



Vistry Group PLC

Annual Report 2022

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Front cover images:

Top: Beaulieu, Chelmsford, Essex.

Centre left: Saffron View, Saffron Waldon, Essex.

Centre right: Twigworth Green, Twigworth, Gloucester.

Bottom: Great Eastern Quays Phase 2, East London.

Highlights¹

Group revenue
£2,729m
(2021: £2,407m)²

Legal completions³
11,951
(2021: 11,080)

HBF customer satisfaction⁴
5-star
(2021: 5-star)

Housebuilding average sales price⁵
£324,600
(2021: £305,100)

Profit before tax
£247.5m
(2021: £319.5m)

Adjusted profit before tax⁶
£418.4m
(2021: £346.0m)

Basic earnings per share
86.5p
(2021: 114.6p)

Adjusted earnings per share⁶
137.5p
(2021: 125.5p)

ROCE⁷
28.3%
(2021: 25.5%)

Net cash⁸
£118.2m
(2021: £234.5m)

1. The highlights above are presented on a consolidated basis and include Countryside's financials for the period post 11 November 2022 to 31 December 2022.

2. 2021 Group revenue has been restated in relation to trading with joint ventures. See note 1.6 of the financial statements.

3. Includes joint venture completions.

4. Based on responses from customers who legally completed between 1 October 2021 to 30 September 2022. Star rating awarded according to the proportion responding 'yes' to the question 'would you recommend your builder to a friend?' asked eight weeks after legal completion: 5-star rating 90% and above.

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

6. Adjusted to exclude exceptional items and the amortisation of acquired intangible assets. See note 2.4 of the financial statements.

7. 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 note 5.12 of the financial statements for full reconciliation.

8. Net cash includes cash and cash equivalents, non-current bank and other loans and current bank and other loans. Net cash excludes lease liabilities. See note 4.2 of the financial statements.

Introduction

2022 was another landmark year for the Group, during which we made significant strategic progress. Through our combination with Countryside we are now one of the country's major housebuilders and a leader in the partnerships sector. We also delivered a strong financial performance and continued to create quality homes and communities in line with our purpose. Our sustainability strategy is progressing well and we are evolving our design process to ensure our homes are fit for the future.



Top: Rochester Riverside, Rochester. Bottom: Collingtree Park, Northampton.

Our Group at a glance

We are a leading player in the housebuilding industry.

What we do

We deliver high quality sustainable homes and help create new communities. Our expertise and capabilities cover all housing tenures and we are one of the largest private sector providers of affordable housing in the UK.

Our purpose

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

Our Ethos

DO THE RIGHT THING

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

Our values

Our values, integrity, caring and quality, reflect the culture we aspire to embed across the Group. In line with our ethos, at all times we endeavour to do the right thing for all our stakeholders.

Our culture

Our purpose and values help us embed our One Vistry culture which shapes every day, every project and every home we build.

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.

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.
-



Our business

Following our combination with Countryside, given the excellent reputation of the strong Countryside brand, our enlarged Partnerships business has been renamed Countryside Partnerships. Our Housebuilding business is now known as Vistry Housebuilding. The businesses have market-leading capabilities across all housing tenures at a time when the need for affordable housing has never been greater.

Countryside Partnerships	Vistry Housebuilding
<p>Leading partnerships business with strong and proven track record.</p> <p>Delivers high-quality new homes across multi-tenures including affordable, private rental and private for sale homes, and plays a leading role in urban regeneration.</p> <p>Key strength includes strong established relationships with housing associations, local authorities and private rented sector providers.</p> <p>Operates across England through 19 business units, each with a regional office.</p> <p>Aspires to strong growth and is committed to increasing the much needed supply of affordable housing.</p>	<p>Top UK housebuilder with market-leading consumer brands.</p> <p>Plans, designs and builds high-quality new homes that blend tradition and innovation and create contemporary living standards.</p> <p>Products range from one-bedroom apartments through to larger family homes.</p> <p>Operates across England through 13 business units, each with a regional office.</p> <p>Owns and controls a valuable and deliverable land bank totalling more than 37,000 owned and conditionally contracted plots and the capacity to deliver c.8,000 homes per annum from its existing infrastructure.</p>

Our brands

Operational

Countryside
Partnerships

Vistry
Housebuilding

Vistry
Works

Vistry
Services

Retail


COUNTRYSIDE
Homes

Bovis
Homes 

Linden
HOMES

Vistry 
Ventures

Chair's statement

"It has been a transformational year during which the Group has delivered another excellent financial performance and made significant strategic progress through its combination with Countryside."

Ralph Findlay OBE | Chair



This is my first Chair letter since succeeding Ian Tyler as Chair of the Group at our Annual General Meeting (AGM) on 18 May 2022. Having been a Non-Executive Director of the Group since April 2015, I was delighted to have the opportunity to take on this role.

Overview

The Group continued to deliver an excellent financial performance and through our combination with Countryside Partnerships PLC (Countryside) (the Combination) we have created a leading portfolio of housebuilding and partnership assets. This transformational development has significantly accelerated our strategy of rapidly growing our more resilient Partnerships revenues and creates a platform to deliver material value creation for all stakeholders, including sector leading returns for shareholders over the medium term.

People

Our people are critical to the success of our business. On behalf of the Board I would like to thank them for their continued hard work and commitment, all of which has contributed to the significant progress the Group has made during the year. I would also like to take the opportunity to welcome those colleagues who have joined the Group as a result of our combination with Countryside.

Sustainability

We have a clear purpose: to develop sustainable homes and communities across the UK. In fulfilling this purpose the health and safety of all our stakeholders is a top priority. In April 2022 we signed The Building Safety Pledge Letter addressed to the Secretary of State and Department for Levelling Up, Housing & Communities (the Pledge Letter) and in March 2023 the Self-Remediation Terms and Deed of Bilateral Contract (the Developer Remediation Contract) (see page 81). Our signature of both documents formalised the Group's existing commitments to support leaseholders and reflects our 'do the right thing' ethos which underpins everything we do.

Following its launch in 2021, we are continuing to progress our sustainability strategy. Some of the homes we provide already exceed the Future Homes Standard requirements and we are applying our experience to develop innovative technical solutions that drive even greater energy efficiency and carbon reduction.

Dividends and capital allocation policy

The Board is committed to retaining a healthy and resilient balance sheet. The Group's priority remains 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. During the more recent period of heightened market uncertainty, the Group has maintained a selective approach to acquiring land, particularly for the Housebuilding business.

The Board is recommending a final ordinary dividend of 32 (2021: 40) pence per share, bringing the total ordinary dividend for 2022 to 55 (2021: 60) pence per share. This represents a total full year dividend payment of £162.3m (2021: £133.1m), which is covered two times by Group adjusted net earnings¹.

As previously announced, the Board is reviewing the enlarged Group's allocation policy to ensure it remains appropriate in the context of the enlarged Group, and in doing so will be consulting with shareholders.

Board and Committee changes

There were a number of Board and Committee changes during the year. As highlighted above after eight and a half years in the role Ian Tyler stepped down as Chair of the Group at the conclusion of our AGM in May 2022. On behalf of the Board, I would like to thank Ian for his invaluable contribution as Chair.

Graham Prothero, formerly Chief Operating Officer and a Director of the Group, resigned during the year to take up a position of CEO with MJ Gleeson PLC and left the Group on 31 December 2022. Graham has been a valued colleague at Vistry since joining in 2020 and on behalf of the Board I would like to thank him for his commitment and contribution.

1. Adjusted net earnings is calculated as adjusted profit before tax, net of tax calculated at the adjusted effective tax rate. The adjusted effective tax rate is defined as the reported tax rate, as adjusted for exceptional items, amortisation of acquired intangible assets and significant prior period adjustments.



Fernleigh Park, Long Marston, Stratford-upon-Avon.

At the AGM on 18 May 2022, the Board was delighted to appoint Rowan Baker as a Non-Executive Director, Chair of the Audit Committee and member of the Nomination and Remuneration Committees. Rowan is a highly experienced Chief Financial Officer in construction and development. She is currently the Group Chief Financial Officer of Laing O'Rourke, and from 2017 to 2020, was the Chief Financial Officer of McCarthy Stone.

Following the completion of the combination with Countryside, Tim Lawlor joined the Group and the Board as Chief Financial Officer. Tim was the Chief Financial Officer of Countryside. He has strong financial and commercial expertise. Previously he served for seven years as CFO of Wincanton Plc, the largest British third party logistics company and he is a qualified Chartered Accountant. At the same time Earl Sibley, previously the Group's Chief Financial Officer for eight years, became the Group's Chief Operating Officer.

We have announced three further Board changes following year end. Jeff Ubben has been appointed as a Non- Executive Director with effect from 23 March 2023. Jeff is Managing Partner and Founder of Inclusive Capital Partners L.P., one of the Company's largest shareholders. Jeff is a highly experienced Board member and investor in both the United States and the UK and his deep expertise and insights, particularly in ESG and sustainability, will be of enormous value as we continue our integration with Countryside.

Nigel Keen and Katherine Innes Ker are stepping down from the Board with effect from 23 March 2023 and the close of our Annual General Meeting on 18 May 2023 respectively. On behalf of the Board I would like to thank Nigel and Katherine for the strong contribution they have made to the Company since 2016 and 2018 respectively. They have provided support and oversight dedication, wise counsel through a period of significant growth and transformational change of the business culminating in the recent combination with Countryside. They also provided guidance during the disruption to the business as a result of the various lockdowns and ongoing Covid restrictions. Searches for two new Non-Executive Directors have been commissioned.

As a result of the Board changes described above there were a number of changes to the Board's Committees. In line with the recommendations of the UK corporate governance code I stepped down as Chair of the Audit Committee and member of the Audit and Remuneration Committees when I became Chair of the Group. At the same time, Ashley Steel who joined the Board in June 2021, was appointed as Senior Independent Director. Ashley was also appointed Chair of the Remuneration Committee with effect from 23 March 2023.

The future

The integration of Countryside is making excellent progress, with the operating structure in place since the start of 2023 and the cultural fit exceeding expectations. Management now expect synergy benefits from the Combination to be c.£60m pre-tax recurring cost synergies on an annual run-rate basis by the end of FY24, ahead of our target of £50m.

The Group's strategy is to deliver strong growth in Partnerships revenues, earnings resilience and a sector leading return on capital employed (ROCE) in the medium term. Further information about the Group's strategy is included on pages 18 to 21. We are also focused on realising the procurement benefits from the Group's enlarged scale and leveraging expertise and best practice across all business units. Integration of our timber frame manufacturing operations across both Vistry Housebuilding and Countryside Partnerships will help drive the use of modern methods of construction, de-risk the supply chain and deliver cost and sustainability benefits.

Partnerships will continue to target strong growth in its more resilient revenues, supported by the acute need for affordable homes across our country. Central to the Partnerships strategy is a target ROCE of above 40%. Housebuilding remains focused on controlled volume growth and progressing towards its target of a 25% gross margin and 25% return on capital employed.

Following an excellent performance in FY22, the Group is in a strong position for FY23 as reflected in the forward sales totalling £4.2 billion. We are committed to maximising the opportunities from our unique market position and have a strong and experienced management team in place across all areas of the business to deliver on this.

Ralph Findlay OBE
Chair

22 March 2023

Chief Executive's review

"2022 was another landmark year for the Group. Our combination with Countryside has created one of the country's leading housebuilders."



Greg Fitzgerald | Chief Executive Officer

2022 review

2022 was another landmark year for the Group. The combination with Countryside presented a unique and exciting opportunity for Vistry and has created one of the country's leading homebuilders, comprising a leading partnerships business and a high quality major housebuilder. It has accelerated the Group's strategy of rapidly growing its more resilient partnerships revenues and of targeting a sector leading return on capital employed. The transaction completed on 11 November 2022 and the businesses have come together extremely well. There is a good cultural fit, and the integration process is making excellent progress. As a result, we are confident of delivering synergy benefits of £60m, ahead of the £50m previously announced target, and with the full annual run rate achieved by the end of FY24.

The Group made excellent progress in 2022 despite the more challenging market conditions experienced in the fourth quarter. It continues to deliver high quality homes and outstanding customer service and we were pleased to have been awarded a 5-star HBF Customer Satisfaction rating for the fourth consecutive year and to have seen a significant improvement in our 9-month HBF customer satisfaction score. Our people are key to the Group's success, and I would like to thank all of our employees, subcontractors and supply chain for their continued hard work and dedication.

2022 saw a further significant step up in financial performance, with Group adjusted revenue in 2022 up 14.1% to £3,073.2m (2021: £2,693.6m), adjusted profit before tax increasing by 20.9% to £418.4m (2021: £346.0m) and adjusted basic earnings per share of 137.5p (2021: 125.5p), up 9.6% on prior year. On a reported basis, the Group delivered revenue of £2,729.4m (2021: £2,407.2m¹), profit before tax of £247.5m (2021: £319.5m) and earnings per share of 86.5p (2021: 114.6p). This was after exceptional expenses of £153.9m (2021: £12.2m) including £97.0m fire safety provision and £56.9m transaction and integration related costs.

ELT biographies are available at www.vistrygroup.co.uk/about-us/leadership/executive-leadership-team.

Executive Leadership Team (ELT)

The Group operates through its Board of Directors with day-to-day management and operation delegated to the Chief Executive Officer (CEO) and the ELT. The CEO leads, and is a member of, the ELT.



Earl Sibley
Chief Operating Officer



Tim Lawlor
Chief Financial Officer



Keith Carnegie
Chief Executive – Housebuilding



Stephen Teagle
Chief Executive – Partnerships



Michael Stirrop
Strategic Operations Director



Clare Bates
General Counsel and
Group Company Secretary



Debbie Hulme
Customer Experience Director



Mike Woolliscroft
Group Business Improvement
Director and London Divisional Chair



Bidford Leys, Bidford-on-Avon, Warwickshire.

Vistry Partnerships, the Group's partnerships business prior to the combination with Countryside, had another excellent year of delivering against its strategy of rapidly growing its more resilient revenues, improving margin and delivering at least a 40% return on capital employed. Mixed tenure completions were up 17.6% to 2,455 units (2021: 2,088), adjusted operating margin increased to 10.7% (2021: 9.2%), and Partnerships' return on capital employed in the period was 77.6% (2021: >100%). Housebuilding effectively executed its strategy of delivering controlled volume growth and margin progression from its existing business structure, with completions increasing by 3.4% to 6,774 units (2021: 6,551) and adjusted gross margin increasing to 23.4% (2021: 22.3%).

The contribution of Countryside to the Group's result for FY 2022 was minimal given the timing of the acquisition, with its performance in line with expectations.

This strong financial performance combined with a stronger than expected net cash contribution from Countryside and the Group's on-going focus on good working capital management, resulted in a year end net cash position of £118.2m (31 December 2021: £234.5m). This was after a net cash outflow of £95.2m for the acquisition of Countryside, £35.2m share buy-back and £138.9m of dividend distribution. As part of its disciplined approach to capital allocation, the Board is committed to retaining a healthy and resilient balance sheet.

The Board is recommending a final ordinary dividend of 32 (2021: 40) pence per share, bringing the total ordinary dividend for 2022 to 55 (2021: 60) pence per share. This represents a total full year dividend payment of £162.3m (2021: £133.1m), which is covered two times by Group adjusted net earnings². As previously announced, the Board is reviewing the enlarged Group's allocation policy to confirm whether it remains appropriate in the context of the enlarged Group, and in doing so will be consulting with shareholders.

Operational update

Trading performance

The Group delivered a strong operational performance in 2022 with good progress made across all business areas. We saw a very strong start to the year with high levels of demand resulting in increased sales rates and higher house prices. This trend continued throughout the first half and the Group reported an average weekly private sales rate per outlet in H1 22 of 0.84 (H1 21: 0.76), up 11% on the prior year.

The second half started strong, with our sales performance across both businesses remaining robust during the typically quieter summer months. There was a step-change in market conditions in the fourth quarter with the mini-budget delivered on 23 September 2022 heightening macro uncertainty and leading to a significant increase in mortgage costs. Demand for private sales reduced markedly with the Group achieving a weekly private sales rate per outlet³ of 0.46 in Q4 2022. For the year as a whole, the Group achieved a weekly private sales rate of 0.71 (FY21: 0.76). Despite the drop in demand, our pricing remained firm in the final quarter of 2022.

In the partnerships market, the wider macro uncertainty and concern around the Government's social housing rent ceiling generated hesitancy amongst housing providers during the fourth quarter. The Government confirmed its position on the rent ceiling in the 17 November 2022 Autumn Statement, with the 7% ceiling at the better end of expectations. We saw demand in our partnerships business pick up accordingly towards the end of 2022.

Our sites have operated well during the year, and we were delighted to have achieved our highest number of NHBC Pride in the Job Quality Awards in 2022, totalling 34 for the enlarged Group. Our NHBC reportable items remain below industry benchmark at 0.23 (FY22: 0.22) for the Group. In a year that has been characterised by heightened labour and material supply constraints as well as price increases, the Group has been highly focused on working in close partnership with our supply chain and sub-contractors to best manage this. With increased output from the supply chain in the first half, we saw an improvement in the availability of materials.

1. Revenue and cost of sales for 2021 have been restated in relation to trading with our joint ventures.
2. Adjusted net earnings is calculated as adjusted profit before tax, net of tax calculated at the adjusted effective tax rate. The adjusted effective tax rate is defined as the reported tax rate, as adjusted for exceptional items, amortisation of acquired intangible assets and significant prior period adjustments.
3. Excludes any contribution from Countryside.

Wider industry cost pressures however continued, specifically rising energy costs and wage inflation, resulting in an increase in our overall cost base of c.9 to 10% in the year.

In Partnerships, where we have a higher element of fixed revenue, we manage our risk in the pre-procurement phases through passing elements of cost risk to our subcontractors, include a sensible level of cost contingency or fixed price allowances to cover some level of inflation, and for the long duration contracts, seek to link the pre-sold revenue to a build cost inflation index.

Partnerships^{1,2}

Vistry Partnerships made excellent progress in the year with its strategy of rapidly growing higher margin mixed tenure revenues, with mixed tenure completions up by 17.6% to 2,455 (2021: 2,088) which includes 738 (2021: 904) delivered in joint ventures (JVs). The average selling price of mixed tenure units in the year on an adjusted basis was £256k (2021: £237k). Partnerships operated from an average of 28 (2021: 33) active mixed tenure sites in 2022 which was lower than forecast reflecting stronger sales rates on existing sites and some planning delays.

Vistry Partnerships continued to drive its operating margin through increasing the proportion of higher margin mixed tenure revenues, and in 2022 adjusted operating margin increased to 10.7% (2021: 9.2%).

Housebuilding^{1,2}

Housebuilding had an excellent year delivering 6,774 units (2021: 6,551) in 2022, which includes 1,343 (2021: 1,287) in JVs. Private units in the year totalled 5,184 (2021: 4,891) with 1,590 (2021: 1,660) affordable units, representing 23.5% (2021: 25.3%) of total completions.

Total Housebuilding average selling price for 2022 increased by 6.2% to £324k (2021: £305k) on an adjusted basis, reflecting changes in mix and house price inflation across the year. Housebuilding's private average selling price increased to £376k (2021: £356k) and affordable average selling price increased to £163k (2021: £158k). Adjusted revenue from Housebuilding activities in the year totalled £1,982.4m (2021: £1,829.3m). Housebuilding operated from an average of 142 (2021: 143) active sites in 2022 and we expect this to increase to an average of c.150 in FY23 reflecting the transfer of sites to Housebuilding from Countryside.

Housebuilding adjusted gross margin saw a further step-up, increasing to 23.4% (2021: 22.3%) with the business making good progress towards delivering its adjusted gross margin target of 25%.

Countryside

In the period post-acquisition Countryside delivered 649 units, which includes 70 from JVs. The Countryside adjusted operating profit for the period post-acquisition was £0.5m. The contribution of Countryside to the Group's FY 2022 result was minimal, which is in line with expectations given that Q4 is typically a quieter period for Countryside.

Integration of Countryside

The combination with Countryside Partnerships completed on 11 November 2022. The integration, which has moved at pace, has been collaborative and focused on building on the best from each business. The Group expects to deliver c.£60m of pre-tax recurring cost synergies on an annual run-rate basis by the end of FY24, up from our previous target of £50m. Of this, c.£25m are expected to be delivered in FY23, ahead of our original £19m target.

The integration is being managed by the Integration Oversight Board, a subset of the Executive Leadership Team, and is supported by a central management office and a number of integration workstreams with appropriate expertise from Vistry and Countryside.

The transition to date has been very positive reflecting the active engagement and common culture of our people, detailed planning through the various phases of integration, and our continued focus to deliver a timely integration with minimal operational disruption.

Key achievements to date include the restructuring of Partnerships, with the new organisation structure in place from 1 January 2023 all operating under the Countryside Partnerships name and the combination of all central functions under the banner of Vistry Services. We are making good progress on aligning our corporate governance and the full alignment of our business policies, processes, and procedures including the Group's SHE Management System is expected to be completed by April. We have implemented a number of key IT changes and are well on our way to unification of our systems, which is expected to complete in the Autumn of 2023.

Vistry Works

The timber manufacturing operations acquired with Countryside have been fully rebranded and relaunched as Vistry Works. The Group sees Vistry Works as a valuable opportunity to create an industry leading manufacturing capability with the potential to deliver significant benefit to the broader Group in the medium term.

The business currently operates from its two factories at Warrington and Leicester which together have the capacity to deliver c.2,800 units in FY23. The Group is committed to re-opening the Vistry Works East Midlands factory and this is targeted for the second half of 2023. Good progress is being made with recruitment, electric capacity enhancement and machine remobilisation, and a review of additional manufacturing options to utilise surplus floor space is being undertaken. In the medium term, the business is targeting the manufacture of c.5,000 units.

Establishing good working relationships between the business units and Vistry Works is a priority, and a framework has been put in place to improve coordination between factories and the relevant business unit to help ensure capacity levels are as fully utilised as possible going forwards.

House type standardisation is fundamental to the efficiency

1. Excludes any contribution from Countryside.

2. Completions include 100% of JVs. All other financials are shown on an adjusted basis to include the proportional contribution of the joint ventures.

of the manufacturing operations, and we are working hard to ensure all three of our brands' house types incorporate timber frame construction with a heavy focus on delivering Future Homes Standard. The current closed panel solution is being scaled back with an open panel without plasterboard (hybrid) solution being the preferred option to allow a more cost effective product offering to the Group nearer term. We have a strong emphasis on R&D and will evolve the product over time as the business gains momentum.

Fire safety

The Group is committed to playing its part in delivering a lasting industry solution to fire safety and its strong view remains that the costs of remediation should not be borne by leaseholders. Both Vistry and Countryside signed the Building Safety Pledge Letter in April 2022 and on 13 March 2023, Vistry signed the Department for Levelling Up, Housing and Communities' Developer Remediation Contract.

We are making progress with the remediation works and of the 304 buildings identified, work has been completed on 59, we are on site on 30, are engaged in the remediation process on 188, with 27 buildings to yet commence. The dedicated teams in both Vistry and Countryside have been integrated under single management following completion of the Countryside transaction and the cladding and remedial fire safety provisions have been consolidated and aligned under a consistent method of estimation.

As at 31 December 2022, the Group fire safety provision was £309.2m. This includes a provision of £191.8m acquired through the combination with Countryside, a charge of £97.0m in the year covering additional requirements under the Pledge and the Developer Remediation Contract and the adoption of a consistent approach across the enlarged Group, and net spend of £4.8m on remediation work in the year.

In addition, from 1 April 2022, the Group has been paying the 4% Residential Property Developer Tax (RPDT) as part of the contribution from the UK's largest residential property developers towards the Government's cost of dealing with fire safety and cladding remediation work. RPDT is intended to raise at least £2bn from the industry over a ten-year period.

Balance sheet

The Group had a net cash position of £118.2m as at 31 December 2022 (31 December 2021: net cash of £234.5m) following a net cash outflow of £95.2m for the acquisition of Countryside, £35.2m share buy-back and £138.9m of dividend distribution. This is ahead of our expectations for the Group post acquisition and reflects stronger cash generation in the second half at both Vistry and Countryside.

Inventories have increased by £876.0m year on year, primarily driven by the Combination which added £792.3m of WIP and continued investment in land and WIP during the period.

Similarly, land creditors have increased to £667.4m at 31 December 2022 from £414.2m at the beginning of the year. This is driven primarily by the acquisition of £246.0m in land creditors on the Combination with Countryside and the investment in land in the period.

We will continue to ensure the Group has a healthy and resilient balance sheet and retain the opportunity to selectively invest in land and development opportunities as they arise.

Sustainability

Our purpose is to deliver sustainable new homes and communities across all sectors of the UK housing market and our strategy is split into three priority areas: our people, our homes and communities, and our operations.



Timber frame home under construction at Beehive Mill, Bolton.

We made significant progress with our sustainability strategy in 2022 which is covered in detail in our Sustainability Report. Key highlights include the linking of three key sustainability metrics to executive remuneration and our sustainability linked loan, the SBTi (science based targets initiative) verification of our carbon reduction targets, and the publication of our Carbon Action Plan focused our direct emissions, which complements our existing roadmap to net zero carbon homes.

Following the success of our Europa Way development, which delivered 54 zero-embodied carbon homes for Warwickshire District Council, we commenced another joint venture with the Council to deliver 310 zero-carbon homes at our Kenilworth site. This unique partnership, which broke ground in March 2022 and was the first of its kind to get underway in the UK, will deliver zero carbon affordable homes at scale with improved building fabric efficiencies and air source heat pumps.

For the year ahead, and following our combination with Countryside, we are undertaking a review of our sustainability strategy to ensure that it continues to be relevant to the business and stakeholders of our enlarged Group and we will incorporate a number of Countryside's best practice sustainability processes into our existing procedures. In 2023, we will conduct a full review of our materiality assessment, update our sustainability strategy as required and set new targets.

Quality and customer service

Delivering high quality new homes and excellent customer satisfaction remain our key priorities and we consider our customers in all of our decision making.

We were pleased to have been awarded the maximum 5-star HBF customer satisfaction rating in the most recent annual review for the fourth consecutive year, with our score for Q3 2022 at 92.6% (Q3 2021: 92.2%), in the most recently published HBF 12-month rolling customer satisfaction data. We have focused on improving our score for the HBF customer satisfaction survey which is sent out nine months after completion and are pleased to have seen our score on this ended at over 79% in the last closed survey year.

The Group welcomes the introduction of the New Homes Ombudsman and fully supports the New Homes Quality Code. It has completed registration and is working on activation following the need for alignment following the acquisition of Countryside.

During the year we expanded our customer relationship management (CRM) capabilities across our Partnerships business, enriching the customer experience and supporting our teams to work more effectively across the customer journey. Rolling out our CRM capabilities across the Countryside business is a key part of our integration programme.

We continue developing our digital capabilities and our immersive portal has played a key role in strengthening our customer experience, giving them more choice about how, when and where they do business with us. Over 77% of our customers are now choosing to use our portal to make their reservation within six clicks. Customers are also increasingly using the virtual personal experience, which includes the opportunity to virtually visit our developments, look around the homes and personalise them, including changing worktops, cupboards, and flooring.

People

Our people make Vistry and are critical to the on-going success of the Group. As was expected with the integration of Countryside, we saw a decline in our latest Peakon employee engagement survey carried out during March 2023, with the score at 7.8 (August 2022: 8.6), in-line with the Peakon benchmark. We are very focused on maintaining an open and informative dialogue with all our employees during this integration period and the Executive Leadership team and other senior management have hosted drop-in Q&A sessions and delivered ad hoc video updates to keep people informed. We were pleased to have recently achieved certification as a 'Top Employer' with the Top Employers Institute which recognises our people strategy and workplace environment.

The safety of our people, and those who work with us, is also a top priority. Health and safety is one of the first topics to be covered in executive meetings, with clear linkage to our values and ethos. Our year on year reduction in both accident incident rate and service strike incident rate demonstrates our commitment to continual improvement driven by a positive safety behaviour culture.

Recognising the cost of living crisis and the heightened levels of inflation over the past 12 months, we were pleased to award a minimum 4% pay rise for all employees at the start of 2023. In addition, in April 2022 we put in place a temporary cost of living allowance of up to 3.75%, ensuring that the lowest paid employees received the most support. These allowances became a permanent part of all annual salaries under £60,000 from January 2023.

Land

The Group has a high quality, deliverable land bank reflecting a successful year in the land market.

Vistry Partnerships continued to invest in its owned land bank to support the growth of mixed tenure completions and in the year secured 3,213 (2021: 4,131) plots on 19 (2021: 23) sites for mixed tenure development, significantly ahead of replacement level. Following our combination with Countryside, the enlarged Partnerships business had an owned and controlled land bank of 44,258 (2021: 11,756) plots as at 31 December 2022.

Partnerships is well positioned on land and has 93% of the land required for forecast FY23 completions secured and 80% of the land for FY24 completions secured. There is a good pipeline of attractive development opportunities, in particular working alongside Housing Associations and Local Authorities.

Housebuilding secured 5,334 (2021: 7,667) plots across 32 (2021: 38) developments at an average gross margin and ROCE hurdle rate of at least 25%. The rate of land acquisition in Housebuilding consciously slowed in the fourth quarter reflecting the increased level of uncertainty in the housing market. Following our combination with Countryside, 32 sites totalling 5,039 plots have been transferred from Countryside Partnerships to Vistry Housebuilding from 1 January 2023. As at 31 December 2022, Housebuilding had a total controlled land bank of 37,084 (2021: 31,014) plots. The business has a strong deliverable pipeline of land with all of the land required for forecast 2023 completions secured and 95% of the land for FY24 completions secured. Housebuilding continues to progress high quality land opportunities on a selective basis and with deferred payment terms.

Strategic land is a key component of the Group's land supply, and we are targeting a greater proportion 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. The Group added 4,503 (2021: 7,721) strategic land plots across 9 (2021: 12) developments to its strategic land bank in the year and a further 22,204 strategic land plots across 48 developments following our combination with Countryside. In total, the Group had 65,813 (2021: 40,000) strategic land plots as at 31 December 2022.

Capital allocation and dividends

The Board is committed to retaining a healthy and resilient balance sheet. The Group's priority remains 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. During the more recent period of heightened market uncertainty, the Group has maintained a selective approach to acquiring land, particularly for the Housebuilding business.

The Board is recommending a final ordinary dividend of 32 (2021: 40) pence per share, bringing the total ordinary dividend for 2022 to 55 (2021: 60) pence per share. This represents a total full year dividend payment of £162.3m (2021: £133.1m), which is covered two times by Group adjusted net earnings.

As previously announced, the Board is reviewing the enlarged Group's allocation policy to ensure it remains appropriate in the context of the enlarged Group, and in doing so will be consulting with shareholders.

Current trading and outlook

Our Partnerships business is seeing a good level of demand from Housing Associations and Local Authorities, with the PRS market also improving. In the year to date, Partnerships has secured a number of new development opportunities which at least meet our targets of 40%+ ROCE and 50% pre-sold revenues and has a good pipeline. The resilience of our Partnerships business is reflected in its strong forward order book totalling £2,840m (25 Feb 2022: £1,338m), with 68% of mixed tenure FY23 units and all of partner delivery revenues secured, providing us with the confidence it will deliver revenue growth in FY23, on pro forma FY22.

For the Group overall, we have seen an improving trend on private sales in the first 11 weeks of the year, with the Group's average private sales rate per site per week for the year to date at 0.54, increasing to 0.62 in the last four weeks. We have seen increased consumer confidence from Q4 2022, particularly as mortgage rates have trended downwards and availability has improved.

Housebuilding is focused on delivering operational excellence in this more competitive marketplace, with top quality customer service and the highest build standard critical to success. The business has a very experienced management team, and with its focus on and investment in high quality site teams, is well positioned. Housebuilding's forward order book totals £1,339m (25 Feb 2022: £1,324m) with 55% of FY23 units secured.

Net pricing has held relatively firm in the first 11 weeks supported by an increase in the use of incentives. The Group sees opportunity for cost reduction in the year, with some success achieved in the year to date. The expected year on year reduction in private sales rates is reflected in our current build rates, with a key focus on working capital management.

The integration of Countryside Partnerships is making excellent progress and we are now expecting to deliver c.£25m of synergies from the combination in FY23. We expect total synergies to be c.£60m, up from our previous target of £50m, with the full annual run rate achieved by the end of FY24.

Based on these assumptions, we expect the Group to deliver adjusted profit before tax for FY23 in excess of £440m¹. As part of a disciplined approach to capital allocation, we will continue to ensure the Group has a healthy and resilient balance sheet and will continue to invest selectively in high quality land and development opportunities as they arise.

Greg Fitzgerald
Chief Executive Officer

22 March 2023

1. Refinitiv Eikon mean FY23 adjusted PBT: £396m, Bloomberg mean FY23 adjusted PBT: £409m (20/03/2023).

Market environment

We are a leading player in the UK housebuilding industry which is impacted by a number of economic, social and regulatory trends. In response we are continuing to evolve the Group to ensure we are well positioned to deliver sustainable value for all stakeholders.

Trends and developments	Our response
<p>Demand for new homes continues to outstrip supply</p> <p>There continues to be a shortage of new homes in the UK with studies estimating a need for c.340,000 new homes per annum¹ in England. In recent years delivery has continued to fall short of this need (2019/20: 242,700 new homes, 2020/21: 216,490 new homes), which has increased the cumulative level of unmet demand. Within this there is a chronic shortage of affordable housing and professionally managed private rental.</p> <p>The Department for Levelling Up, Housing and Communities has re-affirmed its commitment to build 300,000 new homes every year by the mid 2020s – a target originally set out in the Conservative Government's 2019 manifesto.</p> <p>Key initiatives in place to support new home supply include:</p> <ul style="list-style-type: none"> • The Government's ongoing affordable housing programme which has £11.5bn of committed funding from 2021 to 2026, and is intended to deliver 180,000 homes across England. • More organisations capable of securing funding, including local authorities and housing associations. • The First Homes scheme. 	<p>As one of the largest housebuilders, we are committed to increasing the supply of quality new homes across England. The Group delivered a total of 11,951² new homes in 2022.</p> <p>Our enlarged Partnerships business is a leading provider of affordable, multi-tenure housing and we are focused on leveraging its assets and capabilities to continue to increase our delivery of affordable housing across all tenures and all of our regions. We have an established track record of successfully working alongside local authorities and housing associations to determine the right development solutions for their communities.</p> <p>Vistry Group was selected by Homes England as a strategic partner for the delivery of affordable housing through its Affordable Homes Programme, the only listed housebuilder to be included in the programme.</p> <p>Our Housebuilding business has a strategy of controlled volume growth with a target of increasing homes delivered to 8,000 per annum (2022: 6,774). Approximately 24% of these are affordable homes delivered through Section 106 obligations.</p>
<p>The planning system</p> <p>Before we can start any development work we must obtain planning permission and discharge conditions. Securing timely planning permission on an economically viable basis is key to our value creation process.</p> <p>Planning delays are common, reflecting continued capacity issues within local planning authorities and continued political uncertainty. Preparation or publication of new local plans has been significantly delayed over the last year.</p> <p>In addition, the Levelling Up and Regeneration Bill (LURB), which will introduce significant reforms to the existing planning regime, is continuing its passage through the House of Lords however much of the detail is still to be confirmed or will need to be set out in secondary legislation.</p> <p>As well as changes proposed via the LURB, a short term update to the National Planning Policy Framework (NPPF) was published in December 2022, alongside proposals for wider changes which will be consulted on in due course.</p>	<p>We have healthy consented and strategic land banks and only purchase new land that meets our specific land buying criteria.</p> <p>We work with Government departments and other key stakeholders to help shape planning reform. We have concerns that the proposed amendments to the NPPF will create further delays and discretion around local housing targets and reduce the number of homes Councils plan to deliver. We continue to engage with the HBF and other organisations, including the Land and Property Developers Federation and Royal Town Planning Institute, to try to speed up the planning process. Moreover, we are working pro-actively with the Future Homes Hub³ to ensure that the industry is ready to adapt to change and deliver strong sustainability outcomes, including biodiversity net gain.</p> <p>We are well placed to continue to support the Government's aspiration to maximise brownfield redevelopment and regeneration. We continue to promote our wider sustainability strategy recognising that the range of benefits that development can bring to a community will be increasingly important to secure local support for proposals. We have a strong track record of on and off-site infrastructure delivery to ensure that new homes are supported by the right level of infrastructure and contribute to the communities in which they are located.</p>

1. Heriot-Watt University – Housing Supply Requirements across Great Britain for low-income households and homeless people commissioned by Crisis and the National Housing Federation, May 2019.
2. Includes joint venture completions and 2,073 partner delivery equivalent units.
3. The Future Homes Hub was established to facilitate collaboration to help meet climate and environmental challenges.



Beam Park, Rainham, Essex.

Meeting the growing demand for affordable homes

Countryside Partnerships is building 5,000 homes, half of which will be affordable housing, on regeneration land at Beam Park, Rainham, one of London's largest new regenerated neighbourhoods. The development is being delivered by our joint venture partnership with L&Q, and in partnership with the Greater London Authority and the London Boroughs of Barking and Dagenham and Havering. The development spans 29 hectares and in addition to the new homes will also include two primary schools, a neighbourhood centre and 2.5 hectares of improved green space.

Trends and developments	Our response
<p>The economic environment</p> <p>Historically, the strength of the UK residential property market has been linked to that of the UK economy, which in turn is influenced by both European and global macroeconomic conditions. As a result the market is cyclical.</p> <p>Recent interest rate and energy price rises, cost-of living increases and the headwinds from higher inflation, are impacting household incomes and savings and as a result affordability, demand for housing and house prices.</p>	<p>Our combination of Housebuilding and Partnerships assets and increased exposure to the partnerships sector through our combination with Countryside, provides greater resilience to the cyclical housing market.</p> <p>Countryside Partnerships works alongside local authorities, housing associations and private rented sector providers to supply much needed affordable, multi-tenure schemes. It targets pre-sales of at least 50% on each development and therefore is less reliant on more cyclical open market demand.</p> <p>Vistry Housebuilding invests in high quality development opportunities, maintaining a balanced regional portfolio whilst leveraging its multi-branded strategy to target a broad range of customers.</p>
<p>Increased material costs, supply chain challenges, and labour shortages</p> <p>During 2022, various factors including significant energy cost increases, resulted in constraints on the materials supply chain and increased material costs. In the second half we saw improvements in the materials supply chain as capacity increased.</p> <p>A constrained labour market, skills shortages and wage inflation also led to increased labour costs in the year. This abated somewhat in the second half of the year and we see some opportunity to reduce labour costs during the year ahead.</p>	<p>Our suppliers are key stakeholders in our business and through our centralised procurement team, we proactively work with them to best manage our supply chain needs. Regular dialogue allows both parties to understand expectations and plan ahead, and this has delivered positive results during 2022. Following our combination with Countryside, to maximise efficiency, we are reviewing all material supply contracts across the enlarged Group.</p> <p>Our Countryside Partnerships business has a higher element of fixed revenue schemes, and we manage our risk in the pre-procurement phase through passing an element of cost risk to our subcontractors, including a sensible level of cost contingency or fixed price allowances to cover some level of inflation.</p> <p>To address labour and skills shortages we invest in a range of initiatives including apprenticeships, trainee programmes and our Vistry Skills Academies (see page 41).</p>
<p>Fast changing regulatory environment and Future Homes Standard</p> <p>Government regulation continues to be an ever-greater factor in driving decision making. New regulations include:</p> <ul style="list-style-type: none"> • The Building Safety Act and the establishment of a New Homes Ombudsman with statutory powers to award compensation and fix poor building work. This will raise quality standards while the introduction of building safety and materials regulators in the wake of the Grenfell Tower disaster will enhance safety across the industry. • The Future Homes Standard, effective from June 2025, requires new homes to achieve c.80% lower CO2 emissions than current standards through low carbon heating systems and improved levels of energy efficiency. • The New Homes Quality Code (NHQC) introduces a broad range of additional requirements for developers. Its aim is to fill the gaps in current protections and ensure that every aspect of a new home purchase, from when a customer walks into a sales office, through to two years after occupation of the home, is covered. <p>Regulatory issues are also affecting land availability, including challenges created by nutrient neutrality and the interpretation of the Habitat Regulations. Biodiversity net gain is mandated by the Environment Act 2021 and will be a requirement in all planning applications by November 2023.</p>	<p>We deliver high quality sustainable homes and high levels of customer satisfaction as measured by the NHBC and HBF, and we welcome the New Homes Ombudsman Service and the NHQC. The 'Vistry Customer Journey' (see page 39) and Countryside's 'gateway' embed procedures and checks to ensure that we continue to deliver high quality homes. We are continuing to enhance Keys, our customer relationship management system, and we provide training across the Group on an ongoing basis, to ensure we continue to deliver excellent customer service.</p> <p>Sustainability is core to our purpose and we have a clear roadmap to deliver net zero carbon homes and we are already delivering new homes that meet The Future Homes Standard. We are applying the knowledge and experience gained from these projects to develop innovative technical solutions to help us achieve our stretching carbon reduction targets and meet future regulatory requirements.</p> <p>We have introduced biodiversity action plans on all new development sites and we are committed to meeting the 10% biodiversity net gain requirements introduced by the Environment Act (see page 42). Our strategic land portfolio provides a real opportunity to deliver this requirement as a key component of high quality placemaking.</p>



Tolgus Farm, Redruth, Cornwall.

Delivering tomorrow's homes today

Tolgus Farm, Redruth, is a net carbon zero ready contracting scheme, where we are building 185 homes for private rent and affordable housing on behalf of Treveth Holdings LLP. The homes are being constructed using a 140mm timber frame with a range of enhanced external elevational treatments. The houses will achieve an 'A' rated energy performance certificate which will result in lower energy bills for occupants. The scheme's sustainable homes will complement the natural surroundings and will all incorporate low carbon heating solutions, highly insulated walls and roofs, air source heat pumps, underfloor heating and roof-mounted solar panels.

Our business model

Our combined housebuilding and partnerships business model and 'One Vistry' strategy is focused on creating long-term value for all of our stakeholders.

Key inputs that support value creation

Diverse and skilled workforce

Our success is dependent on our employees who underpin the delivery of our strategy. Recruiting, developing and retaining highly skilled and competent people at all levels is a key priority.

Excellent customer service

Our customers are at the heart of everything we do. We provide a range of quality new homes and a high level of service that aims to meet customers' expectations throughout their entire journey with us. Both Vistry Housebuilding and Countryside Partnerships have retained a 5-star HBF customer satisfaction rating for the fourth consecutive year.

Renowned technical and building expertise, quality and delivery

At the 2021 Housebuilder of the Year Awards we were proud to win the large housebuilder category and in 2022 we achieved 34 National House Building Council (NHBC) Pride in the Job quality awards. Modern Methods of Construction (MMC) operate across the Group supported by Vistry Works' modular timber frame manufacturing capability.

Strong market position and capability across all housing tenures

We are a leading player in the housebuilding and partnerships sectors and have proven capabilities across all housing tenures.

Strategic land capability and its effective utilisation

Our experienced in-house strategic land capability effectively delivers land for our Housebuilding and Partnerships businesses. As at 31 December 2022 the enlarged Group's strategic land plots totalled over 65,000.

Multiple leading brands

We own a differentiated brand portfolio which makes us more competitive in the land market and enables us to target a broader range of customers.

Trusted partner with strong stakeholder relationships

For over 40 years Countryside Partnerships has been a trusted partner of housing associations, public bodies and institutional private rental operators and has played a lead role in regenerating urban areas and creating new communities. In 2021 our Partnerships business secured Homes England strategic partnership status.



One of our Vistry Works manufacturing facilities - Warrington.

