic and continues to be utilised where required where there are identified supply chain risks to mitigate the impact
Unchanged Cost of living increases, inflationary pressure and interest rate increases has added pressure on to consumers, however we continued to see strong demand across all Vistry business areas with average weekly private sales rate ahead of forecast. Pricing has continued to move forward across all areas offsetting any inflationary cost pressures. The government support of stamp duty holiday ended in Q3 without significant impact to demand for new homes.	• Close monitoring of lead indicators in the housing market, notably visitors to sales outlets, sales rates and price achieved, with monthly reviews within our executive committees. • Vistry Partnerships broad portfolio of both partner delivery and mixed tenure affordable is much less impacted by any changes in UK economic environment	• Our monthly forecasting process controls investment and commitment of costs, and we carefully consider work in progress capital investment to mitigate against short-term economic change. • Comprehensive sales price review process, including regular ELT assessment to monitor change but also maximise opportunity across our group.
Unchanged Whilst there was pressure across building materials and supply chain resulting in extended lead times and inflationary price increases on certain products, working in close partnership with our suppliers we were able to manage these issues without any impact on our 2021 completions. Furthermore, we expect construction output in the first half of 2022 to be similar to that achieved in the first half of 2021	• Monthly build and cost forecasting processes with regular group oversight of regional performance • Our COINs ERP system provides build programming capability which provides a standardised set of Group processes to ensure conformity • Close monitoring of build performance and delivery against plan through regular onsite visits from the leadership community.	• A robust land viability process and a strategic land function that allows for a balanced review process and considers regional differences. Strategic land allows for the combined opportunities of both our partnership and housebuilding businesses to be considered with improved economies of scale.

Risk management

Description	Potential impact	Strategic relevance
Customer service A failure to deliver product quality and service standards that meet our customers' expectations or fall short of the standards expected from supervisory bodies.	• *The reputation of the Vistry Group brands is diminished with an adverse effect on sales volumes and returns.* • *We are impacted by the excessive time and expense rectifying and compensating customer, impacting planned business operations.* • Our people take great pride in building homes for our customers, and any breakdown in customer satisfaction will also impact our employees.	
People, change and business continuity An inability to attract, develop or retain good people alongside the impact resulting the pandemic and the current labour shortages. In addition we consider the impact of failed IT systems, a major IT failure or cyber-attack disabling critical systems.	• Our growth plans could be hampered by a loss of critical functions or people, who may find opportunities outside of Vistry Group. • *A major IT failure, cyber-attack or data loss causing significant disruption or financial harm to Vistry Group due to fines or compensation requirements* • A failure to retain or attract the best people within the industry. • *A failure to modernise our business and enable our people to excel within their roles using the latest technology and systems*	
Safety, health and environment A loss of trust in the ability of Vistry Group to build communities safely and in an environmentally responsible way, affecting the reputation and financial health of the business	• Preventable accidents that harm people, communities or the environment. • Investigations or fines that hamper the business and our reputation.	

2021 Changes	Mitigations	
Unchanged Quality standards remain at the heart of our business with improvements, and we are proud to continue as a 5-Star accredited builder across all parts of Vistry Group. Covid has impacted our ability to undertake remedial work and can on occasion slow the move in process, but our sales and customer care teams have been able to manage the impact through transparent communication.	• All homes built are subject to external provider building control inspections. • Quality inspections completed by build staff, sales staff and regional directors • CRM system that puts customers in control when raising issues and communicating with customer care teams.	• We have standardisation of the customer journey across the entirety of the Group and have put in place reporting and controls that report key metrics and will likely be required by the future ombudsman
Increased Challenges with labour in a market where job availability is relatively buoyant with construction businesses particularly aggressive in terms of recruitment due to recent growth. Retention of trained employees proving particularly challenging with salary expectations increasing significantly.	• Monitoring of employee satisfaction through Group Peakon survey saw satisfaction rise to 8.1 in June 2021, up from 7.9 in January and compares to an industry benchmark of 7.6. • Vistry have dedicated leads on Diversity & Inclusion, Sustainability and Mental Health and Wellbeing and continue to engage and communicate against these are employees deem a priority. • Agile working policy in place allowing flexible working for our office-based employees. • Regular measurement of key KPIs including churn, diversity and stability index to the ELT and Board to ensure we are trending positively and responding to employee impacting issues.	• Continued effort to further improve communication. 6 roadshows held (1,811 employees attending, 12 hours of Q&A and over 1,000 questions and comments) supported by the CEO of each business providing quarterly updates (Tea with Teagle, Keeping up with Keith). Feedback from employees directly to the PLC is enabled through People Forum. • IT Governance Committee oversees all cyber and continuity risks, including data security, supported by external penetration testing and a Cyber Essentials accreditation. • Change is supported by a dedicated Change Director and overseen by the executive committee to ensure it is controlled and delivers in accordance with scope and the expectation of our people.
Unchanged Our unified SHE system across the group continues to support a single set of SHE processes across both businesses. Covid safe requirements have been adapted across all group sites and offices to adhere to social distancing rules and these continue to change in accordance with Public Health England requirements. We continue to recognise and support the impact of increased homeworking and social isolation on our peoples' mental wellbeing.	• Our Board, ELT, HELT and PELT consider health and safety issues at every meeting. SHE performance is reviewed monthly by our executive and partnerships and housebuilding leadership teams. • A single SHE director supported by business partners serving our organisation based upon regional location covering both housebuilding and partnerships undertake site and office visits and audits regularly	• ISO 45001 and 14001 certificates are in place for our Partnership business with best practice shared across the whole Group

Risk management

Description	Potential impact	Strategic relevance
Legislation, planning and building safety An inability to fulfil the regulatory planning, building, and climate related technical requirements for new homes and communities. In addition, the threat of new unquantified liabilities from past developments becoming material.	• We fail to build properties that meet current and future regulatory planning, building, fire safety, and climate related technical requirements. • The provision made to cover the portfolio of legacy developments be insufficient; particularly high-rise schemes could rise depending on any future legislative changes regarding direct or indirect liability. • A change in the law that either increases the tax burden on the Group or creates an additional levy to fund fire safety related issues.	
Liquidity and funding A failure to generate enough liquidity to manage short-term and long-term funding or investment requirements	• A failure to service debt, comply with borrowing covenants or generate sufficient cash to meet working capital requirements • A failure to manage liquidity requirements impacts preparedness for potential changes in economic environment and take advantage of appropriate land buying or investment opportunities to help deliver improved financial performance	
Climate change and sustainability Failure to articulate our pathway to carbon net zero targets and consider the impact of climate change in terms of physical and transitional risks. A failure to keep up with the increasing levels of interest and reporting requirements from government, investors, customers and civil society to build in more environmentally considerate and sustainable ways could result in penalties and negative attention.	• We are unable to deliver sufficient year on year improvements across all aspects of social value to meet the interests of internal and external stakeholders or customers. • We fail to deliver against our own sustainability strategy that sets out how we are to meet aggressive sustainability and climate priorities. • We fail to record or maintain appropriate data sets and therefore unable to demonstrate actual improvements made.	

2021 Changes	Mitigations	
Increased The Building Safety Bill includes a provision for a new Building Safety Regulator, responsible for the safety of people in and around buildings and for improving building standards. Amendments to the bill retrospectively extend the legal right of building owners and leaseholders to seek compensation from their building's developer for safety defects for a period of up to 30 years. Furthermore the Secretary of State is seeking a new settlement with developers that includes the remediation of buildings over 11 meters.	• Our Group Head of Design and Technical provides oversight of home build standards ensuring a standardised approach to our homes where appropriate • The Vistry25 project is a wholesale review of the Vistry product ranges including the development of a new brand product range and includes the impact of the future homes standard and interim Part L1a. This includes a dedicated programme to review areas such as overheating, ventilation, water efficiency and carbon reduction in to our house range in advance of the new legislative changes.	This will also review the integration of new categories such as adaptable and wheelchair user dwellings and the NDSS (Nationally Described Space Standards) • A specialist team has undertaken a review of all our current and legacy buildings where a potential liability has been identified and has provided for the expected costs of any remedial works that may be required. This continues to be reassessed based on the latest government position and legislative changes. In addition we continue to assess and prepare for the residental property developer tax.
Decreased Strong trading ahead of expectations and an above target net cash position has demonstrated continued progress.	• The Group is operating with substantial funding headroom with committed banking facilities and well spread maturities. • Our partnership business model allows for growth within our Group with much reduced upfront capital requirements, allowing for the business to expand without the need for significant borrowing	• Successful re-financing in the second half of 2021 highlights the strength of the Group's covenant and the availability of funding
Unchanged Whilst external awareness and the level of scrutiny has increased off the back of recent events such as COP 26, Vistry Group has made significant progress in setting up our risk-based strategy and climate response initiatives to ensure this risk is well managed and remains a key part of the Group's strategy	• Our COO has full delegated authority to ensure our sustainability agenda is delivered with supporting metrics and progress against our strategy being reported to the ELT and Board. • Vistry Group have invested in a new sustainability data platform to improve performance monitoring and ensure better data capture across our whole Group This is overseen by a dedicated Head of Sustainability	• Signed up to the Business Ambition for 1.5°C and committing to science-based targets. • Developing a roadmap to deliver net zero carbon homes (see page 54). • Joined the UK Green Building Council and have become a corporate member of IEMA and an approved IEMA training centre. • Signed up to the social value portal to measure social value return on investment

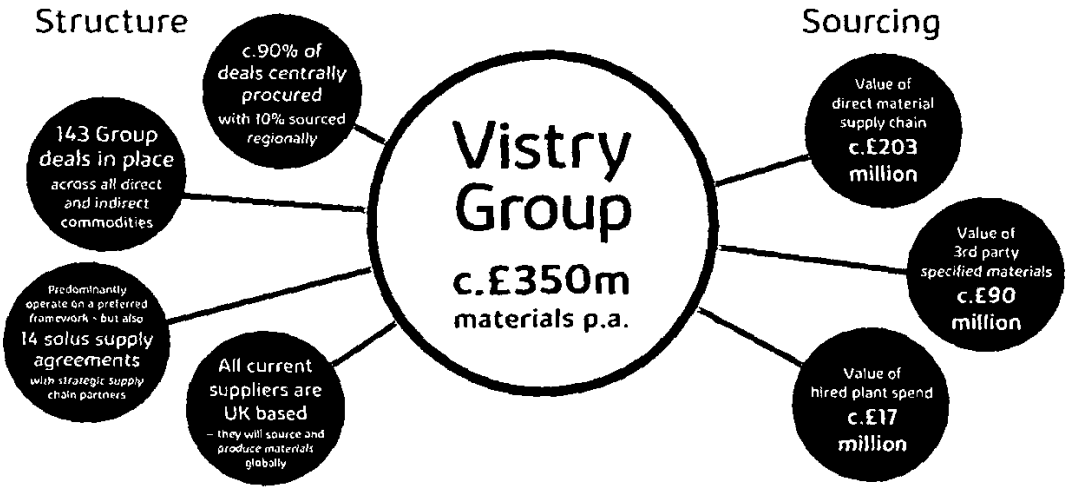
Climate related risk response

Our sustainability strategy has been created using a risk-based approach taking inputs from key stakeholder groups. Our sustainability priorities are therefore focussed on issues that are important both to our stakeholders, and to our business, be it addressing a business risk or opportunity, or strategy delivery This was formulated through a materiality review that evaluated all sustainability matters using a balanced scorecard from these stakeholder groups.

Vistry Group announced during 2021 a commitment to science-based carbon reduction targets required to limit warming to 1.5 degrees. To fully understand the implications of climate change, our approach to managing climate risks is based on the recommendations of the Task Force on Climate Related Financial Disclosure (TCFD). Our compliance to the TCFD recommendations and recommended disclosures is available on page 81

Risk management

Risk brought to life: Supply chain



The supply chain risk during 2021 was exasperated by a number of issues occurring simultaneously - a global pandemic, strong housing market recovery, subsequent high levels of demand, haulage and logistics pressures, rising energy prices and general labour availability.

Risk management in Vistry Group is a team effort, and the threat from supply chain problems demonstrated the importance of preparedness but also taking immediate action to ensure operational continuity

To mitigate supplier risk, Vistry Group had already entered into supplier agreements to ensure enhanced service and provide some protection cost inflation thanks to the enlarged scale and buying power.

In addition, our Partnerships business with a great exposure to market risk on cost without compensating house price inflation, had in advanced fixed price agreements and levels of cost contingency in our pre-sale agreements. Both of these mitigations were already in place before the supply chain issues manifested which ensured the impact on the Group could be contained.

Despite good levels of preparedness, Vistry Group instigated early communication between our Group Procurement function, the operational business and most importantly, our suppliers and sub-contractors. The approach set out was to engage openly and share information, allowing those trades so important to our work to put forward their constraints and for Vistry Group to listen and demonstrate flexibility when required This partnership approach with the relaying of information at the earliest opportunity made sure continued supply across all key materials and labour requirements.

The communication between Vistry Group and critical suppliers was demonstrated through the relationship with Ibstock who are the UK's leading brickmaker and supplier of brick products.

Despite the pressures around haulage and increased market demand which had a direct impact on all heavy side products with bricks being an area most affected, the situation was managed with Ibstock at both a Group and regional level to ensure the impact to Vistry was minimised. Early visibility of volume requirements and focus on priority sites meant that any potential issues were dealt with quickly and collaboratively.

The approach to provide as much visibility throughout the year and careful and realistic allocation and scheduling meant the supplier of bricks to our sites was unhindered during the year. Having good processes and mechanisms for site level requirements and accurate communication ensured the volumes were not cut and production could continue at a pace enabling the Group to at least meet its expectations for the year.

A good example of local communication was highted by our Cotswolds Housebuilding business which held its annual sub-contractors event during November 2021, welcoming a host of its partners and suppliers to provide an update on the region's current position and future plans. Managing director of Vistry Cotswolds, delivered a presentation on a variety of topics, from a look back on the past 20 months, the drive to improve build quality as well as details of upcoming site launches

"We were so pleased to welcome colleagues, partners and suppliers to our annual sub-contractors seminar. It's always an invaluable opportunity to share information about our recent results and our vision for the future – we're excited about what 2022 will bring for Vistry Group."

Supriya Ray
Regional Managing Director

Section 172(1) statement

The opinions and perspectives of our stakeholders remain a priority for the Group.

In line with the requirements of s.172(1) Companies Act 2006, our directors are required by law to act in a way that promotes the success of the Company for the benefit of shareholders as a whole having regard to:

- the interests of, and actively engaging with, its employees;
- the need to engage and foster business relationships with suppliers, customers and others;
- the need to act fairly between members of the Company;
- the likely consequences of any decision in the long term;
- the desirability of maintaining a reputation for high standards of business conduct, and
- the impact of the Company's operations on the community and the wider environment.

We used these factors to shape the Group's strategic approach.

During the year under review, the directors confirm they continued to exercise all their duties, while having regard to matters set out in s.172(1)(a) to (f) and other factors as they reviewed and considered proposals from senior management and governed the Company on behalf of its shareholders through the Board.

Further information as to how the Board has had regard to the s 172(1) factors can be found on the pages set out in the table across the page.

Our key stakeholder groups are:

- People
- Communities
- Customers
- Regulators
- Investors
- Supply chain

Throughout the year we conduct a series of planned engagements at a Group and local level, as well as informal and ad hoc meetings Engagements are attended by employees at different levels of the organisation. The Board directly participates in some of these engagements and also has visibility of the other activities through its reporting process. During 2021, we ensured that we continuously engaged with our stakeholders, taking the time to actively listen and respond to their views.

Details of our engagement with our stakeholders can be found on pages 72 to 73 and 116 to 122.

We explain how our Board gains an understanding of stakeholder issues and, during the year, discharged its s 172(1) duties by factoring the matters highlighted above into the Board discussions and decision-making process including some principal decisions on pages 116 to 122

Details of how the Directors have fulfilled their s.172(1) duties can be found throughout the Strategic and Governance reports on the following pages:

Directors' duties in decision-making	Relevant disclosures	Page
A The likely consequences of any decision in the long term	Company purpose	8 &112
	Our business model	22
	Strategic priorities	31 to 55
B The interests of the company's employees	Non-financial reporting	74 to 75
	Our people	32 to 39
	Real Living Wage accreditation	33 & 72 to 73
	Diversity & inclusion	36 to 38
	Employee engagement	32 to 33 & 72 to 73
C The need to foster the company's business relationships with suppliers, customers and others	Our operations	46 to 49
	Anti-bribery & corruption	75
	Modern slavery	34
	Real Living Wage accreditation	33 & 72 to 73
D The impact of the company's operations on the community and the environment	Net zero carbon homes	54 to 55 & 90 to 91
	Skills academies	34
	TCFD disclosures	81 to 89
	UN Sustainable Development Goals disclosures	86
	Charitable giving	52
E The desirability of the company maintaining a reputation for high standards of business conduct	Awards and recognition	16 to 21
	Culture and values	6, 105 & 115
	Risk mangement and control framework	60 to 67
	Speak Up whistleblowing policy	34 & 74
F The need to act fairly as between members of the company	Driving enhanced returns for shareholders	50 to 51
	Shareholder engagement	72 to 73
	Annual General Meeting	235 to 246
	Rights attached to shares	170

Stakeholder engagement

Stakeholder	Key Issues	How we engage	
People	• Attracting and retaining good people • Regular communication around sustainability issues • Access to skills • Diversity & inclusion • Health, safety and wellbeing • Earning a wage to meet the cost of living	• Virtual employee roadshows • People Forum • Vistry Voice • CEO briefings • Vistry Awards	• Group conferences • Employee representatives • Peakon surveys
Customers	• Enhancing our customer journey • Increased demand for zero carbon homes and alternative methods of construction • Customer satisfcation	• Housing Association and Registered Provider engagement • HBF customer satisfaction surveys	• Direct and digital engagement • Social channels • Meet the builder • Home demonstration inspection
Shareholders	• Remuneration policies • Dividend and capital allocation strategy • Scrutiny of ESG commitments e.g. carbon reduction and application science-based targets • Diversity & inclusion • Group intergration	• Direct engagement • Trading updates • Virtual Partnership updates • Capital markets day events • Analyst briefings • 2021 AGM	
Regulators	• Implementing biodiversity net gain • Future Homes Standards • New Homes Quality Code implementation • Building safety build progress	• Direct discussions with Government departments & Homes England • Direct discussion with local authorities • HBF engagement	• Response to Government consultations • Pre-application engagement with local planning authorities, town and parish councils and local communities
Homes and communities	• Quantifiable Social Value • Group-level charity and community giving • Increasing the devivery of affordable homes	• Meeting with Registered Provider & Housing Associations • Housing Forum meetings • HBF meetings • Housing Association questionnaires	• Partnerships with conservation trusts • Armed Forces engagement • Skills Academies • Public consultations • Social media
Supply chain	• Support to improve sustainability performance • Earning a wage to meet the cost of living • Modern slavery	• ELT direct relationships with key suppliers • Supplier feedback (360 survey results shared to Risk Oversight Committee and Board • Dedicated account reviews	• Supply Chain Sustainability School forums • Product development forums • Pre-start and site project meetings

Actions and outcomes		Highlights
• Established a Diversity & Inclusion Committee chaired by the COO • Achieved Real Living Wage accreditation in November 2021 • Continued to improve employee communication channels • Increased focus on trainees and apprentices	See pages 32 to 39 for Strategic priorities - Our people. *Further details on engagement with our people can be found on page 116 to 122 of the Governance report.*	Real Living Wage Accreditation
• Completing the first of 54 Zero Carbon homes • *Completion of plots with air source heat pumps with an average ECP rating of 94%* • Roll out of emersive 3D experiences • '6 Clicks' *reservations process*	See pages 40 to 44 for Strategic priorities - Our customers. *Further details on engagement with our customers can be found on pages 116 to 122 of the Governance report and pages 90 to 91 of the Sustainability report.*	5★ HBF Customer satisfaction rating
• *We have committed to setting a science-based target and have* signed up to "Business Ambition for 1.5°C" and also the UNFCC "Race to Zero" • We have linked carbon reduction and increasing the delivery of affordable housing beyond policy compliance to executive remuneration. • We have paid an interim dividend of 20 pence per ordinary share and propose a final dividend of 40 pence per ordinary share subject to shareholder approval at the AGM	*See pages 50 to 51 for Strategic priorities* - Our Shareholders Further details on engagement with our shareholders can be found on pages 116 to 122 of the Governance report.	60.0p per ordinary share 2021 *total dividend** *(subject to shareholder approval)
• We have developed our own roadmap for Net Zero Carbon homes and are delivering 54 homes at Europa Way aligned to our 2030 *target and engaged Ilke Homes to manufacture modular homes for a development in Bristol* • We have updated our systems and processes to support the implementation of the New Homes Quality Code • *Our Biodiversity Action Plan template will ensure we help to deliver* biodiversity net gain across the Group	See pages 46 to 49 for Strategic priorities - Our operations Further details on engagement with Regulators can be found on page 116 to 122 of the Governance report and pages 90 to 91 of the Sustainability report	54 Net Zero Carbon homes
• Use of the Vistry social value toolkit 50 times across 9 business *units in Vistry Partnerships to implement placemaking strategies* • Our Partnerships business has developed a successful training opportunity with through the academies with 40 academy learners during 2021 • *Our charitable work has seen us raise more than £200k for our* chosen charity, Mind. We also continue to support the British Hedgehog Preservation Society, the Bat Conservation Trust and the Bumble Bee Conservation Trust	See pages 52 to 55 for Strategic priorities - *Our homes & communities* Further details on engagement with Our homes & communities can be found on page 116 to 122 of the Governance report and page 90 to 91 of the Sustainability report	£200k fundraising for Mind
• We are a Gold member of the Supply Chain Sustainability School to provide training and support to our supply chain. During 2021, 342 companies within our supply chain were members of the Supply Chain Sustainability School • In November 2021 Vistry Group accredited to become a Real Living Wage employer. This commitment applies to not only directly employed staff but also to our third party contracted staff	See pages 49 to 49 for Strategic priorities - Our Operations and 32 to 39 for Strategic priorities - Our people *Further details on engagement with Our Supply Chain can be found on page 116 to 122 of the Governance report*	SCSS Gold Member

Non-financial information statement

In accordance with the Act, a summary of Vistry Group's non-financial policies, together with a brief description are detailed below and across the page.

Copies of these can be found on our website at vistrygroup.co.uk/sustainableapproach

Reporting requirement	Group principal risk	Relevant policies	Page
Company employees	• People change and business continuity • Health, safety and environmental	• Health, Safety and Welfare Policy • Diversity and Inclusion Policy • Ethical Code of Conduct Policy • 'Speak Up' Policy • Business Continuity Policy	46 to 48 36 to 39 75 34 & 7 75
Social matters	• Sustainability • Increased regulation	• Environment policy • 'Speak Up' policy • Climate Change policy	75 34 & 7 80 to 89
Human rights	• People change and business continuity	• Anti-Slavery and Human Trafficking policy • Diversity and Inclusion policy • Privacy policy • 'Speak Up' policy	34 36 to 39 75 34 & 7
Anti-Corruption and Bribery	• Increased regulation	• Anti-Bribery and Corruption policy • Anti-Money Laundering policy • Anti-Fraud policy • 'Speak Up' policy	75 75 75 34 & 7
Environment	• Health, safety and environmental • Sustainability • Increased regulation	• Environment policy • 'Speak Up' policy • Climate Change policy	75 34 & 7 80 to 89

Our confidential Speak Up hotline can be used to report any concerns of wrongdoing

Policy	Description
Anti-bribery and corruption	All gifts and hospitality given/received must be fully logged and recorded in accordance with our procedures. Anti-fraud We have procedures in place that reduce the likelihood of fraud and are committed to the prevention, detection and reporting of any fraud. Robust action will be taken against any individual or group perpetrating an actual or attempted fraud against the Group
Anti-money laundering	We have procedures in place designed to prevent money laundering from taking place and are committed to the prevention, detection and reporting of any such events. Employees should be vigilant and report any suspicion of money laundering
Anti-slavery and human trafficking	We put measures in place and take action to support a zero tolerance approach to modern slavery - any suspicions should be reported via the confidential Speak up helpline or to the Police
Business continuity	Each regional business and central service functions are required to maintain a business continuity plan, in order to minimise the impact of serious disruption to our operations
Climate change	We recognise the urgent need to reduce greenhouse gas emissions to avoid the worst impacts of climate change. We acknowledge the need to mitigate climate change risks associated with the homes and communities we build, whilst at the same time reducing the greenhouse gas emissions associated with our operations
Competition Law	We believe that the marketplace should be fair, open and unrestricted and we will always comply with competition and anti-trust laws wherever and with whomever we are doing business. This means that we never behave in a way that could be perceived as price-fixing, market sharing, bid rigging or information gathering regarding competitor bids, tenders or land offers
Diversity and inclusion	We believe that a diverse and inclusive culture is essential our long-term success and this is reflected in our diversity and inclusion policy, with the aim is to build and sustain an inclusive culture and diverse workforce. We review and monitor progress of our gender pay gap results and believe in encouraging initiatives that promote broader inclusive diversity, in line with our core values
Environment	We seek to optimise our impact on the environment as far as practicable, and aim to influence our suppliers and contractors to do likewise. The Board of each region and, ultimately, the ELT is responsible for environmental matters. Environmental incidents should be reported in accordance with Group procedures. Ethical code of conduct All employees are expected to share our commitment to high ethical and moral standards
Health, safety and welfare	The creation of healthy and safe workplaces that minimise the likelihood of injury or ill health is central to our mission. The Chief Executive has executive accountability for health and safety matters. Each business unit head is the director responsible for health and safety matters. All incidents must be reported in accordance with reporting procedures. There shall be no compromises with regard to health and safety in our offices or developments, with appropriate monitoring arrangements in place
Privacy policy	We have procedures in place designed to protect the privacy of all our stakeholders ensuring that we adhere to data privacy regulations and have specific privacy policies to meet these requirements. Each provides general information on how use, collect and store personal data
Speak up policy	We are committed to ensuring high standards of business conduct and encouraging a culture of integrity and honesty within the Group. All employees are expected to carry out their duties in an ethical manner and report any concerns. Employees (and other stakeholders) can do this in confidence using the confidential Speak up hotline, if they feel they cannot raise their concerns with their line manager

Sustainability report

Our sustainability strategy is focussed on the key sustainability issues most important to our Group and our Stakeholders

Our strategy recognises the interlinked nature of sustainability issues, for example our approach to both biodiversity and social value helps to enhance our placemaking strategies. Our strategy covers direct impacts such as carbon emissions, biodiversity and waste and indirect impacts such as delivering social value. Our strategic targets are aligned to the UN Sustainable Development Goals (UNSDGs).

Our sustainability efforts are focussed in three key areas – our people, our operations, and our homes and communities, these are also key pillars of our corporate strategy and are a critical part of delivering our purpose: *"To deliver sustainable homes and communities across all sectors of the UK housing market."*

During 2021, we've focused on laying the foundations for successful delivery against our targets.

Some highlights include:

- Creating new roles: Head of Sustainability, Head of Technical Innovation and Head of Social Value
- Investing in a sustainability data platform and social value portal to improve performance monitoring
- Signing up to the Business Ambition for 1.5°C and committing to science-based targets
- Establishing our baseline for carbon (scope 1, 2 and 3) and waste
- Joining the UK Green Building Council
- Developing a roadmap to deliver net zero carbon homes (see page 54)
- Becoming a corporate member of IEMA and an approved IEMA training centre
- Increasing awareness through internal communication including a sustainability week
- Linking sustainability to executive remuneration and sustainability linked loan
- Developing a climate change policy

Key to delivering our purpose is placemaking and social value. To recognise this importance, we've signed up to use the social value portal to help shape placemaking strategies and measure social value return on investment. We've also committed to ensure 550 learners pass through our on-site skills academies by 2025 as well as increasing the delivery of affordable housing.

These social value targets are included as sustainability performance targets in our sustainability linked loan. More details of our loan and our social value deliverables in 2021 can be read on pages 34 and 52 and our 2022 targets on page 80.

"Placemaking and social value are crucial to our purpose of delivering sustainable homes and communities across all sectors of the UK housing market."

Progress against 2021 sustainability targets

Priorities	Issue	Target		Update
	Jobs and training	Design and implement a new strategy for people development	✓	Completed - see page 32
		Extend skills academy concept to every new large regeneration site	—	We've delivered 4 academies since 2020 with another 9 planned in 2022. In 2021 40 learners passed through our academies. See page 54
		Implement a Learning Management system (LMS) that maximises employee learning opportunities	✓	Completed - See page 33
	Health and wellbeing	Develop and implement an employee wellbeing programme	✓	Completed - See page 32
		Deliver year-on-year improvement in employee retention	N/A	Voluntary attrition rate 19.3%. This target has been replaced as part of new people strategy - See page 32
		Deliver a year-on-year reduction in absenteeism	N/A	This target has been replaced as part of new people strategy - See page 32
		Establish a national charity partnership with MIND	✓	Completed – see page 38
	Diversity and inclusion	Develop and implement a diversity and inclusion strategy	✓	Completed - See page 36
	Waste and resources	Achieve an annual 5% reduction in waste intensity tonnes/unit	—	Our waste intensity has increased due to improved measurement - See page 48
		Retain recycling rate of over 95%	✓	Completed - See page 48
	Climate change	Deliver a 5% reduction of in GHG emissions intensity in 2021 (tCO2e/m2)	—	Our scope 1 and 2 emissions have increased due to improved measurement & reduced activity in 2020 due to Covid - See page 49
		Set a science-based target for delivering Net-Zero Carbon across the Group's operations	—	Target estimated based on data available to be formalised in 2022 using 2021 as the baseline
	Placemaking	Use the Vistry social value toolkit to implement placemaking strategies on at least one mixed-tenure development in all Vistry Partnerships business units in 2021	—	The toolkit has been used 50 times across 9 Business Units - See page 52
		Invest equivalent of 0.1% of PBIT with charities and community organisations	✓	Completed - See page 52
	Ecology	Implement an action plan during the year to achieve 10% bio-diversity net-gain across the Group	✓	Completed - See page 53
	Building Standards	Develop a roadmap and set a target for all Vistry homes to be designed to Net-Zero Carbon standards	✓	Completed - See page 54
	Affordable housing	As part of Project 6,000, deliver a year-on-year increase in additional affordable homes delivered beyond policy compliance	✓	Completed - See page 53

Sustainability report

Materiality assessment

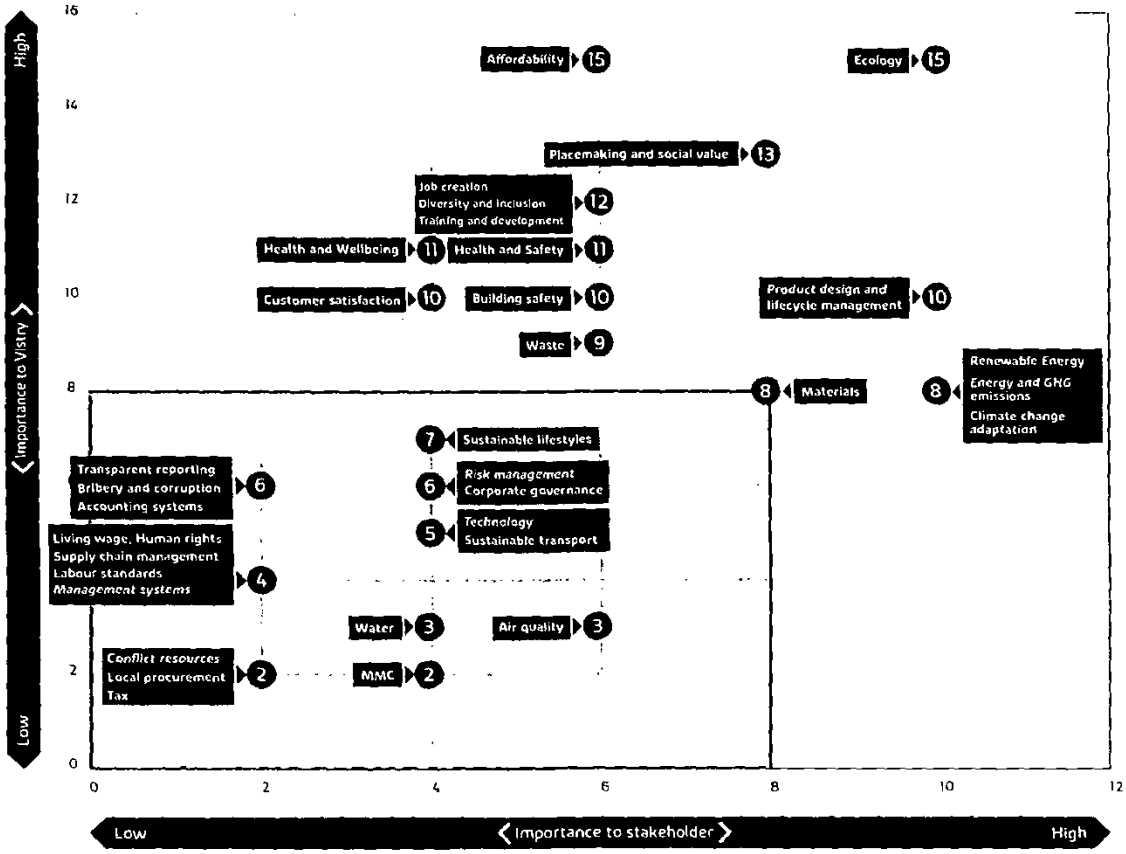
Our Group materiality assessment considers the impact of our business activities on environmental, social and governance issues to identify which issues matter most for our stakeholders and present long-term value creation, risks and opportunities for the Group our investors.

This work was carried out by a team drawn from across the Group, ensuring that our plans are relevant to our business, inspiring to our teams and owned by our operating businesses. This activity has helped to embed sustainability at the heart of our operations.

Our sustainability strategy was created using a risk-based approach taking inputs from key stakeholder groups: Our sustainability priorities are therefore focussed on issues that are important both to our stakeholders, and to our business. This was formulated through a review that evaluated all sustainability matters using a balanced scorecard from these stakeholder groups. Our strategy targets can be read on page 80

We completed a light touch review of our materiality review in 2021 and we will complete a full review every three years. This year our minor changes include:

- Changing the name of "building standards" to "product design and life cycle management". This is to reflect the material issues identified by the Sustainability Accounting Standards Board (SASB) Materiality Matrix for the housebuilding industry and also to highlight our decarbonisation road map going beyond building regulations.
- "Indirect economic impact and community investment" to become material issues. This is to reflect our purpose of delivering sustainable homes and quantifiable Social Value becoming increasingly important to Local Authorities, Registered Providers and other key clients.
- To ensure the addition of key issues does not dilute the strategy, "placemaking", "community investment" and "indirect economic impact" become one key issue named "placemaking and social value" which is also reflective of the government's increasing emphasis on design, placemaking and positive community outcomes.
- Increase the importance of "job creation", "training and development" and "diversity & inclusion" to reflect the increasing pressure on Vistry and our Supply Chain in relation to the construction skills shortage.
- Ecology remains of very high importance to both Vistry and our Stakeholders and this is reflected in our preparation for the forthcoming biodiversity net-gain regulations



The material issues are managed within our Group's core focus areas

Jobs and training
Health and wellbeing
Diversity and inclusion

Waste and resources
Climate change

Placemaking and social value
Ecology
Product design and lifecycle management
Affordable housing

Sustainability targets 2021-2025

We have updated our strategic targets to align with the changes in our materiality assessment and also to include both short and medium term targets.Additional targets relating to people, such as diversity and inclusion, health and wellbeing and modern slavery can be read in the strategic report section starting on page 31.

Priority	Material Issue	Target	Metric	2021 Baseline	2022 target	2025 target
	Jobs and training	Increase the number of learners passing through our on-site skills academy	Number of learners	40	50 learners to pass through our on-site skills academies	550 learners to have passed through our on-site skills academies
	Waste	Reduce construction waste	Tonnes	9.42 tonnes per plot	Reduce waste tonnes per plot by 5%	Reduce waste tonnes per plot by 20%
		Increase in diversion of construction waste from landfill	%	98%	98% of non-hazardous construction waste diverted from landfill	100% of non-hazardous construction waste diverted from landfill
	Resources	Increase re-use of construction materials	n/a	n/a	Launch a material re-use database for sites	n/a
	Climate change	Reduce scope 1 and 2 GHG emissions	CO2e	27,881 tonnes	Reduce scope 1 and 2 emissions by 4.2% against a 2021 baseline	Reduce scope 1 and 2 emissions by 16.8% against a 2021 baseline
	Climate change	Reduce scope 3 GHG emissions	CO2e	2,236,879 tonnes	Reduce scope 3 emissions by 5.6% against a 2021 baseline	Reduce scope 3 emissions by 22.4% against a 2021 baseline
	Product design and life cycle management: Operational energy	Reduce carbon emissions from regulated energy of new homes	CO2e	1.4tCO2e per plot (per annum)	-31% reduction in CO2e in new homes planned	-75-80% reduction in CO2e in new homes planned
	Product design and life cycle management: Embodied carbon	Set a target for reduction in embodied carbon in line with science-based target initiative reduction pathway	CO2e	297kg CO2e per m2	Develop a 2025 target	n/a
	Social value & placemaking	Use the social value portal on every new land acquisition >500 units and on every project with an on site skills academy	Number	0	100%	100%
	Ecology	Ensure every site has a completed Biodiversity Action Plan	Number	0	25%	100%
	Affordability	To deliver a year-on-year increase in additional affordable homes beyond our planning compliance requirements	Number	744	> 744	Year-on-year increase

Task Force on Climate-related Financial Disclosures

Governance

Our disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) are outlined below.

1) Disclose the organisation's governance around climate-related risks and opportunities.

a) Describe the Board's oversight of climate-related risks and opportunities.

The Board approves the sustainability strategy and associated targets. In 2021 climate change was discussed at the Board strategy day, with a particular focus on science-based targets and alignment to 1.5°C. This decision was made to align with the most common commitment in the corporate sector and to recognise that SBTi would not accept less ambitious targets from 2022.

The Board receives performance reports that include general updates on progress against sustainability strategy targets at each of the 8 meetings throughout the year. A more detailed report including an update on climate change targets is provided twice a year. In 2022 we will review how climate change training could support the Board in their decision making.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

Responsibility for climate related issues resides with the Executive Leadership Team and our Chief Operating Officer is the executive sponsor.

The Head of Sustainability, Head of Technical Innovation and the Group SHE Director are responsible for the implementation and monitoring of sustainability strategy and climate change targets. These individuals have the required qualifications and experience to take responsibility for climate related issues.

Managers are informed through regular internal communications, for example during a sustainability week, our Head of Sustainability took over the CEO's weekly update to explain our plans to mitigate climate change. We also include guidance notes and standard operating procedures to help address climate change within our ISO14001 Environmental Management System.

Climate change issues are built into our corporate strategy through the themes of operations and homes and communities. Climate change is also linked to executive remuneration, see page 158 to 159 for more information.

Climate related data is collected from each business unit by 23 Sustainability Champions, which is reported at Group level. During 2021 we have developed a sustainability reporting tool to allow us to monitor and report progress against our targets more comprehensively. The dashboard reports produced from the reporting tool will be discussed by the Sustainability Forum and Board meetings in 2022.

Sustainability forum objectives

Our COO chairs a quarterly Sustainability Forum, which is attended by 25 representatives from all business units and business functions, the forum is dedicated to the following objectives:

1. To oversee and consider the Group's culture around operating sustainably
2. To ensure ongoing delivery, scrutiny and performance of the sustainability strategy
3. To review, challenge, and propose changes to the Group's operating policies where they do not align with the sustainability strategy
4. To review and scrutinise the Group's performance against agreed metrics and provide guidance as to optimisation
5. To agree internal and external communication strategies and to act as ambassadors for the sustainable approach of the Group

Task Force on Climate-related Financial Disclosures

Strategy

2) Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Our sustainability strategy drives our approach to sustainability and climate change. It is based on an extensive materiality assessment and is focussed on three priority areas: people, operations and homes and communities.

Climate-related risks and opportunities were considered by geography. Our findings are consistent with climate change policy and positions of the HBF and UKGBC, of which we are members and are summarised below.

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

0-5 years	5-10 years	>10 years
Short term: We see risks and opportunities associated with the forthcoming future homes standard. This is echoed by the HBF who explain consumers will need to be consulted and educated for emerging technologies (to ensure technology performs as designed) and supply chains will need to be created; new skills and training developed and person capacity built, for example air source heat pump engineers. We are part of the HBF Future Homes Task Force addressing these issues. Vistry is already delivering homes beyond the future homes standard and therefore have an opportunity to learn from these projects to inform our plans to meet the future homes standard and deliver against our own net zero carbon roadmap.	*Medium term:* In the medium term and in line with the HBF we considered risks associated with electrical infrastructure as the shift to electric heating and car charging increases pressure on local networks. We are currently undertaking simulations of various scenarios based on typical developments. We recognise medium term opportunities such as increasing the use of modern methods of construction; which we are trialling at Blackberry Hill in Bristol. By delivering low carbon homes for our clients we have established our Partnerships business as a market leader in this area (see case study on page 90).	*Long term:* As part of a study completed by the University of Exeter we considered how risks associated with flooding, overheating, water stress and subsidence may increase in the long term. Another long term risk is to mitigate climate change across the whole building lifecycle, in particular embodied carbon.

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Products and services: We have developed a road map to delivering net zero carbon homes by 2040 (aligned to the UKGBC definition) and have based this signficantly on our experience delivering S4 net zero regulated energy and carbon homes for a Partnerships client in Warwickshire (see page 90). Learning from real projects, rather than one off research and development projects, puts Vistry in a unique position. Through these projects we've been able to develop our business strategy through:

- Completing post occupancy evaluation relating to energy efficiency measures and testing future technology
- Working with regions to understand impact on trades, site management and sales staff helping to develop training courses to support future projects
- Understanding the impact of electric heating and EV installation on substations and network upgrades – producing guidance for future uptake and providing scenario options
- Gathering real project cost information arising from energy efficiency measures for future cost modelling and value engineering exercises enabling us to accurately consider these costs in land viability and financial planning

Supply chain: We recognise new supply chains are emerging to respond to increasing demand for low carbon homes and this is key to us delivering our business strategy. At Group level our Technical and Commercial teams are working to ensure we have the most technically robust solutions, that are cost effective and at the right capacity. Group deals will be put in place to ensure we have the right level of availability. This will help us to meet our growth ambitions whilst also delivering on our zero carbon road map.

Adaptation and mitigation activities: We've committed to setting a science-based target and have signed up to Business Ambition for 1.5°C. We've linked our carbon reduction commitments to executive remuneration and a sustainability linked loan. We've completed overheating analysis and will consider the outputs in the development of our 2025 standard house types. We do not build on land that is at risk of flooding, increased risk of flooding may reduce land availability in the future

Operations: We've committed to setting a target to reduce our operational carbon emissions and will achieve this through a range of measures such as improving efficiency of site set up (e.g. using eco-cabins, LED lighting, hybrid generators, solar powered equipment, HVO fuel, increasing hybrid/electric fleet vehicles and trialling new and innovative low carbon solutions etc). A significant challenge will be achieving ambitious targets for absolute emissions reductions, whilst pursuing our committed targets for business growth.

Pricing for the cost of climate change

We have categorised the risks relating to climate change into two classes – transitional risks and physical risks. The transitional risks are actively priced into today's financial results whilst the physical risks have an estimated cost that is reviewed but not included in the financial statements.

Transitional risks - the requirements of mitigating transitional risks either have or are expected to be enshrined in regulation with the current requirements being changes to building regulations, namely Part L and Part F, and in the medium term the Future Homes Standards.

To meet these requirements, we are actively designing new house types to meet these standards, incurring costs that are expensed, and are pricing into our site Cost Valuation Reports (CVRs) the future costs of implementing new technologies which will in turn impact site wide margins and today's gross margin.

Additionally, the cost of meeting these regulations is being priced into our appraisal of land acquisitions, with our ability to bring down the costs of meeting these new regulations providing us a competitive edge in the purchase of land that will require plots being built to these new standards. . These costs are also factored into our impairment testing for goodwill and in our viability assessments.

Physical risks – these risks are regularly reviewed, and the detail of these risks and the potential financial impact is listed above. The current assessment of cost has been created by taking input from independent experts and is expected to be refined as industry standard pricing for these risks emerges over the next couple of years

Given the uncertainty of when and how these risks will materialise there is no provisioning for their cost in our underlying financial statements, but we do use these insights to stress test our current supply chain and potential new methods of constructions, as well as using them to re-affirm our commitment our carbon reduction targets

Task Force on Climate-related Financial Disclosures

Strategy

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

We have considered the resilience of our strategy under two different climate scenarios, including a "2°C scenario with an orderly transition" and a ">4°C scenario and with a failure to transition".

Both scenarios were developed in partnership with the University of Exeter using IPCC RCP2.5 and IPCC RCP8.5 scenarios and were explored in a workshop – the key findings are summarised opposite.

2°C scenario

2021-2030

An orderly transition to a low carbon economy

Transition risks and opportunities:

- **Emerging legislation**: Our strategy is resilient, our roadmap to 2030 goes beyond current legislation and the embodied carbon of our standard house type is below the LETI 2030 benchmark. We are considering the impact of the Future Homes Standard on embodied carbon as part of our standard housetype review.
- **Increasing demand for low carbon homes**: Our strategy is resilient and we are in a unique strong position based on our experience delivering low carbon homes to increased demand for low carbon homes, particularly from our Partnerships clients. We need to understand with more confidence the demand within our market sale customers and will investigate this more in 2022. We are working with the HBF as part of the Future Homes Task Force to address market challenges

Physical risks

- **Heat stress**: Our strategy is resilient. With the Government proposal for a new Approved Document covering the mitigation of overheating risks, we have carried out dynamic assessments of Vistry housetypes to help us understand this risk to the business. In summary there is a very low risk of overheating in the area representing regions outside London, Southampton & South East. There are risks of overheating shown in London, Southampton and South East area that are being addressed
- **Water stress**: One third of the water resource zones in the East and South East regions of the UK are already in water demand deficit. This is expected to increase to 54% within the next five years. Water efficiency is addressed in Part G of Building regulations. During 2022 we'll make provision to review this issue in more detail.

>4°C scenario

2030-2070

A failure to transition

Physical risks

- **Heat stress**: Overheating could become an issue in our properties as summers become hotter and risk of heatwaves increases. This could increase demand for cooling and increase operational energy use as well as impact occupant comfort. Overheating risk will be considered in the development of our 2025 housetype.
- **Subsidence**: Within the South East region there is a future risk of subsidence as a result of soil shrinkage within areas of shrinkable clay due to hotter, drier summers. Further modelling is required to assess the impact of future precipitation anomaly projections for different scenarios.
- **Extreme weather**: The increase in frequency of extreme weathers events such as storms has the potential to delay construction due to heavy rain and high winds which may impact cranes and other site machinery. This could impact construction programmes.

Task Force on Climate-related Financial Disclosures

Risk management

3) Disclose how the organisation identifies, assesses, and manages climate-related risks.

Climate change is one of our nine principal risks. The trajectory of the risk is increasing, due to increased stakeholder interest and emerging regulatory requirements.

a) Describe the organisation's processes for identifying and assessing climate-related risks.

Specific climate risks were identified as part of a Vistry commissioned research project with the University of Exeter. The output of the research fed into a workshop facilitated by independent consultants, with representatives from Finance, Sustainability as well as the Risk Oversight Committee and Sustainability Forum. Climate risks and opportunities identified in the workshop with a medium or high impact are shown in the table on page 88.

b) Describe the organisation's processes for managing climate-related risks.

A Risk Oversight Committee operates with representation from all parts of our business to identify and monitor the threats identified from within the Group and to monitor and to respond to regulatory change. This is coupled with a robust assessment carried out by the Board to formally agree and assess the principal risks facing the Group, including those that would threaten the execution of its strategy, future performance and liquidity. Management and mitigation of these principal risks have been taken into consideration when considering the future viability of the Group.

As part of its annual strategic review the Board also considered the Group's 5 year financial plan, the core assumptions underpinning this plan and how the current economic, regulatory and sustainability environment may impact this plan. The climate change impacts in relation to the plan are those related to pricing the cost of climate change. This is explained on page 83.

The early years of the financial plan are prepared in detail with the basis being the development of our existing land bank and partner led developments. There is inherently more uncertainty in the later years of the plan as these incorporate a higher level of assumed housing completions from land owned currently without planning or land not currently owned by the Group.

c) Describe how processes for identifying, assessing, and managing climated-related risks are integrated into the organisation's overall risk management.

Climate change is a principal risk and intergrated into our overall risk management, see page 64 In 2022 we will use our existing risk management process to evaluate the significance of the specific climate risks identified in our detailed risk and opportunities assessment and this will feed into our risk and oversight committee who will review the output and agree how the specific risks identified should be managed.

Metrics and targets

4) Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Key metrics used to assess climate related risks and opportunities include

Scope 1 and 2 emissions
27,881 tonnes CO2e

Scope 3 emissions
2,236,879 tonnes CO2e

EPC Rating
94% at least B in 2021

Renewable energy capacity installed - estimated at
1,293,821 kWh in 2021

b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Our scope 1, 2 and 3 emissions and historical data can be seen on page 49. Our greenhouse gas methodology is in line with the GHG Protocol and can be viewed on our website.

A risk to us achieving our science-based targets is to decouple carbon from organic growth, and we are reliant on nascent technology to support us to achieve this target, such as electric plant and equipment and alternative fuels. To support the development in this technology we will continue to engage with our supply chain and test new and innovative solutions during 2022.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

We have updated our sustainability strategy targets to include specific short and medium term targets and also to reflect our updated materiality assessment. The updated targets are shown on page 80. Progress against our 2021 targets is explained on page 77

We aim to have our greenhouse gas emissions targets approved by the Science-Based Targets Initiative. We are currently going through the process of achieving external verification of our GHG data and expect to achieve this in 2022.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Task Force on Climate-related Financial Disclosures

Climate change - risk and opportunities summary

Risk/ opportunity	Risk/ opportunity	Point of contact	TCFD type	Type of financial impact
Introduction of a carbon tax on fuels	⚠	Upstream Direct Downstream	Emerging regulation - Carbon pricing mechanisms	▲ ● Increased direct costs Increased indirect (operating) costs
Green skills gap	⚠	Direct	Market - Uncertainty in market signals, Increased cost of raw materials	▲ ● Increased indirect (operating) costs
Flooding/ extreme weather event	⚠	Upstream Direct	Acute physical - Increased severity and frequency of extreme weather events such as cyclones and floods	▲ ● Increased indirect (operating) costs
Performance gap	⚠	Downstream	Technology - gap between designed and actual performance	▼ ● Decreased revenues due to negative customer feedback
Embodied carbon regulation	⚠	Upstream Downstream	Emerging regulation - Carbon pricing mechanisms	▲ ● Increased direct costs
Subsidence	⚠	Downstream	Chronic Physical - Changes in precipitation patterns and extreme variability in weather patterns	▲ ● Increased indirect (operating) costs Increased costs due to remediation
Modern methods of construction	✓	Upstream Direct	Technology - Substitution of existing products and services with lower emissions options	▼ ● Reduced indirect (operating) costs
Energy performance	✓	Upstream	Market - increased client demand for net zero carbon products	▲ ● Increased potential for more local autority contracts Increased revenue as better energy performant homes ▼ ● Decreased capital costs

*Short term 0-5 years, Medium term 5-10 years, Long term >10 years **Low = <£1m, Medium = £1m-£5m, High = >5m

Description	*Time Horizon	Likelihood	Magnitude of impact	Potential financial impact figure (annually)**
The increase of carbon tax on fuels is likely. This is likely to cause a mass move to alternative fuels such as Hydrotreated Vegetable Oil, increasing competition and putting pressure on supply.	Medium-term	Likely	High	Low
Without a qualified workforce, there will be a delay and constraint on new technologies being installed to meet the Future Home Standard (2025). The lag between technology availability to meet *building regulations risk making designs non-compliant.*	Short-term	Very likely	High	Low
Increased severity and frequency of flooding could cause delays in construction and impact occupants/customers. The increase in frequency of extreme weather events such as storms has the potential to delay construction due to heavy rain and high winds to impact cranes and other site machinery.	Long-term	Unlikely	Medium	Low
Negative feedback from customers due to the performance gap between design perfromance and as-built performance, leading to increased energy bills.	Short-term	More likely than not	Medium	Low
Emerging regulation around embodied carbon alongside the unintended consequences of replacing existing products with lower carbon alternatives (e.g. different types of insulation) may increase the embodied carbon of the end product.	Long-term	More likely than not	Medium	High
Summers that are hotter and drier could lead to increased risk of soil shrinkage leading to an increased risk of subsidence.	Long-term	More likely than not	Medium	Difficult to predict & quantify at this stage
Increasing the use of Modern Methods of Construction leads to construction efficiencies, lower embodied carbon and quicker construction times.	Medium-term	Virtually Certain	Medium	Medium
Large scale trials to understand zero carbon homes and reducing carbon emissions to help inform our net zero carbon roadmap.	Short-term	Likely	High	Medium

Sustainability case study

Net Zero Carbon homes: Learning from best practice

Project background

Vistry Partnerships West Midlands were tasked with delivering 54 zero carbon homes on a housing scheme at Europa Way for Warwick District Council (WDC), supporting the Council's commitment to be a zero-carbon authority by 2025.

The project included ambitious carbon reductions in all possible areas, looking to reduce embodied carbon and aiming for a 100% reduction in regulated energy use and carbon emissions.

Defining Net Zero

Before the scheme started to be developed, it was necessary to define what 'Net Zero' would include at Europa Way Triangle.

There are different ways of measuring carbon emissions caused by building new homes. 'Regulated' emissions are those controlled by the Building Regulations. They include factors such as building fabric heat losses and heating system efficiencies; - these are entered into the SAP calculations as part of assessing Building Regulation compliance.

'Unregulated' emissions are those resulting from the activities of the home user, and which are not accounted for in compliance calculations and often referred to as 'plug loads'.

'Embodied carbon' is the measure of carbon emissions associated with all stages of a building's life cycle. It ranges from emissions associated in the production and transport of materials, the processes on site during construction, the operation of the building, and the way in which components are reused, recycled, or demolished at the end of a building's life

Part L1a – Conservation of Energy and Power 2013 is currently the applicable building regulation for energy efficiency. WDC set the target on the scheme and decided to aim for Net Zero regulated carbon. This means that the Dwelling Emission Rate (DER) would be zero compared to the Target Emission Rate (TER) as set by Part L 2013 and SAP.

Refining the Net Zero Carbon specification

A high performing building fabric is needed when building to zero carbon standards. A timber frame construction was chosen early in the process which can support low u-values and offers lower embodied carbon compared to masonry construction.

Design challenges

The three main design challenges were:

1. Timber Frame - The standard construction detail did not yet achieve the required levels for Net Zero Carbon. This was achieved by increasing the cavity externally and adding an additional layer of insulated plasterboard
2. Thermal Bridging - to minimise heat loss, an improvement had to be made on the Accredited Construction Details. The energy assessor needed to calculate bespoke details to further reduce unwanted heat loss through the fabric
3. Heating and Hot Water - housetypes which were currently designed for gas combi boilers needed to be carefully adapted so that M&E kit (such as hot water cylinders) could be incorporated in the confines of the plot's footprint and designated storage space.

Summary

The Europa Way Triangle development in Warwick shows that Net Zero dwellings can be achieved. However, achieving this standard has not come without its challenges

Through building these homes we have been able to understand the additional construction costs and technical challenges. We have used these lessons to develop our Net Zero carbon homes roadmap and allow us to confidently include the cost of meeting these regulations in our appraisal of land acquisitions

Vistry Partnerships West Midlands has designed, procured, and is delivering zero carbon with great success, with the first handovers in 2021. This project is a great example of what can be achieved by innovative and collaborative working.

Zero Carbon homes in practice

Site: Europa Way Triangle, Leamington Spa
Region: Vistry Partnerships West Midlands
Client: Warwick District Council
Number of Units: 54 (2 and 3 bedroom)
Zero Carbon: Dwelling emission rate (DER)=0

Key features:

- High performing fabric
- Timber frame
- Air source heat pump (ASHP)
- Solar PV panels
- Waste Water Heat Recovery (WWHR)

First completions: Autumn 2021

Fletcher's Rise, Wombourne

Bovis Homes

Financial review

"The Group delivered a strong financial performance in the year, benefitting from strong customer demand for new houses, whilst mitigating the impact of materials price increases through a good balance between centralised procurement and local agility"

Earl Sibley | Chief Financial Officer

Trading performance

The market outlook remains positive while we address the headwinds that are facing the industry as we look to play our part in tackling climate change and resolving legacy issues for the sector. The Group is well positioned to meet those challenges, both operationally and financially.

Total completions

During the year the Group delivered 8,639 (2020: 6,131) legal completions, including 100% of JV completions, representing a 40.9% increase to the prior year. This was driven by a full year of trading in 2021 whilst 2020 was impacted adversely by the Covid-19 pandemic and the first nationwide lock down from March 2020.

Revenue

Total adjusted revenue, including share of JV revenue, was £2,693.6m, 32.0% higher than prior year (2020: £2,040.1m). On a reported basis revenue was £2,359.0m, 30.2% higher than last year (2020: £1,811.7m).