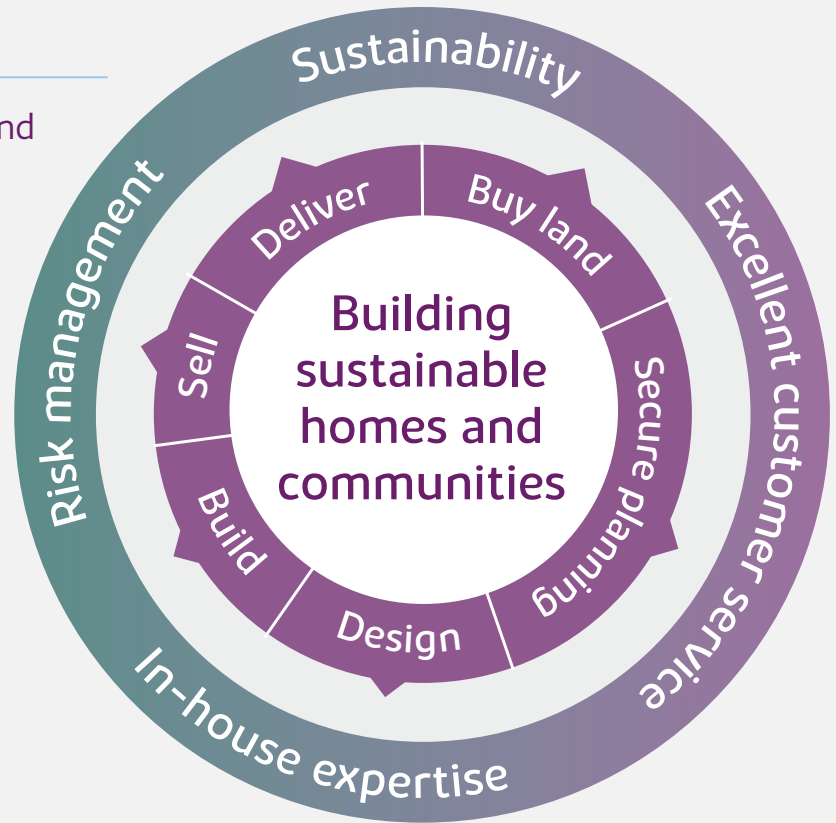
How we create value

We leverage the strengths and maximise the opportunities arising from our combined Housebuilding and Partnerships assets to generate sustainable value. A partnership approach underpins everything we do.

Countryside
Partnerships

Vistry
Housebuilding

For further information about our strategy:
▶ See pages 18 to 21.



The value we create



People

We provide employment and development opportunities in a diverse and inclusive working environment.

5,200+ People employed



Homes and communities

We support the regeneration of urban areas and help create new sustainable communities.

11,951¹ new homes delivered in 2022



Customers

We build high-quality homes.

5-star HBF customer satisfaction



Regulators

We contribute to consultations and proactively engage in relation to key industry issues.



Shareholders

We are focused on long term value creation.

86.5p basic earnings per share
for year ended 31 December 2022



Supply chain

We support a network of nationwide suppliers.

c.£400m nationwide supplier
annual spend

1. Includes joint venture completions and 2,073 partner delivery equivalent units.

Our strategy

Our One Vistry strategy is aimed at leveraging the strengths and maximising the opportunities from our combination of Vistry Housebuilding and Countryside Partnerships assets, generating sustainable value for all stakeholders, including sector-leading ROCE in the medium term.

Our combination with Countryside was a transformative opportunity with the enlarged Group having the scale and expertise to accelerate our strategy, including the rapid growth of our less cyclical Partnerships revenues and the delivery of high returns.

The key pillars of our strategy are detailed below. Our people underpin all aspects of its delivery and our success is dependent on building high quality homes, providing excellent customer service and operating in a sustainable way.

Our strategic pillars	Link to risks
1 Maintaining a strong market position and capability across all housing tenures, including being a leading provider of high demand, high growth affordable housing.	1 2 3 6 8 10
2 Delivering customers high quality sustainable homes that at least meet the continually evolving future homes standards.	1 4 5 6 7 9 10
3 Leveraging our combined Vistry Housebuilding and Countryside Partnerships assets to maximise overall returns, particularly on larger multi-tenure developments.	1 3 4 6 8
4 Utilising our differentiated multiple brand portfolio to target a broader range of customers and increase our competitive positioning in the land market.	3 6
5 Maintaining a high quality, deliverable operational land bank and effectively deploying our leading strategic land capability.	4 6 7 8
6 Maximising the opportunity from Vistry Works' timber frame manufacturing capability through improved operating efficiency and establishing the use of its timber frame output across all business areas.	1 3 4 6 10

Information about our principal risks: ▶ See pages 58 to 62.

One Vistry

The Group exists to develop sustainable new homes and communities across all sectors of the UK housing market. The Group holds a unique market position. As a top housebuilder with a leading partnerships business, Vistry is well positioned to deliver strong growth, earnings resilience and sector leading return on capital employed in the medium term.

Our combination with Countryside has materially accelerated our One Vistry strategy of rapidly growing the more resilient Partnerships revenues, and we expect Partnerships revenue to represent at least 50% of total Group revenues in the near term.

The Group has a strong market position and capability across all housing tenures. It has three leading retail brands, Bovis Homes, Linden Homes and Countryside Homes, each of which has its own differentiated housing range and combined, gives the Group a broader market reach. With a high quality, deliverable consented land bank and an excellent strategic land capability, as One Vistry we are especially focused on maximising absorption rates and returns from larger multi-tenure developments where Partnerships and Housebuilding develop alongside each other.

One Vistry – Stoneleigh View, Kenilworth

Partnerships and Housebuilding working together to secure a highly sought after development opportunity, deliver much needed housing and sector leading returns.



Representatives from Warwick District Council, local housing company Milverton Homes and the Group inspecting progress at Stoneleigh View, Kenilworth.

- Working together, Partnerships and Housebuilding were able to secure a highly sought after development opportunity.
- Partnerships' established relationship with Warwick District Council and track record of delivery, led to the creation of a new joint venture with Warwick District Council, who are funding 100% of the project.
- 310 of the total 620 new homes will be affordable, and have been pre-sold to Warwick District Council, de-risking the project.
- 50% of the homes will be built to zero carbon standards, ahead of current standard requirements.
- To help sustain wildlife we have created a dedicated area that includes bee friendly flowers, bee houses and a flowering lawn.
- All three brands will be used to maximise output and the delivery of much needed new homes.
- Bovis Homes', Linden Homes' and Countryside Homes' differentiated and broad product range is designed to meet open market local needs.



We are focused on realising the procurement cost benefits from the Group's enlarged scale and on leveraging expertise and best practice across all business units. In particular, our Partnerships business is leading the way on Future Homes Standards on a number of developments where it is working in partnership with Local Authorities or Housing Associations. The experience and knowledge gained is incredibly valuable across the entire Group.

In addition, we are integrating Countryside's timber frame manufacturing operations across both Partnerships and Housebuilding and effectively utilising modern methods of construction with the objective of achieving procurement savings and de-risking the supply chain.

Our strategy is to deliver greater profitability and higher returns as One Vistry than would be achievable from the standalone businesses. However, if the market does not recognise the full value of the enlarged Group by 2025, it is expected that each of Housebuilding and Partnerships would be large enough to succeed as independent businesses, giving the option to separate them at that time if the Board considered this to be in the best interest of shareholders.

Partnerships

Countryside Partnerships holds a leading position within the high growth, high demand affordable housing market, with its unrivalled track record, established relationships and operational capability, being its key competitive advantages. Successfully integrating Countryside Partnerships and Vistry Partnerships and maximising the benefits of the combination and being part of the larger Group is our key focus for 2023, and we are making excellent progress.

The enlarged Partnerships business has good geographical coverage through its 19 business units and three operating divisions, each with a highly experienced management team. The business is targeting strong revenue growth of c.10% per annum over the medium term, which is supported by the acute need for affordable housing across the country, the programme of Government funding for affordable housing including through Homes England, and the strong demand for affordable housing and private rental stock from Housing Associations, Local Authorities and other housing providers including institutional investors.

Central to the Partnerships strategy is a target ROCE of above 40%. Vistry Partnerships has a strong track record of delivering ROCE significantly in excess of 40%. Historically Countryside has not prioritised ROCE resulting in a level below our 40% target. The business is focused on increasing the proportion of pre-sold revenues on a number of sites, particularly the more capital intensive, high-rise developments in London, in order to drive ROCE towards our target. All new development opportunities for Partnerships have a minimum 40% ROCE hurdle and minimum 50% pre-sold revenue hurdle.

Partnerships is targeting an adjusted operating margin of 12%+ (FY22: 10.7%) in the medium term, primarily through driving operational efficiency, the benefits of scale, and procurement savings.

Housebuilding

Near term, our high quality housebuilding business is focused on maximising its performance against a more constrained market backdrop. Key is operational excellence, with delivering the highest quality build and customer service experience critical to success in a more competitive sales environment. Our housebuilding business has the management, site teams and embedded controls and disciplines in place for this. On costs, our business units are working closely with our preferred suppliers, and in particular our subcontractors to deliver cost efficiencies whilst maintaining a quality supply. Working capital is tightly managed on a site by site basis and Housebuilding is selectively acquiring land and is seeing increased success in securing land with deferred payment terms.

Countryside's non-core legacy assets have been transferred to Vistry Housebuilding, with all the sites expected to trade out during FY23/FY24 other than two longer dated sites. In addition, as highlighted at the time of acquisition, we have identified a number of other schemes that we believe have the attributes of housebuilding developments and these have been transferred in to the Housebuilding business from 1 January 2023. Housebuilding is also to retain a number of yet to be developed land opportunities which were to be sold by Countryside, de-risking the Housebuilding land pipeline and reducing its land acquisition requirements.

Housebuilding's medium term focus remains to deliver controlled volume growth and further margin progression from its existing operating structure. It is targeting 25% adjusted gross margin and 25% return on capital employed in the medium term.

The business has national coverage through its 13 operating regions with each targeting annual output of between 550 to 625 units including JVs, giving an overall capacity for Housebuilding of more than 8,000 units (2022: 6,774 units).

Key to driving gross margin and return on capital employed are:

Land buying: leveraging the 'One Vistry' proposition and relationships including joint bids with Vistry Partnerships on larger developments.

Strategic land: maximising our strong in-house capability, targeting 30% of completions from strategic land.

Operating structure: increasing volumes through the business' existing infrastructure, with a highly experienced leadership team in place.

Future Homes Standard: continual review of build product and processes, realisation of a 'Green Premium'.

Multiple branding: increasing proportion of multiple branded developments on Housebuilding sites.

Extras: our improving offering and customer proposition is delivery strong growth in profitable 'Extras' revenues.

One Vistry – Fletton Folly, Great Haddon

Partnerships and Housebuilding working together to secure a highly sought after development opportunity, deliver much needed housing and sector leading returns.



Fletton Folly, Great Haddon, Peterborough.

- Our multi-tenure capability and track record gives us a competitive advantage particularly on larger sites, and enabled us to secure a high quality, competitively bid for development opportunity that neither businesses would have been able to secure on their own.
- Vistry Partnerships, working with Peterborough City Council and a partnered housing association, will deliver 500 new homes, with a high percentage pre sold.
- Vistry Housebuilding will deliver 1,000 new homes.
- Utilisation of Bovis Homes, Linden Homes and Countryside Homes brands with their differentiated product ranges will drive output and deliver much needed housing in the area, all meeting Future Homes Standards.
- The development will also include a new primary school, a large sports facility and community centres.


COUNTRYSIDE
Homes


Bovis
Homes

Linden
HOMES

Financial review

“The Group has delivered strong financial results despite challenging market conditions in the fourth quarter.”



Tim Lawlor | Chief Financial Officer

Group performance

The Group has delivered strong financial results despite challenging market conditions in the fourth quarter of FY22. The market outlook remains uncertain but the Group, strengthened by the Combination, is well placed both to overcome potential difficulties and to capture opportunities that may be presented by the changing economic conditions.

Completions	2022	2021	Change
Housebuilding	6,774	6,551	+3.4%
Partnerships mixed tenure	2,455	2,088	+17.6%
Countryside (12 Nov to 31 Dec 2022)	649	N/A	N/A
Total Group completions	9,878	8,639	+14.3%
Partner delivery equivalent units	2,073	2,441	-15.1%

During the year, the Group delivered 9,878 (2021: 8,639) legal completions, including 100% of JV completions. Excluding completions in the acquired Countryside business, there were 9,229 completions representing a 6.8% increase to the prior year.

Total adjusted revenue, including share of joint venture revenue, was £3,073.2m, 14.1% higher than prior year (2021: £2,693.6m). Excluding revenue from the Countryside acquisition, adjusted revenue was up 8.4%. The average selling price across the Group was £305,000, up 5.2% on the prior year. On a reported basis, revenue was £2,729.4m, 13.4% higher than last year (2021: £2,407.2m after restatement for trading with joint ventures).

There was a step up in adjusted gross profit in 2022 to £636.9m (adjusted gross margin: 20.7%) from £543.0m in 2021 (adjusted gross margin: 20.2%). The gross margin improvement was driven by the improved margin in the land bank brought into the year and supported by sales price increases despite significant build cost inflation in the year.

We have seen material availability return to pre-pandemic levels in early 2023 and a softening in overall build cost inflation, but some risk remains around categories impacted by global macro-economic factors, in particular those materials exposed to high energy use in the manufacturing process. Group purchasing agreements have provided some protection against a number of material price increases and we expect to see increased benefits from our central procurement with the increased scale of the business following the Countryside acquisition.

The Group delivered an adjusted operating profit for the year of £451.1m (2021: £368.4m) and an adjusted profit before tax of £418.4m (2021: £346.0m), with the year-on-year increase coming through from higher levels of gross margin partially offset by a small increase in administrative expenses and finance costs. Adjusted operating margin was 14.7% (2021: 13.7%).

On a reported basis, the Group saw a profit before tax of £247.5m (2021: £319.5m), comprising operating profit of £212.5m (2021: £285.4m) after exceptional costs of £153.9m (2021: £12.2m), net financing expense of £12.2m (2021: net income of £4.1m) and share of joint venture profit of £47.2m (2021: £30.0m).

Partnerships performance

	2022	2021	Change
Mixed tenure	1,717	1,184	+45.0%
JV's (100%) Private	601	630	-4.6%
JV's (100%) Affordable	137	274	-50.0%
Total mixed tenure completions	2,455	2,088	+17.6%
Partner delivery units	2,073	2,441	-15.1%
Adjusted revenue	£938.4m	£864.3m	+£74.1m
Adjusted operating profit	£100.8m	£79.7m	+£21.1m
Adjusted operating margin	10.7%	9.2%	+1.5ppts
TNAV¹	£159.1m	£78.8m	>100%



Orchard Grove, Taunton, Somerset.

Partnerships completed a total of 2,455 units (2021: 2,088 units) from its mixed tenure operations (including 100% of JVs), with an average selling price of £256,000 (2021: £237,000) and partner delivery revenue generated equivalent units of 2,073 (2021: 2,441). The Partnerships business operated from an average of 28 active mixed tenure sites in 2022, with this number expected to be over 80 in 2023.

In line with our strategy, the mix of revenue has continued to switch towards mixed tenure developments in the year. Of the £938.4m total Partnerships adjusted revenue, 54% derived from mixed tenure (£507.7m) with 45% (£422.0m) from partner delivery projects, compared with 46% deriving from mixed tenure last year (2021: total £864.3m, partner delivery: £468.7m, mixed tenure: £395.6m). This shift in mix is partly responsible for the improved adjusted operating margin which has increased to 10.7% (2021: 9.2%) and contributes to the increase in adjusted operating profit to £100.8m (2021: £79.7m).

On a reported basis, the Partnerships business delivered revenue of £854.5m (2021: £785.5m), and operating profit of £57.5m (2021: £47.8m).

The Partnerships business has experienced similar build cost inflation pressures to Housebuilding and has been able to mitigate some of these pressures through strong supplier relationships, matching cost arrangements to pre-sale pricing arrangements.

The recently acquired Countryside business performed in line with expectations in the seven weeks between the Combination and the year end. Adjusted revenue of £152.5m was delivered in the period, with adjusted gross profit of £16.2m and adjusted operating profit of £0.5m. This is historically a quieter period for the Countryside business with its annual peak trading occurring in the quarter ending 30 September.

Housebuilding performance

	2022	2021	Change
Private	4,076	3,895	+4.6%
Affordable	1,355	1,369	-1.0%
JV's (100%) Private	1,108	996	+11.2%
JV's (100%) Affordable	235	291	-19.2%
Total completions	6,774	6,551	+3.4%
Adjusted revenue	£1,982.4m	£1,829.3m	+£153.1m
Adjusted gross profit	£464.5m	£407.1m	+£57.4m
Adjusted gross margin	23.4%	22.3%	+1.1ppts
Adjusted operating profit	£383.4m	£305.4m	+£78.0m
Adjusted operating margin	19.3%	16.7%	+2.6ppts
TNAV ¹	£1,368.8m	£1,373.1m	-0.3%

Total completions in Housebuilding (including 100% of JVs) showed controlled growth of around 3%, as planned, at 6,774 units which included 1,590 affordable homes representing 23.5% of total completions (2021: 1,660 affordable homes, 25.3% of total completions).

Housebuilding pricing and demand was strong in the first three quarters of the year prior to the September mini-budget, after which there was a sharp reduction in demand although pricing remained firm. Over the year there was a 5.6% increase in average private sales price to £376,000 (2021: £356,000). The total average sales price increased to £324,600 (2021: £305,000) as a result of the reduction in proportion of affordable housing and house price inflation in the private market. The average number of sales outlets was 142 broadly in line with the previous year, as expected.

¹TNAV represents tangible net asset value and is calculated as net assets, less goodwill, intangible assets, cash and debt.

Housebuilding adjusted gross profit of £464.5m and Housebuilding adjusted gross margin of 23.4% advanced from 2021 (adjusted gross profit: £407.1m, adjusted gross margin: 22.3%), benefitting from a greater share of completions on sites with strategically sourced land.

Housebuilding adjusted operating profit of £383.4m has risen by 25.5% from the previous year (2021: £305.4m) with adjusted operating margin also growing to 19.3% (2021: 16.7%). The Housebuilding segment has maintained its operating structure, with 13 regional business units and has capacity within this structure to accommodate the transfer of those sites from the Countryside acquisition which more closely fit the characteristics of a Housebuilding business.

Housebuilding reported revenues were £1,737.9m (2021: £1,621.7m), and reported operating profit was £244.3m (2021: £260.7m).

Finance costs

The net financing expenses of the Group of £12.2m during 2022 compares to a net finance income of £4.1m during 2021 with primary components as follows:

£m	2022	2021	Change
Bank, commitment fees and other interest	(£17.4m)	(£12.9m)	(£4.5m)
Interest on land creditors and lease liabilities and provisions	(£9.4m)	(£6.0m)	(£3.4m)
Interest income	£14.6m	£23.0m	(£8.4m)
Net finance (cost)/ income	(£12.2m)	£4.1m	(£16.3m)

The increase in bank, commitment fees and other interest is largely driven by the higher rates on our variable interest rate debt.

The Group also incurred a £7.1m charge (2021: £5.1m), reflecting the imputed interest on land bought on deferred terms and an additional £1.4m charge (2021: £0.9m) in relation to lease liabilities.

Joint ventures which are funded through loans are charged interest by the Group, and this generated the majority of the £14.6m of finance income recognised (2021: £23.0m).

Taxation

The Group has recognised a tax charge of £43.1m at an effective tax rate of 17.4% (2021: £65.4m, at an effective rate of 20.5%). The effective tax rate reduction is driven by prior year adjustments and the write off of provisions in the period.

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. The anticipated liability arising post 1 April 2022 and prior to 31 December 2022 has been included in the reported tax charge.

The Group's effective tax rate for FY23 is expected to be in the region of 27.5% with nine months of the higher Corporation Tax rate of 25% being introduced in April 2023 and a full year impact of the RPDT of 4%.

Adjusting items

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. GAAP measures can include one-off, non-recurring items and recurring items.

The Group's share of revenue, gross profit and operating profit from joint ventures and associate is included within the respective adjusted measures in order to more accurately reflect the full scale of the Group's operations and performance. At an adjusted revenue level, revenue recognised on transactions with joint ventures is eliminated. The impact of these transactions at a gross profit level is de minimis.

The adjustments made to performance measures include the following items:

- i) an incremental fire safety provision and unwinding of discount on the provision (2022: £97.0m, 2021: £5.7m),
- ii) exceptional costs of £56.9m relating to the Combination, consisting of £29.5m of transaction costs and £27.4m of acquisition-related integration and restructuring costs (2021: £6.5m in relation to the integration of Linden and Partnerships),
- iii) the amortisation of acquired intangible assets 2022: £17.1m (2021: £14.2m).

Fire safety provision

On 7 April 2022, the Group signed up to the government's Developer Pledge for fire safety remedial work required on developments over 11 metres high. A provision of £71.4m was recognised in the Interim accounts for 30 June 2022.

On 13 March 2023 the Group became a signatory to the Developer Remediation Contract which they were committed to signing at the year end, and as such this has been treated a post-balance sheet adjusting event. This contract clarifies the extent of the obligations of the Group regarding fire safety remedial works; resulting in the recognition of an incremental £24.7m in provision. The acquired fire safety provision on the Combination with Countryside was £191.8m, which included the additional commitments of the Developer Remediation Contract.

The Group has spent £4.8m during the year on remediation (2021: £1.4m) resulting in the Group's closing provision for remedial works being £309.2m at 31 December 2022, after unwinding £0.9m of interest. A combined portfolio of 304 buildings is provided for in respect of remediation costs for multi-occupancy buildings, with work complete on 59.

Net assets

£m	2022		2021	
	Vistry (excl. Countryside)	Countryside	Vistry (excl. Countryside)	Change in Vistry (excl. Countryside)
Goodwill and intangibles	£657.2m	£603.5m	£675.3m	(£18.1m)
Tangible net assets excluding investments in joint ventures and associate	£1,486.9m	£130.2m	£1,305.6m	+£181.3m
Investment in joint ventures	£204.8m	£48.9m	£175.1m	+£29.7m
Net cash	(£196.5m)	£314.7m	£234.5m	(£431.0m)
Net assets	£2,152.4m	£1,097.3m	£2,390.5m	(£238.1m)

Acquisition accounting

The acquisition accounting in relation to the Combination is well progressed and we continue to review the provisional fair values for intangibles and inventories. We will complete this work in 2023 as the accounting standards require that the provisional fair values are finalised within twelve months from the acquisition date of 11 November 2022.

Prior to performing the fair valuation exercise, the accounting policies of Countryside first had to be aligned to those of the Group. The policies differ in the treatment of the capitalisation of certain personnel and pre-development costs, which has resulted in an £86m write down, net of deferred tax, to Countryside's assets at acquisition date. Simply put, on an assumption the level of activity remained the same as prior years, the reduction in future cost of sales arising from the write-down of these assets is expected to be broadly offset by the increase in period costs arising from the non-capitalisation of such costs going forward.

The provisional fair value exercise has allocated the purchase price of Countryside of £1,137m as follows: inventories of £792m, investments, right of use assets and PP&E of £140m, intangibles such as brands and relationships of £349m and goodwill of £257m, less £209m of provisions and £192m of net working capital and other items, including cash and deferred tax. The total fair value adjustments which will unwind to underlying earnings is a credit of £107m and this will unwind predominantly in underlying earnings over the next 6 to 8 years.

Net assets

As at 31 December 2022, net assets of £3,249.7m were £859.2m higher than at the start of the year, primarily driven by the Combination and partially offset by the costs incurred in relation to the Combination and incremental fire safety provisioning. Net assets per share were 937p (2021: 1,075p).

Goodwill and intangibles totalled £1,260.7m at 31 December 2022 (2021: £675.3m) with the increase resulting from the recognition of £349.1m of intangible assets following the Combination relating to the Countryside Partnerships brand name, customer relationships and secured customer contracts (which were then amortised in the period post acquisition), and the recognition of £257.2m in goodwill.

Tangible net assets, including investments in joint ventures, increased from £1,480.6m at 31 December 2021 to £1,870.8m at 31 December 2022 driven by the Combination, with the provisional acquisition balance sheet (shown in Note 5.13 to the financial statements), as well as investment in land and work in progress which increased by £876.0m to £2,838.1m.

Trade and other receivables increased by £208.0m to £449.4m, and trade and other payables increased by £589.8m to £1,767.2m; both movements primarily driven by the Combination.

Cash flow and financing

As at 31 December 2022 the Group's net cash balance was £118.2m. Having started the year with £234.5m, the Group generated an operating cash inflow before land expenditure of £554.7m (2021: £635.6m). Net cash payments for land investment increased to £502.9m (2021: £368.6m).

Investing cash inflows totalled £19.3m, mainly driven by net inflows from joint ventures of £97.7m and offset by net outflows of £95.2m related to the Combination with Countryside.

In order to fund the Combination the Group took out a £400m Acquisition Term Loan, which matures in March 2025. As part of the same re-financing process, the Group exercised an option to extend its existing £500m Revolving Credit Facility (RCF) arrangement for a further year, meaning that it will now mature in December 2026. Together with a £100m US Private Placement, a retained £50m Bilateral Term Loan (repaid in March 2023), an overdraft of £5m and a Homes England loan facility of £10.7m, the Group had external funding facilities totalling £1,065.7m (2021: £665.7m) at 31 December 2022. These facilities are used to fund intra-period working capital movements and land investments with average monthly debt for the full year 2022 of £110.0m.

Shareholder distributions

The Group has stated a dividend expectation of two times earnings cover. In line with this policy, the Group is proposing to distribute 50% of the full year Adjusted Net Earnings³ of £324.7m as dividends. Total interim dividend payments of £50.1m were made in November 2022. The proposed final dividend payments total £112.2m and represent a final dividend per share of 32p. Total dividend payments in respect of the financial year 2021 were £133.1m. Subject to AGM approval, the final dividend will be paid on 1 June 2023.

3. Adjusted Net Earnings is calculated as adjusted profit before tax, net of tax calculated at the adjusted effective tax rate. The adjusted effective tax rate is defined as the reported tax rate, as adjusted for exceptional items, amortisation of acquired intangibles and significant prior period adjustments.

Following the announcement of the Group's share buy back scheme in May 2022, 4,056,968 shares were purchased in July 2022, representing a total share buy back of £35.2m.

As outlined in the shareholder circular dated 7 October 2022, following a period of integration we will now review, in consultation with shareholders, the enlarged Group's capital allocation policy to confirm whether it remains appropriate for the enlarged Group. Under the existing policy, any surplus capital, following investment in the business to support the enlarged 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.

Land bank

Partnerships land bank

As at 31 December	2022	2021
Consented plots added	3,213	2,266
Sites added	19	11
Sites owned at year end	131	72
Sites controlled at year end	88	14
Total plots in land bank at year end incl joint ventures	48,579	11,756
Average selling price incl share of joint ventures	£325,000	£285,000
Average consented land plot ASP	£41,000	£42,000

The Partnerships land bank including joint ventures as at 31 December 2022 consisted of 48,579 plots across 219 sites. The land bank benefitted from the acquisition of 34,623 plots through the Combination from 62 owned and 79 controlled sites.

The 2,455 mixed tenure plots that legally completed in the year were more than offset by the acquisition of 2,371 owned plots on 14 sites. In addition, 842 plots were secured on a conditional basis on 5 sites. Of the 3,213 owned plots, 298 were sourced strategically. All sites acquired for Partnerships will support future returns on capital employed for the segment in excess of 40%.

The average selling price of all units within the consented land bank increased over the year to £325,000 (2021: £285,000). The estimated embedded gross margin in the land bank as at 31 December 2022, based on prevailing sales prices and build costs is 19.4% (2021: £19.3%).

Housebuilding land bank

As at 31 December	2022	2021
Consented plots added	5,334	6,432
Sites added	32	28
Sites owned at year end	210	216
Sites controlled at year end	26	14
Total plots in land bank at year end incl joint ventures	32,763	31,014
Average selling price incl share of joint ventures	£346,000	£319,000

The Housebuilding land bank including joint ventures of 32,763 plots as at 31 December 2022 represents c.4.1 years of supply based on 2022 completion volumes (2021: 31,014 plots and 4.8 years), including plots acquired with Countryside. A total of 5,039 plots were added to the Housebuilding land bank through the Combination and includes sites previously classified as Legacy Operations within Countryside Partnerships.

The land bank reflects our 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%.

The 6,744 plots that legally completed in the year were replaced by a total of 5,334 plots from a combination of site acquisitions representing 4,285 owned plots and a further 1,049 plots secured on a conditional basis across 10 sites. Of the 4,285 owned plots, 2,273 were sourced strategically.

The average selling price of all units within the consented land bank increased over the year to £346,000 (2021: £319,000). The estimated embedded gross margin in the consented land bank as at 31 December 2022, based on prevailing sales prices and build costs is 23.6% (2021: 25.0%). The decrease in margin is primarily driven by the inclusion of the Countryside sites.

Strategic land

As at 31 December 2022	Total sites	Total plots
<i>By size</i>		
0 – 150 plots	62	5,457
150 – 300 plots	48	10,230
300 – 500 plots	20	8,698
500 – 1,000 plots	20	13,221
1,000+ plots	17	28,207
Total	167	65,813
<i>By planning status</i>		
Planning agreed	11	8,839
Planning application	15	3,212
Ongoing application	141	53,762
Total	167	65,813
As at 31 December 2021	118	40,000

Strategic land continues to be an important source of supply and during the year 2,571 plots have been converted from the strategic land pipeline into the consented land bank. A further 4,503 plots were secured under options and planning consent gained on 1,453 plots over the year. 22,404 plots were added to strategic land as a result of the Combination.

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.

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.

Risks relating to sustainability are becoming increasingly important in the medium term, especially with the emerging transitional risks which are becoming enshrined in regulation.

Tim Lawlor
Chief Financial Officer



22 March 2023



Blue Mountain, Thames Valley

Our stakeholders and engagement

If we are to fulfil our purpose and create sustainable value it is essential that we understand and respond to our stakeholders' issues.

Stakeholder	Stakeholder key issues	How we engage
<p>People</p>  <p>Our employees who underpin the delivery of our purpose and strategy.</p>	<ul style="list-style-type: none"> • Pay and rewards. • Development opportunities. • Safe, fair and diverse working environment. • Open communications. 	<ul style="list-style-type: none"> • Regular two-way briefings including Executive Director hosted roadshows and discussions with our Housebuilding and Partnerships CEOs. • Weekly Vistry Voice podcast hosted by the CEO and members of the ELT. • Regular employee representative meetings including participation in our People Forum, feedback from which is communicated to the Board and actioned. • Confidential Peakon employee engagement surveys. • Group leadership conference and Vistry Awards. • Our DUG intranet.
<p>Customers</p>  <p>People and organisations who buy our homes and buildings.</p>	<ul style="list-style-type: none"> • High quality, safe and energy efficient homes. • Affordable homes and mortgage availability. • Excellent customer service. • Trusted partner. 	<ul style="list-style-type: none"> • Face-to-face and digital engagement including via our digital portal. • 'Meet the builder' and detailed home demonstration and inspection meetings. • Customer satisfaction surveys. • Dedicated affordable housing team that liaises with our registered provider partners. • Ongoing commercial dialogue.
<p>Investors</p>  <p>Investors who provide capital to fund our activities.</p>	<ul style="list-style-type: none"> • Sustainable returns. • Strategy and delivery. • Effective ESG practices. 	<ul style="list-style-type: none"> • Investor meetings and roadshows. • Trading updates and bi-annual results announcements and presentations. • AGM and General Meeting.
<p>Homes and communities</p>  <p>People who are impacted by what we do.</p>	<ul style="list-style-type: none"> • Quantifiable positive social impact. • Increased delivery of affordable homes. • Minimal impact from operations. 	<ul style="list-style-type: none"> • Regular engagement and meetings with registered providers of social housing, housing associations and the HBF. • Undertake and participate in public consultations. • Support local community initiatives.
<p>Regulators</p>  <p>Entities that set the framework, including legislation, we must operate within.</p>	<ul style="list-style-type: none"> • Effective implementation of legislation and regulations including building safety, biodiversity net gain, Future Homes Standards and New Homes Quality Code. • Trusted partner. 	<ul style="list-style-type: none"> • Direct discussions with Government departments. • Engagement with Homes England and local authorities. • HBF engagement. • Participation in Government consultations. • Pre-application engagement with local planning authorities, town and parish councils and local communities.
<p>Supply chain</p>  <p>Businesses and companies that provide us with materials and services for our building projects.</p>	<ul style="list-style-type: none"> • Long-term relationships. • Equitable commercial and payment terms. • Modern slavery. • Fair pay. 	<ul style="list-style-type: none"> • Regular ELT level engagement with key suppliers. • Undertake account reviews and gather 360 supplier feedback which is shared with Risk Oversight Committee and the Board. • Regular project meetings. • Host product development forums.

For information about the Board's role in stakeholder engagement and how the Directors build understanding of stakeholders' issues: ▶ See page 78.

For information about our principal risks: ▶ See pages 58 to 62.

Outcomes	Link to principal risks
<ul style="list-style-type: none"> • Provided temporary cost of living allowances (COL) of up to 3.75% with effect from April 2022. From January 2023 made COL allowance a permanent part of all annual salaries under £60k. • Introduced enhanced rates for business mileage to reflect the increase in energy prices and launched a programme to install electric charging stations at our offices across the UK. • Enhanced our benefits package and the mental health guidance and support we provide (see pages 36 to 38). • Launched 'Vistry Learn', our Learning Management System which provides access to both mandatory and discretionary training programmes to all our people. • Enhanced our employee induction programme for all new starters. <p>Read more on pages 35 to 38.</p>	<p>1 3 6 10</p>
<ul style="list-style-type: none"> • A customer service metric is included in our annual bonus scheme to enhance focus on customer service and build quality (see page 106). • Signed the Building Pledge Safety Letter and the Developer Remediation Contract that formalise our commitments in relation to cladding and fire safety remediation costs (see page 81). • Expanded our customer relationship management capabilities across our Partnerships business. <p>Read more on page 31 and pages 39 and 40.</p>	<p>1 2 5 7 9 10</p>
<ul style="list-style-type: none"> • Factored investor perspectives into strategic developments during the year including the Group's combination with Countryside and the share buyback programme (see pages 80 and 81). • Further progressed our sustainability strategy including publication of our Carbon Action Plan in December 2022 (see page 45). <p>Read more on about our sustainability strategy on pages 32 to 48.</p>	<p>1 2 3 4 5 6 7 8 9 10</p>
<ul style="list-style-type: none"> • Create social value and piloting a tool to monitor its delivery (see page 40 and 41). • Our Vistry Skills Academies create job opportunities in the communities where we operate (see page 41). • Embedded our Biodiversity Action Plan into our business management processes (see page 41 and 42) • Committed to increasing the delivery of affordable homes year-on-year (see page 42). • Support national and local charities (see page 42). <p>Read more on pages 40 to 42.</p>	<p>7 9 10</p>
<ul style="list-style-type: none"> • Delivering homes that meet and exceed the Future Homes Standard requirements for 2025 on certain developments (see pages 45 and 46). • Targeting 10% biodiversity net gain on all development sites (see pages 41 and 42) • Signed the Building Pledge Safety Letter and the Developer Remediation Contract (see page 81). • Worked with leaseholders and freeholders to agree terms to remove ground rent doubling clauses across four developments. <p>Read more on page 14.</p>	<p>7 9 10</p>
<ul style="list-style-type: none"> • Collaborate with suppliers including participating in workshops covering our most important (and shared) challenges (see page 48). • Supply chain onboarding process ensures that our suppliers and subcontractors confirm compliance to the Modern Slavery Act. <p>Read more on page 43.</p>	<p>1 4 7 9 10</p>

Section 172 statement

Our Directors are required by law to act in a way that promotes the success of the Company for the benefit of its shareholders and other stakeholders having regard to the matters set out in section 172(1) of the Companies Act 2006. These matters shape the Group's strategy.

Our stakeholders and the critical role they play in the delivery of our strategy are set out on pages 28 and 29. The channels we use to ensure the Board builds an understanding of the issues that are most important to our stakeholders are explained on page 78.

As part of its decision-making process the Board considers the long-term consequences of the decisions it makes and the impact the decision will have on all stakeholders. As very often stakeholders' interests differ the Board endeavours to balance conflicting needs and, in certain circumstances, prioritise the interests of one or more stakeholders over others. At all times the principle that guides the Board's decision making is that the outcome of each decision supports the delivery of the Group's strategy and its long-term success.

The framework to ensure all stakeholder interests are properly considered and outcomes support the Group's strategy and its long-term success is set out in the adjacent panel.

Information about how the Board considered stakeholder interests in some of the principal decisions it made during the year is set out on pages 80 and 81 and should be read in conjunction with this statement.

Section 172 statement

During 2022, the Directors confirm that they continued to exercise all their duties, while having regard to the section 172(1) (a) to (f) Companies Act 2006 matters detailed below, which were factored into the Board's discussions and decision-making process:

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

Board decision-making process

Information

- The Directors engage directly with stakeholders.
- The Board regularly reviews and discusses feedback from stakeholder engagement.
- Stakeholders' critical role factored into strategy development and risk management processes.
- The Board and ELT receive training on directors' duties and responsibilities and specifically section 172 obligation.



Discussion

- Group values and 'Do the right thing' ethos informs all debates.
- The Board's significant experience and diverse set of skills ensure that debate is well-informed, challenging and constructive.



Outcomes

- The Board monitors any follow up actions.
- The Board receives regular updates on the outcomes of decisions made, including any impact on stakeholders.

Our customers are at the heart of everything we do

Our success is dependent on delivering high quality sustainable homes and experience our customers want. This approach is a key pillar of our strategy and customer satisfaction is one of our KPIs. While not every Boardroom decision relates directly to our customers, the impact of any decision on our customers is always considered.

The Board reviews feedback from customers and receives regular updates from the Group Customer Experience Director about market trends. When reviewing the Group's business plan, and specifically proposed initiatives to further enhance the customer experience, the Directors take customer insights into account to ensure that all new marketing, sales and service experiences address customers' needs.

During the year as part of the Group's business plan review, the Board considered various initiatives to enhance the digital customer experience including the expansion of our customer relationship management (CRM) capabilities across our Partnerships business. The Partnerships sales and customer service teams now have access to full CRM capabilities enabling them to enrich the marketing, sales and service experience customers want, while at the same time supporting the teams to work more effectively together across the customer journey.

Government regulation is a key-factor in the Board's decision making process. During the year it considered the impact of regulatory changes plus the introduction of the New Homes Quality Code and the appointment of the New Homes Ombudsman (see pages 76, 78 and 81). The Directors welcome this development which will protect all new home customers by continuing to ensure quality standards across the industry.

So seamless, so fluid, so fast

"There wasn't a huge amount of detail to fill in on each screen and there weren't too many screens so within a few moments I found myself having reserved a brand-new property on my phone without even thinking about it. It was only on reflection later on that I thought how incredible it was that I was able to just pull out a phone and make it happen. So much easier than having to make an appointment and fill in paperwork. So seamless, so fluid, so fast."

Customer who reserved and subsequently bought one of our Bovis Homes at Witney in the Cotswolds, using our digital portal.



Sustainability report

Our sustainability strategy underpins the fulfilment of our purpose and is focused on the issues that are most important to our stakeholders and our business.

Our approach

Our sustainability strategy is split into three priority areas: our people, our homes and communities and our operations.

Our purpose: To deliver sustainable new homes and communities across all sectors of the UK housing market.

Our people

- Delivering safe and efficient operations.
- Putting people at the heart of what we do.

▶ See pages 35 to 38.

Homes and communities

- Putting our customers first.
- Creating quality homes and communities.
- Ecology and biodiversity.

▶ See pages 39 to 42.

Our operations

- Operating responsibly.
- Environmental management.
- Waste and resources.
- Climate change.

▶ See pages 43 to 48.

Social and Governance



Social and Environmental



Environmental and Governance



To ensure our approach remains focused and impact-driven, we regularly review progress and monitor our performance against our targets. Our sustainability targets and performance against them during 2022 are set out in the table on page 34.

Our sustainability strategy was developed in 2020 using a risk-based materiality assessment that considered inputs from key stakeholder groups. The assessment identified the priority areas detailed above, as the issues that are most important to both our stakeholders and our business. The assessment was undertaken by a team drawn from across the Group, ensuring that our areas of focus are relevant to our business, inspiring to our teams and owned by our operating businesses.

Information about our most recent materiality assessment (which was undertaken in 2021) is contained within our 2021 Annual Report and is available at www.vistrygroup.co.uk/investor-centre/results-reports-presentations.

Following the completion of our combination with Countryside, in the coming year we will undertake a review of our sustainability strategy to ensure that it continues to be relevant to the business and stakeholders of our enlarged Group.

As part of this review, we will look to incorporate a number of Countryside's best practice sustainability processes into our existing procedures. For example, reviewing the current waste collection procedures across the business to ensure a best practice approach across the enlarged Group. In 2023 we will conduct a full review of our materiality assessment, update our sustainability strategy as required and set new targets.

Information in this section

Unless stated otherwise, the data in this Sustainability report includes relevant Countryside data for the period 11 November 2022 to 31 December 2022.

Independent assurance

The Group engaged two assurance providers in 2022. In 2023 the data will be assured with one provider.

The Group engaged DNV Business Assurance Services UK Limited (DNV) to undertake independent limited assurance of Vistry's 2021 and 2022 sustainability data detailed in the table below. Countryside data was not included in the DNV 2022 assurance process.

The data assurance was completed in line with the International Standard on Assurance Engagements 3000. DNV's full Assurance Statement and supplemental information is available at www.vistrygroup.co.uk/sites/vistrygroup/files/Vistry/reports-and-presentation/2023/dnv-independent-assurance-statement-2022.pdf.

Going forward the Group intends to expand its assurance scope by including use of sold product (i.e. the gas and electricity used in the homes we build during occupation) and waste tonnage.

The Group engaged RPS, A Tetra Tech Company, to undertake independent limited assurance of the following Countryside 2022 sustainability data which is contained within this Annual Report:

- Scope 1: Natural gas, gas oil, business travel for company cars and LPG use.
- Scope 2: Electricity including EV company cars.
- Scope 3: Business travel, well-to-tank, and transmission and distribution.

Verification of the above Countryside data has been completed in accordance with the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard, Revised Edition, and adheres to the best practice reporting principles of relevance, completeness, consistency, transparency and accuracy. In conducting the verification, RPS used the appropriate verification planning, validation, GHG assessment and evaluation steps in accordance with the requirements of ISO 14064:3, and in adherence to the standard's principles of independence, ethical conduct, fair presentation and due professional care.

Countryside carbon emissions have been reported as an apportioned figure based on data from 1 October – 31 December 2022. This is required due to the method of data capture being suited to quarterly reporting. There is risk that this may result in overstating the footprint as equal weighting has been given throughout the time period.

2021 Vistry assured data

- Scope 1 greenhouse gas (GHG) emissions:
Natural gas directly purchased fuels and Company fleet.
- Scope 2 GHG emissions:
Purchased electricity - Location based.
- Scope 3 GHG emissions:
Category 6: Business travel - Road and rail.
- Number of additional affordable homes completed beyond planning policy compliance requirements (see page 42).

2022 Vistry assured data

- Scope 1 GHG emissions:
Natural gas directly purchased fuels and Company fleet.
- Scope 2 GHG emissions:
Purchased electricity - Location based.
- Scope 3 GHG emissions:
Category 6: Business travel - Road, rail, ferry, air and overnight hotel stays.
- Number of additional affordable homes completed beyond planning policy compliance requirements (see page 42).

2025 sustainability targets and 2022 progress update

Target and Metric	2025 target	2022 target	2021 baseline	2022 performance	Further information
Our people					
Jobs and Training Increase the number of learners passing through our on-site skills academy. Metric: Number of learners	800 learners to have passed through our on-site skills academies ¹	50 learners to pass through our on-site skills academies	16 ²	233	▶ Page 41.
Our homes and communities					
Affordability To deliver a year-on-year increase in additional affordable homes beyond our planning compliance requirements. Metric: Number	Year-on-year increase	>744	744	898	▶ Page 42.
Social value and Placemaking Use the social value portal on every new land acquisition >500 units and on every project with an on-site skills academy. Metric: Number	100%	100%	0	100%	▶ Pages 40 and 41.
Ecology Ensure every site has a completed Biodiversity Action Plan. Metric: Number	100%	25%	0	100%	▶ Pages 41 and 42.
Our operations					
Waste Reduce construction waste. Metric: Tonnes	Reduce waste tonnes per plot by 20%	Reduce waste tonnes per plot by 5%	9.42 tonnes per plot	7.5 tonnes per plot	▶ Page 44.
Waste Increase in diversion of construction waste from landfill. Metric: %	100% of non-hazardous construction waste diverted from landfill	98% of non-hazardous construction waste diverted from landfill	98%	98%	▶ Page 44.
Resources Increase re-use of construction materials. Metric: Yes/No	n/a	Launch a material re-use database for sites	n/a	Yes	▶ Page 44.
Climate Change Reduce Scope 1 and 2 carbon emissions. Metric: CO ₂ e	Reduce Scope 1 and 2 emissions by 16.8% against a 2021 baseline	Reduce Scope 1 and 2 emissions by 4.2% against a 2021 baseline	17,685 tonnes ³	19,401 tonnes	▶ Pages 47 and 48.
Climate Change Reduce Scope 3 carbon emissions. Metric: CO ₂ e	Reduce Scope 3 emissions by 22.4% against a 2021 baseline	Reduce Scope 3 emissions by 5.6% against a 2021 baseline	1,560,506 tonnes ³	2,137,643 tonnes	▶ Pages 47 and 48.
Product design and life cycle management: Operational energy. Reduce carbon emissions from regulated energy of new homes. Metric: CO ₂ e	-75-80% reduction in CO ₂ e in new homes planned	-31% reduction in CO ₂ e in new homes planned	77 tonnes per plot (per annum) ³	79 tonnes per plot (per annum)	▶ Page 46.
Product design and life cycle management: Embodied carbon. Set a target for reduction in embodied carbon in line with the science-based target initiative (SBTi) reduction pathway. Metric: CO ₂ e	n/a	Develop a 2025 target	297kg CO ₂ e	No	▶ Page 46.

1. Enhanced target of 800 learners to have passed through our on-site skills academies (previously a target of 550) is to be achieved by 2026 to comply with the sustainability linked loan requirements.

2. Our 2021 baseline figure has been restated to 16 learners to account for more accurate reporting methods to meet limited assurance requirements (previously disclosed as 40 learners).

3. This is a restated 2021 baseline. We have restated following methodology improvements achieved through the DNV third party assurance processes. Further information about the assurance process and the Assurance Statement is available at www.vistrygroup.co.uk/sustainable-approach/policies-and-publications.

Maximising Vistry Works' capabilities

Following completion of the Combination we are integrating Countryside's timber frame manufacturing capabilities across our Vistry Housebuilding and Countryside Partnerships businesses. Using more timber frame construction aligns with our sustainability strategy and is a key part of our plan to deliver net zero carbon homes. Vistry Works, our new timber frame manufacturing operation, is focused on growing our MMC capabilities and improving operational efficiency. Prioritising safe working is our paramount priority. Safety audits are regularly undertaken across the business' manufacturing operations and on site to ensure our teams of erectors are working to the highest safety and quality standards.



Our people

Delivering safe and efficient operations

The safety of our people, and those who work with us, is our top priority. Health and safety is one of the first topics to be covered in every ELT meeting, and is highlighted early on in our new starter inductions, with clear linkage to our values and ethos.

Our Safety, Health and Environment (SHE) Leadership Team committee meets regularly to discuss performance and best practice. Meetings are chaired by a member of the ELT with representation from senior management from across the Group, including the General Counsel and Group SHE Director.

We operate a SHE Management system that complies with the international occupational health and safety standard ISO 45001:2018 & environmental management system ISO 14001:2015. These standards drive us to continually improve our performance through an iterative process of risk assessment, inspection, auditing and review. During 2022, we carried out 3,016 internal SHE site inspections (2021: 2,560) and for the second consecutive year achieved 94% compliance.

To reinforce our commitment to safety we are a Building a Safer Future Registered Signatory. We also work 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 in the construction sector and the training required to access them. We also operate an Armed Forces Mentoring & Coaching Programme to help those with a keen interest in health and safety gain important practical experience and make the transition into the construction sector.

Accident incident rate

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 the construction industry standard.

Vistry started the year with an AIR of 270, which was slightly better than the Health and Safety Executive (HSE) construction industry average of 272 and we were very pleased to see AIR reduce further to 226 at the end of the year.

Utility strikes (also known as service strikes) continue to be an industry concern; however, Vistry started the year with a Service Strike Incident Rate (SSIR) of 439 and improved this by the end of the year finishing on 399. We will seek to improve this further by continuing to work with the Homebuilders Federation Safety Forum and exploring new technology and behaviour change programmes.

Health and safety performance for the 12 month period ended 31 December

	2022	2021
Vistry AIR ¹	226	270
Countryside AIR ²	232	181
Enlarged Group AIR	228	240
Vistry SSIR	399	439
Countryside SSIR	531	505
Enlarged Group SSIR	439	462

1. AIR and SSIR calculations in this table are based on number of reportable accidents divided by number of people on site x 100,000.

2. Countryside previously reported accident injury incident rates based on the number of accidents per 100,000 people during the business financial year.

There is no room for complacency within our businesses 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. We operate a zero-tolerance policy regarding working under the influence of illegal drugs and alcohol and operate a rigorous testing programme designed to help improve the safety of our sites.

According to HSE statistics, being struck by a moving vehicle is one of the top common causes of fatal injury on a construction site according to HSE statistics. We 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 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.

Our health and safety priorities in the coming year include:

- Developing and implementing a combined SHE management system across the enlarged Group that compliments best practice previously identified within both Vistry and Countryside and meets the requirements of ISO 14001 & 45001.
- Ensuring all sites and factories meet the annual SHE Site Inspection target of 91% through regular recorded and scored SHE visits, to monitor compliance and identify non-conformance before there is opportunity for any type of negative impact, thus ensuring we provide a safe working environment.
- Continuing to drive standards to achieve a year-on-year reduction in reportable accidents and service strikes.

Putting people at the heart of what we do

We recognise that a committed, motivated and engaged workforce is essential if we are to fulfil our purpose and create value for all our stakeholders. We work hard to understand our employees' views and ensure that we provide a supportive environment in which they can thrive. We are committed to creating an inclusive and caring workplace and where everyone feels valued and has a sense of belonging.

As at 31 December 2022, the Group directly employed 5,213 people (2021: 3,145). This number includes 1,988 colleagues who joined the Group following the completion of the Combination with Countryside in November 2022.

This year the total employee turnover rate (dismissals and redundancies) decreased to 20.7% (2021: 24%) and our voluntary labour turnover (resignations) decreased to 17.7% (2021: 21%). This is reflected in our stability index which has increased to 82.6% (2021: 79%). Our stability index, which measures the retention of experienced employees, is the percentage of employees who have been employed for more than 12 months as a percentage of all employees. Much of this improvement is attributable to actions taken to address feedback gathered through our regular employee Peakon surveys and the effective delivery of our People strategy that is focused on attracting, developing and retaining our people.

Pleasingly our engagement score, which is measured via our Peakon surveys, increased to 8.6 (2021: 8.1). As was expected with the integration of Countryside, we saw a decline in our latest Peakon employee engagement survey carried out during March 2023, with the score at 7.8 (August 2022: 8.6), in-line with the Peakon benchmark. Our people play a significant role in the Group's success and undoubtedly their pride in the Group has contributed to our strong HBF 5-star customer satisfaction score.

An employer of choice

We recently achieved certification as a 'Top Employer' with the Top Employers Institute. This recognises our people strategies and workplace environment. As part of the certification process we were provided with a dashboard of suggested areas where we could make further improvements. To address this feedback, in the coming year, we will enhance technology to support personal development plans, create communities for knowledge and best practice sharing and use clear KPIs to measure the effectiveness of our development programmes. Throughout 2022 we successfully rolled-out the digitalisation of our people processes. This included the use of MyView, accessibility of documents, payslips and an improved holiday and expenses system. Following our combination with Countryside we are reviewing our people-related processes and during the coming year we will look to incorporate a number of Countryside's people processes to ensure a best practice approach across the enlarged Group.

Communication and engagement

We recognise the importance of keeping employees informed of operational, financial, and strategic business matters. The channels we operate to engage with our people, listen to their views and gather their feedback are detailed on page 28. Employee representatives were involved in collective consultation across the Group to ensure a fair and transparent approach to the announcement of the proposed Combination was gathered during an in-person employee roadshow hosted by members of the ELT in autumn 2022.

Making Vistry

Our Vistry Employee Value Proposition 'Making Vistry' was rolled out internally and externally during 2022. Our proposition showcases what Vistry stands for as an employer, and is based on Peakon employee engagement survey results and feedback from focus groups and one-on-one interviews. What makes us stand apart from our competitors is that we seek out opportunities. Then, we use them to build something brilliant. Every single person in the Group has their part to play in the building process, regardless of which brand they work for. We all have the same values, vision and ambition to do right by our customers and to make a difference in our industry.

Rewards

There is active engagement on workforce remuneration. During the 2022 ELT roadshows our people provided feedback on salaries, the cost of living and benefits. In response we:

- Introduced an additional minimum 4% pay rise for all employees.
- Put in place temporary cost of living allowances (COL) of up to 3.75% with effect from April 2022, ensuring the lowest paid employees received most support. From January 2023 the COL allowance became a permanent part of all annual salaries under £60k.

- Enhanced our benefits package including increasing life assurance policies, introducing subsidised health screening and further improving our industry leading maternity, paternity and adoption policies.

The Group became accredited as a Real Living Wage employer in November 2021. We apply the Real Living Wage as a minimum across the Group and continue to review rates of pay with each update. Our Group Commercial team are also working with our suppliers to update their contracts to ensure that all third party contracted colleagues are paid the Real Living Wage.

Learning and development

Following our combination with Countryside we are one of the UK's largest housebuilders and we are now able to provide even more opportunities for our people to develop and progress within the enlarged Group. We are committed to providing careers, not just jobs, and our career development plans help us retain and grow our talent.

A key part of our People strategy is our continued focus on developing and retaining our people. We use 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. During 2022 we continued to support our peoples' professional development and funded 324 yearly professional memberships on behalf of employees.

In January 2022 we launched 'Vistry Learn' our integrated Learning Management System (LMS) which provides all colleagues with 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. Our LMS has been very well received and as at 31 December 2022:

- Over 3,400 employees had used the system.
- Over 4,500 courses were booked.
- Over 8,300 online personal development courses were completed.

Leading Better Together

During Q2 of 2022 our 'Leading Better Together' executive framework was launched to ensure our senior and future leaders are fully equipped with the expertise and skills the Group needs to support its continued success. As at 31 December 2022 three cohorts totalling 39 senior leaders from across the business have attended our bespoke Cranfield School of Management programme. Formal feedback from attendees has been very positive averaging 4.8/5.

The future leaders programme is aimed at our middle, frontline and trainee managers with potential for senior roles. It provides essential learning pathways to develop key skills for managers and potential leaders as well as supporting the Group's succession planning. During the year, 68 people, over six separate cohorts, participated in the programme that was designed and delivered by internal experts. Again, formal feedback from attendees has been very positive averaging 9.5/10. Both programmes will continue and will be expanded in the coming year.

Apprenticeships and trainee programmes

We continue to focus on supporting early careers and emerging talent as well as encouraging the upskilling of existing employees. Across the enlarged group we currently have over 380 apprentice, trainees and graduates, as well people who are upskilling through the use of apprenticeships.

We are proud to be able to offer qualifications across many disciplines, such as; quantity surveying, accounting, legal, site supervision, civil engineering, business administration, marketing, carpentry and joinery, bricklaying and leadership.

During 2022 to support our supply chain we used the Government's apprenticeship levy transfer initiative to transfer some of our unused apprenticeship levy to support local trades by funding their apprenticeship qualifications. In 2023 we will focus our resources on supporting T-Levels and work experience across the enlarged Group and ensure that we integrate Countryside best practice to support this.

Supporting early careers

Lewis joined the company In June 2021, aged 16, as 'Apprentice Business Administrator'. We funded his 15-month long Level 2 Customer Service Practitioner City and Guilds Apprenticeship, which Lewis successfully completed in December 2022. He was promoted to 'Business Administrator' and he is now enjoying taking on more responsibility and is aiming to become an Admin Team Leader. Showcasing his commitment to the business he is also a fire warden, first aider and charity champion for his business unit.



Gender diversity across the Group as at 31 December 2022

Role	Female	Male	Total	Female %	Male %
Board	4	5	9	44	56
ELT ¹	2	3	5	40	60
Senior management ²	26	23	49	53	47
Other employees	1,739	3,411	5,150	34	66
Total	1,771	3,442	5,213	34	66

1. The ELT is the first layer of management below the Board and, for the purpose of this table, the three Executive Directors who are members of the ELT are included as members of the Board. 2. The ELT's direct reports.

Diversity and inclusion (D&I)

We believe in diversity, equality and inclusion for all. The table above shows our gender diversity across the Group. We have processes in place to attract and retain a diverse workforce and we continue to rigorously enforce and promote our Diversity and Inclusion policy. Our diversity and inclusion policy is available at www.vistrygroup.co.uk/sustainable-approach/policies-and-publications.

Key 2022 activities and developments included:

- Promoted 11 women into director roles across the Group.
- Continued to build a more equal workforce. For example women now represent 69% of the project management team at our Bovis Homes' Bay View development in Northam, covering a range of roles including electrician, carpenter, apprentice assistant site manager, senior quantity surveyor, buyer, area sales manager and sales consultant.
- Participating in Women into Construction's new nationwide employment programme that aims to address the gender imbalance in the construction workforce.
- Set up a D&I unconscious bias training programme and provided additional 'skills booster' D&I training.
- Launched successful mentor and reverse mentor programmes.
- Significantly improved existing family-friendly policies and continued to support agile working and continued to support agile working.

WM People promotes D&I best practice and we were pleased to be shortlisted for its 'Career Progression for Women' award which recognises initiatives aimed at developing women's leadership potential, including women's networks, training and return to work programmes.

Our D&I Committee leads the development and delivery of the D&I diversity agenda. It is supported by four active networks that operate across the Group: Accessibility Allies Network; Pride Network; Women's Network; and Culture & Communities Network.

During the year the D&I Committee commenced a review of our facilities with a view to ensuring they are accessible to all employees and visitors. During the year we celebrated all major events in the D&I calendar including Pride, Black History Month, International Disability Awareness Day and International Women's Day.

In the coming year our key D&I priorities include:

- Reviewing our D&I strategy, objectives and activities to ensure a combined and consistent approach across the enlarged Group.
- Recruiting across more diverse platforms.
- Working with our recruitment partners on diverse shortlisting of candidates.
- Graduate programme & formal working experience scheme.
- Collecting protected characteristic data to establish baseline data which we will use to monitor progress.

Gender pay gap

Our gender pay gap performance has significantly improved year-on-year. In 2022 the mean gender pay gap reduced to 11.7% (2021: 19.4%) and the median gender pay gap reduced to 25.31% (2021: 28.7%). Further information including what we are doing to further reduce the gap will be included in our 2022 Gender Pay Gap Report which will be published in due course.

Disability

It is 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 opportunities 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.

Mental health and wellbeing

Our intranet platform (DUG) has a dedicated section providing mental health guidance and support, as well as a platform for our people to share their own personal achievements, experiences and stories. In 2022, National Grief Awareness was marked with personal stories shared from across the Group in addition to a number of events during mental health awareness week in October. The intranet page also provides information to access our employee assistance programme, useful resources (such as posters and leaflets) and links to external organisations and helplines, such as Mind and The Samaritans. As part of our employee assistance programme, alongside Aviva who provide 24/7 support, all employees have free access to the Thrive: Mental Wellbeing App which was deployed onto all Group owned iPhones and iPads during the first half of 2022.

We have a formal dedicated Mental Health Committee. Its members are charged with raising awareness of mental health issues that affect those in our industry. The committee introduced a network of health and wellbeing champions in each regional business unit during 2022 with aims of further supporting mental health and wellbeing initiatives.

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 200 trained volunteer Mental Health First Aiders. In 2022 we created a community network for our mental health first aiders to ensure they also have access to support and help where needed.

In February 2023 we were proud to be awarded WM People's Best for Mental Health Award in recognition of the steps we take to protect our people's mental health and well-being and our work with Papyrus to address suicide awareness within our industry (see page 42).

Our homes and communities

Putting our customers first

Our customers are 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.

During 2022 we are proud to have welcomed nearly 10,000 customers into their new home with over 90% in the 8-week survey stating they would recommend us to their family and friends. Reflecting our quality homes and relentless focus on excellent customer service, for the fourth consecutive year, we have retained our 5-star rating based on the independent HBF customer satisfaction survey¹.

We also continue to track customer satisfaction using the HBF 9-month survey, which provides us with insight and feedback on our homes and developments once customers have settled in. In the last closed survey year, over 79% of customers stated they would recommend us.

To ensure the voice of our customers are embedded across the Group we have introduced the role of Customer Service Directors, who sit on the management teams of each business. We also utilise data and insights from the CRM to ensure continued focus and delivery of service improvement plans.

Feedback from our customers is critically important and during the year insights from customer research groups has informed the development of our 2025 product range as well as ensuring we meet future building standards.

Customer journey

Our Customer Journey continues to provide a framework to ensure we deliver consistent high standards of service to all our customers. Following its launch during 2021 we continue to use insights from our customers and best practice gathered from across our market leading retail brands to ensure it meets requirements. Information about the Bovis Homes', Linden Homes' and Countryside Homes' customer journeys are available at www.bovishomes.co.uk/buying-a-home/the-buying-journey, www.lindenhomes.co.uk/buying-a-home/the-buying-journey and www.countrysidepartnerships.com/helping-you-buy/new-home-buying-guide.



1. Based on responses from customers who legally completed between 1 October 2021 to 30 September 2022. Star rating awarded according to the proportion responding 'yes' to the question 'would you recommend your builder to a friend?' asked eight weeks after legal completion: 5-star rating 90% and above.

Enhancing the customer journey

To enhance the customer journey and provide increased transparency around each home's new-build properties, Countryside Partnerships' development in Sherford, South Devon includes a state-of-the-art 'Unwrapped Home'. Within the Unwrapped Home walls, flooring and ceiling fixtures can all be easily removed to reveal the inner workings of key construction features including plumbing and electrical and structural components. The development is part of a £1bn investment scheme to deliver a new community in South Devon which includes new homes, schools, retail and community buildings, and green spaces.



Our customer journey framework is embedded within our CRM system which ensures we interact with our customers in a cohesive and efficient way. In 2022 we rolled out our CRM system across our Partnerships business and now the business' sales and customer service teams all have access to full CRM capabilities enabling them to enrich the marketing, sales and service experience customers want, while at the same time supporting the teams to work more effectively together across the customer journey.

Our customers have access to our digital immersive portal which gives them more choice about how, when and where they do business with us. Available on our Linden Homes and Bovis Homes websites the portal offers a virtual personal experience including the opportunity to visit our developments, walk into any home and personalise it including changing worktops, cupboards and flooring. Over 77% of our customers are now choosing to use our portal, including our '6 Clicks' reservations process which allows customers to reserve their new home at any time.

2023 customer priorities

We continue to enhance our service offering to ensure we meet our customers evolving expectations and needs and at all time provide a 5-star rated service. Areas of focus in the coming year include:

- Continuing to train and develop our people and provide them with the skills and the tools they need to ensure they are fully equipped to meet our customers' expectations.
- Rolling out our full CRM capabilities across the Countryside business as part of our Combination integration programme.
- Utilising our multi-brand portfolio, including the Countryside brand, to target a broader range of customers and offer them more choice.
- Align our processes to meet requirements for activating and operating across the Group under the New Homes Quality Code following completion of our registration last year.

Creating quality homes and communities

Placemaking and social value

Placemaking and social value are both core to delivering our purpose. Quantifiable social value is important to our people and is becoming increasingly important to Local Authorities who are preparing their own social value strategies and starting to embed social values policies into their local plans.

Our Group Planning and Communities Director chairs the Future Home Hub's Placemaking sub-group and sits on the Place and Nature Steering Group. The two groups are designed to support the industry in responding to the Government's drive to improve design and placemaking. Our Group Planning and Environment Director is also engaging with the Future Homes Hub on the delivery of biodiversity net gain.

Countryside's commitment to placing people and communities at the heart of the development journey, is set out in their 'Building Communities' approach. During 2023, the key pillars of engagement, empowerment, partnership and stewardship will be reviewed, and consideration given to how these will influence the enlarged Group's placemaking approach going forward, particularly in light of the Government's agenda for planning reform and community participation.

Social Value Portal

During 2022, we adopted the use of the Social Value Portal to aid our sustainability reporting and monitor our delivery of social value. The portal has helped us to quantify and influence our approach to place making and social value for clients and partners at development stage. Vistry are part of the Social Value Portal Planning Taskforce, a cross sector collaborative group that is focused on how social value can be embedded in the planning process. In line with our 2022 target, we have used the Social Value Portal on 25 of our live developments which are either delivering over 500 units or are hosting a skills academy plus our corporate measures.

Creating a modern garden city

Countryside Partnerships' joint venture with Clarion Housing Group is working in collaboration with landowner Henley Camland and Ebbsfleet Development Corporation to deliver Ashmere a landmark scheme that is part of Ebbsfleet Garden City. The development comprises 2,600 mixed tenure homes, of which 25% will be affordable. In keeping with the garden city concept, Ashmere will also deliver extensive green open spaces including a neighbourhood green, landscaping and play area – promoting a healthy, safe and sustainable lifestyle for residents.



The key findings from these 26 live developments, which have been third-party assured, are detailed below. While the findings represent only a small element of the enlarged Group's social value output, they do indicate the type of outputs we would see if we were to expand use of the Social Value Portal to all developments. Use of the portal across the enlarged Group is currently being explored. More information is provided in the assurance report, which is available at www.vistrygroup.co.uk/sustainable-approach/policies-and-publications.

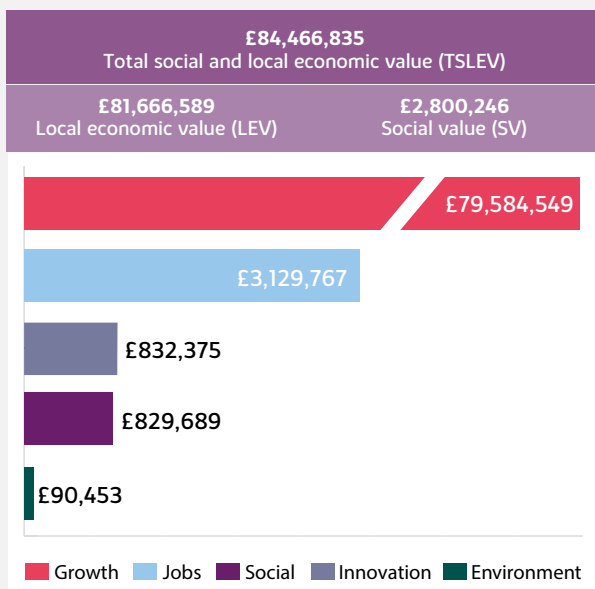
Our Vistry skills academies

We are passionate about creating employment opportunities within the communities in which we operate. Our academies create opportunities for the local existing workforce, create employment and skills pathways for those who are unemployed and those looking to change career.

Our on-site skills academies offer opportunities for people to gain the required entry level qualifications needed to ensure they are on the correct pathway to gain employment. Delivered nationwide, each academy provides training, mentoring and skills development, creating opportunities, to gain work experience and vocational qualifications. Combining classroom and practical learning, the academies allow training to take place within a live site environment. Participants have the opportunity to engage and network with our subcontractors, and there have been many cases of participants being successfully recruited within the supply chain upon completion of an academy.

We have recently set a revised enhanced target of 800 learners to complete one of our academies by at least 2025. This target is linked to our employee remuneration and our sustainability linked loan. To date, the academies have supported more than 800 learners. Over the next 12 months, nine academies are planned to run across the UK, totaling 21 academies to date since the programme launched in 2017.

Breakdown of delivered TSLEV



Delivery overview

- More opportunities for micro, small and medium enterprises and local voluntary community and social enterprise.
- £107m spent in the local (15- miles radius) supply chain.
- 88.9 People FTE locally employed.
- £622,609 invested in innovative initiatives to promote local skills and employment.
- 1,788 hours of career support sessions provided.
- 1,206 weeks of meaningful work placements/pre-employment course delivered.
- £124,229 invested in innovative initiatives to safeguard the environment.

Ecology and biodiversity

Biodiversity as an increasingly important issue and we strive to not only mitigate our impacts in this area but also to positively support and enhance biodiversity. Last year in response to the provisions of the Environment Act 2021, which will require us to achieve a 10% biodiversity net gain on our new sites across the Group, we established a biodiversity net gain (BNG) working group. Biodiversity net gain is an approach which aims to leave the natural environment in a measurably better state than beforehand. The BNG working group met throughout 2022 and coordinated our response to DEFRA on the Biodiversity Net Gain Regulations, implementation consultation and on the Biodiversity Metric. The group also consulted on the Nature Recovery Green Paper: Protected Sites and Species and participated in DEFRA user research on the Statutory Credit Sale Service and prototype testing of emerging software.

Delivering affordable homes at a time when the need has never been greater

Rebecca and her six-year-old son Fin were renting privately in Kidderminster. After Rebecca was registered disabled, and living in a property that could not be adapted, she contacted her local council. She was subsequently offered one of our affordable homes at Lea Castle, Kidderminster, a joint venture development with Citizen New Homes Limited, that includes 240 affordable homes and 360 homes available for open market sale by Linden Homes and Bovis Homes.

Rebecca, who hopes to be able to adapt her new Lea Castle home said: *"My home means everything to me, it's going to change our lives"*.



We anticipate the need for some gains to be secured off-site where they cannot be achieved on-site in accordance with the mitigation hierarchy. In response to this, we have engaged with a wide range of off-site credit providers to understand how the market is functioning and have also undertaken a high-level review of our freehold assets to establish where there are opportunities to consider creating our own habitat banks.

Biodiversity action plan

During 2022 the BNG working group embedded a Biodiversity Action Plan (BAP) into relevant documentation and business management processes to ensure that all new developments are evaluated consistently. To support this activity the group also ran several online workshops for colleagues to enhance their awareness surrounding biodiversity and ecology risks and opportunities in developments.

We were targeting completion of the new BAP by 25% of our new sites by 2022 and 100% of new sites by 2025. As at 31 December 2022 100%¹ of new sites completed a BAP. Our Strategic Land teams are ensuring that all the group's strategic sites are capable achieving at least a minimum of 10% BNG, in line with adopted or emerging policy.

We have continued our partnerships with the Bat Conservation Trust, The British Hedgehog Preservation Society and the Bumblebee Conservation Trust. In July 2022 we began creating dark corridors and roosting habitats to support bats and other wildlife at new-build locations across the country and continued to install hedgehog highways in all existing and future developments where possible.

Our 'Pollinate in Partnerships' project, which was shortlisted in the 'Big Biodiversity Awards' in June 2022, is aimed at supporting the declining UK bumblebees' species and other insects. We adapt our landscapes including creating mini orchards, sub-rain gardens and edible hedgerows, and provide wildflower seeds and information leaflets to the communities where we build.

Affordable housing

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 the largest developer of affordable homes in England, we are committed to delivering a year-on-year increase in additional affordable homes beyond our planning compliance requirements and during 2022 we delivered 898² affordable homes (2021: 744). Following our combination with Countryside we are well placed to deliver affordable homes beyond policy compliance.

Charitable support

Our charity committee, that is supported by a network of charity champions in each business unit, drives the delivery of engaging events throughout the year. While the committee leads on Group events, the business unit charity champions and leadership teams are encouraged to support local causes that are important to them including sponsoring local sports teams and food banks. In addition to participating in events, employees are able to take two days paid leave in a 12-month period to undertake volunteering activities.

We are proud to have raised over £257,000 (almost £100k more than our target) on behalf of our 2022 Group charity Papyrus, the UK charity dedicated to the prevention of suicide and the promotion of positive mental health and emotional wellbeing in young people.

Raising awareness of suicide prevention

A 'book', signed by employees pledging their support to raise awareness of suicide prevention was transported to all business units without the use of motorised transport. The book's 1,163-mile Vistry Voyage' began in September 2022, the week of World Suicide Prevention Day. The journey was in memory of a colleague we sadly lost in late 2020.



1. Calculated from Vistry only new sites that have started since 31 August 2022, when the new documentation was published.

2. Vistry figure of 858 plus apportioned Countryside figure of 40 for the period 11 November 2022 to 31 December 2022 (Q4 2022: 65) .

Our operations

Operating responsibly

Our purpose and our values (see page 2) help to embed our One Vistry culture and 'Doing the right thing' is at the core of everything we do. The Board is responsible for imparting and monitoring our culture and the mechanisms it uses to do this are described on page 75.

Our Ethical code of conduct policy outlines our commitment to high ethical and moral standards and the responsibility framework we have embedded to deliver our standards and appropriate behaviours. Following our combination with Countryside and the critical importance of aligning the Vistry and Countryside cultures, a new Code of Conduct is being created and will be rolled out across the enlarged Group during 2023.

The Board is also responsible for setting the overall direction of the Group's sustainability strategy and its execution is led by our Head of Sustainability who is supported by a sustainability team. Dedicated forums, policies, procedures and management systems support our best practice governance, while our sustainability targets, reporting and verification drive continual improvement.

Our Speak Up hotline is operated by an independent third party, Ethics Point, and can be used by employees report suspected wrongdoing including concerns in relation to modern slavery.

Modern slavery

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 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 hotline. No reports of modern slavery within the Group were made to the hotline in 2022.

We are a 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.

Preserving history for the nation

In December 2022 Vistry-funded archaeologists working on ground being prepared for new homes at Harpole, Northamptonshire, discovered a 1,300-year-old precious necklace in what is believed to be one of the most significant female burial sites of the early medieval period.

RPS Archaeology Consultant Simon Mortimer said: *"This find is truly a once-in-a-lifetime discovery. It shows the fundamental value of developer-funded archaeology. Had Vistry not funded this work this remarkable burial site may never have been found."*

The Group has gifted the necklace to the nation and waived all ownership rights to ensure it remains protected for years to come.



Environmental management

We take our responsibilities for environmental management very seriously. Our Group Environmental Team with support from the wider Safety, Health & Environmental (SHE) team are dedicated to protecting our natural environment. In collaboration with our sustainability function they ensure potential impacts are identified and that appropriate control measures are implemented.

Our environmental standards and policies are fully integrated into our Business Management System. Use of our Standard Operating Procedures ensures consistency, governance and control and effective risk management including mitigating issues at source. Throughout the year we have focused on further embedding our environmental management practices at project incept by enhancing the procedures themselves and the communication of them with our regional teams.

We make our people aware of standards and policies through coaching, mentoring and training to ensure we plan, manage and implement robust site-specific control measures. In October 2022 our Group Environmental Team began the roll-out an environmental awareness training programme to our regional commercial and technical teams. This programme is expected to complete by summer 2023.

The Group Environmental Team also works with our regional offices and sites to identify any potential risks from our operations which may result in a negative impact to the environment. We work closely with Natural England and local authorities to preserve protected species and ensure appropriate translocation where appropriate. For example, at Freight Village (part of the Gateshead Regeneration Partnership in the North-East) we are currently in the process of relocating an area of butterfly habitat (Birdsfoot Trefoil) and creating gabion walls to mitigate the impact upon the Dingy Skipper and Grayling population in the area.

Waste and resources

Reducing waste and maximising re-use, recovery and recycling is an important part of our strategy. We look to promote circularity in our supply chain at every level. This means operating take-back schemes with many of our suppliers and collaborating with organisations offering innovative solutions to the industry's waste problem.

Non-hazardous waste	2022	2021
Produced (tonnes) per plot	7.5	9.42
Produced (tonnes) per 100m ²	8.08	10.23
Diverted from landfill (%)	98	98

During the year we have continued to support the Community Wood Recycling Scheme, a nationwide network of social enterprises that reuses wood materials and provides workplace opportunities for disadvantage people. In 2022, 975 tonnes of timber were collected from our sites (2021: 1,202 tonnes). In addition, in 2022 we had over 53,034 pallets collected from our sites for re-use (2021: 46,936 pallets).

In line with our target, we launched a material re-use database on our intranet to facilitate resource sharing. However, uptake has been limited (beyond office supplies) and we recognise that more work is needed to leverage regional relationships.

Our 2022 consolidated reported waste figures have been reported through our waste brokers using weighbridge data and waste carrier reports. Last year our Vistry reported waste figure was manually reported via our site teams. Therefore, our 2022 reported figures do not necessarily represent a reduction in waste volume, and are indicative of more accurate reporting and less human error.

As part of our strategy development in 2023, we will consider amending our target to be against floor area rather than plot for improved accuracy.

Developing our waste reduction strategy

To ensure our future projects reduce waste as far as possible we are conducting a research study at our Cam site in the Cotswolds.

All the waste produced from the start to completion of two standard Linden house types is being collected and analysed and resulting data will be used to develop more sustainable site practices including standardising materials and reducing supply chain packaging.

The outputs from the study will also be used to identify cost saving opportunities as a result of more effective waste management.



Climate change

Reducing our carbon emissions is a key priority. 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 Race to Zero. We also support the TCFD recommendations and our relevant disclosures are set out on pages 49 to 55. Our carbon reduction targets, which are set out on page 34, were verified by the SBTi during 2022. We will reconfigure these for the enlarged Group and submit for re-verification in 2023.

In December 2022, we published our Carbon Action Plan focused our direct emissions, which complements our existing roadmap to net zero carbon homes and outlines the steps we will implement to meet our stretching carbon reduction targets.

It is based on trials of carbon reduction technologies, such as hybrid generators, eco cabins, remote energy monitoring and hydrotreated vegetable oil fuel. The full plan is available at www.vistrygroup.co.uk/sustainable-approach/policies-and-publications.

Climate Disclosure Project

In 2022 Vistry scored a B on the Climate Disclosure Project (CDP) an improvement from a D score in 2019. Countryside also scored a B (an improvement from a D score in 2020). A combined disclosure for the enlarged Group will be submitted in 2023.

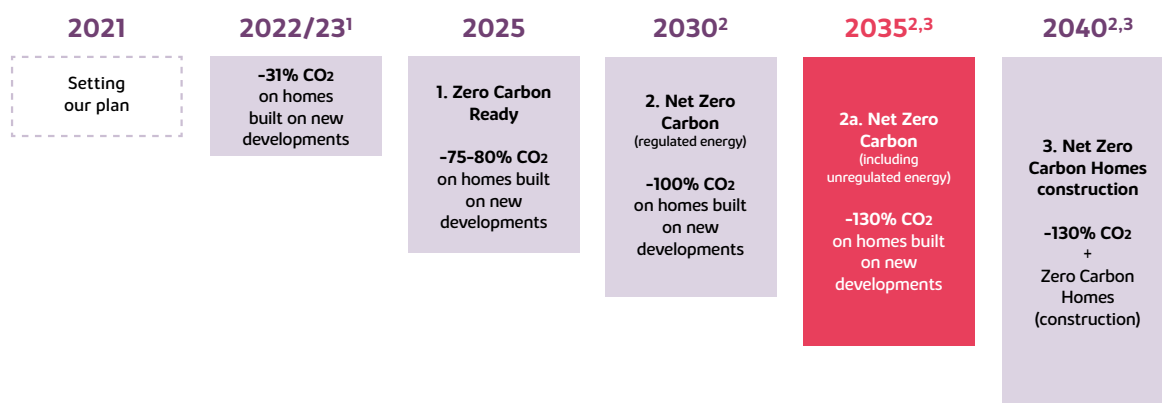
Building standards

Based on lessons learned and experience on recent projects we have developed our own roadmap to delivering net-zero carbon homes which was published in 2021 and will be submitted to the SBTi during 2023 for verification.

To make homes zero-carbon ready the Future Homes Standard is introducing a 75-80% reduction and a move away from gas fired fossil-fuel heating. We are gearing up to this and trialing technology that will ensure we meet these requirements. We are also trialing net zero carbon developments as part of our business plan for 2030, and carefully reviewing materials and completing whole life carbon assessments. Using more timber frame construction throughout the Group is also a key part of our plan.

During the year a key focus area has been how we address changes in building regulations relating to energy efficiency and other areas, such as ventilation, and new areas such as the risk of overheating, and providing electric vehicle (EV) charging points to our homes. As part of our Vistry25 Project, we are designing new house type ranges to meet future requirements for energy efficiency and many other elements to make our homes fit for the future. We are designing our homes to have adequate space requirements for low-carbon technologies such as air source heat pumps, rather than trying to fit it into existing designs, as well as ensuring our house types are resilient to the changing climate.

Our low / zero carbon homes roadmap



1. June 2022 new developments/June 2023 existing developments.

2. We are committed to build net zero carbon homes (regulated energy) by 2030 and net zero carbon homes (unregulated energy) by 2035. Regulated energy includes emissions coming from lighting, heating and ventilation. Unregulated energy includes emissions coming from plug-in loads such as TVs, laptops and white goods and is currently estimated to be c.30% above regulated energy.

3. We will achieve our -130% target by reducing emissions from both the regulated and unregulated energy sources described in footnote 2 above.

Meeting zero carbon requirements

We are working with Warwick District Council to deliver 310 net zero carbon homes (regulated energy) at Stoneleigh View, Kenilworth. The homes are all designed to meet a net zero carbon specification in relation to heating, hot water, lighting and ventilation, and will be constructed using a mix of timber frames and masonry. They will also utilise low carbon technologies including air source heat pumps and solar panels, supported by high performing building fabric. The project will help further support and enhance our journey to delivering net zero carbon homes.



Working with our partners to deliver sustainable solutions

At North Whitley near Fareham we are building 54 highly energy efficient homes on behalf of Winchester Council, to support the Council's zero carbon strategy. Accredited by the Association for Environment Conscious Building, the homes are designed to Passivhaus principles, utilising a high-performing fabric standard and supported with increased levels of airtightness meaning homes stay warmer as less heat escapes and less energy is required to heat. Alongside the high levels of insulation, mechanical ventilation with heat recovery is installed to ensure adequate levels of ventilation are maintained.



Embodied carbon

We are committed to reducing our embodied carbon by 2025, in particular by using more timber frame construction. We have seen an increase in local authorities requesting Life Cycle Analysis (LCA). 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. Our analysis shows that our current design produces less than 300kg of CO₂e per 100m² which is ahead of the 2030 benchmark set by the London Energy Transformation Initiative (LETI).

We are continuing to monitor any recommendations from the House of Commons Environmental Audit Committee to Government to keep abreast of any future regulations. We are working closely on the Embodied and Whole Life Carbon: 2023-2025 implementation plan with the Future Homes Hub, from which we will take any necessary actions.

Operational energy

Our specification for existing house types has been updated to meet Parts L1A, O and F of the building regulations and achieve the required 31% reduction in carbon. All new homes planned are now being delivered with a 31% carbon reduction (regulated energy) and all new homes starting construction from 15 June 2023 will be delivered to the new building regulations to meet the required 31% carbon reduction (regulated energy).

Research and development

During the year we established a Technical Innovation team that provides sustainable and innovative solutions to support the delivery of our carbon reduction plan and respond to changing building regulations. The team's current 2022 areas of focus included identifying our Parts L, F, O and S specification, as well as research into low carbon heating and hot water solutions, and MMC. A programme of carbon literacy has also been developed for all employees to educate them on the changes to building regulations and what this means for the way we build homes.

Delivering greater energy efficiency

98% of the homes we built in 2022 had an energy performance certificate of an A or B.

We commissioned an independent study by Elmhurst Energy to look at the energy and carbon savings that can be made from living in a new home over an older, less efficient home. Due to modern construction methods and designs, new-build homes are typically more energy efficient than older properties as they have lower heating demands and higher performing fabric. By analysing a number of Bovis Homes and Linden house types, Elmhurst reported an average three-bedroom home saved 4,381kg CO₂e per year compared to an equivalent Victorian-era home (75% saving) and over £1,448 on energy bills (65% saving), with this figure growing since energy prices increased.

Our energy consumption and carbon emissions

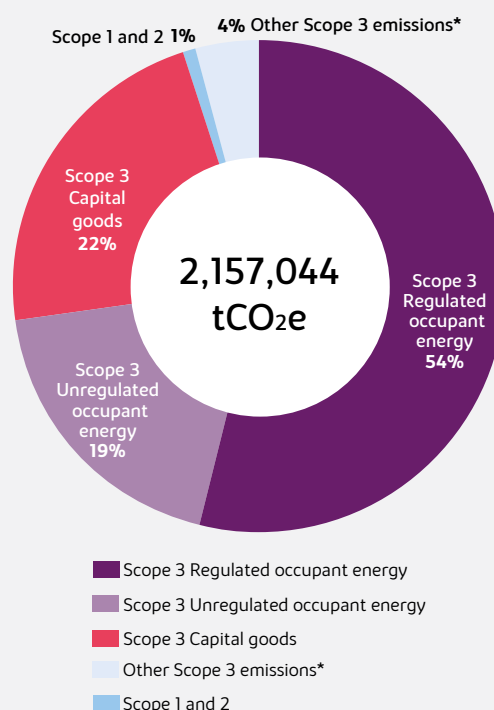
Our carbon footprint has been calculated on an operational control basis. The operational boundary covers emissions arising from the Group's direct operations and includes Scope 1, 2 and 3 emissions from our live construction sites, offices and manufacturing facilities.

Summary of our 2022 carbon footprint

Our Scope 3 emissions represent more than 99% of our overall footprint, with the most significant impact from occupant energy use in the homes we build.

The percentage of our goods and services Scope 3 emissions has decreased to less than 1% due to our switch to using more recent and reliable US EEIO factors instead of Quantis factors. This change in approach has led to a subsequent rise in percentages for both regulated and unregulated occupant energy and capital goods, shifting our carbon footprint composition.

To ensure data completeness of Scope 1 and 2 emissions, we have completed an extrapolation of gas and electricity consumption. Details of this methodology can be read in our basis of reporting which is available at www.vistrygroup.co.uk/sustainable-approach/policies-and-publications.



Group carbon emissions

Emissions ¹	2022 ²	2021 ³
Scope 1 emissions tCO ₂ e	16,797	14,911
Scope 2 location-based emissions tCO ₂ e	2,604	2,774
Scope 1 and 2 location-based emissions tCO ₂ e	19,401	17,685
Scope 3 emissions tCO ₂ e	2,137,643	1,560,506
Scope 1, 2 and 3 emissions tCO ₂ e	2,157,044	1,578,191
Scope 1 and 2 emissions tCO ₂ e per plot completed ⁴	1.32	1.60
Scope 1 and 2 emissions tCO ₂ e per 100m ² completed ⁵	1.42	1.73
Scope 3 emissions tCO ₂ e per plot completed ⁴	146	141
Scope 3 emissions tCO ₂ e per 100m ² completed ⁵	157	153
Energy consumption		
Scope 1 energy consumption (kWh)	72,925,000	38,679,970
Scope 2 energy consumption (kWh)	13,466,000	13,114,160

- 100% of our Scope 1 and 2 emissions are UK based. Elements of Scope 3 emissions relate to the UK including commuting and business travel, use of sold product (emissions from occupant energy use) and emissions from fuel use on site. Other elements of our Scope 3 emissions relate to a global supply chain and we are unable to specify to what extent they are UK based.
- 2022 consolidated Vistry and Countryside data (for the period 11 November 2022 to 31 December 2022). Vistry: Scope 1 = 16,224 tCO₂e, Scope 2 = 2,502 tCO₂e, Scope 3, business travel = 245 tCO₂e (assured by DNV see page 33); Countryside: Scope 1: 573.74 tCO₂e, Scope 2 = 102.35 tCO₂e, Scope 3 = (WTT, T&D and business travel) = 168.96 tCO₂e (assured by RPS see page 33). Countryside carbon emissions have been reported as an apportioned figure based on data from 1 October – 31 December 2022. This is required due to the method of data capture being suited to quarterly reporting. There is risk that this may result in over- or under-stating the footprint as equal weighting has been given throughout the time period. For the full quarter, Countryside's Scope 1 = 1034.98 tCO₂e, Scope 2 = 184.64 tCO₂e and Scope 3 (WTT, T&D and business travel) = 304.79 tCO₂e, with 129,971 m² of build completion.
- This is a restated 2021 baseline. We have restated following methodology improvements achieved through the DNV third party assurance processes. Further information about the assurance process and the Assurance Statement is available at www.vistrygroup.co.uk/sustainable-approach/policies-and-publications.
- Intensity measure of per plot completions is based on: 2021: 11,084 and 2022: 14,687.
- Intensity measure of per 100m² completions is based on the following developed areas: 2021: 1,020,818m² and 1,363,263m².

Scope 1 and 2

Our total Scope 1 and 2 carbon emissions have increased by 9.7% against our restated 2021 baseline (2022 target: 4.2% reduction against 2021 baseline). This increase in carbon emissions is a result of our business growth and the inclusion of a combined heat and power (CHP) system in 2022 that was not accounted for in the 2021 emissions. The CHP contributed 1,110 tCO₂e (7%) to the 2022 Scope 1 emissions.

The largest challenge we face to achieve our absolute carbon reduction targets is realising the ability to decouple our business growth from our carbon emissions. However, in terms of plot consumption, we have observed a decline in both electric and gas usage, resulting in a 18% reduction in intensity of our Scope 1 and 2 tCO₂e per plot and 18% per 100m². This can be attributed to two main factors. Firstly, as Covid restrictions have eased, average metered periods have reduced to a more typical business-as-usual level. Secondly, due to the rising energy markets, there is an increased awareness of consumption, resulting in more restrictive usage on site.

Electricity consumption has decreased by around 7% overall, with only sales showing a slight increase. This increase can be attributed to more showhomes in 2022 than in 2021. Gas usage has significantly decreased by almost 44%. This is due to the implementation of restrictive heating profiles used in the plots, resulting in a cut in consumption.

Our approach to carbon reduction is centred around behaviour change and creating meaningful efficiencies in our activities and designs before switching to lower carbon emitting fuels.

Although we are still developing the right systems, procedures, and programmes to drive down our Scope 1 and 2 carbon emissions, during 2022 we trialled various technologies. This is to ensure we are confident in their performance before rolling them out at scale across the Group. For example, at our Meridian Water development we are utilising battery storage technology to supplement power to our office accommodation which we estimate over 30 days saved over 2,300 litres of fuel (the amount of fuel that would have been required by a diesel generator had it been running the equivalent time as the battery).