Adjusted gross and operating profit

Adjusted gross profit was £543.0m in 2021 (adjusted gross margin: 20.2%), which compares to £318.8m in 2020 (adjusted gross margin: 15.6%). 2021 benefitted from a strong housing market with house price inflation of c6%

	2021	2020	% change
Housebuilding			
- Private	3,895	3,010	+29.4%
- Affordable	1,369	822	+66.5%
- JV's (100%) Private	996	658	+51.4%
- JV's (100%) Affordable	291	162	+79.6%
Total housebuilding	6,551	4,652	+40.8%
Partnerships			
- Mixed tenure	1,184	871	+35.9%
- JV's (100%) Private	630	397	+58.7%
- JV's (100%) Affordable	274	211	+29.9%
Total mixed tenure	2,088	1,479	+41.2%
Total completions	8,639	6,131	+40.9%
Partner delivery units	2,441	2,823	-13.5%

Group procurement deals have provided significant protection against materials price increases and business units have demonstrated excellent agility in managing timeliness of supply through strong project management and accurate scheduling, all supported by common systems.

Overall, we have seen build cost inflation of c6% as pressure on materials eased towards the end of the year at the same time as labour inflation was rising. 2020 gross margin was significantly impacted by Covid-19, including the impact of non-productive site overhead costs being expensed directly to the income statement and costs incurred relating to the closing and reopening of sites as a result of lockdown

Whilst we expect market material prices to stabilise in 2022, build cost inflation is expected to continue at c6% due to Group supply agreements ending at the end of 2021 and inflation in the sub-contractor labour market.

Adjusted operating profit is £368.4m (2020: £171.0m) with the increase coming through from higher levels of gross margin Adjusting operating margin was 13.7% (2020: 8.4%).

The Group delivered an adjusted profit before tax of £346.0m (2020: £143.9m).

Adjusted Performance Measures

The Group manages the business by focussing on non-GAAP measures, which we refer to as adjusted measures as we believe they provide a better comparison of underlying performance measures from one period to the next as GAAP measures can include one-off, non-recurring items and recurring items that relate to earlier acquisitions.

The adjusted performance measures are categorised in 3 areas: the amortisation of acquired intangible assets (2021: £14.2m); exceptionals (one-off integration activities following the 2020 acquisition £6.5m, and an incremental fire safety provision £5 7m), and; share of JV operating results For further details see Note 5.13

Reported profit

On a reported basis, the Group saw a profit before tax of £319.5m (2020: £98.7m), comprising operating profit of £285.4m (2020: £91.7m) after exceptional costs of £12.2m (2020: £31 0m), net financing income of £4.1m (2020: charge £7.9m) and share of JV profit of £30.0m (2020: £14.9m)

Fire safety provision

Vistry Partnerships, in its role as contractor, has reviewed over 100 developments that are over 11 metres high and has for the past four years worked with clients to remediate fire safety issues on 18 buildings

Vistry Housebuilding primarily acts as a developer. The Linden Homes legacy business has identified 62 developments over 11 metres high, where we acted as developer, which are occupied by leaseholders, and where remediation works could be required. The Bovis legacy business does not have any significant exposure to fire safety as the company rarely developed buildings taller than 11 metres high with only 2 being identified to date for review. Prioritising those sites where we believe remedial works may be required, to date 39 of these developments have been reviewed on the basis of current legal and constructive obligations.

We are committed to the proper consideration of any relevant case, providing appropriate support in circumstances where building owners do not meet their obligations.

Our ongoing investigations and work in respect of legacy fire safety issues has meant we have taken an additional charge of £5.7m in the year, and after spend in the year of £1.4m, the total provision to cover our assessed financial liabilities as at 31 December 2021 is £25.2m.

Post the balance sheet date we have been engaged directly with the Department for Levelling Up, Housing and Communities and indirectly through the HBF, in respect of Government proposals to extend the housing sector's liability in this area. The proposal to extend the obligations of developers and freeholders for fire safety remedial works on properties over 18 metres to all buildings over 11 metres, and extending back 30 years, is significant because of the extra number of developments this obligation captures and the impact this change has on the historical development portfolios of housebuilding companies including those now in the Vistry Group.

Whilst considerable uncertainty exists in terms of identifying and quantifying any further potential fire safety remedial costs for the group, in respect of developments where it acted as developer, we have estimated this as being in the range of £35m to £50m, as set out in the Provisions note 5.9.

Housebuilding

Housebuilding delivered a significant step up in total completions including 100% of JVs at 6,551 units which included 1,660 affordable homes representing 25.3% of total completions (2020: 984 affordable homes, 21 1% of total completions).

Housebuilding pricing was strong in the year given increased customer demand with the average sales price for our private homes in housebuilding having increased 3.7% to £356,000 (2020: £343,200). The total average sales price remained stable at £305,100 (2020: £302,500) due to an increase in the proportion of affordable housing.

Included within Housebuilding revenue is £22.7m relating to land sales (2020: £17 2m)

Housebuilding adjusted gross profit of £407.1m and housing adjusted gross margin of 22.3% followed the significant step up in completions against 2020 (adjusted gross profit, £231.2m, adjusted gross margin: 17.6%) 2021 adjusted gross margin benefited from moving upwards towards the average embedded margin in the land bank with a greater proportion of completions coming from high margin strategically sourced land. There has been no material impact from one-off events such as land sales. Progress on housebuilding gross margin is still expected in 2022, as the business moves towards a target of 25% gross margin supported in part by the current embedded land bank margin of 25.0%

Financial review

Housebuilding	2021	2020	% change
Total completions incl 100% JVs	6,551	4,652	+40.8%
Adjusted revenue	£1,829.3m	£1,311.8m	+39.4%
Adjusted gross profit	£407.1m	£231.2m	+76.1%
Adjusted gross margin	22.3%	17.6%	+4.7ppts
Adjusted operating profit	£305.4m	£139.4m	+119.0%
Adjusted operating margin	16.7%	10.6%	+6.1ppts
TNAV	£1,373m	£1,491m	-7.9%

Housebuilding adjusted operating profit of £305.4m has risen by 119.0% from the previous year (2020: £139.4m) with adjusted operating margin also growing to 16.7% (2020: 10.6%). The Housebuilding segment has a stable operating structure, with 13 regional business units, which enables good management of overheads and there is capacity within this structure to support volume growth in 2022 and beyond.

The Group has also assessed any obligations to rectify onerous ground rent leasehold conditions, as defined by the Competition and Markets Authority (CMA), on leaseholds for which we are either the freeholder or have previously sold the freehold on. The Group is working closely with the CMA on this matter and, as there has not been a significant exposure to this practice, has provided c£1m to cover the costs of rectifying any onerous conditions.

Partnerships

Adjusted revenue from partnerships in the year totalled £864.3m, made up of £468.7m from partner delivery and £395.6m from mixed tenure operations (2020: £728.3m, partner delivery: £489.5m, mixed tenure: £238.7m).

Partnerships sold a total of 2,088 units (2020: 1,479 units) from its mixed tenure operations, including JVs, with an average selling price of £236,700 (2020: £203,900) and partner delivery revenue generated equivalent units of 2,441 (2020: 2,823). The partnerships business operated from an average of 33 active mixed tenure sites in 2021 with this number expected to increase to c.40 in 2022.

Partnerships has delivered a significant increase in adjusted operating profit to £79.7m (2020: £48.6m) and adjusted operating margin has also increased significantly to 9.2% (2020: 6.7%).

Partnerships	2021	2020	% change
Total completions incl 100% JVs	2,088	1,479	+41.2%
Adjusted revenue	£864.3m	£728.3m	+18.7%
Adjusted operating profit	£79.7m	£48.6m	+63.9%
Adjusted operating margin	9.2%	6.7%	+2.5ppts
TNAV	£79m	(£30m)	360.0%

The partnerships business has been, and will be, impacted by the same build cost inflation as housebuilding but the aggressive growth in mixed tenure completions as planned will see the partnerships adjusted operating profit continue to grow in both absolute and margin terms.

This growth is further supported by management of the cost base for the business through the inclusion of suitable fixed price allowances to mitigate inflation, as well as an appropriate level of contingency in our pre-sale agreements, in addition to longer term deals seeking to link future revenues to a build cost index.

Group costs

The group segment reported a rise in direct PLC costs totalling £16.7m (2020: £17.0m). Direct PLC costs include the costs of the PLC board, share based payment and related items. The step up in the year reflects the strong performance of the Group coming through in shared based payments and annual incentive awards.

Financing and taxation

Net financing income during the year was £4.1m (2020: charge £7.9m) and net bank interest and commitment fees increased to £8.5m (2020: £18.5m). Included in the commitment fees is the write off of previous funding arrangement fees (£2.8m) as a result of the re-financing that took place at the end of 2021. The savings from the new financing arrangements will more than offset the associated arrangement fees.

The Group also incurred a £5.1m charge (2020: £6.3m), reflecting the imputed interest on land bought on deferred terms. Joint ventures which are funded through loans are charged interest by the Group, and this generated the majority of the £23.1m of finance income recognised (2020: £18.2m).

The Group has recognised a tax charge of £65.4m at an effective tax rate of 20.5% (2020: £21.9m at an effective rate of 22.1%). The effective tax rate is driven by the recognition of deferred tax at the increased corporate tax rate of 25% that was substantively enacted on 24 May 2021 and some prior year adjustments to prior year corporation tax returns. This increased rate of corporation tax will impact our tax on profits from 1 April 2023.

The introduction of the Residential Property Developer Tax (RPDT) at a rate of 4% on profits from 1 April 2022 was substantively enacted on 2 February 2022. No effect of this new tax has been included in these results. However, the impact on our deferred tax liability would have been an increase in the liability of £6 2m

The Group has a current tax liability of £0.1m on its balance sheet as at 31 December 2021 (31 December 2020: asset £14.4m).

Dividends and earnings per share

Following the re-introduction of dividends in respect of 2020, the decision was taken to pay an interim dividend of 20 pence per share for the first half of 2021, and a final dividend of 40 pence per share (2020: 20 pence) has been declared and, subject to shareholder approval at the AGM, will be paid on 24 May 2022 to holders of ordinary shares on the register at the close of business on 7 April 2022. Total ordinary dividends for the year are therefore 60 pence per share (2020: 20 pence) in line with our capital allocation policy of a sustainable 2x cover.

Net assets and cash flow

As at 31 December 2021, net assets of £2,390.6m were £195 5m higher than at the start of the year as the Group continues to grow and invest in land and work in progress. Net assets per share were 1,075p (2020: 988p)

Goodwill and intangibles totalled £675.3m at 31 December 2021 (2020: £691.1m) with the decrease resulting from the amortisation of intangibles.

Tangible net assets increased from £1,466.1m at 31 December 2020 to £1,480.6m at 31 December 2021 driven by the investment in land and work in progress which increased by £115.8m to £1,920.8m.

Trade and other receivables increased by £15 3m to £241.9m Trade and other payables increased by £143.6m to £1,177.4m and includes land creditors which increased by £91.0m to £414.2m (2020: £323.2m)

As at 31 December 2021 the Group's net cash balance was £234 5m Having started the year with £38.0m the Group generated an operating cash inflow before land expenditure of £635.6m (2020 £440.7m). Net cash payments for land investment were increased at £368.6m (2020: £259.0m).

Investing cash inflows totalling £45.6m relates to dividends received from joint venture netted off by loans to and investments made in joint ventures. The 2020 investing cash outflow of £383.8m included the £394 6m cash consideration for the Acquisition net of overdraft acquired.

Financing cash flows of £254.9m include the repayment of £150m of term debt as part of the December re-financing, with £88.7m of dividends paid in the year.

In December 2021, the Group re-financed its external funding arrangement to simplify the debt structure, create a new £500m 4 year revolving credit facility and pay down term debt of £150m. This re-financing was possible due to the improved balance sheet strength of the Group which required lower levels of drawn debt and attracted an improved interest rate. Along with a £100m US Private Placement facility, a retained £50m bilateral term loan, an overdraft of £5m and a Homes England loan facility of £10.7m, the Group has external funding facilities totalling £665.7m (2020: £778m).

Land bank

Housebuilding land bank

The average selling price of all units within the consented land bank increased over the year to £319,000 (2020: £306,000) The estimated embedded gross margin in the consented land bank as at 31 December 2021, based on prevailing sales prices and build costs is 24.7% (2020: 24.2%). This margin continues to improve with additions to the land bank exceeding usage and good terms achieved on acquisition whilst older, less valuable, sites are traded out.

In addition, we have increased the cost base in the land bank, impacting the embedded gross margin to include our current estimates of costs for both Part L and F of the Future Homes Standards.

The housebuilding land bank including joint ventures of 31,014 plots as at 31 December 2021 represents c 4.7 years of supply based on 2021 completion volumes (2020: 31,994 plots and 4.9 years).

The land bank reflects our 25 x 25 x 25 Housebuilding strategy to deliver controlled growth in the medium term using existing operating structures and improving both gross margin and return on capital employed to 25% by the year 2025

The 6,551 plots that legally completed in the year were replaced by a total of 6,432 plots from a combination of site acquisitions representing 5,567 plots and conversion of 865 plots from our strategic land pipeline and a further 1,235 plots secured on a conditional basis across 10 sites

Financial review

As at 31 December	2021	2020
Consented plots added	6,432	6,281
Sites added	28	31
Sites owned at year end	216	199
Sites controlled at year end	14	14
Total plots in land bank at year end incl. joint ventures	31,014	31,994
ASP including share of joint ventures	£319,000	£306,000
Average consented land plot ASP	£47,000	£46,000

Partnerships land bank

The average selling price of all units within the consented land bank increased over the year to £285,000 (2020: £282,000). The estimated embedded gross margin in the land bank as at 31 December 2021, based on prevailing sales prices and build costs is 19.3%.

The partnerships land bank including joint ventures of 11,756 plots as at 31 December 2021 reflects our strategy to grow the level of mixed tenure development to contribute to the delivery of completions and partner units in support of the partnership's strategy, Project Pace.

The 2,088 mixed tenure plots that legally completed in the year were replaced by the acquisition of 2,266 plots on 11 sites and a further 1,865 plots were conditionally contracted on 12 sites. All sites acquired for Partnerships will support future returns on capital employed for the segment in excess of 40%.

As at 31 December	2021	2020
Consented plots added	2,266	2,371
Sites added	11	11
Sites owned at year end	72	50
Sites controlled at year end	14	6
Total plots in land bank at year end incl. joint ventures	11,756	8,224
ASP including share of joint ventures	£285,000	£282,000
Average consented land plot ASP	£40,000	£31,000

Strategic land

Strategic land continues to be an important source of supply and during the year, 1,396 plots have been converted from the strategic land pipeline into the consented land bank. A further 7,721 plots were contracted under options and planning consent gained on 735 plots over the year.

Strategic land remains well positioned to deliver high quality developments in the near to medium term with good progress on a number of significant projects.

As at 31 December 2021	Total sites	Total plots
0 – 150 plots	34	2,734
150 – 300 plots	37	7,994
300 – 500 plots	22	7,927
500 – 1,000 plots	25	21,345
Total	118	40,000
Planning agreed	10	5,605
Planning application	8	2,279
Ongoing promotion	100	32,116
Total	118	40,000
31 December 2020	122	34,053

Risks and uncertainties

The Group is subject to a number of risks and uncertainties as part of its activities. The Board regularly considers these and seeks to ensure that appropriate processes are in place to manage, monitor and mitigate these risks.

The Group's risk profile has developed over the year with the long-term impact of the Covid-19 pandemic becoming better understood and with it more effective mitigating actions able to be deployed. In its place, risks relating to sustainability are coming more to the force in the medium term, especially with the emerging transitional risks which are becoming enshrined in regulation.

The Directors consider that the principal risks and uncertainties facing the Group remain those that are outlined on pages 60 to 65.

Earl Sibley
Chief Financial Officer

2 March 2022

Vistry Partnerships

Ferry Lane, Walthamstow

Strategic report approval

The Strategic report outlined on pages 5 to 99, incorporates the financial highlights, the Chairman's statement, the strategic review, the Chief Executive's report, the financial review, the principal risks and uncertainties review and corporate social responsibility review

The Strategic report was approved by the Board and has been signed on its behalf by the Chief Financial Officer

By Order of the Board

Earl Sibley,
Chief Financial Officer

2 March 2022

Corporate governance report at a glance

Board of Directors	Pages 102 to 103
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Audit Committee report	Pages 134 to 140
Directors' Remuneration report	Pages 142 to 161
Remuneration policy	Pages 162 to 167
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Independent auditors' report	Pages 175 to 185

Board of Directors

Ian Tyler
Chairman

Appointed to the Board: 29 November 2013

Committee memberships: N

Key skills and experience
Ian is a Chartered Accountant with significant board experience both as an executive and non-executive director. He was Chief Executive of Balfour Beatty plc from 2005 to March 2013, having joined the Company in 1996 as Finance Director. He was Chair of Cairn Energy PLC until December 2020, a Non-Executive Director of Mediclinic International plc until February 2017 and Cable & Wireless Communications Plc until September 2015, where he was also Chairman of its audit committee, and Non-Executive Director of VT Group plc until 2010. He was also Chair of AWE Management Ltd until June 2021.

What he brings to the Board
Leadership and debate, construction health and safety matters, familiarity with dealing with international shareholders, business growth and value creation.

External appointments
Listed: Non-Executive Director of BAE Systems plc and Anglo American plc

Non-listed: Chair of Affinity Water Limited, and Amey PLC

Ralph Findlay
Chairman Designate, Independent Non-Executive Director and Senior Independent Director

Appointed to the Board: 07 April 2015

Committee memberships: A N R

Key skills and experience
Ralph is a Chartered Accountant with extensive finance experience. He was Chief Executive Officer of Marston's PLC, between 2001 to 2021, having been Finance Director from 1996 to 2001 and Group Financial Controller from 1994 to 1996. He previously held roles with Geest plc as Group Chief Accountant, Bass plc as Treasury Manager and qualified and worked with Price Waterhouse as a specialist in financial services.

What he brings to the Board
Commercial, financial and general management experience in a consumer facing industry. Land acquisition and business growth experience

External appointments
None

Chris Browne OBE
Independent Non-Executive Director

Appointed to the Board: 01 September 2014

Committee memberships: A N R

Key skills and experience
Chris has previously held a number of senior leadership positions within the aviation industry, most recently as Chief Operating Officer of easyJet plc until June 2019 and also served as a non-executive director from January to September 2016. She was Chief Operating Officer, Aviation, of TUI Travel plc until September 2015 and was managing director of Thomson Airways from 2007 to May 2014 and managing director of First Choice Airways from 2002 to 2007. She has a Doctorate of Science (Honorary) for Leadership in Management and was awarded an OBE in 2013 for services to aviation.

What she brings to the Board
Commercial and general management experience in a consumer facing and highly regulated industry, plus leadership and operational skills

External appointments
Non listed: Independent board member of Norwegian Air Shuttle ASA and Non-Executive Director of Constellium SE (NYSE)

Nigel Keen
Independent Non-Executive Director

Appointed to the Board: 15 November 2016

Committee memberships: A N R

Key skills and experience
Nigel is a Chartered Surveyor and has extensive knowledge and experience of property and construction. He was Property and Development Director of the John Lewis Partnership until January 2018, where he was responsible for the property strategy and portfolio across both John Lewis and Waitrose, including stores, supermarkets, distribution centres and manufacturing sites. Nigel joined the John Lewis Partnership in 1999, having previously held roles with Tesco plc from 1989 to 1999, including as Construction Director, and with John Evers & Partners from 1985 to 1989.

What he brings to the Board
Property, construction and customer experience in a consumer facing industry. Property strategy, land acquisition and development

External appointments
Listed: Non-Executive Director of PPHE Hotel Group Limited

Non-listed: Non-Executive Director of RG Carter Construction and Trustee of Maudsley mental health charity

Ashley Steel
Independent Non-Executive Director

Appointed to the Board: 10 June 2021

Committee memberships: A N R

Key skills and experience
Ashley has significant board and executive level experience from being Vice Chair at KPMG and being on the firm's UK and European Boards. She was also Global Chair for the Transport and Logistics practice and the UK Infrastructure and Government practice. Previously, Ashley was Member for England on the board of the BBC, she served on the boards of online comparison provider GoCo Group PLC, law firm Ince&Co LLP and the UK Civil Aviation Authority. She was also a Non-Executive Director of National Express Group PLC until December 2021. Ashley holds a PhD from Henley Business School.

What she brings to the Board
Significant experience of delivering profitable growth and advising on the development and implementation of strategy with strong focus on transactions, retention, reward and incentivisation of management in delivery of strategy.

External appointments
Listed: Non-Executive Director of Cineworld Group plc

Katherine Innes Ker
Independent Non-Executive Director

Appointed to the Board: 09 October 2018

Committee memberships: A N R

Key skills and experience
Katherine has gained extensive executive and non-executive experience across a range of sectors in a career spanning over 30 years. She was a Non-Executive Director at Go-Ahead Group PLC until November 2020. Katherine has also held positions as a Non-Executive Director of Taylor Wimpey plc, also chairing its Remuneration Committee from 2004 to 2011 and Non-Executive Director of Bryant Group plc prior to the acquisition by Taylor Woodrow. She was Non-executive Director at St Modwen Properties PLC from 2010 -2013, and other appointments include Gigaclear Limited until 2018 and Colt Telecom Group SA until 2015. Katherine has a degree in Chemistry and a PhD in Molecular Biophysics from Oxford University

What she brings to the Board
Strong Board and broad commercial experience, corporate finance, mortgage lending, house building and residential construction industry.

External appointments
Listed: Chair of the Mortgage Advice Bureau (Holdings) plc, Non-Executive Director and Chair of Remuneration Committee of Forterra PLC and Non-Executive Director of Ground Rents Income Fund plc

Non-listed: Chair of Loob Ltd and Independent Chair of the Remuneration Committee of Balliol College, Oxford

Greg Fitzgerald
Chief Executive Officer

Appointed to the Board: 18 April 2017

Committee memberships: None

Key skills and experience
Greg was Chief Executive of Galliford Try Plc from 2005 to 2015, having previously been Managing Director of its house building division from 2003. Prior to this he was a founder and later Managing Director of Midas Homes, which was acquired by Galliford Try Plc in 1997. As Chief Executive, he transformed Galliford Try Plc from a building contractor into a well-respected house building and construction business, which included the acquisition of Linden Homes in 2007. Greg was Executive Chairman of Galliford Try Plc during 2015 before becoming non-executive Chairman from January to November 2016. He was Non-Executive Director of the National House Building Council from 2010 until July 2016.

What he brings to the Board
Leadership and strategic focus in house building and construction industry, business growth and value creation

External appointments
Non-listed: Chair of Ardent Hire Solutions Limited and Baker Estates Limited

Graham Prothero
Chief Operating Officer

Appointed to the Board: 03 January 2020

Committee memberships: None

Key skills and experience
Graham was appointed as COO of Vistry Group PLC on completion of the acquisition of the Linden Homes and Partnerships & Regeneration businesses of Galliford Try plc. Graham was Chief Executive of Galliford Try plc from March 2019, having previously served as Finance Director since 2013. From 2008 to 2013, he was Finance Director of Development Securities plc (now UK Group plc). He is a Fellow of the Institute of Chartered Accountants in England and Wales and was previously a partner at Ernst & Young LLP.

What he brings to the Board
Leadership, strategic focus, financial and accounting expertise.

External appointments
Listed: Non-Executive Director, Senior Independent Director and Chair of the Audit Committee of Marshalls plc

Non-listed: Trustee and Vice Chair of the Jigsaw Trust (a charitable trust)

Earl Sibley
Chief Financial Officer

Appointed to the Board: 16 April 2015

Committee memberships: None

Key skills and experience
Earl is a Chartered Accountant and re-joined the Company as Group Finance Director in April 2015 having previously worked as Group Financial Controller from 2006 to 2008. He served as Interim Chief Executive from January to April 2017. Earl held a number of senior finance and operational positions with Barratt Developments plc from 2008 to 2015, including Regional Finance Director and previously worked for Ernst & Young.

What he brings to the Board
Leadership, strategic focus, financial and accounting expertise

External appointments
None

Clare Bates
General Counsel and Group Company Secretary

Appointed to the Board: 04 May 2021

Committee memberships:
Secretary to the Board and Board committees

Key skills and experience
Clare is a qualified solicitor with over twenty years' experience. She joined the Group in May 2021 and was previously Deputy General Counsel and Company Secretary at ConvaTec Group Plc from its listing in 2016 to 2021. Prior to ConvaTec, Clare held increasingly senior legal roles at listed businesses after leaving private practice in 2007.

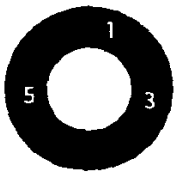
What she brings to the Board
Governance, regulation, compliance and corporate legal expertise

External appointments
None

Key for the Committees

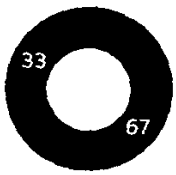
- A – Audit Committee
- N – Nomination Committee
- R – Remuneration Committee
- ☐ – Chair of Committee

Tenure
(Number of directors)



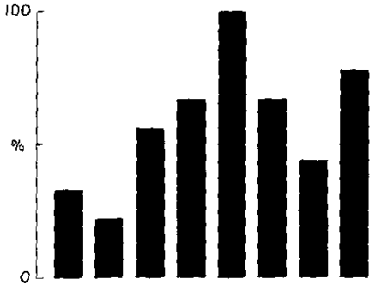
0-2 years | 2-4 years | 4+ years

Diversity
(%)



Male | Female

Board skill matrix



- Environment and sustainability
- Public sector
- Health and safety and regulation
- People and culture
- Strategy and business development
- Financial
- Retail
- Construction and property

Directors who served during the year

Mike Stansfield stepped down as Non-Executive Director on 30 September 2021

Company Secretary who served during the year

Martin Palmer stepped down as Group Company Secretary on 25 June 2021

Chairman's governance letter

"This shall be my last letter on the Company's approach to corporate governance, prior to my stepping down as Chairman and Director following the conclusion of the AGM in May."

Dear Shareholder

Using the core principles of the Code as a framework, in the following sections of this Annual Report we explain the governance structures we have established, how your Board operates to support the Group's long-term success and our plans to further enhance our governance processes in the coming year. Further information about the Board's role in relation to specific developments during the year is set out on pages 116 to 117. We have explained how we have applied the Code's core principles on pages 108 to 111.

Our key priorities

During what has been a very successful year across the Group the Board has focused on the following priorities:

- Monitoring the progression of the Group's strategy and implementation of 'One Vistry'
- Oversight of the performance of Housebuilding and Partnerships supporting the focus on quality and customer service notwithstanding the supply chain pressures following the significant step up in production seen across the industry
- Oversight of the implementation of the sustainability strategy and progress of initiatives, including the commitment to setting science-based targets and signing up for 'Business Ambition for 1.5°c' and approval of ESG targets in the 2022 annual bonus for all employees.
- Undertaking succession planning for the Chairman, Non-Executive Directors, Executive Directors and broader senior management resulting in various Board changes.

Appointment and Succession

During 2021 the Nomination Committee has undertaken executive director succession planning along with Chair succession planning. The Committee also continued to review the composition of the Board more generally and the knowledge, skills and experience available to the Board amongst the Non-Executive Directors. This led to a number of changes to the Board

It was announced in November that I shall step down as Chairman with effect from the conclusion of the forthcoming AGM. I was appointed to the Board in November 2013 and as such my nine-year tenure would have completed in late 2022. During the year the Nomination Committee undertook a Chair succession planning process which concluded with confirmation that Ralph Findlay shall succeed me. I am delighted that Ralph shall take up the leadership of the Board with his appointment providing important continuity for the Group as it pursues its growth strategy. I have been working closely with Ralph to ensure there is a smooth and effective transfer of responsibilities over the coming months.

In June the Board appointed Ashley Steel as a Non-Executive Director. Ashley is a highly experienced Non-Executive Director and committee chair across a range of sectors and has extensive experience of advising listed companies on strategy, her experience and skills enhance those already within the Board to effectively support the challenges of the enlarged Group.

Michael Stansfield resigned as a Non-Executive Director in September 2021. He had been a member of the Board for over four years and, on behalf of the Board, I would like to thank him for his significant contribution in that time.

In October Greg Fitzgerald confirmed his willingness to continue as CEO beyond the end of 2022. The Board is pleased that Greg will continue in this role and in 2022 the Committee will continue its longer term succession planning for both the Executive Directors and senior management.

On 4 May 2021, Martin Palmer handed over the Company Secretary responsibilities to Clare Bates and on 25 June 2021 he stepped down from the Board. Martin was appointed as Group Company Secretary on 1 December 2001 and in his nearly 20 years of service he has demonstrated outstanding commitment and wise counsel to me, previous Chairs and the Board, in addition to his other responsibilities as a senior executive of the Group. I thank him on behalf of the Board for his long and dedicated service and wish him a happy retirement. The Board was pleased to welcome Clare Bates in her new role of General Counsel & Group Company Secretary on 4 May 2021. She has settled in well with the Board and also in her broader role as a member of the ELT.

Looking forward, in line with Code requirements Ralph will step down as Chair of the Audit Committee on taking up the role of Chairman and a recruitment process has commenced to appoint a new Non-Executive Director and Chair of the Audit Committee, along with appointing a Senior Independent Director in due course

Purpose, values and culture

Earning trust, doing the right thing and acting with integrity underpins our ability to deliver long-term sustainable value for all our stakeholders. As a Board we have an important role to play in relation to the Group's culture. We must ensure that a healthy values-driven culture is thriving in all parts of our business, including the Boardroom, and that our interactions with all our stakeholders, and society as a whole, are open and transparent. We have a clear purpose with a set of values that reflect the culture we aspire to embed throughout the Group Our purpose and values are set out on pages 6 and 7. The Board assesses and monitors the Group's culture through a number of employee engagement mechanisms including the People Forum which is attended by Nigel Keen as our employee engagement Non-Executive Director, the Peakon employee engagement survey and our whistleblowing reporting line Speak Up' More details of these employee engagement mechanisms are found on page 32

Stakeholder engagement

The sustainable success of our business is dependent on a wide range of stakeholders. Our key stakeholder groups are well defined and detailed on pages 72 and 73. The Board and each of the Directors takes seriously their duties to consider all stakeholders' needs and concerns in its discussions and decision-making process, how we have done this is set out on pages 118 to 122. Our section 172 statement is on page 70.

The Annual General Meeting was changed from a physical meeting to a hybrid physical and electronic meeting in response to the restrictions in place regarding Covid at the time. This format enabled shareholders who joined the meeting to ask questions of the Board and due to its effectiveness, we intend to continue to hold hybrid Annual General Meetings in the future with both voting and live questions enabled in the meeting

The in-person interaction of the Board with shareholders was limited in the year due to uncertainty regarding Covid restrictions. Ashley Steel and I were able to join the Capital Markets Day in November where we interacted with analysts, funding providers and some investors. We are keen to recommence regular meetings with investors and have scheduled governance meetings in March with myself, Ralph Findlay and Nigel Keen where we shall be pleased to discuss governance issues including the Chair succession and new Remuneration Policy.

People

The Board is committed to achieving diversity and inclusion across the Group As of 31 December 2021, the proportion of women on the Board was 33% thereby meeting the recommendation of the Hampton-Alexander Review regarding women's representation. The Board was pleased to have met the commitment it had given to shareholders in April to meet such minimum target. During 2022 the Board, through the Nomination Committee, shall continue to plan for likely changes over the medium term to Board composition and succession, taking into account tenure of Non-Executive Directors, the evolving need for skills and experience and the importance of diversity. This shall ensure that we have an appropriately diverse Board in all respects

The ability to attract, retain and develop the employees to drive our growth plans is a key area of focus for the Board. There has been significant progress in the year on initiatives to improve our employee experience, which has been coupled with initiatives specifically relating to building a diverse and inclusive culture and workforce. Details of these initiatives, and plans for further progress in 2022, are set out on page 38

Governance report

Chairman's governance letter

Sustainability and ESG

In recent years we have laid strong foundations to ensure we operate in a responsible and sustainable way, in particular our commitment to setting science based targets and signing up for 'Business Ambition for 1.5°c'. We recognise that sustainability underpins the success of our business and impacts all our stakeholders. I am delighted to see the progress made with our sustainability strategy in 2021, through focus on our three priority areas Our People, Our Operations and Our Homes & Communities. The progress made in 2021 shall continue in 2022, particularly in relation to the expansion of our skills academies and expanded use of the Social Value Portal on larger sited.

We acknowledge the importance stakeholders place on climate change. Our approach is based on assessing and minimising the environmental impact of our own operations, products and services and the impact of climate-related events on our business. Further information about how we minimise the negative impact of our operations on the environment, our climate change strategy and our approach to climate-related risks is set out on pages 81 to 89.

Corporate Governance Statement

The Board confirms that throughout the financial year ended 31 December 2021 and as at the date of this report we have complied with the provisions of the Code which can be found on the FRC's website, www.frc.org.uk, other than:

- **Provision 38**: Pension contribution rates should be aligned to those available to the workforce. As described on page 153, we have agreed a stepped reduction to align with the applicable rate of the wider workforce on or before 1 January 2023.

- **Provision 41**: Engagement with the workforce on how executive remuneration aligns to wider workforce arrangements. There were no significant changes to executive remuneration during 2021 so no matters were raised at our People Forum. However, during 2022, we intend to communicate details of executive remuneration to our people and include executive remuneration (including changes made to the remuneration policy during the year) as an agenda item at our People Forum, for wider discussion.

We explain how we have applied the Code's core principles on pages 108 to 111.

Board evaluation

It is a key requirement of good governance that an annual evaluation is carried out to ensure that the Board, its Committees and each Director performs effectively. The Code requires that the evaluation is externally-facilitated at least every three years, which we did in 2020, and as such the annual evaluation for 2021 was an internal evaluation of effectiveness in the form of a detailed questionnaire. The outcome of the evaluation was very positive and further details of the actions agreed to address recommendations resulting from the Board's discussion are set out on page 127.

Conclusion

I believe that your Board remains effective and continues to work very well. Whilst I am also pleased with the Board's activity and approach with regard to corporate governance, we will continually look for ways to learn and improve.

It has been both an honour and a pleasure to serve as your Chair for over eight years through a period of enormous change for the Group culminating in the creation of the enlarged Group in 2020. I am pleased to leave the business in such a strong position, with a clear growth strategy and an excellent leadership team to continue to take the Company forward. I would like to take this opportunity to thank all of my Board colleagues (past and present), the Executive Leadership Team and all of our employees across the business, for their dedication, loyalty and hard work which has underpinned our success.

Ian Tyler
Chairman

2 March 2022

Board statements and application of the Code

Code requirement	Board statement	Further information
1 Compliance with the Code	Throughout the financial year ended 31 December 2021 and to the date of this Annual Report the Company has been in compliance with the Code except in respect of Provision 38 and 41 of the Code (as explained on page 106).	Chairman's governance letter › See page 104
2 Going Concern Basis	The Directors are satisfied that the Group has sufficient financial resources to continue operating in the foreseeable future and, therefore, have adopted the going concern basis in preparing the Group's 2021 financial statements	Audit Committee report › See page 134 Going concern statement › See page 58
3 Viability Statement	The Directors have assessed the viability of the Group over a five year period taking into account the principal risks and uncertainties facing the Group, set out on pages 59 to 65 and the downside sensitivity analysis described on page 58. This assessment leads the Board to a reasonable expectation that the Group will remain viable and continue in operation and meet its liabilities as they become due over the viability period.	Principal risks › See page 59 Viability statement › See page 58 Audit Committee report › See page 134
4 Fair, Balanced & Understandable	The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the necessary information for all stakeholders to assess the Group's position and performance and its business model and strategy	Audit Committee report › See page 134
5 Assessment of the Group's principal and emerging risks	The Directors confirm that they have undertaken an assessment of the principal and emerging risks facing the Group.	Principal risks › See page 59 Audit Committee report › See page 134
6 Annual review of risk management and internal control systems	The Board undertook a review of the Group's risk management framework and internal controls over financial reporting and concluded that these provided assurance that there were no material control failures in the year.	Audit Committee report › See page 134
7 Stakeholder engagement	The Board has taken steps to understand stakeholders' views and has considered them in its discussions and decision-making process	Stakeholder engagement and s.172(1) statement › See page 118

Board leadership and purpose

Principles	Application	Further information
A An effective and entrepreneurial Board that promotes long-term sustainable success that generates value for shareholders and contributes to society	The Board discharges its responsibilities through a programme of activities that include review and approval of the Group's strategy, regular progress reviews of its implementation, discussion on arising key issues and monitoring of performance, to enable the Group to deliver sustainable growth	Key matters the Board considered in 2021 › See page 116
B Establishment of purpose, values and strategy and promotion of desired culture	The Board endorses the Group's purpose and its values. During the year it has reviewed the Group's strategy and continued to assess and monitor culture to ensure their alignment.	Purpose, culture and values › See page 6
C Ensuring resources are in place to meet objectives, measuring performance and establishing controls which assess and manage risk	The Board regularly reviews the Group's financial and non-financial resources to ensure that it has the resources available to deliver its strategy. The Board has approved and regularly reviews a series of KPIs. The Board has established an effective risk management framework.	KPIs › See page 2 Risk management framework › See page 59 Audit Committee report › See page 134
D Effective stakeholder engagement and participation	To fulfil its duty to promote the Group's long-term success and generate value for shareholders and wider society, the Board has established a number of mechanisms to ensure that the Directors consider all relevant stakeholder issues and concerns	Stakeholder engagement and s.172(1) statement › See pages 70 & 118
E Ensuring workforce policies and practices are consistent with the company's values and support long-term sustainable success, and that mechanisms are in place to allow the workforce to raise concerns	The Board has ensured that workforce policies and practices are consistent with the Group's values of Integrity, Caring and Quality and has established mechanisms to allow the workforce to raise concerns.	Culture and policies › See page 115 Speak Up hotline › See page 34 Audit Committee report › See page 134

Board statements and application of the Code

Division of responsibilities

Principles	Application	Further information
F Chair's Role	The Chair's role is clearly defined.	Chair's role › See page 123
G Clear division of responsibilities and appropriate combination of executive and non-executive roles	The Board includes the Chairman, five Non-Executive Directors and three Executive Directors. Their responsibilities are clearly defined.	Division of responsibilities › See page 123
H Time commitment, constructive challenge and strategic guidance	All Directors have demonstrated that they have sufficient time to fulfil their duties and responsibilities. In their roles the Non-Executive Directors have provided constructive challenge, strategic guidance and held management to account.	Division of responsibilities › See page 123
I Effective and efficient board	All Directors have access to an encrypted electronic portal system which enables them to receive accurate and timely information. They also have access to the advice of the General Counsel and Group Company Secretary and independent professional advice at the expense of the Group.	Division of responsiblities › See page 123

Composition, succession and evaluation

Principles	Application	Further information
J Board appointments and succession	Board appointments are made in accordance with a formal, rigorous and transparent procedure. Searches for new independent Non-Executive Directors were undertaken during the year and, a new independent non-executive director has been appointed	Composition, succession and evaluation › See page 124
K Combination of skills, experience and knowledge	The Board is balanced and diverse and its members have proven leadership capabilities and relevant housebuilding, operational and financial skills and experience.	Board of Directors › See page 102
L Annual Evaluation	During 2021 the Board undertook an internal review of its performance and that of its committees. In compliance with the Code the Board intends to conduct the next externally facilitated evaluation in 2023	2021 Board evaluation › See page 127

Audit, risk and internal control

Principles	Application	Further information
M Independent and effective internal and external audit functions	The Board has delegated a number of responsibilities to the Audit Committee including oversight of the Group's financial reporting processes and ensuring the effectiveness and independence of the external and internal auditors.	Audit Committee report › See page 134
N Fair, balanced and understandable assessment	The Board has established arrangements to ensure that reports and other information published by the Group are fair, balanced and understandable.	Audit Committee report › See page 134
O Risk management and internal control systems	The Board sets the Group's risk appetite and assesses the nature and extent of its principal risks. Annually the Board reviews the effectiveness of the Group's risk management and internal control systems and processes. The Audit Committee regularly reviews these systems and processes throughout the year	Risk management › See page 59 Audit Committee report › See page 134

Remuneration

Principles	Application	Further information
P Remuneration policy and practices Q Development of remuneration policy and packages	The Group's Remuneration Policy, which was approved by shareholders at the 2019 GM, and the proposed Remuneration Policy for approval at the 2022 AGM, are designed to support our strategy, be aligned to our vision and our employee and shareholder interests and promote long-term sustainable success.	Remuneration Policy › See page 162
R Independent judgement and discretion	Following a formal and transparent procedure, the Remuneration Committee sets the remuneration for the Executive Directors and oversees the remuneration of senior management. In doing so it applies judgement and, if required, discretion to ensure a considered outcome on remuneration issues	Remuneration Committee report › See page 142

Board leadership and Company purpose

Our purpose, culture and values

Vistry Group exists to develop sustainable new homes and communities across all sectors of the UK housing market. This purpose is achieved through our values and One Vistry culture. One Vistry means building better together.

The Board maintains oversight of the Group's purpose through reports and feedback from the Executive Directors, other members of the ELT and senior management, engagement with employees and other stakeholders and through monitoring KPIs. Further, the Board ensures that the Group's purpose, values and strategy are aligned with our culture. More detailed information on the culture and values is set out on pages 6 and 7 are set and monitored by the Board as set out on page 115.

Our governance framework

Our governance framework which includes the Board and the three Committees it has established, is set out below.

Governance framework

The Board

Responsible for the long-term success of the Group through its leadership direction, and for ensuring there is a framework of appropriate and effective controls which enables risk to be assessed and managed.

Sets the Group's strategic aims, determines resource allocation to ensure the necessary financial and human resources are in place for the Group to meet its objectives.

Monitors overall performance and progress against business plans using KPI's coupled with numerous development site visits to assess the delivery of quality, delivering sustainable homes to customers and meeting their expectations.

Sets, monitors, and reviews the Group's culture, values, and purpose, and ensures that it's obligations to shareholders and other stakeholders are understood and met.

Nomination Committee

- Reviews balance and composition of the Board
- Maintains focus on succession planning for Board and Senior Management
- Leads recruitment process for the Board
- Proposes appointments to the Board
- Sets Diversion and Inclusion objectives, and targets for the Board and Senior Management

Audit Committee

- Oversees financial statements and reporting
- Monitors internal controls and risk management
- Monitor's reporting and effectiveness of external and internal auditors

Remuneration Committee

- Ensures remuneration policies and practices are designed to support the Group's strategy and long-term success
- Oversees implementation of remuneration policy for executive directors and senior management, including structure of incentive plans and setting performance criteria for incentive plans
- Reviews workforce remuneration

Executive Leadership Team

- Oversees the implementation of Group strategy
- Responsible for operation and performance of the Group

Housebuilding Executive Leadership Team

- Responsible for the operational management of Housebuilding Divisions and business units

Partnership Executive Leadership Team

- Responsible for the operational management of Partnership Divisions and business units

Governance report

Board leadership and Company purpose

The Board has a schedule of matters reserved for its decision, which is reviewed and approved on an annual basis.

A copy is available on the Company's website (vistrygroup.co.uk/investor-centre). This schedule dovetails with a formal structure of delegation of authority which operates across the Group's activities and down through the governance structure. These delegations are reviewed on an annual basis to ensure that they provide appropriate controls and are understood by those responsible for their effective operations.

The principal activities undertaken during the year by the Nomination, Audit and Remuneration Committees are set out in their respective reports in this Annual Report. The paragraphs under the heading "Directors Remuneration Report" on pages 142 to 167 are incorporated by reference into this Corporate Governance report.

The Board and its Committees

At the date of this Report, the Board consists of nine Directors, namely: the Chairman, three Executive Directors and five Independent Non Executive Directors. The role of the Independent Non-Executive Directors is to offer advice, guidance and constructive challenge to the Executive Directors, using their wide experience gained in business and from their diverse backgrounds. Relevant biographical information is set out on pages 102 and 103.

Appointments and Succession

During 2021, the Nomination Committee reviewed the composition, structure and balance of skills and experience of the Board. Details of the resultant changes to the composition of the Board that took effect in 2021 and are planned for 2022 are set out in the Nomination Committee report on pages 128 to 131.

Name	Current role	Date of appointment	Tenure in current role	Attendance at scheduled meetings	Attendance at additional meetings
Ian Tyler	Chairman	29/11/13	8.1 years	8/8	4/4
Chris Browne	Non-executive	01/09/14	7.3 years	8/8	4/4
Ralph Findlay	Non-executive	07/04/15	6.75 years	8/8	4/4
Nigel Keen	Non-executive	15/11/16	5.1 years	8/8	4/4
Mike Stansfield	Non-executive	28/11/17	4.1 years	5/6	1/1
Katherine Innes Ker	Non-executive	09/10/18	3.25 years	8/8	3/3
Ashley Steel	Non-executive	10/06/21	0.7 years	4/4	3/3
Greg Fitzgerald	Chief Executive	18/04/17	4.75 years	8/8	3/3
Graham Prothero	Chief Operating Officer	03/01/20	2.0 year	8/8	3/3
Earl Sibley	Chief Financial Officer	16/04/15	6.75 years	8/8	3/3

Relevant biographical information is set out on pages 102 to 103. ›

Board meetings and attendance

During the year, the Board convened on 12 occasions including four meetings arranged in addition to the scheduled meetings. The attendance at Board meetings is set out on the facing page. Three meetings were held in person once Covid restrictions permitted and the other meetings were using audio and video conferencing. The Board intends that its meetings will continue in a hybrid model of physical and virtual meetings. There are eight meetings scheduled each year with additional meetings called as and when necessary to address specific issues that may arise. Mike Stansfield was unable to attend one scheduled meeting as a result of illness.

In addition, and in accordance with the Code, the Chairman and the Senior Independent Director, independently of each other, hold meetings at least annually with the Independent Non-Executive Directors without the Executive Directors present.

All Directors, other than Ashley Steel who did not join the Board until June 2021, attended the Annual General Meeting. The Annual General Meeting in May 2021 was held as a hybrid meeting with shareholders able to join through a secure video link. Shareholders were given the opportunity to put questions beforehand in addition to having access to a Q&A on our corporate website before and after the meeting.

The Company Secretary attended all Board meetings. External advisors also attended meetings where independent guidance and expertise was required to facilitate the Board in carrying out its duties. Senior executives below Board level, including members of the ELT, also attended relevant parts of meetings to make presentations and provide their input on a range of topics.

The five non-executive directors have been determined by the Board to be independent in character and judgment with no relationships of circumstances likely to affect, or that could appear to affect, their judgment.

All the directors will be offering themselves for election or re-election (as applicable) at the forthcoming AGM, in accordance with the Code. The Board strongly supports all the individual director's re-elections, taking account of the balance of skills and expertise and the performance of the Board as a whole. The directors' biographies on pages 102 to 103 and the notes to the AGM Notice on page 239 together provide details explaining why their individual contributions are, and continue to be, important for the Group's long term sustainable success.

Company Culture

The alignment of the Group's culture with our purpose, values and strategy is fundamental. The Board maintains oversight of culture. The Company's culture is underpinned by clear policies and processes. Through 2021 in addition to the Company engagement mechanisms such as Peakon and Speak Up hotline (see page 32) the Board used a number of mechansims to assess culture including:

- Nigel Keen is the employee engagement Non-Executive Director. He attends the People Forum with representatives from across the Company and makes reports to the Board. Feedback both positive and negative is shared, and the feedback has resulted in, amongst other items, adaptions to the Peakon employee survey, more structured internal recoginition and challenge to management regarding phasing of change initiatives.
- The health and safety of our employees and subcontractors is critical, and the Board recevies reports at every meeting on key performance indicators for health and safety and the trend for those indicators. The trend analysis enables the Board to understand the culture and behaviours regarding site safety, and the Board is pleased to see an improvement in the Accident Incident Rate in 2021.
- Non-Executive Directors attend the Company's Risk Oversight Committee. This has given greater insight into the assessment of risks and implementation of mitigation plans. As a result the Board has increased focus on the approach to the attraction, retention and development of people, and to support the alignment of culture and strategy the Remuneration Committee approved inclusion of a customer service metric into the annual bonus to enhance focus on customer service and build quality.

Governance report

Board leadership and Company purpose

Board focus and principal matters considered in 2021

The principal matters considered by the Board during 2021 and the link to the Company's strategic priorities are set out in the table below. As part of the business of each Board meeting the CEO submits a progress report on the business' performance including areas of progress and areas which are not progressing to plan. The report also provides details on business developments, risks and their mitigation and operating decisions within Housebuilding and Partnerships. At each meeting the Board receives a report from the CFO providing updates on financial progress and forecasted performance. The Board also receives reports from internal and external speakers on topics relevant to the business and the environment it operates in.

Areas of focus	Activities	Priorities
Strategy • Overseeing the Group's strategy and any changes and monitoring delivery • Approving any major capital project, corporate action or investment by the Company including investment in land, joint ventures and development arrangements Stakeholders considered: ●●●●●●	• Reviewed implementation of the Group's strategy including participation in strategy session, consideration of issues arising during the year, incorporation of sustainability into the strategic plan and review of detailed plans from Housebuilding and Partnerships for implementation • Approved a number of major investments in land, joint ventures and development arrangements brought forward by Housebuilding and Partnerships • Approved the capital allocation strategy including dividend policy	
Leadership • Changing the structure, size and composition of the Board following recommendations from the Nomination Committee • Making appointments to the Board, following recommendations from the Nomination Committee • Reviewing the performance of the Board and its committees, individual directors and the Group's overall corporate governance framework Stakeholders considered: ●●●●●●	• Approved the appointment of Ashley Steel in June 2021 • Approved the resignation of Michael Stansfield in September 2021 • Confirmed the continuation of Greg Fitzgerald as CEO beyond 2022 • Approved the resignation of the Chairman and appointment of Ralph Findlay as his successor with effect from the AGM in 2022 • Reviewed progress against the action plan arising from 2020 Board evaluation, considered findings of 2021 evaluation and agreed priority actions for 2022	
Business plan and performance • Approving annual budget and business plan and regularly reviewing actual performance and latest forecasts against the budget and business plan, including proposed actions by management to address performance issues Stakeholders considered: ●●●●	• Approved 2022 budget and business plan • Received reports on supply chain challenges and steps being taken by management to manage and mitigate the issues • Received reports on the ongoing Integration with a focus on culture, synergies and alignment of systems and processes	
Financial reporting • Approving final and interim results, trading updates, the Annual Report and the release of price sensitive information • Approving the dividend policy, determination of any interim dividend and the recommendation (subject to the approval of shareholders in general meeting) of any final dividend to be paid by the Company or any other distributions by the Company Stakeholders considered: ●●●●	• Approved Viability and Going Concern statements • Approved final results announcement • Confirmed and approved the final dividend following strong second half performance in 2020 and improved cash position • Approved Annual Report and Notice of AGM including moving to a hybrid live physical and electronic meeting format • Approved the dividend policy taking into account stakeholder perspectives • Approved interim results announcement and interim dividend • Approved trading updates in May and November	

Stakeholders

Our key stakeholder groups are: ● People ● Customers ● Investors ● Communities ● Regulators ● Supply chain

The Directors recognise that s172(1) of the Companies Act 2006 requires each of them to act in a way that he or she considers, in good faith, would most likely promote Vistry's long term success for the benefit of its shareholders and other stakeholders. Clear *communication and engagement to understand the issues and* factors which are most important to stakeholders is key.

The Board acknowledges that not every decision will result in a positive outcome for all stakeholders. The Board strives to make consistent decisions intended to support the delivery of our strategy. The Company's s172(1) statement of compliance *can be found on page 70.*

Areas of focus	Activities	Priorities
Risk • Ensuring the Group has effective systems of internal control and risk management in place, including approving the Group's risk appetite Stakeholders considered: ●●●●●●	• Reviewed effectiveness of the Group's risk management and internal control systems • Reviewed and approved the Group's risk appetite and concluded that the Group had operated within the Group's risk appetite throughout the year • Reviewed the Group's principal risks and uncertainties • Received reports from the Risk Oversight Committee on the process for the management of risks and their associated mitigation plans, and the identification of emerging risks	
Stakeholder engagement • Considering the balance of interests between the Group's stakeholders • Meeting with stakeholders to receive and consider their views • Receiving and considering the views of the Company's shareholders Stakeholders considered: ●●●●●●	• Considered investor feedback on 2020 full year results and 2021 interim results • Received monthly reports on shareholder base and briefings from corporate advisors and independent analysts for capital market perspectives • Considered feedback from Peakon employee surveys undertaken during the year and management's action plans to address the feedback • Received feedback from Employee Engagement Non-Executive Director • Received report from NHBC on its interaction with the Company and also received onsite training from NHBC on their quality review processes • Reviewed progress report on diversity and inclusion initiatives and strategy for diversity and inclusion	
Sustainability • Overseeing the Group's sustainability programme • Reviewing the Group's sustainability strategy and its implementation Stakeholders considered: ●●●●●●	• Approved the sustainability strategy and targets for 2021 • Reviewed progress against sustainability targets set in 2020 and agreed priorities for 2022 • Reviewed implementation of sustainability strategy and progress made in relation to calculation and formalisation of targets with Science Based Targets Initiative • Approved the addition of sustainability metrics into 2021 Annual Bonus Plan for all employees	

Board leadership and Company purpose

Stakeholders

When making decisions, the Board acts in a way that the Directors consider most likely to promote the success of the Company, for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with the business.

How the Board understands stakeholders' interests

The table below summarises how our Board gains an understanding of stakeholder issues.

Stakeholder	Board-level engagement	
People	• Nigel Keen led our employee engagement programme which included attending the People Forum three times in the year to hear employee perspective and fed back to the Board • Numerous in person individual interactions with employees on various site visits and at offices across the Group, and informal dinners with business unit management teams in conjunction with two collective Board visits to sites • As highlighted above, Peakon surveys were commissioned during the year. Key issues arising from the surveys and the actions to address areas requiring improvement are included at pages 32 to 36 • Members of the management team regularly attend the Board meetings to provide input on discussion items	• The Board and Audit Committee receive reports from the Group's Internal Audit function detailing reports made to the Group's 'Speak Up' hotline, and where relevant the details of investigations arising from such reports and the resulting outcome • The Remuneration Committee receive updates on workforce remuneration policies and practices, and how these align with the Company's strategy and culture • Members of the Board attend the Company's Risk Oversight Committee which is comprised of employees from across the Group where the principal risks and their mitigation plans are discussed, and emerging risks are identified and debated • Management held virtual employee roadshows where employees are invited to raise any queries, the themes raised by employees were shared with the Board
Investors	• All members of the Board are available to meet with shareholders • The Chairman is available to meet with shareholders and during the year met with 3 shareholders • Our Senior Independent Director, Ralph Findlay, is available to meet with shareholders • The Board receives analysts notes published about the Group and the sector, and is regularly updated by the Executive Directors and the Group's brokers on shareholder sentiment, feedback from meetings and the Group's IR programme	• The Chairman and Ashley Steel, Non-Executive Director, attended the Company's Capital Markets Day held in November at our site in North Whiteley, Southampton • All Directors who were serving on the Board at the time participated in our 2021 AGM which took the form of a hybrid meeting, which enabled shareholders to attend and participate electronically

Stakeholder	Board-level engagement	
Customers	• Reports on customer satisfaction are provided at every Board meeting through the HBF Customer Satisfaction 8-week and 9-month survey results • The Board receives reports on brand and product development, and in particular development of zero carbon homes and alternative methods of construction, which address the customer perspective	• An overview of the Group's new customer journey and enhanced digital sales experience was shared with the Board, with insights provided on how digital tools are impacting customer behaviour
Regulators	• The NHBC met with the Board to provide information on the services that they provide to the Company, and share feedback on the performance of the Group across their NHBC construction quality and customer service metrics	• Reports on engagement with the HBF, government departments and Homes England are provided through the year on key topics such as successful grant for First Homes, new NHQB code and ombudsman and progress of Building Safety Bill
Communities	• The Board receives reports on social value and placemaking strategy implementation and community engagement activities within the Group, including Skills Academies and specific community engagement programmes at sites visited	• Reports on biodiversity net gain initiatives are shared with the Board • A roadmap for the design of Vistry homes to Net Zero Carbon standards shared with the Board, including feedback on existing zero carbon homes in practice and the challenges and opportunities in delivering the roadmap
Supply chain	• CEO, CFO and COO maintain relationships with directors of the Group's key suppliers • Reports on supply chain management are provided at every Board meeting and there was increased focus on this in 2021 due to the supply chain challenges experienced in the year	• Ilke Homes, a provider of modular housing, met with the Board to share information on their products and their perspective on working with the Group at the Blackberry Hill, Bristol site • The Board receives annual report on the Group's Modern Slavery Act procedures including steps taken to engage with the Supply Chain on the topic

Governance report

Board Leadership and Company Purpose

How the Board considers stakeholder interests in its decision making

The Directors recognise that section 172 of the Companies Act 2006 requires each of them to act in a way that he or she considers, in good faith, would most likely promote Vistry's long term success for the benefit of its shareholders and other stakeholders. Clear communication and engagement to understand the issues and factors which are most important to stakeholders is key.

The Board acknowledges that not every decision will result in a positive outcome for all stakeholders. The Board strives to make consistent decisions intended to support the delivery of our strategy. The Company's section 172(1) statement of compliance can be found on page 70.

Set out below are examples of how key stakeholders were considered in principal decisions made by the Board in 2021. A "principal decision" includes discussion and decision relating to a material or strategic Group matter or any matter that is significant to any of our stakeholders.