In 2022, we embedded carbon considering measures into our project environmental plans (part of our business management documentation) to ensure that site set-up and low carbon energy provision are considered during the project planning stage of all our developments.

Countryside reduced its Scope 1 and 2 emissions by 32% during 2022 and we will look to embed the learnings from this achievement into the enlarged Group's revised carbon action plan and carbon reduction activities throughout 2023.

Scope 3

During the year Scope 3 emissions intensity increased by 3% per 100m². This increase is partly due to an increase in regulated energy consumption. In addition, because different methodologies were used to estimate Countryside and Vistry's respective Scope 3 emissions, comparison to the 2021 data is not reliable. In 2023 a single methodology will be used and our Scope 3 emissions will be restated. In 2023 we expect emissions to decrease due to a reduction in regulated energy use following the Part L Building Regulations changes that came into force during 2022.

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 recognise that significant impact on our carbon footprint sits within our supply chain, and we are continuing to work collaboratively to address this. We are addressing the reduction of Scope 3 emissions as part of our carbon reduction targets. 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 SBTi targets).

Supply chain and collaboration

Our business is dependent on a complex supply chain and our ability to build responsibly relies on our partners to procure safe, ethical and sustainable labour and materials. Our supply chain is also pivotal if we are to deliver net carbon homes and Future Homes Standard.

We are a member of the supply chain sustainability school (SCSS) and sit across multiple SCSS leadership groups. We collaborate with peers on some of the biggest sustainability challenges, which keeps us up to date with industry developments.

Throughout the year we have attended various collaboration workshops with some of our biggest suppliers to facilitate cross-industry collaboration and a joined-up approach to some of our most important (and shared) challenges. A key 2023 priority is to ensure adoption of a consistent approach to responsible sourcing across the enlarged Group.

Sustainable timber

As we increasingly use modern methods of construction, we must sustainably source timber and use it efficiently. We require that all timber supplied to Vistry across all methods of construction must be PEFC (Programme for the Endorsement of Forest Certification) or FSC (Forest Stewardship Council) chain of custody.

We only stipulate and report on the timber we procure directly, but we are working with subcontractors so that in the future we can also report on our indirect timber use and its sources. This will give us greater confidence that all timber used in our operations is purchased through internationally recognised certification.

Climate-related Financial Disclosures (TCFD)

We are committed to minimising the environmental impact and carbon footprint of our operations and managing the risks and opportunities associated with climate change.

TCFD statement

In accordance with Listing Rule 9.8.6(8) our disclosures in relation to the Task Force on Climate-related Financial Disclosure (TCFD) recommendations are set out in the table below. We have assessed the TCFD's updated October 2021 guidance on implementing its recommendations, including 'The Guidance for All sectors', and confirm that the disclosures are consistent with the TCFD recommendations other than:

- **Metrics and targets:** Our sustainability strategy was developed in 2020. The metrics and targets we use to monitor and measure its progress are detailed on page 34. Currently these do not cover physical and transitional risks and all opportunities. Following our combination with Countryside, in the coming year we will review our sustainability strategy to ensure it continues to be relevant to our enlarged Group and its stakeholders. As part of this review we will consider whether additional metrics and targets will be introduced.
- **Impact of climate-related risks and opportunities on the business, strategy, and financial planning:** We do not disclose the impact of overheating and water stress. This is because additional modelling is required for the impact to be quantified. Additional modelling will be undertaken during 2023 and reported in our next disclosure. Other than the impact of the Future Homes Standard we do not take account of other climate-related risks and opportunities in our financial planning for the reasons explained below. Additional modelling and more confidence in the potential financial impacts is required before this can be completed.
- **Risk management:** Currently management of our climate-related risks are not integrated into our existing risk management framework. In the coming year such risks will be integrated into the framework.

Progress in 2022 and priorities for 2023

During the year, we have focused on improving our data collection processes and have achieved limited assurance of our Scope 1 and 2 carbon emissions (see page 33). We also gained approval of our carbon reduction targets through the SBTi and published a Carbon Action Plan outlining how we will reduce our Scope 1 and 2 emissions. This action plan for our direct emissions compliments our net-zero carbon pathway which outlines how we will deliver net-zero carbon homes and reduce Scope 3 emissions (see page 45). In 2022 carbon targets formed part of senior management and executive incentive targets for the first time.

Our priorities in relation to climate change in the year ahead include:

- Evolving our disclosures in the areas highlighted above to be consistent with the TCFD recommendations.
- Resubmitting our post-Combination carbon reduction targets to the SBTi.
- Increasing the scope of our assured carbon data to include additional Scope 3 emissions.
- Implementing a consistent and efficient carbon-related data collection and internal reporting processes.
- Implementing our Carbon Action Plan (Scope 1 and 2) and net-zero carbon pathway (Scope 3).

TCFD recommended disclosures

Recommended disclosure	Our disclosure
Governance ▶ See page 77. Describe the Board's oversight of climate-related risks and opportunities.	<p>The Board approves the sustainability strategy and associated targets. In 2022 climate change was discussed at the Board strategy day, with a particular focus on a Carbon Action Plan. Performance reports that include general updates on progress against sustainability strategy targets are reviewed and discussed at each Board meeting. A more detailed report, including an update on climate change targets, is considered by the Board on a bi-annual basis.</p> <p>A Non-Executive Director will attend each meeting of the new Sustainability Committee (see below).</p> <p>Climate-related issues are embedded in our purpose – To deliver sustainable new homes and communities. They are also embedded in and underpin the delivery of the Group's strategy through alignment with our sustainability priorities: Our people, our homes and communities and our operations.</p> <p>Climate-related metrics also form part of the Group's executive remuneration (see pages 101 and 102) and sustainability linked loan.</p>




















Recommended disclosure	Our disclosure
<p>Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Responsibility for climate-related issues resides with the ELT and the COO is the executive sponsor.</p> <p>The Group's Commercial Director and Head of Sustainability are responsible for the implementation and monitoring of our sustainability strategy and climate-change targets. These individuals have the requisite qualifications and experience to take responsibility for climate-related issues.</p> <p>'Sustainability champions' operate across the Group and regularly gather climate-related data from all business units. Data is also gathered by the Group Sustainability team. This data is collated and reported at Group level. Guidance notes and standard operating procedures to help address climate change are included within our ISO14001 Environmental Management System. Updates on climate-related issues and our sustainability strategy form part of our regular internal communications.</p> <p>In 2022 our COO chaired a Sustainability Forum. The forum met three times in 2022 with representatives from across the Group in attendance. In 2023 we will establish a Committee that will replace the Sustainability Forum. The new Committee's objectives will include making recommendations to the ELT relating to the effective implementation of our sustainability strategy and monitoring the Group's performance and progress against its sustainability targets (see page 34).</p>
<p>Strategy</p> <p>▶ See pages 18 to 21.</p> <p>Describe the climate-related risks and opportunities identified over the short, medium and long term.</p>	<p>Our sustainability strategy drives our approach to sustainability and climate change. It is based on an extensive materiality assessment undertaken in 2021 which considered climate-related risks and opportunities by geography. Information about this assessment is included in our 2021 Annual Report which is available at www.vistrygroup.co.uk/investor-centre/results-reports-presentations. During 2023 the materiality assessment process will be reviewed to ensure it serves the enlarged Group and all its stakeholders.</p> <p>Risks and opportunities have been identified for the short, medium and long term. Despite our scenario analysis looking as far ahead as 2070, the time frames below have been chosen to align with our strategic planning cycles.</p> <p>Short term (0-5 years)</p> <p>We see risks and opportunities associated with the forthcoming future homes standard including the following which have been highlighted by the HBF:</p> <ul style="list-style-type: none"> • Consumers will need to be consulted and educated for emerging technologies (to ensure technology performs as designed). • Supply chains will need to be developed, for example for air source heat pump supply and installation as well as lower carbon alternative fuels for plant and equipment (e.g. Hydrotreated Vegetable Oil). • New skills and training will need to be developed and person capacity built, for example air source heat pump engineers. <p>We are part of the HBF Future Homes Task Force that is working to address these issues. We are also already delivering homes beyond the Future Homes Standard and our experience and learnings from these projects is informing our plans to deliver these homes at scale and helping to shape our net-zero carbon roadmap.</p> <p>Medium term (5-10 years)</p> <p>In line with the HBF we believe there are risks associated with electrical infrastructure as the shift to electric heating and car charging increases pressure on local networks. We have undertaken simulations of various scenarios based on typical developments to help understand potential future cost uplift, so that these can be considered as part of overall development costs.</p> <p>We also recognise that there are medium-term opportunities including an increase in the use of MMC and timber frame which we are already utilising through our three manufacturing operation locations. These opportunities will be considered as part of the review of the Bardon site. Countryside Partnerships is an established market leader in the delivery of low carbon homes.</p> <p>Long term (10+ years)</p> <p>We have considered how risks associated with flooding, overheating, water stress and subsidence may increase in the long term. To mitigate climate change across the whole building lifecycle, in particular embodied carbon, we are exploring how increasing our timber frame manufacturing capabilities can be utilised to reduce embodied carbon in our standard house types.</p>

Recommended disclosure	Our disclosure
<p>Describe the impact of climate-related risks and opportunities on the business, strategy, and financial planning.</p> <p>▶ See climate change risks and opportunities table on pages 54 and 55.</p>	<p>Products and services</p> <p>We have developed a road map to deliver net zero carbon homes by 2040 (aligned to the UK Green Building Council definition) based on our learnings from several developments that go beyond the Future Homes Standard (see page 45). In particular our approach has been informed by:</p> <ul style="list-style-type: none"> • Completing post-occupancy evaluations relating to energy-efficiency measures and testing future technology. • Working with our regional business units to understand the impact on trades, site management and sales staff and 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 undertaking value engineering exercises that enable us to accurately consider these costs in land viability and financial planning. <p>Supply chain</p> <p>New supply chains are emerging in response to increasing demand for low carbon homes. This is a key development that underpins the delivery of our 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 net zero carbon road map (see page 45).</p> <p>Adaptation and mitigation activities</p> <p>Site specific flood risk statements/assessments are prepared for all Vistry sites. The majority of our developments take place within Flood Zone 1 which has the lowest risk of river or sea flooding.</p> <p>We have:</p> <ul style="list-style-type: none"> • Approved carbon reduction targets through the SBTi. • Linked our carbon reduction commitments to executive remuneration and a sustainability linked loan. • Completed an overheating analysis. Its findings will be considered in the development of our 2025 standard house types. <p>Operations</p> <p>We have produced a Carbon Action Plan, outlining how we will meet targets associated with our Scope 1 and 2 emissions (see page 45). A significant challenge will be achieving ambitious targets for absolute emissions reductions, whilst pursuing our committed targets for business growth. The Carbon Action Plan compliments our net-zero carbon pathway that addresses our Scope 3 emissions.</p> <p>Pricing for the cost of climate change</p> <p>We continue to categorise the risks relating to climate change into two classes – transitional risks and physical risks. Requirements relating to the mitigation of transitional risks are well defined and are accordingly priced into the financial statements as outlined below. Physical risks are less well defined, and whilst an estimation of their potential impact is assessed and disclosed they are also reviewed regularly to assess if their potential realisation has changed.</p> <p>Transitional risks: The requirements for mitigating these risks are defined for the Group, and the industry more broadly, through government regulation in particular the Future Homes Standard which will come into effect in 2025 and the nearer term progressive steps including Part L and Part F.</p> <p>To meet these requirements, we have designed new house types to meet these standards. The build of these house types is then priced using today's costs for materials and labour. For sites yet to be acquired new house types are factored into our land appraisals to ensure the cost of meeting these new regulations is factored into the targeted returns.</p> <p>For existing sites that will need to meet these standards build costs are included in our site Cost Valuation Reports (CVRs) which impacts site wide margins and gross margin.</p> <p>As a Group we target improvements in both technical design and procurement to continue to reduce the costs of meeting these new standards. These improvements will either improve gross margins or ensure we are more competitive when acquiring new land.</p> <p>Both CVRs and future land appraisals are rolled into our in-year and multi-year planning cycles which form the basis for our cash and funding requirements over these periods. As a result, they are a key component part of our going concern, viability and goodwill impairment assessments and acquisition accounting where relevant.</p>




















Recommended disclosure	Our disclosure
	<p>Physical risks: These risks are outlined below and on pages 54 and 55 and relate to the potential impact of meeting climate change risks. These risks are priced using the services of a third-party consultancy and their approximate financial impact is disclosed in the respective risk outlines.</p> <p>As there is inherent uncertainty as to the timing and size of any realisation of these impacts these risks are regularly reviewed to assess whether their potential has advanced. When the costs associated with these risks are actually realised it is possible that no direct link can be made to meeting climate change challenges but that does not detract from the relevance of continual risk scanning. For example, recent rises in UK energy prices - which impacts both customer affordability and materials pricing - stems in part from the lifting of energy price caps to meet Government emission reduction targets but also from the impact of the war in Ukraine on the security of energy supply.</p>
<p>Describe the resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>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 with the University of Exeter, using Inter Governmental Panel on Climate Change (IPCC) RCP2.5 and IPCC RCP8.5 scenarios. The risks and opportunities identified in the scenarios were discussed in a workshop facilitated by external consultants and attended by Finance, Risk, Sustainability and Technical teams. The key findings are summarised below.</p> <p>2021 - 2030 An orderly transition to a low carbon economy</p> <p>Transition risks and opportunities:</p> <ul style="list-style-type: none"> • Embodied carbon: 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 house type review and see opportunities to reduce embodied carbon through increased timber frame construction through our manufacturing operations • Increasing demand for low carbon homes: Our strategy is resilient. We are in a strong position based on our experience of delivering low carbon homes to satisfy increased demand, particularly from Countryside Partnerships' clients. We need to build a more detailed understanding of demand within our market sale customers. Industry research indicates increasing demand for low carbon homes (https://group.legalandgeneral.com/en/newsroom/press-releases/legal-general-research-shows-buyers-will-pay-up-to-20-premium-for-low-carbon-homes). We are also continuing to work with the HBF, as part of the Future Homes Task Force, to address market challenges. <p>Physical risks:</p> <ul style="list-style-type: none"> • Heat stress: Our strategy is resilient. Following the Government proposal to mitigate overheating risks, we have carried out dynamic assessments of all our house types to help us understand this risk to our business. In summary there is a very low risk of overheating in the area representing regions outside London, Southampton and the South East. There are risks of overheating in London, Southampton and the South East area that are being addressed. • Water stress: Our strategy is resilient. Water efficiency is addressed in Part G of the Building regulations and our homes achieve at least a 16% reduction of water use compared to these regulations. This is achieved through low flush toilets with part flush options, water efficient showers with low flow rates, basins and baths that are designed for water efficiency and taps with low flow restrictors. There is a geographical consideration here, for example one third of the water resource zones in the UK's East and South East regions are already in water demand deficit. This is expected to increase to 54% within the next five years. We are exploring how we can achieve improved water efficiency in these areas through water reduction and reuse technology, such as rainwater harvesting. <p>2030 - 2070 A failure to transition</p> <p>Physical risks:</p> <ul style="list-style-type: none"> • 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 house type. Further modelling is required to assess the impact of this risk. • 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 weather 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. Further modelling is required to assess the impact of this risk.

Recommended disclosure	Our disclosure
<p>Risk management</p> <p>• See page 56 and 57.</p> <p>Describe the processes for identifying and assessing climate-related risks.</p>	<p>Climate change and sustainability is one of our principal risks (see page 62). Specific climate risks were identified as part of a research project we undertook with the University of Exeter. The project's findings formed the basis of a workshop which was facilitated by independent consultants, and involved representatives from our finance and sustainability team and members of the RO Committee and Sustainability Forum. Climate risks and opportunities identified in the workshop with a medium or high impact are described on pages 54 and 55.</p>
<p>Describe the processes for managing climate-related risks.</p>	<p>Our risk management process is explained on pages 56 and 57. During 2023 management of our climate-related risks will be integrated into our existing risk management framework.</p> <p>As part of its annual strategic review the Board considers the Group's five-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 considered in relation to the plan are those related to pricing the cost of climate change. See pages 51 and 52.</p>
<p>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into overall risk management.</p>	<p>In the coming year climate-related risks will be integrated into our existing risk management framework. Climate change risk is identified, assessed and managed as a principal risk through our RO Committee. See pages 56 and 57.</p>
<p>Metrics and targets</p> <p>Disclose the metrics used to assess climate-related risks and opportunities in line with strategy and risk management process.</p>	<p>Key metrics used to assess climate-related risks and opportunities and our targets are set out below.</p> <ul style="list-style-type: none"> • Metric: Scope 1 and 2 emissions: By 2025 reduce by 16.8% against a 2021 restated baseline (see page 34). • Metric: Scope 3 emissions: By 2025 reduce by 22.4% against a 2021 baseline (see page 34). • Climate change is linked to senior management and executive incentive targets (see page 102). <p>See our TCFD statement on page 49 which explains the steps we will take in the coming year to determine whether additional metrics and targets are required to assess and manage our climate-related risks and opportunities.</p>
<p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.</p>	<p>Our Scope 1, 2 and 3 emissions and historical data is set out on page 47.</p> <p>Our carbon action plan outlines how we intend to meet our Scope 1 and 2 targets and our net zero carbon pathway indicates how our Scope 3 targets will be met. Information about our plan and net-zero roadmap is available at www.vistrygroup.co.uk/sustainable-approach/policies-and-publications.</p> <p>Our targets together with our progress during 2022 are set out on page 34. Our carbon reduction targets have been approved by the SBTi and our Scope 1 and 2 data has achieved limited assurance (see DNV's assurance statement which is available at www.vistrygroup.co.uk/sites/vistrygroup/files/Vistry/reports-and-presentation/2023/dnv-independent-assurance-statement-2022.pdf).</p>

Climate change related risks and opportunities

Risk/Opportunity	Point of contact TCFD type	Type of financial impact (£)	Time horizon and likelihood ¹	Magnitude of impact	Potential annual financial impact ²
<p> Alternative fuel use</p> <p>The introduction of a carbon tax on fuels is likely. Supply chains are likely to pass this cost on to their customers. This is likely to cause a mass move to alternative fuels such as Hydrogenated Vegetable Oil, increasing demand and putting pressure on supply. We have trialled the use of HVO fuel during 2022 and will review our strategy in 2023.</p>	<p>Upstream</p> <p>Direct</p> <p>Downstream</p> <p>Emerging regulation</p>	<p>Increased direct and indirect (operating) costs</p>	<p> Medium-term</p> <p> Likely</p>	<p> High</p>	<p> Low</p>
<p> Green skills gap</p> <p>Delays and constraint on installation of new technologies to meet the Future Home Standards. Group deals will be put in place to ensure we have the right level of availability.</p>	<p>Direct</p> <p>Market</p>	<p>Increased indirect (operating) costs</p>	<p> Short-term</p> <p> Very likely</p>	<p> High</p>	<p> Low</p>
<p> Extreme weather event</p> <p>Increased severity and frequency of flooding could delay construction due to heavy rain and high winds. Delays could impact employees, site workers and customers. More modelling is required to understand this long term risk.</p>	<p>Upstream</p> <p>Direct</p> <p>Acute physical</p>	<p>Increased indirect (operating) costs</p>	<p> Long-term</p> <p> Unlikely</p>	<p> Medium</p>	<p>Difficult to predict and quantify at this stage</p>
<p> Performance gap</p> <p>Negative feedback from customers due to the performance gap between design performance and as-built performance, leading to increased energy bills. Post-occupancy evaluations are planned for 2023.</p>	<p>Downstream</p> <p>Technology</p>	<p>Decreased revenues</p>	<p> Short-term</p> <p> More likely than not</p>	<p> Medium</p>	<p> Low</p>

Climate change related risks and opportunities (continued)

Risk/Opportunity	Point of contact TCFD type	Type of financial impact (£)	Time horizon and likelihood ¹	Magnitude of impact	Potential annual financial impact ²
<p> Embodied carbon</p> <p>Emerging regulation around embodied carbon and unintended consequences of replacing existing products with lower carbon alternatives (e.g. different types of insulation) may increase end product embodied carbon and increase cost of raw materials. We have completed a life cycle assessment to improve our understanding.</p>	<p>Upstream</p> <p>Downstream</p> <p>Emerging regulation</p>	<p>Increased direct costs</p>	<p> Long-term</p> <p> More likely than not</p>	<p> Medium</p>	<p> High</p>
<p> Subsidence</p> <p>Hotter and drier summers could lead to increased risk of soil shrinkage resulting in an increased risk of subsidence. More modelling is required to understand this risk.</p>	<p>Downstream</p> <p>Chronic physical</p>	<p>Increased indirect (operating) costs</p> <p>Increased costs due to remediation</p>	<p> Long-term</p> <p> More likely than not</p>	<p> Medium</p>	<p>Difficult to predict and quantify at this stage</p>
<p> Modern methods of construction (MMC)</p> <p>Increasing the use of MMC leads to construction efficiencies, lower embodied carbon and quicker construction times.</p>	<p>Upstream</p> <p>Market</p>	<p>Reduced indirect (operating) costs</p>	<p> Long-term</p> <p> Virtually Certain</p>	<p> Medium</p>	<p> Medium</p>
<p> Increased demand for low carbon homes</p> <p>Large scale trials of homes beyond the Future Homes Standard to help inform our net-zero carbon roadmap.</p>	<p>Upstream</p> <p>Market</p>	<p>Increased potential for more local authority contracts</p> <p>Increased revenue as better energy performant homes</p> <p>Decreased capital costs</p>	<p> Short-term</p> <p> Likely</p>	<p> High</p>	<p> Medium</p>

1. Short term 0-5 years, Medium term 5-10 years, Long term >10 years. 2. Low = <£1m, Medium = £1m-£5m, High = >£5m

Risk management

Effective risk management is critical in enabling us to achieve our strategic and operational objectives.

Risk management framework

The Board has ultimate responsibility for risk management and on an annual basis the Board undertakes a robust assessment of the principal and emerging risks that could impact the delivery of the Group's strategy and its business. Responsibility for reviewing the effectiveness of the Group's internal controls and risk management on an ongoing basis has been delegated by the Board to the Audit Committee (see page 82). The ELT is accountable for identifying, assessing and managing the principal risks through the Risk Oversight Committee (the RO Committee). The RO Committee is made up of representatives from all parts of the Group and on a rotational-basis Non-Executive Directors and the external auditors participate in its meetings to improve the level of transparency and challenge.

Our risk management framework and the roles of the Board, Audit Committee ELT and RO Committee are described below. Following the Combination with Countryside, as part of the integration process, a review of our risk management processes was undertaken to ensure the mechanisms and risk monitoring processes are fit for purpose given the size and complexity of the enlarged Group. This review confirmed that our existing framework and risk oversight processes are effective, subject to some minor adjustments that will be implement during early 2023.

Risk management framework

Board Sets risk appetite. Assesses principal risks.	Audit Committee Reviews effectiveness of internal controls and risk management.
Executive Leadership Team Identifies, assesses and monitors principal risks.	
Risk Oversight Committee Supports identification of the principal risks. Considers the risk environment and the interplay between individual risks.	
Housebuilding and Partnerships Executive Leadership Teams Maintain risk registers. Deliver mitigating actions. Horizon scan for emerging risks.	Internal audit Evaluates internal controls. Provides advice, assurance and support. Undertakes investigations and inquiries.

Risk appetite

The Board is responsible for setting the level of risk the Group is prepared to accept. The impact of each principal risk on the Group is considered across a number of different categories including financial, reputational, operational, health & safety, environment and sustainability. Each principal risk is then allocated a risk appetite rating (see our risk appetite statement below) which reflects the amount of risk the Group is prepared to accept to achieve its strategic objectives. Our risk appetite statement is regularly reviewed and updated by the RO Committee and the ELT. On an annual basis the Board also reviews and approves the statement. During the year Internal Audit interviewed each business unit managing director to discuss their perception of the impact of each risk, and the effort required at a local level to manage these issues. This provided an aggregated view reflecting the risk appetite of the entire Group.

Risk appetite statement

Principal risk	Rating
1 Materials and subcontractor labour	Medium
2 Economic and sales environment	Medium
3 Combining the enlarged Group	Medium
4 Project delivery	Medium
5 Customer service	Medium
6 People, talent and business continuity	Medium
7 Legislation, planning and building safety	Low
8 Liquidity and funding	Medium
9 Climate change and sustainability	Low
10 Safety, health, and environment	Zero

Ratings

Zero: No tolerance of any risks.

Low: Take a highly cautious approach and risk prevention is prioritised, even if prevention costs are high or material.

Medium: Accept risk as part of the course of business, and endeavour to minimise it through the Group's risk management framework, mitigation actions and regular performance monitoring.

Principal and emerging risks

The enlarged Group's principal risks are set out in order of priority on pages 58 to 62. Changes to the profile of each risk during the year are highlighted and include the following:

- The addition of a new integration risk (risk 3) following our combination with Countryside.
- Increased risk associated with the economic and sales environment (risk 2) due to the deteriorating economic environment.

Our principal risks are identified through a top down and bottom-up approach that covers all parts of the Group and they are continuously reviewed and monitored. Each principal risk is sponsored by a member of the RO Committee, with support from Internal Audit and updates on the trajectory of each risk and associated mitigation effectiveness are discussed at each of the RO Committee's quarterly meetings.

The RO Committee horizon scans for emerging risks using a number of processes including monitoring macro-economic and regulatory trends and external insights. Senior management and members of the ELT also regularly participate in the RO Committee's meetings and provide updates on new and changing market and sector developments and associated risks.

Using this information the Committee assesses the likelihood of emerging risks occurring together with their likely trajectory and impact. This process of looking forward ensures that our principal risks and mitigations evolve and that emerging risks are integrated into our risk management framework.

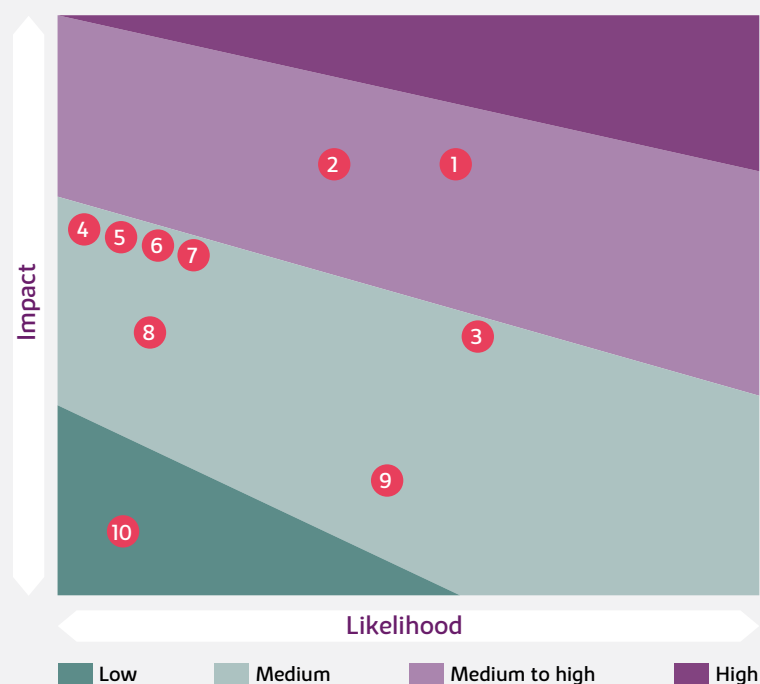
The emerging risks we have identified include:

- Conflict in East Asia and resulting supply chain disruption.
- Financial stress or insolvency of a registered provider of affordable homes.
- The emergence of new strains of Covid and/or another pandemic.

Following the pandemic and more recent geo-political events we recognise that risks can materialise very quickly and mean that what we once considered as very low probability can no longer be considered to be unlikely to occur. As a consequence, the RO Committee maintains and regularly monitors a 'watch list' of unlikely and improbable risks to ensure such risks are also regularly assessed as part of our risk management framework.

Summarised below is our assessment of the likelihood of each principal risk occurring together with its potential impact taking into account the mitigating actions and controls we are implementing to manage each risk.

Heat map



Principal risk

- 1 Materials and subcontractor labour
- 2 Economic and Sales Environment
- 3 Combining the enlarged group
- 4 Project delivery
- 5 Customer service
- 6 People, change and business continuity
- 7 Legislation, planning and building safety
- 8 Liquidity and funding
- 9 Climate change and sustainability
- 10 Safety, health and environment

Our principal risks

Below, listed in order of priority are the principal risks that could impact the Group's performance and strategy, together with an overview of the steps we are taking to manage and mitigate such risks.



Risk and link to strategy	Potential impact and 2022 change	Mitigation
<p>1. Materials and subcontractor labour</p> <p>Increasing production across the industry may lead to shortages of both materials and subcontract labour. Supply chain pressures caused by increased market demand, UK and overseas distribution issues, alongside Brexit and labour availability, could materially impact the supply and cost of materials or subcontractor services.</p> <p>1 2 3 6</p>	<ul style="list-style-type: none"> • 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 hinders our completion rates and build profile. • Our people are placed under significant pressure, particularly at key periods during the year, whilst trying to manage customer expectations in the event of unforeseen build delays. <p>Change in 2022</p> <p> Increased</p> <p>Remains a significant risk due to the relatively high cost of both materials and labour, supply interruptions and shortages of certain components. The war in Ukraine has added significant inflationary pressures to all aspects of the supply chain largely due to rising costs of energy. Combined with the cost-of-living crisis, suppliers and subcontractors are continuing to grapple with higher cost bases and wage bills.</p> <p>Whilst the housebuilding sector remains under significant supply chain pressure, material price rises were offset by strong house demand and solid house prices during most of 2022.</p>	<ul style="list-style-type: none"> • Increased and regular supply chain engagement at both a regional and Group level to better understand the live issues impacting the market and reacting accordingly to maintain supply. • Greater visibility of risk through increased communications across the Group including reporting supply issues that could impact our build programme at each monthly ELT meeting. • The Combination with Countryside creates opportunities to realise significant cost savings across the enlarged Group including the identification of improved Group-wide deals with key suppliers based upon increased scale and targets. • Centralised sourcing of 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. • Continued deployment of an agile procurement strategy to mitigate the impact of supply chain risks. • Regular inflation adjustments to cost to complete forecasts to help highlight and manage risks. • Consideration given as to the level of cost increases that can be reflected within future sales prices or negotiated into land purchase price.
<p>2. Economic and sales environment</p> <p>UK economic decline brought about by uncertainty, loss of consumer confidence, higher interest rates and increasing unemployment, leading to decreased affordability, reduced demand for housing and falling house prices.</p> <p>1</p>	<ul style="list-style-type: none"> • 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. <p>Change in 2022</p> <p> Increased</p> <p>The cost-of-living crisis, interest rate increases, together with rising inflation have placed significant pressure on household finances within the UK, as price increases have not been matched by growth in average salaries. There also remains uncertainty as to how the UK economy may perform with the media continuing to report the prospect of a recession or slow growth, with expected reduction in output of the housebuilding sector alongside falling house prices.</p> <p>Whilst we continue to see strong demand across our business areas, our Q4 sales rate was below forecast.</p>	<ul style="list-style-type: none"> • Closely monitor lead housing market indicators, notably visitors to sales outlets, sales rates and price achieved, and review at each monthly ELT meeting. • Leading capability and increased partnerships exposure as a result of combining Countryside with our growing Partnerships business offers greater resilience to the cyclical nature of the housing market and a consistently strong forward order book underpinned by a high and sustained level of demand for affordable housing. • Our greater proportion of affordable and partner delivery locks in an increased fixed sales revenue that is unimpacted by short-term fluctuations of market prices. • Monthly forecasting processes control investment and commitment of costs, and carefully manage 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.

Strategic pillars



- | | | |
|--|---|--|
| <p>1 Maintaining a strong market position and capability across all housing tenures, including being a leading provider of high demand, high growth affordable housing.</p> | <p>3 Leveraging our combined Vistry Housebuilding and Countryside Partnerships assets to maximise overall returns, particularly on larger multi-tenure developments.</p> | <p>5 Maintaining a high quality, deliverable operational land bank and effectively deploying our leading strategic land capability.</p> |
| <p>2 Delivering customers high quality sustainable homes that at least meet the continually evolving future homes standards.</p> | <p>4 Utilising our differentiated multiple brand portfolio to target a broader range of customers and increase our competitive positioning in the land market.</p> | <p>6 Maximising the opportunity from Vistry Work's timber frame manufacturing capability through improved operating efficiency and establishing the use of its timber frame output across all business areas.</p> |

Further information about our strategy: [▶ See pages 18 to 21.](#)

Risk and link to strategy	Potential impact and 2022 change	Mitigation
<p>3. Combining the enlarged Group A failure to integrate Countryside's business within the Group without impacting operational performance. A failure to realise the Combination's anticipated benefits and cost savings. A failure to retain key personnel or retained knowledge within the enlarged Group.</p> <p>1 3 4 6</p>	<p>New risk in 2022</p> <ul style="list-style-type: none"> • Whilst the synergies of the Combination have been reasonably estimated, unanticipated events, liabilities, tax impacts or unknown pre-existing issues may arise which result in integration costs being higher than the realisable benefits and/ or the synergies being lower than expected, resulting in a material adverse effect on the Group's results and share price. • Integration activities fail to be managed effectively leading to delays, distraction or adverse change impact. • Our people are negatively impacted by the integration programme leading to fatigue or employee dissatisfaction. Retained knowledge could be diluted or lost as a small number of roles exit the Group. 	<ul style="list-style-type: none"> • Established an oversight board and an integration board to manage the Combination and change processes that are required. The integration board includes Countryside senior management who are responsible for closely managing site transfer activity using a gated process that ensures appropriate knowledge and record transfer. • Ongoing risk assessment of key integration activities undertaken by Internal Audit who will provide updates and assurance to the RO Committee, ELT and Audit Committee. • We operate a multi-channel approach to employee engagement ensuring employees are listened to, and kept abreast of operational, financial and strategic business matters. The channels we operate to engage with our people, listen to their views and gather their feedback are detailed on page 28.
<p>4. Project delivery Inability to convert land assets to support required housing development. Failure to achieve our operational targets due to new programme complexity within our Countryside Partnerships business, an inability to execute our housebuilding programme, or a failure to control our life of site costs.</p> <p>2 3 5 6</p>	<ul style="list-style-type: none"> • We are unable to deliver the committed level of returns from our developments. • Unforeseen operational impact on sites that have transferred to new business units or management teams. • Cost overruns on our large and complex sites may have a material impact on financial performance. • We are unable to source the required land or opportunities at the rate we require to maintain our forecasted margin or match the requirements of our enlarged Partnerships business. <p>Change in 2022 ▶ Unchanged</p> <p>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 2022 completions.</p>	<ul style="list-style-type: none"> • Monthly build and cost forecasting processes presented through the ELT as part of the oversight of regional performance. • Our COINs ERP system embeds a standardised set of Group processes to ensure conformity across our build programme. This is being rolled out across the enlarged Group • Closely monitor build performance and delivery against plan including regular onsite visits from the ELT. • 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 and link to strategy	Potential impact and 2022 change	Mitigation
<p>5. 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.</p> <p>2</p>	<ul style="list-style-type: none"> • The Group's reputation is diminished with an adverse effect on sales volumes and returns. • We are impacted by the excessive time and expense of rectification and compensating customers, which may impact planned business operations. • Our people take great pride in building homes for our customers, and any decline in customer satisfaction will impact our employees. <p>Change in 2022</p> <p> Increased</p> <p>Quality standards remain at the heart of our business and we are proud that all parts of the Group continue to hold 5-Star accredited builder status. While supply-chain issues have impacted our ability to undertake remedial work and can on occasion slow the move in process, our sales and customer care teams have been able to manage the impact through transparent communication. The profile of this risk has increased year-on-year to take account of the integration risks associated with site transfers and embedding new processes in the Countryside business. The increased risk profile also takes account of The New Homes Quality Code (NHQC) requirements (see page 14).</p>	<ul style="list-style-type: none"> • All homes built are subject to external provider building control inspections. • Multi-quality inspections undertaken by build staff, sales staff, and regional directors. • CRM system that puts customers in control when raising issues and communicating with customer care teams. • Standardised customer journey operates across the Group together with mechanisms and controls that report key metrics and will likely be required by the New Homes Ombudsman (see pages 39 and 40).
<p>6. People and business continuity An inability to attract, develop or retain good people. In addition, a failure to modernise our business and the impact of a major IT failure or cyber-attack that disables critical systems and/or results in data loss.</p> <p>1 2 3 4 5 6</p>	<ul style="list-style-type: none"> • Our growth plans could be hampered by a loss of critical functions or skills. • A major IT failure, cyber-attack or data loss could cause significant disruption or financial harm to the Group and result in fines or compensation claims. <p>Change in 2022</p> <p> Increased</p> <p>The labour market within the wider construction industry remains challenging due to relatively buoyant job availability and particularly aggressive recruitment. Retention of trained employees is proving particularly challenging with salary expectations increasing significantly, in part due to the cost of living crisis.</p> <p>Cyber risk continues to increase due to relations with Russia and the general economic environment. The enlarged Group's IT environment is more complex and further work will need to be undertaken during 2023 to ensure consistent standards across the technology estate.</p>	<ul style="list-style-type: none"> • Monitor employee satisfaction through Group Peakon survey (see page 36). • Prioritise engagement and communication across priority employee issues including diversity & inclusion, sustainability and mental health and wellbeing. • Agile working policy allows flexible working for office-based employees. • Measurement of key indicators, including churn, diversity and stability index, and regular reporting to the ELT and Board to ensure we are trending positively and responding to employee impacting issues. • We recently achieved certification as a 'Top Employer' with the Top Employers Institute. This recognises our people strategies and workplace environment. As part of the certification process we were provided with a dashboard of suggested area for which improvements are being made. • Continued effort to further improve employee engagement (see page 36). • IT Governance Committee oversees cyber and continuity risks, including data security, supported by external penetration testing and a Cyber Essentials accreditation.

Risk and link to strategy	Potential impact and 2022 change	Mitigation
<p>7. Legislation, planning and building safety</p> <p>An inability to fulfil regulatory planning, building, customer service and climate-related technical requirements for new homes and communities. In addition, the threat of new unquantified liabilities from past developments becoming material.</p> <p>2 5</p>	<ul style="list-style-type: none"> • We fail to build properties that meet current and future regulatory planning, building, fire safety, and climate-related technical requirements. • Insufficient financial provision to cover the portfolio of legacy developments, particularly high-rise schemes, 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. <p>Change in 2022</p> <p> Increased</p> <p>Ongoing political changes and uncertainty including the future of planning reform which is yet to be finalised, may have potential impacts on land supply, our ability to achieve planning permissions and reform of S106/community infrastructure levy mechanisms.</p> <p>Government has committed to building 300,000 new homes overall every year by the mid-2020s. While some of these new homes will be delivered through the Affordable Homes Programme, there is no target for how many of the new builds should be affordable.</p> <p>The Revocation and Reform Bill is having an impact on Habitat Regulations, including nutrient neutrality which is leading to planning delays in certain UK regions. The Environment Act 2021 also mandates the achievement of at least a 10% biodiversity net gain by November 2023.</p> <p>In April 2022 we signed the Department for Levelling Up, Housing and Communities' pledge, which sets out our commitment to address life-critical fire-safety issues on all buildings of 11 metres and above in England we have developed in the 30 years prior to 5 April 2022. We have also agreed not to claim any funds from the Government's Building Safety Fund and to reimburse claims made by leaseholders and other affected parties to the Building Safety Fund.</p> <p>In January 2023, the UK Government published its response to certain sections of its consultation on the new safety regime for higher-risk buildings under the Building Safety Act 2022 and in March 2023 we signed the Developer Remediation Contract.</p>	<ul style="list-style-type: none"> • Group Head of Design and Technical oversees home build standards ensuring a standardised approach to our homes where appropriate. • Our Vistry25 project covers a wholesale review of our entire product range and includes the development of a new brand product range and assessments of the impact of the Future Homes Standard. Dedicated programmes to review areas such as overheating, ventilation, water efficiency and carbon reduction across our house range will be rolled out in advance of the new legislative changes. The integration of new categories such as adaptable and wheelchair user dwellings and the Nationally Described Space Standards will also be reviewed. • Undertaken a specialist team led review of all the Group's current and legacy buildings where a potential liability has been identified. Provision has been made for the expected costs of any remedial works that may be required. Ongoing assessment continues based on the latest Government position and legislative changes. In addition, we continue to assess and prepare for the Residential Property Developer Tax. • A dedicated Special Projects Team is in place to manage fire remediation issues and review our provision to ensure it meets all known liabilities, with sufficient contingency, including new requirements as part of the Developer Remediation Contract. As part of our due diligence in relation to the Combination, we reviewed the basis and composition of Countryside's cladding and fire remedial safety work provisions, and these have been adjusted accordingly (see note 5.9 (Provisions) of the financial statements).
<p>8. Liquidity and funding</p> <p>A failure to generate enough liquidity to manage short-term and long-term funding or investment requirements.</p> <p>1 3 5</p>	<ul style="list-style-type: none"> • 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. <p>Change in 2022</p> <p> Increased</p> <p>Strong trading aligned to expectation and an above target net cash position has delivered continued progress. We recognise that economic uncertainty and increased Group borrowing for the purpose of the Combination does increase the level of risk going forward, albeit well within appetite which has been reflected in our viability and going concern assessment (see pages 63 and 64).</p>	<ul style="list-style-type: none"> • Our capital-light Countryside Partnerships business requires reduced upfront funding, enabling the business to expand without the need for significant borrowing. • Vistry operates a centralised treasury function which is responsible for managing liquidity, interest and cash forecasting processes. Rigorous procedures are in place to assess both cash and work in progress, with continual monitoring by the ELT. Successful refinancing during the second half of 2022 highlights the strength of the Group's covenant and availability of funding. • As set out as part of our scenario testing (see pages 63 and 64), we have opportunities to reduce our building programming and subsequent work in progress requirements, defer land purchases or reduce overheads to respond to any reduction in available liquidity. • The Board reviews the Group's capital allocation policy on a regular basis.

Risk and link to strategy	Potential impact and 2022 change	Mitigation
<p>9. Climate change and sustainability</p> <p>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 society to build in more environmentally considerate and sustainable ways could result in penalties and negative attention.</p> <p>2</p> <ul style="list-style-type: none"> ▶ See Sustainability report (pages 32 to 48). ▶ See Climate-related financial disclosures (TCFD) (pages 49 to 55). 	<ul style="list-style-type: none"> • We are unable to deliver sufficient year on year improvements across all aspects of social value to meet the expectation of internal and external stakeholders or customers. • We fail to deliver against our own stretching carbon reduction targets (see page 34). • We fail to record or maintain appropriate data sets and are unable to demonstrate actual improvements made. • We fail to meet the TCFD recommendations or other reporting requirements. <p>Change in 2022</p> <p> Unchanged</p> <p>Whilst external awareness and the level of scrutiny has increased following recent events such as COP 27, the 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.</p>	<ul style="list-style-type: none"> • Delivery of sustainability strategy assigned to the COO with a dedicated function coordinating our approach, target setting and performance. Progress against targets are regularly reported to the ELT and Board. See pages 49 and 50. • Signatory to the Business Ambition for 1.5°C and committed to science-based targets. • Developed a roadmap to deliver net-zero carbon homes and delivered a carbon action plan to reduce Scope 1 and Scope 2 emissions (see page 45). • Disclosures consistent with the TCFD recommendations. See pages 49 to 55. • Member of the UK Green Building Council. • Signatory to the social value portal to measure social value return on investment.
<p>10. Safety, health and environment</p> <p>A loss of trust in the Group's ability to build communities safely and in an environmentally responsible way. Preventable accidents that harm people, communities, or the environment.</p> <p>1 2 6</p>	<ul style="list-style-type: none"> • The reputation and financial health of the Group is adversely affected. • Investigations or fines that diminish the Group's reputation and impact its finances. <p>Change in 2022</p> <p> Unchanged</p> <p>Our unified Group-wide SHE system continues to support a single set of processes across all businesses. We recognise the impact of increased homeworking and social isolation on our peoples' mental wellbeing and have taken appropriate steps to address this.</p>	<ul style="list-style-type: none"> • Review and consider health and safety issues at every meeting of the Board, ELT, Housebuilding ELT and Partnerships ELT. • Dedicated SHE Director and team, supported by independent third-party providers undertaking site and office visits and regular audits. • Best practice shared across the Group and ISO 45001 and 14001 certification in place for our Partnership business and UKAS Accredited ISO 45001, ISO14001 and ISO9001 Management Systems in place in Countryside.

Viability and going concern statements

The Board has assessed the prospects of the Group and its longer-term viability, taking account of its current position and principal risks.

The assessment context

The Board has assessed the longer-term viability of the Group, over a five-year period to December 2027. The average life cycle of our developments falls within a five-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. As part of this review the Board also assessed the ability of the business to remain a going concern out to December 2024 which is a little over 21 months from the date of signing the financial statements and aligns to the Group's two-year budget. The first review of the five-year period was undertaken in conjunction with the Board's consideration of the Group's proposed combination with Countryside. As part of this review the Board approved new financing facilities including a term loan to finance the Combination (see note 4.2 of the financial statements).

Due to changing market conditions, a second review of both the five-year and two-year periods were undertaken after the 2022 year end to ensure that Vistry Housebuilding and Countryside Partnerships' respective business plans aligned with the significant step-down in private sales rates in Q4 2022. This review factored in some of the plausible downside case scenarios and offsetting mitigating actions that were considered as part of the first review referred to above. The assessment also took into account the Group's strategy (see pages 18 to 21), current performance and principal risks.

Assessment considerations

The Board considered the following key considerations in its assessment:

- The Group's strong market position and multiple brands that offer differing propositions across all housing tenures including the high demand, high growth affordable housing sector.
- The different risk profiles of Vistry Housebuilding and Countryside Partnerships, and in particular the expectation that the latter will have more resilient and less cyclic revenues.
- The Group's strong balance sheet, good cash generation capabilities and substantial funding headroom.
- Maintaining financial discipline including a clear capital allocation policy that prioritises investment in operating businesses and sustainable dividend cover.
- A high-quality land bank with in excess of 80,000 plots to safeguard future growth commitments.

As part of our annual strategy review process the following matters are taken into account:

- The Group's five-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 based on the development of our existing land bank, and the depth and length of any near term housebuilding market deterioration and the pace and timing of any recovery have been thoroughly assessed. There is inherently more uncertainty in the later years of the plan as it incorporates a higher level of assumed housing completions from owned land currently without planning or land not currently owned by the Group.
- The Group's risk management processes and its principal risks including the measures in place to mitigate these risks (see pages 56 to 62).

Assumptions

As highlighted above, due to changing market conditions towards the end of 2022 and a significant step down in sales rates, Vistry Housebuilding and Countryside Partnerships' respective business plans were reviewed. As part of this review process we factored in assumptions in relation to the depth and length of any market deterioration and the pace and timing of any recovery based on our previous experiences most notably during the period from 2008 to 2009. The considered view was that the market would return to 2019 levels of private homes demand during the first half of 2023 and that this would remain for a two-year period, when it is expected that demand would pick back up. This view was supported by an assessment of Bank of England interest rate yield curves.

We tested with our banking group a plausible worse-case scenario in the context of the Group's debt position having acquired Countryside. Current market conditions are well inside of this scenario so we are assuming the Group's debt facility will be available as currently contracted.

We also assumed that the Countryside Partnerships business will be more resilient to market conditions as registered providers (our partners) and the private rental sector are not impacted in the same way as our private customers and the demand for affordable housing and the Government's ongoing support for this sector continues to be strong.

Scenario testing

The financial plan has been tested using the following scenarios to determine whether the Group could continue in operation over the five-year assessment period to December 2027:

- A 10-20% reduction in volume of private homes sold in 2023 and 2024 respectively.

- A 10% reduction in average sales price over the same two-year period.
- A 100bps increase in sterling overnight index average base interest rates.
- A subsequent reduction in uncommitted land investment.
- A 50% reduction in dividend pay out ratio from second half 2023 onwards.

The scenario testing applies the downside cases in aggregate and are considered severe but plausible downside cases. The offsetting mitigating actions are also considered achievable and have been borne out in practice in previous years when needed.

The potentially highest impact risks, from a Group viability point of view, are 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, maintain sufficient available cash across the five-year assessment period to December 2027 and stay within any required banking covenants to ensure the continued availability of committed financing facilities.

Going Concern

The Board 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 of the financial statements. In forming this view, the Board reviewed 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 same assumptions were made around volumes and sales pricing as per the viability assessment. 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.

At 2022 year end the Group had £1,050m in committed financing facilities (£1,000m at the end of March 2023) with well-spread maturities out to 2027, including a £500m revolving credit facility expiring in December 2026 with a one year extension option with lender consent available in the second half of 2023, £400m of term borrowings maturing in March 2025 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 and will address the need to re-finance any of these facilities at the appropriate time. Given there have been two recent re-financings of the Group, appetite from lenders has been shown to be strong and there is no known reason why any re-financing may not be possible if required. As at 31 December 2022, the Group had £118.2m net cash including £557.3m drawn down under facilities. See note 4.2 of the financial statements for further information.

Non-financial information statement

In accordance with Section 414CA and 414CB of the Companies Act 2006, the information below is provided to help our stakeholders understand our position in relation to key non-financial matters. Where to find relevant further information, including details about policy implementation and outcomes, is indicated below and such information is incorporated into this statement by cross-reference.

Key matter and risk management	Relevant policies (available at www.vistrygroup.co.uk/sustainable-approach/policies-and-publications)	Further information
Employees 1 3 6 10 ▶ Principal risks pages 58 to 60 and 62.	Health, safety and welfare policy: Our approach to managing the health, safety and welfare of our employees, workplaces and others affected by our operations. Diversity and inclusion policy: Outlines our commitment to build and sustain an inclusive culture and diverse workforce, our approach and how we monitor it. Ethical code of conduct policy: Outlines our commitment to high ethical and moral standards and the responsibility framework we have embedded to deliver our standards and appropriate behaviours. Business continuity policy: Our approach to minimising the impact of serious disruption to our operations. Speak up policy: The processes we operate to encourage employees to speak up about suspected wrongdoing.	▶ page 35. ▶ page 38. ▶ page 43. ▶ page 60. ▶ page 43.
Social and community 5 7 9 10 ▶ Principal risks pages 60 to 62.	Environment policy: Our approach to managing our environmental performance to optimise the impact of our business processes on the natural environment and the community at large. Climate change policy: Our approach to mitigating 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. Speak up policy.	▶ page 44. ▶ page 45. ▶ page 43.
Human rights 6 ▶ Principal risks page 60.	Anti-slavery and human trafficking policy: Outlines our commitment to acting ethically and with integrity in all our business dealings and relationships and describes our approach to ensuring modern slavery is not taking place anywhere in our own business or in any of our supply chains. Diversity and Inclusion policy. Speak up policy. Privacy policy: Our approach to protecting the privacy of all our stakeholders including how we use, collect and store personal data.	▶ page 43. ▶ page 38. ▶ page 43.
Anti-corruption and anti-bribery 6 ▶ Principal risks page 60.	Anti-bribery and corruption policy: Our approach to preventing bribery and corruption from taking place and our commitment to preventing, detecting, investigating and reporting such events. Anti-fraud policy: The procedures we operate to reduce the likelihood of fraud and our commitment to its prevention, detection, investigation and reporting. Speak up policy. Anti-money laundering policy: The procedures we operate to prevent money laundering from taking place and our commitment to preventing, detecting and reporting such events.	▶ page 43. ▶ page 96. ▶ page 43.
Environment 7 9 10 ▶ Principal risks pages 61 and 62.	Environment policy. Speak up policy.	▶ page 44. ▶ page 43.
Our business model		▶ pages 16 and 17.
Non-financial KPIs	Employee engagement score and voluntary labour turnover. Accident incident rate and service strike incident rate. HBF customer satisfaction. NHBC reportable items. Affordable housing completions.	▶ page 36. ▶ page 35. ▶ page 39. ▶ page 7. ▶ page 42.

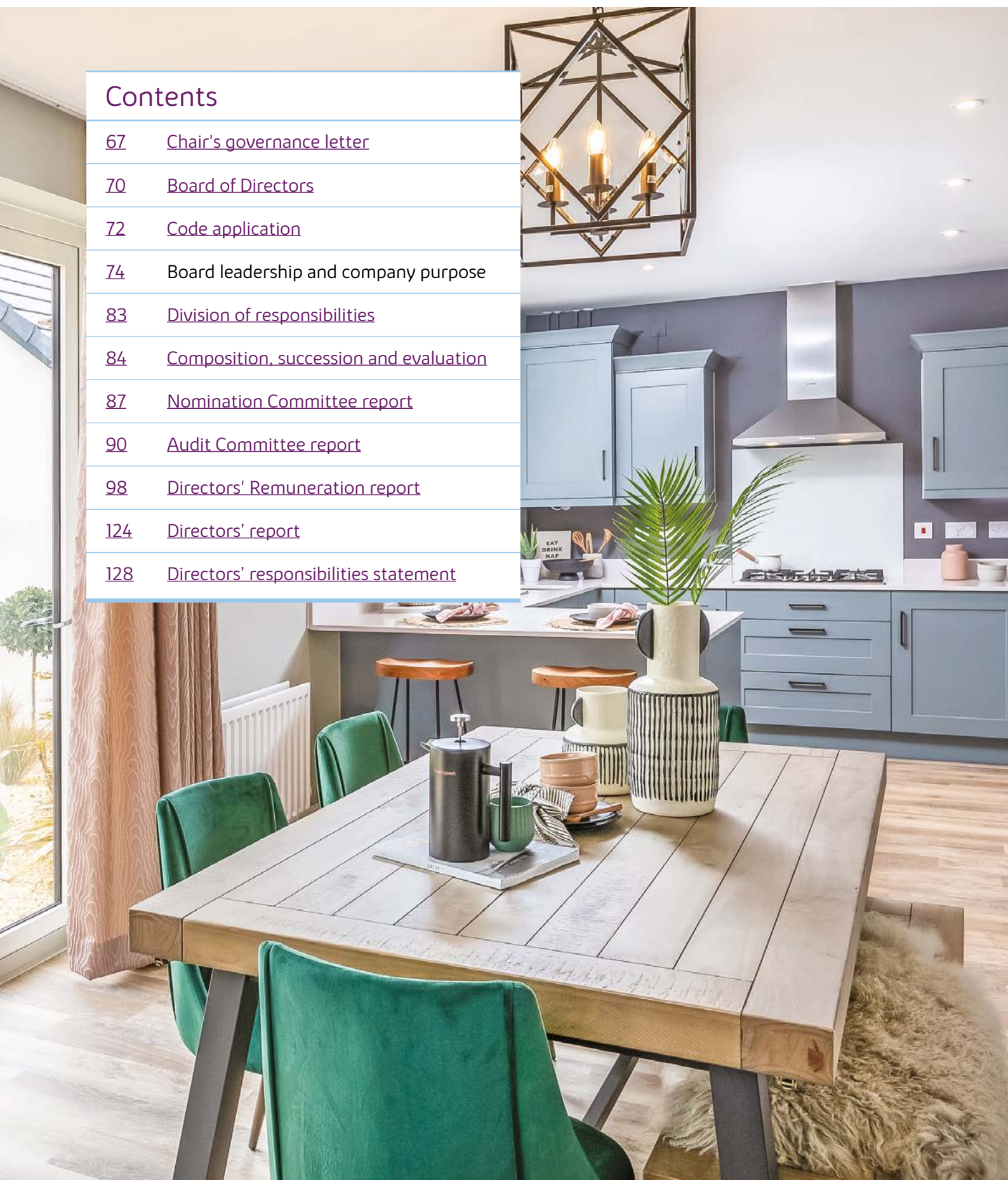
The Strategic Report outlined on pages 1 to 65 was approved by the Board and has been signed on its behalf by the Chief Financial Officer. By Order of the Board.

Tim Lawlor, Chief Financial Officer

Governance report

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Chair's letter

“The Board has a key role to play in ensuring that the significant value creation opportunities resulting from the Combination are effectively harnessed for the benefit of all the Group’s stakeholders.”



Ralph Findlay OBE | Chair

Dear Shareholder

I am pleased to explain the Company’s approach to corporate governance in my first letter as Chair. I succeeded Ian Tyler as Chair at the AGM on 18 May 2022 and was delighted to take up leadership of the Board. It has been a transformational year during which the Group has delivered another excellent financial performance and made significant strategic progress through its Combination with Countryside.

The corporate governance section of this Annual Report explains the governance structures that are in place, how the Board operates to support the Group’s long-term success and our plans to continue to enhance our governance processes. The Board’s role in relation to specific developments during the year is set out on pages 76 and 77 and we explain how we have applied the core principles of the UK Corporate Governance Code 2018 (the Code).

Strategy

The primary role of the Board is to lead the Group in a way that ensures long-term sustainable success. The Board has discharged this responsibility by focusing on the following key priorities during the year:

- Approval and oversight in September 2022 of the Combination and oversight of the integration programme that commenced in November 2022 following completion.
- Oversight of the performance of Housebuilding and Partnerships and, in particular, quality and customer service levels notwithstanding ongoing supply chain pressures.
- Approval of the signing of the Pledge Letter and oversight of associated remediation activities and costs. Subsequently in March 2023 the Board approved the signing of the Developer’s Remediation Contract.
- Undertaking succession planning for the Chair of the Audit Committee, Non-Executive Directors, Executive Directors and broader senior management resulting in various Board and senior management changes.
- Approving a £35m share buyback programme.

Appointment and succession

There were a number of Board changes during the year. In April 2022 it was announced that Graham Prothero was to resign as Chief Operating Officer and Director to take up the role of CEO at M J Gleeson PLC. Graham remained as an employee of the Group until the end of the year and has provided invaluable support during his time, both as a Director and through his work on the Countryside transaction. He stepped down as a Director on completion of the Combination in November 2022.

I succeeded Ian Tyler as Chair at the AGM in May 2022, at which time Ian stepped down from the Board. I would like to thank Ian for his important contribution as Chair for eight and half years. Alongside Greg and the senior team, Ian played an instrumental role in helping Vistry become one of the UK’s top housebuilders.

Rowan Baker was appointed as a Non-Executive Director and Chair of the Audit Committee at the 2022 AGM, and I would like to welcome her to the Board. She has financial expertise and sector experience which will further strengthen the Board. Ashley Steel was also appointed as Senior Independent Director on the same date.

Following the year end, Nigel Keen and Katherine Innes Ker indicated their intention to step down from the Board with effect from 23 March 2023 and the close of our AGM on 18 May 2023 respectively. Nigel has been a Board member for over six years, and Katherine for over four years. On behalf of the Board, I would like to thank them for their contribution and support particularly in recent years, during which the Group has changed significantly.

We are also pleased to have appointed Jeff Ubben as a Non-Executive Director with effect from 23 March 2023 (see page 88).

Changes to the composition of each of the Board’s Committees as a result of the changes detailed above are highlighted in the Committee reports included on pages 87, 90 and 98.

The Group has become larger and more complex as a result of the Combination with Countryside. Earl Sibley was appointed as COO on the closing of the transaction to provide focus on the integration of the businesses and operational delivery of the strategy. We were pleased to welcome Tim Lawlor as CFO on the same date. Tim was previously the CFO of Countryside, and his appointment provides continuity and knowledge of Countryside’s business as well as significant CFO plc experience both at Countryside and previously with Wincanton Group.

Looking forward the Board, through the Nomination Committee, commenced a succession planning process to address likely changes over the medium term, taking into account the tenure of Non-Executive Directors, the importance of diversity and the need to evolve the Board's skills and experiences to reflect the enlarged and more complex Group and to support its growth strategy. As part of this process we have commissioned searches for two additional independent Non-Executive Directors.

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 of our stakeholders. We have a clear purpose with a set of values that reflect the culture we aspire to embed throughout the Group.

The Board assesses and monitors the Group's culture through a number of channels which are described on page 75. Establishing a common culture is a key element of the integration of Vistry and Countryside, and reflecting this the Board has approved the creation of a new Code of Conduct that will be launched and embedded across the enlarged Group in 2023.

Stakeholder engagement

The sustainable success of our business is dependent on a wide range of stakeholders, (see pages 28 and 29), and the Board and each of the Directors take seriously their duties to consider all stakeholders' needs and concerns in its discussions and decision-making processes. The mechanisms we use to ensure we understand stakeholders' issues, and how we factored stakeholders' interests into our decision making during 2022, is explained on pages 28 to 31, page 78 and pages 80 and 81. Our section 172 statement is set out on page 30.

As part of the Board evaluation process our stakeholder engagement mechanisms were considered. Subsequently it was agreed that more direct engagement with Countryside Partnerships' partners, including registered providers, would further enhance understanding and board room discussions.

The Board remain disposed to engage with shareholders at their request. In March 2022 myself, Nigel Keen and the former Chair, Ian Tyler, held governance meetings with a number of our larger institutional shareholders. The key themes arising from the discussions related to Board succession, remuneration, ESG/sustainability and capital allocation. I also engaged with new investors in the Company that became shareholders through the Combination and remain available to meet with shareholders.

People

The Board is committed to achieving diversity and inclusion across the Group. As of 31 December 2022, the proportion of women on the Board was 44% with the role of Senior Independent Director held by a woman. The current Board female representation satisfies two of the new diversity targets set by the Financial Conduct Authority. Such targets will form a key consideration as the search for two additional Non-Executive Directors commences.

Currently no member of the Board is from a minority ethnic background and the Board intends to address this through Non-Executive Director succession arising from the tenure of certain Directors and the evolving need for skills and experience.

Sustainability and ESG

We launched our sustainability strategy in 2021 and the Board regularly monitors and oversees progress against our sustainability targets. As explained on page 50, we have established a new Sustainability Committee and to enhance the Board's oversight of climate-related risks and opportunities a Non-Executive Director will attend each of its meetings. Further information on our sustainability strategy and developments during the year are set out on pages 32 to 48.

Corporate governance statement

The Board confirms that throughout the financial year ended 31 December 2022 and as at the date of this Annual Report we have complied with all of the provisions of the Code other than:

- Provision 38: Pension contribution rates should be aligned to those available to the workforce. As described on page 111, the stepped reduction to align with the applicable rate of the wider workforce was achieved from 1 January 2023.
- Provision 41: Engagement with the workforce on how executive remuneration aligns to the wider workforce arrangements. It was intended that executive remuneration be discussed at the People Forum in 2022, but due to the economic backdrop and Combination, focus turned to the cost of living crisis and consultations for integration. This is now proposed to be an agenda item in 2023.

We explain how we have applied the Code's core principles on pages 72 and 73 and throughout this governance section. A copy of the Code is available on the Financial Reporting Council's website at www.frc.org.uk.

Board evaluation

In accordance with good governance practice we undertake an annual evaluation to ensure that the Board, its Committees and each Director performs effectively. The Code requires that such evaluation is externally facilitated at least every three years. As our most recent external evaluation took place in 2020, in the coming year we will facilitate another external evaluation.

Information about the 2022 internal effectiveness evaluation, including the outcome, which was positive, and detail of the actions agreed to address recommendations resulting from the Board's discussion, are set out on page 86.

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.

Ralph Findlay OBE

Chair

22 March 2023

Our governance framework

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

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 its obligations to shareholders and other stakeholders are understood and met.

Nomination Committee

- Reviews size and 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 diversity and inclusion objectives, and targets for the Board and Senior Management.
- ▶ See pages 87 to 89.

Audit Committee

- Oversees financial statements and reporting.
 - Review significant accounting and reporting judgements.
 - Monitors internal controls and risk management.
 - Monitors reporting and effectiveness of external and internal audit process.
- ▶ See pages 90 to 97.

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.
- ▶ See pages 98 to 123.

Executive Leadership Team

- Oversees the implementation of Group strategy.
- Responsible for operation and performance of the Group in line with the Group's established risk management framework.

Housebuilding Executive Leadership Team

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

Partnerships Executive Leadership Team

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

Board of Directors



Ralph Findlay OBE
Non-Executive Chair (Effective 18 May 2022)

Appointed to the Board: 07 April 2015

Committee memberships: **N**

Key skills and experience:

Ralph became Chairman of the Board on 18 May 2022. He is a Chartered Accountant with extensive listed company experience. Ralph 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. In 2023, Ralph was awarded an OBE for services to hospitality. 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:

Listed: Chair of C&C Group plc.



Rowan Baker
Independent Non-Executive Director

Appointed to the Board: 18 May 2022

Committee memberships: **A N R**

Key skills and experience:

Rowan is a highly experienced chief financial officer in construction and development. She is currently the Group Chief Financial Officer of Laing O'Rourke, and from 2017 to 2020, was the Chief Financial Officer of McCarthy Stone. Prior to joining McCarthy Stone in 2012, she worked in finance for Barclays Bank plc and professional services for PwC.

Rowan has a masters degree in Law from Cambridge University and is a qualified accountant (FCA) and chartered tax adviser.

What she brings to the Board:

Extensive experience of the construction sector and the challenges it faces to improve productivity, deliver greater certainty for clients and overcome a long-standing skills shortage.

External appointments:

Non-Listed: Laing O'Rourke PLC.



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:

Listed: Non-Executive Director of Kier Group plc and Non-Executive Director of Constellation SE (NYSE).



Nigel Keen
Independent Non-Executive Director
(Stepping down with effect from 23 March 2023)

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.



Katherine Innes Ker
Independent Non-Executive Director
(Stepping down with effect from 18 May 2023)

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, Senior Independent Director of Forterra PLC and Non-Executive Director of Ground Rents Income Fund PLC.

Non-listed: Independent chair of the Remuneration Committee of Balliol College, Oxford and toob Ltd.



Ashley Steel
Independent Non-Executive Director and Senior Independent Director

Appointed to the Board: 10 June 2021

Committee memberships: **A N R**

(Chair of Remuneration Committee with effect from 23 March 2023)

Key skills and experience:

Ashley has significant board and executive level experience from being Vice Chair at KPMG and a member of 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 and 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.



Greg Fitzgerald
Chief Executive Officer (CEO)

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 the house building and construction industry, business growth and value creation.

External appointments:

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



Earl Sibley
Chief Operating Officer (COO)
(Effective 11 November 2022)

Appointed to the Board: 16 April 2015

Committee memberships: None

Key skills and experience:

Earl was previously the Group's Chief Financial Officer and became COO on 11 November 2022. 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.



Tim Lawlor
Chief Financial Officer (CFO)
(Effective 11 November 2022)

Appointed to the Board: 11 November 2022

Committee memberships: None

Key skills and experience:

Tim joined the Group following the combination with Countryside where he served as CFO. He has strong financial and commercial expertise having served for seven years as CFO of Wincanton Plc, the largest British third party logistics company, before joining Countryside. Prior to Wincanton Plc, Tim held a number of senior group, divisional and international finance roles at large listed companies, including Serco and Sea Containers. Tim qualified as a Chartered Accountant at Deloitte where he worked for seven years based in the UK and North America. He holds an MA in Economics from Cambridge University.

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

Listed: RCB Bonds PLC

Key for the Committees

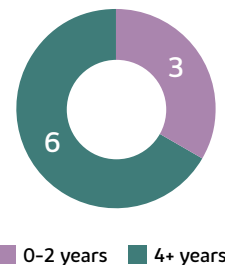
A – Audit Committee

N – Nomination Committee

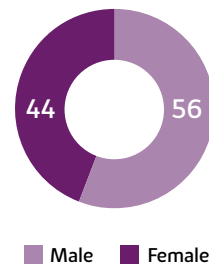
R – Remuneration Committee

□ – Chair of Committee

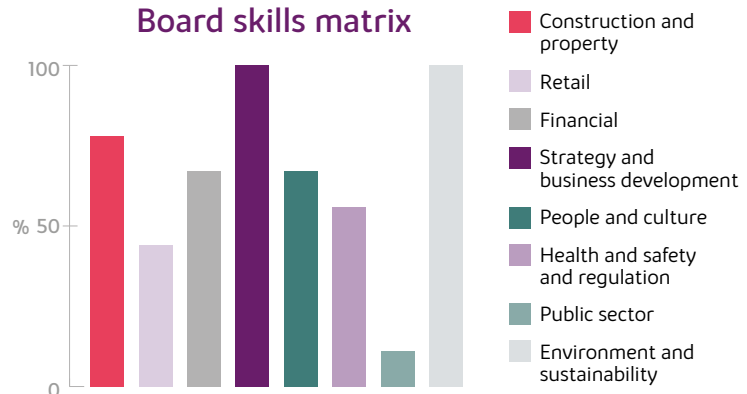
Tenure
(Number of Directors)



Diversity
(%)



Board skills matrix



Directors who served during the year

Ian Tyler stepped down as Chair of the Board on 18 May 2022.

Graham Prothero stepped down as an Executive Director on 11 November 2022.

Code application

How we have applied the principles of the Code during the year is explained in this Governance section. Key content and where it is located in this Annual Report is set out below.

Board leadership and company purpose

A. Board's role

The primary role of the Board is to lead the Group in a way that ensures long-term sustainable success. The Board discharges its responsibilities through a programme of activities that include the reviewing and approving the Group's strategy, receiving regular updates on its implementation, discussing key issues that arise and monitoring performance. All of these activities are carried out within a robust governance framework (see page 69). The matters the Board considered during the year are set out on pages 76 and 77 which also explain the linkage to the Group's strategic pillars and the stakeholders considered as a part of the decision-making process.

B. Purpose, culture, and strategy

The Board reviewed the implementation of the Group's strategy during a dedicated strategy day which took place in July 2022. As part of this review process continued alignment with the Group's purpose, values and culture was considered. The Board uses a number of mechanisms to assess and maintain a good understanding of the Group's culture (see page 75).

C. Resources, controls and risk profile

The Board approves the Group's capital allocation policy and regularly reviews its financial and non-financial resources to ensure that sufficient resources are available to support the delivery of the Group's strategy. The Board has established an effective risk management framework (see page 56) which is monitored frequently through the Board's Audit Committee. The Group's risk appetite statement which the Board sets (see page 56) determines the level of risk the Group is prepared to accept to deliver its strategy and create long-term sustainable value.

D. Stakeholder engagement

Board members take an active role in engaging with the Group's stakeholders (see page 28 and 29) and receive regular updates in relation to their issues (see page 78). As part of its decision-making process the Directors factor relevant stakeholder issues and information into the Board's decision-making process (see pages 30 and 31 and pages 80 and 81).

E. Workforce policies

The Board has ensured that workforce policies and practices are consistent with the Group's values of Integrity, Caring and Quality. Our Speak up policy encourages employees to raise concerns confidentially and the Board reviews its reports and the outcome of investigations. Following the Group's combination with Countryside the Board endorsed the creation of a new Code of Conduct that will be launched in the coming year and implemented to embed the Group's purpose, values and culture across the enlarged Group.

Division of responsibilities

F. Chair's role

Ralph Findlay, our Non-Executive Chair, has a clearly defined role (see page 83). He is responsible for driving Board effectiveness through promotion of a culture of constructive debate and openness.

G. Board composition and division of responsibilities

In addition to the Chair, at the year end the Board consisted of three Executive Directors and five Independent Non-Executive Directors. The role and responsibilities of the Non-Executive Directors are distinct from those of the ELT (see page 83).

H. Role of Non-Executive Director and time commitment

The Non-Executive Directors have relevant knowledge and provide specialist advice and strategic guidance. Their diverse skills and experience promotes constructive challenge during Board discussions and ensures that management are held to account. They exercise objective judgement in respect of Board decisions. All Directors have demonstrated that they have sufficient time to fulfil their duties and responsibilities. In addition to scheduled Board and Committee meetings the Non-Executive Directors also commit time to meeting with stakeholders (see page 78).

I. Company Secretary

The role and responsibilities of the Company Secretary are set out on page 83. She also serves as secretary to each of the Board's Committees. All Directors have access to an encrypted electronic portal which enables them to receive accurate and timely information. They also have access to the advice of the General Counsel and independent professional advice at the expense of the Group.

Composition, succession and evaluation

J. Appointments and succession planning

The Nomination Committee reviews the composition of the Board and succession plans for the ELT and their direct reports. Board appointments are made in accordance with a formal, rigorous, and transparent procedure. The Nomination Committee is committed to ensuring that all appointments are made on merit having evaluated the capabilities of all potential candidates against the requirements of the Board, with due regard for the benefits of all types of diversity. Rowan Baker and Tim Lawlor joined the Board during the year and information about their respective appointments is included on page 88.

K. Skills, knowledge, and experience

The Board is balanced and diverse and its members have proven leadership capabilities, relevant experience and broad housebuilding, operational and financial skills (see pages 70 and 71). The Nomination Committee when considering appointments evaluates the existing skills and experience of the Board and compares this to the skills and experience it believes are appropriate for the Group's overall business and strategic needs now and in the future. Consideration is also given to the tenure of Non-Executive Directors on the Board and the benefits of refreshing the composition of the Board.

L. Board evaluation

An internal evaluation was undertaken in 2022 (see page 86) and an externally facilitated evaluation will be undertaken in 2023. The Board considers the key issues arising from the evaluations and, if required, agrees actions to address issues arising and monitors progress.

Audit, risk, and internal control

M. Internal and external audit

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 audit process. Details of how the Committee assesses the integrity of the financial statements and the effectiveness and independence of the external auditors is included on page 91 to 97.

N. Fair, balanced, and understandable assessment

The Directors consider this Annual Report, taken as a whole, to be fair, balanced and understandable (FBU) and provides information necessary for shareholders to assess the Group's position, performance, business model and strategy. The FBU assessment process is described on page 94.

O. Risk management

The Board has ultimate responsibility for risk management. It sets the Group's risk appetite and on an annual basis undertakes a robust assessment of the principal and emerging risks (see pages 57 to 62) that could impact the Group's performance and delivery of its strategy. Annually, the Board also reviews the effectiveness of the Group's risk management and internal control systems and processes which are set out on pages 82, 96 and 97. The Audit Committee regularly reviewed these systems and processes throughout the year and details of their findings are set out in the Audit Committee report on pages 96 and 97.

Remuneration

P. Remuneration policy and practices

The Group's Remuneration Policy (see pages 119 to 123), which was approved by shareholders at the 2022 AGM, is designed to be aligned to our purpose and values, support the Group's long-term growth strategy and its competitive market position and deliver the best outcomes for stakeholders, including enhancing shareholder value.

Q. Developing executive remuneration policy and pay packages

The Group's Remuneration Policy is used to formulate pay packages for Executive Directors and members of the ELT. The Remuneration Committee considers such remuneration packages in the context of corporate governance best practice, alignment with the pay and employment conditions across the Group and benchmarks against peers in similar roles. During the year, the Remuneration Committee determined new remuneration packages for the newly appointed CFO and COO (see page 107).

R. Remuneration outcomes and discretion

In setting the remuneration packages the Remuneration Committee applied independent judgement which took account of a number of factors including individual performance. In relation to the vesting outcome of the 2020 LTIP award the Remuneration Committee considered whether to use discretion to better reflect both financial performance and stakeholder experience over the performance period. Full details of the application of discretion and the vesting outcome for the 2020 LTIP award can be found on pages 110 and 111.

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. This schedule dovetails with a formal structure of delegation of authority which operates across the Group's activities and down through the governance structure. A copy is available at www.vistrygroup.co.uk/investor-centre. The delegations of authority 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 98 to 123 are incorporated by reference into this Corporate Governance report.

The Board and its Committees

At the date of this Annual Report, the Board consisted of nine Directors, namely: the Chair, 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 for each Director is set out on pages 70 and 71.

Appointments and succession

During 2022, the Nomination Committee continued to review 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 during the year and are planned for 2023 are set out in the Nomination Committee report on pages 87 to 89.

Board meetings and attendance

During the year, the Board convened on eight occasions including fifteen meetings arranged in addition to the scheduled meetings. The attendance at Board meetings is set out below. The Board has adopted a hybrid model of physical and virtual meetings, with five scheduled meetings in person and three scheduled meetings held virtually. All additional meetings were held virtually. There are eight meetings scheduled each year with additional meetings called as and when necessary to address specific issues that may arise.

In addition, and in accordance with the Code, the Chair 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 Tim Lawlor who did not join the Board until November 2022, attended the Annual General Meeting in May 2022 (the AGM).

The AGM was held as a hybrid meeting with shareholders able to join and vote through a secure video link. Shareholders were able to put questions live in the meeting 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.

All the Directors, with the exception of Nigel Keen and Katherine Innes Ker, who will be stepping down from the Board on 23 March 2023 and 18 May 2023 respectively, 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 70 and 71 and the notes to the AGM Notice which accompanies this Annual Report together provide details explaining why their individual contributions are, and continue to be, important for the Group's long-term sustainable success.

Director	Role	Scheduled meetings	Ad hoc meetings
Ralph Findlay	Chair	8/8	15/15
Chris Browne	Non-Executive Director	8/8	15/15
Nigel Keen	Non-Executive Director	8/8	15/15
Katherine Innes Ker	Non-Executive Director	8/8	13/15
Ashley Steel	Non-Executive Director and Senior Independent Director	8/8	13/15
Rowan Baker (member since 18 May 2022)	Non-Executive Director	4/5	8/8
Greg Fitzgerald	CEO	8/8	15/15
Earl Sibley	COO	8/8	15/15
Tim Lawlor (member since 11 November 2022)	CFO	1/1	0/0
Ian Tyler (member until 18 May 2022)	Former Chair	4/4	7/7
Graham Prothero (member until 11 November 2022)	Former COO	7/7	15/15

Culture

If we are to fulfil our purpose and successfully execute our strategy we must deliver quality homes and provide our customers with excellent service. Our people underpin this delivery and it is essential that we promote a culture and behaviours that align with our purpose and strategy. Our values help embed our One Vistry culture of 'Building Better Together' and our new employees attend an induction programme which helps to instil behaviours that align behaviour with our culture. We prioritise our 'Do the right thing' ethos and integrity, both of which are essential if we are to maintain trust and positive relationships with our customers and other stakeholders. We also prioritise health and safety, the need to be responsive to our customers and we strive to create a positive collaborative work environment. Through our commitment to quality, in the homes that we build and everything we do, we drive continuous improvement across all aspects of our business. Information about our purpose, values and culture is set out on page 2 and the policies and processes we implement to embed our One Vistry culture across the Group are detailed on page 65.

During the year to further align our purpose and strategy with our culture, the Remuneration Committee approved the inclusion of a customer service metric into the annual bonus to enhance focus on customer service and build quality. We also rolled out Our Vistry Employee Value Proposition 'Making Vistry' which showcases what the Group stands for as an employer and what sets us apart from our competitors (see page 36). Following the Combination, given the critical importance of aligning the Vistry and Countryside cultures, the Board endorsed the creation of a new Code of Conduct that clearly sets how we expect our people to align to the Group's purpose, values and culture. This new Code of Conduct will be launched and embedded across the enlarged Group during 2023.

The Board is responsible for imparting and monitoring our One Vistry culture across the Group and ensuring it is aligned with our purpose, values and strategy. Throughout 2022, the Board used a number of mechanisms to assess and better understand the Group's culture as described below.

Activity	Insight and resulting action
Nigel Keen is the employee engagement Non-Executive Director. He attends the People Forum with representatives from across the Group and makes reports to the Board. Directors also attend the regular Vistry employee roadshows.	Provides understanding of employees' views and the issues that they consider to be important. Feedback both positive and negative is discussed at Board meetings and where required actions to address issues are agreed with the ELT. Based on employees' feedback in relation to the cost of living and salaries and benefits temporary cost of living allowances were introduced and made a permanent part of all annual salaries under £60,000 (see page 36). Our existing family friendly policies have been significantly improved and we continue to support agile working. Also taking account of employees' views, the format of our regular Peakon employee surveys have been simplified and surveys are undertaken bi-annually.
On-site Board meetings. Directors also visit sites across the Group and feedback to the Board.	Enable assessment of working environments, culture and the application of Group policies. Site visits also create an opportunity for the Directors to meet our people and gain further insight into their views and the issues they consider important. See page 79 for information about the Board on-site meeting that took place in October 2022.
Review of key performance indicators for health and safety and associated trends at every Board meeting.	Trend analysis enables the Board to understand the culture and behaviours regarding site safety and the effectiveness of mechanisms in place to ensure we operate a healthy and safe working environment for all our employees and sub-contractors. Information about our health and safety performance during the year is included on page 35.
Approval of the Group's Modern Slavery Statement.	Scrutiny and oversight of the steps taken to prevent modern slavery provides insight into the Group's culture and in particular the effectiveness of the mechanisms used to embed the Group's 'Do the right thing' ethos. No modern slavery related reports were made to our Speak up hotline during the year.
Attendance at the Risk Oversight Committee.	Provides insight into the principal risks and effectiveness of mitigation plans with particular focus on the attraction, retention and development of our people and the impact on them of integration activities following the combination with Countryside. Following Board discussions integration and oversight boards have been established to manage the integration process and provide regular updates to the Board (see page 59).
Review of Speak up whistleblowing reports and investigation outcomes.	Provides insight into employee concerns and workforce behavioural trends. Such insights have resulted in the reinforcement of certain internal policies and internal controls to ensure compliance across the Group.

Our stakeholders



People



Customers



Investors



Homes and
Communities



Regulators



Supply chain

Board focus and principal matters considered in 2022





The principal matters considered by the Board during 2022 and the link to the Group'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 Group's 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	Link to strategic pillars
<p>Strategy</p> <ul style="list-style-type: none"> 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. <p>Stakeholders considered:</p>	<ul style="list-style-type: none"> Reviewed implementation of the Group's strategy including participation in strategy session. Considered risks and issues arising during the year including impact of regulatory changes and macro-economic factors on strategic plan. Reviewed 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 recommended cash and share combination to effect the Combination by means of a scheme of arrangement to strengthen the Group's position across both housebuilding and partnerships and accelerate growth plans for Partnerships. Approved the signing of the building safety Pledge Letter committing to remediation of life critical fire safety work of buildings over 11m, and the subsequent Developer Remediation Contract. 	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p>
<p>Leadership</p> <ul style="list-style-type: none"> 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. <p>Stakeholders considered:</p>	<ul style="list-style-type: none"> Overseeing the Chair transition. Approved the appointment of Rowan Baker in May 2022. Noted the resignation of Graham Prothero in April 2022. Approved the change of role of Earl Sibley to COO and appointment of Tim Lawlor as CFO with effect from closing of the Combination on 11 November 2022. Reviewed progress against the action plan arising from the 2021 Board evaluation, considered findings of 2022 evaluation and agreed priority actions for 2023. 	<p>1</p> <p>3</p> <p>5</p> <p>6</p>
<p>Business plan and performance</p> <ul style="list-style-type: none"> 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. <p>Stakeholders considered:</p>	<ul style="list-style-type: none"> Approved 2023 budget and business plan. Received reports on supply chain challenges and steps being taken by management to manage and mitigate the issues and risks. Received reports on the integration of the Combination and plans for alignment of systems, processes and internal controls. Approved the refinancing of the external debt facilities as part of the Combination. Reviewed the business plan for the enlarged Group and intended synergies as part of the assessment of the Combination. 	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p>

Strategic pillars

- | | | |
|--|---|--|
| <p>1 Maintaining a strong market position and capability across all housing tenures, including being a leading provider of high demand, high growth affordable housing.</p> | <p>3 Leveraging our combined Vistry Housebuilding and Countryside Partnerships assets to maximise overall returns, particularly on larger multi-tenure developments.</p> | <p>5 Maintaining a high quality, deliverable operational land bank and effectively deploying our leading strategic land capability.</p> |
| <p>2 Delivering customers high quality sustainable homes that at least meet the continually evolving future homes standards.</p> | <p>4 Utilising our differentiated multiple brand portfolio to target a broader range of customers and increase our competitive positioning in the land market.</p> | <p>6 Maximising the opportunity from Vistry Work's timber frame manufacturing capability through improved operating efficiency and establishing the use of its timber frame output across all business areas.</p> |







Areas of focus	Activities	Link to strategic pillars
<p>Financial reporting</p> <ul style="list-style-type: none"> Approving final and interim results, trading updates, the Annual Report and the release of price sensitive information. Approving the capital allocation 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 or purchase of own shares. <p>Stakeholders considered:</p> 	<ul style="list-style-type: none"> Approved viability and going concern statements. Approved final results announcement. Confirmed and approved the final dividend following strong performance in 2022. Approved Annual Report and Notice of AGM. Approved the share buyback programme taking into account stakeholder perspectives. Approved interim results announcement and interim dividend. Approved trading updates in May and November 2022 and January 2023. 	<p>1</p> <p>5</p>
<p>Risk</p> <ul style="list-style-type: none"> Ensuring the Group has effective systems of internal control and risk management in place including approving the Group's risk appetite. <p>Stakeholders considered:</p> 	<ul style="list-style-type: none"> Reviewed the effectiveness of the Group's risk management and internal control systems. Reviewed and approved the Group's risk appetite statement 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. 	<p>1</p> <p>2</p> <p>5</p>
<p>Stakeholder engagement</p> <ul style="list-style-type: none"> 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 Group's shareholders. <p>Stakeholders considered:</p> 	<ul style="list-style-type: none"> Considered investor feedback on 2021 full year results and 2022 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. Reviewed progress report on diversity and inclusion initiatives and diversity and inclusion strategy. Received regular reports on engagement with the HBF, government departments and Homes England. 	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p>
<p>Sustainability</p> <ul style="list-style-type: none"> Overseeing the Group's sustainability strategy. Reviewing the Group's sustainability strategy and its implementation. <p>Stakeholders considered:</p> 	<ul style="list-style-type: none"> Reviewed progress against sustainability strategy and targets and agreed priorities for 2023. Considered the implementation of the Group's Carbon Action Plan (see page 45). Participated in deep-dive review of biodiversity net gain during 2022 strategy day. 	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p>

Board-level stakeholder engagement

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. Clear communication and engagement to understand the issues and factors which are most important to stakeholders is key.

Our Section 172 statement is set out on page 30 and information about our stakeholders and how we engage with them is included on pages 28 and 29. In the table below we describe the Board's role in stakeholder engagement and how the Directors' build understanding of stakeholders' issues.

How the Board understands stakeholders' interests

Stakeholder	Board-level engagement
<p>People</p> 	<ul style="list-style-type: none"> The Board places great importance on continuing engagement with the Group's workforce. Nigel Keen leads the Group's employee engagement programme. During the year he attended two meetings of the People Forum where he participated in discussions with employees and provided relevant feedback to the Board. The Board attended two formal site visits and meetings with divisional management teams during the year. In addition the Directors undertook individual visits to offices and sites and engaged with business unit teams which helped build their understanding of employee concerns and matters impacting the workforce. The Board reviews the findings of the Peakon employee engagement surveys that are commissioned bi-annually. Members of the management team regularly attend Board meetings to provide input on discussion items. <ul style="list-style-type: none"> 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 RO 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 also held in-person and virtual employee roadshows in 2022, where employees are able to raise questions and common themes are shared back to the Board.
<p>Customers</p> 	<ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> Customer service is included as a metric in the senior management annual bonus arrangements. In April 2022 the Board received a detailed presentation by the Group's Customer Experience Director covering customer feedback and actions being implemented to address customers' needs. During the year the Board considered various initiatives to enhance the digital customer experience including expanding CRM capabilities across the Partnerships business.
<p>Investors</p> 	<ul style="list-style-type: none"> The Executive Directors and Investor Relations team attend an annual programme of investor meetings to discuss investors' priorities and any questions which are of importance following the Group's trading updates and both half-year and full year results announcements. They also hold investor roadshows for shareholders. The Board are kept up to date on the Group's shareholder meetings and investor relations activities, as well as reviewing analyst feedback. The Chair, Chair of Remuneration Committee and former Chair held corporate governance meetings with a number of institutional shareholders in March 2022 to discuss succession planning, remuneration issues, sustainability and other governance issues that shareholders wished to raise. <ul style="list-style-type: none"> The Group held a fully hybrid AGM, during the year to encourage shareholders to attend either in person or virtually and engage by submitting Q&A to the Board. A further in-person general meeting was held in November 2022 in respect of the Combination. In addition, the Group's Company Secretariat team assisted with shareholder enquiries and information requests throughout the year.
<p>Homes and communities</p> 	<ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> The Board receives regular reports on the Group's progress to achieving its carbon reduction and biodiversity targets.
<p>Regulators</p> 	<ul style="list-style-type: none"> The NHBC met with the Board to provide information on the services that they provide to the Group, and share feedback on the performance of the Group across their NHBC construction quality and customer service metrics. <ul style="list-style-type: none"> Reports on engagement with the HBF, Government departments and Homes England are provided to the Board through the year on key topics including successful grant for First Homes, new NHQB code, New Homes Ombudsman and the Building Safety Pledge.
<p>Supply chain</p> 	<ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> The Board receives an annual report on the Group's Modern Slavery Act procedures including steps taken to engage with the Supply Chain on the topic and the continuing improvements being made to combat modern slavery. Through the Audit Committee, the Board monitors reports made via the Speak up hotline and any subsequent investigations.



October 2022 Board site meeting at Monument View in Wellington, Somerset.

2022 Board site meeting






Each year the Board holds two of its meetings at a Group site. During 2022 the second site meeting took place in October when the Board visited Orchard Grove in Taunton (a Housebuilding development) and Monument View in Wellington, Somerset (a joint Housebuilding and Partnerships development). During the site visits the Directors had an opportunity to meet with local management and a number of the site team personnel. They also received several formal presentations including on customer and sales initiatives and production and construction methods.