Principal decision	Stakeholder consideration
Dividend and capital allocation strategy	In March 2021 the Board approved the resumption of dividend payments. In September 2021 the Board approved an updated capital allocation strategy and payment of an interim dividend of 20p. The capital allocation strategy prioritises investment in high returning land opportunities, investment to support growth in both Housebuilding and Partnerships, an acceleration of the dividend policy to two times covered, and that any excess capital is expected to be returned to shareholders. **In making these decisions, the Board considered the following stakeholders:** **Our Investors** - the Board considered that a sustainable level of return to shareholders was an important aspect of a capital allocation strategy and that shareholder feedback had been provided that they expected the resumption of dividend payments on a continuing basis. Further, the Board assessed the sufficiency of distributable reserves and that funding of the interim dividend would be from existing cash reserves. This led the Board to conclude that the capital allocation policy and the payment of an interim dividend would demonstrate balance sheet strength to shareholders. In addition, the investment in land and in both operating businesses will support the growth in the Group, resulting in increased profits and supporting returns to shareholders in the future. **Our people** - many of our employees are participants in the Company's various employee share plans, and the Board considered that those in the SIP and LTIP would receive the dividend thereby providing a return to Our people. The new dividend policy and payment of sustainable dividends was considered to demonstrate the benefit of employee share ownership which is an important element of retention and employee engagement. Furthermore, the investment in land and our operating businesses shall provide career development opportunities for our existing employees and create new employment opportunities **Our customers, Our regulators, Our communities and Our supply chain** - the Board felt that the payment of sustainable dividends would send a positive message regarding the strength of the Group's balance sheet, cash generation and liquidity. This would give these groups of stakeholders' confidence in the financial strength of the Group and its growth aspirations.
Chair succession	In November 2021 the Company announced that Ian Tyler would step down as Chairman in at the AGM in May 2022 and would be succeeded by Ralph Findlay. Ralph has served as a Non-Executive Director since April 2015 and is currently Chair of the Audit Committee and member of the Remuneration Committee. The continuation of Greg Fitzgerald as CEO beyond 2022 was also announced in October 2021 **In making this decision the Board considered the following stakeholders:** **Our investors** - shareholders responded positively to the confirmation of the willingness of Greg to continue as CEO beyond 2022. The Board considered the medium term growth strategies for Housebuilding and Partnerships and concluded that continuity for the Group for the leadership of the Board would best support the business to meet shareholder expectations for strategic growth **Our people** - The Board undertook a thorough and comprehensive succession planning process prior to making this decision. It was concluded that Ralph succeeding Ian as Chairman would enable an effective transition of the leadership of the Board and provide important continuity for the Group, senior management and its employees during a period of expected growth for the business.

Principal decision	Stakeholder consideration	
Remuneration Policy	During H2 the Remuneration Committee reviewed the existing Remuneration Policy and worked with its remuneration advisors to prepare a new Remuneration Policy. The draft Remuneration Policy was approved by the Remuneration Committee in December, subject to shareholder approval at the AGM in 2022 Further details on the draft Remuneration Policy can be found at pages 162 to 167. In making this decision the Remuneration Committee considered the following stakeholders: Our investors - before preparing a draft Remuneration Policy the advisors to the Committee provided a gap analysis. The Committee considered the voting outcome from the vote in 2019 for the current policy and the concerns raised by proxy advisors and shareholders at that time. It also considered current views of corporate governance best practice with respect to key elements of the policy, in particular malus and clawback provisions	This review led to the Committee determining to make only limited amendments to the policy as many of the key provisions were already aligned with best practice and it was not considered appropriate to change the opportunity levels under the incentive plans or to change the structure of such plans. Our people - the terms of the Remuneration Policy only apply to the remuneration of the Executive Directors; however the Committee is mindful to align the incentives and rewards of the Executive Directors with culture and also the workforce remuneration. The Committee considered an overview of workforce remuneration setting out the principles of remuneration following harmonisation of some benefits during integration. This overview enabled the Committee to assess the structure of remuneration provided to Executive Directors under the Remuneration Policy to that of the workforce. The changes to the draft Remuneration Policy are limited but do formalise the existing commitment to align current incumbent pension rates for Executive Directors with the rest of the workforce on or before 1 January 2023.
Sustainability strategy and metrics	During 2021 the Board approved the following Sustainability matters: • the Sustainability strategy with targets for 2021, along with the organisational structure and governance to implement the strategy • Refinancing of the external debt where the interest rate applicable to the RCF reduces upon achievement of sustainability linked targets • Remuneration Committee approved the inclusion of ESG metrics into the 2022 Annual Bonus In making these decisions the Board considered the following stakeholders: Our investors - our shareholders have made clear through engagement by the Executive Directors the importance of ESG topics to them and for the Group to demonstrate that ESG has been embedded into strategy and operations. The Board considered feedback from shareholders along with analyst notes and guidance from our Remuneration Advisors on proxy advisor views on incorporation of ESG metrics into remuneration	The progress against the Sustainability strategy is reported on at every Board meeting with the Chief Operating Officer having responsibility for implementation and monitoring of progress against targets. Our people - an employee sustainability survey was undertaken at the end of 2020 which was used to assess materiality of sustainability topics. We have continued to gather the views of employees through 2021 through our Peakon engagement survey and on our employee roadshows. The outputs of these engagement activities have been shared with the Board for them to understand the relative importance of the topic to our employees. Specific targets were set relating to jobs and training, and health and wellbeing and diversity and inclusion, the progress against these have been reported to the Board. All of these outputs were taken into account in the setting of Sustainability targets and also by the Remuneration Committee when including ESG targets in the annual bonus structure that flows through the employee population

Board Leadership and Company Purpose

Principal decision	Stakeholder consideration	
Sustainability strategy and metrics (Continued)	Our communities - the Board has received presentations on the use of the social value toolkit developed by Partnerships to demonstrate the social value delivered to local communities on sites. The Board visited the Blackberry Hill site of Partnerships where the local team set out the social value impact of that specific development. The Board was also updated on progress of initiatives relating to ecology, the development of net zero homes and delivery of affordable housing. This information assisted the Board to set appropriate sustainability targets both linked to the refinancing and also remuneration	The critical importance of customer satisfaction was taken into account when including this as part of the ESG scorecard in the annual bonus for the Executive Directors, and that it also flows through the bonus for all employees.
	Our customers - feedback is provided at every Board meeting on customer satisfaction scores and progress made to improve them. The Group has also introduced modular homes and net zero homes during the year, where customer feedback on those alternative housing types has been provided to the Board	Our supply chain - the relationship with Our supply chain is pivotal in the ability of the Group to deliver net carbon homes and Future Homes Standard. Presentations have been made to the Board on the changes required to homes to meet net zero carbon requirements and the role of Our Supply Chain in that. The Board has also met with providers of modular homes to understand their product in more depth. Reports are made at every meeting on build activity, supply chain relationship management, subcontractor management and procurement. This information was taken into account when the commitment was made in September to carbon emission targets

Investing for the Long Term

Much of the Board's decision making is focused around ensuring that the Company is sustainable in the long term. Each year the Board considers the Strategic Plan, which assesses the opportunities and risks for the Company over the following five years, and forms the basis of our Viability Statement, and the Board takes a day to consider the long-term strategy of the business, incorporating presentations and discussions on longer term opportunities and threats to the business. Throughout the year, the Board considers material and strategic land acqusition opportunities, and material contracts, for sites that shall contribute to profits in the medium term. It has adopted a framework for investment to support sustainable profits and growth in the future

Board assessment of risk management and internal control effectiveness

The Board is ultimately responsible for overseeing how we manage both internal and external risks that could impact our business model and strategic goals. The Board also determines the Group's risk appetite, regularly reviews the Group's principal risks and, on an annual basis, reviews the effectiveness of our risk management and internal control systems and undertakes horizon scanning to identify new emerging risks.

During 2021, the Board has directly and through delegated authority to the Audit Committee, monitored and reviewed the Group's risk management activities and processes, including a review of the effectiveness of all material risk mitigations and the financial, operational and compliance internal controls.The Audit Committee's activities in these are areas are set out in the Audit Committee report on page 134 Following this review the Board is satisfied that the Group's risk management and internal control framework provided assurance that there were no material control failures in the year. The Group's principal risks are set out on pages 59 to 65.

Statement of review

The Board's statement of annual review of effectiveness of the Group's risk management and internal control systems is set out on page 108.

Operation of Board and its committees

The Directors have access to an encrypted electronic portal system which enabled them to receive and review Board and committee papers quickly and securely electronically. The meetings of the Board and its committees in the year have successfully been through a hybrid model of physical and virtual meetings on Teams.

Division of responsibilities

The Chair and Chief Executive Officer

There is a clear division of responsibility between the Chair and the CEO. Each has Board approved roles and responsibilities and the documentation detailing their specific roles and responsibilities is available at vistrygroup.co.uk and summarised below.

The Senior Independent Director

Ralph Findlay, Senior Independent Director, has specific roles and responsibilities which are detailed in documentation available at vistrygroup.co.uk and summarised below.

Balanced Board

The Board comprises a Chairman, five independent non-executive directors and three executive directors. Their key roles and responsibilities are also set out below. The Non-Executive Directors provide valuable constructive challenge, independent perspective and specific expertise. The independence of the Non-Executive Directors is kept under review and assessed annually. The Board considers that all Non-Executive Directors who served during the year are independent in character and judgement, with no relationships or circumstances that are likely to affect, or could appear to affect their judgement.

Time to properly fulfil roles and responsibilities

Each of the Directors has confirmed and clearly demonstrated that they have sufficient time to properly fulfil their duties including preparing for Board and committee meetings, reading all papers associated with such meetings, attending meetings scheduled to take place in 2021 and spending separate time with management.

On occasions where a Director is unavoidably absent from a Board or Board committee meeting, they still receive and review the papers for the meeting and typically provide verbal or written input ahead of the meeting, usually through the Chair or the Chair of the relevant committee. This ensures that views of absent Directors are made known and considered at the meeting. Given the nature of the business to be conducted, some Board meetings are convened at short notice, which can make it difficult for some Directors to attend due to prior commitments.

Board support and role of the Company Secretary

The General Counsel and Group Company Secretary, Clare Bates, attends all Board and committee meetings. She is responsible for advising and supporting the Chair, the Board and its committees on corporate governance matters as well as ensuring that there is a smooth flow of information to enable effective decision making.

Key board roles and responsibilities

Chair	Senior Independent Director	Non-Executive Directors	CEO	General Counsel & Group Company Secretary
• Leads the Board • Promotes high standards of governance • Ensures Board effectiveness. • Sets Board agenda • Supports and guides the CEO • Engagement with major shareholders to understand their views on governance and performance against strategy.	• Sounding board for the Chairman. • Serves as an intermediary for other Directors. • Available to shareholders if they have concerns which contact through the normal channels has either failed to resolve or would be inappropriate • Lead meetings of the Non-Executive Directors without the Chair present to appraise the performance of the Chair	• Provide constructive challenge and independent perspective • Monitor strategic execution and performance in accordance with risk and control framework. • Serve on the Board's committees.	• Leads the ELT in delivering the Group strategy, objectives and culture as determined by the Board. • Day-to-day responsibility for executive management matters. • Responsible for maintaining dialogue with the Chair, the Group's shareholders and other stakeholders • Ensures the Board is aware of the views of the workforce	• Responsible for advising the Board on all corporate governance matters and best practice. • Works with the Chair to ensure Directors receive accurate and timely information to enable them to discharge their duties. • Works with Chair to design induction programme for new Board members and coordinates ongoing Board training

Composition, succession and evaluation

Board composition

Appointments to our Board are made solely on merit with the overriding objective of ensuring that the Board maintains the correct balance of skills, length of service and knowledge of the sector to successfully determine the Group's strategy. Appointments are made based on recommendations from the Nomination Committee with due consideration given to the benefits of diversity in its widest sense, including gender, social and ethnic backgrounds. The Nomination Committee also review the ongoing commitments of candidates prior to making recommendations for the appointment of new Directors. Directors are required to seek Board approval prior to taking on additional commitments to ensure that existing roles and responsibilities continue to be met and conflicts are avoided or managed.

Re-appointment of directors

All Directors are subject to annual re-election and will be proposed for election or re-election (as appropriate) by shareholders at the AGM to be held on 18 May 2022. In relation to the re-elections, the Chairman has confirmed that following evaluation, all Directors continue to be effective and have the time available to commit to their role. The Board strongly supports all of the individual directors election or re-election (as appropriate).

The directors biographies on pages 102 to 103 and the notes to the AGM Notice on page 239 together provide details explaining why their individual contributions are and continue to be important for the Group's long term sustainable success.

Board induction and development

On joining the Board all Directors participate in a formal induction programme. The programme is monitored by the Chairman and is the responsibility of the Company Secretary. Its purpose is to ensure that each newly appointed Director is able to contribute to Board discussions as quickly as possible. While each induction programme is tailored to the individual Director's needs based on their skills and experience, typically each programme provides new Directors with insight into the Group's strategy, culture and operations and informs them about the governance and internal controls processes and procedures that we operate. The induction of Ashley Steel was undertaken in the year, and she has undertaken a series of site visits as part of the programme across both Housebuilding and Partnerships along with individual meetings with members of the ELT, our external auditors and corporate legal advisors.

The Board has received corporate governance updates through the year as well as training on sector specific topics. All Directors have access to the advice and services of the Company Secretary and, through her, have access to independent professional advice in respect of their duties, at the Group's expense.

Relevant skills and expertise

The Board benefits from a wide variety of skills, experience and knowledge as detailed in the biographies of the Directors on pages 102 to 103

Chairman evaluation

The evaluation of the performance of the Chairman by the other directors was led by the SID and absent the Chairman. The overall conclusion was that he had performed will in all aspects of the role. He chairs effective meetings, allows debate and encourages contribution and challenge. He has a strong relationship with the Executive Directors and provides appropriate challenge and support. He proactively led the recruitment of Ashley Steel as a Non-Executive Director.

The SID provided feedback to the Chairman after the review of his performance. Ian Tyler shall step down as Chairman at the upcoming AGM in May whereupon Ralph Findlay shall succeed him.

Clare Bates
General Counsel and Group
Company Secretary

Composition, succession and evaluation

2020 Board evaluation progress report

During 2020 the Board undertook an external evaluation of its effectiveness through Independent Board Evaluation (IBE). Following a Board discussion, and in consideration of the recommendations made by IBE, the Board agreed an action plan for 2021.

Progress in relation to actions arising from 2020 Board Evaluation:

Actions	Progress
Succession Planning	
Further development of the work carried out in 2020 to progress succession planning for the senior team and the executive directors, taking into account the future strategy of the Vistry Group post integration. The skill set required for optimal Board composition will also be considered on a more-long term basis and will take into account the need to achieve a better balance of gender and ethnicity on the Board which may result in a change in size. Further planning discussions will take place for the succession of the Chairman.	Ashley Steel was appointed as a Non-Executive Director in June. Her appointment brought the number of women on the Board to three. In September 2021, Mike Stansfield stepped down as a Non-Executive Director after a tenure of four years on the Board. The Board meets the recommendation of the Hampton-Alexander Review of 33% women's representation During the year the Nomination Committee undertook an executive director succession planning process, including an in depth talent review supported internally and externally. In October Greg Fitzgerald confirmed his willingness to continue as CEO beyond the end of 2022. Further, the Nomination Committee undertook a Chair succession planning process considering the skills and experience required along with sequencing of other changes in Board composition. In November following such process Ralph Findlay was announced as succeeding Ian as Chairman from conclusion of the forthcoming AGM, and Ian confirmed that he would not seek re-election at the AGM.
Nomination Committee	
In addition to the above, the Nomination Committee will deep dive on diversity in the business, to progress the executives' work on developing a diverse pipeline of talent in the team and to understand progress across different parts of the Group, given the different profiles of Partnerships and Housebuilding, with the aim of achieving consistent results across both, and to support the work of the D&I Group. The Nomination Committee will also discuss whether any education is needed for Board members on various topics that the Board needs to consider, and how best to engage with those whilst visits remain out of bounds.	The Nomination Committee oversaw the diversity and inclusion initiatives within the Group, including the formalisation of the diversity and inclusion strategy 'Vistry for All' with clearly articulated objectives and activities in 2021 and 2022. As noted above, undertook an executive director succession planning process, including an in depth talent review supported internally and externally. The internal talent review addressed the diversity of talent within the senior leadership
Board meetings	
Whilst Board meetings remain virtual and the Board cannot visit sites nor meet with each other, the Board will ensure enough opportunity for informal time/discussions and private sessions to maintain boardroom culture and deep challenge, even if virtual. Using regular update calls with the CEO outside of the Board meeting schedule to stay connected and allocating NEDs to certain areas of the larger Group will facilitate this also. Once board life returns to normal, the Board plans to make use of private sessions and informal time around the Board meetings more regularly. It may also consider splitting its all-day Board and Committee meetings over two days to give more time for the agenda of the larger Group	The meetings of the Board and its committees in the year have successfully been through a hybrid model of physical and virtual meetings. Following the relaxation of Covid restrictions in June, the Board met in person for its Strategy Day and has undertaken two site visits as a group. The Board meetings linked to the site visits have provided the opportunity for Board dinners, more informal time around meetings and to split the Board and Committee meetings across two days.

2021 Board evaluation and priority actions

Actions	Progress
ESG/Strategy	
The Board will be focusing on development of the ESG strategy throughout 2021, to build on the work that has commenced in 2020 on Environmental reporting and the Social agenda and what these mean for Vistry as an integrated Group. This will include a more thematic approach to some topics in the boardroom, allowing the Board to oversee a strategic approach to our people, and strengthening the Board's governance of the culture of the Group, as the integration progresses. These discussions will be supported by more non-financial data in the boardroom	The consideration of ESG has been high on the Board's agenda during 2021. During 2021 the Board approved the Sustainability strategy with targets for 2021, along with the organisational structure and governance to implement the strategy. In September, an announcement was released specifically on Sustainability where the Group announced its ambitious emissions reduction target and provided a general update on progress on sustainability against our three priority areas of Our people, Our operations and Our homes and communities.

In November 2021 the Board undertook an internal evaluation of effectiveness. The evaluation took the form of a detailed questionnaire.

The evaluation questionnaire explored the functioning of the Board as a unit and the relationship between Board members. It was established that the Board considered itself to be functioning effectively with a transparent executive and supportive Board working well together. There was consensus that virtual meetings were by their nature less free flowing and more transactional, and the Board welcomed the return to a greater proportion of physical meetings.

The key findings from the 2021 Board evaluation process, including the actions agreed to address recommendations resulting from the Board's discussion are set out opposite

Key finding	Priority actions for 2022
Board engagement	A structured and co-ordinated programme of Non-Executive Director site and regional office visits to be re-established
Strategy	2022 annual strategy review to include: • Impact of government action and regulatory change on land demand / supply balance and building design • The long term impact of changing ESG expectations • Look-forward to how the housing market may look in 5 to 10 years • The impact of projected cyclicality in the market on our short and medium term allocation of capital
Customer	• Greater visibility to be provided on the key outputs from the Group's customer engagement activities • The Board to receive direct input from and engagement with a Registered Provider relating to their interaction with Partnerships
Sustainability	Focus on continuing development and implementation of the sustainability strategy and reporting on verifiable baseline data and SBTI targets. Sustainability metrics to be included in routine reporting to the Board
Board Composition	Further development of the work undertaken in 2021 on Board composition and succession, to take into account natural attrition within the Board, the evolving need for skills and experience and the importance of diversity
Succession Planning	The succession planning for the senior leadership of the Group to continue at both CEO/ELT and sub-ELT levels
Board meetings	Continue to make greater use of splitting all-day Board and Committee meetings over two days to give more time for the agenda and discussion

Nomination Committee report

"In 2021 the main focus of the Committee was on Board composition addressing Chair succession, Executive Director succession planning and Non-Executive Director changes."

Ian Tyler | Committee Chairman Overview

The Committee has had a keen focus in 2021 on Board composition, considering executive director succession planning along with Chair succession planning. This has led to a series of changes to Board composition taking place.

The Committee has also continued to oversee diversity and inclusion supporting the establishment of the Group's Diversity & Inclusion Committee and assessing the progress made to drive initiatives within the Group and start to measure progress

The Committee also continued to review the composition of the Board more generally and the knowledge, skills and experience available to the Board amongst the Non-Executive Directors. As highlighted above this focus on Board composition has resulted in a number of changes which are detailed below.

During 2022, the Committee will continue its longer term succession planning for both the Board and senior management promote diversity and inclusion, and continue to develop Board composition generally to ensure it has the right skills and experience to meet the challenges and opportunities ahead in delivering the Group's strategy as a top five housebuilder and governance expectations.

2021 priorities

A summary of the Committee's focus and activities during 2021:

- Keeping the structure, size and composition of the Board under review.
- Assessing the talent available to the Group and developing succession planning for the executive directors, particularly the CEO, with specific consideration of future requirements, challenges and opportunities
- Recommending the appointment of Ashley Steel as Non-Executive Director
- Recommending the appointment of Ralph Findlay as Chair Designate to succeed Ian Tyler as Chairman in May 2022
- Commencing the recruitment process for a new Non-Executive Director and Chair of Audit Committee
- Completing reviews leading to recommendations regarding the renewal of the directors' service contract for Katherine Innes Ker
- Considering the overall composition and length of service of the members of the Board and the need to refresh its membership at the appropriate time
- Recommending the directors to stand for re-election or election (as applicable) at the 2022 AGM in accordance with the UK Corporate Governance Code
- Reviewing of the Group's diversity and inclusion strategy and the actions being taken to progress and widen initiatives

The Committee's terms of reference are available on the Company's website (vistrygroup.co.uk/investors/corporate-governance).

- Following through on outcomes and actions of the Committee's 2021 formal performance evaluation and following through on the outcomes and actions
- Undertaking the Committee's 2021 informal performance evaluation
- Approving the Nomination Committee report for the 2021 Annual Report
- Reviewing the Committee's terms of reference

2022 priorities

The Committee conducted an evaluation of its performance and identified the following areas of focus for 2021:

- Outline plan for Board composition and succession to be established to cover likely changes over the medium term, taking into account tenure of Non-Executive Directors, the evolving need for skills and experience and the importance of diversity
- Maintain focus on senior management succession planning at both ELT and sub-ELT levels, including outputs from external leadership development programmes
- Overseeing implementation of diversity and inclusion objectives including monitoring of progress of initiatives

Committee membership and meetings

All members of the Committee are independent Non-Executive Directors, with the exception of the Chairman of the Company. Ian Tyler chaired the Committee during the year and the other members were Chris Browne, Ralph Findlay, Nigel Keen, Mike Stansfield (until his resignation on 30 September), Katherine Innes Ker and Ashley Steel (from appointment on 10 June).

The Committee met nine times in 2021. The focus on Board composition and long term succession planning, including the various changes made to the Board, was the dominant topic for meetings. Time was also allocated to overseeing the Group's diversity and inclusion strategy, receiving feedback on the progress of initiatives and objectives for 2022.

For all meetings, papers and supporting documentation were circulated in advance, allowing proper consideration of matters for discussion. The Chief Executive attended all meetings and the Chief Operating Officer and Chief Financial Officer attended one meeting, all by invitation. The Group Company Secretary acts as secretary to the Committee.

Name	Date of appointment	Role	Attendance at meetings
Ian Tyler	29/11/2013	Chairman	9/9
Chris Browne	01/09/2014	Member	9/9
Ralph Findlay	07/04/2015	Member	9/9
Nigel Keen	15/11/2016	Member	9/9
Mike Stansfield	28/11/2017	Member	5/6
Katherine Innes Ker	09/10/2018	Member	8/9
Ashley Steel	10/02/2021	Member	4/4

Responsibilities and terms of reference

The key responsibilities of the Committee.

- Reviewing the structure, size and composition of the Board (including skills, knowledge, experience and diversity) and making recommendations to the Board
- Considering succession planning for directors and senior executives, taking account of the challenges and opportunities facing the Company and the skills and expertise needed in the future
- Monitoring the leadership needs of the Company and leading the process for Board appointments, ensuring they are conducted on merit, against objective criteria, including diversity and inclusion, using the services of an appropriate external search consultant
- Making recommendations to the Board, including on the re-appointment of Non-Executive Directors, the re-election of Directors at the AGM, and membership of the Audit and Remuneration Committees
- Keeping the Group's diversity and inclusion policy and initiatives and progress under review
- The Committee also reviews the results of the Board performance evaluation relating to the composition of the Board

External legal or other independent professional advice can be obtained at the Company's expense and this facility was not utilised during the year.

Nomination Committee report

Board Composition

In early 2021 to further support the size, scale and complexity of the enlarged Group and to take steps to meet the minimum target for female representation on the Board the Committee commissioned Russell Reynolds to undertake a search for an additional Non-Executive Director. As a result of this search process, in June the Committee recommended the appointment of Ashley Steel as a Non-Executive Director. Ashley is a highly experienced Non-Executive Director and committee chair across a range of sectors and has extensive experience of advising listed companies on strategy, her experience and skills enhance those already within the Board to effectively support the challenges of the enlarged Group.

In September 2021, Mike Stansfield resigned as a Non-Executive Director after four years on the Board. Ashley's appointment brought the number of women on the Board to three. The Board meets the recommendation of the Hampton-Alexander Review of 33% women's representation

During the year the Committee had undertaken an executive director succession planning process. The process included use of an independent external consultant, with no connection to the Group, to garner views from Board members, the ELT, and senior management on key requirements in an individual for the future leadership of the Group. In addition, the Committee considered an in depth talent review supported internally and externally. In October Greg Fitzgerald confirmed his willingness to continue as CEO beyond the end of 2022. The Board is pleased that Greg will continue in this role and in 2022 the Committee will continue its longer term succession planning for both the Executive Directors and senior management, at both ELT and sub-ELT levels, including outputs from external leadership development programmes

The Committee also continued to review the composition of the Board particularly considering the Code requirement that the Chair should not remain in post beyond nine years from the date of their first appointment to the board. I was appointed to the Board in November 2013 and as such my nine year tenure would complete in late 2022 The Committee undertook a Chair succession planning process considering the skills and experience required along with sequencing of other changes in Board composition In November following such process Ralph Findlay was announced as succeeding me as Chairman from conclusion of the 2022 AGM, and I confirmed that I would not seek re-election at the forthcoming AGM. The Committee unanimously agreed, with Ralph and myself abstaining, that Ralph had the skills and experience to lead the Board and his appointment would enable an effective transition of the leadership of the Board. His appointment will provide important continuity for the Group as it pursues its growth strategy. In line with Code requirements Ralph will step down as Chair of the Audit Committee on taking up the role of Chairman and the Committee has commenced a recruitment process to appoint a new Non-Executive Director and Chair of the Audit Committee, along with appointing a Senior Independent Director in due course

When recruiting new Non-Executive Directors members of the Committee interview selected candidates, who also meet with the Executive Directors. The Committee then recommends candidates for appointment to the Board. Decisions relating to such appointments are made by the entire Board based on a number of criteria including the candidate's skills and experience and the contribution they can make to our business and their ability to devote sufficient time to properly fulfil their duties and responsibilities.

Diversity and Inclusion

We passionately believe in diversity and inclusion and that it is vital to business success. For Vistry to be a truly inclusive employer we need to ensure we have processes in place that attract and retain a diverse range of employees. A review during the year of the employee journey from initial contact, first day to exit had enabled the establishment of where the Group was at and what improvements could be made to be a more inclusive employer. This has supported the formalisation of the diversity and inclusion strategy 'Vistry for All' with clearly articulated objectives and activities in 2021 and 2022.
A diversity and inclusion module was introduced to the employee engagement survey Peakon in January which provides a mechanism for employees to voluntary share personal background information such as sexuality, ethnicity and gender. The Committee will continue to monitor the progress of these initiatives

In common with the construction industry as whole, the majority of our workforce is male (2020: 67.7%, 2019 64.8%).

While a lower proportion of senior management and directors are female, the Group continued to make a high proportion of senior appointments during the year to women, including the external appointment of Clare Bates, our General Counsel & Group Company Secretary, to the ELT and Board of Vistry Homes Limited and the internal promotion of women into half of all senior management appointments made in the year. Danica McLean was promoted to Group People Director in September 2021 and will take a greater role in supporting the work of the Committee. Data submitted to the Hampton-Alexander Review as at the end of October 2021 showed that one third of direct reports to the ELT were women.

Corporate Governance

Non-Executive Directors' service contracts are renewed on a three-year basis, with rigorous scrutiny being applied prior to approval of a third three year term, subject to satisfactory performance and there being no need to re-balance the Board. The third year of the third term extends until the subsequent AGM

Having served for three years, the Committee considered the skills, knowledge and expertise that Katherine Innes Ker brings to the Board, together with her contribution, performance and commitment, and a recommendation was made to the Board that her service contract be renewed for a second term. This recommendation was made in light of the composition of the Board as a whole.

The work of the Committee also comprised more routine business, including nominations for appointment at the 2021 AGM, approval of the Committee report for inclusion in the 2020 Annual Report, and discussion of the outcomes and determination of the actions coming out of the Committee's 2020 external performance evaluation.

As highlighted above, from time to time we engage international search and selection firms including Russell Reynolds and Egon Zehnder. Russell Reynolds and Egon Zehnder have no connection with the Group other than they may be engaged to assist with senior management appointments and leadership development from time to time.

Performance evaluation

In November 2021 the Board and each of the Committees undertook an internal evaluation of effectiveness
The evaluations took the form of detailed questionnaires with free form responses. The outputs and actions for each committee are set out in their respective reports and the actions for the Board evaluation are set out in page 127.
The priorities for the Committee in 2022 arising from the evaluation are set out above.

Ian Tyler
Chairman of the Nomination Committee

2 March 2022

Audit Committee report

"During a year of unusual market conditions for both the demand for new homes and challenges within our supply chain, the Audit Committee continued to play a fundamental role in overseeing stakeholders' interests."

Ralph Findlay | Committee Chairman

The Committee reviewed the Group's financial reporting, internal control systems and risk management processes and maintained oversight of external and Internal Audit. It also monitored the application of group policies and continued to monitor the development of the control environment. I am pleased to introduce the Committee's report for 2021.

Overview

During 2021, the Committee reviewed the integrity of the Group's financial statements, significant areas of judgement and the viability statement and monitored operating, financial and accounting practices. Given very high levels of customer demand and increases of certain material prices the Committee considered the appropriateness and monitored the application of the Group's accounting policies in relation to gross margin recognition. In addition, the Committee considered a range of control matters, including cyber-security and assured itself that the Group's control environment was fit for purpose.

The external auditor's requested that flexibility be applied to the 2020 reporting timetable due to constraints caused by a national lock down. An extension on reporting was agreed on this occasion.

2021 was the second year for the Group post the acquisition of Linden Homes and the Partnerships business from Galliford Try and the Audit Committee reviewed the level of standardisation for both accounting processes and controls that have been embedded within the Group. The Committee engaged with both external and internal audit as well as receiving regular updates from management as to the progress of underlying systems migrations and updates on accounting matters. 2021 also saw the arrival of a new lead audit partner from PwC.

The Risk Oversight Committee continued throughout the year with Non-Executive Directors regularly joining these meetings. Understanding the key risks to the future growth of the business was a focus during a Board Strategy Day in July and this gave context to the key issues facing the Group and an understanding of how these issues may start to impact the Group's performance.

Committee membership and meetings

During 2021, the Committee was comprised essentially of 5 non-executive directors with one member resigning and one joining creating an overlap of around 3 months where there were 6 members. The non-executive directors have, between them, the recent and relevant experience required by the UK Corporate Governance Code and competence relevant to the sector in which the Company operates.

Name	Date of appointment	Role	Attendance at meetings
Ralph Findlay (appointed Chairman 15/05/15)	07/04/2015	Chairman	4/4
Chris Browne	*01/09/2014*	*Member*	4/4
Katherine Innes Ker	09/10/2018	Member	4/4
Nigel Keen	15/11/2016	Member	4/4
Mike Stansfield (resigned) 30/9/2021	28/11/2017	Member	2/3
Ashley Steel	10/06/2021	Member	2/2

Other regular attendees:
Board Chair
Chief Executive
Chief Operating Officer
Chief Financial Officer
Group Financial Controller
Head of Financial Reporting
Head of Internal Audit & Risk
PricewaterhouseCoopers LLP
General Counsel & Group Company Secretary

Biographical details and information on skillsets are provided on pages 102 and 103

Committee membership is determined by the Board following a recommendation from the Nomination Committee and is kept under review as part of the Committee's performance evaluation

The Committee met four times in 2021. Detailed papers and information were circulated sufficiently in advance of meetings to allow full and proper consideration of the matters for discussion. Following 2 meetings, the Committee met with the external auditors and the Head of Internal Audit & Risk, without executive management present. Ralph Findlay, Committee Chair, also met privately with the lead audit partner of the external auditors during the year. The General Counsel and Group Company Secretary acts as secretary to the Committee

An overview of the main topics discussed during 2021 is provided on pages 136 to 138

Main objective

The main objective of the Audit Committee is to assist the Board in fulfilling its corporate governance responsibilities *relating to financial and narrative reporting and financial* controls. This includes oversight of the Group's internal control systems, risks management process and framework, and the internal and external audit processes. As the Group's risk profile continues to evolve, the Committee adjusts its scrutiny of relevant risk areas and key judgements, including going concern, gross margin recognition and the valuation of intangible assets.

This oversight also involves ensuring the integrity of the Group's financial statements and related announcements. *During the year the Committee achieved this by.*

- Maintaining appropriate oversight over the work and effectiveness of the Internal Audit department, including confirming it is appropriately resourced, reviewing its audit findings and monitoring management's responses;
- Monitoring and evaluating the effectiveness of the Group's risk management and internal control systems, including obtaining assurance that controls are operating effectively and are evidenced as such through, for example, the internal self-certification exercise and subsequent testing by internal audit;
- Scrutinising the independence, approach, objectivity, effectiveness, compliance and remuneration of the external auditor;
- Assessing the going concern and medium-term viability of the Group,
- Assisting the Board in confirming that, taken as a whole, the Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy (see pages 5 to 99),
- Reviewing and challenging the critical management judgements and estimates which underpin the financial statements, drawing on the views of the external auditor in making an informed assessment, particularly in relation to each of the key matters detailed on pages 136 to 138
- Monitoring and reviewing the effectiveness of the Group's whistleblowing process, including awareness within the Group, types of issues raised and how matters raised are investigated.

Audit Committee report

Focus area	Why this area is significant	How we as an Audit Committee addressed this area
Sales and materials price inputs into Cost Valuation Reports (CVRs) A view on the sensitivity of the Group to pricing inputs can be found in section 1.6 Critical accounting judgements	CVRs are used to calculate gross margin for the life of a development or project and as a result prescribe the level of work in progress to be allocated to each sale. The input of materials, labour and sales pricing into the CVR process will have a significant impact on in year gross profit delivery.	The Group has a prescriptive accounting policy which dictates that only current pricing can be used in life of site margin calculations, such that neither inflation nor deflation for future pricing can influence the gross margin attributable to sales made in year. At the half year 2021 the Group had seen considerable inflation come through into both materials and sales prices which required management to exercise judgement as to the correct pricing to be included in the CVR calculations. These increases had a limited track record for being considered sustainable. The Committee reviewed management's judgement on the pricing to be included in the CVR calculations and was satisfied that this judgement correctly reflected market conditions The full year position was also reviewed and given the more stable price environment at the year end the Committee concluded that management's judgement around the input of pricing into CVRs continued to be reasonable.
Use of adjusted measures For more detail please see note S.13 Alternative performance measures	Non-GAAP or adjusted measures provide an appropriate and useful assessment of business performance and reflect the way the business is managed. They are also used in determining annual and long-term incentives for remuneration and are widely used by our investors. There is a risk that their inappropriate use could distort the performance of the business	The Group primarily uses adjusted measures to cover 3 main areas: 1 the exceptional costs associated with integration activity for the newly formed Group and other items that are one off in nature and are material enough to disclose separately, 2 the amortisation of acquired goodwill and intangibles, and; 3 the share of joint venture operating results The Committee has satisfied itself of the continued treatment of amortisation of acquired goodwill and intangibles and the share of joint venture operating costs as exceptional items. Additionally, the Committee acknowledged management's view that with the integration work largely completed in 2021 that this would be the last year for costs associated with integration activity for this acquisition to be treated as exceptional.
Provisions for fire safety cladding For more details please see note S 9 Provisions	Remedial work for fire safety cladding is a topic very much in the public eye and there is considerable uncertainty as to the eventual cost to the industry for remediation work	The assessment of the provision for remedial fire safety cladding work is an area where significant judgement is applied The treatment of additional charges as exceptional is consistent with the prior year treatment. The Committee reviewed the underlying analysis to understand the potential remedial work required and the process management had followed to estimate the assessment of the most likely case for cost to remediate. The Committee agreed with management's judgement to make incremental provisions based on the "Most Likely" scenario The Committee discussed with the external auditors the procedures performed over this analysis to address the risk of any material misstatement of the provision. In addition and separate to the provision recognised, the Committee read the open letter dated January 2022 to industry from the Department for Levelling Up, Housing and Communities and considered a draft proposed response from the HBF, setting out potential actions by developers and corresponding requirements from Government. The Committee agreed with management's interpretation that it is too soon to recognise any provision for a contribution towards a remedial works fund or provide for further remedial works on specific developments given uncertainty as to the scope of work required, the change in any legal obligations and the eventual cost of meeting these obligations The Committee has reviewed note S 9 Provisions in the context of the requirements of IAS 37 Provisions, contingent liabilities and assets and is satisfied that the disclosures made correctly reflect the Group's position.

Focus area	Why this area is significant	How we as an Audit Committee addressed this area
Goodwill and intangible asset impairment review For more detail please see note 5.7 Goodwill	Goodwill and intangible assets form a significant part of the Group's balance sheet and their current valuation must be supported by prospective income streams.	The Committee has reviewed cash forecasts for the two Cash Generating Units (CGUs) that are used to support the Group's goodwill and intangible asset balances. Within this review the potential impacts of climate change were considered – through the incremental costs to implement the Future Homes Standard 2025 and the 1.5°C carbon reduction commitment. Following these reviews, it was concluded that there was significant headroom from the discounted cash flows for each CGU above the valuation of the goodwill and intangibles assets allocated to it. The Committee also considered detailed reporting from, and held discussions with, the external auditor. The Committee concluded that there was no requirement to impair goodwill and intangible assets, that the disclosure of sensitivities was appropriate and on this basis approved the note disclosure in the financial statements.
Going concern and viability statement *For more detail please* see Strategic Report page 58	There are many external factors impacting the Group currently, both positively and negatively – the Covid pandemic, the fall out from Brexit and the UK government's hardening stance on fire safety cladding remediation In this context the Directors are required to consider whether or not it is appropriate to prepare the financial statements on a going concern basis, and whether or not the company remains viable in the medium-term.	In July the Audit Committee members, as part of the main Board, reviewed the overall five year strategy for the Group and had the opportunity to further understand and challenge the risks associated with delivering the Group's growth strategy The cash flows associated with this strategy have formed the base line cash flow for the modelling work management have used to assess the Group as a going concern and its medium-term viability. The view for 2022 was then updated to reflect the current 2022 budget as approved by the Board in December 2021. The Committee reviewed a series of stress tests performed by management on these cash flows and satisfied themselves of the impact these tests would have on the ability of the Group to remain a going concern and be viable in the medium-term and have formed an opinion on the likelihood of these stressed events occurring, including a review of the circumstances required for the Company to not be able to access cash or committed funds. The Committee also reviewed the key terms of the re-financing the Group undertook in December 2021 and has concluded that the reduced interest charges and repayment of significant sums of term debt reflects a strengthened Group cash and credit position Together these points have allowed the Committee to form an opinion as to the ability of the Group to remain a going concern for the twelve months from the date of this report and make its recommendation to the Board. In addition, the Committee also reviewed management's view of the Group's ability to remain viable, for the agreed five year period, following the forecast realisation of a number of key risks, including the possible impacts of climate change, and recommend to the Board that it is appropriate to sign off the Group's viability statement

Governance report

Audit Committee report

Focus area	Why this area is significant	How we as an Audit Committee addressed this area
Segmental reporting	The Group uses segments to better describe the underlying performance of the Group The different segments – Housebuilding and Partnerships – have a differing basis for valuation from many of the sector's analysts. As such it is important that the integrity of the segments is preserved and that sites are correctly allocated between segments to accurately report segment performance.	The Committee reviewed two developments that were moved during the year between segments and sought explanations from management for this reclassification. The Committee tested management that the sites were moved to better represent where the Chief Operating Decision Makers review them and was satisfied that they had moved correctly in that the developments fit better with the business model of the Partnerships segment than with Housebuilding. The Committee then reviewed the impact of these movements on underlying results and that the impact of the movement was adequately disclosed in the half year and full year reports. In addition, the Committee sought and received responses from the external auditors as to the correct accounting treatment by management of these segmental changes. As a result of the above the Committee concluded that management's treatment of segmental changes in the year was correct.
Fair, balanced and understandable	The Board is required to state that the Group's external reporting is fair, balanced and understandable. The Audit Committee is requested by the Board to provide advice to support the assertion	The Committee received a report from management summarising the processes that had been undertaken to ensure that the Group's external reporting is fair, balanced and understandable. In addition, the Committee received a verbal update as to the level of internal review of the reporting (subject matter experts, the executive leadership team) and the level of external review (external audit, company brokers). After consideration of the Annual Report against the fair, balanced and understandable criteria the Committee recommended to the Board, which accepted the recommendation, that taken as a whole, the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy
Land held for development and work in progress	The Group has a significant investment in working capital predominantly in land and housing work in progress. It is important that the value of this working capital is recorded at the lower of cost or net realisable value to avoid the level of working capital being overstated in the financial statements.	The Committee has reviewed the key accounting judgements of management in this area primarily through consideration of management's appraisal of likely revenue generated when these inventories are combined as residential properties for sale and sold, the CVR process The Committee has received regular updates from Internal and External audit on the CVR process and is satisfied that the process is functioning as intended and that any concerns over future sales not exceeding current inventory valuations would be identified by management and reflected in their judgement as to the valuation to be recorded in the financial statements.

Cyber security

As part of the standard agenda for the Committee deep dive discussions on key risk topics are held to both challenge and support management in addressing these areas and to provide comfort to the Committee that management's mitigating actions are sufficient. A deep dive into Cyber Security took place during 2021 with the Committee receiving a presentation from the Chief Information Officer followed by a broader discussion on key findings.

The Committee reviewed the Group's Cyber Security strategy and challenged both short and long term goals for adequacy against the prevailing cyber risk profile. To better understand the Group's ability to deliver against this strategy the Committee then reviewed the structure and governance of the security operations team and reviewed a detailed update of progress against the half year operational plan and outstanding matters for the remainder of the year and early 2022.

The Committee then explored how the Group is looking to develop and enhance a security culture and brought to bear experience of driving similar cultural changes in other organisations

Vistry Group PLC restatement

During the year it became apparent that the term debt and the US Private Placement loan, correctly recorded in the Group's consolidated accounts, had been incorrectly omitted from the 31 December 2020 balance sheet of the standalone PLC company in its published financial statements

The Committee have reviewed and agreed with management's decision to restate the 2020 comparatives.

In addition, the Company cash flow statement for the same year end has been restated to reclassify certain line item movements in financing and investing activities to changes in trade and other receivables which better reflects the underlying cash movements.

The Committee challenged management as to what controls have been put in place to prevent such an instance occurring again. The Committee acknowledged circumstances surrounding the event that contributed to the error and management's response to stengthened controls

Management confirmed to the Committee that the restatement has no impact on any of the Group's reported or adjusted measures, the Company net assets or net cashflows (and therefore no impact on the remuneration of Directors), and would have had no impact on any consideration made by the Board as to the Group's going concern assessment or viability statement.

For more details please see note 1.9 Restatement of Vistry Group PLC 2020 financial statements and notes.

External auditor

PricewaterhouseCoopers LLP (PwC) were appointed as external auditor at the 2015 AGM, following the completion of a competitive audit tender process supervised by the Committee. In doing so, the Committee complied with the provisions of the Competition & Markets Authority Order, including the appointment of the auditor for non-audit services.

Our 2022 AGM Notice contains a resolution for the re-appointment of PwC as auditors to the Company. In making this recommendation, the Committee took into account, amongst other matters, the independence and objectivity of PwC, the ongoing effectiveness of the external audit process and cost.

There are no contractual restrictions on the choice of external auditor. The AGM Notice also contains a resolution to give the directors authority to determine the auditor's remuneration, which provides a practical flexibility to the Committee.

During the year, the Committee reviewed the independence and objectivity of the external auditor, which was confirmed in an independence letter containing information on procedures providing safeguards established by the external auditor. Regulation, professional requirements and ethical standards were taken into account, together with consideration of all relationships between the Company and PwC and their staff.

Relations with the external auditors are managed through a series of meetings and regular discussions and the Committee ensures a high-quality audit by challenging the key areas of the external auditor's work.

At its meeting in February 2022, the Committee has reviewed the external audit report as part of its consideration of the 2021 financial statements. This involved assessing the delivery of the audit against the audit plan for the 2021 year end, including how key audit risks have evolved through the audit process, an update on significant areas of judgement, and an overview as to the timeliness and efficiency of the year end process.

It was recognised that some continuity has been maintained within the audit team, business knowledge continues to improve year on year, and that communication between the Group and external auditor has been constructive and timely.

Governance report

Audit Committee report

The Committee keeps under review its policy which requires the Committee to approve all audit related and non-audit services proposed to be undertaken by the external auditors, with the exception of compliance work undertaken in the ordinary course of business, which is treated as pre-approved. When a request for approval is made, the Committee has due regard to the nature of the audit related or non-audit service, whether the external auditor is a suitable supplier, and whether there is likely to be any threat to independence and objectivity in the conduct of the audit. The related fee level, both separately and relative to the audit fee is also considered.

For an analysis of fees paid to PwC for audit and non-audit services see note 2.1 on page 196. There were no non-assurance services provided by PwC during the year, beyond a de-minimis technical accounting subscription service.

Audit Quality

The audit for the year ended 31 December 2020 was chosen by the Financial Reporting Council for an Audit Quality Review (AQR) as part of their routine quality monitoring process. The Audit Committee is pleased to note that none of the AQR team's findings were considered to be of sufficient significance to be included in their report, with the testing of management's key forecasting and monitoring control considered to be an example of good practice.

Internal Audit

The internal audit team has a blend of experience consisting of core expertise in risk and assurance, alongside industry experience from within the Company. This has allowed the department to broaden its coverage to a greater volume and scope of risks and audits, business unit compliance and deep dives in to our large and complex programmes. In addition, Internal Audit continues to maintain a budget for co-sourced expertise to be brought in to provide more specialised reviews, such as IT, and to take advantage of focused data analytics. A priority for the department is to support the improved clarity and awareness of our control framework and to drive business benefit where standardisation is appropriate. Further resourcing to support this will likely take place during 2022, and the outcome will provide readiness against any future corporate governance and auditing regulatory changes

The committee has signed off the 2022 internal plan that provides a balance of thematic reviews across the whole Group, alongside specific audits of business units or individual projects A requirement from the Audit Committee is to increase visibility of the Risk Oversight Committee and to ensure more regular updates on new and emerging risks.

Performance evaluation

An evaluation of the performance of the Committee was undertaken as part of the internal formal performance evaluation of the Board at the beginning of 2021. The evaluation considered the membership of the Committee; the focus and quality of discussion; oversight of financial reporting, accounting judgments and estimates, disclosures, and announcements; the performance of the external auditor, including independence and quality control, and the role and performance of internal audit.

The Committee was considered to have performed well, and in accordance with its Terms of Reference. Looking forward, the Committee aims to spend more time considering risk, bringing together all aspects of risk as assessed by the Risk Oversight Committee as well as continuing risk deep dives on key topics including: supply chain resilience, joint venture management, and tendering for construction contracts The Committee will also test the level of interaction between risk management and the Group's insurance programme.

The Committee considers PwC to have been effective and to have carried out a high quality audit in the seventh year since appointment, having continued to develop a good understanding of the Group's business and to build effective working relationships. The Committee is satisfied that PwC continued to demonstrate independence as auditor to the Group The lead audit partner is not required to rotate until 2026.

Internal Audit continues to make a significant contribution to the Group's control environment, identifying risk and control weaknesses, producing clear and well-articulated reports for Committee review and supporting an ongoing improvement in processes and controls. It was noted that the Head of Internal Audit has an important role in the risk oversight of the Group as it grows, and measures were discussed to ensure that the role is adequately supported by both non-executive directors and executive management. The provision of adequate resource for Internal Audit was also considered, together with the skills and knowledge needed in the enlarged Group, noting that the Internal Audit team is being strengthened. This will be kept under review

Ralph Findlay
Chairman of the Audit Committee

2 March 2022

Directors' remuneration report

"On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2021. It provides details on the link between remuneration and the Company's performance, how directors were paid in 2021, and how we propose to pay directors in 2022."

Nigel Keen | Chairman of the Remuneration Committee

The Report is subject to an advisory shareholder vote at the 2022 AGM. As described below, an amended Remuneration Policy and new Deferred Bonus Plan will be put to binding shareholder votes at the AGM.

I have great pleasure in laying out in my annual letter a summary of the key decisions and changes made by the Committee in the year together with the context in which those changes occurred and decisions taken. The implementation of policy in respect of 2021 together with our proposed revised policy for 2022 onwards will both be presented to shareholders at the upcoming AGM for an advisory and binding shareholder vote respectively The proposed Remuneration Policy table is set out on pages 162 to 165.

Remuneration in context

In determining the executive directors' remuneration outcomes for the financial year, the Committee maintained a clear and rigorous focus on aligning pay with performance but was equally focused on taking into consideration the experience of all our key stakeholders

The key drivers of our decisions are outlined as follows.

Corporate performance

Strategic priorities

Throughout 2021 we have made significant strategic progress in creating One Vistry. Key strategic achievements include:

- Customer - our HBF 8-week customer satisfaction score increased with the Group and all three Housebuilding divisions and Partnerships being at 5 star plus an increase in the number of construction quality awards including 12 Seals of Excellence from NHBC Pride in the Job.
- Sustainability - significant progress with our sustainability strategy demonstrated through our commitment to setting science-based targets and our sign up to 'Business Ambition for 1.5°c'.
- Growth- strong demand across all areas of our business during 2021, with the Group's average weekly private sales rate per outlet increasing 43% to 0.76 with c. 6% house price inflation in the year

Financial performance

- 2021 was an excellent year for Vistry Group with progress and success achieved across all areas of the business
- Profit - Strong performance throughout the year across all business areas, with full year adjusted profit before tax of c. £346m, up from £98.7m in 2020.
- Cash- Strong balance sheet with net cash position as at 31 December 2021 of c. £234m, reflecting both increased profits and good working capital management, up from £38m at end of 2020.
- Build - continued improvement in Housebuilding with completions increasing 41% to 6,551 units and 41% increase in higher margin mixed tenure completions in Partnerships
- Operating margin - Partnerships is on track to deliver its FY22 operating margin target of at least 10% with operating margin for the full year increasing to over 9%.

- Gross margin- Housebuilding has made strong progress towards its 2025 grosss margin target, with gross margin for the full year in excess of 22%.

Stakeholder experience

- Our shareholders

The Board is pleased that the shareholder experience over 2021 has been positive, with share price growth in the year and outperforming within the UK housebuilding sector. We have also recommenced the payment of regular dividends with a total dividend payment for FY21 of 60 pence per share. With balance sheet strength the Board is committed to prioritising investment in the business to support the Group's growth strategy, pursue a sustainable two times dividend cover policy, and return any excess capital generated in the future to shareholders via either a share buyback or special dividend.

- Our people

The excellent performance across the Group in FY21 has been reflected in the remuneration paid to our employees including:

- There were two salary reviews in the year. An increase of 2% was implemented in May 2021 for all employees other than ELT and other senior management followed by a year end salary increase of 2.75% Senior management received one increase of 4.75% at the year end salary review All year end increases were effective from 1 January 2022.
- The discretionary general employee bonus met the financial targets resulting in a maximum pay-out of 7.5% for a high proportion of eligible employees, with a small deduction made for those business units not achieving a 5 star HBF customer satisfaction score.
- As reported in the 2020 Annual Report, the Committee determined to apply a 10% reduction to the face of LTIP awards to Executive Directors in 2021. This approach was applied across the ELT. At the request of the ELT, an additional bonus was paid at the end of 2021, to employees earning a full time equivalent salary of less than £30,000 per annum (on a sliding scale) equivalent to the reduction in the value of LTIP award granted in 2021
- Our employee engagement score with Peakon increased in 2021 to 8.1 and to 8.6 in early 2022 despite the ongoing disruption from Covid and the challenges to our build teams from the supply chain challenges.
- The focus on mental health and wellbeing continued during the year. An agile working policy was introduced in the year which supports employees to work from home for up to three days per week, this was received very positively by employees
- Vistry Voice is used to publicise the release of the annual report and accounts to employees and virtual Employee Roadshows and the People Forum provide an opportunity for employees to discuss or raise any questions with regards to executive pay, benefits and the remuneration policy
- A pension harmonisation process was completed during the year to transfer three existing defined contribution schemes to one provider and also to align the pension contribution rates for all monthly paid employees to a maximum contribution rate of 5% employee and 7% employer.

Government support

We did not access any funding from the Government's Coronavirus Job Retention Scheme during 2021.

A summary of the Committee's focus and activities during 2021:

- Policy - reviewed current Remuneration Policy and prepared refreshed policy for approval by shareholders
- Remuneration Packages - approved Executive Directors and ELT salaries for 2021 - approved 2020 bonus outcomes for Executive Directors and ELT - approved 2021 LTIP award levels for Executive Directors and senior management
- Setting Performance Targets - reviewed and set financial targets for 2021 annual bonus and 2021 LTIP, in the context of multiple internal and external reference points for performance over the relevant period.
- Equity incentives - confirmed the outcome of 2018 LTIP awards
- received updates on performance of in-flight LTIP awards
- approved new Deferred Bonus Plan subject to shareholder approval.
- Workforce remuneration - received updates on workforce remuneration policies and practices, and how these align with the Company's strategy and culture.
- Effectiveness- considered external trends in light of the ongoing impact of Covid pandemic and possible implications for senior management remuneration at Vistry- received updates on the UK executive remuneration landscape - conducted internal evaluation of Committee effectiveness.
- Governance- approved the Remuneration Report for the 2021 Annual Report - reviewed the Committee's terms of reference.

Directors' Remuneration report

2021 remuneration

Taking the context set out above into account, the Committee made the following decisions in respect of remuneration in 2021:

Bonus

The 2021 Bonus Scheme set for executive directors in respect of performance in 2021 was based on achievement of stretching targets against two key metrics of Profit (60%) and Capital Employed (40%), together with a Customer Satisfaction underpin.

Results in respect of both financial metrics exceeded the maximum targets set given the significant step up in financial performance in the year and strong demand across all areas of the business during 2021 coupled with c.6% house price inflation. The Customer Satisfaction metric acted as a gateway threshold, with the score achieved for the Group being in excess of the target with all three divisions within the Housebuilding business, as well as the Partnerships business, achieving a 5 star rating.

The formulaic outcome given the above performance was 100% of maximum for the Executive Directors.

The Committee considered whether to exercise its discretion and agreed not to adjust this outcome as it is comfortable that this outcome is both fair and appropriate given the performance of the business in the year and the wider stakeholder experience outlined above.

Long-term incentives

The 2019 LTIP award was subject to TSR (33%), adjusted EPS (33%) and ROCE (33%) targets measured over three financial years.

The overall formulaic vesting was 45.3% of maximum. The TSR achievement was 36% of maximum, the threshold for adjusted EPS was not met and the ROCE target was achieved above the maximum. The adjusted EPS performance was impacted by the disruption to the business in 2020 as a result of the Covid restrictions. The Committee recognises the difficult shareholder experience over the course of 2020, associated fall in the Company's share price and suspension of FY19 dividend. However, a strong performance has been achieved throughout the year across all business areas, the share price has recovered and we were pleased to recommence payment of an interim and final dividend

Given these facts and the broader context set out above, the Committee concluded that the above outcome was a fair reflection of both corporate performance and stakeholder experience over the period and did not consider it necessary to exercise discretion to adjust the formulaic vesting level.

Whilst no discretion was exercised with respect to the vesting of the 2019 LTIP award, the Committee is aware that the adjusted EPS performance of the 2020 LTIP award shall be similarly impacted. As such the outturn of three LTIP awards are significantly impaired by the disruption to the business in 2020 as a result of the Covid restrictions. In 2022 the Committee will actively consider whether the exercise of discretion in respect of the adjusted EPS measure of the 2020 LTIP award would better reflect both financial performance and stakeholder experience delivered over the performance period.

Full details on the targets set and performance against them can be found on page 151 in respect of the 2021 Bonus Scheme and pages 152 to 153 for the 2019 LTIP award.

2022 Remuneration Policy and implementation

The Remuneration Policy was last put to a shareholder vote at the General Meeting in December 2019. As the regulations require approval every three years, a new Policy must be put to shareholders at the AGM in May 2022. This is earlier than the standard three years but there would otherwise be an impermissible gap between December 2022 and the AGM in May 2023. It is the Committee's intention that we would then revert to a standard three-year cycle.

The Remuneration Committee has taken the opportunity to conduct a thorough review of the current Remuneration Policy to ensure it remains appropriate to support the business and takes into account evolving best practice and regulatory developments. We have concluded that the current Policy remains overall fit for purpose, apart from a few minor changes summarised below The full proposed Policy is set out on pages 162 to 165.