How the Board considers stakeholder interests in its decision making and the impact on the outcome of its decisions

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. The Board's engagement with stakeholders and the information it receives about stakeholders' issues are factored into the Board's decision making process. The Board acknowledges that not every decision will result in a positive outcome for all stakeholders. In the case of some decisions the interests of different stakeholders have to be prioritised and difficult outcomes decided.

At all times however the Board strives to make consistent decisions intended to support the delivery of the Group's strategy and ensure its long-term success.

Set out below are examples of how key stakeholders were considered in principal decisions made by the Board in 2022, and the outcome. A 'principal decision' includes discussion and decision relating to a material or strategic Group matter or any matter that is significant to our stakeholders.

Principal decision and stakeholders considered	Stakeholder consideration in decision-making process and outcome
<p>The Combination of Vistry and Countryside</p>     	<p>In September 2022 the Board approved the recommended cash and share combination of Vistry with Countryside by means of a scheme of arrangement. The Board determined that the Combination had a strong strategic rationale and a number of key advantages as detailed in the announcement made on 5 September 2022.</p> <p>The Board considered:</p> <ul style="list-style-type: none"> Feedback from investor roadshows and shareholder engagement meetings unrelated to the Combination which supported the One Vistry model and the Group's strategy to drive margin progression in the Housebuilding division and grow the Partnerships business. The Board determined that the Combination would create the potential for material value creation for shareholders in the enlarged Group as a result of a number of factors including the Group's strengthened position across both housebuilding and partnerships; its increased exposure to the capital light, high ROCE partnerships business which offers greater resilience to the cyclicity of the housing market; significant benefits from the increased scale of the enlarged Group, expected synergies and increased utilisation of Countryside's timber frame capability; combined brand strength and extensive management capability. Feedback from employees following the announcement of the proposed Combination which was gathered during an in-person employee roadshow hosted by members of the ELT in autumn 2022. This feedback indicated that employees were positive about the development opportunities likely to become available in a larger organisation. Prior to announcement, the Board also assessed the proposed management structure of the enlarged Group to understand how the best talent of both Vistry and Countryside would be retained. It also reviewed the synergy work undertaken prior to announcement which confirmed the need to reduce duplication of roles, particularly in overlapping central and support functions and with regard to senior management. Based on the work undertaken at that time, Vistry recognised that there would be a reduction in the total number of roles by approximately 4% of the enlarged Group's total number of employees (on a full-time equivalent basis) some of which would take place via natural attrition. In addition, Vistry expected that the growth plans for its Partnerships business could be resourced through employees and management of the Countryside Group rather than through active recruitment. Vistry noted that it intended to look, where possible, to reallocate staff from discontinued roles arising from the integration to other appropriate new roles or growth-related new opportunities as referred to above (including where there are existing vacancies). In addition, as the Vistry Group and the Countryside Group each engage members of staff on a temporary or contractor basis, rather than on a permanent basis, whilst vacancies in permanent positions in each business are filled, Vistry noted that it intended to first retain employees in permanent positions in relation to any reduction of roles. The Board also reviewed the analysis of synergies arising from the Combination and noted in particular the expected procurement related savings (primarily direct materials) to be achieved through price harmonisation, rebate optimisation and volume based price leverage and harmonisation of specifications. Partnerships' customer feedback on Countryside and in particular its excellent reputation across the partnerships housebuilding sector together with its trusted partner status with housing associations, public bodies and institutional private rental operators. The Board identified a significant opportunity as a result of leveraging the Countryside brand across the enlarged Group's Partnerships business. The opportunity to create a business that would be uniquely placed to meet the growing demand for affordable housing.

Our stakeholders



People



Customers



Investors



Homes and
Communities



Regulators



Supply chain

Principal decision and stakeholders considered

Stakeholder consideration in decision-making process and outcome

The Building Safety Pledge Letter addressed to the Secretary of State and DLUHC (the Pledge Letter)



In April 2022 the Board approved the signing of the Pledge Letter confirming the Group's commitment to meet the costs associated with life critical fire safety remediation work arising from the design, construction or refurbishment of buildings of 11m and above that the Group had developed or refurbished (other than solely as a contractor) on the basis of agreed principles set out in the letter. In March 2023 the Board also approved the signing of the Developer Remediation Contract.

The Board considered:

- The impact on investors. Prior to the signing of the Pledge Letter during investor meetings in March 2022 shareholders had been made aware of the Group's commitment in relation to remediation costs of cladding and fire safety, which should not be borne by leaseholders, and that the Group had already made provisions for known liabilities and expected additional cost. Therefore, the Board considered that the agreed principles in the Pledge Letter were consistent with the existing expectations of shareholders.
- Engagement with customer leaseholders about fire safety issues in relation to buildings developed by the Group and their expectation that the Group would support remediation of such fire safety defects. The Pledge Letter was a formalisation of the Group's existing commitment to support leaseholders and to do the right thing.
- Existing supply chain constraints and the fact that the remediation work required under the Pledge Letter would add further strain on the capacity of the supply chain. The Board was also aware that claims had been issued against specific supply chain providers and further potential claims could be made. Whilst recognising the potential threat to project delivery, long term supplier relationships and customers and communities awaiting delivery of new homes, the Board determined that the Group should do the right thing and formalise commitments previously made.
- The long term consequences of any decision and in particular the Group's ability to conduct its business in future and its relationship with regulators. In particular the Board considered the Secretary of State and DLUHC's expectations in relation to remediation costs and changes made to the Building Safety Act which provided that developers who declined to sign the Pledge Letter and meet their remediation obligations would not participate in the 'Responsible Actors Scheme'. As this would prevent a developer from commencing planning permission or getting building control sign off, in the long term interests of the Group the Board determined that the Group's previous commitments should be formalised.

Share buyback programme



In May 2022 the Board approved a share buyback programme to repurchase up to £35m shares in the Company; 1,500,000 shares purchased under the programme were placed into treasury with the remaining shares that were purchased cancelled.

The Board considered:

- The perspective of larger shareholders. In 2021 the Board approved an updated capital allocation strategy including the expectation that any excess capital would be returned to shareholders. The Group experienced a strong start to 2022 with an improved month end average net debt position against the previous target. The Group's capital allocation strategy had been discussed with institutional shareholders during corporate governance meetings held with the Chair, Chair of the Remuneration Committee and former Chair. Investor feedback from these meetings had been supportive of a share buyback programme provided excess capital existed, the quantum of the buyback was proportionate and ongoing investment in the business would not be affected. As part of its decision-making process the Board considered the relative returns available from capital allocated to the Group's Partnerships and Housebuilding assets and the ongoing investment required to deliver the Group's growth strategy. The Board concluded that excess capital existed, and such surplus could be returned to shareholders whilst retaining a strong balance sheet.
- The interests of our people, many of whom are participants in the Group's various employee share plans. The Board considered that the purchase of shares into treasury would provide shares 'set aside' to be used to satisfy employee share awards that may vest in the future.
- How our customers, regulators, communities and supply chain would react to the development. The Board concluded that the share buyback would send a positive message regarding the strength of the Group's balance sheet, cash generation and liquidity and, as a result, increase stakeholders' confidence in the Group.

Integration oversight

The integration of Vistry and Countryside following closing of the Combination is a key area of oversight for the Board. The failure to successfully integrate the two businesses has been identified as a new principal risk (see page 59). The Board receives updates on the progress of the integration planning at each meeting. It has also approved a revised Delegation of Authority to apply across the enlarged Group which reflects the outcome of an assessment of the changes required to the internal controls framework as a result of the new business structures. Internal Audit undertake ongoing risk assessment of the key integration activities and will report and provide assurance to the Audit Committee on an ongoing basis.

Investing for the long term

Much of the Board's decision making is focused around ensuring the sustainable long-term success of the Group. 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 (see pages 63 and 64). The Board also devotes a day to considering the long-term strategy of the business, incorporating presentations and discussions on longer term-opportunities, risks and threats. Throughout the year, the Board considers material and strategic land acquisition opportunities, and material contracts, for sites that will 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 and emerging 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. The Group's principal risks are set out on pages 58 to 62.

During the year the Board, and the ELT, received detailed guidance from the external auditors on changes and new standards of oversight for internal controls, fraud and audit reform. In response, a new risk assessment for evaluating fraud has been put in place that explores in a much greater depth the level of control and vulnerability. Furthermore, the Internal Audit team have established much greater testing of our business unit controls, documentation and self-assessment, with further improvements to be made as part of the integration activities and planned assurance mapping through 2023.

Statement of review

During 2022, 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 areas are set out in the Audit Committee report on pages 96 and 97.

Following this review the Board concluded that the Group's risk management framework and internal controls provided assurance that there were no material control failures in the year.

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. During the year the Board and its committees have met in person and virtually. This hybrid format of physical and virtual meetings has worked well and has not impacted the quality of discussions or our decision-making process.

Division of responsibilities

The Chair and Chief Executive Officer

There is a clear division of responsibility between the running of the Board by the Chair, Ralph Findlay, and the day-to-day management of the Group by the CEO, Greg Fitzgerald. Each has Board approved roles and responsibilities and specific details of their roles are available at www.vistrygroup.co.uk and summarised below.

The Senior Independent Director

Ashley Steel, Senior Independent Director (SID), has specific roles and responsibilities which are detailed in documentation available at www.vistrygroup.co.uk and summarised below.

Balanced Board

The Board comprises a Chair, 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 2023 and spending separate time with management.

On occasions where a Director is unavoidably absent from a Board or 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
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Sounding board for the Chair. 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. 	<ul style="list-style-type: none"> Provide constructive challenge and independent perspective. Monitor strategic execution and performance in accordance with risk and control framework. Serve on the Board's Committees. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 (other than Nigel Keen and Katherine Innes Ker) 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 2023. In relation to the re-elections, the Chair 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 the election or re-election (as appropriate) of all individual Directors.

Jeff Ubben will join the Board as a Non-Executive Director with effect from 23 March 2023. Further details on his appointment can be found on page 88. All Directors, with the exception of Nigel Keen and Katherine Innes Ker who will be stepping down from the Board on 23 March 2023 and 18 May 2023 respectively, intend to seek election or re-election at the Company's 2023 AGM.

The Directors' biographies on pages 70 and 71 and the notes to the AGM Notice that accompanies this Annual Report, together provide details explaining why the Director's 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 Chair 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.

Rowan Baker and Tim Lawlor joined the Board in May 2022 and November 2022 respectively. Some of the activities included in Rowan Baker's induction programme are detailed below. Tim's induction was less formal and more iterative due to him interacting with members of senior management and advisors through the Countryside transaction, and him already being a director of Countryside for a period of time.

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 70 and 71.

Chair evaluation

The evaluation of the performance of the Chair by the other Directors was led by the SID and absent the Chair. The overall conclusion was that he had performed well 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 Rowan Baker as a Non-Executive Director. The SID provided feedback to the Chair after the review of his performance.

Rowan Baker's induction programme

Strategy and culture	External and internal audit	Operations
Individual meetings with members of the ELT.	Meeting with external auditors' lead partner. Meeting with Internal Audit & Risk Director.	North Whiteley and Pembers Hill, Southampton site visits.

2021 Board evaluation progress report

During 2021 the Board undertook an internal evaluation of its effectiveness. Following a Board discussion the Board agreed a plan for 2022. The actions arising from the plan and progress to date is detailed below.

Actions	Progress
<p>Board engagement</p> <p>A structured and coordinated programme of Non-Executive Director site and regional office visits to be re-established.</p>	<p>The Board undertook two collective site visits in the year, one at Housebuilding sites and one at Partnerships sites. In addition individual Non-Executive Directors undertook periodic site visits.</p>
<p>Strategy</p> <p>2022 annual strategy review to include:</p> <ul style="list-style-type: none"> • 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 five to ten years. • The impact of projected cyclicity in the market on our short and medium term allocation of capital. 	<p>Each of the identified topics were addressed as part of the full agenda at the July 2022 strategy day. These detailed reviews informed the directors when assessing the Combination and assessing the risks of the transaction.</p>
<p>Customer</p> <ul style="list-style-type: none"> • 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 social housing provider relating to their interaction with Partnerships. 	<p>Key outputs from the Group's customer engagement activities were provided at each Board meeting. In addition, a deep dive was provided by the Group Customer Experience Director into customer insights, data outputs and the delivery of capabilities to meet customer needs along with performance insights. The attendance of a Registered Provider at a Board meeting has been deferred to 2023 due to the intense activity in relation to the Combination.</p>
<p>Sustainability</p> <ul style="list-style-type: none"> • 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. 	<p>Progress against the sustainability strategy is reported on at each Board meeting. The Group's carbon targets have been validated by the SBTi. However, because the methodology used by Vistry and Countryside for the setting of their respective carbon targets is different, revised targets for the enlarged Group will require SBTi validation in 2023.</p>
<p>Board composition</p> <ul style="list-style-type: none"> • 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. 	<p>Rowan Baker was appointed as a Non-Executive Director and Chair of Audit Committee in May 2022. At the same time Ashley Steel became the SID. Following completion of the Combination Tim Lawlor joined the Board as CFO and Earl Sibley became the COO. The Nomination Committee has commenced a succession planning process to address likely changes over the medium term, taking into account the tenure of Non-Executive Directors, the importance of diversity and the need to evolve the Board's skills and experiences to reflect the enlarged and more complex Group and to support its growth strategy. Searches for two additional independent Non-Executive Directors have been commissioned.</p>
<p>Succession planning</p> <ul style="list-style-type: none"> • The succession planning for the senior leadership of the Group to continue at both CEO/ELT and sub-ELT levels. 	<p>The Nomination Committee received a succession planning update from EgonZehnder which included individual assessments and development planning at both CEO/ELT and sub-ELT levels. An executive leadership development programme delivered by Cranfield has been introduced, with feedback from the programme provided to the Board.</p>
<p>Board meetings</p> <ul style="list-style-type: none"> • 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. 	<p>Meetings have been split over two days wherever possible.</p>

2022 Board evaluation and priority actions

In December 2022 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 it had worked well and effectively through the strategic issues that arose in the year.

The key findings from the 2022 Board evaluation process, including the actions agreed to address recommendations resulting from the Board's discussion, are set out below. The priorities for each Committee in 2023 arising from the evaluation are set out in each Committee's report.

Key finding	Priority actions for 2023
Strategy/ Integration	<p>Oversee the integration of Countryside, a key activity for the Board and the Group in 2023. This should not be at the detriment of other strategic priorities which are to be reviewed in detail during the coming year including:</p> <ul style="list-style-type: none"> • Continuing development of the investment case. • Capital allocation. • Sustainability. • Customer. • Brand proposition. • Culture. • Political/regulatory issues and changes.
Stakeholders	<ul style="list-style-type: none"> • Receive direct input from and engagement with a Registered Provider about their interaction with Countryside Partnerships; this item was deferred from 2022. • Receive more frequent feedback and insights from the Group's customer engagement activities. • Deepen understanding of shareholders' views.
Sustainability	<ul style="list-style-type: none"> • Focus on continuing to develop reporting on verifiable baseline data and SBTi targets. • Incorporate sustainability metrics into the KPIs.
Board composition	<ul style="list-style-type: none"> • Continue to address Board composition and succession, taking into account natural attrition within the Board and the importance of diversity. • Evolve the Board's skills and experience to reflect the enlarged and more complex Group and to support its growth strategy.
Succession planning	<ul style="list-style-type: none"> • Continue succession planning for the senior leadership of the Group at both CEO/ELT and sub-ELT levels. • Focus on people development, including plans for the development of more diverse leadership.
Board papers	<ul style="list-style-type: none"> • Review the monthly financial information and KPIs to assess appropriateness for the enlarged Group and adapt as required.

Nomination Committee report

“We are committed to achieving diversity and inclusion across the Group. Through our succession planning process we will further strengthen the Board’s collective skills and experience and recruit a new Non-Executive Director from a minority ethnic background.”

Ralph Findlay OBE | Nomination Committee Chair



Key responsibilities

- Reviews balance and composition of the Board.
- Maintains focus on succession planning.
- Leads recruitment process for the Board.
- Recommends appointment of Directors.
- Sets diversity policy.

2022 highlights

- Recommending the appointment of Rowan Baker as Non-Executive Director and Chair of the Audit Committee and the appointment of Ashley Steel as Senior Independent Director.
- Recommending the appointment of Earl Sibley as COO and Tim Lawlor as CFO.
- Succession planning update from Egon Zehnder which included individual assessments and development planning at both CEO/ELT and below ELT levels.

2023 priorities

- Planning for executive leadership succession across the enlarged Group.
- Continuing the Board succession planning process to address likely changes over the medium term, taking into account Non-Executive Directors’ tenure, the evolving need for skills and experience and the importance of diversity.
- Overseeing search process for two additional independent Non-Executive Directors.

Committee membership, meetings and attendance

The table below sets out the number of scheduled meetings attended out of the meetings members were eligible to attend.

Director	Joined	Attendance
Ralph Findlay (Chair since 18 May 2022)	7 April 2015	5/5
Chris Browne	1 September 2014	5/5
Nigel Keen (Member until 23 March 2023)	15 November 2016	5/5
Katherine Innes Ker (Member until 18 May 2023)	9 October 2018	5/5
Ashley Steel	10 June 2021	5/5
Rowan Baker	18 May 2022	2/2
Ian Tyler (Chair and member until 18 May 2022)	29 November 2013	3/3

The CEO attended all meetings and the COO and CFO attended one meeting by invitation. The General Counsel & Group Company Secretary acts as secretary to the Committee.

The Committee’s terms of reference are available at www.vistrygroup.co.uk/investor-centre/corporate-governance.

Attendance

100%

Dear Shareholder

This report provides a summary of the Nomination Committee's activities during the course of the year.

Our role

If we are to create sustainable value for all of our stakeholders, we must ensure that we have a skilled, diverse and effective Board and senior leadership team. In 2022 the Committee has continued its keen focus on Board composition, considering and supporting changes to the Executive Directors and Non-Executive Directors and overseeing the Chair transition.

As a Committee we must ensure that we attract the best senior management talent to lead our business. And having attracted the best we must also ensure that we develop our people and retain them.

Changes to membership

During the year there were a number of changes to the composition of the Committee. At the AGM in May 2022 Ian Tyler stepped down from the Board and Committee and as Chair and I was delighted to succeed him and take up the role of leadership of the Board. Rowan Baker was also appointed to the Board at the AGM as a Non-Executive Director and joined the Committee.

Nigel Keen and Katherine Innes Ker are stepping down from the Board with effect from 23 March 2023 and 18 May 2023 respectively and will cease to be members of the Committee at the same time.

All members of the Committee are independent Non-Executive Directors, with the exception of the Chair.

Board composition

In November 2021 it was announced that I would succeed Ian Tyler as Chair, and in line with Code requirements, step down as Chair of the Audit Committee on taking up the role as Chair. Shortly thereafter I commenced a recruitment process to appoint a new Non-Executive Director and Chair of the Audit Committee. The Company engaged Russell Reynolds to undertake this search. As a result of this search process, in May 2022 the Committee recommended the appointment of Rowan Baker as a Non-Executive Director and Chair of the Audit Committee. Rowan is a highly experienced Chief Financial Officer in construction and development. She is currently the Group Chief Financial Officer of Laing O'Rourke, and from 2017 to 2020, was the Chief Financial Officer of McCarthy Stone. Her financial expertise and sector experience will further strengthen the Board.

As highlighted above, following the year end, Nigel Keen and Katherine Innes Ker stepped down from the Board with effect from 23 March 2023 and 18 May 2023 respectively. We are also pleased to have appointed Jeff Ubben as a Non-Executive Director with effect from 23 March 2023. Jeff is Managing Partner and Founder of Inclusive Capital, one of the Company's largest shareholders. Inclusive Capital is focused on increasing shareholder value and promoting sound environmental, social and governance practices. Jeff's deep expertise and insights, particularly in ESG and sustainability, will be of enormous value as continue our integration with Countryside.

I had also held the role of Senior Independent Director and, after considering the skills and experience required for the role, the Committee recommended the appointment of Ashley Steel as Senior Independent Director in May 2022. Ashley will also assume the roles of Chair of the Remuneration Committee and employee engagement Non-Executive Director with effect from 23 March 2023.

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.

The Group has become larger and more complex as a result of the transformational Combination with Countryside. During the assessment of the Combination prior to announcement, the Committee considered the executive leadership structure of the enlarged Group and the importance of continuity of Countryside senior leadership. As a result of this assessment, the Committee recommended the appointment of Earl Sibley as COO on the closing of the transaction to provide focus on the integration of the businesses and operational delivery of the strategy, and the appointment of Tim Lawlor as CFO. Tim was previously the CFO of Countryside, and his appointment provides continuity and knowledge of Countryside's business as well as significant CFO plc experience both at Countryside and seven years as CFO of Wincanton Group.

In April 2022 it was announced that Graham Prothero was to resign as Chief Operating Officer and Director to take up the role of CEO at M J Gleeson PLC. Graham remained as an employee of the Group until the end of 2022 and provided invaluable support through the Countryside transaction. He stepped down as a Director on completion of the Combination in November 2022.

Succession planning

During the year the Committee commenced a succession planning process to address likely changes to the composition of the Board over the medium term, taking into account the tenure of Non-Executive Directors, the evolving need for skills and experience and the importance of diversity. As part of this process a skills matrix assessment was undertaken late in 2022 to assist the Committee to identify the skills and experience that it would seek to bring into the Board. The Committee is keenly aware of the importance of diversity and that currently no member of the Board is from a minority ethnic background. It intends to address this through the Non-Executive Director succession planning process. In March 2023, as part of our succession planning process, we commissioned the search for two additional independent Non-Executive Directors.

Our employees underpin the delivery of our strategy and they are key to our success. Recognising this the Group's ability to attract, retain and develop a committed, motivated and engaged workforce is a key area of focus for the Board. During the year we rolled out our Vistry Employee Value Proposition 'Making Vistry', which showcases what we stand for as an employer.

During the year the Committee received a detailed succession planning update on the senior leadership from Egon Zehnder. This update, which included individual assessments and development planning at both CEO/ELT and below-ELT levels, provided valuable information which the Committee took into account when considering the executive leadership structure of the enlarged Group.

We have been pleased to see a number of internal promotions to the senior leadership in the year, including the promotion of Earl Sibley to COO and Michael Stirrop to the ELT as Group Strategic Operations Director. We are also pleased to have retained senior leaders within Countryside in the enlarged Group, including Mike Woolliscroft, who has also joined the ELT as Group Business Improvement Director and London Divisional Chair.

A key part of our People strategy is focused on developing and retaining our people to enable them to achieve their career goals and ambitions. During the year our 'Leading Better Together' executive framework was launched to ensure our senior and future leaders are fully equipped with the expertise and skills the Group needs to support its continued success.

Further information about our learning and development programmes and other new initiatives launched during the year are set out on page 37.

Following our combination with Countryside we are now able to provide more opportunities for our people to develop and progress and feedback from employees has been positive about the development opportunities that are likely to be available in the enlarged Group.

During 2023 the Committee will continue the longer term succession planning for both the Executive Directors and senior management, at both ELT and below ELT levels, taking into account evaluations and other key information arising from our leadership development programmes.

Diversity and inclusion

We are committed to achieving diversity and inclusion (D&I) across the Group. As of 31 December 2022, the proportion of women on the Board was 44% with the role of Senior Independent Director held by a woman. This Board female representation meets or exceeds two of the new diversity targets set by the Financial Conduct Authority. Currently no member of the Board is from a minority ethnic background and as stated above the Committee intends to address this through Non-Executive Director succession arising from the tenure of certain Directors and the evolving need for skills and experience.

The Committee has continued to monitor the implementation of the Group's Diversity and Inclusion policy and the plans and activities in place to ensure that we attract and retain a diverse range of employees and create an inclusive working environment. The Diversity and Inclusion policy applies to the Board and the Company as a whole and can be accessed at www.vistrygroup.co.uk/investor-centre/corporate-governance. The ongoing oversight of succession planning for senior management addresses the importance of an appropriate balance of skills, experience and knowledge along with diverse representation.

Our D&I Committee leads the development and delivery of our D&I diversity agenda and it is supported by four active networks that operate across the Group: Women's Network, Culture & Communities Network, Pride Network and Accessibility Allies Network. During the year we launched a D&I unconscious bias training programme and provided additional 'skills booster' D&I training. In January 2022, our regular Peakon employee engagement survey was expanded to cover diversity and inclusion and the score returned in relation to this area improved throughout the year (January: 8.3 and August: 8.9). We were pleased to see that the August score was 0.8 above the Peakon benchmark and in the top 5% of companies utilising the Peakon tool. As was expected with the integration of Countryside, we saw a decline in our latest Peakon employee engagement survey carried out during March 2023, with the score at 7.8 (August 2022: 8.6), in-line with the Peakon benchmark.

The Group continued to make a number of senior appointments in the year to women with 25% of all promotions to Managing Director and Heads of Vistry Services being female. We will continue to focus on all aspects of diversity within the senior leadership. Further information about our D&I agenda and priorities for the coming year, including recruiting across more diverse platforms and working with our recruitment partners on diverse shortlisting of candidates, are set out on page 38.

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.

The work of the Committee also comprised more routine business, including nominations for appointment at the 2022 AGM, approval of the Committee report for inclusion in the 2021 Annual Report and discussion of the outcomes and determination of the actions coming out of the Committee's 2021 internal 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. Both firms are signatories to the Voluntary Code of Conduct for Executive Search.

Performance evaluation

In November and December 2022, the Board and each of the Committees undertook an internal evaluation of effectiveness. The priorities for the Committee in 2023 arising from the evaluation are set out on page 86.

Ralph Findlay OBE
Nomination Committee Chair

22 March 2023

Audit Committee report

“Ensuring ongoing effectiveness of the enlarged Group’s controls and risk management processes is a key priority.”



Rowan Baker | Audit Committee Chair

Key responsibilities

- Oversees financial statements and reporting.
- Monitors internal controls and risk management.
- Monitors reporting and effectiveness of internal and external auditors.

2022 highlights

- Welcomed Rowan Baker as Chair of the Committee. Rowan’s skills and experience strengthen the Committee’s financial expertise and sector experience.
- Reviewed various aspects of the Group’s proposed combination with Countryside including the risks related to the enlarged Group.
- Reviewed the fire and building safety provision and associated disclosures.
- Reviewed the Group’s financial reporting, internal control systems and risk management processes.
- Maintained oversight of external and internal audit.

2023 priorities

- Continuing to monitor the progress of key integration activities.
- Overseeing the embedding of the risk management framework and standardisation of controls across the enlarged Group.

Committee membership, meetings and attendance

The table below sets out the number of scheduled meetings attended out of the meetings members were eligible to attend.

Director	Joined	Attendance
Rowan Baker (Chair since 18 May 2022)	18 May 2022	2/2
Chris Browne	1 September 2014	4/4
Nigel Keen (Member until 23 March 2023)	15 November 2016	4/4
Katherine Innes Ker (Member until 18 May 2023)	9 October 2018	4/4
Ashley Steel	10 June 2021	4/4
Ralph Findlay (Chair and member until 18 May 2022)	7 April 2015	2/2

Regular other attendees include: the Chair, CEO, COO, CFO, Group Financial Controller, Internal Audit & Risk Director, the external auditors and the General Counsel & Group Company Secretary (who acts as secretary to the Committee).

Following two meetings, the Committee met with the external auditors and the Head of Internal Audit & Risk, without management present. During the year, the Committee Chair also met privately with the external auditors’ lead audit partner.

The Committee’s terms of reference are available at www.vistrygroup.co.uk/investor-centre/corporate-governance.

Attendance
100%

Dear Shareholder

I am pleased to present the report of the Audit Committee for the year ended 31 December 2022, my first as Chair of the Committee having taken over from Ralph Findlay when I joined the Board in May 2022. I am a qualified accountant (FCA) and chartered tax advisor and I am currently the Chief Financial Officer of Laing O'Rourke. Previously I was the Chief Financial Officer of McCarthy Stone.

I am pleased to report that the Committee works well and provides effective oversight of the Group's financial reporting and internal and external audit processes. It also diligently monitors the Group's controls and the management and mitigation of its principal risks.

Overview

In November 2022 the Group's Combination with Countryside was completed. Ahead of completion the Committee reviewed various aspects of the transaction including the enlarged Group's identified risks including risks relating to integration and economic factors. Following completion of the transaction, the Committee has received regular updates from the ELT and senior management as to the progress of the Combination and the integration of the two businesses.

The Group recognised an incremental provision for fire safety remedial costs in 2022 as a result of signing up to the Pledge Letter in April 2022 and being committed to signing the long form of the Pledge at the year end. The Committee has reviewed the underlying analysis behind the additional provision and understood the process followed by management to assess the most likely cost to remediate. The Committee has also discussed with the external auditors the procedures performed over the provision. The Committee is satisfied that it was appropriate to recognise an incremental provision in 2022 and that the risk of material misstatement has been appropriately addressed.

During the year, the Committee also reviewed the integrity of the Group's financial statements, significant areas of judgement and the viability statement. It also continued to monitor the Group's operating, financial and accounting practices. Given the current cost of living crisis and rising interest rates, 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 Risk Oversight Committee met regularly throughout the year with Non-Executive Directors regularly joining these meetings.

Committee membership, meetings and attendance

Information about the membership of the Committee during 2022, its meetings and attendance at its scheduled meetings is set out on the adjacent page. 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 composition of the Committee changed during the year to reflect changes to the Board's membership. Ralph Findlay stepped down as Chair of the Committee upon taking up the role of Chair of the Board. On behalf of the Committee, I would like to thank Ralph for his leadership of the Committee and I am grateful

for his ongoing support and counsel. Following the year end, Nigel Keen and Katherine Innes Ker stepped down from the Board with effect from 23 March 2023 and 18 May 2023 respectively. I would like to also thank them both for the contribution they have made to the Committee.

The Committee members collectively have a wide range of financial, audit, risk management and relevant sector and business experience that enables the Committee to provide constructive challenge and support to management. In accordance with the Code, the Board has determined that I have recent and relevant financial experience and is satisfied that the Committee had competence relevant to the sector and its overall responsibilities throughout the year.

Detailed papers and information are circulated sufficiently in advance of meetings to allow full and proper consideration of the matters for discussion.

Role and responsibilities

The role of the Committee is to assist the Board in fulfilling its corporate governance responsibilities. The Committee's key responsibilities are detailed on the adjacent page. 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.

The Committee's oversight role also includes ensuring the integrity of the 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 auditors.
- 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 position, performance, business model and strategy (see page 94).
- Reviewing and challenging the critical management judgements and estimates which underpin the financial statements, drawing on the views of the external auditors in making an informed assessment, particularly in relation to each of the key matters detailed on pages 92 to 94.
- Monitoring and reviewing the awareness of the Group's whistleblowing process, the effectiveness of the process and the types of issues raised and how such matters are investigated.

Significant issues and other accounting judgements considered by the Committee during the year

Focus area	Why this area is significant	How we as an Audit Committee addressed this area
<p>Sales and materials price inputs into Cost Valuation Reports (CVRs)</p> <p>A view on the sensitivity of the Group to pricing inputs can be found in note 1.5 (Critical accounting judgements) of the financial statements.</p>	<p>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.</p>	<p>The Group has an 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.</p> <p>During the second half of 2022, sales prices, material and subcontractor costs have been impacted by rising interest rates and inflation. As a result of these external factors management has been required to exercise judgement around the appropriate revenue and costs assumptions to be included in CVR calculations. Management have considered and reflected the prevailing pricing and market conditions at the year end date within their CVR calculations; post year end trading supports these assumptions. The Committee reviewed management's approach and was satisfied that this was appropriate.</p>
<p>Acquisition accounting</p> <p>For more detail on the acquisition accounting in relation to the Combination with Countryside, refer to note 5.13 (Business combinations) of the financial statements.</p>	<p>On 11 November 2022 the Group completed its combination with Countryside.</p> <p>The alignment of accounting policies and fair valuation of the enlarged Group's opening balance sheet required significant professional judgement, including the identification and valuation of goodwill and other identified intangible assets.</p>	<p>Management has undertaken a comprehensive exercise to identify and align the accounting policy differences between the Vistry and Countryside businesses.</p> <p>In the 2022 financial statements management has presented the provisional fair values of the acquired assets and liabilities, with all fair values being calculated in accordance with IFRS 3 Business Combinations. The Group has utilised a professional services organisation for the identification and valuation of intangible assets acquired with Countryside.</p> <p>The Committee reviewed management's key assumptions on the fair valuation of the Countryside opening balance sheet, particularly in relation to inventories and the resultant goodwill, and was satisfied that they correctly reflect a market participant's view.</p>
<p>Use of adjusted measures</p> <p>For more detail see note 5.14 (Alternative performance measures) of the financial statements.</p>	<p>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.</p> <p>There is a risk that their inappropriate use could distort the performance of the business.</p>	<p>The Group primarily uses adjusted measures to cover three main areas:</p> <ul style="list-style-type: none"> • The exceptional costs associated with integration activity for the enlarged Group and other items that are one off in nature and are material enough to disclose separately, including fire safety provisioning. • The amortisation of acquired goodwill and intangibles. • The share of joint venture operating results. <p>The Committee has satisfied itself of the continued treatment of amortisation of acquired goodwill and intangibles and the share of joint venture operating results as adjusting items to arrive at adjusted performance measures. Additionally, the Committee agreed with management's view that the costs associated with the Combination with Countryside, and fire safety provisioning, are exceptional in nature.</p>
<p>Provisions for fire safety cladding</p> <p>For more detail see note 5.9 (Provisions) of the financial statements.</p>	<p>Remedial work for fire safety and 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.</p>	<p>The assessment of the provision for remedial fire safety and cladding work is an area where significant judgement is applied. The treatment of additional charges as exceptional is consistent with the prior year treatment.</p> <p>The Committee reviewed the underlying analysis to understand the potential remedial work required, the number of buildings affected and management's methodology for quantifying the most likely case for cost to remediate.</p> <p>The Committee agreed with management's judgement to recognise incremental provisions based on the Group signing up to the Pledge Letter in April 2022 and the Group being committed to signing the Developer Remediation Contract at December 2022. The Committee also agreed with management's fair valuation of an incremental provision for the long form obligations of the former Countryside group at the date of acquisition, as this reflects a market participant's expectations in accordance with IFRS3 Business Combinations. The Committee discussed with the external auditors the procedures performed over this analysis to address the risk of any material misstatement of the provision.</p>

Focus area	Why this area is significant	How we as an Audit Committee addressed this area
<p>Goodwill and intangible asset impairment review</p> <p>For more detail see note 5.7 (Goodwill) of the financial statements.</p>	<p>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.</p>	<p>The Committee has reviewed note 5.9 (Provisions) of the financial statements 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.</p> <p>Management undertakes an annual review, or at other times if circumstances indicate a possible issue, to determine if the carrying value of goodwill and other intangible assets is impaired. This impairment review requires the exercise of considerable judgment and application of assumptions by management, including estimates used in deriving future cash flows and discount rates applied to these cash flows, reflecting current market assessments of the specific risks.</p> <p>The Committee has reviewed cash forecasts for the three Cash Generating Units (CGUs) that are used to support the Group's goodwill and intangible asset balances – Housebuilding, Partnerships and Countryside. 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. The outcome of the goodwill and intangible asset related reviews were discussed with management. Having considered such outcome, the Committee concurred with management that there was significant headroom from the discounted cash flows for each CGU above the book value of the net assets allocated to it.</p> <p>The Committee also considered detailed reporting from, and held discussions with, the external auditors on the matters concerned, whose view was consistent with management's conclusions. 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.</p>
<p>Going concern and viability statements</p> <p>For more detail see pages 63 and 64.</p>	<p>There are many external factors impacting the Group currently, both positively and negatively including the cost of living crisis, rising interest rates and the UK Government's hardening stance on fire safety cladding remediation.</p> <p>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 Group remains viable in the medium-term</p>	<p>In July 2022 the 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.</p> <p>Following the Combination management have prepared a revised cashflow forecast for the enlarged Group with an overlay for expected synergies.</p> <p>The forecasted cash flows and income statement prepared by management and approved by the Board have formed the base line for the modelling used to assess the Group as a going concern and its medium-term viability, as well as the assessment for the impairment of goodwill.</p> <p>The Committee reviewed a series of stress tests performed by management on these cash flows and income statement and satisfied themselves of the impact these tests would have on the ability of the Group to remain a going concern, remain compliant with banking covenants and be viable in the medium-term. The Committee have formed an opinion on the likelihood of these stressed events occurring, the proposed mitigations in a severe but plausible downside scenario and have also reviewed the circumstances required for the Group to not be able to access cash or committed funds.</p> <p>The Committee also reviewed the key terms of the Group's refinancing undertaken in 2022 to fund the Combination and has concluded that the borrowing facilities available to the Group are appropriate.</p>

Focus area	Why this area is significant	How we as an Audit Committee addressed this area
		<p>Together these points have allowed the Committee to form an opinion as to the ability of the Group to remain a going concern for at least 12 months from the date of this report and make its recommendation to the Board.</p> <p>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. The Committee approved and recommended the going concern and viability Statements to the Board.</p>
<p>Segmental reporting</p>	<p>Management use segments to better describe the underlying performance of the Group.</p> <p>The different segments – Housebuilding, Partnerships and Countryside – 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 for FY22 and that sites are correctly allocated between segments to accurately report segment performance.</p>	<p>The Committee reviewed the disclosure of three segments for FY22 and concluded that management's treatment of Countryside as a separate segment in the current year was correct and reflects the way that the Chief Operating Decision Makers reviewed the business in the post-acquisition period through to year end.</p> <p>In 2023, the acquired Countryside business will be fully integrated into the Group and HY23 and FY23 disclosures are therefore expected to reflect only two segments prospectively. In addition, the Committee sought and received responses from the external auditors to confirm that management have applied the correct accounting treatment for these segmental changes.</p> <p>As a result of the above the Committee concluded that management's treatment of segmental changes in the year was correct.</p>
<p>Fair, balanced and understandable</p>	<p>The Board is required to state that the Group's external reporting is fair, balanced and understandable. The Committee is requested by the Board to provide advice to support the assertion.</p>	<p>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.</p> <p>In addition, the Committee received a verbal update as to the level of internal review of the reporting (subject matter experts, the ELT) and the level of external review (external audit, company brokers).</p> <p>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 and other stakeholders to assess the Group's position, performance, business model, strategy and principal risks and its disclosures in relation to TCFD and ESG.</p>
<p>Land held for development and work in progress</p>	<p>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.</p>	<p>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).</p> <p>The Committee has received regular updates from the internal audit team on, and discussed with the external auditors, 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.</p>

Cyber security

An IT security update was provided to the Committee in 2022 following the deep dive discussion in 2021. This update detailed the progress made during the year in relation to the IT security strategy as well as an overview and results from security breach simulations undertaken in the period. The Committee was also updated on the outcome of an external audit of the Group's cyber security. The findings of this audit were found to be satisfactory. The Committee recognised the significant progress that had been achieved in implementation of the cyber security strategy, thereby reducing the Group's cyber security risk including the business achieving Cyber Essentials Plus accreditation.

TCFD reporting

The Committee has continued to review the Group's progress in meeting the increasing stakeholder focus on sustainability and the related regulatory reporting requirements including the TCFD recommended disclosures. During the year the Committee received an update on the development of the Group's TCFD reporting including an analysis of the Group's reporting compared to its peer group and key areas identified for improvement.

2021 financial statements restatement

During the year it became apparent a restatement was required to be made to partner delivery revenue and costs of sales to correct a prior period error in calculating the revenue and associated cost of sales that can be recognised in relation to assets previously sold by the Group to joint ventures that have subsequently been sold by these joint ventures to external parties. The gross profit impact of this error was de minimis. The Committee reviewed and agreed with management's decision to restate the 2021 comparatives for revenue, cost of sales and adjusted revenue.

In addition, the note disclosure for remuneration of key management personnel has also been restated for the year ended 31 December 2021 to reflect all elements of remuneration required under IAS24 and related to only the ELT and Executive Directors.

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 strengthened controls.

Management confirmed to the Committee that the restatement only impacts reported and adjusted revenue, and reported cost of sales, and has no impact on any of the Group's other reported or adjusted measures, the Group 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 including no impact on covenant compliance or viability statement.

For more details please see note 1.6 (Restatement of 2021 financial statements and notes) of the financial statements.

Financial Reporting Council (FRC) review

During 2022, the FRC conducted a review of the Group's 2021 Annual Report and wrote to the Group with a series of questions about disclosures made in relation to land options, remuneration of key management personnel and parent company pension arrangements.

The FRC's review was based solely on the Group's 2021 Annual Report disclosures and the FRC's Corporate Reporting Review team did not have any discussions with any of the Group's management or Directors and they did not request additional information. The review related only to compliance with reporting requirements and did not challenge the full contents of the 2021 Annual Report.

The Group has responded to the FRC's letter and made certain amendments to relevant disclosures that take account of the FRC's feedback. These amendments included:

- The clarification of the accounting policy relating to land options in Note 3.1 of the financial statements.
- The restatement of the remuneration of key management personnel for 2021 in Note 5.3 of the financial statements.
- The correction to the name of the entity accountable for the Group's pension schemes in Note 5.10 of the financial statements.

The Committee reviewed and agreed with the proposed disclosure amendments and restatements that resulted. There was no impact on the primary financial statements as a result of the FRC's letter.

External auditors

PricewaterhouseCoopers LLP (PwC) were appointed as external auditors at the 2015 AGM, following the completion of a competitive audit tender process supervised by the Committee. The current lead audit partner is Richard French.

The Group has complied with the provisions of the Competition & Markets Authority Order, including the provisions in relation to the external auditors' appointment highlighted above and the appointment of the external auditors for non-audit services.

Our 2023 AGM Notice contains a resolution for the re-appointment of PwC as auditors to the Group. 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 auditors. The AGM Notice also contains a resolution to give the directors authority to determine the auditors' remuneration, which provides a practical flexibility to the Committee.

The external audit contract is put out to tender every ten years. PwC was appointed at the 2015 AGM; accordingly it is intended to commence a retendering process during the second half of 2023, which will allow sufficient time for a thorough process to be undertaken.

Audit process, quality and independence

The Committee is responsible for overseeing the external audit, its quality and effectiveness and in fulfilling this responsibility:

- Reviewed and challenged the proposed audit plan. In particular how the acquisition of Countryside would be incorporated into scope, timing and risk assessment.
- Reviewed the proposed audit scope and level of materiality.
- Reviewed and approved PwC's letter of engagement and audit fee.
- Reviewed the independence and objectivity of the external auditors, which was confirmed in an independence letter containing information on procedures providing safeguards established by the external auditors. The Committee took into account regulation, professional requirements and ethical standards were taken into account, together with consideration of all relationships between the Group 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 external auditors' work. Key areas of challenge in relation to the 2022 external audit included:

- Fire safety provisioning
- Going concern and viability
- Goodwill impairment
- Acquisition accounting for Countryside
- Impact of inflation on the Group

External audit effectiveness

At its meeting in March 2023, the Committee reviewed the external audit report as part of its consideration of the 2022 financial statements. This review involved an assessment of the delivery of the audit against the audit plan for the 2022 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 continuity has been maintained within the audit team, business knowledge continues to improve year on year, and that communication between the Group and external auditors has been constructive and timely.

Non-audit services and audit fees

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 auditors are 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 of the financial statements. Certain non-assurance services were provided by PwC during the year in relation to the Combination in addition to a de-minimis technical accounting subscription service.

Internal controls and processes

The Committee regularly reviews the Group's internal controls and risk management processes and receives reports on their effectiveness. These controls and processes include:

- A defined organisational structure with appropriate delegation of authority across all levels of the organisation.
- Formal authorisation of all land purchases, with clear guidelines on appraisal criteria and process.
- The distribution of a Group Finance Manual which outlines accounting policies to be followed.
- The preparation and review of monthly management accounts including balance sheet reconciliations.
- Comprehensive reporting against annual budgets, KPIs and regular forecasting.

Internal audit

The internal audit function's role is to systematically, independently and objectively assess the adequacy and effectiveness of the risk management systems and key internal controls over the Group's operations, financial reporting, IT systems, and risk and compliance processes. The function is a critical component of the Group's corporate governance framework providing support and assurance to the Board, Committee and management in the execution of the Group's strategy. It provides recommendations to address key issues identified and improve processes and controls and delivers important insight on issues of culture and employee values and behaviours.

The internal audit team has a blend of experience consisting of core expertise in risk and assurance, alongside industry experience from within the Group. This enables the team to provide general risk and business specific assurance. The internal audit team also oversees business unit control compliance and undertakes commercial and cost auditing using specialist skilled resource. It 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.

During 2022, internal audits were undertaken in accordance with the Committee's agreed plan for the year, as adjusted to reflect transaction related activities. Regular updates were provided to the Committee on the status of ongoing audits and action closure. The Committee monitored progress against the plan, discussed the results of all audits undertaken and monitored relevant actions to address recommendations.

During the year the Board and the ELT were provided detailed guidance from the external auditors covering changes and new standards of oversight for control, fraud and audit reform as part of the BEIS White Paper. In response, a new risk assessment for evaluating fraud has been put in place that explores in much greater depth the level of control and vulnerability.

This process was supported by the Finance Director community from our operational businesses who, through both interview and a questionnaire, detailed at length all known possible threats and instances of fraud. The combined insights from this exercise have been reviewed by the Risk Oversight Committee and reported to the Audit Committee, with action taken to ensure we have adequate preventative measures. Whilst our fraud risk assessment is an annual activity, it has been agreed to run this exercise again at the half-year to ensure we recognise any new or changing threats from the recent integration.

Furthermore, management have established much greater testing of business unit controls, documentation and self-assessment, with further improvements due as part of the integration and planned assurance mapping throughout 2023. The Group's finance team is working on new control standards that will be documented and subsequently tested in accordance with these new standards, with independent assessment provided by Internal Audit. The Group has also consulted externally to ensure their plan and response is sufficient should the new standards be required for the beginning of 2024.

As part of the Combination integration activities, the Countryside Audit & Assurance Director continued in his role for a period of time to ensure a smooth handover. He also inputted into the review and enhancement of the existing risk management framework to ensure that it continues to be effective for the enlarged Group.

Given the size and complexity of the enlarged Group, the Audit Committee considered and approved both the headcount and organisational design of the Internal Audit & Risk team to ensure appropriate scale and expertise. It has been agreed that this will remain under review during 2023 so that the level of assurance can be flexed to match any change in requirement.

In the coming year a key priority for the internal audit team is to embed our control framework and standardise controls across the enlarged Group while at the same time driving continuous improvement across our risk management processes. In addition, as part of the ongoing risk oversight, the team will monitor the Combination integration activities using processes that will be established during the early part of 2023.

The Committee approved the 2023 internal audit plan that provides a balance of thematic reviews across the whole Group, alongside specific audits of business units and individual projects, including those reviews planned by the previous Countryside internal audit team.

Enterprise risk management

The framework and processes the Group operates to manage risk are set out on pages 56 and 57. During the year, the Committee monitored and reviewed the Group's risk management activities and processes through reports at each Committee meeting. The Committee reviewed the work of the Risk Oversight Committee's bottom up and top down process utilised to identify risks, the movement of principal risks, identification of emerging risks and the risk appetite. Following the closing of the Combination, the Committee was updated on how the approach of the Risk Oversight Committee was evolving to reflect the key challenges impacting the Group from external factors, integration and economic factors.

Whistleblowing

Throughout 2022 the Committee has reviewed the operation of the independent third party managed whistle-blower hotline to enable employees and third parties to report matters of concern. The Committee has continued to receive reports on ongoing and concluded investigations. The Committee also considered the actions taken by management as a result of the investigations.

Performance evaluation

In December 2022, the Board undertook an internal evaluation of effectiveness. The priorities for the Committee in 2023 arising from the evaluation are set out on page 86.

Rowan Baker
Chair of the Audit Committee

22 March 2023

Remuneration Committee report

“The Committee has continued to focus on aligning pay with performance and the experience of our stakeholders remains a key consideration when determining pay outcomes.”



Nigel Keen | Remuneration Committee Chair

Key responsibilities

- Sets and reviews remuneration policy.
- Determines remuneration and incentives of the Executive Directors and the Chair.
- Sets performance criteria for incentive plans.

2022 highlights

- Policy: approval of the Group's Remuneration Policy and the introduction of a Deferred Bonus Plan.
- Remuneration packages: approved salary and incentives for Earl Sibley as COO and Tim Lawlor as CFO
- Remuneration packages: approved 2022 salaries and 2021 bonus outcomes for Executive Directors and ELT and 2022 LTIP awards levels for Executive Directors and Senior Management.
- Workforce remuneration: endorsement of a temporary cost of living allowance introduced in April 2022, which was subsequently embedded into the 2023 salaries for those earning below £60,000.
- Effectiveness: considered external trends in light of the ongoing cost of living crisis, received updates on the UK executive remuneration landscape, conducted and internal evaluation on Committee effectiveness.
- Governance: approved the Remuneration Report for the 2022 Annual Report.

2023 priorities

- Balancing reward and recognition with expectations of a changing shareholder base, including consideration of appropriate remuneration structures.
- Monitoring the effectiveness of the incentives to drive enhanced performance of the new enlarged Group.
- Continuing to assess and develop incentives related to the sustainability targets that are fair and reasonable.
- Continuing to be informed on pay within the wider Group with particular focus on how workforce pay keeps pace with inflation and market conditions.

Committee membership, meetings and attendance

The table below sets out the number of scheduled meetings attended out of the meetings members were eligible to attend.

Director	Joined	Attendance
Nigel Keen (Chair until 23 March 2023)	15 November 2016	5/5
Chris Browne	1 September 2014	5/5
Katherine Innes Ker (Member until 18 May 2023)	9 October 2018	5/5
Ashley Steel (Chair with effect from 23 March 2023)	10 June 2021	5/5
Rowan Baker	18 May 2022	3/3

Regular other attendees included: Ralph Findlay, Greg Fitzgerald, Earl Sibley, Tim Lawlor and representatives from Willis Towers Watson.

The Committee's terms of reference are available at www.vistrygroup.co.uk/investor-centre/corporate-governance.

Attendance

100%

Dear Shareholder

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 2022 and this report will be presented to shareholders at the upcoming AGM for an advisory shareholder vote.

Committee membership, meetings and attendance

Information about the membership of the Committee during 2022, its meetings and attendance at its scheduled meetings is set out on the adjacent page. Following our 2022 AGM, Rowan Baker joined the Committee. I would like to welcome her and thank her for the valuable contribution she has already made.

As I am stepping down from the Board with effect from 23 March 2023 this is my last Remuneration Chair letter. I would like to thank the Committee members I have worked with over the past six years for their hard work and the Board for its support. Ashley Steel, who has been a member of the Committee since June 2021, will become chair of the Committee with effect from 23 March 2023.

Role and responsibilities

The Committee's key responsibilities are also detailed on the adjacent page.

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 below.

Corporate performance

Strategic priorities: Throughout 2022 we have made significant strategic progress in creating One Vistry. Key strategic achievements include:

- **Combination:** The combination of Vistry with Countryside was a landmark transaction for the Group. The Combination supports the One Vistry model by strengthening the Group's position across both housebuilding and partnerships, increasing exposure to the capital light, high ROCE partnership business which offers greater resilience to the cyclical housing market, combined brand strength, extensive management capability and increased utilisation of Vistry Works.
 - **Customer:** Our HBF 8-week customer satisfaction score increased with the Group with both Housebuilding and Partnerships retaining 5-star ratings for a fourth consecutive year, and improvement in our score for HBF 9-month survey reflecting customer satisfaction once customers have settled into our homes and developments.
 - **Sustainability:** We have significantly progressed our sustainability strategy as demonstrated through verification of our carbon reduction targets by SBTi and publication of our Carbon Action Plan that is focused on our direct emissions and steps to implement our stretching carbon reduction targets.
 - **Growth:** There was strong demand across all areas of the Group until the end of September 2022, resulting in increased sales rates and higher house prices. Following the mini-budget delivered on 23 September 2022, there was a step-change in market conditions which led to a marked reduction in demand for private sales in the fourth quarter. For the year as a whole, the Group achieved a weekly private sales rate of 0.71 (FY21: 0.76).
- Financial performance:** 2022 was an excellent year for the Group with progress and success achieved across all areas of the business including:
- **Profit:** Significant step up in performance across all business areas, with full year adjusted profit before tax increasing by 21% to £418.4m from £346m in 2021.
 - **Cash:** Strong financial performance combined with a stronger than expected net cash contribution from Countryside and the Group's on-going focus on good working capital management, resulted in a year end net cash position of £118.2m (31 December 2021: £234.5m).
 - **Build:** Housebuilding had an excellent year delivering 6,774 units (2021: 6,551) and Vistry Partnerships made excellent progress in the year with its strategy of rapidly growing higher margin mixed tenure revenues, with mixed tenure completions up by 17.6% to 2,455 (2021: 2,088).
 - **Operating margin:** Vistry Partnerships continued to drive its operating margin through increasing the proportion of higher margin mixed tenure revenues, and in 2022 adjusted operating margin increased to 10.7% (2021: 9.2%).
 - **Gross margin:** Housebuilding adjusted gross margin saw a further step-up, increasing to 23.4% (2021: 22.3%) with the business making good progress towards delivering its adjusted gross margin target of 25%.

Stakeholder experience

Shareholders: The Board is pleased that the shareholder experience over 2022 has been positive, with the share price outperforming within the UK housebuilding sector. We have continued payment of regular dividends with a total dividend payment for FY22 of £162.3m and total ordinary dividend of 55 pence per share in line with our current capital allocation policy to prioritise 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 FY22 has been reflected in the remuneration paid to our employees including:

- Introduction in April 2022 of a temporary cost of living allowance of up to 3.75%, ensuring that the lowest paid employees received the most support. From January 2023 the cost of living allowance became a permanent part of all annual salaries under £60,000. The year end salary increase for the workforce was a minimum of 4% for all employees at the start of 2023.
- 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 deductions made for those business units not achieving customer satisfaction and/or local financial targets.
- A review of our benefits package was undertaken in the year which gave rise to enhancements including increasing life assurance policy cover, introducing subsidised health screening and further improving our industry leading maternity, paternity and adoption policies.
- We achieved certification as a 'Top Employer' with the Top Employer Institute recognising our people strategies and workplace environment
- Our Vistry Employee Value Proposition 'Making Vistry' was rolled out internally and externally during 2022. Our proposition showcases what Vistry stands for as an employer.
- Our Peakon employee engagement score increased in 2022 to 8.6 (2021:8.1) despite the pressures our build teams faced from the ongoing supply chain challenges and high levels of customer demand.

Committee activities

A summary of the Committee's focus and activities during 2022 are set out in the table below.

Area of focus	Activities
Policy	<ul style="list-style-type: none"> • Approval of the Group's Remuneration Policy and the introduction of a Deferred Bonus Plan.
Remuneration packages	<ul style="list-style-type: none"> • Approved Executive Directors and ELT salaries for 2022 and new arrangements for COO and CFO following the Combination. • Approved 2021 bonus outcomes for Executive Directors and ELT. • Approved 2022 LTIP award levels for Executive Directors and senior management.
Performance targets	<ul style="list-style-type: none"> • Reviewed and set financial targets for 2022 annual bonus and 2022 LTIP, in the context of multiple internal and external reference points for performance over the relevant period.
Equity incentives	<ul style="list-style-type: none"> • Confirmed the outcome of 2019 LTIP awards. • Received updates on performance of in-flight LTIP awards.
Workforce remuneration	<ul style="list-style-type: none"> • Received updates on workforce remuneration policies and practices, and how these align with the Group's strategy and culture.
Effectiveness	<ul style="list-style-type: none"> • Considered external trends and possible implications for senior management remuneration across the Group. • Received updates on the UK executive remuneration landscape and governance developments. • Conducted internal evaluation of the Committee's effectiveness.
Governance	<ul style="list-style-type: none"> • Approved the Remuneration Report for inclusion in this Annual Report. • Reviewed the Committee's terms of reference.

2022 remuneration

Taking the context set out above into account, the Committee made the decisions detailed below in respect of remuneration in 2022.

Bonus

The 2022 Bonus Scheme set for Executive Directors in respect of performance in 2022 was based on achievement of stretching targets against Profit (60%) and Capital Employed (30%), Customer Satisfaction (5%) and Sustainability (5%).

Performance was assessed based on Vistry performance excluding the impact of Countryside for a small period at the end of the year. Results in respect of both financial metrics exceeded the maximum targets set given the significant step up in financial performance in the year and the excellent progress made which exceeded expectations despite the challenging market condition in the last quarter. The Customer Satisfaction metric was based on the HBF 9-month survey score with a maximum achievement of 80%. The score achieved for the Group was over 79% which was a significant improvement on the previous year score demonstrating the commitment to customer service delivery. The three elements of the ESG scorecard were met due to increased focus on the delivery of sustainability targets throughout the Group.

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 was 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 2020 LTIP award was subject to total shareholder return¹ (TSR) (33%), adjusted EPS (33%) and ROCE (33%) targets measured over three financial years.

The ROCE element was achieved in full but the threshold for the TSR element was not met.

As noted last year, the outturn of three LTIP awards have been significantly impaired by the disruption to the business in 2020 as a result of the Covid restrictions. While no adjustment was made to the vesting out-turn for the 2019 awards, we did disclose last year that the Committee would actively consider whether the use of discretion would be appropriate for the EPS element of the 2020 award.

The original target was expressed as cumulative EPS over the

period 2020–22 and on a formulaic basis the vesting against this element would be nil. The Committee has now considered performance over the three-year period and decided to base vesting on EPS performance achieved in 2022. This results in vesting of 24% for this element and means that performance is being assessed against the 2022 target set in 2020 ensuring a quantifiable way for the Committee to determine the vesting outcome. Further, the Committee is comfortable that this level of vesting is appropriate in the context of strong financial performance, significant improvement in EPS over the period and is aligned with the wider stakeholder experience.

On this basis, the level of vesting for the EPS element is 72% of maximum and the overall level of vesting for the 2020 award is 57%.

This is also in line with the approach taken from 2022 such that EPS targets will be set on a final year basis which the Committee believes better reflects the Company's focus on growth.

Full details on the targets set and performance against them can be found on page 109 in respect of the 2022 Bonus Scheme and pages 110 and 111 for the 2020 LTIP award.

The Committee will consider the appropriateness of the performance targets for the 2021 and 2022 LTIPs in the context of the transaction in due course with full disclosure provided in the relevant remuneration report.

2023 Remuneration Policy implementation

The Remuneration Policy was approved by a shareholder vote at the AGM May 2022. Arrangements for 2023 will align with this Policy as set out in the table on the following page.

I hope you find that this report clearly explains the remuneration approach we have taken and how we will implement Policy in 2023. I look forward to your support at the AGM in respect of the resolution relating to this report.

Nigel Keen
Chair of the Remuneration Committee

22 March 2023

1. Total shareholder return (TSR) is a measure of the Company's share price growth and dividends (assumed to be reinvested in Vistry shares). It is a measure which directly aligns with the value created for the Company's investors.

Strategic pillars

- | | | |
|--|--|--|
| <p>1 Maintaining a strong market position and capability across all housing tenures, including being a leading provider of high demand, high growth affordable housing.</p> | <p>3 Leveraging our combined Vistry Housebuilding and Countryside Partnership assets to maximise overall returns, particularly on larger multi-tenure developments.</p> | <p>5 Maintaining a high quality, deliverable operational land bank and effectively deploying our leading strategic land capability.</p> |
| <p>2 Delivering customers high quality sustainable homes that at least meet the continually evolving future homes standards.</p> | <p>4 Utilising our differentiated multiple brand portfolio to target a broader range of customers and increase our competitive positioning in the land market.</p> | <p>6 Maximising the opportunity from Vistry Work's timber frame manufacturing capability through improved operating efficiency and establishing the use of its timber frame output across all business areas.</p> |

Further information about our strategy: [See pages 18 to 21.](#)

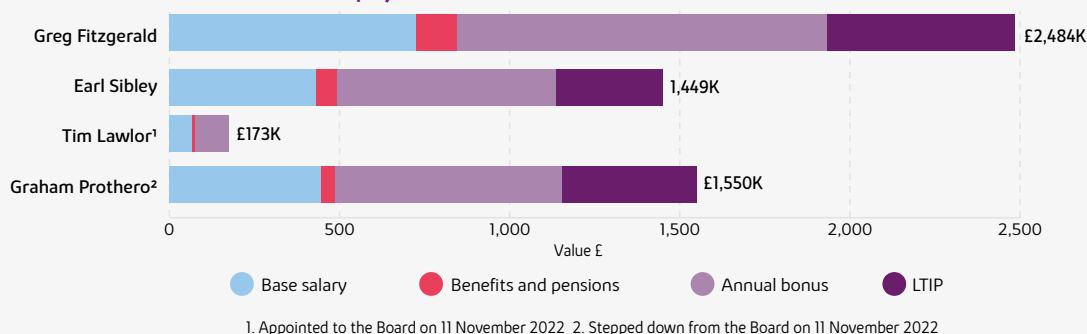
Pay element	Implementation of Policy	Link to strategic pillars
Base pay	<p>The salary increase for Greg Fitzgerald was 4%. In assessing this salary adjustment, the Committee took into account the total salary increase for the workforce for 2023 of between 4% and 7.75% depending on salary along with benchmarking data against sector peers and the FTSE 250. Salary levels for Earl Sibley and Tim Lawlor in new roles of COO and CFO were set as £535,000 and £488,800, respectively, taking into account relevant benchmarking data for sector peers and the FTSE 250.</p>	<p>1 2 3 4 5 6</p>
Pension	<p>Pension contributions for all executive directors will be 7% of salary, in line with contributions for the wider workforce.</p>	<p>1 2 3 4 5 6</p>
Bonus	<p>Financial performance will be represented in the bonus by Profit and Capital Employed metrics weighted 50% and 25% respectively. To drive focus on this essential performance area during integration, 20% will be based on the achievement of synergies from the Countryside acquisition.</p> <p>Our focus on ESG measures will be supported with a 5% weighting for this area. This be based on a scorecard of sustainability measures, including additional affordable housing, people metrics and a carbon reduction underpin.</p> <p>Further detail can be found on pages 116 and 117.</p>	<p>1 2 3</p>
LTIP	<p>For the 2023 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 117. The targets are set by reference to the 2023 Budget and consensus with threshold and maximum above those used for 2020 and 2021 LTIP awards.</p> <p>It had been the Committee's intention that from 2023 the LTIP would include an element measuring performance in relation to ESG targets (e.g. carbon reduction) aligned with our sustainability strategy. However, given the Countryside acquisition in late 2022, we are reconfiguring our verified carbon reduction targets for the enlarged Group with the Science Based Targets Initiative and so the Committee is not able to set robust targets at this stage. However, it is anticipated that the baseline will have been set and we will incorporate targets using SBTi methodology for 2024 awards.</p>	<p>1 3 6</p>

Directors' Remuneration report

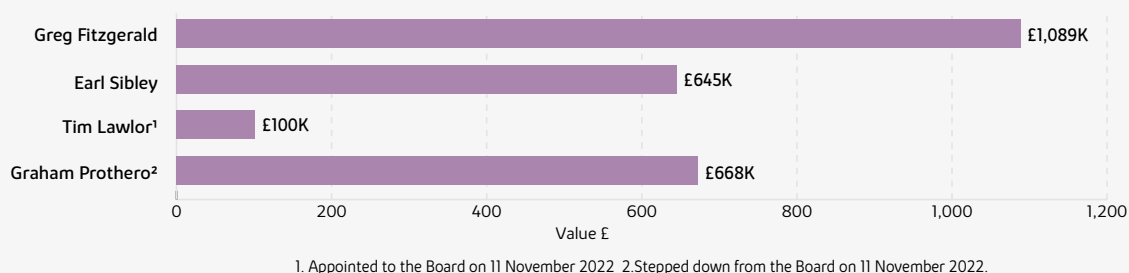
Remuneration at a glance

This section of the Directors' Remuneration report provides details of how our Remuneration Policy was implemented during the financial year ended 31 December 2022, and how it will be implemented during the year ending 31 December 2023. 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 108), awards made during the financial year (page 110), exit payments made in the year (page 111), payments to past Directors (page 111) and the statement of Directors' shareholdings (page 112). The remaining sections of the report are not subject to audit.

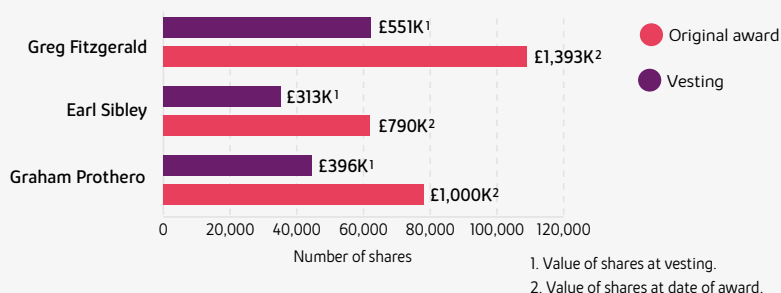
2022 Executive Directors total pay



2022 Annual bonus achievement



This chart illustrates the total number of shares and value of the LTIP awards that vested in respect of 2022

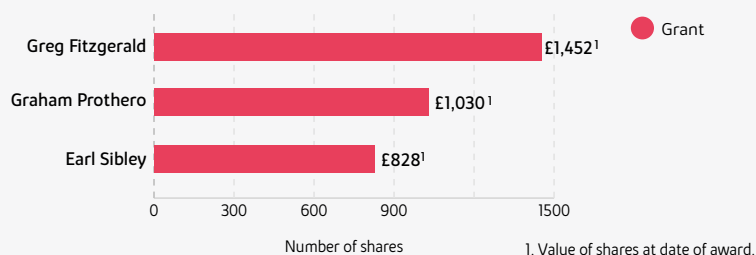


2023 Annual bonus

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

Metric	Weighting %
Profit before tax (pre-exceptionals & amortisation)	50
Period end capital employed	25
Synergies from Countryside acquisition	20
ESG Scorecard	5

This chart illustrates the total number of shares and value of the LTIP awards that were granted in 2022



2023 LTIP award

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

Metric	Weighting %
TSR	33.3
ROCE	33.3
Adjusted EPS	33.3

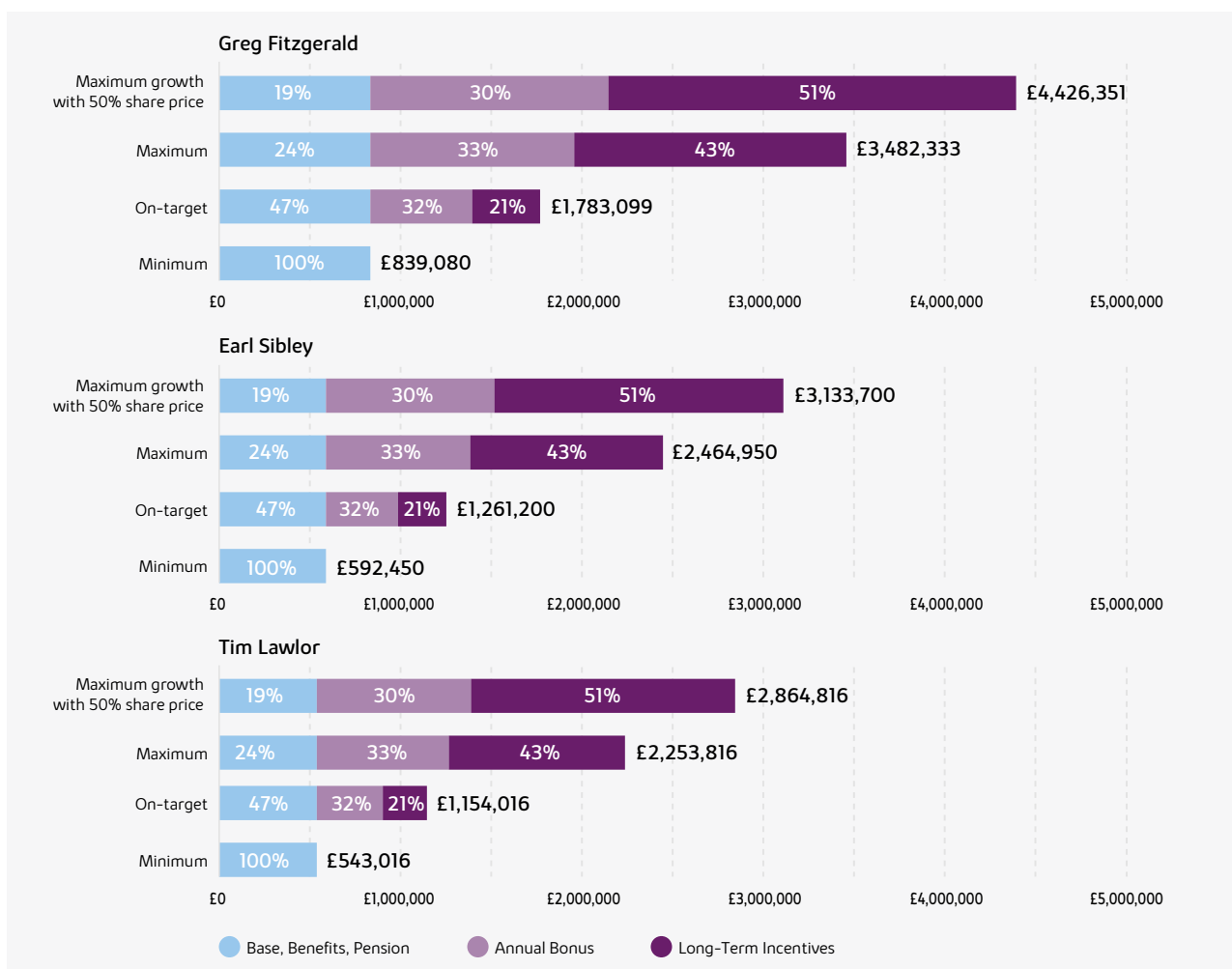
Implementation of Remuneration Policy in 2023

Component	Minimum	On-target	Maximum	Maximum with 50% share price growth
Base Salary	Annual cash salary for 2023			
Pension	2023 pension levels			
Benefits	2022 actual benefit figures (forward-looking estimate for Tim Lawlor)			
Annual bonus	0% payout	75% payout	150% payout	150% payout, value of 1/3rd deferred increased by 50%
Long-term incentives	0% vesting	50% vesting of 200% award	100% vesting of 200% award	100% vesting of 200% award, with value increased by 50%

2023 remuneration scenarios

The charts below include an estimate of the potential 2023 reward opportunities for each Executive Director based on the following assumptions:

- Minimum performance reflects the most up-to-date base salary figures plus benefits paid in 2022 and pension rates for 2023.
- Target performance reflects the most up-to-date base salary and pension figures, benefits paid in 2022, annual cash bonus at 50% of maximum and LTIP vesting at 50% of maximum.
- Maximum performance reflects the most up-to-date base salary and pension figures, benefits paid in 2022, 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.



The Code - Provision 40 Alignment

The table below explains how the Remuneration Committee has addressed the factors set out in Provision 40 of the Code. The Group's strategic pillars as detailed on page 18 are designed to leverage the strengths and maximise the opportunities from our combination of Vistry Housebuilding and Countryside Partnerships assets and generate sustainable value for all stakeholders, including sector-leading ROCE in the medium term. The Remuneration Policy is designed to ensure a strong link between remuneration, the strategic pillars and delivery of objectives.

Principle	Alignment to the Code
<p>Clarity</p> <p>Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.</p>	<p>Our Remuneration Policy, plan rules and guidance notes are drafted in a clear and succinct format. The People Forum and employee roadshows provide the opportunity for our people to raise questions on the Group's remuneration practices.</p> <p>Our Remuneration Policy is available at www.vistrygroup.co.uk/investor-centre/corporate-governance and a summary of our Remuneration Policy is included in this Annual Report.</p>
<p>Simplicity</p> <p>Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.</p>	<p>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.</p> <p>The 2023 Annual Bonus scheme includes ESG targets based on metrics which are meaningful and clear for our employees and aligned to the strategic pillars.</p>
<p>Risk</p> <p>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.</p>	<p>Risks are identified by the Committee and mitigated through the application of the Remuneration Policy including malus and clawback 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.</p>
<p>Predictability</p> <p>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.</p>	<p>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.</p> <p>One third of the annual bonus and whole of the LTIP vesting is in shares.</p> <p>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.</p>

Principle	Alignment to the Code
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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. For the annual bonus, these 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. For the LTIP, these include earnings per share and ROCE.

Annual bonus arrangements link to the Group’s near-term strategic pillars and, for 2022, the metrics used were adjusted profit before tax, period end capital employed (being total equity less goodwill, intangible assets and net cash and defined benefit pensions asset/liability), ESG - customer satisfaction and ESG – affordable housing and people metrics with a carbon reduction underpin. 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 2022 awards the metrics were based on the financial and share price performance measures of relative total shareholder return, adjusted 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. Information in relation to the 2023 LTIP awards is set on page 117. The Committee’s ability to apply discretion ensures that outcomes will not reward poor performance.

Alignment to culture

Our purpose is to develop sustainable new 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. A synergy metric has been included in the 2023 annual bonus to ensure appropriate focus on the key integration of Vistry and Countryside. For the second year ESG measures have been applied in setting performance targets for the 2023 annual bonus arrangements. The ESG metric is made up of a scorecard of ESG measures. Customer satisfaction based on the HBF 8-week survey score and 9-month survey score remain important KPIs and are agreed areas for consideration of downward discretion in 2023 annual bonus. Further details about the 2023 Annual Bonus are set out on pages 116 to 117. It is the Committee’s intention that from 2024 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 through the inclusion of customer satisfaction and health and safety as areas for downward discretion in the annual bonus (to drive increased service and build quality and maintain the safety of our sites) and through the malus and clawback provisions that apply to all incentive plans. Further information on our culture is included on page 2.

As set out under ‘Proportionality’ annual bonus arrangements link to the Group’s near-term strategic pillars and the LTIP takes a longer-term perspective, with the metrics and targets set by reference to the strategic plan.

Key remuneration decisions during 2022

During 2022, the Committee determined the performance measures and set targets for the 2022 annual bonus and approved 2021 bonus payments. It also determined the performance measures and set targets for and approved LTIP awards made in 2022 and confirmed the partial vesting of the 2019 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 2022.

The Deferred Bonus Plan (DBP) was 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.

Prior to the announcement of the Combination, the Committee approved the salary and incentive arrangements for the COO and CFO subject to closing of the transaction, which included consideration of benchmarking and base salary increase for 2023 aligned to those expected to be applied to the workforce.

Towards the end of the year, the Committee considered the structure for the 2023 annual bonus and completed the 2023 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 our people for 2023). The conclusion of the review was that a base salary increase would be made to the CEO from 1 January 2023 which was at the bottom of the range of 4% and 7.75% depending on salary applied to the workforce. The fees for the Chair were also reviewed and increased by 4% in line with median fees in the FTSE250.

Implementation of remuneration policy for the year ended 31 December 2022

Single figure Executive Directors' remuneration (audited)

		Salary £000	Benefits ¹ £000	Pension Salary Supplement ² £000	Sub-Total (Fixed Pay) £000	LTIP £000	Annual Bonus ⁵	SAYE £000	Sub-Total (Variable Pay) £000	Total Remuneration £000
Greg Fitzgerald	2022	726	31	87	844	551 ³	1,089	-	1,640	2,484
	2021	696	31	118	866	548 ⁴	1,045	-	1,593	2,459
Earl Sibley ⁷	2022	430	20	41	491	313 ³	645	-	958	1,449
	2021	395	20	51	466	225 ⁴	593	5 ⁶	823	1,289
Tim Lawlor ⁸	2022	67	1	5	73	-	100	-	100	173
	2021	-	-	-	-	-	-	-	-	-
Graham Prothero ⁹	2022	445	10	31	486	396 ³	668	-	1,064	1,550
	2021	500	11	35	546	-	750	-	750	1,296

Notes:

- Taxable benefits include medical insurance, payment of a car allowance and provision of a leased vehicle.
- Greg Fitzgerald, Graham Prothero, Tim Lawlor and Earl Sibley receive a non-bonusable and non-pensionable pension salary supplement.
- LTIP 2020 measured over a three-year period to 31 December 2022 and vested to the extent of 57% on 1 March 2023 at a share price of £7.855. The share price on grant of this award was £12.79 and at the end of the three-year period was £6.255. Notional dividends accrued up to 31 December 2022 have been applied to the vested award.
- This is the actual value derived from the 2019 LTIP calculated using the share price on the vesting date, 4 March 2022 which was £9.296 and includes notional dividend shares accrued to 31 December 2022. Last year's report included an estimate based on the average share price over the last quarter of 2021 of £11.539 as the award had not vested at the date of the report. See page 110 for further information.
- 100% annual bonus was achieved for the year (see page 109). One third of the annual bonus will be deferred into shares in accordance with the Deferred Bonus Plan 2022 rules.
- Earl Sibley was granted 2,208 SAYE 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.
- Earl Sibley assumed the role of COO with effect from 11 November 2022, therefore his 2022 figures are reflective of the change in his remuneration package from this date. Further details on his new remuneration package can be found on page 104.
- Tim Lawlor was appointed to the Board on 11 November 2022.
- Graham Prothero stepped down from the Board on 11 November 2022.

Non-Executive Directors' remuneration

The following table shows the remuneration for the Non-Executive Directors who served during the 2022 financial year:

Non-Executive Directors	Salary / fees £000			
	2022	Total 2022	2021	Total 2021
Ralph Findlay ¹	169	169	74	74
Rowan Baker ²	42	42	-	-
Chris Browne	57	57	54	54
Katherine Innes Ker	57	57	54	54
Nigel Keen	67	67	64	64
Ashley Steel	63	63	31	31
Ian Tyler ³	73	73	190	190

1. Appointed Chairman on 18 May 2022. 2. Appointed on 18 May 2022. 3. Retired on 18 May 2022.

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)

Greg Fitzgerald is non-executive Chairman of Baker Estates Limited. During the year Greg Fitzgerald received a fee of £1.565m in relation to this appointment, together with loan interest payments of £420,749. He is also non-executive Chairman of Ardent Hire Solutions Limited, for which he received a fee of £130,000 during the year. Neither Tim Lawlor nor Earl Sibley currently hold any external directorships.

Annual bonus payment in respect of 2022 (audited)

The maximum opportunity for the CEO, COO and CFO for the year ended 31 December 2022 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. All targets were set in January 2022.

A breakdown of the performance against the measurement criteria is shown below.

Measure	Weighting (as a % of maximum)	Threshold	On target	Stretch and maximum	Outcome and award achieved (% of max)
Financial measures (90%)					
Adjusted profit before tax (acts as gateway to bonus)	60	360	405	420	420 (100%)
Period end capital employed	30	1,792	1,707	1,673	<1,600 (100%)
Non-financial measures (10%)					
ESG - Customer satisfaction	5	75%		80%	80% (100%)
ESG - Affordable housing and people metrics, with carbon reduction underpin ¹	5	n/a	n/a	n/a	100%

1. The ESG scorecard targets included (i) Additional affordable homes growth in excess of 2021 (excluding partner delivery), (ii) Skills academy learners with a threshold performance of 30 and a maximum performance of 60, on a straight-line basis; and (iii) Carbon reduction underpin to finalise SBTi targets and set an implementation plan. The sustainability scorecard measures were achieved in full (i) the number of affordable homes delivered was over 100 in excess of 2021 delivery (ii) the number of learners through skills academies was 233 against a maximum target of 60 (iii) carbon reduction targets were verified with SBTi and implementation plans put in place.

Executive Director	Maximum bonus % salary	Target bonus % of salary	Actual bonus % of salary	Total 2022 bonus £000
Greg Fitzgerald	150%	50	150	1,089
Graham Prothero ¹	150%	50	150	668
Tim Lawlor ²	150%	50	150	100
Earl Sibley	150%	50	150	645

1. Stepped down from the Board on 11 November 2022. 2. Appointed to the Board on 11 November 2022.

In determining the Executive Directors' 2022 annual bonus outcome, the Committee maintained a clear and rigorous focus on aligning pay with performance, coupled with consideration of performance against the metrics. The Committee considered the impact of the Countryside transaction on the Annual Bonus and determined that as closing occurred on 11 November 2022 that the Countryside performance for the remainder of 2022 should be excluded and the bonus measured on the standalone performance of Vistry. This resulted in adding back the additional finance charges of £1.8m. Results in respect of both financial metrics exceeded the maximum targets set given the excellent progress for the Group in the year which exceeded expectations despite the challenging market conditions in the last quarter. Demand was high in the first half of the year giving an increased sales rate and higher house prices. Demand in the fourth quarter reduced significantly reflecting a heightened level of macro uncertainty and step up in mortgage costs following the 23 September 2022 mini-budget. The performance against the target for Capital Employed was due to continued focus on good working capital management resulting in a year end net cash position significantly ahead of expectations. The maximum target for the Profit metric was clearly ahead of consensus at the time of approval. The Customer Satisfaction metric was based on the HBF 9-month survey score with a maximum achievement of 80%. The score achieved was over 79%, which was a significant improvement on the previous year score demonstrating the commitment to customer service delivery. The three elements of ESG scorecard were met due to increased focus on the delivery of sustainability targets throughout the Group. The Committee considered whether to exercise its discretion and agreed not to adjust this outcome as it was comfortable that the awards made were both fair and appropriate given the performance of the Group 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 LTIP, 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 pages 120 and 121 and in the exit payments policy contained within the Remuneration Policy which is available at www.vistrygroup.co.uk/investor-centre/corporate-governance.

Awards granted during 2022 (audited)

The table below shows the awards granted to Executive Directors in 2022 in the form of nil cost options. The awards were based on a closing share price of £9.444 on 3 March 2022. 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 2024 and exercisable in 2027, 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	200	153,784	1,452
Graham Prothero	Performance Share Plan	200	109,063	1,030
Earl Sibley	Performance Share Plan	200	87,624	828

The performance measures for all 2022 awards are total shareholder return (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 absolute EPS of 124 pence and maximum performance at absolute EPS 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 2022 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 Partnerships PLC
Crest Nicholson Holdings plc	Persimmon plc	Redrow plc	Taylor Wimpey plc

The Committee had undertaken a review of EPS structures used within LTIPs by FTSE companies. It was determined to change the EPS measure from cumulative EPS across the measurement period to absolute EPS in the third year of the performance period. It was felt that the use of an absolute EPS measure would better represent the long term growth of the Group, as the measurement of operational performance in the period was addressed in the Annual Bonus through the inclusion of a Profit based metric.

Deferred Bonus Award granted in 2022 (audited)

The table below shows the awards granted to Executive Directors under the Deferred Bonus Plan 2022 in the form of conditional awards on 4 March 2022. The awards equate to one third of the bonus payable to Executive Directors in 2021. The awards were based on a share price of £9.444 being the closing share price on 3 March 2022. The awards are not subject to any additional performance conditions nor are they subject to continued employment and vest in accordance with the plan rules, two year from the date of grant.

Executive Director	Type of award	Award as a % of bonus	Number of shares awarded	Face value of award £000
Greg Fitzgerald	Deferred Bonus Award	33.33%	36,878	348
Graham Prothero	Deferred Bonus Award	33.33%	26,471	250
Earl Sibley	Deferred Bonus Award	33.33%	20,912	198

Awards vesting in respect of 2022 (audited)

The LTIP awards made in 2020 were measured over a three-year period to 31 December 2022 and vested as to 57% of the maximum award on 1 March 2023 at a share price of £7.855.

Performance measure	Weighting	Threshold (25% Vesting)	Maximum (100% Vesting)	Actual	% Achieved against weighting	% Vesting
Adjusted EPS ¹	33.33%	139p	163p	154p	72%	24%
TSR	33.33%	Performance equal to the annualised median of the index	Performance equal to the annualised median of the index plus 7.5%	Below median	0%	0%
ROCE	33.33%	20.8%	22.6%	>25%	100%	33%
Straight line vesting occurs between threshold and maximum					Total vesting	57%

1. Adjusted EPS target based on EPS performance achieved in 2022 replacing cumulative EPS over the period 2020 – 22.

Consistent with the approach taken for the Annual Bonus, the Committee considered the impact of the Countryside transaction on the 2020 LTIP and determined that the Countryside performance for the six weeks from closing should be excluded and the LTIP measured on the standalone performance of Vistry. The ROCE element was achieved in full but the threshold for the TSR element was not met. 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. The ROCE performance was in excess of maximum reflecting the strong financial performance of the business, good cash management including the payment of dividends in 2021 and 2022 and a £35m share buy back programme. In respect of the adjusted EPS element, the original target was expressed as cumulative EPS over the period 2020 to 2022. However, as described in last year's report, with effect from 2022 EPS targets have been set such that performance will be measured in the third year of the performance period as the Committee believes that this approach better reflects the Company's focus on growth and also aligns with typical market practice. As the Company's EPS performance in 2020 was significantly affected by the Covid pandemic, even though 2021's performance showed a notable rebound and 2022 represented a strong financial outcome, the formulaic outcome of this element would have been nil vesting. However, the Committee flagged in last year's report that it would actively consider the exercise of discretion in order to better reflect both financial performance and stakeholder experience delivered over the performance period. The Committee carefully considered these factors and determined that it would be appropriate to base the level of vesting for the EPS element on achievement against the original targets set for 2022. On this basis, the level of vesting for the EPS element is 72% of maximum and the overall level of vesting for the 2020 award is 57%.

Historical LTIP awards (audited)

The table below summarises the historical long-term incentive awards made to the Executive Directors.

Year of grant	Performance period	Award size (% salary)			Performance criteria				Percentage of award vesting
		CEO	COO	CFO	Customer Satisfaction	TSR	EPS	ROCE	
2017	01/01/2017-31/12/2019	200 ¹	-	125	33.3	22.2	22.2	22.2	81.6
2018	01/01/2018-31/12/2020	200 ²	-	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	57
2021	01/01/2021-31/12/2023	180	180	180	-	33.3	33.3	33.3	Ongoing
2022	01/01/2022-31/12/2024	200	200	200	-	33.3	33.3	33.3	Ongoing

1. As explained in the 2017 Directors' Remuneration Report, this level of award was granted on an exceptional basis.

2. 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 that stepped reductions should be applied to Greg Fitzgerald and Earl Sibley's pension arrangements to align them with the workforce level (currently 7% of base salary) by January 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. Tim Lawlor was not a member of the pension scheme during the year and received pension salary supplement of 7% of his base salary. All Executive Directors receive pension salary supplements of 7% of their respective base salaries from 1 January 2023 in alignment with the workforce.

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 at www.vistrygroup.co.uk/investor-centre/corporate-governance.

Any new appointments include eligibility for membership of the Group's defined contribution pension arrangements.

Payments for loss of office (audited)

There were no payments for loss of office made in the year.

On 27 April 2022 it was announced that Graham Prothero would step down as Chief Operating Officer and as a Director of the Company with effect from 31 December 2022, to take up the position of CEO at MJ Gleeson PLC. His resignation as a Director was brought forward to take effect on closing of the Countryside transaction on 11 November 2022, with him remaining as an employee until 31 December 2022. There were no remuneration payments made to Graham Prothero as part of his departure with him receiving his salary and contractual benefits during his notice period up to 31 December 2022. Graham will receive an annual bonus in respect of 2022 of £772,500 which was 100% of his maximum opportunity of 150% of annual salary. £105,000 relates to his period of employment from 11 November 2022 to 31 December 2022, where he remained an employee of the Group but was no longer a Director. Two thirds of the whole bonus entitlement will be paid in March 2023 as cash and the remaining one third as a share award under the Deferred Bonus Plan. The share award will be subject to a two year holding period. His share award under the 2020 LTIP will vest in accordance with the performance achieved of 57% as set out above and on the previous page and also subject to a further two year holding period. He shall retain his deferred bonus shares with respect to his annual bonus for 2020 which shall be released to him in 2023, and his share award under the Deferred Bonus Plan with respect to his annual bonus for 2021 shall vest in 2024. He has forfeited the outstanding share awards under the LTIP granted in 2021 and 2022. These arrangements are set out in a settlement agreement between the Company and Graham Prothero.

Payments to past directors (audited)

There were no payments to past directors made in the year.

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 2022					31 Dec 2021				
	Ordinary Shares	Deferred shares	LTIP shares (vested)	LTIP shares (subject to performance conditions)	SAYE options (subject to continuous employment)	Ordinary Shares	Deferred shares	LTIP shares (vested)	LTIP shares (subject to performance conditions)	SAYE options (subject to continuous employment)
Executive Directors										
Greg Fitzgerald	1,639,193	36,878	163,137	397,816	-	710,110	-	122,128	334,561	-
Earl Sibley	35,823	20,912	66,473	226,007	2208	29,424	-	49,640	175,544	2208
Tim Lawlor ¹	64,843	-	-	-	-	-	-	-	-	-
Graham Prothero ²	62,842	26,471	-	78,186	3,849	62,665	-	-	175,168	3,849
Non-Executive Directors										
Ralph Findlay	2,868	-	-	-	-	2,868	-	-	-	-
Rowan Baker ³	-	-	-	-	-	-	-	-	-	-
Chris Browne	9,832	-	-	-	-	9,832	-	-	-	-
Katherine Innes Ker	850	-	-	-	-	850	-	-	-	-
Nigel Keen	-	-	-	-	-	-	-	-	-	-
Ian Tyler ⁴	6,441	-	-	-	-	6,441	-	-	-	-
Ashley Steel	3,059	-	-	-	-	1,978	-	-	-	-

1. Appointed to the Board on 11 November 2022. 2. Stepped down from the Board on 11 November 2022. 3. Appointed to the Board on 18 May 2022. 4. Stepped down from the Board on 18 May 2022.