The main proposed changes from the 2019 Policy are:

- Formalising into Policy the existing commitment to align current incumbent pension with those for the wider workforce via stepped reductions
- Formalising into Policy the existing commitment to defer one third of any bonus payment into shares for two years
- Subject to shareholder approval of the plan at the forthcoming AGM, bonus deferral will now be made under a new Deferred Bonus Plan

The Chair of the Committee is undertaking an engagement exercise with our largest shareholders and is available to discuss the approach we are proposing.

The Committee's terms of reference are available on the Company's website (vistrygroup.co.uk/investor-centre).

Pay element	Implementation of Policy	Link to Strategy
Base pay	The salary increase for the Executive Directors was 4.25% for Greg Fitzgerald, 3% for Graham Prothero and 4.75% for Earl Sibley. In assessing the salary adjustment for the Executive Directors, the Committee took into account the total salary increase for the workforce for 2021 was 4.75% along with benchmarking data against peers and the FTSE250 provided by the remuneration advisors.	
Pension	As described in last year's report, the Committee has agreed a gradual phasing down of executive director pensions to the 7% workforce level by January 2023. The approach agreed has required that pension benefits have reduced in steps downwards in 2021 and 2022, until being reduced to the rate applicable to the wider workforce from 1 January 2023.	
Bonus	As in previous years, financial performance will be represented in the bonus by Profit and Capital Employed metrics weighted 60% and 30% respectively. For 2022, the Committee has decided to further emphasise our focus on ESG measures, with a 10% weighting for this area. This will include a 5% weighting on customer satisfaction as measured by our 9-month HBF survey score. A further 5% will be based on a scorecard of sustainability measures, including additional affordable housing, skills academy trainees and a carbon reduction underpin. Further detail can be found on pages 158 to 159.	
LTIP	For the 2022 LTIP, in line with the previous year, the vesting criteria will be based on TSR (33%), ROCE (33%), and adjusted EPS (33%). The targets for these awards can be found on page 159. The targets are set by reference to the 2022 Budget and consensus with threshold and maximum above those used for 2020 and 2021 LTIP awards. It is the Committee's intention that from 2023 the LTIP will include an element measuring performance in relation to ESG targets (e.g. carbon reduction) aligned with our sustainability strategy. However, given the acquisition in late 2019 and the impact of Covid in 2020, 2021 is the first 'normal' year for the Group's current form. The Group is currently in the process of formalising precise targets through approval by SBTI with 2021. As the baseline figures are not expected to be finalised for some time, we have not been able to define robust targets for the 2022 LTIP. It is our intention to incorporate targets set using SBTI methodology for 2023 awards	

I hope you find that this report clearly explains the remuneration approach we have taken and how we will implement Policy in 2022. I look forward to your support at the 2022 AGM in respect of the resolutions relating to the amended Policy, this report and the Deferred Bonus Plan.

Sincerely,

Nigel Keen
Chair of the Remuneration Committee

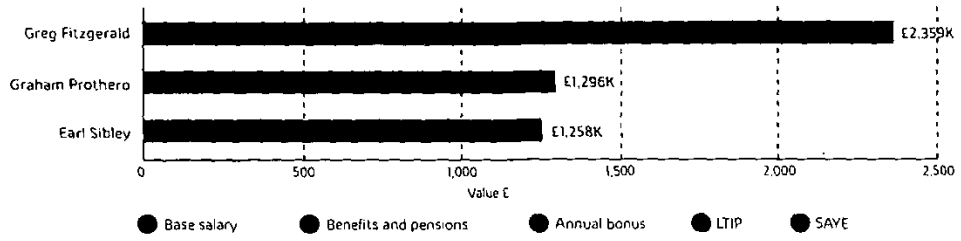
2 March 2022

Directors' Remuneration report

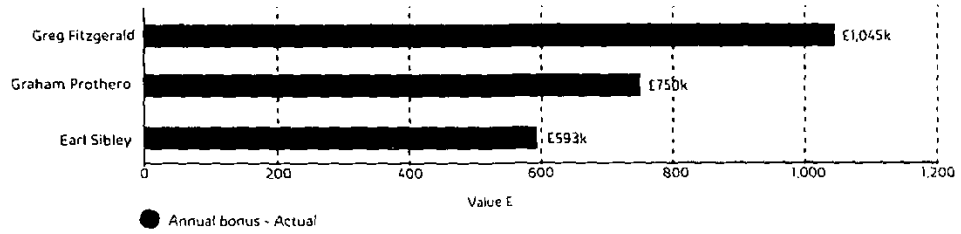
Introduction - Remuneration at a glance

This section of the Directors' Remuneration report provides details of how our Remuneration Policy was implemented during the financial year ended 31 December 2021, and how it will be implemented during the year ending 31 December 2022. It has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). It also meets the requirements of the UKLA's Listing Rules. In accordance with the Regulations, the following sections of the Remuneration Report are subject to audit: the single total figure of remuneration for Executive Directors and Non-Executive Directors, and accompanying notes (page 150), scheme interests awarded during the financial year (page 152), exit payments made in the year (page 153), payments to past Directors (page 153) and the statement of Directors' shareholdings (page 154). The remaining sections of the report are not subject to audit.

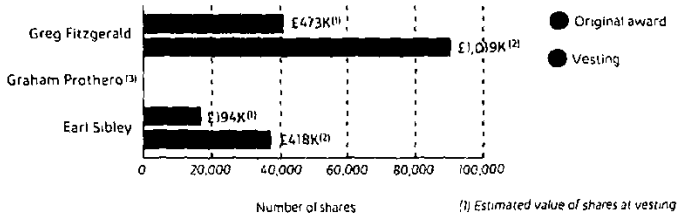
2021 Executive directors total pay



2021 Annual bonus achievement



This chart illustrates the total number of shares and value of the LTIP awards that vested in respect of 2021 (estimated)



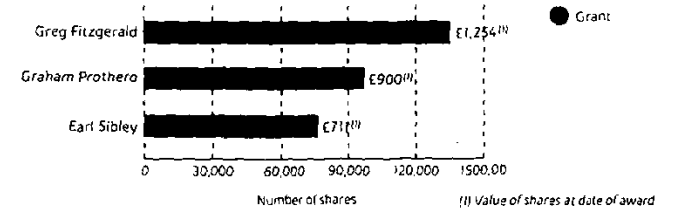
(1) Estimated value of shares at vesting
(2) Value of shares at date of award
(3) Appointed on 3 January 2020

2022 Annual bonus

Awards made at 150% of basic salary subject to the performance metrics below

Metric	Weighting %
Adjusted profit before tax	60%
Period end capital employed	30%
ESG scorecard	10%

This chart illustrates the total number of shares and value of the LTIP awards that were granted in 2021



(1) Value of shares at date of award

2022 LTIP awards

Awards made at 200% of basic salary subject to the performance metrics

Metric	Weighting %
TSR	33.3
ROCE	33.3
Adjusted EPS	33.3

Directors' Remuneration report

UK Corporate Governance 2018 Code - Provision 40 Alignment

The table below explains how the Remuneration Committee has addressed the factors set out in Provision 40 of the 2018 UK Corporate Governance Code. The Group's strategic priorities as detailed at pages 31 to 55 are designed to move the business forward, allow it to compete effectively across the housing and regeneration markets as a top housebuilder, and deliver the best outcomes for our stakeholders, including enhancing shareholder value. Both the existing and proposed Remuneration Policy is designed to ensure a strong link between remuneration, the strategic priorities, and delivery of objectives.

Principle	Alignment to the Code	Strategic priorities
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	Our Remuneration Policy, plan rules and guidance notes are drafted in a clear and succinct format. The People Forum and virtual employee roadshows provide the opportunity for our people to raise questions on the Group's remuneration practices. Our Remuneration Policy is included in this Report along with publication of incentive targets and outcomes.	
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand	Our remuneration arrangements for ELT and senior leadership are purposefully simple, comprising of fixed pay (salary, benefits, pension/pension salary supplement), a short-term incentive plan (Annual Bonus Scheme) and a long-term incentive plan (LTIP). Targets are reviewed and aligned to strategy. The 2022 Annual Bonus scheme includes ESG targets based on metrics which are meaningful and clear for our employees and aligned to our strategy	
Risk Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	Risks are identified by the Committee and mitigated through the application of the Remuneration Policy including malus and claw back provisions, discretionary powers to amend outcomes; minimum shareholding requirements. Appropriate discretion can be applied, in the case of the annual bonus for three years from the date on which the outcome is determined, and for LTIP awards discretion extends until the fifth anniversary of the grant date.	
Predictability The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy	The Executive Directors annual bonus maximum award quantum is 150% and the LTIP award quantum is 200% of base salary. Maximum bonus is only payable if stretching targets are met and excellent Group performance is achieved. One third of the annual bonus and whole of the LTIP vesting is in shares The Executive Directors have shareholding requirements including a two year post-cessation shareholding requirement. The value of share awards are less predictable than cash due to potential fluctuations in the share price. However, it means that director remuneration is better aligned to the shareholder experience	
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance	Incentive scheme targets are carefully considered by the Committee to ensure they reward performance and are correctly calibrated. Targets used in the Group's incentive schemes are then monitored and progress measured by reference to many of the Group's reported KPIs, which for the annual bonus include adjusted profit before tax, net cash which is reflected in the capital employed metric and HBF customer satisfaction score which is reflected in the ESG metric, and for the LTIP include earnings per share and ROCE. Annual bonus arrangements link to the Group's near term strategic priorities and, for 2021, the metrics used were adjusted profit before tax, period end capital employed (being total equity less goodwill, intangible and net cash) and a threshold gateway for customer satisfaction. Period end capital employed motivates a disciplined balance sheet and supports the management of capital and cash. Monitoring measures are in place to ensure that nothing beyond the normal period end behaviours and actions occur in arriving at the outcome. The LTIP takes a longer-term perspective and for the 2021 awards with the metrics based on the financial and share price performance measures of relative total shareholder return, earnings per share and ROCE, equally weighted at one third of awards. The inclusion of the ROCE metric ensures that sustainable investment decisions are made. Please see page 159 for more details on 2022 LTIP awards. The Committee's ability to apply discretion ensures that outcomes will not reward poor performance	

Principle	Alignment to the Code	Strategic priorities
Alignment to culture Incentive schemes should drive behaviours consistent with company purpose, values and strategy	Our Purpose is to develop sustainable homes and communities across all sectors of the UK housing market. This is reflected in our ESG metric in the annual bonus and our ROCE metric in the LTIP ensures sustainable investment. Incentive targets selected by the Committee reflect the importance of driving behaviours that underpin the culture of the business and support the sustainable success of the enlarged Group. With the continuing development of the Group's approach to ESG, ESG measures have been applied in setting performance targets for the 2022 annual bonus arrangements. The financial performance measures are replicated with the inclusion of an ESG metric made up of customer satisfaction based on the HBF 9-month survey score (with a deductor regarding HBF 8-week survey score) and a scorecard of other ESG measures. Please see pages 158 to 159 for more details on 2022 annual bonus. It is the Committee's intention that from 2023 the LTIP will include an element measuring performance subject to ESG targets (e.g. carbon reduction) aligned with our sustainability strategy. The Group values are Integrity, Caring and Quality which are reflected in our incentive remuneration measures by inclusion in our ESG metric in the annual bonus of an element specifically for customer satisfaction, which was a threshold requirement in 2021, and through the malus and clawback provisions across all incentive plans. A customer satisfaction element to the annual bonus is included to drive the increase in the quality of service and build quality. Further information on our culture can be found on pages 6, 105 and 115. As set out under 'Proportionality' annual bonus arrangements link to the Group's near term strategic priorities and the LTIP takes a longer term perspective, with the metrics and targets set by reference to the strategic plan.	

Key remuneration decisions during 2021

During 2021, the Committee determined the performance measures and set targets for the 2021 annual bonus and approved 2020 bonus payments. It also determined the performance measures and set targets for and approved LTIP awards made in 2021 and confirmed the partial vesting of the 2018 LTIP awards. Malus and clawback provisions for incentive awards and a two-year post vesting holding period for LTIP awards continued to be applied in 2021.

The Committee has approved, subject to shareholder approval at the forthcoming AGM, the adoption of a Deferred Bonus Plan (DBP) the DBP shall be used to make share awards to Executive Directors and other senior management equivalent to the value of one third of their annual bonus over a vesting period of two years. Malus and clawback provisions apply which are consistent with the terms of the annual bonus plan and LTIP.

Towards the end of the year, the Committee considered the structure for the 2022 annual bonus and completed the 2022 remuneration review, which included consideration of the economic environment, alignment with the experience of stakeholders, the link between executive remuneration and pay, and employment conditions throughout the Group (including oversight of the general proposals for staff for 2022). The conclusion of the review was that base salary increases would be made to each of the Executive Directors from 1 January 2022 which were no more than the total of 4.75% applied to the workforce. The fees for the incoming Chairman were also reviewed and increased to £225,000 in line with median Chair fees in the FTSE 250.

Directors' Remuneration report

Implementation of remuneration policy for the year ended 31 December 2021

Single figure of Executive Directors' remuneration (audited)

		Salary	Benefits (1)	Pension Salary	Sub-Total (Fixed Pay)	LTIP (3)	Annual Bonus (6)	SAYE	Sub-Total (Variable Pay)	Total
Greg Fitzgerald	2021	696	31	118	845	473 (4)	1,045	-	1,518	2,363
	2020	696	31	139	866	350 (5)	209	-	559	1425
Graham Prothero	2021	500	11	35	546	0	750	-	750	1,296
	2020	500	10	35	545	0	150	5 (7)	155	700
Earl Sibley	2021	395	20	51	466	194 (4)	593	5 (8)	792	1,258
	2020	395	20	59	474	107 (5)	118	-	225	699

Notes.

(1) Taxable benefits include medical insurance, payment of a car allowance and provision of a leased vehicle

(2) Greg Fitzgerald, Graham Prothero and Earl Sibley receive a non-bonusable and non-pensionable pension salary supplement

(3) LTIP 2019 measured over a 3 year period to 31 December 2021 will vest to the extent of 45.3% on 4 March 2022. The share price on grant of this award was £11.26 and at the end of the 3-year period was £11.84. Dividend equivalents will be applied to the vested award at the time of exercise.

(4) This is an estimated value based on the average share price over the last quarter of 2021 of £11.539 for the 2019 LTIP awards which vest on 4 March 2022

(5) This is the actual value derived from the 2018 LTIP calculated using the share price on the vesting date, 5 March 2021 which was £9.28 and includes notional dividend shares. Last year's report included an estimate based on the average share price over the last quarter of 2020 of £7.0845 as the award had not vested at the date of the report. See page 155 for further information.

(6) 100% annual bonus was achieved for the year, see page 151 for further information. 30% of the annual bonus will be deferred into shares (with no conditions applied).

(7) Graham Prothero was granted 3,849 Save As You Earn (SAYE) options at an option price of £4,676 (representing a 20% discount to the prevailing market price of £5,845 during 2020), resulting in an equivalent benefit of £4,500

(8) Earl Sibley was granted 2,208 Save As You Earn (SAYE) options at an option price of £8,152 (representing a 20% discount to the prevailing market price of £10.19 during 2021), resulting in an equivalent benefit of £4,500

The following table shows the remuneration for the non-executive directors who served during the 2021 financial year

	Salary / fees £000		Totals £000	
Non-Executive Directors	2021	2020	2021	2020
Ian Tyler	190	190	190	190
Chris Browne	54	54	54	54
Ralph Findlay	74	74	74	74
Katherine Innes Ker	54	54	54	54
Nigel Keen	64	64	64	64
Mike Stansfield (1)	41	54	41	54
Ashley Steel (2)	31	-	31	-

(1) resigned 30 September 2021
(2) appointed 10 June 2021

In addition to their fees, the non-executive directors were entitled to claim non-taxable expenses incurred whilst fulfilling their role. No taxable expenses were incurred by the non-executive directors whilst fulfilling their role.

Payments to Executive Directors for external directorships (unaudited)

During the year, a fee of £1 693m was paid to Greg Fitzgerald's personal service company by Baker Estates Limited, of which he is non-executive Chairman, together with loan interest payments of £846,379. He is also a non-executive Chairman of Ardent Hire Solutions Limited, for which his personal service company received a fee of £124,000 during the year. Graham Prothero is Senior Independent Director and Audit Committee Chair of Marshalls plc, for which he received a fee of £62,769 during the year. Earl Sibley does not currently hold any external directorships

Annual bonus payment in respect of 2021 (audited)

The maximum opportunity for the Chief Executive, the Chief Operating Officer and Chief Financial Officer for the year ended 31 December 2021 was 150% of salary with the last third of any bonus award being paid in shares, deferred for two years. Provisions that enable the recovery of sums paid (clawback) continue to apply, as set out in the policy table.

A breakdown of the performance against the measurement criteria is shown below.

All targets were set in January 2021 with the maximum targets increased in February 2021.

Measure	Weighting (as a % of maximum)	Threshold	On target	Stretch and maximum	Outcome and award achieved
Financial measures (100%)					
Adjusted profit before tax (calculated prior to exceptional costs and amortisation of acquired intangibles)	60%	10% of maximum £260m	25% of maximum £297m	100% of maximum £325m	£346m (100%)
Period end capital employed (being total equity less goodwill, intangible and net cash)	40%	10%: £1,772m	50%: £1,688m	100%: £1,654m	£1,481m (100%)
Non-financial measures (0%)					
Customer Satisfaction (HBF Survey Score) (completions between 1 October 2020 and 30 September 2021 to reach at least 90% with reduction to total bonus applied below 90%)	*Acts as threshold*	*n/a*	*n/a*	*n/a*	Threshold met (HBF survey score: 5-Star)
Total bonus (% salary)					100%

Executive Director	Maximum bonus % salary -	Target bonus % of salary	Actual bonus % of salary	Total 2021 bonus £000
Greg Fitzgerald	150	52.5	150	1,045
Graham Prothero	150	52.5	150	750
Earl Sibley	150	52.5	150	593

In determining the executive directors' 2021 Annual Bonus outcome, the Committee maintained a clear and rigorous focus on aligning pay with performance, coupled with consideration of performance against the metrics. Results in respect of both financial metrics exceeded the maximum targets set given the significant step up in financial performance in the year and strong demand across all areas of the business during 2021 coupled with c.6% house price inflation, set against supply chain challenges impacting the build programme. The performance against the target for Capital Employed was due to the successful focus on good working capital management resulting in a significantly improved year end net cash position. The maximum target for the Profit metric was clearly above consensus at the time of approval. The Customer Satisfaction metric acted as a gateway threshold, with a minimum achievement of 90% satisfaction on the HBF 8-week customer survey score required. The score achieved for the Group was in excess of this with all three divisions within the Housebuilding business, as well as the Partnerships business, achieving a 5 star rating. The Committee considered whether to exercise its discretion and agreed not to adjust this outcome as it is comfortable that this outcome is both fair and appropriate given the performance of the business in the year and wider stakeholder experience outlined earlier in this report.

Long Term Incentive Plan (audited)

Long term incentive awards are made in the form of performance shares or nil-cost options under the Vistry Group Long Term Incentive Plan, which was approved by shareholders at the General Meeting held on 2 December 2019. All awards prior to 2020 were granted under the rules approved at the 2010 Annual General Meeting. Each award is made subject to the achievement of performance criteria as explained below and will ordinarily vest after three years. A two-year holding period following vesting was introduced for 2017 awards onwards, which extends to five years the time between awards being granted and when they can be exercised. Provisions that enable the withholding of payment or the recovery of sums paid (malus and clawback) were further strengthened with the adoption of the LTIP rules.

Discretions available to the Committee contained in the LTIP rules are set out in the policy table on page 164 and also in the exit payments policy in the full Remuneration Policy available on our website at vistrygroup.co.uk/investor-centre.

Directors' Remuneration report

Awards granted during 2021 (audited)

The table below shows the awards granted to executive directors in 2021 in the form of nil cost options. The shares were awards based on a share price of £9.28 on 5 March 2021. Awards for the executive directors were made at 90% of the usual grant level. This has been used to determine the face value of the awards The award is subject to a three-year performance period ending on 31 December 2023 and exercisable in 2026, following a two-year holding period

Executive Director	Type of award	Awards as % of salary	Number of shares awarded	Face value of award £000
Greg Fitzgerald	Performance Share Plan	180	135,109	1,254
Graham Prothero	Performance Share Plan	180	96,982	900
Earl Sibley	Performance Share Plan	180	76,616	711

The performance measures for all 2021 awards are TSR (33.3%), adjusted EPS (33.3%) and ROCE (33.3%) Achieving threshold performance for the financial and share price performance measures would result in 25.0% of the total award vesting.

The performance targets are:

- TSR – threshold performance equal to the annualised median of the index and maximum performance equal to the annualised upper quartile of the index, using a relative ranking approach
- Adjusted EPS – threshold performance at cumulative EPS of 320 pence and maximum performance at cumulative EPS of 392 pence. The threshold and maximum performance for EPS aligned with the profit targets in the 2021 annual bonus scheme which in turn are set by reference to the Budget and consensus over the three year period, and also to profit forecasts made at the time of the Acquisition.
- ROCE – threshold performance at 20.8% and maximum performance at 23%, both as measured in the third year of the performance period (2022). Despite the significant impacts of Covid on the business in 2020 and into 2021, the threshold performance for ROCE was maintained at the level set for the 2020 LTIP awards, with the maximum moved forwards.

The 2021 constituents of the TSR index, which may be subject to change, are as listed below:

TSR comparator group			
Barratt Developments plc	Bellway plc	The Berkeley Group plc	Countryside Properties PLC
Crest Nicholson Holdings plc	Persimmon plc	Redrow plc	Taylor Wimpey plc

Awards vesting in respect of 2021 (audited)

The LTIP awards made in 2019 were measured over the three-year period to 31 December 2021 and will vest as to 45.3% of the maximum award on 4 March 2022. For the purposes of providing an indicative figure within the single figure table, we have used the share price over the last three months of the financial year: £11.539.

Performance measure	Weighting	Threshold (25% Vesting)	Maximum (100% Vesting)	Actual	% achieved against weighting	% vesting
Adjusted EPS	33 33%	320p	353p	289.6p	0%	0%
TSR	33 33%	Performance equal to the annualised median of the index	Performance equal to the annualised median of the index, plus 7.5%	12 85%	36 10%	12%
ROCE	33 33%	22%	25%	25%	100%	33.3%
Straight line vesting occurs between threshold and maximum					Total vesting	45.30%

The adjusted EPS performance was impacted by the disruption to the business in 2020 as a result of the Covid restrictions The Committee recognises the difficult shareholder experience over the course of 2020, associated fall in the Company's share price and suspension of FY19 dividend However, a strong performance has been achieved throughout the year across all business areas, the share price has recovered performing ahead of sector peers and we were pleased to recommence payment of an interim and final dividend The ELT was proactive to support employees in 2020 through the impact of the pandemic including repayment of all salary reductions and furlough money, and in 2020 at the request of the ELT the value of LTIP awards were reduced by 10% with an additional bonus equivalent to such reduction paid as a cash bonus to the lowest paid employees, A 4 75% pay increase has been made to employees for 2022 and the 2021 bonus metrics for both general employees and managers were met at maximum The Committee has not adjusted this outcome given this context, it concluded that the outcome was a fair reflection of both corporate performance and stakeholder experience over the period and did not consider it necessary to adjust the formulaic vesting level

ROCE is monitored to reflect the underlying performance of the Group, with exceptional items and the amortisation of acquired intangible assets excluded from the calculation Given the increase in the retirement benefit assets during the year, the basis for the calculation of reported ROCE has been amended to remove the surplus from the opening and closing capital employed This is considered to be reasonable as the change in the retirement benefit assets is less in control of management and movements are predominantly subject to valuation fluctuations. The change in approach would not have led to a change in LTIP vesting outcomes as reported ROCE was 25 5%

Historical LTIP awards (audited)

The table below summarises the historical long-term incentive awards made to the executive directors

		Award size (% salary)			Performance criteria				
Year of grant	Performance period	(CEO)	(COO)	(CFO)	Customer Satisfaction	TSR	EPS	ROCE	Percentage of award vesting
2017	01/01/2017 - 31/12/2019	(1) 200	-	125	33.3	22 2	22 2	22 2	81.6
2017		(2) 100	-	-	-	100	-	-	100
2018	01/01/2018 - 31/12/2020	(3) 200	-	125	25	25	25	25	25
2019	01/01/2019 - 31/12/2021	150	-	125	-	33 3	33.3	33.3	45.3
2020	01/01/2020-31/12/2022	200	200	200	-	33 3	33 3	33 3	Ongoing
2021	01/01/2021 - 31/12/2023	180	180	180	-	33 3	33 3	33 3	Ongoing

(1) As explained in the 2017 Directors' Remuneration Report, this level of award was granted on a exceptional basis
(2) As explained in the 2018 Directors' Remuneration Report, G Fitzgerald recruitment award which vested with effect from 31 December 2018
(3) As explained in the 2018 Directors' Remuneration Report, this level of award was granted on an exceptional basis

Pensions (audited)

In 2020, the Committee agreed a gradual phasing down of executive director pensions of Greg Fitzgerald and Earl Sibley to the workforce level (currently 7% of base salary) by January 2023, with a series of stepped reductions applying from 1 January 2021, 2022 and 2023

Greg Fitzgerald and Earl Sibley were not members of a pension scheme during the year and received pension salary supplements of 12% and 10% of their respective base salaries

None of the executive directors have a prospective right to defined benefit pensions and there are no special early retirement or early termination provisions for executive directors, except as noted in the exit payments policy in the Remuneration Policy, available on our website at vistrygroup co uk.

Any new appointments include eligibility for membership of the Group's defined contribution pension arrangements

Payments for loss of office and to past directors (audited)

There were no payments for loss of office made during the year There were also no payments to past directors

Directors' Remuneration report

Directors' shareholdings and share interests

Directors' beneficial share interests (audited)

The directors' interests in the share capital of the Company are shown below. All interests are beneficial

	31 Dec 2021				31 Dec 2020			
	Ordinary shares**	LTIP shares (subject to performance conditions)*	LTIP shares (vested, subject to two-year holding period)*	SAYE options (options subject to continuous employment)	Ordinary shares	LTIP shares (shares subject to performance conditions)*	LTIP shares (vested, subject to two-year holding period)*	SAYE options (options subject to continuous employment)
Executive Directors								
Greg Fitzgerald	710,110	334,561	122,128	-	544,327	322,489	244,941	-
Graham Prothero	62,665	175,168	-	3,849	54,974	78,186	-	3,849
Earl Sibley	29,425	175,544	49,640	2,208	19,102	136,439	40,263	4,213
Non-Executive Directors								
Ian Tyler	6,441	-		-	6,234	-		-
Chris Browne	9,832	-		-	9,832	-		-
Ralph Findlay	2,868	-		-	2,868	-		-
Katherine Innes Ker	850	-		-	850	-		-
Nigel Keen	-	-		-	-	-		-
Mike Stansfield (1)	-	-		-	-	-		-
Ashley Steel (2)	1,978	-		-	-	-		-

(1) resigned on 30 September 2021

(2) appointed on 10 June 2021

*** includes ordinary shares (subject to a two-year holding period) acquired on 15 March 2021 under annual bonus arrangements in respect of 2020 to Greg Fitzgerald (10,493 ordinary shares), Graham Prothero (7,531 ordinary shares) and Earl Sibley (5,950 ordinary shares)*

** all awards granted as nil cost options*

There were no changes in the holdings of ordinary shares of any of the directors between 31 December 2020 and 1 March 2022 other than the normal monthly investment in partnership shares through the Vistry Group PLC Share Incentive Plan

The directors' interests in share options and awards under the LTIP are detailed on page 155. There were no changes in the holdings of share options and awards under the LTIP between 31 December 2021 and 1 March 2022.

Shareholding guidelines (audited)

Guidelines have been approved for executive directors in respect of ownership of Vistry Group PLC shares. During 2021, the Board expected executive directors to retain 100% of the net value derived from the exercise of LTIP awards as shares, after settling all costs and income tax due, until such time as executive directors hold shares with an historical cost equal to 200% of basic annual salary. Shares no longer subject to performance conditions but subject to deferral or a holding period count towards the guideline (on a net of tax basis).

Executive Director	Shareholding at 31 Dec 2021	Historical acquisition cost	Salary at 1 Jan 2022	Shareholding achieved %	Shareholding guideline %
Greg Fitzgerald	710,110	£6,540,440	£726,169	901	200
Graham Prothero	62,665	£767,840	£515,000	149	200
Earl Sibley	29,425	£248,536	£413,763	60	200

Greg Fitzgerald continued to meet the shareholding guidelines during 2021 and, having made further acquisitions during the year, now holds shares with a historical cost equal to over nine times basic annual salary. Graham Prothero acquired shares during the year and has made good progress towards meeting the shareholding guidelines. Earl Sibley continued to increase the number of shares held during 2021

Directors' interests in Long Term Incentive Plan shares* (audited)

Executive Director	Award Date	Vesting date	Interest as at 31/12/21	Interest as at 31/12/20	Value of shares at date of award (£000)	Vesting & exercised in year	Lapsed in year	Expiry date	Market value at vesting (£000)	Gain on exercise (£000)	Shares retained on exercise
Greg Fitzgerald	02/05/17	31/12/17	-	76,786	650	76,786	0	18/04/20	671	1,018	50,836
	02/05/17	31/12/17	-	76,786	650	76,786	0	18/04/20	671	1,018	50,836
	08/09/17	08/09/20	91,369	91,369	1,300	-	-	08/09/27	-	-	-
	05/03/18	05/03/21	30,759	123,037	1,332	-	92,278	05/03/28	-	-	-
	04/03/19	04/03/22	90,529	90,529	1,019	-	-	04/03/29	-	-	-
	02/03/20	02/03/23	108,923	108,923	1,393	-	-	02/03/30	-	-	-
	05/03/21	05/03/24	135,109	-	1,254	-	-	05/03/31	-	-	-
Graham Prothero	02/03/20	02/03/23	78,186	78,186	1,000	-	-	02/03/30	-	-	-
	05/03/21	05/03/24	96,982	-	900	-	-	05/03/31	-	-	-
Earl Sibley	08/09/17	08/09/20	40,263	40,263	375	-	-	08/09/27	-	-	-
	05/03/18	05/03/21	9,377	37,511	650	-	28,134	05/03/28	-	-	-
	04/03/19	04/03/22	37,161	37,161	418	-	-	04/03/29	-	-	-
	02/03/20	02/03/23	61,767	61,767	790	-	-	02/03/30	-	-	-
	05/03/21	05/03/24	76,616	-	711	-	-	05/03/31	-	-	-

*All awards were granted as nil cost options

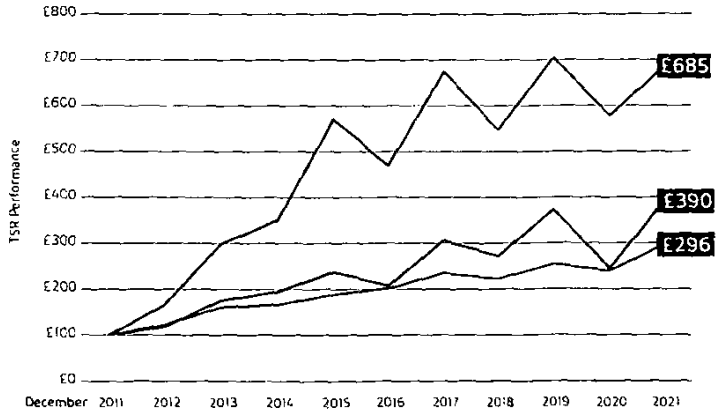
Directors' interests in share options (audited)

Executive Director	Date of Grant	Scheme	Interest as at 31/12/21	Granted in year	Lapsed in year	Exercised in year	Interest as at 31/12/20	Exercise price per share (£)	Option exercise period
Greg Fitzgerald	-	-	-	-	-	-	-	-	-
Graham Prothero	03/10/2020	SAYE	3,849	-	-	-	3,849	4.676	12/23-05/24
Earl Sibley	24/05/2016	SAYE	-	-	-	4,213*	4,213	7.12	06/21-12/21
	01/06/2021	SAYE	2,208	2,208	-	-	-	8.152	06/24 - 12/24

*Market price on date of exercise (1 June 2021) was £13.435 per share

The 2021 Save As You Earn (SAYE) options were granted at a 20% discount to the prevailing market price of £10.19 on the date of grant. There was no payment required to secure the grant of any share options. There was no change in the terms and conditions of any outstanding options granted under the SAYE Scheme during the financial year. Share options held in the SAYE Scheme, which are not subject to performance conditions, may under normal circumstances be exercised during the six months after maturity of the savings contract.

Total Shareholder Return performance graph[1]



FTSE 350 Home Construction Companies[2]
Vistry Group PLC
FTSE 250 index

(1) This graph illustrates ten-year TSR performance and therefore does not represent the period under which the Long Term Incentive Plan is measured.

(2) Median TSR growth of the constituents of the bespoke index. Index consists of FTSE 350 home construction companies as at 31 December 2010 (Barratt Developments, Bellway, The Berkeley Group, Persimmon, Redrow, Taylor Wimpey).

Directors' Remuneration report

As required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the above graph shows the Total Shareholder Return of an ordinary share held in Vistry Group PLC (previously named Bovis Homes Group PLC) over the last ten financial years, compared to the FTSE 250 index and the median of the FTSE 350 housebuilding companies (as listed at 31 December 2010) over the same period. As a constituent of the FTSE 250 operating in the home construction sector, the Committee considers both these indices to be relevant benchmarks for comparison purposes.

The middle market price of the Company's shares at 31 December 2021 was £11.84 (2020: £9.395). During the year ended 31 December 2021 the share price recorded a middle market low of £8.42 and a high of £13.465.

Total CEO remuneration

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Greg Fitzgerald (from 2017)										
Single figure total £000						1,376	2,180	2,175	1,342	2,363
Annual bonus against maximum %						100	89	100	30	100
LTIP vesting against maximum %						0	0	81.6	25	45.3
Recruitment award vesting against maximum %						n/a	100	n/a	n/a	n/a
David Ritchie (2012-2016)										
Single figure total £000	1,315	1,440	1,596	1,505	1,029					
Annual bonus against maximum %	84.2	97.8	88.7	59.8	10					
LTIP vesting against maximum %	50	50	66.7	66.7	35.9					
Recruitment award vesting against maximum %	n/a	n/a	n/a	n/a	n/a					

Annual % change of directors' remuneration

The following table summarises the annual percentage change of each director's remuneration compared to the annual percentage change of the average remuneration of the Company's employees (calculated on a full-time equivalent basis)

	Salary/Fees		Benefits		Annual Bonus	
Executive Directors	2021	2020	2021	2020	2021	2020
Greg Fitzgerald	4.25%	2.50%	0.00%	94.00%	400.00%	-69.00%
Graham Prothero	3.00%	-	10.00%	-	400.00%	-
Earl Sibley	4.75%	18.00%	0.00%	82.00%	402.54%	-65.00%
Non-Executive Directors						
Ian Tyler	n/a	2.75%	n/a	n/a	n/a	n/a
Chris Browne	4.66%	2.75%	n/a	n/a	n/a	n/a
Ralph Findlay	4.72%	2.00%	n/a	n/a	n/a	n/a
Katherine Innes Ker	4.66%	2.75%	n/a	n/a	n/a	n/a
Nigel Keen	4.72%	2.30%	n/a	n/a	n/a	n/a
Mike Stansfield (1)	n/a	3%	n/a	n/a	n/a	n/a
Ashley Steel (2)	n/a	n/a	n/a	n/a	n/a	n/a
Average pay of employees of the Group	2.78%	6.14%	1%	1%	368.86%	3%

CEO pay ratio

Our CEO pay ratio has been calculated using "option A", which uses total full-time equivalent total remuneration for all UK employees for the relevant financial year to rank the data and identify employees whose remuneration place them at median, 25th and 75th percentile, and was the same method used in 2020. The remuneration figures for the employees at each quartile were determined with reference to the financial year ending 31 December 2021. The Committee has reviewed the results of the calculations and is satisfied that they are representative of the respective quartiles and that there would be little difference if calculated on any other basis. The increase in CEO pay ratio is due to a large proportion of the CEO's remuneration being variable and in 2021, a significantly higher proportion of the variable pay became payable due to the impact of Covid on variable remuneration in 2020. The 2021 pay ratios are more directly comparable to the 2019 pay ratios, which shows a reduction across each quartile. No meaningful trend in CEO pay ratio can be interpreted at this time. The Remuneration Committee reviews the ratios and considers them to be appropriate and consistent with the relative roles and responsibilities of the CEO and employees of the Group.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Option A	70.2:1	44.5:1	31.6:1
2020	Option A	44.7:1	30.9:1	20.5:1
2019	Option B	78:1	56:1	43:1

Relative importance of spend on pay

The table below details Group wide expenditure on pay for all employees (including variable pay, social security, pensions and share based payments) as reported in the audited financial statements for the last two financial years, compared with adjusted profit before tax and dividends paid to shareholders.

Year	Total Spend on Pay £m (1)	Adjusted Profit before Tax £m (2)	Dividends Paid £m (3)
2021	215.7	346.0	88.7
2020	213.0	143.9	0.0

Notes:

(1) Total spend on pay in 2020 was £213m and in 2021 was £215.7m, representing an increase of 1.3%.

(2) Adjusted profit before tax in 2020 was £143.9m and in 2021 was £346m, representing an increase of 140%. We include adjusted profit before tax as it is considered an important metric in determining bonus outcomes and therefore impacts the overall spend on pay.

(3) Cash dividends paid to shareholders totalled £0m in 2020 and £88.7m in 2021, representing an increase of 100%.

Implementation of remuneration policy for the year ending 31 December 2022

The remuneration policy was approved at the General Meeting held on 2 December 2019, effective from 3 January 2020 and a new Policy must be put to shareholders at the AGM in May 2022. The key changes in the way that the remuneration policy is proposed to be implemented in 2022 are:

- Following a 2022 salary review including taking into account the link between executive remuneration and pay, and employment conditions throughout the Group (including oversight of the general proposals for staff for 2022), it was determined that base salary increases would be made to each of the Executive Directors from 1 January 2022 which were no more than the total of 4.75% applied to the workforce.
- *The fees for the incoming Chairman and non-executive director fees were reviewed and were increased. The incoming Chairman fees* were increased to £225,000 in line with the median fees paid to Chairs in the FTSE250. The fees to non-executive directors and Chairs of committees were increase to £57,000 and £10,500 in line with the salary increase applied to the workforce.
- The metrics in the annual bonus scheme have been adapted to incorporate an ESG scorecard in addition to the financial measures of adjusted profit before tax and period capital employed. The deferral of one third of any bonus payment shall be satisfied through the grant of conditional awards under the Deferred Bonus Plan with a two year vesting period.
- The 2022 LTIP award vesting criteria shall remain as TSR, adjusted EPS and ROCE. The level of award made to the Executive Directors shall return to the usual grant level of 200% of base salary.

Directors' Remuneration report

Executive directors' base salaries and benefits

The salaries of the executive directors with effect from 1 January 2022 were as follows:

Executive Directors	Position	2022 base salary £000	% Increase from 2021
Greg Fitzgerald	CEO	726	4.25%
Graham Prothero	COO	515	3%
Earl Sibley	CFO	414	4.75%

When reviewing base salary, the Committee took account of increases awarded to the workforce, in addition to benchmarking data for equivalent roles in FTSE250 and sector peers, the individual performance of executive directors and the impact on their total compensation.

The salary increases for the executive directors were the same as or less than those received by the wider employee population Benefits will continue on the same basis as for 2021

Approach to annual bonus

The Committee remains of the view that it is important for the Group's incentive arrangements to reflect the enlarged Group's positioning in the sector and to support capability to recruit and retain the talent required to ensure a successful and sustainable business, delivering positive outcomes for all stakeholders. The maximum bonus opportunity level for 2022 will be retained at 150% of basic annual salary, with the last third of any bonus award being paid in shares through awards under the Deferred Bonus Plan with a vesting period of two years.

The Committee determined that the annual bonus scheme for 2022 should maintain the focus on financial metrics with a profit gateway to the earning of bonus with a continued weighting of 60%. Further ESG metrics have been included for the first time in view of the Group's developing sustainability strategy. The ESG scorecard includes a weighting of 5% attributable to Customer Satisfaction measured by way of both the 8-week and 9-month Home Builders Federation ("HBF") survey scores and a weighting of 5% attributable to a sustainability scorecard (including affordable housing and people metrics with a carbon reduction underpin).

The period end capital employed measure is designed to deliver operating efficiencies and maintain a strong and robust balance sheet and appropriate level of gearing. Period end capital employed shall be calculated to remove the retirement benefit asset from the opening and closing capital employed consistent with the approach applied to the calculation of the ROCE metric in the 2022 LTIP awards. This is considered to be reasonable as the change in the retirement benefit assets is less in control of management and movements are predominantly subject to valuation fluctuations. Customer satisfaction has a weighting of 5% for achievement of HBF Customer Satisfaction 9-month survey scores of over 75% up to 80% on a straightline basis, with a deductor of 20% to total bonus if the HBF Customer Satisfaction 8-week survey score is less than 90% for the Group. The customer satisfaction metric has changed from 2021 where it acted as a threshold based on 8 week survey scores, whereas in 2022 it is a standalone metric based on 9 month survey scores with a deductor for 8 week survey scores The rationale for the change is to enhance focus on customer satisfaction through the build process, handover to the customer and resolution of any snagging issues. The benchmark set by the HBF for 9 month survey scores is lower than that for 8 week survey scores hence the percentage target being 75% for 9 month survey scores and 90% for 8 week survey scores. The ESG scorecard is across (i) year on year increase in delivery of affordable housing above s106 requirements (ii) achievement of set number of learners through skills academies and trainees (iii) carbon underpin of a requirement to formalise targets through Science Based Targets Initiative and put in place an implementation plan.

Provisions that enable the withholding of payment or the recovery of sums paid (malus and clawback) apply to the annual bonus in circumstances of (i) a material misstatement of results; (ii) an error in assessing a performance condition or in the information on which the award was granted; (iii) serious misconduct; (iv) a material failure of risk management; (v) circumstances of corporate failure (vi) serious reputational damage; or (vii) any other circumstances that the Committee considers to be similar in nature or effect. Malus can apply prior to the bonus payment date and clawback can apply for a two- year period thereafter.

The Committee has decided not to disclose the detail of financial performance targets in advance as they are considered commercially sensitive, being closely indicative of the Group's strategy, but will disclose them retrospectively in the 2022 annual Remuneration Report.

The 2022 performance measures and weightings are described below.

Measure	Weighting 2022 (as % of max)	Weighting 2021 (as % of max)
Financial measures		
Adjusted profit before tax (acts as gateway to bonus)	60	60
Period end capital employed	30	40
Non-financial measures		
ESG - Customer satisfaction	5(1)	Acts as a threshold
ESG - Affordable housing and people metrics, with carbon reduction underpin	5	-

(1) as explained on the facing page the customer satisfaction metric comprises both an incentive and a deductor.

LTIP approach for 2022

The key features of the long-term incentive arrangements (as outlined on pages 151 to 152) are expected to remain broadly similar as those for 2021, save that the adjusted EPS metric shall be changed from a cumulative three year measure to be determined by reference to absolute performance in the third year of the performance period. The Committee considers that a base to end measurement basis would be more reflective of effective management of the Group to achieve long-term growth in the business aligned with Housebuildings' strategy 25 x 25 x2S and Partnerships' strategy Project Pace (as detailed on page S1) as opposed to a focus on annual operational performance (which is reflected in the annual bonus profit metric). Provisions that enable the withholding of payment or the recovery of sums paid (malus and clawback) can apply to LTIP awards in certain circumstances, consistent with those that apply to the bonus, disclosed on the previous page. Malus can apply prior to the award vesting date and clawback can apply for a two-year period thereafter. A two-year holding period following vesting extends to five years the time between awards being granted and when they can be exercised.

Performance measures and targets for 2022 LTIP awards

The performance measures for all 2022 awards will be TSR (33.3%), adjusted EPS (33.3%) and ROCE (33.3%) and threshold vesting will be set at 25% for each financial measure. Vesting will be on straightline basis between threshold and maximum.

- TSR – threshold performance equal to the median of the comparator group and maximum performance equal to the upper quartile *of the comparator group, using a relative ranking approach.*
- Adjusted EPS – threshold performance of 124 pence and maximum performance of 152 pence, both as measured in the third year of the performance period (2024).
- ROCE – threshold performance at 23.2% and maximum performance at 28.1%, both as measured in the third year of the performance period (2024).

The EPS targets are set based on earnings excluding amortisation and exceptional items, with threshold performance at 124 pence recognising the impact of changes to both corporation tax and the commencement of Residential Property Development Tax. Maximum EPS performance was set at 152 pence, reflecting continued controlled volume growth in Housebuilding, more aggressive growth in Partnerships and a focus on margins across the Group, all aligned with strategy. The ROCE threshold performance for ROCE at 23.2% reflects the reduction in Partnerships ROCE over the medium term in line with the strategy to invest more in the mixed tenure element of the business. The maximum moves forward to 28.1% as the business targets sector leading returns in the medium term. Consistent with the approach applied to the calculation of reported ROCE for 2021, *the calculation of the ROCE metric in 2022 LTIP awards shall remove the retirement benefit asset from the opening and closing capital employed. This is considered to be reasonable as the change in the retirement benefit assets is less in control of management and movements are predominantly subject to valuation fluctuations. The Committee is satisfied that these targets are suitably stretching.*

Pensions

Pension arrangements (as outlined on page 153) are subject to a stepped reduction arrangement designed to equalise executive director pensions with the 7% rate applicable to the wider workforce on or before 1 January 2023. The pension rates applicable from 1 January 2022 are set out below:

Executive Directors	Pension salary supplement
Greg Fitzgerald	12%
Graham Prothero	7%
Earl Sibley	10%

Directors' Remuneration report

Post-employment shareholding guidelines

Executive directors are expected to retain the lower of one times the shareholding guideline (200% of salary) and the actual shareholding at cessation for two years post cessation. The shares to be held only include vested shares from incentive schemes and exclude shares purchased by executive directors

Non-executive directors' remuneration

The fees for the non-executive director positions for 2022 were reviewed and the revised fees are set out below:

Role	Fees 2021	Fees 2022
Chair	190,100	190,100*
Senior Independent Director	10,000	10,000
Non-Executive Director	54,460	57,000
Audit Committee Chair	10,000	10,500
Remuneration Committee Chair	10,000	10,500

** The fees for Ralph Findlay as the incoming Chairman from conclusion of the AGM shall be £225,000*

The fees for the Chairman and the other non-executive directors were reviewed with an increase of 4.6% made to the base fee for non-executive directors and an increase of 5% made to the Committee Chair fee in line with the total increase of 4.75% applied to the workforce. The fees were increased following a review which took into account the economic environment, alignment with the experience of stakeholders, competitive positioning based on benchmarking data, responsibilities, time commitment for the roles and the size and complexity of the Company. The Chairman's fee was last reviewed with effect from 1 January 2020. The non-executive director base fee was also last reviewed with effect from 1 January 2020 The fees for the incoming Chairman were also reviewed and increased to £225,000 in line with median Chair fees in the FTSE250.

Remuneration of senior management and other below board employees

In addition to responsibility for executive directors, the Committee is also involved in consideration of the remuneration arrangements for the Executive Leadership Team below the Board, in conjunction with the Chief Executive. Alignment is delivered by ensuring that senior management and executive directors participate in the same bonus and incentive schemes as far as possible, with similar performance measures and targets. The Committee has visibility of the remuneration of management teams below the Executive Leadership Team and has oversight of payment and employment conditions throughout the Group and takes these into account when setting executive pay. Engagement with the workforce took place during the year in connection with the communication of bonus arrangements across the Group and their alignment, through a Peakon staff engagement survey containing questions on remuneration and People Forum.

Advisers to the Committee

The Committee appointed Willis Towers Watson ('WTW') as its advisors in December 2018, following a selection and interview process. WTW provide independent advice on all aspects of executive remuneration and attend Remuneration Committee meetings when invited by the Chairman of the Committee. The Committee reviews the advice, challenges conclusions and assesses responses from its advisors to ensure objectivity and independence. WTW also provide actuarial consultancy and administration services to the Trustee of the Bovis Homes Pension Scheme and Group pensions Willis Towers Watson is a founder member of the Remuneration Consultants Group and have signed the voluntary Code of Conduct for remuneration consultants. The fees paid to Willis Towers Watson for services provided in 2021 were £86,088 on a time-spent basis (2020: £176,635).

The Remuneration Committee

Committee membership and meetings

All members of the Committee are independent non-executive directors who have no personal financial interest, other than as shareholders, in the matters to be decided. Biographical details are provided on pages 102 to 103

Name	Date of appointment	Role	Attendance at meetings
Nigel Keen	15/11/16	Chair	5/5
Chris Browne	01/09/14	Member	5/5
Ralph Findlay	07/04/15	Member	5/5
Katherine Innes Ker	09/10/18	Member	5/5
Mike Stansfield (1)	28/11/17	Member	2/3
Ashley Steel (2)	10/06/21	Member	3/3

(1) Resigned 30 September 2021 (2) Appointed 10 June 2021 The Group Company Secretary acts as secretary to the Committee

Responsibilities and terms of reference

The key responsibilities of the Committee:

- *Reviewing the structure, size and composition of the Board (including skills, knowledge, experience and diversity) and making recommendations to the Board.*
- Considering succession planning for directors and senior executives, taking account of the challenges and opportunities facing the Company and the skills and expertise needed in the future.
- Monitoring the leadership needs of the Company and leading the process for Board appointments, ensuring they are conducted on merit, against objective criteria, including diversity and inclusion, using the services of an appropriate external search consultant.
- Making recommendations to the Board, including on the re-appointment of non-executive directors, the re-election of directors at the AGM, and membership of the Audit and Remuneration Committees.

In addition to the key activities and decisions mentioned in the introduction to this report, the Committee approved the directors' remuneration report for inclusion in the 2020 Annual Report, approved the 2021 offer of the SAYE scheme, reviewed remuneration related workforce policies and practices in the light of the pandemic, and considered and responded to shareholder feedback in connection with the remuneration policy adopted at the December 2019 General Meeting. The Committee is kept appraised of issues arising out of workforce engagement on their remuneration arrangements by the CEO and CFO, and by the Chair of the Committee who is also the employee engagement Non-Executive Director. It received a 2020 AGM season review and a pandemic market update. An internal evaluation of the Committee's performance during 2021 was performed and it was found to be functioning effectively and fulfilling its remit. The outputs of the evaluation has set the priorities for the Committee for 2022 being developing the use of ESG metrics relating to long term incentives, including metrics regarding climate relating to data approved by Science Based Target Initiative, and expanding guidance from the remuneration consultants on the structure of metrics used in incentives particularly relating to ESG.

The Committee starts its meetings without executive management present when it wishes to do so. During 2021, the Committee asked Ian Tyler (Chairman), Greg Fitzgerald (Chief Executive) and Earl Sibley (Chief Financial Officer) to attend meetings and assist its discussions. This excluded matters connected to their own remuneration, service agreements or terms and conditions of employment. The Committee takes care to recognise and manage conflicts of interest when receiving views from executive directors or senior management and no director or senior executive is involved in any decisions regarding their own remuneration.

Shareholder voting

At the Annual General Meeting held on 17 May 2021, shareholder proxy voting on the directors' remuneration report for the year ended 31 December 2020 was as follows:

Resolution	For	%	Against	%	Total votes	Withheld [1]
Directors' Remuneration Report 2020	159,205,033	98.63	2,205,733	1.37	161,410,766	79,963
Directors' Remuneration Policy 2019	73,854,103	65.46	38,973,302	34.54	112,827,405	17,584

(1) A vote withheld is not a vote in law and is not counted in the calculation of votes for and against

The Board recognised the shareholder opposition to the resolution on the Directors' Remuneration Policy 2019, their principal concern was the increase in the CFO's base salary from 1 January 2020, the repositioning of which was notified to shareholders in the Circular dated November 2019, which set out the basis of the Acquisition and which reflected his base salary's pre-existing and material shortfall to the market. Before the Covid pandemic related reductions (repaid in December 2020), both his new base salary and total compensation package were almost exactly in line with the median of UK listed housebuilders. The Directors' Remuneration Report 2020 did not receive significant votes against indicating that shareholder concerns were alleviated

By order of the Board

Nigel Keen
Chairman of the Remuneration Committee

2 March 2022

Note: This Directors' Remuneration Report has been prepared in accordance with the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority, and describes how the Board has complied with the principles and provisions of the UK Corporate Governance Code relating to remuneration matters. Remuneration tables subject to audit in accordance with the relevant statutory requirements are contained in the annual remuneration report.

Directors' Remuneration report

Remuneration Policy

The table below sets out key elements of the proposed Remuneration Policy and changes from the existing Remuneration Policy which was approved at a General Meeting in December 2019. As the regulations require approval every three years, a new Policy must be put to shareholders at the AGM in May 2022. This is earlier than the standard three years but there would otherwise be an impermissible gap between December 2022 and the AGM in May 2023. It is the Committee's intention that we would then revert to a standard three-year cycle. The Remuneration Committee has taken the opportunity to conduct a thorough review of the current Remuneration Policy to ensure it remains appropriate to support the business and takes into account evolving best practice and regulatory developments. We have concluded that the current Policy remains overall fit for purpose, apart from a few minor changes summarised on page 144. The proposed Remuneration Policy, will be subject to a shareholder vote at the 2021 AGM.

Components of the remuneration framework for executive directors

The policy table below summarises the main components of the remuneration framework, a large proportion is performance related.

Base salary

To attract and retain high performing talent required to deliver the business strategy, providing core reward for the role.

Operation	Opportunity
Ordinarily reviewed annually. The review typically considers competitive positioning, the individual's role, experience and performance, business performance and salary increases throughout the Group. Market benchmarking exercises are undertaken periodically and judgement is used in their application.	Whilst we do not consider it appropriate to set a maximum base salary level, any increases will take into account the individual's skills, experience, performance, the external environment and the pay of employees throughout the Group. Whilst generally the intention is to maintain a link with general employee pay and conditions, in circumstances such as significant changes in responsibility or size and scope of role or progression in a role, higher increases may be awarded Thus, where a new director is appointed at a salary below market competitive levels to reflect initial experience, it may be increased over time subject to satisfactory performance and market conditions. This will be fully disclosed in advance on appointment.
Performance metrics	**Change from 2019 Policy**
Not applicable.	No change.

Benefits

To provide market competitive benefits consistent with role.

Operation	Opportunity
Benefits typically include medical insurance, life assurance, membership of the Vistry Group Regulated Car Scheme for Employees or cash car allowance, annual leave, occupational sick pay, health screening, personal accident insurance, and participation in all employee share schemes (SAYE and SIP). In line with business requirements, other expenses may be paid, such as relocation expenses, together with related tax liabilities.	We do not consider it appropriate to set a maximum benefits value as this may change periodically.
Performance metrics	**Change from 2019 Policy**
Not applicable	No change.

Pension

To attract and retain talent by enabling long term pension saving.

Operation	Opportunity
Executives joining the Group since January 2002 can choose to participate in a defined contribution arrangement or may receive a cash equivalent. A salary supplement may also be paid as part of a pension allowance arrangement	A pension allowance of up to 20 percent of base salary may be paid for current incumbents. However, pension rates will be subject to stepped reductions which will align with the rate applicable to the wider workforce on or before 1 January 2023. For new incumbents, the contribution rate is set at 7 % of base salary, to be maintained in line with changes in the rate applicable to the workforce. This may be taken as a contribution to the Group Personal Pension Plan, as a cash supplement, or a combination of the two. Salary increases awarded since 2020 are not pensionable for directors who receive pension contributions at a rate above that applicable to the workforce.

Performance metrics	Change from 2019 Policy
Not applicable.	No change other than to formalise the existing commitment to align current incumbent rates with those for the wider workforce via stepped reductions

Annual bonus

To incentivise and reward the delivery of near-term business targets and objectives

Operation	Opportunity
The annual bonus scheme is a discretionary scheme and is reviewed prior to the start of each financial year to ensure that it appropriately supports the business strategy. Performance measures and stretching targets are set by the Committee. Bonuses are normally paid in cash and one third of any bonus will be deferred in cash or shares for two years. It is the intention for the default treatment for deferred awards to be in shares. In any year in which no dividend is proposed discretion may be exercised to pay part, or all, of the bonus in ordinary shares, consistent with the deferral profile above Deferral will now be made under a new Deferred Bonus Plan, which will also be put for shareholder approval at the upcoming AGM Actual bonus amounts are determined by assessing performance against the agreed targets after the year end. The results are then reviewed to ensure that any bonus paid accurately reflects the underlying performance of the business. Awards may be granted with the benefit of dividend equivalents Clawback provisions apply (for a period of two years from the bonus payment date). Circumstances include: • a material misstatement • serious misconduct • a material failure of risk management • restatement of prior year results • corporate failure • serious reputational damage to any Group company	The annual bonus scheme offers a maximum opportunity of up to 150 % of base salary. Achievement of stretching performance targets is required to earn the maximum.

Performance metrics	Change from 2019 Policy
Performance measures are selected to focus executives on strategic priorities, providing alignment with shareholder interests and are reviewed annually. Weightings and targets are reviewed and set at the start of each financial year. Financial metrics will comprise at least 50 % of the bonus and are likely to include one or more of: • a profit-based measure • a cash-based measure • a capital return measure Non-financial metrics, key to business performance, will be used for any balance. These may include measures relating to build quality, customer service and ESG performance. Overall, quantifiable metrics will comprise at least 70 % of the bonus. Below threshold performance delivers no bonus and target performance achieves a bonus of 75 % of base salary The Committee has discretion to override formulaic outcomes when determining the level of bonus payout.	Existing commitment to defer one third of any bonus payment formalised into Policy. Deferral will now be made under a new Deferred Bonus Plan, which will also be put for shareholder approval at the upcoming AGM.

Long Term Incentive Plan (LTIP)

To incentivise, reward and retain executives over the longer term and align the interests of management and shareholders.

Operation	Opportunity
Typically, annual awards are made under the LTIP. Awards can be granted in the form of nil-cost options, forfeitable shares or conditional share awards. Performance is measured over a performance period of not less than three years. LTIP awards do not normally vest until the third anniversary of the date of the grant. Vested awards are then subject to a two-year holding period. For nil-cost options, this will be a prohibition on exercise until the end of the holding period. Awards may be granted with the benefit of dividend equivalents, so that vested shares are increased by the number of shares equal to the value of dividends, the record dates of which, fall between the date of grant and the date of vesting (or in the case of an option subject to a holding period, between the date of grant and the first date on which the option becomes exercisable). Dividend equivalents may be calculated on a reinvestment basis. Malus provisions can be applied to awards prior to the vesting date and clawback provisions can be applied for two years thereafter. Circumstances include: • a material misstatement, • serious misconduct, • a material failure of risk management, • restatement of prior year results, • corporate failure, • serious reputational damage to any Group company, Malus can also be applied for any other reason which the Committee considers appropriate.	The maximum annual award, under normal circumstances is 200 % of base salary for Executive Directors.

Performance metrics	Change from 2019 Policy
The performance measures applied to LTIP awards are reviewed annually to ensure they remain relevant to strategic priorities and aligned to shareholder interests. Weightings and targets are reviewed and set prior to each award. Performance measures will include long-term performance targets, of which financial and/or share price-based metrics will comprise at least two-thirds of the award. Quantifiable on-financial metrics, key to business performance, will be used for any balance. Any material changes to the performance measures from year to year would be subject to prior consultation with the Company's major shareholders. Below threshold performance realises 0 % of the total award, threshold performance realises 25 % and maximum performance realises 100 % The Committee may adjust downwards the number of shares realised if it considers such adjustment is justified based on: (a) the performance of the Company, any business area or team; (b) the conduct, capability or performance of the participant; or (c) the occurrence of unforeseen events or of events outside of the participant's control. The Committee has discretion to override formulaic outcomes when determining the level of vesting of LTIP awards.	No change.

Non-Executive Director fees

To attract and retain non-executive directors and a chairman of the appropriate calibre.

Operation	Opportunity
Typically reviewed on an annual basis. Market benchmarking exercises are undertaken periodically and judgement is used in their application	Fee increases may be applied in line with the outcome of any review. A basic fee is paid. Additional fees may be paid for additional responsibilities such as chairmanship/membership of a committee. Fees are set at a level considered appropriate taking account of competitive positioning, the individual's responsibilities, the time commitment required and the size and complexity of the Company.

Performance metrics	Change from 2019 Policy
Not applicable.	No change.

The Policy includes the power to deploy the one-person new LTIP exemption from the need for prior shareholder consent in unusual circumstances permitted under the Listing Rules.

Notes to the Policy table

The Committee may make minor amendments to the Policy set out above (for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation) without obtaining shareholder approval, for that amendment. The executive Directors may request, and the Company may grant salary and bonus sacrifice arrangements. The LTIP rules permit the substitution or variance of performance conditions to produce a fairer measure of performance as a result of an unforeseen event or transaction. They include discretions for upwards adjustment to the number of shares to be realised in the event of a takeover, and scheme of arrangement or voluntary winding up. Non-significant changes to the performance metrics may be made by use of discretion under the performance conditions. Awards are normally satisfied in shares, although there is flexibility to settle in cash.

The Committee reserves the right to make remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in line with the New Policy table set out above where the terms of the payment were set out:

(i) under the Company's previous shareholder-approved remuneration policies, provided that the terms of payment were consistent with the relevant remuneration policy in force at the time they were set out; or

(ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company.

For these purposes, "payments" includes the Committee determining and paying short-term and long-term incentive awards of variable remuneration.

Committee discretion in relation to future operation of the New Policy

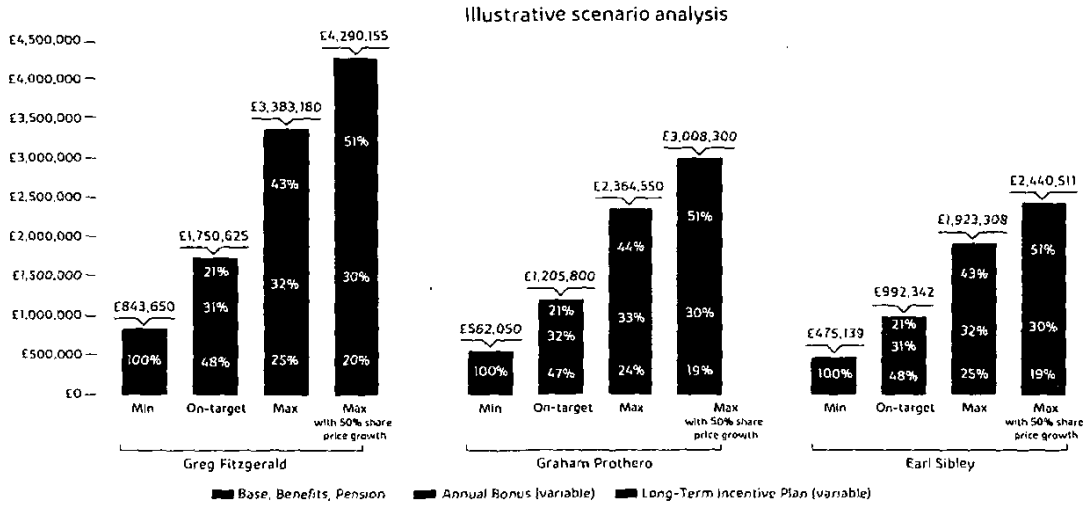
In the event of a variation of share capital, demerger, special dividend or similar event, the Committee may adjust or amend awards in accordance with the rules of the relevant plan.

The Committee retains the discretion to amend performance targets in exceptional business or regulatory circumstances. If discretion is exercised in this way, the Committee will seek to consult with major shareholders as appropriate.

All awards are subject to Committee discretion and may be adjusted (or reduced to zero) where it determines that the overall level of the Company or Group performance does not warrant payment of variable remuneration, or it considers that risks (such as financial, regulatory, compliance or brand risk) have not adequately been reflected in awards.

Scenario charts

The chart below illustrates how much the current executive Directors could earn under different scenarios



This is based on the following assumptions.

- Minimum performance reflects the most up-to-date base salary figures plus benefits paid in 2021 and pension rates for 2022.
- *Target performance reflects the most up-to-date base salary and pension figures, benefits paid in 2021, annual cash bonus at 50% of maximum and LTIP vesting at the threshold of 25% of maximum.*
- Maximum performance reflects the most up-to-date base salary and pension figures, benefits paid in 2021, annual cash bonus at 100% of maximum and LTIP vesting at maximum of 100%
- The proposed policy maximum with 50% share price increase assumes the maximum value with a 50% increase in share price for LTIP awards and annual bonus awards deferred into shares.

Directors' Remuneration report
Remuneration policy

Remuneration policy for non-executive Directors

The Board, comprising the Chairman and the executive Directors, sets the remuneration of the non-executive Directors, without their participation. The Committee, with the Chairman absenting himself from discussions, sets the remuneration of the Chairman who receives an all-inclusive fee. The level of fees must be within the limit approved by shareholders, contained in the Articles of Association. Non-executive Directors and the Chairman do not participate in the annual bonus scheme or the LTIP and are not eligible to join the Group's pension schemes. All non-executive Director and Chairman fees are payable in cash and there are no additional fees or other items in the nature of remuneration. All non-executive Directors and the Chairman may receive reimbursement for reasonable expenses incurred and the Company may satisfy any related tax liabilities.

Remuneration policy for new appointments

In agreeing a remuneration package for a new executive director, it would be expected that the structure and quantum of variable pay elements would reflect those set out in the Policy table above. However, the Committee would retain the discretion to flex the balance between annual and long-term incentives and the measures used to assess performance for these elements, with the intention that a significant proportion would be delivered in shares. Salary would reflect the skills and experience of the individual, and may be set at a level to allow future progression to reflect performance in the role. On recruitment, relocation benefits may be paid as appropriate.

This overall approach would also apply to internal appointments, with the provision that any commitments entered into before promotion, which are inconsistent with this Policy, can continue to be honoured under the Policy. Similarly, if an executive Director is appointed following the Company's acquisition of or merger with another company, legacy terms and conditions would be honoured.

An executive Director may initially be hired on a contract requiring 24 months' notice which then reduces pro rata over the first year of the contract to requiring 12 months' notice. The Committee may award compensation for the forfeiture of awards from a previous employer in such form, as the Committee considers appropriate taking account of all relevant factors including the expected value of the award, performance achieved or likely to be achieved, the proportion of the performance period remaining and the form of the award. There is no specific limit on the value of such awards, but the Committee's intention is that the value awarded would be similar to the value forfeited.

Maximum variable pay will be in line with the maximum set out in the Policy table above (excluding buy-outs). The Committee retains discretion to make appropriate remuneration decisions outside the standard remuneration policy to meet the individual circumstances when:

(i) An interim appointment is made to a fill an executive Director role on a short-term basis.

(ii) Exceptional circumstances require that the Chairman or a non-executive Director takes on an executive function on a short-term basis.

For non-executive Directors, the Board would consider the appropriate fees for a new appointment taking into account the existing level of fees paid to the non-executive Directors, the experience and ability of the new non-executive Director and the time commitment and responsibility of the role.

Service contracts and exit payments policy

The executive Directors' service contracts contain the key elements shown below.

Provision	Detailed terms
Length of term	12 months
Notice period	12 months by either employer or director
Termination payment	Up to 12 months' salary (excluding bonus or other enhancement)

The executive Directors' service contracts do not contain specific provision for compensation in the event of removal at an annual general meeting. In the event of early termination, some Directors may be eligible for payments in lieu of notice or to place the director on garden leave for the notice period. Any payment in lieu of notice will be reduced for any time worked post notice being given or received.

When determining exit payments, the Committee would take account of a variety of factors, including individual and business performance, the obligation for the director to mitigate loss (for example, by gaining new employment), the Director's length of service and any other relevant circumstances, such as ill health. A departing director may also be entitled to a payment in respect of statutory rights.

The Committee would distinguish between types of leaver in respect of incentive plans. 'Good leavers' (death, ill health, agreed retirement, redundancy or any other reason at the discretion of the Committee) may be considered for a bonus payment having completed the full year and part-year bonus payments may be paid and LTIP awards may vest at the usual time taking into account performance conditions and pro rating for time in employment during the performance period, unless the Committee determines otherwise.

The LTIP rules include discretion, in exceptional circumstances, for acceleration of the realisation date and upwards adjustment to the number of shares to be realised for 'good leavers' in such a situation. In all other leaver circumstances, the Committee would decide the approach taken, which would ordinarily mean that leavers would not be entitled to consideration for a bonus and LTIP awards would lapse. Any vested LTIP award that is subject to a holding period at the time of the executive's cessation of employment will not lapse except in the case of the executive's gross misconduct. The Committee reserves the right to make any other payments in connection with a director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Directors' office or employment. In addition, the Committee reserves the right, acting in good faith, to pay fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his cessation of office or employment.

In respect of the Deferred Bonus Plan, if a participant leaves employment, their award will normally remain outstanding and vest at the normal vesting date, unless the Board decides that an award will vest in full on cessation of employment (or some other date specified by the Board). However, if the participant leaves (or gives or receives notice pursuant to which they will leave) on grounds or as a result of conduct that the Board determines amounts to misconduct (or at a time when the Board could have terminated employment on such grounds), any award (including any outstanding vested Option) will immediately lapse in full, unless the Board determines otherwise. If the participant dies, awards will vest on death in full. Options which do not lapse on leaving can be exercised during a period of 6 months from the date of leaving or the date of vesting, if later, or 12 months from the date of death.

The appointment of the Chairman and each of the non-executive Directors is for an initial period of three years, which is renewable for further terms, and is terminable by the Chairman or non-executive Director (as applicable) or the Company on 12 or, for more recent appointments, three months' notice. New Chairman or non-executive director appointments are subject to a three-month notice period No contractual payments would be due on termination. There are no specific provisions for compensation on early termination for the non-executive Directors, with the exception of entitlement to compensation equivalent to 12 or three months' fees (as applicable) or, if less, the balance of appointment, in the event of removal at an annual general meeting.

Change of control

All the Company's share plans contain provisions relating to change of control. In general, outstanding awards would normally vest and become exercisable on a change of control, to the extent that any applicable performance conditions have been satisfied at that time, reflecting the time period to the date of the event. Any deferred bonus shares will be released on change of control. The LTIP rules include discretion for upwards adjustment to the number of shares to be realised in the event of a takeover, scheme of arrangement or voluntary winding up.

External directorships

Executive Directors may, if so authorised by the Board, accept appointments as non-executive directors of suitable companies and organisations outside the Group and retain any associated fees.

Pay and conditions throughout the Group

The pay and conditions of employees throughout the Group are considered by the Committee in setting policy for the executive Directors and senior management. The Committee is kept regularly informed on the pay and benefits provided to employees and base salary increase data from the annual salary review for general staff is considered when reviewing executive Directors' salaries and those of senior management. The Committee did not consult with employees when setting the remuneration policy for the Executive Directors.

Difference in the Company's policy on remuneration of Directors compared to employees

The policy for the executive Directors is designed with pay and conditions throughout the Group in mind. The Committee believes that some differences are necessary to reflect responsibility and provide appropriate focus and motivation for delivery of the Group's strategy. Executive Directors, therefore, have a higher bonus opportunity than employees generally to motivate them to achieve stretching annual targets and they participate in the LTIP to provide focus on long-term sustainable performance. This approach is designed to provide an appropriate emphasis on performance related pay.

Consideration of Shareholder views

The Company is committed to ongoing dialogue with shareholders and welcomes feedback on Directors' remuneration. Feedback received from meetings during the year and in relation to the annual general meeting is considered, together with guidance from shareholder representative bodies more generally, and taken into account in the annual review of the policy. The Committee believes that it has a responsible approach to Directors' pay and that its policy is appropriate and fit for purpose.

Directors' report

The Board of Directors present their Annual Report and audited financial statements of the Group for the financial year ended 31 December 2021. The Directors' report, together with the Strategic report on pages 5 to 99, form the Management report for the purpose of the FCA's DTR 4.1.5R(2) and DTR 4.1.8R.

Statutory or regulatory information contained elsewhere in the Annual Report

The Company is required to disclose certain information in its Directors' Report which the directors have chosen to disclose elsewhere in the Annual Report and is incorporated by reference. Details of where this information can be found are set out in the table to the right

Subject	Pages
Likely future developments in the business	16 to 21
Important events since the year end	230
Going concern statement	58
Financial risk management	205
Stakeholder engagement	72 to 73 118 to 122
Employee involvement / employment of disabled persons	36
Greenhouse gas emissions, energy consumption and energy efficiency	48-49
Corporate governance report	104 to 141
Subsidiaries and associated undertakings	231 to 233
Key Performance Indicators (financial and non-financial)	2 to 3
Section 172(1) statement	70

Disclosure of information under Listing Rule 9.8.4(R)

In accordance with Listing Rule 9.8.4C, the table to the right sets out the location of the information required to be disclosed under Listing Rule 9.8.4(R), where applicable There are no other disclosures required under this Listing Rule.

Subject	Pages
Details of long term incentive schemes	155
Contracts of significance	170
Shareholder waivers of dividends	170
Shareholder waivers of future dividends	170

Information required by Sch 7.11(1)(B) Companies (Miscellaneous Reporting) Regulations 2018

The Group has chosen to provide information in relation to the Statement of Engagement with Employees elsewhere in this report. This is cross referenced in the table to the right.

Subject	Pages
How the Directors engage with employees	72 to 73 118
How the Group provides employees with information on matters of concern to them as employees	32 to 33 72 to 73
How the Group consults with and considers employee feedback	72 to 73 118 to 122
How the Directors have had regard to employee interests	116 to 122
How the Group informs employees of the financial and economic factors affecting its performance	72 to 73

Information required by Sch 7.11(B)(1) Companies (Miscellaneous Reporting) Regulations 2018

The Group has chosen to provide information in relation to the engagement with suppliers, customers, and other business relationships elsewhere in this report. This is cross referenced in the table to the right.

Subject	Pages
How the Directors have regard to the need to foster the Company's business relationships with suppliers, customers and others	72 to 73 119
The effect of that regard, including on the principal decisions taken by the Company during the financial year	119 to 122

Disclosure of information required by DTR 7.2.1R

The corporate governance statement as required by DTR 7.2 1R is set out on page 106. The corporate governance report sets out the Company's compliance with the Code issued by the Financial Reporting Council available at frc.org.uk and also describes how the governance framework explained in order corporate governance policy guidelines, available on the Company's website vistrygroup.co.uk/investor-centre, is applied.

Board of Directors

Details of the current directors and their biographies are shown on pages 102 to 103. All directors, with the exception of Ian Tyler intend to seek election or re-election at the Company's 2022 AGM in accordance with the recommendations of the Code. Ian Tyler will step down as the Chairman of the Board at the AGM on 18 May 2022 and will be succeeded by Ralph Findlay as Chairman on conclusion of the AGM.

Board changes during the year included the appointment of Ashley Steel as an Independent Non-Executive Director on 10 June 2021 and the resignation of Michael Stansfield from the Board on 30 September 2021.

The appointment and removal of Directors of the Company is governed by its Articles, the Code and the Act.

Powers of the directors

Subject to the Articles, UK legislation and any directions given by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company

Directors' indemnities

During the financial year and as at the date of this report, qualifying third party indemnities, as defined by s 234 of the Act, were in force under which the Company has agreed to indemnify the directors, to the extent permitted by law and the Company's Articles, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company or any of its subsidiaries.

The Company's subsidiary, Vistry Homes Limited, has granted a qualifying pension scheme indemnity to the directors of the Pension Trustee to the extent permitted by law in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Pension Trustee.

Directors' interests

Details of directors' pay, pension rights, service contracts and directors' interests in the ordinary shares of the Company are included in the Directors' Remuneration report on pages 142 to 167.

Conflicts of interest

Under the Act, directors are under an obligation to avoid situations in which their interests can or do conflict, or may possibly conflict, with those of the Company. A policy and procedures are in place for identifying, disclosing, evaluating and managing conflicts to ensure that Board decisions are not compromised by a conflicted director. The Articles give the Board power to authorise matters that give rise to actual or potential conflicts. All conflicts of interest are reviewed bi-annually by the Board.

Articles of Association

Unless expressly specified to the contrary in the Articles, they may only be amended by a special resolution of the Company's shareholders at a general meeting.

Share capital

The Company has a premium listing on the London Stock Exchange. As at 1 March 2022, its share capital comprised 222,306,264 fully paid Ordinary Shares of 50 pence each

At the Company's 2021 AGM, the directors were authorised to:

- allot shares in the Company or grant rights to subscribe for, or convert, any security into shares up to an aggregate nominal amount of £37,005,511;
- allot shares up to an aggregate nominal amount of £74,011,022 for the purpose of a rights issue, and
- make market purchases up to 22,225,532 shares in the Company (representing approximately 10% of the Company's issued share capital at the time).

Shareholders will be asked to renew similar authorities at the 2022 AGM

During the year the Company allotted 53,685 shares in connection with the exercise of options under the Company's employee share plans 464,800 shares were transferred from the employee benefit trust up to 31 December 2021 to satisfy the exercise of options under the Company's employee share plan. The Company has not held any shares in treasury during the period under review.

During the year the Company did not purchase any shares (2020:nil).

The share price at 31 December 2021 was 1184 0p. The highest share price in the year was 1346.5p and the lowest was 842 0p.

Directors' report

Shareholders' rights

All issued shares are fully paid and free from any restrictions on their transfer, except where required by law, such as insider trading rules. The rights and obligations attaching to the Company's ordinary shares are set out in the Company's Articles of Association.

Shareholders are entitled to attend, speak and vote at general meetings of the Company, to appoint one or more proxies and, if they are corporations, to appoint corporate representatives. On a show of hands at a general meeting of the Company every shareholder present in person or by proxy and entitled to vote has one vote and on a poll every shareholder present in person or by proxy and entitled to vote has one vote for every ordinary share held. Further details regarding voting, including the deadlines for voting, at the Annual General Meeting can be found in the notes to the Notice of the Annual General Meeting at the back of this Annual Report and Accounts. No shareholder is, unless the Board decides otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other shareholder rights if he or any person with an interest in shares has been sent a notice under section 793 of the Companies Act 2006 and has failed to supply the Company with the requisite information within the prescribed period.

Shareholders may receive a dividend and, on a liquidation, may share in the assets of the Company. None of the ordinary shares of the Company, including those held by the Company's share schemes, carry any special rights with regard to control of the Company.

Employees participating in the Vistry Group Share Incentive Plan may direct the trustee to exercise voting rights on their behalf at any general meeting but are not required to do so.

Restrictions on the transfer of ordinary shares

The instrument of transfer of a certificated share may be in any usual form or in any other form which the Board may approve. The Board may refuse to register any instrument of transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. Certain employees and officers of the Company must conform to the Company's share dealing rules; these restrict the ability to deal in the Company's shares at certain times and require permission to deal. The Board may also refuse to register a transfer of a certificated share unless the instrument of transfer:

(i) is lodged, duly stamped (if stampable), at the registered office of the Company or any other place decided by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(ii) is in respect of only one class of shares; and

(iii) is in favour of not more than four transferees.

Transfers of uncertificated shares must be carried out using the relevant system and the Board can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of the relevant system and with UK legislation. There are no other limitations on the holding of ordinary shares in the Company and the Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights

Dividends

The Board recommends a final dividend of 40 pence per ordinary share (2020:20p). Subject to Shareholder approval at the Company's 2022 AGM, this will become payable on 24 May 2022 to all Shareholders on the register of members as the close of business on 8 April 2022. On 19 November 2021, an interim dividend in respect of the financial year ended 31 December 2021 of 20 pence per ordinary share was paid to Shareholders on the register of members on 8 October 2021.

The Company operates a dividend reinvestment plan which gives shareholders the opportunity to reinvest dividends. The employee benefit trust, which holds shares for the purpose of satisfying employee share scheme awards, has waived its right to receive future dividend on shares held within the trust.

Political donations

No political donations were made during the year ended 31 December 2021 (2020: nil). The Group has a policy of not making donations to political parties or incurring political expenditure. To avoid an inadvertent breach of the Companies Act 2006, the Company will seek authority at the AGM for itself and its subsidiaries to make political donations not exceeding £100,000 in total

Takeover directive

On a change of control, provisions in the Group's syndicated banking facility agreements (described in note 4.2 to the accounts) would allow lenders to withdraw the facility. There are a number of commercial contracts that could alter in the event of a change of control. None are considered to be material in terms of their potential impact on the Group in this event.

All of the Group's share schemes contain provisions relating to a change of control. Under these provisions, a change of control would be a vesting event, allowing exercise of outstanding options and awards, subject to satisfaction of performance conditions, as required. The directors are not aware of any agreements between the Company and its directors or employees which would pay compensation in the event of a change of control.

Substantial shareholdings

At 31 December 2021, the Company had received notifications in accordance with the DTRs that the following were interested in the Company's shares:

Ordinary shares of 50p each	% direct holding	% indirect holding	% financial instruments	Total number of shares held	% of voting rights of the issued share capital
BlackRock, Inc.	-	4.99	0.28	11,757,980	5.27
Royal London Asset Management Limited	5.031	-	-	11,183,853	5.031
Dimensional Fund Advisors	-	4.98	-	11,069,044	4.96
Abrams Capital Management LP	5.04	-	-	11,200,077	5.04
FIL Limited	-	4.60	0.01	10,252,341	4.61

On 25 January 2022, notification in accordance with the DTRs was received from Blackrock, Inc. stating it indirectly held less than 5% of voting rights. The percentage interests stated above for all other shareholders are as disclosed at the date on which the interests were notified to the Company and, as at 1 March 2022, the Company had not received any further notifications under DTR 5.

Research and development (R&D)

In 2021, R&D has been an important area of focus as we plan to transition to the Future Homes Standard in 2025 and increase our usage of modern methods of construction (MMC). Vistry Group have been working on an array of innovative projects which include our zero carbon homes development at Europa Way Triangle, Leamington Spa and our advanced offsite volumetric construction trial with Ilke Homes at Blackberry Hill. We are also carrying out developments across the Group which utilise low carbon heating in advance of 2025.

We are using these innovative projects to undertake R&D and capture the lessons to roll out across the wider business. We have created an online knowledge sharing hub which helps to convey this message and act as a platform to integrate experience across the business well in advance of the Future Homes Standard. Carrying out innovative projects and assessments of new materials and processes has helped shape our zero carbon roadmap with the commitment to achieve net zero carbon homes (regulated energy) by 2030 and net zero carbon homes (in construction) by 2040.

R&D is helping Vistry Group develop our new housetype range, Project 2025. We have carefully thought about space requirements for low-carbon technologies, ensuring that this technology compliments the home. Careful designs have ensured our homes can be built utilising modern methods construction, helping the business maximise volumes even when there is supply chain issues. The housetype range will also offer resilience to future climate change scenarios such as overheating.

Our focus in 2022 will be to increase our trials on low and zero carbon homes including 54 Passivhaus homes in North Whiteley which will help us gear up to the Future Homes Standard ensuring that our homes are fit for the future and right for our customers.

Further information is set out on page 54.

Branches outside of the UK

The Company has no overseas branches, and a list of the Company's subsidiaries are detailed in note 5.16 of the financial statements.

Disclosure of information to independent auditors

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Following an audit tender process conducted at the end of 2014, PricewaterhouseCoopers LLP were appointed as auditor at the 2015 AGM. In accordance with the provisions of the Companies Act 2006, resolutions concerning the re-appointment of PricewaterhouseCoopers LLP and their remuneration will be placed before the 2022 Annual General Meeting.

Directors' report

Risk management and internal controls framework

The Company maintains a comprehensive control environment, which is regularly reviewed by the Board. The principal elements of the control environment include regular Board meetings, the Division and business unit structure, defined operating controls and delegated authorisation limits, the Internal Audit function, the Risk Oversight Committee, and a comprehensive financial reporting system.

There are a number of elements of the Company's internal control and risk management systems that are specifically related to the Company's financial reporting process:

- there is a well understood management structure which allows for clear accountability and an appropriately granular level of financial control.
- supported by a dedicated Head of Tax, we monitor our compliance with UK taxation laws and standards and ensure we follow the strictest adherence through robust processes and controls.
- the structure is underpinned by documented delegated authority levels for business transactions, for which limits, and approvals are automated within our ERP system.
- the process is supported by defined key controls, process documents and systems for both internal management reporting and external reporting which stipulates, amongst other things, reporting timetables and the contents of key management reports.
- a quarterly self-assessment for all director level employees operates to confirm adherence to mandatory controls and non-conformities are reported to the executive committees for discussion and remediation.

The Company maintains tight control in this area through a centralised treasury function, business unit payment functions, three-way matching of payments, authorisation documentation, and the segregation of authorisation accountability. During 2021 a data analytics review was undertaken to test both system and manual controls over a 6-month period with some remediation to further tighten the purchase to pay controls. The Company maintains a regular weekly and monthly financial reporting cycle and an alternate monthly cost valuation process, allowing management to assess financial progress against objectives.

Reporting is supported by a formal budget and monthly rolling forecasting which ensures that there is a recent financial forecast in place at all times against which to assess performance. Together with this financial reporting, Division and business unit management teams report key business issues promptly and as part of a standard monthly regional operational reporting pack. Finally, there is a process of accounts preparation, which ensures that there is an audit trail between the output from the Company's financial reporting systems and the preparation of the financial statements.

Annual General Meeting

Our 2022 AGM will be held at and be broadcast on Wednesday, 18 May 2022 at 12 noon from 550 Oracle Parkway, Thames Valley Park, Reading, Berkshire, RG6 1PT. Further details about the AGM are provided in the Notice of AGM on pages 235 to 237. Members wishing to vote should return forms of proxy to the Company's Registrar not less than 48 hours, (excluding non-working days), before the time for holding the meeting.

The directors believe that all the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole. The directors unanimously recommend that all shareholders vote in favour of the resolutions, as the directors intend to do in respect of their own shares in the Company.

The Directors' report was approved by the Board and has been signed on its behalf by the General Counsel and Group Company Secretary.

By Order of the Board

Clare Bates
General Counsel and Group Company Secretary

2 March 2022

Directors' responsibilities statement

The Directors are responsible for preparing the Annual report and accounts in accordance with applicable law and regulation. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed in pages 102 to 103 of the Annual Report confirm that, to the best of their knowledge:

- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group and Company's performance, business model and strategy,
- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

This Directors' responsibilities statement was approved by the Board and has been signed on its behalf by the CEO and CFO.

By Order of the Board

Greg Fitzgerald
Chief Executive
2 March 2022

Earl Sibley
Chief Financial Officer
2 March 2022

Independent auditors' report

Independent auditors' report to the members of Vistry Group PLC

Report on the audit of the financial statements

Opinion

In our opinion, Vistry Group PLC's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit *and the Group's and Company's cash flows for the year then ended;*
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and accounts (the "Annual Report"), which comprise: the Group and Company Balance sheets as at 31 December 2021; the Group income statement, the Group statement of comprehensive income, the Group and Company statements of changes in equity and the Group and Company Statements of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 2.1, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Context

There have been no significant changes to the Group's structure or operations during the year, following the acquisition of the housebuilding and partnership development businesses from Galliford Try PLC in January 2020. The Group has therefore continued to focus on maximising the strengths and opportunities arising from the combination of the Housebuilding and Partnerships divisions throughout the year.

There have been a number of changes to our key audit matters for the year ended 31 December 2021, as set out in further detail below. We have also specifically set out our consideration of the impact of climate change on the audit

The risks associated with climate change are expected to have an impact on the housebuilding industry, with changes to Part L and Part F of the Building Regulations to be implemented in June 2022 that will require new homes to achieve a 31% reduction in carbon emissions. The 2025 Future Homes Standard will then require a reduction in emissions of 75% to 80%, including the banning of gas boilers in all new homes.

As set out in the other information to the Annual Report, the Group is committed to carbon emission targets consistent with reductions required to keep global warming to 1.5°C and has demonstrated this commitment by signing up to the Business Ambition for 1.5°C. The Group is in the process of calculating and formalising precise targets, through approval by the Science Based Targets Initiative, with 2021 to be adopted as the baseline given that this represents the first full operating year since the acquisition - these targets will be confirmed during the course of 2022 The Group has also developed its road map to deliver net zero carbon homes

In planning and executing our audit we have both understood and evaluated the Group's risk assessment process in respect of climate change. Together with discussions with our own sustainability experts, this enabled us to assess the potential impact of climate change on the financial statements

Independent auditors' report

In particular, we determined that the financial statement estimates which are most likely to be materially impacted by both physical and transition risks of climate change are those associated with the costs of meeting the above commitments and how they have been reflected in forecast future cash flows. This specifically includes the impairment assessment of goodwill and the impairment assessment of investments in subsidiary undertakings held by the Company, as well as the review of longer-term viability. Our key audit matters further explain how we have evaluated the impact of climate change, where applicable.

We have discussed with management and the Audit Committee that the estimated financial reporting impacts of climate change will need to be frequently reassessed, as well as the ways in which disclosures in respect of climate change should evolve as the Group continues to develop its response to the impact of the risks.

We also considered and obtained comfort over the consistency of the disclosures in relation to climate change made in the other information within the Annual Report with both the financial statements and the knowledge we obtained from our audit.

Overview

Audit scope

- The Group principally operates through two trading divisions, being Housebuilding (made up of 13 regions) and Partnerships (made up of 11 regions). We have performed a full scope audit of each division, which together account for 100% of the revenue of the Group.
- We performed procedures at a Group level, such as the audit of the consolidation and financial statement disclosures, taxation, pension scheme balances and asset impairment assessments of goodwill, intangible fixed assets and investments in subsidiary undertakings. We also performed full scope procedures over 17 joint ventures.
- We tested all financial statement line items within the Company in respect of the materiality level for this entity, which is lower than the materiality for the Group.

Key audit matters

- Margin forecasting and recognition in private and affordable housing (Group)
- Long-term contract accounting in partner delivery (Group)
- Carrying value of inventory (Group)
- Provision for legacy properties fire safety (Group)
- Impairment of investments in subsidiary undertakings (Company)

Materiality

- Overall Group materiality: £16.0 million (2020: £13.5 million) based on approximately 5% of the Group's profit before tax.
- Overall Company materiality: £15.9 million (2020: £15.0 million) based on approximately 1% of total assets.
- Performance materiality: £12.0 million (2020: £10.125 million) (Group) and £11.925 million (2020: £11.125 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit, and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

This is not a complete list of all risks identified by our audit.

Impairment of investments in subsidiary undertakings is a new key audit matter this year. Impact of the Covid-19 pandemic, which was a key audit matter last year, is no longer included because the impact of Covid-19 was not considered to be an area of most significance to our audit, with the level of audit effort spent considering and responding to this risk on the financial reporting judgements or estimates, and the execution of the audit, having reduced compared to the prior year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Margin forecasting and recognition in private and affordable housing (Group)	
Refer to page 136 of the Audit Committee report ('Focus areas') and notes 1.6 ('Critical accounting judgements and key sources of estimation uncertainty') and 2.0 ('Result for the year') of the financial statements. The Group's approach to revenue and cost (margin) forecasting and recognition is based on a number of key assumptions, including: • build costs, land costs and central site costs, including infrastructure costs, • sales price, based on an expected sales price for the type and size of property. Periodic surveyor and financial appraisals are performed to support management's estimate of the total site costs based on the stage of completion of each plot, with the accounting records updated accordingly. If the overall site is loss making then management consider this as part of the provisioning process. We consider that appropriate margin recognition across the life of a site is a significant financial reporting risk for the Group due to the high level of management judgement and estimation involved, particularly given that sales prices and build costs are inherently uncertain and are influenced by changes in external market factors.	We assessed the basis of revenue recognition to ensure it is in line with applicable accounting standards and supported by management's estimates of forecast costs and revenues by site At a regional level, we tested the design and operating effectiveness of management's key forecasting and monitoring control. This included observation of a sample of site review meetings taking place throughout the year (including at year end) attended by senior management, including those from the Commercial and Finance teams. This enabled us to obtain evidence regarding the accuracy and completeness of both forecast costs and revenues, as well as the consistency of the operation of this control across the regions. We compared the actual revenue and costs for completed sites against the original forecast for that site and also assessed movements in forecast margin during the year on open sites Where significant differences were identified, we evaluated the nature of the event that caused this difference to arise, such as due to a change in the plan for the site. Based on the evidence obtained, this enabled us to obtain assurance in respect of the accuracy of management's estimation methodology. We tested a sample of actual costs incurred to third party evidence, with testing of a sample of land acquisitions further supporting the recoverability of the related inventory. We also tested a sample of forecast costs to either third party evidence or other appropriate support. We read the minutes from a sample of management's site review meetings held in January 2022 to assess the completeness of site costs recognised at 31 December 2021. We tested a sample of forecast sales prices to the actual sales prices attained, or available market data, for similar properties, or contracts where applicable, to support the validity of these sales prices. We tested that the system correctly recalculated site margins to reflect the latest forecast revenue and costs and that margins were then appropriately recognised on this basis. Based on the procedures performed, we did not identify any material misstatements within the revenue and costs, and therefore margin, recognised. We also assessed the disclosures in respect of margin forecasting and recognition and considered these to be appropriate.
Long-term contract accounting in partner delivery (Group)	
Refer to page 136 of the Audit Committee report ('Focus areas') and notes 1.6 ('Critical accounting judgements and key sources of estimation uncertainty') and 2.0 ('Result for the year') of the financial statements. The Group has a large number of contracts which span multiple periods and are accounted for on a percentage of completion basis, in accordance with IFRS 15.	We assessed the basis of revenue recognition to ensure it is in line with applicable accounting standards and supported by management's estimates. We evaluated the design and operating effectiveness of the key control in place over long-term contracts. This included observation of a sample of site review meetings taking place throughout the year (including at year end) attended by senior management, including those from the Commercial and Finance teams.

Independent auditors' report

Key audit matter	How our audit addressed the key audit matter
Long-term contract accounting in partner delivery (Group) (continued)	
Long-term contracting accounting requires a number of judgements and estimates to be made by management, including to: • estimate total contract costs; • estimate the stage of completion of the contract; • forecast the profit margin; • consider contract variations and the outcome of claims to the extent that it is highly probable that a significant reversal of revenue will not occur; and • appropriately provide for loss making contracts, with judgement required to determine the magnitude of any provision required. There is estimation uncertainty within the above assumptions due to potential changes in market conditions or unforeseen circumstances, in particular given that these assumptions involve the assessment of future events, which are inherently uncertain. As a result, the forecast assumptions could be inaccurate and thus could lead to the incorrect recognition of revenue or profit on a given contract.	This enabled us to obtain evidence regarding the accuracy and completeness of forecast costs and the consistency of the operation of this control across the regions. We performed risk assessment procedures over the contracts in place, including reviewing the movements in projected margins during the year, in order to determine those considered to be higher risk - this included those with revenue, margin or losses recognised above determined thresholds, as well as sites with known issues. We performed the following procedures in respect of these contracts: • agreed overall anticipated revenue to a combination of the underlying contract and agreed variations, with corroborative evidence obtained to support the fact that any variations were highly probable to not reverse; • obtained evidence to corroborate management estimates and judgements, particularly around forecast costs for which a sample of such costs (focused on those categories of cost we considered to be higher risk, due to a combination of their quantum and the level of judgement required by management) were agreed to appropriate supporting evidence; and • recalculated the revenue recognised and agreed both revenue and costs to the underlying general ledger. We also validated a sample of costs incurred during the year to third party supplier invoices and tested the allocation of these to the relevant contracts. For contracts that were completed during the year, we compared the final contract margin to the margin at the tender stage to assess the accuracy of management's forecasts. For the remaining lower risk contracts, we performed analytical procedures at a contract level in order to identify any movements that differed significantly to our expectation. We also performed testing over a sample of revenue, obtaining third party evidence for the amounts recognised. We agreed contract loss provisions recorded based on the overall outcome anticipated on the contract through a combination of the procedures above. Based on the procedures performed, we did not identify any material misstatements within the revenue and costs recognised. We also assessed the disclosures in respect of long-term contract accounting and considered these to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Carrying value of inventory (Group)	
Refer to page 138 of the Audit Committee report ('Focus areas') and notes 1.6 ('Critical accounting judgements and key sources of estimation uncertainty') and 3.1 ('Inventories') of the financial statements. *The inventory balance at 31 December 2021 was £1,962.2 million* (31 December 2020: £1,836.5 million). Inventory is comprised of land held for development, work in progress (WIP), raw materials and consumables, completed plots and part exchange properties Land held for development and raw materials are held at cost. WIP is made up of the cost of the land being built on, direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Completed plots are held at build cost and part exchange properties are held at the market value determined at the time of legal completion Inventories are stated at the lower of cost and net realisable value, where net realisable value is the estimated net selling price less costs to sell and estimated total costs of completion based on management's forecast. As the most significant balance on the Group Balance sheet, there is an increased risk of material misstatement in the carrying value of inventory. In addition, due to the cyclical nature of the housing industry or issues experienced during the build programme, there is a risk that the net realisable value of the inventory is lower than cost and therefore inventory is held at the incorrect value.	The procedures set out above for the 'Margin forecasting and recognition' key audit matter are also relevant to auditing the carrying value of inventory. In addition to those procedures outlined above, we have also *examined margins for all major sites to identify those with* low or eroding margins, for example due to specific issues or under performance. We discussed the identified sites with management, including considering the level of provisions held against these sites. We evaluated the quantum and ageing of part exchange properties and challenged the recoverability of these assets We checked that appropriate site acquisition approvals had been obtained for significant sites, with this including consideration of site profitability. Based on the procedures performed we did not identify any sites where the carrying value of inventory was materially misstated We also assessed the disclosures in respect of the carrying value of inventory and considered these to be appropriate.
Provision for legacy properties fire safety (Group)	
Refer to page 136 of the Audit Committee report ('Focus areas') and notes 1.6 ('Critical accounting judgements and key sources of estimation uncertainty') and 5.9 ('Provisions') of the financial statements The Directors have made estimates as to the extent of the remedial work required in respect of legacy properties fire safety As a result, the Group held a provision of £25.2 million as at 31 December 2021 (31 December 2020: £20.9m) in relation to the expected costs to be incurred in performing such remedial work. During the year, the Group recognised an exceptional charge of £5.7 million, in line with the treatment in the previous year, and utilised £1.4 million of the brought forward provision The estimation of expected future outflows in relation to these properties, together with any potential recovery of costs, is complex and therefore results in significant estimation uncertainty. This has therefore been an area of additional focus as part of our audit given the amounts provided by the Group could be incomplete or not valued accurately for the extent of remedial work required where there is a legal or constructive obligation to do so	We obtained management's assessment of the range of most likely outcomes and performed the following procedures: • enquired with senior management, including the Group General Counsel, regarding the level of legal and constructive obligations as at the balance sheet date; • assessed the completeness of management's assessment through sending confirmation letters to management's legal advisors, performing internet searches to determine if any impacted sites had been excluded from management's assessment and consulting the industry experience of our Forensics experts; • our Forensics experts were also used to assess the impact of recent government guidelines and whether management's assumptions and interpretations made in this respect were appropriate; • where management is in the process of agreeing remedial costs we obtained settlement agreements, third party quotes, and/or internal detailed appraisals where available; and • assessed management's forecasting accuracy by comparing original cost estimates against final settlements, or updated estimates where more information has become available, and understood the reasons for any significant differences arising. On the basis of the procedures performed, we did not identify any material misstatements within the provision for legacy properties fire safety. We also assessed the related disclosures and considered these to be in line with the requirements of IAS 37 'Provisions, contingent liabilities and contingent assets'.

Independent auditors' report

Key audit matter	How our audit addressed the key audit matter
Impairment of investments in subsidiary undertakings (Company)	
Refer to note 5.8 ('Investments') of the financial statements. At 31 December 2021, the Company held investments of £1,354.9 million (31 December 2020: £1,350.4 million) in its subsidiary undertakings. On an annual basis, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of the investments in subsidiary undertakings may not be recoverable. If such circumstances are identified, an impairment review is undertaken to establish whether the carrying amount of the investments in subsidiary undertakings exceed their recoverable amount, being the higher of fair value less costs to sell or value in use. The impairment assessment is not considered to lead to a heightened risk of misstatement, nor is it considered to be subject to significant judgement. However, due to the materiality of this balance in the context of the Company financial statements, with the investments in subsidiary undertakings representing 85% (31 December 2020: 74%) of the total assets within the Company, this is considered to be the area that has had the greatest effect on our audit of the Company. There have been no indicators of impairment identified during the year, with no impairment therefore having been recognised.	We have evaluated the assessment of indicators of impairment through performing our own independent procedures, which included: • assessing the overall financial performance of the Group to identify any indicators of impairment as a result of poor financial performance; • considering other information obtained during the course of our audit, including the procedures performed over forecast future cash flows within the Group's impairment assessment of goodwill; • considering other factors that could indicate an increased risk of impairment, such as regulatory changes and the impact of climate change; and • comparing the market capitalisation of the Group at year end, adding the value of external borrowings held by the Company, to the carrying value of investments in subsidiary undertakings. On the basis of the procedures performed, we agreed with management's conclusion that there were no indicators of impairment arising

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

We have determined that the Group is made up of two components, being the Housebuilding division (made up of 13 regions) and the Partnerships division (made up of 11 regions), which is consistent with both the determination of operating segments by the Board of Directors and the way in which the business is managed, monitored and reported upon internally. Whilst these components have different business models, each component operates a consistent common control framework and set of processes across its respective regions. As a result, each component was allocated a separate materiality level, as outlined below, and having validated the design, effectiveness and consistency of the relevant controls in each component, was treated as an individually homogenous population, with each financial statement line item being substantively tested in aggregate for the component in line with the allocated materiality level.

In respect of the joint ventures held by the Group, we performed full scope procedures in respect of 17 joint ventures so as to obtain sufficient and appropriate audit coverage over each such line item disclosed within note 5.8.

These procedures, together with those performed at a Group level, such as the audit of the consolidation and financial statement disclosures, taxation, pension scheme balances and asset impairment assessments of goodwill, intangible fixed assets and investments in subsidiary undertakings, provide us with the evidence required for the purposes of our opinion on the financial statements as a whole.

All of the audit procedures performed were undertaken by the same Group engagement team.

The Company is principally a holding company that holds the Group's investments and also the external borrowings which it lends on to other entities within the wider Group. We tested all financial statement line items within the Company in respect of the materiality level for this entity, with the lower materiality level used for the Company audit meaning that sufficient and appropriate coverage was obtained over bank and other loans and financial expenses for the purposes of the Group audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£16.0 million (2020: £13.5 million).	£15.9 million (2020: £15.0 million).
How we determined it	Based on approximately 5% of the Group's profit before tax.	Based on approximately 1% of total assets.
Rationale for benchmark applied	We consider that profit before tax is an appropriate metric as it is the primary statutory measure used by the shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark for trading entities	We consider that total assets is an appropriate metric as it is the primary measure used by the shareholders in assessing the performance of the Company and is a generally accepted auditing benchmark for non-trading entities The Company was not a full scope component for the purposes of the Group audit. However, the lower materiality level used for the Company audit means that sufficient and appropriate coverage has been obtained over bank and other loans and financial expenses for the purposes of the Group audit.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The materiality allocated to each component was £14.38 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £12.0 million (2020: £10.125 million) for the Group financial statements and £11.925 million (2020: £11.125 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.8 million (Group audit) (2020: £0.675 million) and £0.79 million (Company audit) (2020: £0.75 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the reasonableness of the inputs and underlying assumptions within the base case going concern model prepared by management;
- performing a comparison of the forecasts within the base case going concern model to Board approved budgets and, where applicable, the forecasts used elsewhere in the Group, such as asset impairment assessments;
- comparing the prior year forecasts against current year actual performance to assess management's ability to prepare accurate forecasts;

Independent auditors' report

- assessing the severe but plausible downside scenarios which have been used to sensitise the base case model, including consideration of the underlying assumptions within each of these forecasts (such as reduced demand or a fall in house prices);
- obtaining and reperforming management's analysis of both liquidity and covenant compliance to ensure there is sufficient liquidity and no forecast covenant breaches over the course of the going concern period, including within the downside scenario prepared,
- agreeing the committed facilities in place to the underlying agreements and ensuring that these were appropriately reflected within the liquidity and covenant analysis, and
- reviewing the disclosures relating to going concern, with these considered to be consistent with the assessment prepared by management and the procedures we performed.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements,
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulation (including the requirements of The Health and Safety at Work etc Act 1974), NHBC standards and other building regulations (including fire and building safety legislation), UK tax legislation and the Listing Rules, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias within accounting estimates, in particular the potential manipulation of the margin to be recognised on a particular site or contract. Audit procedures performed by the engagement team included:

- inquiries with management, internal audit and the Group's legal team, including in respect of known or suspected instances of non-compliance with laws and regulation and fraud, and review of board minutes and internal audit reports - in particular, we performed detailed procedures in respect of the Group's provisioning for legacy properties fire safety;
- evaluation and testing of the operating effectiveness of management's key controls around the forecasting of costs and margin estimation;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular those that involve the assessment of future events, which are inherently uncertain – the key estimates determined in this respect are those relating to the forecasting of costs and margin estimation and the expected outflows in respect of legacy properties fire safety;
- identifying and testing journal entries, in particular testing a sample of journal entries posted with unusual account combinations, such as those with unusual or unexpected journal postings to the income statement; and
- testing a sample of consolidation adjustments to ensure that these were appropriate in both nature and magnitude.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns

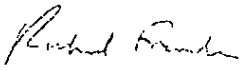
We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 15 May 2015 to audit the financial statements for the year ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 31 December 2015 to 31 December 2021.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.



Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
2 March 2022

Group income statement

For the year ended 31 December	Note	2021 £000	2020 £000
Revenue	2.0	2,359,042	1,811,727
Cost of sales		(1,919,770)	(1,564,831)
Gross profit		439,272	246,896
Analysed as:			
Adjusted gross profit	5.13	542,965	318,765
Other operating income	2.1	(40,659)	(26,422)
Exceptional cost of sales	2.1	(5,744)	(10,975)
Share of joint ventures' gross profit	5.8	(57,290)	(34,472)
Gross profit		439,272	246,896
Administrative expenses including exceptional items	2.1	(194,517)	(181,595)
Other operating income	2.1	40,659	26,422
Operating profit	2.1	285,414	91,723
Analysed as:			
Adjusted operating profit	5.13	368,368	171,023
Exceptional expenses	2.1	(12,225)	(30,984)
Amortisation of acquired intangibles	5.6	(14,240)	(14,240)
Share of joint ventures' operating profit	5.8	(56,489)	(34,076)
Operating profit	2.1	285,414	91,723
Financial income	4.3	23,062	18,232
Financial expenses	4.3	(18,931)	(26,158)
Net financing income / (expenses)	4.3	4,131	(7,926)
Share of profit of joint ventures	5.8	29,991	14,867
Profit before tax		319,536	98,664
Analysed as:			
Adjusted profit before tax	5.13	346,001	143,888
Exceptional expenses	2.1	(12,225)	(30,984)
Amortisation of acquired intangibles	5.6	(14,240)	(14,240)
Profit before tax		319,536	98,664
Income tax expense	5.1	(65,411)	(21,851)
Profit for the year attributable to ordinary shareholders		254,125	76,813
		2021	2020
Earnings per share			
Basic	2.4	114.6p	34.8p
Diluted	2.4	114.1p	34.7p
Basic earnings per share (before exceptional items and amortisation of acquired intangibles)	2.4	125.5p	52.6p
Diluted earnings per share (before exceptional items and amortisation of acquired intangibles)	2.4	124.9p	52.5p

Group statement of comprehensive income

For the year ended 31 December	Note	2021 £000	2020 £000
Profit for the year attributable to ordinary shareholders		254,125	76,813
Other comprehensive income / (expense)			
Items that will not be reclassified to the income statement			
Remeasurements on defined benefit pension scheme	5.10	33,838	(11,654)
Deferred tax on remeasurements on defined benefit pension scheme	5.1	(9,148)	2,124
Total other comprehensive income / (expense)		24,690	(9,530)
Total comprehensive income for the year attributable to ordinary shareholders		278,815	67,283

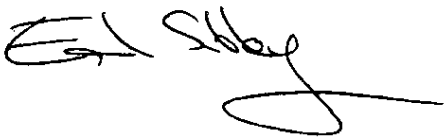
Balance sheets

As at 31 December	Note	Group 2021 £000	Group 2020 £000	Vistry Group PLC Company number 00306718 Company 2021 £000	Company 2020 (restated*) £000
Assets					
Goodwill	5.7	547,509	547,509	-	-
Intangible fixed assets	5.6	127,809	143,585	-	-
Property, plant and equipment	5.4	4,742	5,091	-	-
Right-of-use assets	5.5	31,069	38,511	-	-
Investments	5.8	175,064	145,153	1,354,921	1,350,378
Amounts recoverable from joint ventures	5.11	308,217	323,650	-	-
Trade and other receivables	3.2	454	1,544	-	-
Restricted cash	4.1	778	1,193	-	-
Retirement benefit asset	5.10	45,318	9,077	-	-
Total non-current assets		1,240,960	1,215,313	1,354,921	1,350,378
Inventories	3.1	1,962,155	1,836,521	-	-
Trade and other receivables	3.2	241,420	225,022	231,359	471,792
Cash and cash equivalents	4.1	398,714	340,988	344	344
Current tax asset	5.2	-	14,350	630	-
Total current assets		2,602,289	2,416,881	232,333	472,136
Total assets		3,843,249	3,632,194	1,587,254	1,822,514
Equity					
Issued capital	4.4	111,154	111,127	111,154	111,127
Share premium	4.4	361,081	360,657	361,081	360,657
Merger reserve	4.4	823,513	823,513	823,513	823,513
Retained earnings		1,094,833	899,785	141,037	227,890
Total equity attributable to equity holders of the parent		2,390,581	2,195,082	1,436,785	1,523,187
Liabilities					
Bank and other loans	4.2	164,260	253,103	149,688	245,744
Trade and other payables	3.3	211,296	139,316	781	781
Lease liabilities	5.5	18,836	26,848	-	-
Provisions	5.9	30,928	33,786	-	-
Deferred tax liabilities	5.2	38,444	17,637	-	-
Total non-current liabilities		463,764	470,690	150,469	246,525
Bank and other loans	4.2	-	50,000	-	50,000
Trade and other payables	3.3	966,127	894,503	-	-
Lease liabilities	5.5	14,215	15,304	-	-
Provisions	5.9	8,455	6,615	-	-
Current tax liabilities	5.2	107	-	-	2,802
Total current liabilities		988,904	966,422	-	52,802
Total liabilities		1,452,668	1,437,112	150,469	299,327
Total equity and liabilities		3,843,249	3,632,194	1,587,254	1,822,514

**Balances relating to Investments and Bank and other loans and associated notes of Vistry Group PLC, the Company, have been restated for 2020 in order to include bank and other loans that had been novated to the Company. Refer to note 1.9 for more details.*

The Company made a loss for the year of £2,686,845 (2020 profit: £10,052,000) due to exceptional costs and the write-off of the capitalised fees from the 2020 financing arrangement. These financial statements on pages 187 to 233 were approved by the Board of Directors on 2 March 2022 and were signed on its behalf by:

Earl Sibley, Director.



Group statement of changes in equity

For the year ended 31 December	Note	Own shares held £000	Other retained earnings £000	Total retained earnings £000	Issued capital £000	Share premium £000	Merger reserve £000	Total £000
Balance at 1 January 2020		(3,620)	841,560	837,940	74,169	359,857	-	1,271,966
Profit for the year		-	76,813	76,813	-	-	-	76,813
Total other comprehensive expense		-	(9,530)	(9,530)	-	-	-	(9,530)
Total comprehensive income		-	67,283	67,283	-	-	-	67,283
Issue of share capital	4.4	-	-	-	70	800	-	870
Shares issued as consideration	4.4	-	-	-	31,870	-	823,513	855,383
Bonus issue	4.4	-	(5,018)	(5,018)	5,018	-	-	-
LTIP shares exercised		164	(164)	-	-	-	-	-
Purchase of own shares		(3,500)	-	(3,500)	-	-	-	(3,500)
Share-based payments	5.3	-	2,741	2,741	-	-	-	2,741
Deferred tax on share-based payments	5.1	-	339	339	-	-	-	339
Total transactions with owners recognised directly in equity		(3,336)	(2,102)	(5,438)	36,958	800	823,513	855,833
Balance at 31 December 2020		(6,956)	906,741	899,785	111,127	360,657	823,513	2,195,082
Balance at 1 January 2021		(6,956)	906,741	899,785	111,127	360,657	823,513	2,195,082
Profit for the year		-	254,125	254,125	-	-	-	254,125
Total other comprehensive income		-	24,690	24,690	-	-	-	24,690
Total comprehensive income		-	278,815	278,815	-	-	-	278,815
Issue of share capital	4.4	-	-	-	27	424	-	451
LTIP shares exercised		3,584	(3,584)	-	-	-	-	-
Share-based payments	5.3	-	4,543	4,543	-	-	-	4,543
Dividend paid	2.3	-	(88,709)	(88,709)	-	-	-	(88,709)
Deferred and current tax on share-based payments	5.1	-	399	399	-	-	-	399
Total transactions with owners recognised directly in equity		3,584	(87,351)	(83,767)	27	424	-	(83,316)
Balance at 31 December 2021		(3,372)	1,098,205	1,094,833	111,154	361,081	823,513	2,390,581

Company statement of changes in equity

	Attributable to equity holders of the parent				
For the year ended 31 December	Total retained earnings £000	Issued capital £000	Share premium £000	Merger reserve £000	Total £000
Balance at 1 January 2020	220,115	74,169	359,857	-	654,141
Total comprehensive income	10,052	-	-	-	10,052
Issue of share capital	-	70	800	-	870
Shares issued as consideration	-	31,870	-	823,513	855,383
Bonus issues	(5,018)	5,018	-	-	-
Share-based payments	2,741	-	-	-	2,741
Balance at 31 December 2020	227,890	111,127	360,657	823,513	1,523,187
Balance at 1 January 2021	227,890	111,127	360,657	823,513	1,523,187
Total comprehensive income	(2,687)	-	-	-	(2,687)
Issue of share capital	-	27	424	-	451
Share-based payments	4,543	-	-	-	4,543
Dividends paid	(88,709)	-	-	-	(88,709)
Balance at 31 December 2021	141,037	111,154	361,081	823,513	1,436,785

Statements of cash flows

For the year ended 31 December	Note	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 (restated*) £000
Cash flows from operating activities					
Profit / (loss) for the year		254,125	76,813	(2,687)	10,052
Depreciation and amortisation	5.4, 5.5, 5.6	32,524	31,710	-	-
Financial income	4.3	(23,062)	(18,232)	(13,527)	(33,855)
Financial expense	4.3	18,931	26,158	16,698	19,110
Loss on disposal of property, plant and equipment		1	15	-	-
Equity-settled share-based payment expense		4,543	2,741	-	-
Income tax expense / (credit)	5.1	65,411	21,851	(630)	2,800
Share of profit of joint ventures	5.8	(29,991)	(14,867)	-	-
Profit released on sale of assets from joint ventures		(265)	(234)	-	-
(Increase) / decrease in trade and other receivables		(15,308)	17,894	88,855	1,893
(Increase) / decrease in inventories		(125,634)	168,580	-	-
Increase / (decrease) in trade and other payables		143,604	(97,208)	-	-
(Decrease) / increase in provisions		(1,018)	15,821	-	-
Cash generated from operations		323,861	231,042	88,709	-
Interest paid		(17,835)	(14,661)	-	-
Income taxes paid		(39,000)	(34,712)	-	-
Net cash generated from operating activities		267,026	181,669	88,709	-
Cash flows from investing activities					
Bank interest received		12	90	-	-
Acquisition of intangible fixed assets	5.6	(1,516)	(109)	-	-
Acquisition of property, plant and equipment	5.4	(1,546)	(2,632)	-	-
Acquisition of Linden and Partnerships net of overdraft acquired	5.14	-	(394,578)	-	-
Loans made to and investments in joint ventures	5.8	(126,423)	(17,869)	-	-
Interest received on loans to joint ventures		32,730	-	-	-
Loan repayments from joint ventures	5.8	124,947	3,682	-	-
Distributions from joint ventures	5.8	16,989	27,043	-	-
Decrease in restricted cash		415	555	-	-
Net cash generated from / (used in) investing activities		45,608	(383,818)	-	-
Cash flows from financing activities					
Dividends paid	2.3	(88,709)	-	(88,709)	-
Interest paid on lease payments		(905)	-	-	-
Principal elements of lease payments		(15,745)	(15,325)	-	-
Net proceeds from the issue of share capital	4.4	451	-	-	-
Purchase of own shares		-	(3,500)	-	-
Drawdown of bank and other loans	4.2	220,000	475,000	-	-
Repayment of bank and other loans	4.2	(370,000)	(275,000)	-	-
Net cash (used in) / generated from financing activities		(254,908)	181,175	(88,709)	-
Net increase / (decrease) in cash and cash equivalents		57,726	(20,974)	-	-
Cash and cash equivalents at 1 January	4.1	340,988	361,962	344	344
Cash and cash equivalents at 31 December	4.1	398,714	340,988	344	344

**Balances relating to Investments and Bank and other loans as at 31 December 2020 have been restated and these restatements have impacted the 2020 cash flow statement as a result. Refer to note 1.9 for more details.*

Notes to the financial statements

The notes have been grouped into sections under five key categories:

1. Basis of preparation
2. Result for the year
3. Land bank and other operating assets and liabilities
4. Financing
5. Other disclosures

The key accounting policies have been incorporated throughout the notes to the financial statements adjacent to the disclosure to which they relate. All accounting policies are shown in grey boxes.

1.0 Basis of preparation

1.1 General information

Vistry Group PLC (the "Company") is a public company, limited by shares, domiciled and incorporated in England, United Kingdom. The shares are listed on the London Stock Exchange. The consolidated financial statements of the Company for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures. The financial statements were authorised for issue by the Directors on 2 March 2022. The registered office for Vistry Group PLC is 11 Tower View, Kings Hill, West Malling, Kent, ME19 4UY.

1.2 Basis of accounting

For the year to 31 December 2021, the financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. This change in basis of preparation is required by UK company law for the purposes of financial reporting as a result of the UK's exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020. This change does not constitute a change in accounting policy but rather a change in framework which is required to ground the use of International Financial Reporting Standards (IFRS) in company law and there has been no impact on recognition, measurement, or disclosure between the two frameworks in the year reported.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Company income statement and statement of comprehensive income.

There are no new standards effective for the first time in the year beginning 1 January 2021 which have had a material impact on the Group's reported results.

In accordance with section 612 of the Companies Act 2006, advantage is taken of the relief from the requirement to create a share premium account to record the excess over the nominal value of shares issued in a share for share transaction. Where the relevant requirements of section 612 of the Companies Act 2006 are met, the excess of any nominal value is credited to a merger reserve which is distributable.

All other accounting policies have been applied consistently to the Company and the Group

The financial statements are prepared on the historical cost basis unless otherwise stated

The functional currency of the Group is Pounds Sterling (GBP), and the accounts are presented in the same currency

1.3 Going concern

The Group has prepared a cash flow forecast to confirm the appropriateness of the going concern assumption in these accounts. The forecast was prepared using a likely base case and a severe but plausible downside sensitivity scenario. In the downside scenario the Group have assumed decreased affordability, leading to reduced demand for housing and falling house prices. In both the base case and the downside sensitivity scenario, the forecasts indicated that there was sufficient headroom and liquidity for the business to continue based on the facilities available to the Group. In each of these scenarios the Group was also forecast to follow the required covenants on the aforementioned borrowing facilities. Consequently, the Directors have not identified any material uncertainties to the Group's ability to continue as a going concern over a period of at least twelve months from the date of the approval of the financial statements.

In the downside sensitivity scenario, the following assumptions have been applied:

- A 15-20% reduction in private sales volumes, with a corresponding reduction in development spend
- A 5-10% reduction in private sales prices

The impact of these downsides is then mitigated by:

- Cessation of uncommitted land spend
- Reduction in overheads to reflect reduction in bonuses, temporary employee costs, etc

In both the base and the downside sensitivity scenario, the forecasts indicated that there was sufficient headroom and liquidity for the business to continue based on the facilities available to the Group as discussed in note 4.2 to the financial statements. In each of these scenarios the Group was also forecast to be in compliance with the required covenants on the aforementioned borrowing facilities. Consequently, the Directors have concluded that using the going concern basis for the preparation of the financial statements is appropriate.

Notes to the financial statements

The Board continues to take prudent decisions to best support the business through this period of uncertainty, including measures to protect the Group's cash position, liquidity and maintain a robust balance sheet.

1.4 Covid-19

In light of the continuation of the Covid-19 pandemic the Group has considered whether any impairment of goodwill, intangibles, receivables, or inventories is appropriate, and has concluded that none is required. All developments have remained active during the year. The value in use of the Cash Generating Units has not been significantly impacted by the pandemic as the Group's strategy at the time of the acquisition remains in place despite Covid-19 causing some short-term delays to the plan and therefore no impairment of assets is required. No impairment indicators have been identified relating to Covid-19 or other factors.

1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

The consolidated financial statements include the Group's share of the comprehensive income and expenses of its joint ventures on an equity accounted basis and its share of income and expenses of its joint operation within the corresponding lines of the income statement, from the date that joint control commenced. Parent Company Guarantees for audit exemption are listed in note 5.16.

1.6 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with UK adopted international accounting standards requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

No individual judgements have been made that have a significant impact on the financial statements, other than those involving estimates, which are outlined below.

Key sources of estimation uncertainty for the Group

Both development and contracting work construct homes. Development activity takes open market sales risk, whereas contracting activity takes open market sales and build risk.

Land held for development and housing work in progress

The Group holds inventories which are stated at the lower of cost and net realisable value. To assess the net realisable value of land held for development and housing work in progress, the Group completes a financial appraisal of the likely revenue which will be generated when these inventories are combined as residential properties for sale and sold. Where the financial appraisal demonstrates that the revenue will exceed the costs of the inventories and other associated costs of constructing the residential properties, the inventories are stated at cost. Where the assessed revenue is lower, the extent to which there is a shortfall is written off through the income statement leaving the inventories stated at a realisable value.

To the extent that the revenues which can be generated change, or the final cost to complete for the site varies from estimates, the net realisable value of the inventories may be different. At this point any previous impairments may also be reversed. A review taking into account estimated achievable net revenues, actual inventory and costs to complete as at 31 December 2021 has been carried out, and appropriate adjustments have been made to the carrying value of the provision.

These estimates were made by local management having regard to actual sales prices, together with competitor and marketplace evidence, and were further reviewed by Group management. Should there be a future significant decline in UK house pricing, then further write-downs of land and work in progress may be necessary. Further detail on the carrying value of inventories is laid out in note 3.1.

Management have performed a sensitivity analysis to assess the impact of a 3% decrease in estimated gross margin for all developments which are expected to generate future revenues as this is considered to be a plausible downside scenario. A 3% decrease in estimated gross margin equates to a 6% increase in build costs. This movement in margin would result in the need to recognise an additional £1m of land and work in progress write down provision, reducing the value of inventories on the balance sheet, and a corresponding impact to gross profit, which would equate to a 2bps decrease in gross margin in 2021.

Margin recognition

The gross margin from revenue generated on each of the Group's individual sites within the year is recognised based on the latest forecast for the gross margin expected to be generated over the remaining life of that site. The remaining life gross margin is calculated using forecasts for current selling prices and all land, build, infrastructure and overhead costs associated with that site. There is inherent uncertainty and sensitivity to external forces (predominantly house prices and labour costs) in these forecasts, which are reviewed regularly throughout the year by management and are described on pages 58 to 59.

In order to calculate partner delivery revenue, the Group estimates the total revenue and total costs for the contract and derives the expected margin. Revenue recognised is then calculated by taking the costs incurred in the year, plus the expected margin, for each contract. The assessment of total costs to complete the contract requires estimation.

The Group has robust internal controls to review future revenue and cost estimates.

Management have performed a sensitivity analysis to assess the impact of a 3% increase in estimated costs for all active developments and a 1% increase for all contracting sites which have recognised revenue in 2021 whilst holding sales prices flat, as this is considered to be a plausible downside scenario. This movement in costs would result in an increase in cost of sales and therefore a decrease in gross profit of £41.2m and £4.8m for development and contracting, respectively in 2021. This would equate to a 200bps decrease in gross margin.

Fire safety cladding

Management have reviewed all current legal and constructive obligations with regards remedial work to rectify legacy fire safety issues. Where known obligations exist, these have been evaluated for the likely cost to complete and an appropriate provision has been created. Currently proposed legislative and regulatory changes create significant uncertainty around the extent of remediation required for legacy buildings, the liability for such remediation and the time period to be considered. This implies inherent uncertainty as to the precise future obligations of the Group in respect of legacy fire safety issues. See note 5.9 for more detail.

Defined benefit pension scheme

The Group has three defined benefit pension schemes, all closed to future accrual, which are subject to estimation uncertainty. Note 5.10 outlines the way in which these Schemes are recognised in the Group's financial statements, the associated risks and sensitivity analysis showing the impact of a change in key variables on the defined benefit assets/obligations.

1.7 Impact of standards and interpretations in issue but not yet effective

No new accounting standards and interpretations have been published that are mandatory for 31 December 2021 reporting years and as a result have not been adopted by the Group

1.8 Impact of climate change

The housebuilding sector is a key contributor to the government's ambition to reduce carbon emissions and as such the standards for lower carbon homes is mandated for the sector through the Future Homes Standard which comes into effect in 2025. The incremental costs in building to these new standards are factored into investment appraisals on new land acquisitions today. It is also factored into financial reporting estimates by reflecting such increases into future costs as part of estimating margins on sites in development, and also in forecast costs within the goodwill impairment assessment. This is the main area of financial reporting impact from the physical and transitional risks of climate change. For further details please see page 83 for disclosure on 'Pricing the cost of climate change'.

1.9 Restatement of Vistry Group PLC 2020 financial statements and notes

Balances relating to Investments and Bank and other loans as at 31 December 2020 have been restated in the Company financial statements.

As part of the 2020 acquisition external bank funding was raised and a USPP loan was novated from Galliford Try PLC. These funding arrangements were incorrectly considered to have been with Vistry Homes Limited, a fully owned subsidiary of the Group, and not with the Company. As a result, these loans were omitted from the Company's balance sheet. A "restated" heading has been added to all 2020 comparatives where relevant. There has been no impact on the Group's 2020 financial statements or any key performance indicators. A back-to-back intercompany loan is in place between the Company and Vistry Homes Limited with identical interest rates in place.

These restatements have also impacted the 2020 cash flow statement for the Company but have not impacted the income statement as any associated interest paid has been offset by intercompany interest receivable

Notes to the financial statements

The impact on the Company's balance sheet and cash flow statement is as follows:

Balance sheet (extract)	Reported 31 December 2020 £000	Increase £000	31 December 2020 (restated) £000
Investments (add USPP loan novated on acquisition see note 5 14)	1,250,378	100,000	1,350,378
Trade and other receivables (intercompany)	276,048	195,744	471,792
Total assets	1,526,770	295,744	1,822,514
Bank and other loans non-current	-	245,744	245,744
Bank and other loans current	-	50,000	50,000
Total equity and liabilities	1,526,770	295,744	1,822,514

Cash flow for the year ended 31 December 2020 (extract)	Reported £000	Movement £000	Restated £000
Profit for the year	10,052	-	10,052
Finance income	(14,745)	(19,110)	(33,855)
Finance expense	-	19,110	19,110
Income tax expense	2,800	-	2,800
(Increase) / decrease in trade and other receivables	(12,852)	14,745	1,893
Net cash used in operating activities	(14,745)	14,745	-
Bank interest received	14,745	(14,745)	-
Net cash generated from investing activities	14,745	(14,745)	-
Net increase in cash and cash equivalents	-	-	-

2.0 Result for the year

Revenue

Private and affordable housing revenue

Most private revenue is recognised in the income statement at a point in time when control of each home has passed to the purchaser, which is when legal title is transferred. The exception to this policy is for certain contracts including bulk private sales which are recognised over time. Revenue in respect of the sale of residential properties is recognised at the fair value of the consideration received or receivable, net of value added tax and discounts, on legal completion. In certain instances, property may be accepted in part consideration for a sale of a residential property.

The fair value of part exchange properties is established by independent surveyors, reduced for costs to sell. Net sale proceeds generated from the subsequent sale of part exchange properties are recorded as an adjustment to cost of sales. The original sale is recorded in the normal way, with the fair value of the exchanged property in lieu of cash receipts Cash incentives are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue

The Group applies its policy on contract accounting when recognising revenue and profit on contracts. In relation to affordable housing revenue and costs, these are recognised over time by reference to the stage of completion of contract activity at the balance sheet date This is normally measured by surveys of work performed to date. When it is probable that the total costs on a construction contract will exceed total contract revenue, the expected loss is recognised as an expense in the Income Statement immediately. The application of this policy requires estimates to be made in respect of the total expected costs to complete for each site. The Group has in place established internal control processes to ensure that the evaluation of costs and revenues is based upon appropriate estimates

Where the Group provides design, construction, and mobilisation activities on a development across multiple units simultaneously, this is considered to represent one performance obligation. Where these services are provided across multiple development sites, each site is typically considered to represent a distinct performance obligation

Partner delivery revenue

Partner delivery revenue is recognised over time, as the value of the services are transferred to the customer during the year. For all contracts, costs are expensed in the income statement as incurred.

In fixed price contracts, revenue is recognised based on the costs incurred as a percentage of total estimated costs to complete the contract.

In contracts where revenue is directly related to the costs incurred, revenue is recognised based on the costs incurred to date plus any agreed fee or mark-up.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Release of deferred revenue from joint ventures

When the Group makes sales to joint ventures in which it owns an interest, it will only recognise revenue and profit in the year of the initial transaction to the extent of third parties' interests in the joint venture. The unrecognised element of revenue and profit will be deferred and released to the income statement when the joint venture has sold the assets to which the original transaction with the Group related.

Land sales and other revenue

Revenue is recognised on land sales and commercial property sales, in other income, from the point of unconditional exchange of contracts as long as there are no significant obligations remaining. Where the Group still has significant obligations to perform under the terms of the contract, revenue is recognised when the obligations are performed.

Partnerships' land transactions revenue is generated on land sales to housing associations where the Group will develop the sites in partnership with the housing association.

Revenue by type	2021 £000	2020 £000
Private housing	1,599,616	1,152,281
Affordable housing	261,894	146,972
Partner delivery revenue	468,653	489,507
Land sales	22,727	17,243
Release of deferred revenue from joint ventures	243	187
Other	5,909	5,537
Total	2,359,042	1,811,727
Timing of revenue recognition		
At a point in time	1,580,383	1,094,377
Over time	778,659	717,350
Total	2,359,042	1,811,727

The Group's total revenue recognised in relation to contract liabilities shown in the table below is included within affordable housing revenue and partner delivery revenue in the table above.

At 31 December 2021 the aggregate amount of the transaction price allocated to unsatisfied performance obligations on contracts was £1,617.0m (2020: £788.0m), of which approximately £939.0m (2020: £538.0m) is expected to be recognised as revenue during 2022.

Assets and liabilities related to contracts with customers

The Group has recognised the following amounts recoverable on contracts and payments on account relating to its existing contracts with customers.

	2021 £000	2020 £000
Amounts recoverable on contracts	140,822	141,404
Payments on account	(52,542)	(96,414)

Contract assets are represented by amounts recoverable on contracts in the above table. Amounts recoverable on contracts arise where the revenue recognised on a long-term contract exceeds the value of stage payments that have been invoiced on that contract. Contract liabilities are represented by payments on account where stage payments exceed revenue recognised on long-term contracts. Materially all of the payments on account as at 31 December 2020 have been recognised as revenue in the current year.

Notes to the financial statements

Significant changes in contract assets and liabilities

Contract assets and contract liabilities increased last year as a result of the Acquisition and the enlarged Group. This year, payments on account have decreased by £43.9m (2020 increase: £88.7m) as a result of the payments received in relation to partner delivery contracting which were £468.7m (2020: £489.5m) at 31 December 2021.

2.1 Operating profit

Operating profit before exceptionals is stated after charging / (crediting):

	2021 £000	2020 £000
Depreciation of tangible fixed assets (see note 5.4)	1,852	1,449
Depreciation of right-of-use assets (see note 5.5)	15,093	14,843
Amortisation of intangible fixed assets (see note 5.6)	15,579	15,418
Personnel expenses (not capitalised into work in progress)	86,232	77,206
Rental income (included in revenue)	(283)	(468)

Other operating income:

	2021 £000	2020 £000
Joint arrangement management fees income	27,483	15,172
Profit on disposal of investment	-	113
Release of joint venture deferred income	13,176	11,137
Total other operating income	40,659	26,422

Joint arrangement management fee income comprises fees that the Group charges into a joint arrangement for management services. The release of joint venture deferred income relates to the unwind of the Group's share of profit realised on the formation of the joint venture that is held as deferred income on the balance sheet.

Exceptional expenses

Exceptional items are those which, in the opinion of the Board, are material by size and irregular in nature and therefore require separate disclosure within the Income Statement in order to assist the users of the financial statements in understanding the underlying business performance of the Group

2021 exceptional expenses relate to one-off integration activities following the 2020 acquisition (£6.5m) and an incremental fire safety provision (£5.7m). 2020 exceptional expenses related to the Acquisition (£20.0m) and the recognition of a provision for legacy property building safety (£11.0m)

	2021 £000	2020 £000
Administrative expenses relating to the Acquisition	6,481	20,009
Cost of sales relating to legacy property fire safety	5,744	10,975
Total exceptional expenses	12,225	30,984

On 3 January 2020, the Group completed the acquisition of Linden and Partnerships from Galliford Try PLC. In the year ended 31 December 2020, exceptional administrative expenses included legal fees incurred in relation to the completion and completion statement, as well as costs directly related to the integration and restructuring of the Group as a result of the Acquisition, including the cost of redundancies and office closures. In the year ended 31 December 2021, the exceptional administrative expense solely relates to the conclusion of system integration work and residual restructuring

Exceptional expenses relating to legacy property fire safety result from ongoing investigations into properties developed where remediation works may be required. The amount of the provision reflects our best estimate to carry out these remediation works.

Tax on exceptional items in 2021 was £2.3m (2020: £5.9m).

Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditors for the audit of the Company and Group's annual accounts	408	183
Fees payable to the Company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	572	565
Audit-related assurance services	50	50
Non-audit fees	1	1
Fees charged to operating profit	1,031	799

Within the £0.6m relating to the audit of the accounts of subsidiaries is a charge of £0.1m of incremental costs relating to the financial year ending 31 December 2020

2.2 Segmental reporting

All revenue and profits disclosed relate to continuing activities of the Group and are derived from activities performed in the United Kingdom.

The Chief Operating Decision Maker (CODM), which is the Board, notes that the Group's main operation is that of a housebuilder and it operates entirely within the United Kingdom. Following the Acquisition, the Board have identified two separate segments having taken into consideration IFRS 8: "Operating Segments" criteria – Housebuilding and Partnerships.

Segmental reporting is presented in respect of the Group's business segments reflecting the Group's management and internal reporting structure and is the basis on which strategic operating decisions are made by the Group's CODM.

The Housebuilding segment develops sites across England, providing private and affordable housing on land owned by the Group or the Group's joint ventures. Housebuilding offers properties under both the Bovis and Linden brand names

The Partnerships segment specialises in partnering with housing associations and other public sector businesses across England, including London, to deliver either the development of private and affordable housing on land owned by the Group or the Group's joint ventures, or to provide contracting services for development. The Partnerships segment operates under the Vistry Partnerships and Drew Smith brand names.

Segmental adjusted operating profit and segmental operating profit include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Central head office costs are allocated between the segments where possible, or otherwise reported within the separate column for Group items together with acquisition related exceptional items and amortisation of acquired intangibles.

Segmental tangible net asset value (TNAV) includes items directly attributable to the segment as well as those that can be allocated on a reasonable basis, with the exception of net cash or debt, retirement benefit assets / liabilities and tax balances payable / receivable

During the year, two development sites were transferred from the Housebuilding to the Partnerships operating segment due to their closer alignment with the Partnerships commercial proposition and their build now being actively managed by Partnerships staff. The impact of the transfer on the adjusted gross margin for Housebuilding was to increase it by 10bps and there was no impact on adjusted operating margin for Partnerships.

Adjusted financial results include share of joint ventures and exclude exceptional items. Adjusted gross profit is stated including other operating income.

Segmental financial performance

Year ended 31 December 2021	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Revenue	1,621,692	737,350	-	2,359,042
Share of joint ventures' revenue	207,614	126,977	-	334,591
Adjusted revenue	1,829,306	864,327	-	2,693,633
Gross profit	337,449	101,823	-	439,272
Share of joint ventures' gross profit	39,348	17,942	-	57,290
Exceptional cost of sales	3,174	2,570	-	5,744
Other operating income	27,154	13,505	-	40,659
Adjusted gross profit	407,125	135,840	-	542,965
Operating profit	260,734	47,827	(23,147)	285,414
Share of joint ventures' operating profit	38,689	17,800	-	56,489
Exceptional items	3,174	2,570	6,481	12,225
Amortisation of acquired intangibles	2,760	11,480	-	14,240
Adjusted operating profit	305,357	79,677	(16,666)	368,368
Adjusted gross margin	22.3%	15.7%	-	20.2%
Adjusted operating margin	16.7%	9.2%	-	13.7%

Notes to the financial statements

Segmental financial performance

Year ended 31 December 2020	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Revenue	1,170,936	640,791	-	1,811,727
Share of joint ventures' revenue	140,904	87,483	-	228,387
Adjusted revenue	1,311,840	728,274	-	2,040,114
Gross profit	180,681	66,215	-	246,896
Share of joint ventures' gross profit	22,038	12,434	-	34,472
Exceptional cost of sales	10,650	325	-	10,975
Other operating income	17,810	8,612	-	26,422
Adjusted gross profit	231,179	87,586	-	318,765
Operating profit / (loss)	104,295	24,456	(37,028)	91,723
Share of joint ventures' operating profit	21,714	12,362	-	34,076
Exceptional items	10,650	325	20,009	30,984
Amortisation of acquired intangibles	2,760	11,480	-	14,240
Adjusted operating profit / (loss)	139,419	48,623	(17,019)	171,023
Adjusted gross margin	17.6%	12.0%	-	15.6%
Adjusted operating margin	10.6%	6.7%	-	8.4%

Segmental financial position

As at 31 December 2021	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Goodwill and intangibles	278,381	396,937	-	675,318
Tangible net assets excluding investments in joint ventures	1,222,002	54,782	28,786	1,305,570
Investments in joint ventures	151,080	23,984	-	175,064
Net cash	-	-	234,454	234,454

As at 31 December 2020	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Goodwill and intangibles	283,428	407,666	-	691,094
Tangible net assets / (liabilities) excluding investments in joint ventures	1,361,786	(46,626)	5,791	1,320,951
Investments in joint ventures	128,826	16,327	-	145,153
Net cash	-	-	37,885	37,885

2.3 Dividends

The following dividends were paid by the Group

	2021 £000	2020 £000
Prior year final dividend per share of 20p (2020: nil)	44,340	-
Current year interim dividend per share of 20p (2020 nil)	44,369	-
	88,709	-

A final dividend of 40 pence per share (cumulative amount: £88 7m) has been declared and, subject to shareholder approval at the AGM, will be paid on 24 May 2022 in respect of 2021.

2.4 Earnings per share

Profit attributable to ordinary shareholders

	2021 £000	2020 £000
Profit for the year attributable to equity holders of the parent	254,125	76,813
Profit for the year attributable to equity holders of the parent (before exceptional items and amortisation of acquired intangibles)	278,267	116,109

Earnings per share

	2021	2020
Basic earnings per share	114.6p	34.8p
Diluted earnings per share	114.1p	34.7p
Basic earnings per share (before exceptional items and amortisation of acquired intangibles*)	125.5p	52.6p
Diluted earnings per share (before exceptional items and amortisation of acquired intangibles*)	124.9p	52.5p

**Amortisation of acquired intangibles is the amortisation of brand names and customer relationships and contracts. Note 5.6 contains further detail*

Reconciliation from reported to adjusted (basic before exceptional items and amortisation of acquired intangibles) earnings per share

	Earnings per share (pence)	2021 Earnings	Earnings per share (pence)	2020 Earnings
Reported basic	114.6	254,125	34.8	76,813
Exceptional items		12,225		30,984
Amortisation of acquired intangibles		14,240		14,240
Income tax (credit) on adjusted items		(2,323)		(5,928)
Adjusted basic	125.5	278,267	52.6	116,109
Adjusted diluted	124.9	278,267	52.5	116,109

Weighted average number of shares used as the denominator

	2021	2020
Weighted average number of ordinary shares for the year ended 31 December	221,788,132	220,916,654

Adjustments for calculation of diluted earnings per share:

Options	998,999	225,558
Weighted average number of ordinary shares and potential ordinary shares used as a denominator in calculating diluted earnings per share	222,787,131	221,142,212

Basic earnings per share

Basic earnings per ordinary share for the year ended 31 December 2021 is calculated on a profit attributable to shareholders of £254,125,000 (2020: £76,813,000) over the weighted average of 221,788,132 (2020: 220,916,654) ordinary shares in issue during the year.

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2021 was based on the profit attributable to ordinary shareholders of £254,125,000 (2020: £76,813,000) over the diluted weighted average ordinary shares potentially in issue for the year ended 31 December 2021 of 222,787,131 (2020: 221,142,212).

The average number of shares is increased by reference to the average number of potential ordinary shares held under option during the year. This reflects the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option exercise price and fair value of future employee services. The market value of shares has been calculated using the average ordinary share price during the year. Only share options which are expected to meet their cumulative performance criteria have been included in the dilution calculation.

3.0 Land bank and other operating assets and liabilities

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in section 4. Deferred tax assets and liabilities are shown in section 5.2.

Notes to the financial statements

3.1 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads, not including any general administrative overheads, that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated net selling price less estimated total costs of completion of the finished units.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost along with any expected overage, or recognised acquisition value. An overage is the amount a landowner may be entitled to receive when completing the sale of a piece of land, provided specific conditions stipulated in the contract are met. Where, through deferred purchase credit terms, cost differs from the nominal amount which will actually be paid in settling the deferred purchase terms liability, an adjustment is made to the cost of the land, the difference being charged as a finance expense.

Options purchased in respect of land are capitalised initially at cost and written down on a straight-line basis over the life of the option.

Should planning permission be granted and the option be exercised, the option is not amortised during that year and its carrying value is included within the cost of land purchased.

Options which were obtained as part of the Acquisition have been recognised at acquisition value and subsequently reviewed for impairment at each reporting date.

Investments in land without the benefit of planning consent, either through purchase of freehold land or non-refundable deposits paid on land purchase contracts subject to residential planning consent, are capitalised initially at cost. Regular reviews are completed for impairment in the value of these investments, and provision made to reflect any irrecoverable element. The impairment reviews consider the existing use value of the land and assesses the likelihood of achieving residential planning consent and the value thereof.

Part exchange properties are held at the lower of cost and net realisable value and include a carrying value provision to cover the costs of management and resale. Any profit or loss on the disposal of part exchange properties is recognised within cost of sales in the Group Income Statement.

Group	2021 £000	2020 £000
Raw materials and consumables	25,785	5,843
Work in progress	780,351	727,471
Part exchange properties	15,554	25,645
Land held for development (net of provision)	1,140,465	1,077,562
Inventories	**1,962,155**	**1,836,521**

Inventories to the value of £1,440.5m were recognised as expenses in the year (2020: £1,121.3m). Part exchange properties of £68.2m (2020: £96.2m) were disposed of during the year for proceeds of £70.1m (2020: £96.5m).

Movement on inventory provision	2021 £000	2020 £000
Balance at 1 January	5,735	2,230
- Utilised in the year	(2,132)	(1,727)
- Unutilised and released in the year	-	(498)
	3,603	5
New provisions recognised on sites still held	1,003	5,730
Balance at 31 December	**4,606**	**5,735**

£5.2m (2020: £10.8m) of inventories were valued at net realisable value rather than at historical cost.

3.2 Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The Group applies the IFRS 9: "Financial Instruments" simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the age of the outstanding amounts. The contract assets relate to unbilled work in progress on contracts described in note 2.0 and have a historically low level of default, similar to the Group's low default levels on trade receivables.

Other debtors include amounts receivable from the Government in relation to the Help to Buy scheme.

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 (restated*) £000
Trade receivables (current and non-current)	42,427	14,335	-	-
Amounts recoverable on contracts	140,822	141,404	-	-
Amounts due from subsidiary undertakings	-	-	231,359	471,792
Other debtors	18,646	36,097	-	-
Prepayments	12,787	14,637	-	-
Other accrued income	27,192	20,093	-	-
Total trade and other receivables	**241,874**	**226,566**	**231,359**	**471,792**

**Balances relating to Amounts due from subsidiary undertakings as at 31 December 2020 have been restated. Refer to note 1.9 for more details.*

The above trade and other receivables are shown net of their expected credit loss allowances, which total £1.2m (2020: £1.7m). The Group's standard invoice payment terms are 30 days.

The carrying value of amounts due from subsidiary undertakings represents the Company's maximum credit risk. Interest is charged on these amounts at a rate of 2.0 % per annum unless the interest rate can be derived precisely from a relevant financial instrument. The Directors consider that any expected credit loss allowance is immaterial on these balances.

Trade receivables which are past due but not impaired are not material in either year.

The Directors consider that the carrying amount of trade receivables approximates to their fair value.

3.3 Trade and other payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value.

Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value which will be paid in settling the deferred purchase terms liability is recognised over the period of the credit term and charged to finance costs using the effective interest rate method.

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Non-current liabilities				
Trade payables	211,246	139,229	-	-
Other creditors	50	87	781	781
Total non-current liabilities	**211,296**	**139,316**	**781**	**781**
Current liabilities				
Trade payables	483,585	447,660	-	-
Payments on account	52,542	96,414	-	-
Taxation and social security	4,579	9,185	-	-
Amounts payable to joint ventures	46,010	20,157	-	-
Other creditors	51,898	71,625	-	-
Accruals	246,514	161,942	-	-
Deferred income	80,999	87,520	-	-
Total current liabilities	**966,127**	**894,503**	**-**	**-**
Total trade and other payables	**1,177,423**	**1,033,819**	**781**	**781**

The Group's non-current liabilities largely relate to land purchased on extended payment terms. An ageing of land creditor repayments is provided in note 4.6.

Notes to the financial statements

4.0 Financing

This section outlines how the Group manages its capital and related financing activities.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Bank balances	398,673	338,799	344	344
Call deposits	41	2,189	-	-
Cash and cash equivalents in the balance sheet and cash flow	398,714	340,988	344	344

Restricted cash on the balance sheet primarily relates to amounts that the Group paid into indemnity funds as part of the NewBuy housing scheme which have not yet been released and is not included in the amounts above. The NewBuy housing scheme is a mortgage indemnity scheme which launched in March 2012, expecting to operate for 10 years. The Scheme ends in 2022 with all monies expected to be received back by 2023. The purpose of the arrangement was to stimulate growth in the housing market and home construction industry by effectively putting in place guarantees of up to 95% of the value of loans insured under the scheme.

4.2 Bank and other loans

Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of direct issue costs, and subsequently at amortised cost. Finance charges are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise The revolving credit facility USPP Loan and the Term Loan are all held by the Company, Vistry Group PLC.

Interest rate profile of bank and other loans - Group

At 31 December	Rate	Available facility £000	Facility maturity	Carrying value 2021 £000	Carrying value 2020 £000
Revolving credit facility*	SONIA +160-250bps	500,000	2025	-	-
Term Loan**	LIBOR +165-255bps	-	2023	-	150,000
USPP Loan***	403bps	100,000	2027	106,475	107,359
Prepaid facility fee	n/a	n/a	n/a	(312)	(4,256)
Term Loan (commenced 17 March 2020)****	SONIA +265bps	50,000	2023	50,000	50,000
Homes England development loan	ECRR +120-220bps	10,667	2029	8,097	-
Overdraft facility	BoE Base +150bps	5,000	2025	-	-
Total borrowings		665,667		164,260	303,103

**This facility commenced on 17 December 2021. This is a sustainability linked finance agreement with a margin ratchet of +/-2.5bps in addition to the rate above, dependant on performance against sustainability KPIs – a year on year increase on the delivery of additional affordable homes; a 4.2% annual reduction of scope 1 and 2 CO2 emissions; and 500 new learners to be put through our Partnerships Skills Academies*

***Term loan agreement terminated on 17 December 2021*

****Carrying value is quoted including impact from the fair value of future interest payments*

*****The maturity date for this facility was amended on 23 February 2021 from 17 March 2021 to 17 March 2023*

The £500 million four-year revolving credit facility syndicate comprises eight banks. The revolving credit facilities, USPP Loan and Term Loan all include a covenant package, covering interest cover, gearing and tangible net worth requirements, which are tested semi-annually The overall financing cost of the new arrangements are marginally less expensive than the previous facilities.

Interest rate profile of bank and other loans - Company

At 31 December	Rate	Available facility £000	Facility maturity	Carrying value 2021 £000	Carrying value 2020 (restated**) £000
Revolving credit facility	SONIA +160-250bps	500,000	2025	-	-
Term Loan	LIBOR +165-255bps	-	2023	-	150,000
USPP Loan*	403bps	100,000	2027	100,000	100,000
Prepaid facility fee	n/a	n/a	n/a	(312)	(4,256)
Term Loan (commenced 17 March 2020)	SONIA +265bps	50,000	2023	50,000	50,000
Overdraft facility	BoE Base +150bps	5,000	2025	-	-
Total borrowings		655,000		149,688	295,744

*Carrying value held at cost in Company balance sheet.

**Company interest rate profile included to reflect the restatement of bank and other loans as detailed in note 1.9

Net cash is calculated as follows:	2021 £000	2020 £000
Cash and cash equivalents	398,714	340,988
Non-current bank and other loans	(164,260)	(253,103)
Current bank and other loans	-	(50,000)
Net cash	234,454	37,885

The movement in net cash during the year was as follows:

	2021 £000	2020 £000
Net cash at 1 January	37,885	361,962
Cash flow per cash flow statement	57,726	(20,974)
Repayment of bank and other loans	370,000	275,000
Drawdown of bank and other loans	(220,000)	(475,000)
USPP borrowings acquired (note 5.14)	-	(108,218)
Imputed interest on USPP loan	884	859
Prepaid facility fees capitalised	500	6,000
Prepaid facility fees amortised	(4,444)	(1,744)
Reclassification of Homes England development loan*	(8,097)	-
Net cash at 31 December	234,454	37,885

*Homes England development loan reclassified from non-current trade and other payables. Loan value as at 31 December 2020 £8,963k

4.3 Net financing income / (expenses)

Finance income relates to interest income earned on loans made to joint ventures and pension finance credit.

Finance costs are included in the measurement of borrowings at their amortised cost to the extent that they are not settled in the year in which they arise.

Finance costs predominantly relate to interest charges on external borrowings, lease liabilities and deferred land creditors

The Group is required to capitalise borrowing costs directly attributable to the 2020 acquisition, construction and production of a qualifying asset, as part of the costs of that asset. Inventories which are produced in large quantities on a repetitive basis over a short period of time are not qualifying assets. The Group does not generally produce qualifying assets.

Notes to the financial statements

Net financing income / (expenses) recognised in the Group Income Statement

	Note	2021 £000	2020 £000
Interest income		22,930	17,941
Net pension finance credit	5.10	132	291
Finance income		23,062	18,232
Imputed interest on deferred term land creditors		(5,118)	(6,299)
Interest on lease liabilities	5.5	(905)	(1,179)
Bank, commitment fees and other interest		(12,908)	(18,680)
Finance expenses		(18,931)	(26,158)
Net financing income / (expenses)		4,131	(7,926)

4.4 Capital and reserves

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Where there is a bonus share issue the nominal value of the shares are deducted from reserves and recognised within share capital.

Own shares held by ESOP trust

Transactions of the Group-sponsored ESOP trust are included in the Group financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity through an own shares held reserve.

Share capital

Ordinary shares	2021 Number of shares	2021 Issued capital £000	2021 Share premium £000	2020 Number of shares	2020 Issued capital £000	2020 Share premium £000
In issue at 1 January	222,253,123	111,127	360,657	148,338,257	74,169	359,857
Issued for cash	53,141	27	424	139,766	70	800
Bonus share issue	-	-	-	10,035,715	5,018	-
Shares issued as consideration	-	-	-	63,739,385	31,870	-
In issue at 31 December - fully paid	222,306,264	111,154	361,081	222,253,123	111,127	360,657

The holders of ordinary shares (nominal value 50p) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

The share premium account is added to when any authorised shares are issued above nominal value.

Reserve for own shares held

The cost of the Company's shares held in the ESOP trust by the Group is recorded as a reserve in equity. During the year ended 31 December 2021, the Group purchased nil shares (2020: 534,026 at a cost of £3,500,000). There were 464,800 shares awarded under the Group's long-term incentive plan that vested during 2021 (2020: 17,530 shares) and accordingly the balance of the own shares held reserve has reduced by £3,584,000 in 2021 (2020: £164,000). At 31 December 2021, the Group held 437,133 of its own shares (2020: 901,933), with a value on reserve of £3,373,000 (2020: £6,956,000). The Group has suspended all rights on shares held by the Group in the Company

Merger reserve

As part of the 2020 acquisition, shares totalling £823.5m were issued to the acquirees shareholders.

4.5 Financial risk management

Group

The Group seeks to manage its capital in such a manner that it safeguards its ability to continue as a going concern and to fund its future development. In continuing as a going concern, the Group seeks to provide returns for shareholders over the housing market cycle as well as enabling repayment of its liabilities as a trading business.

The Group's capital comprises its shareholders' equity, added together with its net borrowings, or less its net cash, stated before issue costs. A five-year record of its capital employed is displayed on page 234.

Whilst the blended cost of capital is a factor in the Group's decision making in assessing the right blend of shareholders' equity and debt financing, the Group has typically preferred to operate within a framework that features relatively low gearing or cash in hand. This is because the Group recognises that housebuilding can be cyclical, and higher levels of gearing can create profound liquidity risks. The Group would seek to manage its capital base through control over expenditure, maintenance of adequate banking facilities, control over dividend payments and in the longer term through adjustments to its capital structure. In 2021 the Group operated at a reduced gearing level as strong cash generation since the beginning of 2020 enabled the debt taken on as part of the Acquisition to be paid down as anticipated. The Group has a significantly improved net cash position at the end of 2021.

An important part of capital management for the Group is its financial instruments, which comprise cash, bank and other loans and overdrafts.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group also utilises financial assets and liabilities such as trade payables or receivables that arise directly from operations.

The use of these carries risk: interest rate risk, credit risk and liquidity risk. Given that the Group trades exclusively in the UK, there is no material currency risk.

Company

The Company only trades with other Group entities and is only exposed to credit risk on those intercompany balances

a. Interest rate risk

Exposure to interest rate risk arises in the normal course of the Group's business. The Group has no exposure to currency risk on its debt as all its financial assets and liabilities are denominated in sterling. Throughout the year, the Group's policy has been that no trading in financial instruments shall be undertaken.

Effective interest rates and repricing analysis

The interest rate profile of the Group's interest-bearing financial instruments is set out in note 4.2.

Sensitivity analysis

In managing interest rates, the Group aims to reduce the impact of short-term fluctuations in the Group's earnings, given that Group borrowings are variable in terms of interest rate. Over the longer-term, however, permanent changes in interest rates would have an impact on consolidated earnings. For the year ended 31 December 2021, a general increase of one percentage point in interest rates applying for the full year would equate to £1.6m in 2022.

b. Credit risk

The Group's exposure to credit risk is limited by the fact that the Group generally receives cash at the point of legal completion of its sales of private houses or land. There are certain categories of revenue where this is not the case: for instance, affordable housing and partner delivery revenues. For affordable housing and partner delivery revenues, the Group collects cash at regular intervals in line with build progress in order to minimise its credit risk. The total amount outstanding was £42.4m (2020: £14.3m). The Group retains these outstanding balances as trade and other receivables. The carrying value of trade and other receivables equates to the Group's exposure to credit risk. This is set out in note 3.2

The Group's trade and other receivables are secured against the following:

	2021 £000	2020 £000
Second charge against property	454	1,544
Unsecured	240,259	225,022
	240,713	226,566

In managing risk, the Group assesses the credit risk of its counterparties before entering into a transaction. This assessment is based upon management knowledge, experience, and where possible independent assurance. In the event that land is disposed of the Group seeks to mitigate any credit risk by retaining a charge over the asset disposed of, so that in the event of default, the Group is able to seek to recover its outstanding asset

Notes to the financial statements

Company

The Company's exposure to credit risk is limited as a result of all outstanding balances relating to companies within the Group.

c. Liquidity risk

The Group's banking arrangements outlined in note 4.2 are considered to be adequate in terms of flexibility and liquidity for the Group's medium-term cash flow needs, thus mitigating its liquidity risk. The Group's approach to assessment of liquidity risk is outlined in the going concern sub-section in the risk management section on page 60.

d. Housing market price risk

The performance of the UK housing market affects the valuation of certain of the Group's non-financial assets and liabilities and the critical judgements applied by management in these financial statements, including the valuation of land and work in progress.

Maturities of financial instruments

31 December 2021	Less than 6 months £'000	6-12 months £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total contractual cash flows £'000	Carrying amount £'000
Non-derivative financial assets							
Restricted cash	217	217	-	-	344	778	778
Trade and other receivables	241,420	-	-	-	454	241,874	241,874
Cash and cash equivalents	398,714	-	-	-	-	398,714	398,714
Non-derivative financial liabilities							
Bank and other loans	(725)	(725)	(50,725)	-	-	(52,175)	(50,000)
Long-term loans	(2,015)	(2,015)	(4,030)	(114,105)	(8,097)	(130,262)	(114,260)
Trade and other payables	(880,491)	(89,674)	(149,647)	(53,222)	(12,691)	(1,185,725)	(1,177,423)
Lease liabilities	(7,936)	(6,958)	(6,165)	(10,105)	(3,631)	(34,795)	(33,051)
Total net financial liabilities	**(250,816)**	**(99,155)**	**(210,567)**	**(177,432)**	**(23,621)**	**(761,591)**	**(733,368)**

Of the above financial assets and liabilities at 31 December 2021, £0.5m is linked to the UK housing market, and £732.9m is not linked to the UK housing market.

31 December 2020	Less than 6 months £'000	6-12 months £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total contractual cash flows £'000	Carrying amount £'000
Non-derivative financial assets							
Restricted cash	212	212	425	-	344	1,193	1,193
Trade and other receivables	225,022	-	-	-	1,544	226,566	226,566
Cash and cash equivalents	340,988	-	-	-	-	340,988	340,988
Non-derivative financial liabilities							
Bank and other loans*	(50,650)	-	-	-	-	(50,650)	(50,000)
Long-term loans*	(3,765)	(3,765)	(29,280)	(142,090)	(102,015)	(280,915)	(253,103)
Trade and other payables	(822,605)	(70,436)	(98,577)	(31,712)	(17,446)	(1,040,776)	(1,033,819)
Lease liabilities	(8,176)	(7,494)	(13,127)	(11,594)	(5,815)	(46,206)	(42,151)
Total net financial assets liabilities	(318,974)	(81,483)	(140,559)	(185,396)	(123,388)	(849,800)	(810,326)

**Restated to include interest on loans*

Of the above financial assets and liabilities at 31 December 2020, £1.5m is linked to the UK housing market, and £808.8m is not linked to the UK housing market.

4.6 Financial instruments

Fair values

There is no material difference between the carrying value of financial instruments shown in the balance sheet and their fair value

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

Land purchased on extended payment terms

When land is purchased on extended payment terms, the Group initially records it at its fair value with a land creditor recorded for any outstanding monies based on this fair value assessment. Fair value is determined as the outstanding element of the price paid for the land discounted to present day. The difference between the nominal value and the initial fair value is amortised over the period of the extended credit term and charged to finance costs using the 'effective interest' method, increasing the value of the land creditor such that at the date of maturity the land creditor equals the payment required.

Land creditor (estimated ageing)	Balance at 31 Dec £000	Total contracted cash payment £000	Due within 1 year £000	Between 1-2 years £000	Between 2-3 years £000	Between 3-4 years £000	Between 4-5 years £000	Due beyond 5 years £000
2021	414,254	422,555	205,546	149,490	25,335	18,926	9,945	13,313
2020	323,167	329,514	182,388	98,455	17,050	6,807	7,490	17,324

Bank and other loans

Fair value is calculated by comparing the current contracted rates of interest to currently available market rates for a similar term debt and credit risk. See note 4.2 for further details of loan facilities.

Trade and other receivables / payables

Other than land creditors, the nominal value of trade receivables and payables is deemed to reflect the fair value. This is due to the fact that transactions which give rise to these trade receivables and payables arise in the normal course of trade with industry standard payment terms.

5.0 Other disclosures

This section includes all disclosures which are required by UK-adopted International Accounting Standards or the Companies Act which have not been included elsewhere in the financial statements.

5.1 Income tax expense including exceptional items

Income tax comprises the sum of the tax currently payable or receivable and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Recognised in the income statement

	Note	2021 £000	2020 £000
Current tax			
Current year		48,794	1,407
Adjustments for prior years		4,881	(1,215)
		53,675	192
Deferred tax			
Origination and reversal of temporary differences	5.2	17,526	21,673
Adjustments for prior year	5.2	(5,790)	(14)
Total income tax in income statement		65,411	21,851

Reconciliation of effective tax rate

	2021 %	2021 £000	2020 %	2020 £000
Profit before tax		319,536		98,664
Income tax using the domestic corporation tax rate	19.0	60,712	19.0	18,746
Non-deductible expenses and disposal of ineligible assets	(0.2)	(900)	4.5	4,447
Change in tax rate	2.0	6,508	(0.1)	(113)
Adjustments to the tax charge in respect to the prior year	(0.3)	(909)	(1.3)	(1,229)
Total tax expense	20.5	65,411	22.1	21,851

The Group's effective tax rate of 20.5% (2020: 22.1%) is higher than the current rate of 19.0% (2020: 19.0%) as a result of the uplift of the deferred tax rate at the balance sheet date to 25% netted against prior year adjustments to the corporation tax computations for earlier years. The Group does not have any open corporation tax enquiries with the tax authorities

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements

Recognised directly in Group statement of changes in equity or in the Group statement of comprehensive income

	Note	2021 £000	2020 £000
Deferred tax relating to actuarial movements on pension scheme (Group statement of comprehensive income)	5.2	(9,148)	2,124
Deferred tax relating to share-based payments (Group statement of changes in equity)	5.2	77	339
Deferred tax recognised directly in Group statement of changes in equity or the Group statement of comprehensive income		(9,071)	2,463
Current tax relating to share-based payments (Group statement of changes in equity)		322	-
Deferred and current tax recognised directly in Group statement of changes in equity or the Group statement of comprehensive income		(8,749)	2,463

5.2 Tax assets and liabilities

The tax currently payable or receivable is based on taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability or asset for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from non-tax-deductible goodwill, from the initial recognition of assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit, and from differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

Current tax assets and liabilities

The current tax liability of £0.1m (2020: asset of £14.4m) arose as a result of the timing of when tax payments became due for that financial year. Recognised deferred tax assets and liabilities are attributable to the following:

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following.

	Assets		Liabilities		Net	
Group	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Property, plant and equipment	111	-	-	(17)	111	(17)
Non-current trade payables	-	-	(15)	(15)	(15)	(15)
Available for sale financial assets	-	-	(394)	(399)	(394)	(399)
Employee benefits - pensions	-	-	(11,330)	(1,724)	(11,330)	(1,724)
Employee benefits - share-based payments	2,483	841	-	-	2,483	841
Provisions	-	-	(11,658)	(7,059)	(11,658)	(7,059)
Inventories	13,986	-	(31,628)	(9,266)	(17,642)	(9,266)
Profit on sale of assets to joint ventures	1	2	-	-	1	2
Tax assets / (liabilities)	16,581	843	(55,025)	(18,480)	(38,444)	(17,637)

Movement in temporary differences during the year

Group	Balance 1 Jan 2021 £000	Recognised in income £000	Recognised in equity and other income £000	Balance 31 Dec 2021 £000
Property, plant and equipment	(17)	128	-	111
Trade payables	(15)	-	-	(15)
Available for sale financial assets	(399)	5	-	(394)
Employee benefits - pensions	(1,724)	(458)	(9,148)	(11,330)
Employee benefits - share-based payments	841	1,565	77	2,483
Provisions	(7,059)	(4,599)	-	(11,658)
Inventories	(9,266)	(8,376)	-	(17,642)
Profit on sale of assets to joint ventures	2	(1)	-	1
Movement in temporary differences	(17,637)	(11,736)	(9,071)	(38,444)

Group	Balance 1 Jan 2020 £000	Recognised from Acquisition £000	Recognised in income £000	Recognised in equity and other income £000	Balance 31 Dec 2020 £000
Property, plant and equipment	(41)	(12)	36	-	(17)
Trade payables	(17)	-	2	-	(15)
Available for sale financial assets	(446)	-	47	-	(399)
Employee benefits - pensions	(766)	(1,073)	(2,009)	2,124	(1,724)
Employee benefits - share-based payments	1,495	-	(993)	339	841
Provisions	149	(6,400)	(808)	-	(7,059)
Inventories	(194)	8,860	(17,932)	-	(9,266)
Profit on sale of assets to joint ventures	4	-	(2)	-	2
Movement in temporary differences	184	1,375	(21,659)	2,463	(17,637)

Factors affecting future tax charge

The UK corporation tax rate is 19% and the rate increase to 25% from 1 April 2023 was substantively enacted on 24 May 2021. The deferred tax as at 31 December 2020 was calculated based on the rate of 19% however the deferred tax at 31 December 2021 has been calculated based on the rate of 25%.

In the Spring Budget 2021, the UK Government announced a consultation on the introduction of the Residential Property Developer Tax (RPDT) from 1 April 2022, at a rate of 4% on profits. This was substantively enacted on 2 February 2022 and the impact on our deferred tax balance as at 31 December 2021 would be an increase in the deferred tax liability of £6.2m.

Employee benefits

The Group recognises the deficit or surplus on its defined benefits pension scheme under the requirements of IAS19 (Revised): "Employee benefits".

This has generated a surplus of £45.3m (2020: surplus of £9.1m). As at 31 December 2021, a deferred tax liability of £11.3m (2020 tax liability: £1.7m) was recognised.

5.3 Directors and employees

The monthly average number of employees of the Group, all of whom were engaged in the United Kingdom on the Group's principal activity, together with personnel expenses, are set out below:

Average staff numbers - Group

	2021	2020
Average staff numbers	3,143	3,152

A breakdown of staff numbers split by type of role is included on page 39.

Personnel expenses - Group

	2021 £000	2020 £000
Wages and salaries	180,574	179,681
Social security costs	20,861	20,386
Contributions to defined contribution plans	8,435	8,936
Expenses related to defined benefit plans	1,494	1,299
Equity-settled share-based payments	4,543	2,741
Personnel expenses	215,907	213,043

The aggregate remuneration for the Group's Directors during 2021 was £5.4m (2020: £3.2m), which is shown in further detail on pages 142 to 167 of the remuneration report. The Company had no personnel expenses during 2021 (2020: nil).

The highest paid Director is the Chief Executive Officer, details of whose remuneration is provided on page 156 in the Directors' remuneration report.

Share-based payments

The Group has applied the requirements of IFRS 2: "Share-based payments"

The Group issues equity-settled share-based payments to certain employees in the form of share options over shares in the Company. Equity-settled share-based payments are measured at fair value at the date of grant calculated using an independent option valuation model, taking into account the terms and conditions upon which the options were granted. The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with a corresponding credit to equity except when the share-based payment is cancelled where the charge will be accelerated.

Movements in the number of share options outstanding and their related weighted average exercise prices

Long Term Incentive Plan	2021		2020	
	Average exercise price in £ per share option	Share options 000	Average exercise price in £ per share option	Share options 000
At 1 January	-	2,199	-	1,435
Granted	-	1,021	-	764
Lapsed	-	(191)	-	-
At 31 December	-	3,029	-	2,199

Executive and other share options	2021		2020	
	Average exercise price in £ per share option	Share options 000	Average exercise price in £ per share option	Share options 000
At 1 January	8.53	20	8.37	25
Lapsed	8.53	(9)	7.74	(5)
Exercised	8.53	(11)	-	-
At 31 December	-	-	8.53	20

Save As You Earn	2021		2020	
	Average exercise price in £ per share option	Share options 000	Average exercise price in £ per share option	Share options 000
At 1 January	5.03	1,664	7.73	486
Granted	8.15	364	4.68	1,523
Lapsed	5.56	(143)	8.12	(30)
Cancelled	7.52	(52)	8.01	(175)
Exercised	8.46	(43)	6.21	(140)
At 31 December	5.47	1,790	5.03	1,664

Out of the 4,820,000 outstanding options (2020: 3,883,000), 940,000 options (2020: 830,000) were exercisable. Save As You Earn options exercised in 2021 resulted in 54,000 shares (2020: 140,000) being issued at a weighted average share price of £8.46 each (2020: £6.21 each).

Notes to the financial statements

Expiry date and exercise price of share options outstanding at the end of the year

Long Term Incentive Plan

Grant vest	Expiry date	Exercise price in £ per share option	2021 Share options 000	2020 Share options 000
2011-14	15/03/2021	-	-	14
2012-15	28/02/2022	-	16	16
2013-16	26/02/2023	-	23	23
2013-16	20/08/2023	-	8	8
2014-17	25/02/2024	-	19	19
2016-19	15/08/2026	-	209	209
2017-18	02/05/2027	-	154	154
2017-20	08/09/2027	-	191	368
2018-21	05/03/2028	-	321	321
2019-22	04/03/2029	-	303	303
2020-23	02/03/2030	-	764	764
2021-24	08/03/2031	-	994	-
2021-24	09/09/2031	-	27	-
			3,029	2,199

Executive and other share options

Grant vest	Expiry date	Exercise price in £ per share option	2021 Share options 000	2020 Share options 000
2014-17	20/08/2021	8.53	-	20
			-	20

Save As You Earn

Grant vest	Expiry date	Exercise price in £ per share option	2021 Share options 000	2020 Share options 000
2016-21	24/09/2021	7.12	-	10
2017-20	24/09/2020	6.12	-	1
2017-22	24/09/2022	6.12	14	20
2018-21	23/09/2021	9.06	-	40
2018-23	23/09/2023	9.06	9	11
2019-22	01/12/2022	9.30	45	58
2019-24	01/12/2024	9.30	6	8
2020-23	01/06/2024	4.68	1,068	1,165
2020-25	01/06/2026	4.68	326	351
2021-24	01/12/2024	8.15	260	-
2021-25	01/12/2026	8.15	62	-
			1,790	1,664

The weighted average fair value of the options granted during the year determined using the Monte Carlo model was £7.10 per option (2020: £6.23). The significant inputs into the model were a weighted average share price of £10.19 (2020: £12.71) at the grant date, the exercise price shown in the table on the previous page, volatility of 43% (2020: 34%), an expected option life of 5 years (2020: 5 years) and an annual risk-free rate of 0.36% (2020: 0.28%). The volatility is measured at the standard deviation of continuously compounded share returns, based on statistical analysis of daily share prices over the last 3 years.

Share-based payments expense in the income statement

	2021 £000	2020 £000
Long-term Incentive Plan	3,430	2,402
Save As You Earn share options	1,113	339
Total expense recognised as personnel expenses	**4,543**	2,741

Information relating to the remuneration of Directors appears in the Directors' remuneration report on pages 142 to 167.

The executive leadership team as shown on page 102 are considered to be the only key management personnel.

A summary of key management remuneration is as follows:

	2021 £000	2020 £000
Wages and salaries	2,959	2,640
Compulsory social security contributions	997	713
Contributions to defined contribution plans	17	21
Share-based payment expenses	3,430	1,198
Key management remuneration	**7,403**	4,572

Details of the equity settled share-based schemes are set out below.

Long Term Incentive Plan

A long-term incentive plan for executive Directors and senior executives was approved by shareholders at a General Meeting in December 2019. The first grant of awards under this plan was made in 2020. Details of the vesting conditions of these awards are laid out in the Directors' remuneration report on pages 142 to 167.

Save As You Earn share options

The Vistry Group PLC Save As You Earn Option Scheme was established in 2007 and renewed in 2017. Share options held in the Save As You Earn Option Scheme are not subject to performance conditions and may under normal circumstances be exercised during the six months after maturity of the agreement. Save As You Earn share options are generally exercisable at an exercise price which includes a 20% discount to the market price of the shares at the date of grant.

Deferred Bonus Plan

The Deferred Bonus Plan is proposed to be implemented in 2022 (subject to shareholder approval) with the intention that one third of any bonus award will be deferred in shares under the terms of the plan.

5.4 Property, plant and equipment

Plant, property, and equipment (PPE) is recorded at prime cost less accumulated depreciation. The sub-categories of PPE are depreciated as follows:

- Freehold buildings on a 2% straight line basis;
- Plant, machinery, and vehicles on a 33.3% reducing balance basis, and
- Furniture, fittings and equipment on a 25% reducing balance basis, other than computer equipment which is depreciated on a straight-line basis over 3 years.

Notes to the financial statements

Cost Year ended 31 December 2021	Freehold buildings £000	Furniture, fittings and equipment £000	Plant, machinery and vehicles £000	Total £000
Opening balance	680	6,565	1,653	8,898
Additions	983	488	75	1,546
Disposals	-	(266)	(35)	(301)
Reclassifications	-	46	(46)	-
Closing	1,663	6,833	1,647	10,143
Accumulated depreciation				
Opening	7	3,013	787	3,807
Charge for the year	-	1,561	291	1,852
Disposals	-	(233)	(25)	(258)
Reclassifications	-	(114)	114	-
Closing	7	4,227	1,167	5,401
Net book value at 31 December				
2021	1,656	2,606	480	4,742

Cost Year ended 31 December 2020	Freehold buildings £000	Furniture, fittings and equipment £000	Plant, machinery and vehicles £000	Total £000
Opening balance	-	3,028	1,176	4,204
Additions acquired as a result of the Acquisition	680	953	445	2,078
Additions	-	2,596	36	2,632
Disposals	-	(12)	(4)	(16)
Closing	680	6,565	1,653	8,898
Accumulated depreciation				
Opening	-	1,801	558	2,359
Charge for the year	7	1,212	230	1,449
Disposals	-	-	(1)	(1)
Closing	7	3,013	787	3,807
Net book value at 31 December				
2020	673	3,552	866	5,091

5.5 Leases

The Group leases various offices, site cabins, office equipment, cars and show homes. Rental contracts are typically made for fixed periods of 1 to 4 years but may be for longer or include extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a fixed annual rate increase

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The weighted average Group's incremental borrowing rate applied to the lease liabilities is 2.5%.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise site equipment and other items less than £3,000 in total lease costs.

The amounts recognised in the Group Balance Sheet were:

Right-of-use assets cost

Year ended 31 December 2021	Office properties £000	Show home properties £000	Site cabins £000	Office equipment £000	Motor vehicles £000	Total £000
Opening balance	25,708	4,278	17,129	533	8,743	56,391
Additions	1,019	4,244	-	-	1,894	7,157
Modifications	623	1,384	(692)	(21)	132	1,426
Disposals	(2,076)	(1,838)	-	(15)	(1,854)	(5,783)
Closing	25,274	8,068	16,437	497	8,915	59,191
Accumulated depreciation						
Opening balance	5,599	1,902	6,646	259	3,474	17,880
Charge for the year	4,384	2,724	4,782	(1)	3,204	15,093
Disposals	(1,419)	(1,563)	-	(15)	(1,854)	(4,851)
Closing	8,564	3,063	11,428	243	4,824	28,122
Net book value at 31 December						
2021	16,710	5,005	5,009	254	4,091	31,069

Year ended 31 December 2020	Office properties £000	Show home properties £000	Site cabins £000	Office equipment £000	Motor vehicles £000	Total £000
Opening balance	13,574	3,965	5,632	500	2,533	26,204
Additions acquired as a result of the Acquisition	13,540	52	2,931	-	4,441	20,964
Additions	1,540	1,346	-	241	2,003	5,130
Modifications	(2,533)	(12)	8,566	(208)	100	5,913
Disposals	(413)	(1,073)	-	-	(334)	(1,820)
Closing	25,708	4,278	17,129	533	8,743	56,391
Accumulated depreciation						
Opening balance	1,597	1,051	1,408	62	739	4,857
Charge for the year	4,415	1,924	5,238	197	3,069	14,843
Disposals	(413)	(1,073)	-	-	(334)	(1,820)
Closing	5,599	1,902	6,646	259	3,474	17,880
Net book value at 31 December						
2020	20,109	2,376	10,483	274	5,269	38,511

Lease liabilities	2021 £000	2020 £000
Current	14,215	15,304
Non-current	18,836	26,848
Total lease liabilities	33,051	42,152

Leasing arrangements

Minimum lease payments payable on the Group's leases are as follows:

	2021 £000	2020 £000
Within 1 year	14,915	15,670
Between 1 and 2 years	6,165	13,127
Between 2 and 3 years	4,380	5,335
Between 3 and 4 years	3,178	3,380
Between 4 and 5 years	2,547	2,878
Later than 5 years	3,631	5,815

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The amounts recognised in the Group Income Statement were:

	2021 £000	2020 £000
Depreciation of right-of-use assets	15,093	14,843
Interest expense	905	1,179
Expense relating to short-term leases*	12	7,655
Expense relating to leases of low-value assets	-	5

**Includes lease expenses related to plant and machinery.*

The total cash outflow for leases including plant and machinery in 2021 was £17,136,943 (2020: £15,669,711).

5.6 Intangible Fixed Assets

Intangible fixed assets are recorded at cost or acquisition fair value, less accumulated amortisation.

Separately acquired IT software is initially capitalised at cost. Costs associated with maintaining software are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where IAS 38. "Intangible Assets" criteria are satisfied. Capitalised development costs are initially recorded within assets under construction and are then transferred to IT software and amortised from the point at which the asset is ready for use. *IT software is amortised on a straight-line basis over a period of 3 – 5 years.*

Brand names and customer relationships and contracts acquired in a business combination are recognised at fair value at the acquisition date. *Brand names are amortised on a straight-line basis over a 25-year period.* Customer relationships and contracts are amortised on a straight-line basis over a period of 4-15 years.

All amortisation is recorded within the administrative expenses line of the income statement.

Cost

Year ended 31 December 2021	Assets under construction £000	IT Software £000	Site-related licenses £000	Brand names* £000	Customer relationships and contracts* £000	Total £000
Opening balance	67	4,494	-	37,600	117,424	159,585
Additions	749	-	767	-	-	1,516
Disposals	(806)	(2,657)	-	(300)	(125)	(3,888)
Closing	10	1,837	767	37,300	117,299	157,213
Accumulated amortisation						
Opening	-	1,760	-	1,500	12,740	16,000
Charge for the year	-	1,312	27	1,500	12,740	15,579
Disposals	-	(2,175)	-	-	-	(2,175)
Closing	-	897	27	3,000	25,480	29,404
Net book value at 31 December						
2021	10	940	740	34,300	91,819	127,809

Cost

Year ended 31 December 2020	Assets under construction £000	IT Software £000	Site-related licenses £000	Brand names* £000	Customer relationships and contracts* £000	Total £000
Opening balance	344	4,575	-	-	-	4,919
Additions acquired as as result of the Acquisition	-	-	-	37,600	117,424	155,024
Additions	67	42	-	-	-	109
Transferred in the year	(149)	149	-	-	-	-
Disposals	(195)	(272)	-	-	-	(467)
Closing	67	4,494	-	37,600	117,424	159,585
Accumulated amortisation						
Opening	-	583	-	-	-	583
Charge for the year	-	1,178	-	1,500	12,740	15,418
Disposals	-	(1)	-	-	-	(1)
Closing	-	1,760	-	1,500	12,740	16,000
Net book value at 31 December						
2020	67	2,734	-	36,100	104,684	143,585

**Brand names and customer relationships and contarcts are acquired intangibles, with their amortisation being treated as an adjusted performance measure*

Notes to the financial statements

5.7 Goodwill

Goodwill represents the excess of the consideration paid for the Linden and Partnerships businesses in 2020 over the fair value of the assets and liabilities acquired, including intangible assets recognised on acquisition. Goodwill was allocated to the Group's two Cash Generating Units (CGUs) at the time of the acquisition based on the proportionate consideration and fair valued assets and liabilities.

The goodwill for each CGU is reviewed annually for impairment, or more regularly where there is a triggering event. If the carrying value of the goodwill was found to exceed the value in use calculated for either CGUs, an impairment would be required. In the event of an impairment, the goodwill of the appropriate CGUs would be impaired first and then to the other assets proportionately. Any impairment loss is recognised in the income statement and is not subsequently reversed

Goodwill is monitored by management at the level of the two operating segments identified in note 2.2.

A segment-level summary of the goodwill allocation is presented below:

As at 31 December 2021 (Group)	Housebuilding £'000	Partnerships £'000	Total £'000
Goodwill recognised on acquisition of Linden and Partnerships	228,328	319,181	547,509

Key assumptions used for value-in-use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis, or more regularly where there are indicators of impairment. For the 2021 reporting year, the recoverable amount of CGUs was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial forecasts approved by management covering a five-year period from 31 December 2021.

The first year of cash flows were determined using the Group's 2022 approved budget and the cash flows for the second to fifth years were determined by using the Group's five year strategic plan. These cash flows have included estimated costs of meeting climate change challenges as regulated by the Future Homes Standard. Beyond this five-year period, the costs of meeting climate change challenges have been assumed to be absorbed in either sales price increases or land acquisition discounts. Cash flows beyond the five-year period are extrapolated using a terminal growth rate of 1%. These growth rates are consistent with the UK long-term industry growth rate

Management has determined the key assumptions as follows.

Assumption	Approach used to determining values
Sales volume	Reflecting historical experience and expected volume growth for the respective CGUs based on business strategy and expected market demand
Sales price	Reflecting management's expectation for property pricing based on local market conditions, demand and product mix
Gross margin	Based on historical experience and expected gross margin of the respective CGUs, partly driven by the embedded land bank margin
Land and inventory investment	Expected cash investment in land and inventories to fund the future growth of the CGUs. This is based on the historical experience of management and committed future land spend in addition to the planned strategy and growth of the businesses
Pre-tax discount rates	Reflect specific risks relating to the relevant CGUs and nature of their income streams based on an estimated weighted average cost of capital for each segment. The pre-tax rate reflects the market participant levels of gearing as well as current market assessments of the time value of money. A rate of 12.0% for Housebuilding and 10.4% for Partnerships is considered appropriate by the Directors

Recoverable amounts and impairment charges

The recoverable value of both CGUs exceeds the carrying value of each CGUs respective net asset base and therefore no impairment charge was necessary in the period. At 31 December 2021 the value in use of the housebuilding CGU exceeds net assets by £636.4m (2020: £672.0m) and for the partnerships CGU the value in use exceeds net assets by £344.4m (2020: £411.0m).

Impact of possible changes in key assumptions

Management have sensitised the forecast to apply a downside scenario which reflects decreased affordability, leading to reduced demand for private housing and falling house prices. In a downside scenario, it has been assumed that management would tightly manage working capital. This is consistent with the severe but plausible downside scenario used in the Group's going concern assessment. Further detail of the downside scenario can be found in note 1.3.

Even in a downside scenario no impairment of goodwill is required for either CGU.

The value in use amount of the CGU would equal its net asset value if the key assumptions were to change individually as follows from the unsensitised value-in-use assumptions.

Year ended 31 December 2021	*Housebuilding*	*Partnerships*
Sales Volume	44% reduction	96% reduction*
Sales Price	11% reduction	18% reduction*
Pre-tax discount rate	*increase to 15.5%*	*increase to 14%*

**Relates to private sales only. The downside scenario for the partnerships CGU is only applied to the private sale element of revenue due to the high proportion of pre-sold transactions in mixed tenure and the contracting nature of the partner delivery activity.*

5.8 Investments

Fixed asset investments

The Group's share of joint venture results shown in the income statement reflect the below Group share of joint venture results which are then adjusted for fair value releases, unrealised losses and other accounting entries required to equity account for the Group's joint ventures

Investments in subsidiaries are carried at cost less impairment. The Company accounts for the share-based payments granted to *subsidiary employees as an increase in the cost of its investment in subsidiaries and the value of this investment is supported by net assets* and future profit generation. Joint ventures are those arrangements in which the Group has rights to the net assets of the arrangements and treated on an equity accounted basis in the Group's financial statements.

The Group's and Company's investments are set out in the table below:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 (restated*) £000
Subsidiary undertakings				
Interest in subsidiary undertakings' shares at cost (100% ownership of ordinary shares)	-	-	1,354,921	1,350,378
Investments accounted for using the equity method				
Interest in joint ventures – equity	118,207	105,205	-	-
Interest in joint ventures – loan	56,835	39,926	-	-
	175,042	145,131	1,354,921	1,350,378
Other investments	22	22	-	-
Total investments	175,064	145,153	1,354,921	1,350,378

**Balances relating to investments as at 31 December 2020 have been restated. Refer to note 1.9 for more details*

The Company investments relate primarily to the acquisition of Linden and Partnerships, as discussed in note 5.14.

The movement in investments accounted for using the equity method during the year is as follows:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Beginning of the year	145,153	85,129	1,350,378	14,153
Acquired with Linden and Partnerships	-	56,034	-	1,333,483
Additions	-	-	4,543	2,742
Investments in joint ventures	16,909	16,166	-	-
Profit for the year	29,991	14,867	-	-
Distributions paid	(16,989)	(27,043)	-	-
End of the year	175,064	145,153	1,354,921	1,350,378

**Balances relating to investments as at 31 December 2020 have been restated. Refer to note 1.9 for more details.*

Notes to the financial statements

Share of joint ventures profit shown in the Group income statement is as follows.

	2021 £000	2020 £000
Share of joint venture gross profit	57,290	34,472
Share of joint venture operating profit	56,489	34,076
Share of profit of joint ventures	29,991	14,867

At 31 December 2021 the Group held interests in joint ventures, all of which are incorporated in the United Kingdom, as set out in note 5.16. Details of related party transactions with joint ventures are given in note 5.11.

In relation to the Group's interest in joint ventures, the assets, liabilities, income, and expenses are shown below:

	2021 £000	2020 £000
Current assets excluding cash and cash equivalents	1,549,509	1,233,201
Cash	42,140	35,917
Current liabilities	(743,361)	(405,928)
Non-current liabilities	(619,471)	(736,383)
Net assets of joint ventures	228,817	126,807
Group share of net assets	114,408	63,404
Revenue	678,015	464,698
Gross profit	116,232	59,539
Operating profit	114,548	58,659
Finance costs	(42,761)	(38,316)
Income tax expense	(2,188)	(792)
Profit for the year	69,599	19,551
Total comprehensive income	69,599	19,551
Group share of results for the year for joint ventures in a net asset position	31,528	16,208
Group share of results for the year for joint ventures in a net liability position	2,960	(6,534)

The Group's share of joint venture results shown in the income statement reflect the above Group share of joint venture results which are then adjusted for fair value releases, unrealised losses and other accounting entries required to equity account for the Group's joint ventures.

Details of material joint ventures are as follows:

	Stanton Cross Developments LLP		Opal (Silvertown) LLP		Bovis Latimer (Sherford) LLP		Vistry Latimer Collingtree LLP		Pembers LLP	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Carrying value of Group's investment	43,708	39,955	10,296	6,105	21,222	18,484	20,981	13,625	1,938	396

Stanton Cross Developments LLP develops and sells residential property at Stanton Cross, Wellingborough.

Opal (Silvertown) LLP is developing and selling apartments at Brunel Street Works which is a large development site in Canning Town, London. The development also includes the construction of a hotel and commercial units.

Bovis Latimer (Sherford) LLP develops and sells residential property at Sherford, Plymouth.

Vistry Latimer Collingtree LLP develops and sells residential property at Collingtree, Northampton

Pembers LLP develops and sells residential property at Pembers Hill Park at Fair Oak, Hampshire

All of the Group's material joint ventures are strategic investments which utilise the Group's knowledge and expertise in the development of residential property but also limit the Group's exposure on large sites through a reduced equity holding.

Income statements – continuing operations

	Stanton Cross Developments LLP		Opal (Silvertown) LLP		Bovis Latimer (Sherford) LLP		Vistry Latimer Collingtree LLP		Pembers LLP	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Revenue	28,270	33,446	120,159	64,190	13,598	9,837	15,417	-	23,042	20,312
Gross profit	7,027	5,156	11,144	7,218	3,347	1,563	3,145	(72)	3,082	1,914
Overheads	(50)	(11)	(31)	-	(348)	-	-	-	2	-
Operating profit	6,977	5,145	11,113	7,218	2,999	1,563	3,145	(72)	3,084	1,914
Interest expense	-	-	(2,733)	(3,492)	(2,166)	(2,179)	(2,594)	(2,077)	-	-
Profit before tax	6,977	5,145	8,380	3,726	833	(616)	551	(2,149)	3,084	1,914
Total comprehensive income	6,977	5,145	8,380	3,726	833	(616)	551	(2,149)	3,084	1,914
Joint venture result	6,977	5,145	8,380	3,726	833	(616)	551	(2,149)	3,084	1,914
Group's share of profit / (loss) and total comprehensive profit / (loss)	3,489	2,573	4,190	1,863	417	(308)	276	(1,075)	1,542	957
Distributions received by the Group during the year	-	18,897	-	-	-	-	-	-	-	-
Balance sheet										
Cash and cash equivalents	52	3,055	447	8,189	2,429	773	7,088	-	2,658	9,868
Inventories	145,680	136,287	81,489	138,714	64,818	60,551	59,597	58,840	18,966	42,282
Other current assets	13,389	8,403	2,869	6,327	-	-	853	-	561	1,024
Current assets	159,121	147,745	84,805	153,230	67,247	61,324	67,538	58,840	22,185	53,174
Current external borrowings	-	-	-	(55,019)	(1,062)	(1,100)	-	-	-	-
Other current liabilities	(25,693)	(22,227)	(50,042)	(48,874)	(58,961)	(31,754)	(69,136)	(55,989)	(17,470)	(49,910)
Current liabilities	(25,693)	(22,227)	(50,042)	(103,893)	(60,023)	(32,854)	(69,136)	(55,989)	(17,470)	(49,910)
Non-current external borrowings	(39,614)	*(38,681)	-	-	(7,035)	(7,863)	-	-	-	-
Other non-current liabilities	-	-	(14,245)	(37,200)	-	(21,160)	-	-	-	-
Non-current liabilities	(39,614)	(38,681)	(14,245)	(37,200)	(7,035)	(29,023)	-	-	-	-
Net assets / (liabilities)	93,814	86,837	20,518	12,137	189	(553)	(1,598)	2,851	4,715	3,264
Group share of net assets / (liabilities)	46,907	43,419	10,259	6,069	95	(277)	(799)	(1,075)	2,357	1,632

The Group's joint ventures have no significant contingent liabilities or commitments to which the Group is exposed, and the Group has no significant contingent liabilities in relation to its interest in the joint ventures

**Bovis Latimer (Sherford) LLP and Stanton Cross Developments LLP external borrowings reflect amounts due to Homes England*

In addition to the interests in joint ventures disclosures above, the Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method

	2021 £000	2020 £000
Aggregate carrying value of individually immaterial joint ventures	76,897	64,956
Aggregate amounts of the Group's share of		
Profit from continuing operations	19,812	9,815
Total comprehensive income	19,812	9,815

Notes to the financial statements

5.9 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

	Legacy properties fire safety £000	Site-related costs £000	Other £000	Total £000
As at 1 January 2021	20,885	13,437	6,079	40,401
Additional provisions made	5,744	380	1,837	7,961
Amounts used	(1,417)	(6,080)	-	(7,497)
Unused provisions reversed	-	(575)	(907)	(1,482)
As at 31 December 2021	**25,212**	**7,162**	**7,009**	**39,383**

Of the total provisions detailed above £8,455,000 is expected to be utilised within the next year (2020: £6,615,000).

The legacy property fire safety provision includes estimated costs to remediate fire safety issues for finished developments. The Group has undertaken a review of all of its current and legacy buildings where a potential liability has been identified based on both legal and constructive obligations. As at the balance sheet date the Group has provided £26.6m for the expected costs of remedial works that may be required, of which £1.4m was spent in the year. This review, performed by in house teams, involved a physical inspection of potentially impacted developments along with an assessment of the cost to remediate based on external cost estimates where available and in part on experiences of similar remedial work undertaken. The individual developments and associated cost to remediate were then reviewed by management. We expect the majority of this provision to be utilised over the next three years.

In January 2022 the Department for Levelling Up, Housing and Communities issued an open letter to private property developers detailing their intent to expand the legal and constructive obligations of the sector for the remedial work required across the UK for fire safety including the removal of cladding. Since then a series of working meetings have taken place to understand the exact implications of this intent with the housebuilding sector seeking support from the UK Government to obtain clarity on certain key areas, including establishing a proportional approach to remedial works required and how the issue of mortgagability is being considered in the light of this being a key constraint for impacted leaseholders.

As a result, there are a number of uncertainties and limitations in being able to accurately identify and quantify the Group's potential exposure to any further fire safety remedial costs including:

- it is not clear exactly what the scope of remediation work required will be;
- it is not clear what the split of obligations between freehold owner and developer will be,
- there is a lack of clarity in respect of the obligations of the supply chain, including product manfacturers; and
- the retrospective period to which new legislation may refer to is uncertain, however up to thirty years has been taken as the basis for our ongoing investigations to identify and obtain details in respect of buildings developed over this period.

The outcome of current negotiations and potential additional obligations on the sector and the Group remain uncertain. As a consequence there is considerable uncertainty on how the legal or constructive obligations on the Group may evolve and therefore uncertainty as to the extent of any further potential costs of remedial fire safety work for the Group.

The Group has identified 64 apartment blocks which may require review, and has to date investigated 39 developments, where it has acted as developer, within the potential scope of the new obligation, which includes buildings taller than 11 metres and developments going back thirty years, and has so far identified that 19 of these developments may require remedial work. Priority has been given to those where we are aware of potential issues. Following inspections of these developments, and based on recent engagement with the Department for Levelling Up, Housing and Communities, the Group currently considers that the potential further cost of remedial works for these identified sites, in addition to the £25.2m already provided, could be in the range of £35m and £50m. At the year end this amount has not been provided for given the current levels of inherent ambiguity, and as any new legal or constructive obligations becomes more clear this estimate will be subject to change.

Site related cost provisions includes estimated costs in relation to specific site related items including litigation.

Other provisions primarily relate to estimated costs in relation to insurance claims and other potential obligations.

5.10 Employee benefits

The Group accounts for pensions and similar benefits under IAS 19 (Revised), "Employee benefits". In respect of defined benefit schemes, the net obligation or surplus is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years, such benefits are measured at discounted present value, less the fair value of the scheme assets. The discount rate used to discount the benefits accrued is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the Projected Unit Method.

The operating and financing costs of such plans are recognised separately in the income statement; service costs are spread systematically over the lives of employees and financing costs and credits are recognised in the years in which they arise. All actuarial gains and losses are recognised immediately in the Group statement of comprehensive income.

Payments to defined contribution schemes are charged as an expense as they fall due.

The Schemes operate under trust law and are managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation.

Pension cost note

The Company is accountable for three UK registered trust-based pensions schemes.

Bovis Homes Pension Scheme is a pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). This scheme is closed to new members and future accrual.

The Galliford Try Final Salary Pension Scheme and The Kendall Cross (Holdings) Limited Pension & Life Assurance Scheme. Both provide defined benefits and both are closed to new members and future accrual

The Trustees of each scheme are responsible for running their scheme in accordance with their scheme's Trust Deed and Rules, which sets out their powers. The Trustees of each scheme are required to act in the best interests of the beneficiaries of their scheme.

There are two categories of pension scheme members:

- Deferred members: former active members of the Scheme, not yet in receipt of a pension
- Pensioner members: in receipt of a pension

The Group is ultimately responsible for making up any shortfall in the scheme over a period of time agreed with the Trustee of each scheme. To the extent that actual experience is different to that assumed, the Group's contribution could vary in the future. The defined benefit obligation has been calculated by approximately adjusting the results of the most recent triennial valuation performed by the Scheme Actuaries.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings (allowing for revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits receive increases linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method.

The Trustee board for each Scheme is made up of member appointed, Company appointed and independent trustees.

The approximate overall duration of the Schemes' defined benefit obligation as at 31 December 2021 was between 15 and 20 years

The Group makes contributions to three defined benefit schemes that provide pension benefits for employees upon retirement.

Risks

Through the Schemes, the Company is exposed to a number of risks:

- Asset volatility: The Bovis Homes Schemes defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields, however each Scheme invests significantly in equities and other growth assets These assets are expected to outperform corporate bonds in the long-term but provide volatility and risk in the short term
- Changes in bond yields: a decrease in corporate bond yields would increase the Schemes' defined benefit obligation, however this would be partially offset by an increase in the value of the Schemes' bond, insured annuity and liability driven instruments (LDI) holdings.
- Inflation risk: a significant proportion of the Schemes' defined benefit obligation is linked to inflation; therefore, higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). Through LDI and annuities a proportion of the assets are linked to inflation, therefore an increase in inflation would also increase the assets
- Life expectancy: If Scheme members live longer than expected, the Schemes benefits will need to be paid for longer, increasing the Scheme's defined benefit obligations. This would be offset to some extent by the annuity policies held.
- Liquidity: The majority of the Schemes' assets are liquid.

The Trustees and Group manage risks in the Schemes through the following strategies

- Diversification: investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.
- Investment strategy: the Trustees are required to review their investment strategy on a regular basis
- LDI: The Schemes invest in LDI assets, whose investment returns are expected to partially hedge interest rates and inflation movements

The Group is recognising a surplus as the rules of each scheme state that it will be entitled to any surplus remaining if the Schemes are run on until the last members exit the Schemes. It is anticipated that any surplus remaining would be either received as a refund or used as a contribution to the Companys Defined Contributions schemes

Notes to the financial statements

Retirement benefit obligations

	2021 £000	2020 £000
Fair value of plan scheme assets	(428,331)	(429,185)
Present value of funded obligations	383,013	420,108
Recognised asset for defined benefit obligations	**45,318**	**9,077**

Movements in the net asset for defined benefit obligations recognised in the balance sheet

	2021 £000	2020 £000
Net asset for defined benefit obligations at 1 January	(9,077)	(4,506)
Acquired with the Acquisition	-	(5,646)
Contributions received	(3,765)	(11,588)
Expense recognised in the income statement	1,362	1,009
(Gains) / Losses recognised in equity	(33,838)	11,654
Net asset for defined benefit obligations at 31 December	**(45,318)**	**(9,077)**

Reconciliation to statement of comprehensive income

	2021 £000	2020 £000
Actuarial (gains) / losses: changes in financial assumptions	(15,755)	53,507
Actuarial (gains): changes in demographic assumptions	(1,162)	(291)
Actuarial (gains) / losses: experience different from assumed	(13,414)	400
Total actuarial (gains) / losses	**(30,331)**	**53,616**
Actual return on assets, less interest	(3,507)	(41,962)
Amount recognised in other comprehensive income / (expense)	**(33,838)**	**11,654**

The cumulative gain recognised in equity to date is £1.2m (2020 loss: £32.6m).

Change in defined benefit obligation over the year

	2021 £000	2020 £000
Defined benefit obligation at 1 January	420,108	127,765
Acquired with the Acquisition	-	247,523
Net interest cost	5,383	6,981
Actual benefit payments by the Schemes	(12,147)	(15,777)
(Gain) / loss on change of assumptions:		
Actuarial (gain) / loss. experience differing from that assumed	(13,414)	400
Actuarial (gain): changes in demographic assumptions	(1,162)	(291)
Actuarial (gain) / loss. changes in financial assumptions	(15,755)	53,507
Defined benefit obligation at 31 December	**383,013**	**420,108**

Change in scheme assets over the year

	2021 £000	2020 £000
Fair value of scheme assets at 1 January	429,185	132,271
Acquired with the Acquisition	-	253,169
Interest income	5,515	7,271
Actual benefit payments by the scheme	(12,147)	(15,777)
Actual Group contributions	3,765	11,588
Return on assets	3,507	41,962
Administration costs	(1,494)	(1,299)
Fair value of scheme assets at 31 December	428,331	429,185

The major categories of scheme assets are as follows:

	2021 £000	2020 £000
Return seeking		
Equities	134,321	141,301
Other		
Bonds	67,647	71,159
Property	-	3,415
Cash	24,911	13,145
Insured annuities	81,037	89,402
Liability driven instruments	120,415	110,763
Total market value of assets	428,331	429,185

Certain pension scheme assets - equities, bonds and liability driven instruments - have a quoted market price in an active market. Cash and insured annuities are unquoted assets. All pension scheme assets are directly held.

The Schemes' assets were invested in cash, bonds, equities, insured annuities and LDIs. The value of liabilities of a defined benefit pension scheme is particularly sensitive to changes in the discount rate applied to future liabilities (which is determined by the long-term yield on investment grade corporate bonds or gilts) and the level of inflation (see sensitivity analysis table below). The Schemes hold matching assets (bonds, insured annuities and LDIs) which aim to hedge changes in the value of the Schemes' liabilities. Changes in the discount rate and inflation would therefore be partially offset by a change in the value of assets.

Expense recognised in the income statement

	2021 £000	2020 £000
Administration costs	1,494	1,299
Net interest (credit)	(132)	(291)
Expense recognised in the income statement	1,362	1,008

Assumptions

Principal actuarial assumptions (for all defined benefit schemes) at the balance sheet date (expressed as weighted averages).

Group	*2021* %	*2020* %	*2019* %
Discount rate at 31 December	1.8	1.3	1.9
Inflation – RPI	3.4	3.0	3.0
– CPI	3.0	2.5	2.0

Remaining years of life	Current age at 43	Current age at 63
Men	26.9	25.1
Women	29.1	27.2

Notes to the financial statements

Sensitivity analysis

The sensitivity analysis is illustrative only and is provided to demonstrate the degree of sensitivity of results to key assumptions. Generally, estimates are made by re-performing calculations with one assumption modified and all others held constant.

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	+0.5%pa / -0.5%pa	-8% / +9%
RPI and CPI inflation	+0.5%pa / -0.5%pa	+5% / -5%
Assumed life expectancy	+1 year	+4%

Limitations of the sensitivity analysis

The Trustees of each scheme are required to carry out actuarial valuations every 3 years.

The most recent actuarial valuation for the Bovis Homes Pension Scheme was carried out as at 30 June 2019 by the Scheme Actuary. The results have highlighted a funding deficit of £10.5m. To eliminate the deficit, the Group have paid a contribution of £5.5m in January 2020 and £2.0m in January 2022 and have agreed to pay a further £1.0m before 31 January 2023. Additionally, the Group have agreed to pay £0.2m per annum to cover administrative expenses.

The most recent actuarial valuation for the Galliford Try Final Salary Pension Scheme was at 30 June 2018 and was carried out by the Scheme Actuary. The valuation highlighted a technical funding shortfall of £5.5m. Following the acquisition, a Schedule of Contributions was agreed in January 2020, and the Group paid £6.7m by 31 January 2021 and will pay a further £4.7m between February 2021 and September 2022.

The most recent actuarial valuation for the Kendall Cross (Holdings) Limited Pension & Life Assurance Scheme was as at 13 November 2020 and was carried out by the Scheme Actuary. The valuation highlighted a funding shortfall of £0.7m. To eliminate the deficit, a Schedule of Contributions was agreed in January 2022 which sets out that the Group will pay £0.2m every year until 30 November 2024. This is paid in equal monthly installments of £15,000.

All three Schemes are closed to accrual and therefore no further contributions are required to cover the cost of future service accrual.

Alongside the latest valuation and the recovery plan the Company has also agreed the principles of a longer-term plan to de-risk the pension scheme assets and liabilities position.

Expected contributions to post-employment benefit plans for the year ending 31 December 2022 are £6.9m

5.11 Related party transactions

Transactions between fellow subsidiaries, which are related parties, have been eliminated on consolidation, as have transactions between the Company and its subsidiaries during this year.

Transactions between the Group, Company and key management personnel in the year ended 31 December 2021 were limited to those relating to remuneration, which are disclosed on pages 142 to 167 in the remuneration report.

Mr. Greg Fitzgerald, Group Chief Executive, is Non-Executive Chairman of Ardent Hire Solutions Limited ("Ardent") The Group hires forklift trucks from Ardent.

Mr. Ian Baker is the Managing Director of Baker Estates Ltd where Mr Greg Fitzgerald is a shareholder and Director. The Group received advisory services from Ian Baker's consultancy company IB (SW) Limited in the prior year.

Mr. Graham Prothero, is Non-Executive Director and Chair of the Audit Committee of Marshalls PLC. The Group incurred costs with Marshalls PLC in relation to landscaping services.

Ms. Katherine Innes Ker, is a Non-Executive Director of Forterra PLC. The Group incurred costs with Forterra PLC in relation to the supply of bricks.

Mr. Ian Tyler, Non-Executive Chairman, is the Chairman of Affinity Water Limited and a Non-Executive Director of BAE Systems PLC. The Group received water services and incurred car parking charges with these companies, respectively, during the year.

The total net value of transactions with related parties excluding joint ventures have been made at arms length and were as follows

	Expenses paid to related parties		Amounts payable to related parties		Amounts owed by related parties	
	Year ended 31 Dec 2021 £000	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2021 £000	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2021 £000	Year ended 31 Dec 2020 £000
Trading transactions						
Ardent	5,598	2,498	426	632	-	-
IB (SW) Limited	-	56	-	-	-	-
Marshalls PLC	16	21	-	-	-	-
Forterra PLC	579	1,321	115	115	-	-
Affinity Water Limited	31	-	-	-	1	-
BAE Systems PLC	1	-	-	-	-	-

Transactions between the Group and its joint ventures are disclosed as follows:

	Sales to related parties		Interest income and dividend distributions from related parties	
	Year ended 31 Dec 2021 £000	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2021 £000	Year ended 31 Dec 2020 £000
Trading transactions	41,968	129,663	-	-
Non-trading transactions	-	-	40,183	45,014

	Amounts owed by related parties		Amounts owed to related parties	
	Year ended 31 Dec 2021 £000	*Year ended 31 Dec 2020 £000*	*Year ended 31 Dec 2021 £000*	*Year ended 31 Dec 2020 £000*
Balances with joint ventures	308,217	323,650	46,010	20,157

Sales to related parties including joint ventures are based on normal commercial terms available to unrelated third parties. The loans made to joint ventures bear interest at rates of between 3.5% and 5.1%, all balances with related parties will be settled in cash.

There have been no other related party transactions in the financial year which have materially affected the financial performance or position of the Group, and which have not been disclosed

5.12 Reconciliation of Return on Capital Employed performance measure

Return on Capital Employed (ROCE) is monitored to reflect the underlying performance, of the Group and, to better assess this performance, exceptional items and the amortisation of acquired intangible assets in the adjusted operating profit measure are excluded.

Due to the pension surplus increasing in 2021 to a material level the Group is removing this surplus from the capital employed used as the basis for the ROCE calculation. The surplus is a technical surplus and does not reflect the winding up deficit position all three pension schemes are in

The terms of existing share-based payment arrangements have not been amended for this change in definition.

The ROCE calculation including the aforementioned change is detailed below:

	2021 £000	2020 (restated**) £000
Adjusted operating profit (see note 2.2)	368,368	171,023
Opening total equity	2,195,082	1,271,966
Deduct: goodwill	547,509	-
Deduct: intangible assets	143,585	4,336
Deduct net cash	37,885	361,962
Deduct: retirement benefit asset	9,077	4,506
Opening capital employed	1,457,026	901,162
Closing total equity	2,390,581	2,195,082
Deduct: goodwill	547,509	547,509
Deduct: intangible assets	127,809	143,585
Deduct: net cash	234,454	37,885
Deduct: retirement benefit asset	45,318	9,077
Closing capital employed	1,435,491	1,457,026
Average capital employed*	1,446,259	1,179,094
ROCE including share of joint ventures	25.5%	14.5%

**Average of opening and closing capital employed for the year*

***Restated to exclude the retirement benefit asset.*

Notes to the financial statements

5.13 Alternative performance measures

The Group uses alternative performance measures which are not defined within UK-adopted International Accounting Standards. The Directors use these alternative performance measures, along with UK-adopted International Accounting Standards measures, to assess the operational performance of the Group. New alternative performance measures were implemented in 2020 in order to reflect the enlarged Group, specifically the contribution of the joint venture investments now held and the impact of amortisation of intangibles which were recognised on acquisition of Linden and Partnerships (refer to note 5.14)

The definition and reconciliation of financial alternative performance measures used to UK-adopted International Accounting Standards measures are shown below:

Adjusted revenue

Adjusted revenue is defined as revenue including share of joint ventures' revenue:

	2021 £000	2020 £000
Revenue per Group Income Statement	2,359,042	1,811,727
Share of joint ventures' revenue	334,591	228,387
Adjusted revenue	2,693,633	2,040,114

Adjusted gross profit

Adjusted gross profit is defined as gross profit including share of joint ventures' gross profit, plus other operating income and before exceptional cost of sales:

	2021 £000	2020 £000
Gross profit per Group Income Statement	439,272	246,896
Other operating income	40,659	26,422
Exceptional cost of sales	5,744	10,975
Share of joint ventures' gross profit	57,290	34,472
Adjusted gross profit	542,965	318,765

Adjusted operating profit

Adjusted operating profit is defined as operating profit including share of joint ventures' operating profit, before exceptional expenses and amortisation of acquired intangibles:

	2021 £000	2020 £000
Operating profit per Group Income Statement	285,414	91,723
Exceptional expenses	12,225	30,984
Amortisation of acquired intangibles	14,240	14,240
Share of joint ventures' operating profit	56,489	34,076
Adjusted operating profit	368,368	171,023

Adjusted profit before tax

Adjusted profit before tax is defined as profit before tax before exceptional expenses and amortisation of acquired intangibles:

	2021 £000	2020 £000
Profit before tax per Group Income Statement	319,536	98,664
Exceptional expenses	12,225	30,984
Amortisation of acquired intangibles	14,240	14,240
Adjusted profit before tax	346,001	143,888

5.14 Business combinations

On 3 January 2020, the Group acquired the Linden and Partnerships businesses from Galliford Try PLC for a consideration of £1,233.5m. The acquisition has positioned the Group as a top five national housebuilder by volume, expanded the Group's presence across the UK and into Yorkshire and established the Group as one of the leaders in the highly attractive, high-growth partnerships business. The acquisition was of 100% of the share capital and control of the holding companies Vistry (Jersey) Limited (formerly Goldfinch (Jersey) Limited) and Vistry Partnerships Limited (formerly Galliford Try Partnerships Limited) and all of their subsidiaries, which are included in note 5.16. Details of the purchase consideration, the net assets acquired and goodwill at 3 January 2020 are as follows:

Purchase consideration

	Attributable to the acquisition of Linden £'000	Attributable to the acquisition of Partnerships £'000	Total £'000
Cash consideration	76,300	301,800	378,100
Shares in Vistry Group PLC issued	815,698	39,685	855,383
Total purchase consideration	**891,998**	**341,485**	**1,233,483**

The share consideration included 63,739,385 shares with nominal value of £0.50 per share. £823.5m was recognised within the merger reserve in relation to these consideration shares issued, being the excess of the share price on the date of issue over nominal value of the shares.

In addition to the above cash and share consideration, the Group assumed a liability with fair value of £107.4m for notes payable in relation to the acquisition of Partnerships, included within borrowings in the table below.

The assets and liabilities recognised as a result of the acquisition are as follows.

	Linden Fair value 3 January 2020 £'000	Partnerships Fair value 3 January 2020 £'000	Total Fair value 3 January 2020 £'000
(Bank overdraft) / Cash and cash equivalents	(35,368)	32,367	(3,001)
Property, plant and equipment	295	1,783	2,078
Right-of-use assets	10,757	10,207	20,964
Intangible assets	54,800	100,224	155,024
Investments	49,527	6,507	56,034
Retirement benefit asset	5,646	-	5,646
Inventories	606,371	103,401	709,772
Amounts owed by joint ventures	208,034	74,439	282,473
Trade and other receivables	98,983	157,928	256,911
Trade and other payables	(322,797)	(326,865)	(649,662)
Borrowings	-	(108,219)	(108,219)
Lease liabilities	(10,758)	(10,207)	(20,965)
Provisions	(17,706)	(4,750)	(22,456)
Net deferred tax asset / (liability)	15,886	(14,511)	1,375
Net identifiable assets acquired	**663,670**	**22,304**	**685,974**
Goodwill	228,328	319,181	547,509
	891,998	**341,485**	**1,233,483**

The acquired intangibles include the Linden Homes and Drew Smith brand names, the customer relationships within the Linden and Partnerships businesses, and the secured contracts of the Partnerships business. The acquired intangible assets have estimated useful lives of between 4 and 25 years.

The goodwill for Linden reflects intangible assets which do not qualify for separate recognition including relationships with private customers, and the assembled workforce, in addition to synergies that will be achieved as an enlarged business

The goodwill for Partnerships reflects their strong position in the market and future prospects, as well as the assembled workforce and synergies that will be achieved as an enlarged business.

None of the goodwill is expected to be deductible for tax purposes. There has been no further business combinations in 2021.

Notes to the financial statements

5.15 Post balance sheet events

Since the year end 31 December 2021 there have been 3 significant post balance sheet events.

In January 2022 the Department for Levelling Up, Housing and Communities issued an open letter to private property developers detailing their intent to expand the legal and constructive obligations of the sector for the remedial work on fire safety cladding. The exact impact of this intent to the Group is not fully known, please see note 5.9 Provisions for more detail.

On the 2 February 2022 the Residential Property Developer Tax was substantively enacted, see note 5.2 for more detail.

The Board approved on the 1st March 2022 to pay a final dividend for the year of 40p per share

5.16 Group undertakings

The subsidiary and joint ventures in which the Group has interests are incorporated in the United Kingdom. In each case for the majority of companies their principal activity is related to housebuilding and estate development, there are a small number of entities whose role is to support housebuilding and estate development through corporate ownership. As at 31 December 2021, the Group had 121 subsidiaries, which are listed on the next page (with the company names as at 2 March 2022).

A number of subsidiaries in the Group have taken the exemption from the requirements of the Companies Act 2006 in relation to the audit of accounts under section 479A of the Companies Act 2006 for the year ended 31 December 2021. These subsidiaries are marked with an asterisk in the table opposite.

The Company will guarantee the debts and liabilities of the companies marked with an asterisk in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under the guarantee as remote.

Group subsidiaries

	Registered office	Country of incorporation	Ownership interest in ordinary shares 2021 %	2020 %
Blythe Park LLP	1	United Kingdom	100	100
Bovis Country Homes Limited	1	United Kingdom	100	100
Bovis Homes (Broadbridge Heath) Limited*	1	United Kingdom	100	100
Bovis Homes (Quest) Company Limited	1	United Kingdom	100	100
Bovis Homes BVC Limited	1	United Kingdom	100	100
Bovis Homes Cornwall Limited	1	United Kingdom	100	100
Bovis Homes Eastern Limited	1	United Kingdom	100	100
Bovis Homes Freeholds Limited	1	United Kingdom	100	100
Bovis Homes Insulation Limited	1	United Kingdom	100	100
Bovis Homes Limited	1	United Kingdom	100	100
Bovis Homes Midlands & Northern Limited	1	United Kingdom	100	100
Bovis Homes North Whiteley LLP	1	United Kingdom	100	100
Bovis Homes Pension Scheme Trustee Limited†	1	United Kingdom	100	100
Bovis Homes Projects Limited	1	United Kingdom	100	100
Bovis Homes South East Limited	1	United Kingdom	100	100
Bovis Homes Southern Limited	1	United Kingdom	100	100
Bovis Homes Wessex Limited	1	United Kingdom	100	100
Brunel Street Works Energy Services Limited*	1	United Kingdom	100	100
Charndale Limited	1	United Kingdom	100	100
Drew Smith Homes Limited	1	United Kingdom	100	100
Drew Smyth Limited	1	United Kingdom	100	100
Elite Homes (North West) Limited*	1	United Kingdom	100	100
Elite Homes (Yorkshire) Limited*	1	United Kingdom	100	100
Elite Homes Group Limited*	1	United Kingdom	100	100
Emerald (Ealing) LLP†	1	United Kingdom	100	100
Enhance Interiors Limited†	1	United Kingdom	100	100
Fairfield Redevelopments Limited*	1	United Kingdom	100	100
Gipsy Lane Limited	1	United Kingdom	100	100
Grayllingwell Energy Services Limited*	1	United Kingdom	100	100
Greyhound Regeneration LLP	1	United Kingdom	100	100
H Newbury & Son (Builders) Limited	1	United Kingdom	100	100
Hall Green JV LLP†	1	United Kingdom	100	100
Hill Place Farm Developments Limited	1	United Kingdom	100	100
Kendall Cross Limited†	1	United Kingdom	100	100
Kilbride Tavistock Limited*	1	United Kingdom	100	100
Linden (Ashlar Court) Limited†	1	United Kingdom	100	100
Linden (Beverley 2) LLP	1	United Kingdom	100	100
Linden (Beverley 3) LLP	1	United Kingdom	100	100
Linden (Beverley 4) LLP	1	United Kingdom	100	100
Linden (Beverley 5) LLP	1	United Kingdom	100	100
Linden (Beverley) LLP	1	United Kingdom	100	100
Linden (Cawston) LLP	1	United Kingdom	100	100
Linden (HighfIelds Caldecote) LLP	1	United Kingdom	100	100
Linden (Houghton) LLP	1	United Kingdom	100	100
Linden (St Bernards) Limited†	1	United Kingdom	100	100
Linden (Summerstown) LLP	1	United Kingdom	100	100
Linden (Thurston) LLP	1	United Kingdom	100	100
Linden Barnet LLP	1	United Kingdom	100	100
Linden Cornwall Limited†	1	United Kingdom	100	100
Linden Devon Limited†	1	United Kingdom	100	100
Linden First Limited	1	United Kingdom	100	100
Linden Guildford Limited†	1	United Kingdom	100	100
Linden Holdings Limited†	1	United Kingdom	100	100
Linden Homes (Bath Road) LLP	1	United Kingdom	100	100
Linden Homes (Blackberry Hill) LLP†	1	United Kingdom	100	100
Linden Homes (Marksbury) LLP	1	United Kingdom	100	100
Linden Homes (Sherford) LLP	1	United Kingdom	100	100
Linden Homes Chiltern Limited†	1	United Kingdom	100	100
Linden Homes Eastern LLP†	1	United Kingdom	100	100
Linden Homes Chiltern Limited	1	United Kingdom	100	100
Linden Homes Eastern LLP	1	United Kingdom	100	100

	Registered office	Country of incorporation	Ownership interest in ordinary shares 2021 %	2020 %
Linden Homes South-East Limited†	1	United Kingdom	100	100
Linden Homes Southern Limited†	1	United Kingdom	100	100
Linden Homes Western Limited†	1	United Kingdom	100	100
Linden JV No12 LLP	1	United Kingdom	100	100
Linden JV No17 LLP	1	United Kingdom	100	100
Linden JV No18 LLP	1	United Kingdom	100	100
Linden JV No19 LLP	1	United Kingdom	100	100
Linden JV No20 LLP†	1	United Kingdom	100	100
Linden JVCo No6 Limited	1	United Kingdom	100	100
Linden JVCo No8 Limited	1	United Kingdom	100	100
Linden JVCo No9 Limited	1	United Kingdom	100	100
Linden Limited	1	United Kingdom	100	100
Linden London (Hammersmith) Limited†	1	United Kingdom	100	100
Linden London Developments Limited†	1	United Kingdom	100	100
Linden London LLP	1	United Kingdom	100	100
Linden Midlands Limited†	1	United Kingdom	100	100
Linden North Limited†	1	United Kingdom	100	100
Linden Partnerships Limited†	1	United Kingdom	100	100
Linden Properties Western Limited	1	United Kingdom	100	100
Linden South West Limited†	1	United Kingdom	100	100
Linden Sovereign Brockworth LLP	15	United Kingdom	50	50
Linden St Albans LLP	1	United Kingdom	100	100
Linden Wates (Hardham) LLP	1	United Kingdom	50	50
Linden Wates (Hungerford) Limited†	1	United Kingdom	100	100
Linden Wates (Kempshott) Limited	1	United Kingdom	50	50
Mountsorrel JV LLP	1	United Kingdom	100	100
Nether Hall Park Open Space Management Company Limited	1	United Kingdom	100	100
Olive Farm LLP	1	United Kingdom	100	100
Orchard Homes (Pitt Manor) Limited	1	United Kingdom	100	100
Oxford Land Limited†	1	United Kingdom	67	67
Page Johnson Properties Limited	1	United Kingdom	100	100
R T Warren (Builders, St Albans) Limited	1	United Kingdom	100	100
Rasen Estates Limited†	1	United Kingdom	100	100
Redplay Limited†	1	United Kingdom	100	100
Redplay Partnerships Limited	1	United Kingdom	100	100
Rissington Management Company Limited	1	United Kingdom	100	100
Rosemullion Homes Limited	1	United Kingdom	100	100
The Ricardo Community Foundation†	1	United Kingdom	100	100
Unitpage Limited	1	United Kingdom	100	100
Vista Portsmouth Limited*	1	United Kingdom	100	100
Vistry Affordable Homes Limited*	1	United Kingdom	100	100
Vistry Developments Limited	1	United Kingdom	100	100
Vistry Homes Central Limited†	1	United Kingdom	100	100
Vistry Homes Limited	1	United Kingdom	100	100
Vistry Limited	1	United Kingdom	100	100
Vistry Linden Homes Limited*	1	United Kingdom	100	100
Vistry Linden Limited	1	United Kingdom	100	100
Vistry Partnerships (Wolverhampton) Limited*	1	United Kingdom	100	100
Vistry Partnerships Investments Limited	1	United Kingdom	100	100
Vistry Partnerships JV NO17 LLP	1	United Kingdom	100	100
Vistry Partnerships Limited	1	United Kingdom	100	100
Vistry Partnerships North Limited†	1	United Kingdom	100	100
Vistry Partnerships Yorkshire Holdings Limited	1	United Kingdom	100	100
Vistry Partnerships Yorkshire Limited	1	United Kingdom	100	100
Vistry Pension Trustee Ltd†	1	United Kingdom	100	100
Vistry Secretary Limited†	1	United Kingdom	100	
Vistry Ventures Limited	1	United Kingdom	100	-
Westcountry Land (Perranporth) Ltd*	1	United Kingdom	100	100
Bovis Homes Scotland Limited	2	United Kingdom	100	100
Knights Mount Management Company Limited†	9	United Kingdom	100	100
Vistry (Jersey) Limited	10	Jersey	100	100

*Denotes entities where the accounting reference date is not 31 December

†Unaudited subsidiaries

Company Limited by Guarantee

Notes to the financial statements

Within the table on the previous page, the Companies exempt from Audit are:

	Registered Office	Company registration number	Country of incorporation	Ownership interest in ordinary shares 2021 %	2020 %
Bovis Homes (Broadbridge Heath) Limited	1	08112950	United Kingdom	100	100
Brunel Street Works Energy Services Limited	1	11923831	United Kingdom	100	100
Elite Homes (North West) Limited	1	02297984	United Kingdom	100	100
Elite Homes (Yorkshire) Limited	1	01530215	United Kingdom	100	100
Elite Homes Group Limited	1	02781237	United Kingdom	100	100
Fairfield Redevelopments Limited	1	04459094	United Kingdom	100	100
Graylingwell Energy Services Limited	1	07142726	United Kingdom	100	100
Kilbride Tavistock Limited	1	07380791	United Kingdom	100	100
Vista Portsmouth Limited	1	11196519	United Kingdom	100	100
Vistry Affordable Homes Limited	1	06594096	United Kingdom	100	100
Vistry Linden Homes Limited	1	02606856	United Kingdom	100	100
Vistry Partnerships (Wolverhampton) Limited	1	08476225	United Kingdom	100	100
Westcountry Land (Perranporth) Ltd	1	09553572	United Kingdom	100	100

At 31 December 2021 the Group had an interest in the following 81 joint ventures which have been equity accounted to 31 December 2021 and are registered and operate in England and Wales.

The Directors have concluded that the group jointly controlled IIH Oak Investors LLP, Shoo 22 Limited and Gateshead Regeneration LLP during 2021, despite holding only 26%, 38% and 25% of the voting rights, respectively. For IIH Oak Investors LLP this is because the Group is one of two partners in the entity and a unanimous vote is required in respect of all key matters relating to the entity and to change this agreement. For Shoo 22 Limited and Gateshead Regeneration LLP this is because the shareholding agreements in place provide joint control and rights to the net assets of the entities. All 3 companies are equity accounted for and IIH Oak investors LLP and Shoo 22 Limited have immaterial net assets.

	Registered office	Country of incorporation	Ownership interest in ordinary shares 2021 %	2020 %
Beverley South Developments Limited†	1	United Kingdom	50	50
Bishops Park Limited	1	United Kingdom	50	50
Boorley Green LLP†	1	United Kingdom	50	50
Bovis Homes Cambourne West LLP†	1	United Kingdom	50	50
Bovis Latimer (Sherford) LLP	1	United Kingdom	50	50
Bovis Peer LLP†	*1*	*United Kingdom*	*50*	*50*
Crewe Lane Kenilworth JV LLP†	1	United Kingdom	50	-
D R 4 Developments LLP†	1	United Kingdom	50	50
Europa Way JV LLP†	1	United Kingdom	50	50
Evolution (Saffron Walden) LLP†	1	United Kingdom	50	50
Evolution (Shinfield) LLP†	1	United Kingdom	50	50
Evolution Gateshead Developments LLP†	1	United Kingdom	50	50
Evolution Morpeth LLP†	1	United Kingdom	50	50
Evolution Newhall LLP†	*1*	*United Kingdom*	*50*	*50*
Gateshead Regeneration LLP†	1	United Kingdom	25	25
Glen Parva JV LLP†	1	United Kingdom	50	50
Grange Walk LLP†	1	United Kingdom	50	50
Heath Farm Lane LLP†	1	United Kingdom	50	50
Kilnwood Vale LLP†	1	United Kingdom	50	50
Lea Castle JV LLP†	1	United Kingdom	50	100
Linden (Avery Hill) LLP†	1	United Kingdom	50	50
Linden (Basingstoke) Limited	*1*	*United Kingdom*	*50*	*50*
Linden (Battersea Bridge Road) LLP	1	United Kingdom	50	50
Linden (Biddenham) LLP†	1	United Kingdom	50	50
Linden (Brampton) LLP†	1	United Kingdom	50	50
Linden (Enfield) LLP†	1	United Kingdom	50	50
Linden (Hartfield Road) LLP†	*1*	*United Kingdom*	*50*	*50*
Linden (Manse Farm) LLP†	1	United Kingdom	50	50
Linden (Mowbray View 2) LLP†	1	United Kingdom	50	50
Linden (Northstowe) LLP†	1	United Kingdom	50	50
Linden (Rainham) LLP†	1	United Kingdom	50	50
Linden (Sayers Common) LLP†	1	United Kingdom	50	50
Linden (Vencourt) LLP†	1	United Kingdom	50	50
Linden (York Road) LLP†	1	United Kingdom	50	50
Linden and Dorchester Limited†	*1*	*United Kingdom*	*50*	*50*
Linden and Dorchester Portsmouth Limited†	1	United Kingdom	50	50
Linden Wates (Barrow Gurney) Limited	1	United Kingdom	50	50
Linden Wates (Bricket Wood) Limited	1	United Kingdom	50	50
Linden Wates (Cranleigh) Limited	1	United Kingdom	50	50
Linden Wates (Oorking) Limited	1	United Kingdom	50	50
Linden Wates (Lovedean) Limited	1	United Kingdom	50	100

	Registered office	Country of incorporation	Ownership interest in ordinary shares 2021 %	2020 %
Linden Wates (Ravenscourt Park) Limited	1	United Kingdom	50	50
Linden Wates (Ridgewood) Limited	1	United Kingdom	50	50
Linden Wates (Ringwood) LLP	1	United Kingdom	50	50
Linden Wates (Royston) LLP	1	United Kingdom	50	50
Linden Wates (Salisbury) LLP	1	United Kingdom	50	50
Linden Wates (The Frythe) Limited	*1*	*United Kingdom*	*50*	*50*
Linden Wates (Walberton) LLP	1	United Kingdom	50	50
Linden Wates (West Hampstead) Limited	1	United Kingdom	50	50
Linden Wates (Westbury) Limited	1	United Kingdom	50	50
Linden Wates Developments (Chichester) Limited	1	United Kingdom	50	50
Linden Wates Developments (Folders Meadow) Limited	1	United Kingdom	50	50
Linden/Downland Graylingwell LLP†	1	United Kingdom	50	50
Littleport Developments LLP†	1	United Kingdom	50	-
One Lockleaze LLP†	*1*	*United Kingdom*	*50*	*50*
Opal (Earlsfield) LLP†	1	United Kingdom	50	50
Opal (Silvertown) LLP†	1	United Kingdom	50	50
Opal (St Bernard's) LLP†	1	United Kingdom	50	50
Opal Land LLP†	1	United Kingdom	50	50
Pembers LLP†	*1*	*United Kingdom*	*50*	*50*
Ramsden Regeneration LLP†	1	United Kingdom	50	50
Sandymoor JV LLP†	1	United Kingdom	50	50
Stanton Cross Developments LLP	1	United Kingdom	50	50
Vistry JV1 LLP†	1	United Kingdom	50	-
Vistry Latimer Collingtree LLP†	1	United Kingdom	50	50
Vistry Wates (Buckingham) LLP†	1	United Kingdom	50	-
Vistry Wates (Leybourne) LLP†	1	United Kingdom	50	-
Vistry Wates Finance LLP	*1*	*United Kingdom*	*50*	-
Vistry Wates Holdings LLP	1	United Kingdom	50	-
Vistry Wates Nominee Limited	1	United Kingdom	50	-
West Bridgford JV LLP†	1	United Kingdom	50	50
White Rock Land LLP†	1	United Kingdom	50	50
Wilmington Regeneration LLP†	1	United Kingdom	50	50
The Piper Building Limited†	3	United Kingdom	50	50
IIH Oak Investors LLP	4	United Kingdom	26	26
Gallions 2A Developments LLP†	*11*	*United Kingdom*	*50*	*50*
Shoo 22 Limited†	12	United Kingdom	38	38
Cedar House Securities Limited	13	United Kingdom	50	50
Crest/Vistry (Epsom) LLP†	14	United Kingdom	50	50
Linden Homes Westinghouse LLP†	15	United Kingdom	50	50
Linden Wates (Walshes) LLP	*1*	*United Kingdom*	*50*	-

† Denotes entities where the accounting reference date is not 31 December

Significant holdings in undertakings other than subsidiary and joint venture undertakings

	Registered office	Country of incorporation	Ownership interest in ordinary shares 2021 %	2020 %
Berkshire Land Limited	1	United Kingdom	33	33
Bishop's Stortford North Consortium Limited	5	United Kingdom	33	33
C.C.B.(Stevenage) Limited	6	United Kingdom	33	33
Haydon Development Company Limited	7	United Kingdom	39	39
Oxfordshire Land Limited	8	United Kingdom	25	25

† Denotes entities where the accounting reference date is not 31 December.

Registered office

1 11 Tower View, Kings Hill, West Malling, Kent, ME19 4UY

2 C/o Gillespie MacAndrew LLP, 5 Atholl Crescent, Edinburgh, EH3 8EJ

3 *Cowley Business Park, High Street, Cowley, Uxbridge, Middlesex, UB8 2PL*

4 1148 Mountview Court High Rd, London, N20 0RA

5 Bath House, 6-8 Bath Street, Bristol, BS1 6HL

6 Croudace House, Tupwood Lane, Caterham, Surrey, CR3 6XQ

7 6 Drakes Meadow, Penny Lane, Swindon, Wiltshire, SN3 3LL

8 *Persimmon House, Fulford, York, Yorkshire, YO19 4FE*

9 Gateway House, 10 Coopers Way, Southend-on-Sea, Essex, SS2 5TE

10 47 Esplanade, St Helier, Jersey, JE1 0BD

11 *Bruce Kenrick House 2 Kellick Street, London, N1 9FL*

12 Duncan House Clipston Rd, Sibbertoft, Market Harborough, Leicestershire, LE16 9UB

13 8 Gleneagles Court, Brighton Rd, Crawley, West Sussex, RH10 6AD

14 *Crest House, Pyrcroft Rd, Chertsey Surrey, KT16 9GN*

15 Sovereign House, Basing View, Basingstoke, Hampshire, RG21 4FA

Five year record - unaudited

All financial information below is presented on the basis of the UK-adopted International Accounting Standards in place at the time and have not been restated for the impact of IFRS 16: "Leases", IFRS 15: "Revenue from Contracts with Customers" or IFRS 9: "Financial Instruments" prior to the date at which these standards became effective.

Years ended 31 December	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Reported results					
Revenue and profit					
Revenue	2,359.0	1,811.7	1,130.8	1,061.4	1,028.2
Operating profit	285.4	91.7	179.7	174.2	121.2
Net financing income / (costs)	4.1	(7.9)	(6.8)	(6.1)	(7.2)
Share of result of joint ventures	30.0	14.9	1.8	-	-
Profit before tax	319.5	98.7	174.8	168.1	114.0
Tax	(65.4)	(21.9)	(36.4)	(31.5)	(22.7)
Profit after tax	254.1	76.8	138.4	136.6	91.3
Adjusted results					
Revenue and profit					
Adjusted revenue	2,693.6	2,040.1	1,139.3	1,061.4	1,028.2
Adjusted operating profit	368.4	171.0	194.4	174.2	121.2
Adjusted profit before tax	346.0	143.9	188.2	168.1	120.8
Balance sheet					
Equity shareholders' funds	2,390.6	2,195.1	1,272.0	1,061.1	1,056.6
Net cash	234.5	(37.9)	(362.0)	(126.8)	(144.9)
Capital employed	2,625.1	2,157.2	910.0	934.3	911.7
Returns					
Adjusted operating margin before exceptional items and amortisation of intangibles (note 1)	14%	8%	17%	16%	12%
Reported operating margin (note 2)	12%	5%	16%	16%	12%
Return on shareholders' funds (note 3)	12%	6%	11%	13%	9%
Return on capital employed (note 4)	26%	14%	21%	19%	13%
Homes (including units sold on third party owned land)					
Number of Housebuilding unit completions (note 5)	6,551	4,652	3,867	3,759	3,645
Number of Partnership unit completions (note 5)	2,088	1,479	-	-	-
Number of partner delivery equivalent units	2,441	2,823	-	-	-
Housebuilding average sales price (£'000)	305.1	302.5	280.2	273.2	272.4
Mixed tenure average sales price (£'000)	236.7	203.9	-	-	-
Adjusted EPS					
Earnings per share (p) before exceptional items	125.5	57.9	104.3	101.6	73.1
Earnings per share (p) after exceptional items	114.6	34.8	94.6	101.6	68.0
Dividends per share					
Paid (p)	40.0	-	58.5	96.5	45.0
Interim paid and final proposed (p) (note 6)	60.0	20.0	61.5	57.0	47.5

Note 1: Adjusted operating margin has been calculated as adjusted operating profit over adjusted revenue.
Note 2: Reported operating margin has been calculated as operating profit over revenue.
Note 3: Return on shareholders' funds has been calculated as profit after tax over opening shareholders' funds
Note 4: Return on capital employed has been calculated as adjusted operating profit over the average of opening and closing shareholders' funds plus net debt or less net cash, less goodwill and intangibles and retirement benefit asset. 2017 to 2019 ROCE has been restated on this basis.
Note 5: Completions are shown including 100% of joint venture completions
Note 6: In 2019 a second interim dividend was declared, not a final dividend. 61.5p includes this second interim dividend.

Notice of Annual General Meeting 2022

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents with the exception of the personalised Form of Proxy to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Dear Shareholder,

Annual General Meeting

I am pleased to enclose the Notice of Annual General Meeting 2022, which will be held at and broadcast from 550 Oracle Parkway, Thames Valley Park, Reading, Berkshire, RG6 1PT on Wednesday, 18 May 2022 at 12.00 noon

The Annual General Meeting ('AGM') is a key event in the Company's corporate calendar as it provides an important opportunity for the Company to engage with its shareholders. Subject to changes in government guidance, the AGM will be held as a hybrid (physical and electronic) meeting to enable the Company's shareholders to participate in and attend the AGM. Shareholders who choose to attend the AGM in person, should pre-register their intention to attend as soon as practicable by emailing company.secretary@vistrygroup.co.uk and by no later than 5.00pm on 17 May 2022. Please do not attend in person if you have symptoms of or have tested positive for Covid-19. To minimise the public health risks from public gatherings, shareholders are invited to participate remotely by accessing the AGM through web.lumiagm.com. Full details of how to participate electronically in the AGM are set out on page 246. If there is a change to Government guidance prior to the date of the AGM, we will issue an update on our website and via the Regulatory Information Service.

Shareholders may submit questions to the Board in advance of the AGM by email to investor.relations@vistrygroup.co.uk or by post to the Group Company Secretary at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY. We will consider all questions received and provide a *response during the AGM. Responses to questions will also be provided on our website www.vistrygroup.co.uk/investor-centre. There will* also be an opportunity to ask questions during the meeting via the Lumi platform at web.lumiagm.com. Instructions on how to do this can *be found on page 246.*

How to vote

Shareholders who are able to attend the AGM on the day physically or electronically will be able to cast their vote at the AGM in person or through the online platform. Those shareholders who are unable to attend will be able to register their proxy vote in advance of the meeting, either online or through the return of the completed paper Form of Proxy (enclosed with this Notice for those individuals who have *elected to receive hard copy documents). Further information on voting at the AGM is detailed on page 242 of this Notice*

Board Changes

Ashley Steel was appointed to the Board as an Independent Non-Executive Director on 10 June 2021 and Mike Stansfield stepped down from the Board with effect from 30 September 2021. It was also announced that Greg Fitzgerald would continue as Chief Executive of Vistry Group beyond 2022. Having served on the Board for 8 and a half years I will not be putting myself up for re-election at this year's AGM and Ralph Findlay will take on the role as Chairman of the Board on conclusion of the 2022 AGM

Final Dividend

In 2021, the Board announced an acceleration of the dividend pay out to a two times dividend cover for 2021, reflecting the Group's balance sheet strength and its confidence in the Group's unique market position. As such, the Board is recommending a final ordinary dividend of 40 pence per share bringing the total ordinary dividend for 2021 to 60 pence per share.

Recommendation

Your Directors are of the opinion that all of the resolutions to be put to the meeting are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. Your Directors unanimously recommend that you vote in favour of that as they will be doing in respect of their own beneficial shareholdings

Yours faithfully,

Ian Tyler
Chairman

Notice of meeting

NOTICE IS HEREBY GIVEN that the 2022 Annual General Meeting of Vistry Group PLC (the "Company") will be held at and broadcast from 550 Oracle Parkway, Thames Valley Park, Reading, Berkshire, RG6 1PT on Wednesday, 18 May 2022 at 12.00 noon for the purposes set out below.

Ordinary resolutions

1. To receive the audited accounts of the Company for the year ended 31 December 2021, together with the Strategic report, Directors' report and the Independent Auditors report on those accounts.
2. To approve the Directors' Remuneration Report in the form set out in the Company's annual report and accounts for the year ended 31 December 2021 in accordance with section 439 of the Companies Act 2006 (the '2006 Act').
3. To approve the Directors' Remuneration Policy, in the form set out in the Company's annual report and accounts for the year ended 31 December 2021.
4. To declare the final dividend of 40 pence per ordinary share recommended by the directors, payable on 24 May 2022 to shareholders on the register of members by close of business on 8 April 2022.
5. To re-elect Ralph Graham Findlay as a director of the Company.
6. To re-elect Margaret Christine Browne as a director of the Company.
7. To re-elect Nigel Keen as a director of the Company.
8. To re-elect Katherine Innes Ker as a director of the Company.
9. To re-elect Gregory Paul Fitzgerald as a director of the Company.
10. To re-elect Earl Sibley as a director of the Company.
11. To re-elect Graham Prothero as a director of the Company.
12. To elect Dr Ashley Caroline Steel as a director of the Company.
13. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company until conclusion of the next general meeting at which the Company's accounts are to be laid.
14. To authorise the directors to determine the remuneration of the auditors.
15. **Political donations**

    That the Company and all companies that are its subsidiaries, at any time until the conclusion of the Annual General Meeting of the Company in 2023 (or if earlier, at the close of business on the day which is 15 months after the date on which this resolution is passed) be generally authorised to:

    (a) make political donations to political parties and/or independent election candidates not exceeding £100,000 in total;

    (b) make political donations to political organisations other than political parties not exceeding £100,000 in total; and

    (c) incur political expenditure not exceeding £100,000 in total, provided that the total amount of all such donations and expenditure made by all companies to which this authority relates shall not exceed £100,000

    For the purposes of this resolution, the terms "political donation", "political parties", "independent election candidates", "political organisation" and "political expenditure" have the meanings given by sections 363 to 365 of the 2006 Act.
16. **Adoption of the Deferred Bonus Scheme**

    That the rules of the Vistry Group Deferred Bonus Plan 2022 (the '2022 DBP'), the principal features of which are described in Appendix 1 to this Notice and in the form produced in draft to the meeting and for the purposes of identification initialled by the Chairman of the meeting, are hereby approved and adopted and that the directors are hereby authorised to do all such other acts and things as they may consider appropriate to implement the 2022 DBP, including making such modifications as the directors consider appropriate to take account of the requirements of the Listing Rules and best practice.
17. **Authority to allot shares**

    That the directors be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company pursuant to and in accordance with section 551 of the 2006 Act:

    (a) up to an aggregate nominal amount of £37,031,992; and

    (b) comprising equity securities (as defined in section 560(1) of the 2006 Act) up to an aggregate nominal amount of £74,027,985 (including within such limit any shares issued or rights granted under paragraph (a) (above) in connection with an offer by way of a rights issue to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

    such authorities to apply (unless previously renewed, varied or revoked by the Company in a general meeting) until the conclusion of the Annual General Meeting of the Company in 2023 or 15 months from the date of this resolution, whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after the authority ends and the directors may allot shares and grant rights under any such offer or agreement as if the authority had not ended.

Special resolutions

18. General authority to disapply pre-emption rights

That, subject to the passing of resolution 17 and in place of all existing powers, the directors be authorised pursuant to sections 570 and 573 of the 2006 Act to allot equity securities (as defined in section 560(1) of the 2006 Act) wholly for cash pursuant to the authority given by that resolution as if section 561 of the 2006 Act did not apply to any such allotment or sale such authority

(a) to be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 17(b) by way of a rights issue only) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with fractional entitlements, record dates legal regulatory or practical problems in or under the laws of, any territory or any other matter, and

(b) to be limited, in the case of the authority granted under resolution 17(a), to the allotment of equity securities for cash otherwise than pursuant to paragraph (b) up to an aggregate nominal amount of £5,557 657,

such authorities to apply (unless previously renewed, varied or revoked by the Company in a general meeting) until the conclusion of the Annual General Meeting of the Company in 2023 or 15 months from the date of this resolution, whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after the authority ends and the directors may allot shares and grant rights under any such offer or agreement as if the authority had not ended

19 Additional authority to disapply pre-emption rights

That, subject to the passing of resolution 17 and in addition to any authority granted under resolution 18, the directors be generally empowered authorised pursuant to sections 570 and section 573 of the 2006 Act, to allot equity securities (as defined in section 560(1) of the 2006 Act) wholly for cash pursuant to the authority given by resolution 17 as if section 561(1) of the 2006 Act did not apply to any such allotment, such authority

(a) be limited to the allotment of equity securities to an aggregate nominal amount of £5,557,657, and

(b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice,

such authority to apply (unless previously renewed, varied or revoked by the Company in a general meeting) until the conclusion of the Annual General Meeting of the Company in 2023 or 15 months from the date of this resolution whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after the authority ends and the directors may allot shares and grant rights under any such offer or agreement as if the authority had not ended

20 Notice of general meeting

That, and until the Company's Annual General Meeting in 2023, a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice

21. Authority to purchase own shares

That the Company be and is hereby granted general and unconditional authority, for the purposes of section 701 of the 2006 Act, to make market purchases (within the meaning of section 693(4) of the 2006 Act) of the ordinary shares of 50 pence each in its capital PROVIDED THAT

(a) this authority shall be limited so that the number of ordinary shares of 50 pence each which may be acquired pursuant to this authority does not exceed an aggregate of 22,230,626 ordinary shares and shall expire at the conclusion of the next Annual General Meeting of the Company in 2023 (except in relation to the purchase of ordinary shares the contract for which was concluded before such time and which is executed wholly or partly after such time),

(b) the maximum (exclusive of expenses) price which may be paid for each ordinary share shall be the higher of

(i) an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Company agrees to buy the ordinary shares, and

(ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System (SETS), and

(c) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be 50 pence

This authority shall expire at the conclusion of the Annual General Meeting of the Company in 2023 after the passing of this resolution, or, if earlier, 15 months after the date on which this resolution is passed but, in each case, prior to its expiry the Company may enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of this authority

By Order of the Board
Clare Bates
General Counsel and Group Company Secretary

Vistry Group PLC
11 Tower View Kings Hill
West Malling, Kent ME19 4UY

March 2021

Explanatory notes

Resolutions 1 to 17 (inclusive) will be proposed as ordinary resolutions. For each of these Resolutions to be passed, more than half of the votes cast must be in favour of the Resolution.

Resolutions 18 to 21 (inclusive) will be proposed as special resolutions. For each of these Resolutions to be passed, at least three quarters of the votes cast must be in favour of the Resolution

Resolution 1: Reports and Accounts

The directors are required to present to shareholders at the Annual General Meeting the report of the directors, the strategic report and the accounts of the Company for the year ended 31 December 2021. The report of the directors, the strategic report, the accounts, the report of the Company's auditors on the accounts and those parts of the Directors' Remuneration Report that are capable of being audited are contained in the Company's annual report and accounts for the year ended 31 December 2021 (the "2021 Annual Report and Accounts").

Resolution 2: Directors' Remuneration Report

Under section 439 of the Companies 2006 Act, the directors are required to present the Directors' Remuneration Report prepared, in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), for the approval of shareholders by way of an advisory vote. The Directors' Remuneration Report, the relevant pages of which can be found on pages 142 to 161 of the 2021 Annual Report and Accounts, gives details of the directors' remuneration for the year ended 31 December 2021 and sets out the way in which the Company will implement its policy on directors' remuneration during 2022. The Company's auditors, PricewaterhouseCoopers LLP, have audited those parts of the Directors' Remuneration Report capable of being audited and their report may be found on pages 175 to 185 of the 2021 Annual Report and Accounts.

The vote on the Directors' Remuneration Report is advisory in nature in that payments made or promised to directors will not have to be repaid, reduced or withheld in the event that this resolution is not passed. However, if the vote on the Directors' Remuneration Report is not passed, the Directors' Remuneration Policy will be presented to shareholders for approval at the next Annual General Meeting.

Resolution 3: Directors' Remuneration Policy

In accordance with the 2006 Act, shareholders are invited to approve the Directors' Remuneration Policy contained in the Directors' Remuneration Report. The proposed policy is set out on pages 162 to 167 of the 2021 Annual Report and Accounts. The 2006 Act requires for the Directors' Remuneration Policy to be put to shareholders for approval annually unless the policy as approved by shareholders remains unchanged, in which case the Company need only propose a similar resolution at least every three years. The Company's current Directors' Remuneration Policy was last approved by shareholders at the Company's General Meeting held on 2 December 2019. The main proposed changes from the 2019 Policy are:

- formalising the existing commitment to align incumbents' pensions with those of the wider workforce via stepped reductions;
- formalising the existing commitment to defer one third of any bonus payment into shares for two years, and
- subject to shareholder approval, implementing a new Deferred Bonus Plan under which bonus deferral will now be made.

The vote on this Resolution is binding and, if approved, the new Directors' Remuneration Policy will replace the Directors' Remuneration Policy approved in 2019, becoming effective following the Annual General Meeting and valid for three years thereafter. Any future changes to the Directors' Remuneration Policy will require shareholder approval. Directors will only be able to make remuneration payments in accordance with the new approved Directors' Remuneration Policy unless such payments have otherwise been approved by a separate shareholder resolution

Resolution 4: Final dividend

A final dividend for the year ended 31 December 2021 can only be paid after the shareholders at general meeting have approved it The Directors are recommending a final dividend on the Company's ordinary shares of 40 pence per ordinary share, payable on 24 May 2022 to all shareholders on the Register or Members of the Company as at close of business on 8 April 2022. An interim dividend of 20 pence per ordinary share was paid to shareholders on 19 November 2021, bringing the total dividend for 2021 to 60 pence per ordinary share.

Resolutions 5 to 12: Election and Re-election of directors

In accordance with the recommendations of the UK Corporate Governance Code 2018 (the 'Code') and the requirements of the Company's Articles of Association, all directors retire at the AGM and those wishing to serve again offer themselves for re-election.

Ashley Steel was appointed to the Board on 10 June 2021 and will be submitting herself for election by the shareholders at the AGM. All the remaining directors who served during the year, with the exception of Ian Tyler, are submitting themselves for re-election by shareholders Ian Tyler will stand down as Chairman of the Board on conclusion of the AGM. Following the internal performance evaluation carried out during the year, the Chairman is satisfied that the performance of each director standing for election or re-election demonstrates commitment to the role, including commitment of time for Board and Committee meetings. Each director has provided a valuable and effective contribution in meetings held, and on decisions taken by the Board.

The Board believes that the directors' combined experience and contribution is a great asset to the Board and the Company and continues to be important to the Company's long-term sustainable success The Board, therefore, strongly supports and recommends the re-appointment of the directors to shareholders.

Biographical details of all the directors can be found on pages 102 to 103 of the 2021 Annual report and accounts. Contributions and reasons for election/re-election are set out in the table below:

Director	Contributions and reasons for election/re-election
Ralph Findlay Chairman Designate	• Extensive commercial, financial and general management experience in a consumer facing industry. • Strong experience in business growth opportunities.
Chris Browne Independent Non-Executive Director	• Strong consumer focused background with extensive operational and leadership skills. These skills align with key areas of the Group's strategy and keen focus on customer service, quality and people.
Nigel Keen Independent Non-Executive Director	• Sector-specific and consumer focused experience as previous property and development director at John Lewis. These skills are particularly helpful to the Board when assessing land acquisition and contracting opportunities. • Serves as Chair of Remuneration Committee and designated employee engagement Non-Executive Director.
Ashley Steel Independent Non-Executive Director	• Extensive experience in advising on strategy and risk with a focus on people retention.
Katherine Innes Ker Independent Non-Executive Director	• Sector-specific and finance mortgage lending experience coupled with extensive experience as a non-executive in FTSE businesses • Provide insight and challenge particularly on strategy and operational matters
Greg Fitzgerald Chief Executive	• Successfully led the business through integration, the Covid-19 pandemic and response to strong demand for homes whilst experiencing supply chain challenges • Extensive experience as a CEO of housebuilding and construction businesses
Graham Prothero Chief Operating Officer	• Successfully oversaw the development of the people and sustainability strategies • Former CEO and CFO of listed businesses in the sector
Earl Sibley Chief Financial Officer	• Successfully oversaw integration of financial, customer and IT systems and managed Group supply chain challenges • Extensive sector-specific and financial experience

Resolution 13 and 14: appointment of auditors and auditors' remuneration

The auditors of a company must be appointed at each general meeting at which accounts are presented. Resolution 13 proposes the re-appointment of the Company's existing auditors, PricewaterhouseCoopers LLP, as the Company's auditors for a further year. PricewaterhouseCoopers LLP were first appointed at the 2015 Annual General Meeting.

Resolution 14 gives authority to the directors to determine the auditors' remuneration.

Resolution 15: Political Donations

Part 14 of the 2006 Act requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any twelve-month period, and for any political expenditure, subject to limited exceptions. The definition of donation in this context is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community. It could include special interest groups, such as those involved with the environment, which the Company and its subsidiaries might wish to support, even though these activities are not designed to support or influence support for a particular party.

It remains the Group's policy not to make political donations or incur political expenditure as those expressions are normally understood. However, it is possible that certain routine activities undertaken by the Company and its subsidiaries might unintentionally fall within the wide definition of matters constituting political donations and expenditure in the 2006 Act. Any expenditure that is regulated under the 2006 Act must first be approved by shareholders and will be disclosed in next year's Annual Report. This resolution, if passed, will give the Directors authority to make political donations and incur political expenditure until the next Annual General Meeting of the Company (when the Directors intend to review this authority to make donations and incur expenditure which might otherwise be caught by the terms of the 2006 Act), up to an aggregate of £100,000.

Resolution 16: Adoption of the Deferred Bonus Scheme

Resolution 16, which will be proposed as an ordinary resolution, is to approve the adoption of a new share-based incentive plan, the Vistry Group Deferred Bonus Plan 2022 (the '2022 DBP'). The 2022 DBP is being adopted to provide a plan under which a portion of a participant's annual bonus is deferred into an award over the Company's ordinary shares. As referred to above, the intention is that the 2022 DBP will be used to facilitate the grant of the deferred portion of executive directors' bonuses, in accordance with the Company's proposed Directors' Remuneration Policy being put to shareholders for approval. The 2022 DBP also incorporates the malus and clawback provisions that will apply to the deferred portion of annual bonuses.

A summary of the principal features of the 2022 DBP are set out in Appendix 1 to this notice on pages 244 to 245.

A copy of the rules of the 2022 DBP is available for inspection at the National Storage Mechanism and at the place of the meeting from at least 15 minutes before the meeting until the end of the meeting.

Explanatory notes

Resolution 17: Authority to allot shares

The authority given to your directors at last year's Annual General Meeting under section 551 of the 2006 Act to allot shares expires on the date of the forthcoming Annual General Meeting. Accordingly, this resolution seeks to grant a new authority under section 551 to authorise the directors to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal amount of £37,013,992 and also gives the Board authority to allot, in addition to these shares, further of the Company's shares up to an aggregate nominal amount of £74,027,985 in connection with a pre-emptive offer to existing members by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas shareholders to whom the rights issue cannot be made due to legal and practical problems). This is in accordance with the latest institutional guidelines published by the Investment Association. This authority will expire at the conclusion of the next Annual General Meeting (or, if earlier, 15 months from the date of the resolution). The directors intend to seek renewal of this authority at subsequent Annual General Meetings.

The amount of £37,013,992 represents less than 33.3 per cent of the Company's total ordinary share capital in issue as at 10 March 2022 (being the latest practicable date prior to publication of this Notice). The amount of £74,027,985 represents less than 66.6 per cent of the Company's total ordinary share capital in issue as at 10 March 2022 (being the latest practicable date prior to publication of this Notice). The Company did not hold any shares in treasury as at 10 March 2022.

The Board has no present intention to exercise this authority other than in connection with employee share schemes. The Company currently operates an Employee Benefit Trust for the purpose of satisfying options and share awards (further details of which can be found on page 241 of this Notice), however the Directors regard it necessary to ensure that the Company maintains flexibility and transparency in managing the schemes, to ensure the approach remains aligned with shareholder interests. It wishes to obtain the necessary authority from shareholders so that allotments can be made (should it be desirable and should suitable market conditions arise) at short notice and without the need to convene a general meeting of the Company which would be both costly and time consuming.

If the Board takes advantage of the additional authority to issue shares or grant rights to subscribe for, or convert any security into, shares in the Company representing more than 33.3 per cent of the Company's total ordinary share capital in issue or for a rights issue where the monetary proceeds exceed 33.3 per cent of the Company's pre-issue market capitalisation, all members of the Board wishing to remain in office will stand for re-election at the next Annual General Meeting following the decision to make the relevant share issue.

Resolution 18 and 19: General and additional disapplication of pre-emption rights

Under section 561(1) of the 2006 Act, if the Directors wish to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares (which for this purpose includes a sale of treasury shares for cash), other than pursuant to an employee share scheme, they must first offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the 2006 Act unless the shareholders have first waived their pre-emption rights.

Resolution 18, which is proposed as a special resolution will allow the Directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. If approved, the resolution will authorise the Directors to issue shares (i) in connection with a rights issue or other pre-emptive offer and (ii) otherwise to issue shares for cash up to an aggregate maximum nominal amount of £5,557,657 (which includes, for this purpose, the sale on a non-pre-emptive basis of any shares held in treasury), representing approximately 5% of the issued ordinary share capital of the Company, excluding shares held in treasury, on 10 March 2022, the latest practicable date prior to the publication of this document, as if section 561(1) of the 2006 Act did not apply to such allotment or sale of treasury shares for cash. Resolution 19, which is proposed as a special resolution is in addition to the waiver granted in Resolution 18.

Resolution 19, if passed, will authorise the Directors to allot equity securities or sell treasury shares for cash, pursuant to the authority to allot granted by Resolution 17, in connection with an acquisition or other capital investment of a fund contemplated by the Pre-emption Group's Statement of Principles on Disapplying Pre-Emption Rights, as if section 561(1) of the 2006 Act did not apply to such allotment or sale of treasury shares for cash, up to a further maximum aggregate nominal amount of £5,557,657 (representing approximately 5% of the issued ordinary share capital of the Company, excluding shares held in treasury, on 10 March 2022, the latest practicable date prior to the publication of this document). The additional authority to allot up to approximately 5% of the issued ordinary share capital is sought for use in connection only with an acquisition or specified capital investment of a kind contemplated by the Pre-Emption Group's Statement of Principles on Disapplying Pre-Emption Rights most recently published prior to the date of this notice and not for general corporate purposes. Any such acquisition or specified capital investment would be announced at the time of the relevant share issue.

The Directors do not have any present intention of exercising either authority and do not intend to issue more than 7.5% of the issued share capital of the Company (excluding treasury shares) for cash on a non-pre-emptive basis in any rolling three-year period (and the sale on a non-pre-emptive basis of any shares held in treasury will be considered an issue for cash for this purpose) without prior consultation with the relevant investor groups. If passed, the authorities granted under Resolutions 18 and 19 will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 15 months after the date on which this resolution is passed.

The Directors believe that the authority sought in these Resolutions are in the best interests of the Company and note that they comply with the IA guidelines and the Pre-Emption Group's Statement of Principles on Disapplying Pre-Emption Rights.

Resolution 20: Notice of general meetings

This resolution is required as a result of the implementation in 2009 of the Shareholder Rights Directive. The regulation implementing this Directive increased the notice period for general meetings under the 2006 Act to 21 days. The Company will be able to continue to call general meetings (other than an Annual General Meeting) on 14 clear days' notice as long as shareholders have approved the calling of meetings on 14 days' notice. Resolution 17 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, where it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice. It is confirmed that the ability to call a general meeting on 14 clear days' notice would only be utilised in limited circumstances and where the shorter notice period will be to the advantage of shareholders as a whole.

Resolution 21: Authority to purchase own shares

This resolution renews the authority granted at last year's Annual General Meeting to enable the Company to make market purchases of up to 22,230,626 of its own shares, representing approximately 10 per cent of the Company's total ordinary share capital in issue as at 10 March 2022 (being the latest practicable date prior to publication of this Notice). Before exercising such authority, the directors would ensure that the Company was complying with the current relevant UK Listing Authority rules and Investment Association guidelines.

No purchases would be made unless the directors believe that the effect would be to increase the earnings per share of the remaining shareholders and the directors consider the purchases to promote the success of the Company for the benefit of its shareholders as a whole. Any shares so purchased would be cancelled. The directors have no present intention of exercising the authority to purchase the Company's ordinary shares but would like to have the flexibility of considering such purchases in the future.

Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange, subject to minimum and maximum price limits which may be paid for any shares purchased under this authority, which reflect the requirements of the Listing Rules

The authority will only be valid until the conclusion of the next Annual General Meeting in 2023

The Company operates an Employee Benefit Trust (the "EBT") which holds shares for the purpose of satisfying options or share awards issued pursuant to the Company's employee share schemes. The Directors have no present intention of exercising the authority granted by this resolution other than where they determine to purchase shares for the purpose of employee share schemes and in such cases, will only do so following full consideration of the circumstances and taking into account the interests of the shareholders as a whole. At present, awards issued pursuant to the employee share schemes are satisfied through the EBT; however the Directors reserve their position, and may elect to repurchase shares. As at 31 December 2021, 437,133 shares were held in the EBT.

As at 10 March 2022 there were options over 1,744,743 ordinary shares in the capital of the Company which represent 0.78 percent of the Company's issued ordinary share capital at that date. If the authority to purchase the Company's ordinary shares was exercised in full, these options would represent 0.87 percent of the Company's issued ordinary share capital.

The directors consider that all the resolutions to be put to the meeting promote the success of the Company for the benefit of its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Notes Your attention is drawn to the notes below and the arrangements put in place by the Company set out on page 246 of this Notice of Meeting.

Right to attend, vote and ask questions

(i) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B(2) of the 2006 Act, the Company gives notice that only holders of ordinary shares entered on the Register of Members no later than 8.00pm on 16 May 2022 (or, in the event of any adjournment, 8.00pm on the day which is two days before the adjourned meeting) will be entitled to attend and vote at the meeting. A member may vote in respect of the number of ordinary shares registered in the member's name at that time. Changes to entries on the register after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the meeting. Only members of the Company, appointed proxies or corporate representatives are entitled to attend electronically and vote at the Annual General Meeting. Instructions on how to join the meeting electronically can be found on page 246.

(ii) Each member has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with section 319A of the 2006 Act and subject to some exceptions, the Company must cause to be answered. Questions may be asked in advance of the meeting by email to investor.relations@vistrygroup.co.uk or by post to the Group Company Secretary at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY

At this year's Annual General Meeting, members may also ask questions during the course of the meeting via the Lumi AGM platform (available at https://web.lumiagm.com). Where written questions are submitted, the question will be read aloud before providing an answer. Please see page 246 for further details on how to ask a question through the Lumi AGM platform.

(iii) Please note that an active internet connection is required in order to access the Annual General Meeting electronically. It will be the members' responsibility to ensure connectivity for the duration of the meeting, and the Chairman has full discretion to treat the Annual General Meeting as continuing despite any technological issues that may arise in each individual case.

Explanatory notes

Voting

(iv) Voting on all substantive resolutions will be by way of a poll. When announcing the results of the poll vote, the Company will disclose the total number of votes in favour and against as well as the number of abstentions on the Company website (vistrygroup.co.uk) and through a RIS announcement. If a member returns both paper and electronic proxy instructions, those received last by the Registrar before the latest time for receipt of proxies will take precedence. Members are advised to read the website terms and conditions of use carefully.

Appointment of proxies

(v) A shareholder entitled to attend and vote at the AGM may appoint a proxy or proxies (who need not be a shareholder of the Company) to exercise all or any of his or her rights to attend the Meeting, ask questions and vote at the AGM. Where more than one proxy is appointed, each proxy must be appointed for different shares.

(vi) Participants of the Vistry Group Share Incentive Plan may instruct the trustee to vote on their behalf on a poll.

(vii) A proxy form which may be used to make such appointment and give the proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

(viii) The proxy form must be executed by or on behalf of the member making the appointment. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. The proxy form must specify the number of shares in relation to which each proxy is appointed. A corporation may execute the form(s) of proxy either under its common seal or under the hand of a duly authorised officer, attorney or other authorised person.

(ix) The proxy form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be received at the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or received via the Computershare website, (investorcentre.co.uk/eproxy) (full details of the procedures are given in the notes to the proxy form enclosed with the report and accounts and on the website) not less than 48 hours (excluding non-working days) before the time for holding the meeting.

(x) If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11:00am on 16 May 2022 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

(xi) To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours (excluding non-working days) before the time appointed for holding the meeting (and any adjournment of the meeting) in accordance with the procedures described in the CREST Manual. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(xii) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST proxy instructions and the appropriate CREST message must be properly, authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions and described in the CREST Manual (available via euroclear.com CREST). It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

Nominated Persons

(xiii) Any person to whom this Notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a "Nominated Person") may have a right, under an agreement between him and the member by whom he was nominated, to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in paragraph (iv) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

Total voting rights

(xiv) As at 10 March 2022 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 222,306,264 ordinary shares, carrying one vote each on a poll. Therefore, the total voting rights in the Company as at 10 March 2021 are 222,306,264.

Website Publication of Audit Concerns

(xv) *Under section 527 of the 2006 Act, members meeting the relevant threshold requirements set out in that section may require the* Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting for the financial year beginning 1 January 2020 that the members propose to raise at the Annual General Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 or 528 (requirements as to website availability) of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

Shareholder requisition rights

(xvi) Under sections 338 and 338A of the 2006 Act, members meeting the threshold requirements in those sections have the right to require the Company, (a) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution *which may properly be moved and is intended to be moved at the meeting; and/or (b) to include in the business to be dealt with* at the meeting any matter (other than a proposed resolution) which may be properly included in the business unless (i) (in the case of a resolution only) it would, if passed, be ineffective whether by reason of inconsistency with any enactment or the Company's constitution or otherwise, (ii) it is defamatory of any person, or (iii) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 6 April 2022, being the date six clear weeks before the meeting, and (in the case of a matter to be included on the business only) must be accompanied by a statement *setting out the grounds for the request*

Questions

(xvii) All shareholders or their proxies will have the opportunity to submit questions during the AGM in person or through the electronic platform. A question may not be answered at the Meeting if it is not considered to be in the interests of the Company or the good order of the Meeting or if it would involve the disclosure of sensitive information. The Chairman may also nominate a representative to answer a specific question after the Meeting or refer the questioner to the Company's website

(xviii) Shareholders are invited to submit any questions prior to the Annual General Meeting by contacting the Company by email at investor.relations@vistrygroup.co.uk or by post by to the Group Company Secretary at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY by 9am on 18th May 2021. Responses to questions will be provided at the AGM.

Website information

(xix) *A copy of this Notice and other information required to be published in accordance with section 311A of the 2006 Act in advance of* the Annual General Meeting can be found at vistrygroup.co.uk..

Documents available for inspection

(xx) The following documents will be available for inspection at the Company's registered office, during normal business hours, on any weekday (excluding public holidays) from the date of this Notice until the date of the Annual General Meeting and on that date they will be available for inspection at the place of the meeting from 11 30am until the conclusion of the meeting:

(a) *copies of the directors' service contracts,*

(b) copies of the terms and conditions of appointment for each non-executive director;

(c) the register of directors' interests;

(d) Company's Articles of Association; and

(e) the Vistry Group Deferred Bonus Plan 2022 rules

(xxi) The results of the voting at the Annual General Meeting will be announced through a RIS announcement and will appear on the Company's website, vistrygroup.co.uk, as soon as reasonably practicable following the conclusion of the Annual General Meeting

Data Protection

(xxii) Data protection statement: your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the *Company). The Company determines the purposes for which and the manner in which your personal data is to be processed.* The Company and any third party to which it discloses the data (including the Company's Registrar) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

Appendix 1

Summary of the principal terms of the Vistry Group Deferred Bonus Plan 2022 (the "2022 DBP" and the "Plan")

Under the 2022 DBP, all or part of a participant's bonus is deferred as an award of ordinary shares in the Company, which vests at the end of a specified deferral period. The principal terms of the 2022 DBP are set out below

1 Operation

The board of directors of the Company (the "Board") will supervise the operation of the Plan. The Board can delegate its functions to any committee or other person. In respect of participation in the Plan by executive directors of the Company, the Plan will be operated by the Remuneration Committee.

2 Eligibility

2.1 Any current or former employee of any Member of the Group (including any executive director) will be eligible to participate in the Plan, subject to selection by the Board.

3 Grant of awards

An award under the Plan can take the form of:

- a conditional right to acquire Shares at no cost to the participant (a "Conditional Award"); or
- an option to acquire Shares at an exercise price set by the Board at grant (which may be nil) (an "Option").

A Conditional Award or Option may be granted on the basis that the participant will not receive Shares on vesting or exercise but will receive an equivalent value in cash.

No awards will be granted after the tenth anniversary of the 2022 AGM.

No payment will be required for the grant of an award.

4 Individual limits

The number of Shares comprised in an award will be determined by reference to the value of the participant's bonus which is to be deferred, calculated on a basis as determined by the Board. The proportion of annual bonus that is required to be deferred into an award under the Plan will be determined by the Board from time to time.

In addition, awards may be granted under the Plan in connection with the recruitment of an employee to replace awards forfeited on the employee leaving their former employment.

5 Plan limits

In any five-year period, the number of shares issued or issuable under the Plan and under any other discretionary share plan adopted by the Company must not exceed 5% of the issued share capital of the Company from time to time.

In any 10-year period, the number of shares issued or issuable under the Plan and under any other employees' share plan operated by the Company must not exceed 10% of the issued Share capital of the Company from time to time.

For the purposes of these limits, treasury Shares are treated as newly issued until such time as guidelines published by institutional investor representative bodies determine otherwise. Shares issuable in connection with dividend equivalents do not count towards these limits.

6 Dividends and dividend equivalents

A Conditional Award or Option may be granted on the basis that the number of shares received after vesting or exercise will be increased to take account of any ordinary dividends (or such other distributions as the Board determines) with a record date between grant and vesting that would have been paid on the number of shares that vest or that the participant will receive an equivalent cash payment. The basis for calculating dividend equivalents will be determined by the Board for each award and may assume notional re-investment of the dividends from payment of the dividend to vesting.

7 Vesting

Awards will normally vest over a period set by the Board at grant and only to the extent that any conditions set by the Board at grant have been met.

The Board may decide that, instead of receiving shares on vesting or exercise, the participant will receive an equivalent amount in cash.

8 Malus and clawback

The Plan includes malus and clawback provisions, which can apply in cases of a material misstatement of the group's financial results, there being an error in assessing performance used in determining a participant's bonus, gross or serious misconduct of the participant, a material failure of risk management, circumstances of corporate failure, serious reputational damage to the Group, or any other exceptional event that has or may have a material effect on the value or reputation of the group (other than exceptional events which have a material adverse effect on global macroeconomic conditions), or, in relation to malus, any other event which the Board considers should give rise to the application of malus

Where malus or clawback is applied, the Board can:

- *reduce (including to zero) the number of shares in respect of which an award would otherwise vest;*
- impose additional conditions on the award; and/or
- for a period of two years from vesting claw back shares or cash received by a participant on vesting or exercise.

The Board also has discretion to delay vesting of awards or exercise of options if they consider it appropriate to do so, including in cases *where an investigation or similar is underway which could lead to the application of malus or clawback.*

9 Leaving employment

If a participant leaves employment, their award will normally remain outstanding and vest at the normal vesting date, unless the Board decides that an award will vest in full on cessation of employment (or some other date specified by the Board).

However, if the participant leaves (or gives or receives notice pursuant to which they will leave) on grounds or as a result of conduct that the Board determines amounts to misconduct (or at a time when the Board could have terminated employment on such grounds), any award (including any outstanding vested Option) will immediately lapse in full, unless the Board determines otherwise.

If the participant dies, awards will vest on death in full.

Options which do not lapse on leaving can be exercised during a period of 6 months from the date of leaving or the date of vesting, if later, or 12 months from the date of death.

10 Corporate events

In the event of a takeover, a scheme of arrangement or any change of control of the Company, all awards will vest in full at the time of the event. Alternatively, the Board may allow or require participants to exchange awards for equivalent awards which relate to shares in the company which has acquired the Company

Awards may also vest or be exchanged on the same basis if a demerger, delisting, distribution or other transaction which, in the opinion of the Board, would affect the current or future value of an award, or a reverse takeover, merger or other significant corporate event as determined by the Board, is proposed or occurs.

Options can be exercised, to the extent vested, for a limited period and will then lapse to the extent not exercised.

11 Changes to the Plan

The Board can amend the Plan in any way but shareholder approval will be required to amend certain provisions to the advantage of participants. These provisions relate to eligibility, individual and Plan limits, adjustments on variation in the Company's share capital and the amendment power.

The Board can, without shareholder approval:

- change the Plan to obtain or maintain favourable tax, exchange control or regulatory treatment;
- make certain minor amendments e.g., to benefit administration;
- establish further plans based on the Plan but modified to take account of local securities laws, exchange controls or tax (but shares made available under such further plans will be treated as counting against any limits on participation as set out in the Plan); or
- comply with or take account of the provisions of any proposed or existing legislation.

12 Variation of capital

In the event of any variation of the Company's share capital, or in the event of a demerger, special dividend, distribution or other corporate event which might affect the current or future value of an award, the Board may adjust the description, class or number of shares subject to *an award, and in the case of an Option, the Option price (if any).*

13 General

Awards may be satisfied using cash, newly issued shares, treasury shares or shares purchased in the market

Any shares issued pursuant to awards will rank equally with shares in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

Awards are not transferable (other than on death) and are not pensionable.

Appendix 2 - Online user guide

For the 2022 AGM, Vistry Group PLC will be enabling shareholders to attend and participate in the Meeting electronically, should they wish to do so. This can be done by accessing the AGM website, https://web.lumiagm.com.

Meeting access

Shareholders can participate the meeting remotely, via: **https://web.lumiagm.com/105-693-078** This can be accessed online using the latest version of Chrome, Firefox, Edge and Safari on your PC, laptop, tablet or smartphone. On accessing the meeting platform, you will be asked to enter your unique SRN and PIN Access to the Lumi platform will be available an hour prior to the start of the meeting.

Broadcast

Once logged in, and at the commencement of the meeting, you will be able to follow the proceedings on your device.

Voting

Once the Chairman has formally opened voting, the list of resolutions will automatically appear on your screen.. Select the option that corresponds with how you wish to vote, "FOR", "AGAINST" or "WITHHELD". Once you have selected your vote, the option will change colour and a confirmation message will appear to indicate your vote has been cast and received, there is no submit button. To vote on all resolutions displayed select the "vote all" option at the top of the Screen. To change your vote, reselect your choice To cancel your vote, select the "cancel" button. You will be able to do whilst the poll remains open and before the Chairman announces its closure.

Questions

To ask a question select the messaging icon from within the navigation bar and type your question at the top of the screen. To submit your question, click on the arrow icon to the right of the text box. Questions will be moderated before being sent to the Chairman. This is to avoid repetition. Messages can be submitted at any time during the Q&A session up until the Chairman closes the session

Requirements

An active internet connection is always required in order to allow you to cast your vote when the poll opens, submit questions and view the Broadcast. It is the user's responsibility to ensure you remain connected for the duration of the meeting As well as having the latest internet browser installed, users must ensure their device is up to date with the latest software release

Duly appointed proxies and corporate representatives

Please contact Computershare, the Company's registrar before 12 noon on 16 May 2022 on 0370 889 3236 or +44(0) 370 889 3236 if you are calling from outside the UK for your SRN and PIN.

Lines are open 8.30am to 5.30pm Monday to Friday (excluding public holidays in England & Wales)

Shareholder information

Financial Calendar

Date	Event
6 April 2022	Mailing of 2021 Annual Report and Accounts
8 April 2022	Dividend record date – Final 2021
18 May 2022	Annual General Meeting
24 May 2022	Dividend payment date – Final 2021
July 2022	Trading update
September 2022	Announcement of interim 2022 financial results
November 2022	Trading update

Annual General Meeting

The 2022 AGM will be held at, and broadcast live from, from 550 Oracle Parkway, Thames Valley Park, Reading, Berkshire, RG6 1PT on 18 May 2022 12.00 noon. The notice convening the AGM can be found on pages 235 to 246. This explains the resolutions to be put to the meeting. The Articles of Association of the Company, service contracts of the Executive Directors, and the letters of appointment of the Chair and the Non-Executive Directors are available for inspection at the Company's registered office.

Shareholder enquires

The Company's share register is maintained by Computershare. Shareholders with queries relating to their shareholdings can contact Computershare by:

Post. Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZZ.

Telephone: Vistry Group Shareholder Helpline: 0370 889 3236.

Online: www.investorcentre.co.uk is the easy way to manage your shareholdings online.

Investor Centre is Computershare's secure website. With Investor Centre you can view shares balances, history and update your details.

Share dealing

If you wish to sell or purchase shares in the Company you may do so through a bank or a stockbroker. Alternatively, please go to www.computershare.com/dealing/uk for a range of Dealing services made available by Computershare.

Note: The provision of these services is not a recommendation to buy, sell or hold shares in Vistry Group PLC

Dividend Reinvestment Plan (DRIP)

The DRIP gives shareholders the opportunity to reinvest their dividends to buy ordinary shares in the Company through a special dealing arrangement. For further information please contact the Vistry Group Shareholder Helpline: 0370 889 3236.

Electronic communications

Instead of receiving printed documents through the post many shareholders now receive their annual report and other shareholder documents electronically, as soon as they are published. Shareholders that would like to sign up for electronic communications should go to www.investorcentre.co.uk where they can register.

Corporate website

The Group's corporate website is www.vistrygroup.co.uk. It contains useful information for the Company's investors and shareholders. For example, it includes press releases, details of forthcoming events, essential shareholder information, a dividend history, a financial calendar, and details of the Company's AGM. You can also subscribe to email news alerts

Share fraud

Shareholders should be wary of fraudulent approaches from third parties with respect to their shareholding in the Company. In some cases, these are 'cold calls' and in others correspondence. They generally purport to be from a firm of solicitors or an investment company and offer, or hold out the prospect of, large gains on shares or other investments you may hold. Shareholders are advised to deal with firms authorised by the UK Financial Conduct Authority ("FCA"). You can check whether a firm is properly authorised by the FCA by visiting fca.org.uk/register. For more detail on how to protect yourself from an investment scan, or to report a scam go to www.fca.org.uk/consumers/ or call 0800 111 6768.

Company contact details

Registered office

Vistry Group PLC, 11 Tower View, Kings Hill, West Malling ME19 4UY

Registered in England with registration number 00306718

Company Secretariat

Clare Bates - General Counsel and Group Company Secretary
Company.Secretary@vistrygroup.co.uk

Company Advisors

Principal bankers

Bank of China Limited
Barclays Bank PLC
Handelsbanken plc
HSBC UK Bank plc
Lloyds Bank plc
National Westminster Bank plc
First Commercial Bank
Santander UK plc

Stockbrokers

Numis Securities Limited
Peel Hunt LLP
HSBC Bank plc

Insurance Brokers

Arthur J Gallagher

Auditor

PricewaterhouseCoopers LLP

Financial Advisor

Lazard

Solicitors

Linklaters LLP

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol BS99 6ZZ

Glossary

5 Star HBF Customer Satisfaction Score	the Group's five-star rating in the Home Builders Federation 8-week customer survey, based on responses from customers who legally completed between 1 October 2020 to 30 September 2021
Acquisition	the acquisition of Linden Homes and Vistry Partnerships on 3rd January 2020
Act	Companies Act 2006
AFR	Accident Frequency Rate
AGM	Annual General Meeting
AIR	Accident Incident Rate
Articles	the Company's Articles of Association
Board	the board of directors of the Company
Bovis Homes	the 'Bovis Homes' housing brand of the Group
BNG	Biodiversity Net Gain
Brexit	the withdrawal of the United Kingdom from the European Union
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash generating unit
CITB	Construction Industry Training Board
CO2e	Carbon Dioxide equivalent
Code	UK Corporate Governance Code issued in July 2018
Company	Vistry Group PLC
Controlled Land	land which is owned and controlled by the Group, including joint ventures and joint arrangements
COO	Chief Operating Officer
Covid-19	the coronavirus (COVID-19) pandemic
CPI	Consumer Price Index
Drew Smith	the 'Drew Smith' housing brand of the Group
DTRs	Disclosure Guidance and Transparency Rules
EBT	the Company Employee Benefit Trust
ELT	the Executive Leadership Team of the Group
EPS	Earnings per share
FHS	Future Homes Standards
FRC	Financial Reporting Council
FY21	the Company's financial year ending 31 December 2021
GDPR	General Data Protection Regulations
Group or Vistry Group	the Company and its subsidiary undertakings
HELT	Housebuilding Executive Leadership Team
HMRC	HM Revenue & Customs
IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
Integration	the integration of the Group following the acquisition of Linden Homes and Vistry Partnerships on 3rd January 2020

IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
Integration	the integration of the Group following the Acquisition
LAs	Local Authorities
LDI	Liability driven instruments
Legal Completions	the legally completed sale of units, including joint venture completions but excluding partner delivery equivalent units
Linden Homes	the 'Linden Homes' housing brand of the Group
LLP	Limited Liability Partnership
LOLER	Lifting Operations and Lifting Equipment Regulations
LTIP	the Group's Long-Term Incentive Plan
LTIR	Lost Time Incident Rate
L&D	Learning and Development team
MMC	Modern Methods of Construction
NHBC	the National House Building Council
PELT	Partnerships Executive Leadership Team
PRS	Private rented sector
RPs	Registered providers
RPI	Retail Price Index
SAYE	the Group's Save as You Earn share scheme
SBT	Science Based Target
SBTI	Science Based Target Initiative
SDLT	Stamp Duty Land Tax
SHE	Safety, Health and the Environment
SHELT	SHE Leadership Team
SIP	the Group's Share Incentive Plan
SME	Subject matter experts
SSSTS	Site Supervisors Safety Training Scheme
TCFD	the Task Force for Climate-related Financial Disclosures
TSR	Total shareholder return
UKGBC	UK Green Building Council
UNSDG	United Nations Sustainable Development Goals
UNFCC	United Nations Framework Convention on Climate Change
VAT	Value Added Tax
Vistry Housebuilding	the housebuilding business of Vistry Group
Vistry Partnerships	the partner delivery and mixed tenure business of Vistry Group
WIP	Work in progress

Principal offices

West Division

1 Mercia region
Dunston Hall, Dunston,
Stafford, Staffordshire ST18 9AB
Tel: 01785 714 412

2 West Midlands region
Bromwich Court, Highway Point
Gorsey Lane, Coleshill
Birmingham B46 1JU
Tel: 01675 437 000

3 Cotswolds region
Cleeve Hall, Cheltenham Road
Bishops Cleeve, Cheltenham
Gloucestershire GL52 8GD
Tel: 01242 388 500

4 Western region
Linden House, The Jacobs Building
Berkeley Place, Clifton
Bristol BS8 1EH
Tel: 01179 304 949

5 South West region
Heron Road
Sowton Industrial Estate
Exeter, Devon EX2 7LL
Tel: 01392 344 700

East Division

6 Yorkshire region

East Yorkshire
2nd Floor Spinner Point
South Quay, Lakeside Boulevard
Doncaster DN4 5PL
Tel: 01302 347 130

West Yorkshire
Suite 2/3 Ground Floor
1175 Thorpe Park, Century Way
Leeds LS15 8ZB
Tel: 01132 044 400

7 East Midlands region
Ashurst, Southgate Park
Bakewell Road, Orton Southgate
Peterborough PE2 6YS
Tel: 01733 396 600

8 Northern Home Counties region
Building 7, Caldecotte Lake
Business Park, Milton Keynes
Buckinghamshire MK7 8JU
Tel: 01908 088 500

9 Eastern region
Eastwood House, Glebe Road
Chelmsford, Essex CM1 1QW
Tel: 01245 343 000

South Division

10 Thames Valley region
550 Oracle Parkway
Thames Valley Park, Reading
Berkshire RG6 1PT
Tel: 0845 812 7777

11 Southern region
Central 40, Lime Tree Way
Chineham Park
Basingstoke RG24 8GU
Tel: 01483 705 100

12 South East region
Linden House
Guards Avenue
Caterham
Surrey CR3 5XL
Tel: 01883 334 400

13 Kent region
11 Tower View
Kings Hill, West Malling
Kent ME19 4UY
Tel: 01732 280 400

Partnerships

1 North East
2 Esh Plaza
Sir Bobby Robson Way
Great Park
Newcastle Upon Tyne
NE13 9BA
Tel: 01912 271 000

2 Yorkshire
Thunderhead Ridge
Glasshoughton
West Yorkshire
WF10 4UA
Tel: 01977 555 550

3 North West
Innovation House
Kelburn Court
Birchwood
Warrington WA3 6UT
Tel: 01925 885 700

4 East Midlands
3 Smith Way
Grove Park, Enderby
Leicester LE19 1SX
Tel: 01162 821 100

5 West Midlands
2 Bromwich Court
Gorsey Lane, Coleshill
West Midlands B46 1JU
Tel: 01675 469 290

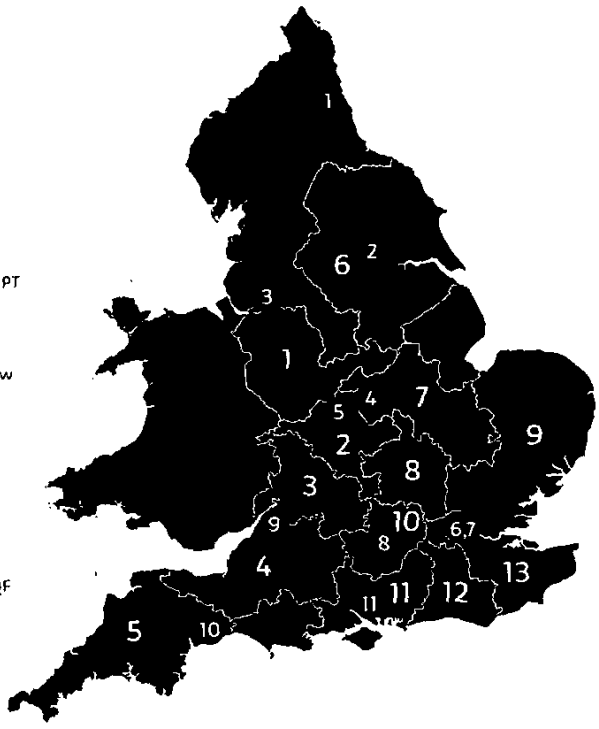
6 East England &
7 London
Broadway Chambers
2 Broadway, Stratford
London E15 4QS
Tel: 020 8221 5000

8 Thames Valley
Thames Valley Park
550 Oracle Parkway
Earley, Reading RG6 1PT
Tel: 01184 181 101

9 West
Unit 2, West Point Row
Great Park Road
Bradley Stoke
Bristol BS32 4QG
Tel: 01454 270 600

10 South West
Camberwell House
Grenadier Road
Exeter Business Park
Exeter, Devon EX1 3QF
Tel: 01392 880 380

11 Drew Smith
Drew Smith House
7-9 Mill Court
The Sawmills, Durley
Southampton SO32 2EJ
Tel: 01489 861 400



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