There were no changes in the holdings of ordinary shares of any of the Directors between 1 January 2023 and 17 March 2023 (being the latest practicable date prior to the publication of this Annual Report) 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 the adjacent page. There were no changes in the holdings of share options and awards under the LTIP between 1 January 2023 and 17 March 2023 (being the latest practicable date prior to the publication of this Annual Report).

Shareholding guidelines (audited)

Guidelines have been approved for Executive Directors in respect of ownership of Vistry Group PLC shares. During 2022, the Board expected each Executive Director 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 they 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 31/12/22	Historical acquisition cost	Salary at 01/01/23	Shareholding achieved %	Shareholding guideline %
Greg Fitzgerald	1,639,193	£11,800,936	£755,215	1,563	200
Earl Sibley	35,823	£299,571	£535,000	56	200
Tim Lawlor	64,843	£429,192	£488,800	88	200
Graham Prothero ¹	62,842	£768,949	£515,000	149	200

1. Graham Prothero stepped down from the Board on 11 November 2022 and his shareholding relates to the same date. His 2022 salary has been used to calculate his shareholding percentage achieved.

Greg Fitzgerald continued to meet the shareholding guidelines during 2022 and, having made further acquisitions during the year, now holds shares with a historical cost equal to over 15 times basic annual salary. Earl Sibley continued to increase the number of shares held during 2022 and has made good progress towards meeting shareholding guidelines. Tim Lawlor acquired 64,843 shares during 2022 and is making progress towards meeting shareholder guidelines.

Directors' interests in LTIP shares¹ (audited)

Executive Director	Award date	Vesting date	Interest as at 31/12/22	Interest as at 31/12/21	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	08/09/17	08/09/20	91,369	91,369	1,300	-	-	08/09/27	-	-	-
	05/03/18	05/03/21	30,759	30,759	1,332	-	-	05/03/28	-	-	-
	04/03/19	04/03/22	41,009	90,529	1,019	-	49,520	04/03/29	-	-	-
	02/03/20	02/03/23	108,923	108,923	1,393	-	-	02/03/30	-	-	-
	08/03/21	08/03/24	135,109	135,109	1,254	-	-	08/03/31	-	-	-
	04/03/22	04/03/25	153,784	-	1,452	-	-	04/03/32	-	-	-
Graham Prothero	02/03/20	02/03/23	78,186	78,186	1,000	-	-	02/03/30	-	-	-
	08/03/21	08/03/24	-	96,982	900	-	96,982	-	-	-	-
	04/03/22	04/03/25	-	-	1,030	-	109,063	-	-	-	-
Earl Sibley	08/09/17	08/09/20	40,263	40,263	375	-	-	08/09/27	-	-	-
	05/03/18	05/03/21	9,377	9,377	650	-	-	05/03/28	-	-	-
	04/03/19	04/03/22	16,833	37,161	418	-	20,328	04/03/29	-	-	-
	02/03/20	02/03/23	61,767	61,767	790	-	-	02/03/30	-	-	-
	08/03/21	08/03/24	76,616	76,616	711	-	-	08/03/31	-	-	-
	04/03/22	04/03/25	87,624	-	828	-	-	04/03/32	-	-	-

1. All awards were granted as nil cost options.

Directors' interests in share options (audited)

Executive Director	Date of grant	Scheme	Interest as at 31/12/22	Granted in year	Lapsed in year	Exercised in year	Interest as at 31/12/21	Exercise price per share (£)	Option exercise period
Greg Fitzgerald	-	-	-	-	-	-	-	-	-
Graham Prothero	13/10/2020	SAYE	3,849	-	-	-	3,849	4.676	12/23-05/24
Earl Sibley	01/06/2021	SAYE	2,208	-	-	-	2,208	8.152	06/24-12/24

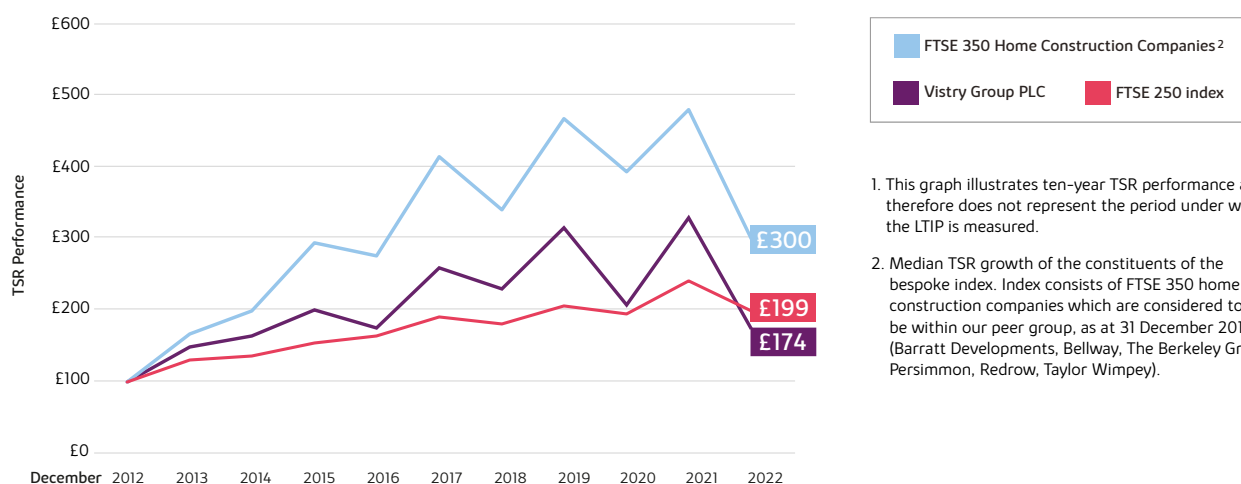
Tim Lawlor is currently a participant in the Countryside 2022 SAYE with 8,493 Options outstanding. As part of the Scheme of Arrangement, he has the option to choose a replacement option in Vistry shares, exercise his Countryside options, or request his savings are returned. If no action is taken his Countryside 2022 SAYE the options will lapse on 10 May 2023. The Vistry 2022 SAYE options were granted at a 20% discount to the prevailing market price of £10.37 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.

Past performance review

As required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the graph on the following page shows the TSR on 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 2012) 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 on 30 December 2022 was £6.255 (2021: £11.84). During the year ended 31 December 2022 the share price recorded a middle market low of £5.195 and a high of £12.25.

Total Shareholder Return performance graph¹



1. This graph illustrates ten-year TSR performance and therefore does not represent the period under which the LTIP is measured.

2. Median TSR growth of the constituents of the bespoke index. Index consists of FTSE 350 home construction companies which are considered to be within our peer group, as at 31 December 2012 (Barratt Developments, Bellway, The Berkeley Group, Persimmon, Redrow, Taylor Wimpey).

Total CEO remuneration

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Single figure total £000	1,315	1,440	1,596	1,505	1,029	1,376	2,180	2,175	1,342	2,356	2,484
Annual bonus against maximum %	84.2	97.8	88.7	59.8	10	100	89	100	30	100	100
LTIP vesting against maximum %	50	50	66.7	66.7	35.9	0	0	81.6	25	45.3	57
Recruitment award vesting against maximum %	n/a	n/a	n/a	n/a	n/a	n/a	100	n/a	n/a	n/a	n/a

Note: Columns for 2012–2016 relate to David Ritchie and those for 2017–2022 related to Greg Fitzgerald.

Annual percentage 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).

Executive Directors	Salary/Fees			Benefits			Annual Bonus			
	2022	2021	2020	2022	2021	2020	2022	2021	2020	
Greg Fitzgerald	4.25%	0.00%	2.50%	0.00%	0.00%	94.00%	4.21%	400.00%	-69.00%	
Earl Sibley	4.75%	0.00%	18.00%	0.00%	0.00%	82.00%	4.72%	402.54%	-65.00%	
Tim Lawlor ¹	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Graham Prothero	3.00%	0.00%	-	-	10.00%	-	3.00%	400.00%	-	
Non-Executive Directors										
Ralph Findlay ²	125.7%	0.00%	2.00%	-	n/a	n/a	-	n/a	n/a	
Rowan Baker ³	n/a	n/a	n/a	-	n/a	n/a	-	n/a	n/a	
Chris Browne	4.66%	0.00%	2.75%	-	n/a	n/a	-	n/a	n/a	
Katherine Innes Ker	4.66%	0.00%	2.75%	-	n/a	n/a	-	n/a	n/a	
Nigel Keen	4.72%	0.00%	2.30%	-	n/a	n/a	-	n/a	n/a	
Ashley Steel ⁴	15.67%	n/a	n/a	-	n/a	n/a	-	n/a	n/a	
Ian Tyler ⁵	n/a	0.00%	2.75%	-	n/a	n/a	-	n/a	n/a	
Average pay of employees of the Group	4.22%	2.78%	6.14%	1%	1%	1%	-5%	369%	3%	

1. Appointed to the Board on 11 November 2022. 2. Appointed Chair of the Board on 18 May 2022 and percentage increase reflects his change in fee. 3. Appointed to the Board on 18 May 2022. 4. Ashley Steel took on the role of Senior Independent Director on 18 May 2022 and her percentage salary increase reflects her change in fee. 5. Stepped down from the Board on 18 May 2022. The 2021 Annual Report and Accounts incorrectly captured the 2022 percentage salary/fees change for Executive and Non-Executive Directors in the 2021 column which has subsequently been amended.

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. The same method was used in 2021. The remuneration figures for the employees at each quartile were determined with reference to the financial year ended 31 December 2022. The data use to calculate the median, 25th and 75th percentiles was determined for the year ended 31 December 2022. 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 the CEO pay ratio is due to an increased workforce as a result of the Combination and a large proportion of the CEO's remuneration being variable. 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
2022	Option A	93.0:1	54.0:1	34.0:1
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

The table below sets out the salary and total pay and benefits for the three identified quartile point employees:

	CEO	25th percentile	Median	75th percentile
Salary	£726,169	£25,000	£39,000	£61,000
Total pay and benefits	£2,484,000	£26,743	£45,740	£72,111

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. Adjusted profit before tax has been chosen as a metric to compare against as it shows how spend on pay is linked to the Group's operating performance and dividends paid represent the annual return on investment to shareholders. See note 5.14 of the financial statements for full reconciliation.

	Total Spend on Pay £m	Adjusted Profit before Tax £m	Dividends Paid £m
2022	283.1	418.4	138.9
2021	215.9	346.0	88.7

Year-on-year increases:

Total spend on pay increase of £67.2m (31.1%)
Adjusted profit before tax increase of £72.4m (20.9%)
Cash dividend increase of £50.2m (56.6%)

Implementation of Remuneration Policy for the year ending 31 December 2023

The remuneration policy was approved at the 2022 AGM which was held on 18 May 2022. The key changes in the way that the Remuneration Policy is proposed to be implemented in 2023 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 2023), it was determined that base salary increases would be made to the CEO from 1 January 2023, which was no more than the minimum increase of 4% applied to the workforce. The COO and CFO had salaries set with effect from closing of the Combination and are not eligible to receive a salary increase until 1 January 2024.
- The fees for the Chair and Non-Executive Director fees were reviewed and were increased. The Chair fees were increased to £234,000. The fees to Non-Executive Directors and Chairs of Committees were increased to £59,280 and £10,920 respectively, and the Senior Independent Director fee was increased to £10,400, all in line with the minimum salary increase of 4% applied to the workforce. The average salary increase of the workforce was 4.22% in 2022.
- The metrics in the annual bonus scheme have been adapted to incorporate a synergies metric in addition to the financial measures of adjusted profit before tax and period capital employed and the ESG scorecard. 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 2023 LTIP award vesting criteria shall remain as TSR, adjusted EPS and ROCE.

Executive Directors' base salaries and benefits

The salaries of the Executive Directors with effect from 1 January 2023 are set out below.

Executive Directors	Position	2023 Base salary £000	% Increase from 2022
Greg Fitzgerald	CEO	£755,215	4.00%
Earl Sibley	COO	£535,000	n/a ¹
Tim Lawlor	CFO	£488,800	n/a

1. Earl Sibley received a new salary as a result of his change of role to COO. The percentage increase from his previous salary was 29.2% and took effect from 11 November 2022.

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 CEO was the same as or less than those received by the wider employee population. Benefits will continue on the same basis as for 2023.

Approach to annual bonus for 2023

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 the recruitment and retention of the talent required to ensure a successful and sustainable business, delivering positive outcomes for all stakeholders. The maximum bonus opportunity level for 2023 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 2023 should maintain the focus on financial metrics with a profit metric being the largest component of the bonus with a weighting of 50%.

A synergies metric has been included for 2023 at a weighting of 20% to ensure appropriate focus on the integration of Vistry and Countryside, and delivery of the expected savings. The Committee considered that successfully achieving these synergies and integrating Countryside into the wider Group is a key focus for the year so it was appropriate to include this additional metric and adjust relative weightings of other metrics.

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 and will have a weighting of 25%. Period end capital employed will be calculated to remove the retirement benefit asset from the opening and closing capital employed consistent with the approach applied in 2022 and to the calculation of the ROCE metric in the 2022 LTIP awards.

ESG metrics continue to be included to support the Group's evolving sustainability strategy. The ESG scorecard includes a weighting of 5% attributable to a sustainability scorecard (including affordable housing and people metrics with a carbon reduction underpin). 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. Customer satisfaction based on achievement of HBF Customer Satisfaction 9-month survey scores below 70% and the HBF Customer Satisfaction 8-week survey score less than 5 star for the Group remain important KPIs for the Group and are agreed areas for consideration of downwards discretion along with health and safety and phasing of planned delivery.

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 being closely indicative of the Group's strategy they are considered commercially sensitive. Such targets will be disclosed retrospectively in the 2023 Remuneration Report.

The 2023 performance measures and weightings are described below:

Measure	Weighting 2023 (as % of max)	Weighting 2022 (as % of max)
Financial		
Profit before Tax, Exceptionals and Amortisation	50	60
Period end capital employed	25	30
Synergies delivered	20	-
Non-Financial		
ESG - Customer satisfaction	-	5
ESG - Affordable housing and people metrics, with carbon reduction underpin	5	5

1. As explained above the customer satisfaction now acts as an area of potential downwards discretion

LTIP approach for 2023

The key features of the long-term incentive arrangements (as outlined on pages 109 to 110) are expected to remain broadly similar as those for 2022.

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 2023 LTIP awards

The performance measures for all 2023 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 straight-line 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 94 pence and maximum performance of 123 pence, both as measured in the third year of the performance period (2025).
- **ROCE** – threshold performance at 25.6% and maximum performance at 28.3%, both as measured in the third year of the performance period (2025).

The EPS targets are set based on earnings excluding amortisation and exceptional items, with threshold performance at 94 pence, recognising earnings growth of each business above consensus. Maximum EPS performance was set at 123 pence, reflecting continued controlled growth in Housebuilding and a higher rate of growth in Countryside Partnerships both significantly ahead of consensus, all aligned with strategy. The targets for EPS are set by reference to consensus which reflects that some analysts consider that volumes in Housebuilding shall reduce and the growth in Countryside Partnerships shall be modest whereas the targets set by the Committee reflect continued growth across both businesses. The ROCE threshold performance for ROCE at 25.6% 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 28.3% as the Group targets sector leading returns in the medium term. Consistent with the approach applied to the calculation of reported ROCE for 2022, the calculation of the ROCE metric in 2023 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.

Post-employment shareholding guidelines

Executive Directors are expected to retain the lower of one time's 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 for 2023

The Chair and Non-Executive Director base fees were last reviewed with effect from 1 January 2023. 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 each role and the Group's size and complexity of the fees for the Chair and Non-Executive Directors have been increased. The Chair's base fee has been increased by 4%, the fee of the Non-Executive Directors by 4% and the Committee Chair fee by 4%. These changes are in line with the minimum total increase of 4% applied to the workforce.

Role	Fees 2023	Fees 2022
Chair	234,000	225,000 ¹
Senior Independent Director	10,400	10,000
Non-Executive Director	59,280	57,000
Audit Committee Chair	10,920	10,500
Remuneration Committee Chair	10,920	10,500

1. New Chair fee from AGM.

Remuneration of senior management and other below Board employees

In addition to responsibility for Executive Directors, the Committee is also involved in considering the remuneration arrangements for the ELT, 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 ELT 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 adviser 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 Chair of the Committee. The Committee reviews the advice, challenges conclusions and assesses responses from its advisors to ensure objectivity and independence. WTW also provided actuarial consultancy and administration services to the Trustee of the Bovis Homes Pension Scheme and Group pensions during 2020. WTW is a founder member of the Remuneration Consultants Group and have signed the voluntary Code of Conduct for remuneration consultants. The fees paid to WTW for services provided in 2022 were £118,708 on a time-spent basis (2021: £86,088).

Shareholder voting

At the 2022 AGM, shareholder proxy voting on the Directors' Remuneration Report for the year ended 31 December 2021 and new Directors' Remuneration Policy were as follows:

Resolution	For	%	Against	%	Total votes	Withheld ¹
Directors' Remuneration Report 2021	170,609,804	97.69	4,041,334	2.31	174,651,138	41,543
Directors' Remuneration Policy 2022	170,428,419	99.84	281,239	0.16	170,709,658	3,983,023

1. A vote withheld is not a vote in law and is not counted in the calculation of votes for and against.

By order of the Board

Nigel Keen
Chair of the Remuneration Committee

22 March 2023

Remuneration policy

The key elements of the Remuneration Policy approved by shareholders at the 2022 AGM are summarised below. A large proportion of this remuneration framework is performance related. The full Remuneration Policy is available at www.vistrygroup.co.uk/investor-centre/corporate-governance.

Base salary To attract and retain high performing talent required to deliver the business strategy, providing core reward for the role.

Operation	Opportunity
<p>Ordinarily reviewed annually.</p> <p>The review typically considers competitive positioning, the individual's role, experience and performance, business performance and salary increases throughout the Group.</p> <p>Market benchmarking exercises are undertaken periodically and judgement is used in their application.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
Performance metrics Not applicable.	

Benefits To provide market competitive benefits consistent with role

Operation	Opportunity
<p>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).</p> <p>In line with business requirements, other expenses may be paid, such as relocation expenses, together with related tax liabilities.</p>	<p>We do not consider it appropriate to set a maximum benefits value as this may change periodically.</p>
Performance metrics Not applicable.	

Pension To attract and retain talent by enabling long term pension saving.

Operation	Opportunity
<p>Executives joining the Group since January 2002 can choose to participate in a defined contribution arrangement or may receive a cash equivalent.</p> <p>A salary supplement may also be paid as part of a pension allowance arrangement.</p>	<p>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.</p> <p>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.</p>
Performance metrics Not applicable.	

Annual bonus To incentivise and reward the delivery of near-term business targets and objectives.

Operation	Opportunity
<p>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.</p> <p>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.</p>	<p>The annual bonus scheme offers a maximum opportunity of up to 150 % of base salary.</p> <p>Achievement of stretching performance targets is required to earn the maximum.</p>

Annual bonus continued

Operation	Opportunity
<p>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.</p> <p>Clawback provisions apply (for a period of two years from the bonus payment date). Circumstances include:</p> <ul style="list-style-type: none"> • 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. 	<p>See above.</p>
Performance metrics	
<p>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.</p> <p>Financial metrics will comprise at least 50 % of the bonus and are likely to include one or more of:</p> <ul style="list-style-type: none"> • a profit-based measure, • a cash-based measure, • a capital return measure <p>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.</p> <p>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.</p> <p>The Committee has discretion to override formulaic outcomes when determining the level of bonus payout.</p>	

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
<p>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.</p> <p>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.</p> <p>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.</p> <p>Malus provisions can be applied to awards prior to the vesting date and clawback provisions can be applied for two years thereafter. Circumstances include:</p> <ul style="list-style-type: none"> • 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, <p>Malus can also be applied for any other reason which the Committee considers appropriate.</p>	<p>The maximum annual award, under normal circumstances is 200 % of base salary for Executive Directors.</p>

Performance metrics
<p>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.</p> <p>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 non-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.</p> <p>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.</p> <p>The Committee has discretion to override formulaic outcomes when determining the level of vesting of LTIP awards.</p>

Non-Executive Director fees To attract and retain non-executive directors and a chairman of the appropriate calibre.	
Operation	Opportunity
<p>Typically reviewed on an annual basis.</p> <p>Market benchmarking exercises are undertaken periodically and judgement is used in their application.</p>	<p>Fee increases may be applied in line with the outcome of any review.</p> <p>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.</p>
Performance metrics Not applicable.	

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 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 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.

Remuneration policy for Non-Executive Directors

The Board, comprising the Chair and the Executive Directors, sets the remuneration of the Non-Executive Directors, without their participation. The Committee, with the Chair absenting himself from discussions, sets the remuneration of the Chair 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 Chair 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 Chair 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 Chair 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 fill an Executive Director role on a short-term basis.
- (ii) Exceptional circumstances require that the Chair 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 Chair 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 Chair or Non-Executive Director (as applicable) or the Company on 12 or, for more recent appointments, three months' notice. New Chair 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 2022. The Directors' report, together with the Strategic report on pages 1 to 65, form the Management report for the purpose of the FCA's DTR 4.1.5R(2) and DTR 4.1.8R.

<p>Statutory or regulatory information contained elsewhere in the Annual Report</p> <p>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.</p>	Subject	Pages
	Likely future developments in the business	5 and 11
	Important events since the year end	191
	Going concern statement	64
	Financial risk management	162
	Risk management and internal controls	56
	Stakeholder engagement	28 and 29 78
	Employee involvement / employment of disabled persons	36 and 38
	Greenhouse gas emissions, energy consumption and energy efficiency	47 and 48
	Corporate governance report	66 to 123
	Subsidiaries and associated undertakings	191 to 196
	Key performance indicators (financial and non-financial)	IFC and 65
	Research and Development	46
	Section 172 statement	30
<p>Disclosure of information under Listing Rule 9.8.4(R)</p> <p>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.</p> <p>There are no other disclosures required under this Listing Rule.</p>	Subject	Pages
	Details of long term incentive schemes	109, 110 and 117
	Contracts of significance	127
	Shareholder waivers of dividends	126
	Shareholder waivers of future dividends	126
<p>Information required by Sch 7.11(1) (B) Companies (Miscellaneous Reporting) Regulations 2018</p> <p>The Group has chosen to provide information in relation to the Statement of Engagement with Employees elsewhere in this report.</p> <p>This is cross referenced in the table to the right.</p>	Subject	Pages
	How the Directors engage with employees	78
	How the Group provides employees with information on matters of concern to them as employees	28 36
	How the Group consults with and considers employee feedback	28 and 36
	How the Directors have had regard to employee interests	75, 80 and 81
	How the Group informs employees of the financial and economic factors affecting its performance	28
<p>Information required by Sch 7.11 (B) (1) Companies (Miscellaneous Reporting) Regulations 2018</p> <p>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.</p>	Subject	Pages
	How the Directors have regard to the need to foster the Company's business relationships with suppliers, customers and others	78
	The effect of that regard, including on the principal decisions taken by the Company during the financial year	31, 80 and 81

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 68. The corporate governance report sets out the Company's compliance with the Code issued by the Financial Reporting Council available at www.frc.org.uk and also describes how the governance framework explained in order corporate governance policy guidelines, available on the Company's website www.vistrygroup.co.uk/investor-centre, is applied.

Directors

Details of the current Directors and their biographies are shown on pages 70 and 71. Jeff Ubben will join the Board as a Non-Executive Director with effect from 23 March 2023. Further details of his appointment can be found on page 88. All Directors, with the exception of Nigel Keen and Katherine Innes Ker who will be stepping down from the Board on 23 March 2023 and 18 May 2023 respectively, intend to seek election or re-election at the Company's 2023 AGM in accordance with the recommendations of the Code.

There were a number of Board changes during the year. On 18 May 2022, Ian Tyler stepped down as Chair of the Board and was succeeded by Ralph Findlay. On the same date, Rowan Baker was appointed as an Independent Non-Executive Director and Chair of the Audit Committee and Ashley Steel took on the role of Senior Independent Director. On 11 November 2022, Graham Prothero stepped down as an Executive Director and COO, Earl Sibley assumed the role of COO, and Tim Lawlor was appointed Executive Director and CFO of the Company. The appointment and removal of the Company's Directors is governed by its Articles of Association (Articles), the Code and the Companies Act 2006 (Act).

Directors' powers

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 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 98 to 123.

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

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 31 December 2022 the Company's share capital comprised 347,211,174 fully paid ordinary share of 50 pence each (including 1,500,000 shares in treasury). As at 17 March 2023 (being the latest practicable date prior to the publication of this Annual Report), the Company's share capital comprised 347,213,857 fully paid ordinary shares of 50 pence each (including 1,500,000 shares in treasury).

At the Company's 2022 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 £37,031,992.
- Allot shares up to an aggregate nominal amount of £74,027,985 for the purpose of a rights issue.
- Make market purchases up to 22,230,626 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 2023 AGM.

Under the authority provided at the 2022 AGM, the Company commenced a share buyback programme on 27 May 2022 to repurchase £35 million of its own ordinary shares of 50 pence. The programme concluded on 20 July 2022. The Company repurchased a total of 4,056,968 ordinary shares (1.82% of the issued share capital on 27 May 2022), retaining 1,500,000 shares in treasury (with no voting or dividend rights) and the remaining 2,556,968 ordinary shares were cancelled (2021: nil).

On 11 November 2022, the Company completed its recommended cash and share combination with Countryside which was effected by means of a scheme of arrangement under Part 26 of the Act. This resulted in the admission of 127,447,399 new Vistry Group PLC shares to the premium listing on the Official List. Additional authority from shareholders was sought for this allotment at the general meeting of the Company held on 1 November 2022.

During the year the Company allotted 14,479 shares in connection with the exercise of options under the Company's employee share plans. 59,063 shares were transferred from the employee benefit trust up to 31 December 2022 to satisfy the exercise of options under the Company's employee share plan.

The share price at 30 December 2022 was 625.5 pence. The highest share price in the year was 1225p and the lowest was 519.5 pence.

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 Articles.

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 AGM can be found in the notes to the Notice of AGM that accompanies this Annual Report. 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 Act 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.
- (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 32 pence per ordinary share (2021: 40p). Subject to shareholder approval at the Company's 2023 AGM, this will become payable on 1 June 2023 to all shareholders on the register of members as the close of business on 21 April 2023. On 18 November 2022, an interim dividend in respect of the financial year ended 31 December 2022 of 23 pence per ordinary share was paid to shareholders on the register of members on 7 October 2022.

The Company operates a dividend reinvestment plan which gives shareholders the opportunity to reinvest dividends. The employee benefit trusts, which hold shares for the purpose of satisfying employee share scheme awards, have waived their right to receive dividend on shares held within the trust now and in the future.

Political donations

No political donations were made during the year ended 31 December 2022 (2021: nil). The Group has a policy of not making donations to political parties or incurring political expenditure. To avoid an inadvertent breach of the Act, 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 of the financial statements) 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 2022, the Company had received notifications in accordance with the DTRs that the following were interested in the Company's shares:

Ordinary shares of 50 pence each	% direct holding	% indirect holding	% financial instruments	Total number of shares held	% of voting rights of the issued share capital
Browning West, LP		7.70		26,592,459	7.7000
Inclusive Capital Partners, L.P.		5.79		20,032,245	5.7900
BlackRock, Inc		4.99	0.28	18,297,789	5.2700
Abrams Capital Management LP	5.04			11,200,077	5.0400
Royal London Asset Management	4.99			10,895,768	4.9921
Dimensional Fund Advisors		4.98		11,069,044	4.9804
FIL Limited		4.60	0.01	10,252,341	4.6100

During the period between 31 December 2022 and 17 March 2023, being the latest practicable date prior to the publication of this Annual Report, the Company received a notification in accordance with the DTRs from David Capital Partners, who have an indirect holding of 3.10% and FMR LLC, who have an indirect holding of 5.01%.

Branches outside of the UK

The Company has no overseas branches, and a list of the Company's subsidiaries are detailed in note 5.17 of the financial statements.

Annual General Meeting

Our 2023 AGM will be held at the offices of Numis Securities Limited, 45 Gresham Street, London EC2V 7BF on Thursday 18 May 2023 at 12 noon. Further details about the AGM are provided in the Notice of AGM. 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

22 March 2023

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements 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.
- 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 UK 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 on pages 70 and 71 confirm that, to the best of their knowledge:

- 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.
- 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.

In the case of each Director in office at the date the Directors' report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware.
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and 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.

The 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 Officer

22 March 2023

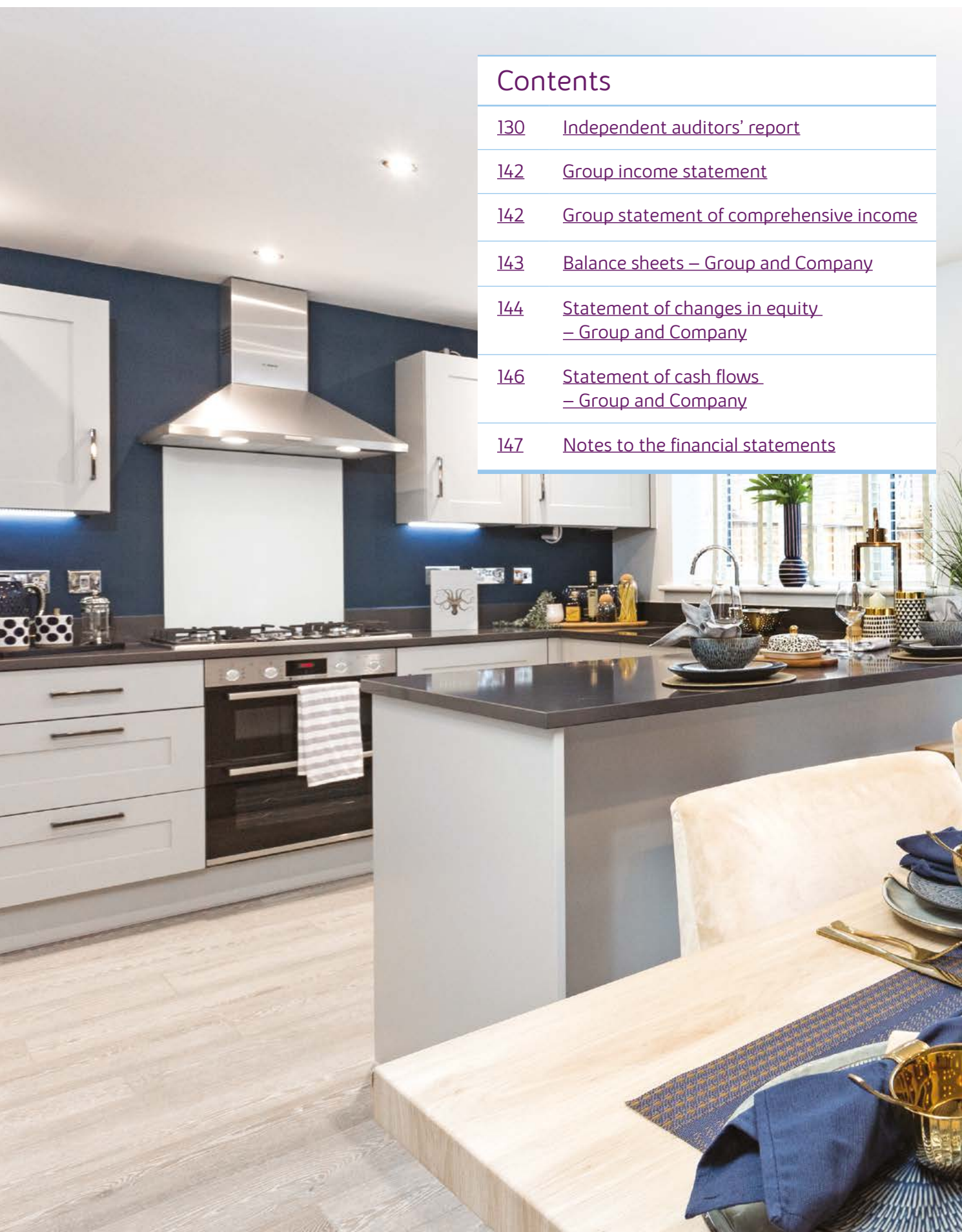
Tim Lawlor
Chief Financial Officer

22 March 2023

Financial statements

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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 2022 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 as applied in accordance with the provisions of the Companies Act 2006; 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 (the "Annual Report"), which comprise: the Group and Company Balance sheets as at 31 December 2022; 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

During the year, the Group completed a significant business combination, acquiring Countryside Partnerships PLC on 11 November 2022. This led to a significant increase in the value of the Group's assets and liabilities at 31 December 2022. The timing of the acquisition, being approximately seven weeks prior to the year end, meant that there was a less significant impact on the profit and cash flows of the Group for the year.

The acquisition has principally impacted our audit in respect of the accounting for the business combination, including the determination of the fair value of the acquired assets and liabilities and the resulting goodwill arising, as well as the inclusion of an additional full scope trading division requiring audit, as set out further below.

Overview

Audit scope

- Until the date of the business combination, the Group principally operated through two trading divisions, being Housebuilding (made up of 13 regions) and Partnerships (made up of 14 regions). The business combination led to the creation of a third trading division, Countryside (made up of 17 regions). We performed a full scope audit of each division, which together account for 100% of the revenue of the Group.
- Due to the significance of a number of financial statement line items within the Company to the overall Group, such as bank and other loans and financial expenses, a full scope audit has also been performed over this entity.
- We performed procedures at a Group level, such as the audit of the consolidation and financial statement disclosures, the accounting for the business combination, taxation, pension scheme balances and asset impairment assessments of goodwill, intangible assets and investments in subsidiary undertakings. We also performed full scope procedures over 20 joint ventures.

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)
- Accounting for business combination (Group)
- Impairment of investments in subsidiary undertakings (Company)

Materiality

- Overall Group materiality: £20.0 million (2021: £16.0 million) based on 5% of the Group's profit before tax adjusted to remove the exceptional expenses relating to legacy properties fire safety and the exceptional expenses relating to the acquisition of Countryside (2021: 5% of the Group's profit before tax).
- Overall Company materiality: £29.3 million (2021: £15.9 million) based on 1% of total assets (2021: 1% of total assets).
- Performance materiality: £15.0 million (2021: £12.0 million) (Group) and £22.0 million (2021: £11.9 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.

Accounting for business combination is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Margin forecasting and recognition in private and affordable housing (Group)

Refer to page 92 of the Audit Committee report ('Significant issues and other accounting judgements') and notes 1.5 ('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 or contracted 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 estimation involved. There is uncertainty over future sales prices of private sales and the determination of future build costs is inherently uncertain and 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, Operational and Finance teams. This enabled us to obtain evidence regarding the consistency of the operation of this control across the regions and contributed to our evidence regarding the accuracy and completeness of both forecast costs and revenues.

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 and tested a sample of forecast costs to either third party evidence or other appropriate support.

We reviewed the output from a sample of instances of management's key forecasting and monitoring control performed post year end to assess the completeness of site costs recognised at 31 December 2022.

We tested a sample of forecast sales prices to the actual sales prices attained post year end, or available market data, for similar properties, or contracts where applicable, to support the validity of these sales prices.

Based on the procedures performed, we did not identify any material misstatements within the revenue and cost of sales, 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 92 of the Audit Committee report ('Significant issues and other accounting judgements') and notes 1.5 ('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.

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;

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, Operational and Finance teams. This enabled us to obtain evidence regarding the consistency of the operation of this control across the regions and contributed to our evidence regarding the accuracy and completeness of both forecast costs and revenues.

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.

Key audit matter	How our audit addressed the key audit matter
<i>Long-term contract accounting in partner delivery (Group) (continued)</i>	
<ul style="list-style-type: none"> 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. <p>There is estimation uncertainty within the above assumptions due to potential changes in market conditions (such as supply chain inflation) 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.</p>	<p>This included those with revenue, margin or losses recognised above determined thresholds, as well as sites with known operational issues. We performed the following procedures in respect of these contracts:</p> <ul style="list-style-type: none"> 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. <p>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.</p> <p>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.</p> <p>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.</p> <p>We agreed contract loss provisions recorded based on the overall outcome anticipated on the contract through a combination of the procedures above.</p> <p>Based on the procedures performed, we did not identify any material misstatements within the revenue and cost of sales, and therefore margin, recognised. We also assessed the disclosures in respect of long-term contract accounting and considered these to be appropriate.</p>
<i>Carrying value of inventory (Group)</i>	
<p>Refer to page 92 of the Audit Committee report ('Significant issues and other accounting judgements') and notes 1.5 ('Critical accounting judgements and key sources of estimation uncertainty') and 3.1 ('Inventories') of the financial statements.</p> <p>The inventory balance at 31 December 2022 was £2,838.1 million (31 December 2021: £1,962.2 million). Inventory is comprised of land held for development, work in progress (WIP), raw materials and consumables, completed plots and part exchange properties.</p> <p>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. The balance of inventory held also includes the fair value adjustments arising from business combinations.</p>	<p>The procedures set out above for the 'Margin forecasting and recognition in private and affordable housing' key audit matter are also relevant to auditing the carrying value of inventory.</p> <p>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 operational issues or under performance. We discussed the identified sites with management, including considering the level of provisions held against these sites.</p> <p>We evaluated the quantum and ageing of part exchange properties and challenged the recoverability of these assets.</p> <p>We checked that appropriate site acquisition approvals had been obtained for a sample of significant sites, with this including consideration of site profitability.</p>

Key audit matter	How our audit addressed the key audit matter
<i>Carrying value of inventory (Group) (continued)</i>	
<p>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.</p> <p>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.</p>	<p>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.</p>
<i>Provision for legacy properties fire safety (Group)</i>	
<p>Refer to page 92 of the Audit Committee report ('Significant issues and other accounting judgements') and notes 1.5 ('Critical accounting judgements and key sources of estimation uncertainty') and 5.9 ('Provisions') of the financial statements.</p> <p>Management have made estimates as to the extent of the remedial work required in respect of legacy properties fire safety. This reflects the fact that the Group signed up to the government's Developer Pledge for fire safety remedial work on 7 April 2022 and subsequently the Developer Remediation Contract on 13 March 2023. This has crystallised the scope and therefore additional costs of the Group's obligation to perform remedial work on properties over 11 metres high.</p> <p>As a result, the Group held a provision of £309.2 million as at 31 December 2022 (31 December 2021: £25.2m) in relation to the expected costs to be incurred in performing such remedial work. During the year, the Group recognised an exceptional expense of £96.1 million, with an additional provision of £191.8m arising as a result of the acquisition of Countryside.</p> <p>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.</p>	<p>We obtained management's assessment of the most likely outcome and performed the following procedures:</p> <ul style="list-style-type: none"> 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; we also consulted with our Forensics experts to assess the impact of 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. <p>As part of our audit of the opening balance sheet of Countryside, as noted in the key audit matter below, we issued instructions to a third-party audit firm to perform testing, which included consideration of the valuation of the provision for legacy properties fire safety. We reviewed their working papers and checked that sufficient and appropriate procedures, similar to the above, had been undertaken in auditing this provision.</p> <p>We also assessed the impact of the signing of the Developer Remediation Contract on 13 March 2023, with this being a detailed articulation of the Developer Pledge signed on 7 April 2022. We agree with management's conclusion that this provides further information about the measurement of the obligation that existed at 31 December 2022. We therefore agree with management's conclusion that additional information arising from the Long Form Contract is incorporated into the measurement of the provision.</p> <p>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'.</p>

Key audit matter	How our audit addressed the key audit matter
Accounting for business combination (Group)	
<p>Refer to page 92 of the Audit Committee report ('Significant issues and other accounting judgements') and notes 1.5 ('Critical accounting judgements and key sources of estimation uncertainty') and 5.13 ('Business combinations') of the financial statements.</p> <p>On 11 November 2022, the Group completed the business combination of Countryside Partnerships PLC, with the entire issued ordinary share capital being acquired for total consideration of £1,137.0 million.</p> <p>The accounting for acquisitions can be complex with judgement required in order to both identify and determine the fair value of the acquired assets (including any intangible assets) and liabilities in accordance with IFRS 3, 'Business Combinations'.</p> <p>The calculation of fair value is subjective due to the inherent uncertainty involved in performing such a valuation. In particular, the method of valuation, use of future forecasts (including cash flow forecasts) and underlying assumptions may all have a material impact on the valuation of assets and liabilities, notably the valuation of inventories and intangible assets, which represent the most significant assets acquired. This process therefore also requires the use of valuations specialists.</p> <p>The acquisition accounting performed by management has given rise to the recognition of additional goodwill of £257.2 million.</p>	<p>We agreed the total purchase consideration to the 'Circular to Vistry Shareholders' - this consideration was made up of cash and shares, which have been agreed to the bank statement and share register respectively.</p> <p>We issued instructions to a third-party audit firm to perform testing over the opening balance sheet at 11 November 2022, including consideration of the alignment of accounting policies to those of the Group. We reviewed the component auditors' working papers to ensure the work performed was in line with our instructions and expectations and that appropriate conclusions had been reached on areas of higher risk or involving greater judgement. This particularly included the valuation of the provision for legacy properties fire safety.</p> <p>We involved our valuations specialists in our audit of the provisional valuation of the intangible assets acquired, including brand name, customer relationships and secured contracts. This work included assessment of the appropriateness of the valuation methods and assumptions used, such as the royalty rate used to value the brand name. We obtained the underlying cash flow forecasts used and reconciled these to those used within our testing of areas such as the impairment assessment of goodwill. Our valuations specialists also assessed the appropriateness of the discount rate used within management's models.</p> <p>We tested the fair value of other adjustments recognised, including agreement to relevant supporting documentation, and challenged the assumptions made by management within the fair value calculations. This included the valuation of inventories and the accuracy of the calculation used to value the inventories using an assumed rate of return expected by a typical third party market participant.</p> <p>The procedures performed did not identify any material misstatements within the accounting for the business combination. We also assessed the completeness of disclosures in respect of the business combination against the requirements of the relevant accounting standards, including clear reference to the fair values considered provisional, with these considered to be appropriate.</p>
Impairment of investments in subsidiary undertakings (Company)	
<p>Refer to note 5.8 ('Investments') of the financial statements.</p> <p>At 31 December 2022, the Company held investments of £2,498.3 million (31 December 2021: £1,354.9 million) in its subsidiary undertakings.</p>	<p>We agreed with management's conclusion that there was an impairment trigger and hence the carrying value of investments needed to be tested for impairment.</p> <p>We assessed the evidence supporting the recoverable amount of the investments in subsidiary undertakings, through reference to the outcome of our testing procedures over the discounted forecast cash flows supporting the impairment assessment of goodwill.</p>

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of investments in subsidiary undertakings (Company) (continued)</i>	
<p>On an annual basis, management 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.</p> <p>An impairment assessment of this nature requires judgement and there is risk that a potential impairment trigger may not be identified and, in the event that there is an impairment trigger, there is a risk that the calculation of the recoverable amount of the investment is incorrect and therefore the value of the investment may be misstated.</p> <p>In assessing whether or not there were any impairment triggers, management considered a number of factors including the underlying performance of the Group and the market capitalisation of the Group. The market capitalisation of the Group at 31 December 2022 was approximately £2,171.8 million, with this being lower than the carrying value of investments. Management therefore concluded that there was an impairment trigger.</p> <p>The carrying value of investments was compared to the recoverable amount of the investments in subsidiary undertakings, determined using discounted forecast cash flows. Based on this assessment, it was concluded by management that there was no impairment.</p>	<p>Through our audit of the impairment assessment of goodwill, we ensured that the costs of meeting the requirements and commitments arising as a result of the impact of climate change had been appropriately reflected within the forecast future cash flows.</p> <p>We also considered changes to the market capitalisation of the Group up to 22 March 2023, with this showing an increase post 31 December 2022 meaning that this amount is greater than the carrying value of investments at year end.</p> <p>The procedures performed supported the conclusion that no impairment was required.</p>

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 four components, being the Company and the three trading divisions. These include the Housebuilding division (made up of 13 regions), the Partnerships division (made up of 14 regions) and the Countryside division (made up of 17 regions). This 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.

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. Due to the significance of a number of financial statement line items within the Company to the overall Group, such as bank and other loans and financial expenses, a full scope audit has also been performed over this entity. The allocated materiality for the Company was lower than the materiality for the stand-alone financial statements of this entity.

In respect of the joint ventures held by the Group, we performed full scope procedures in respect of 20 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, the accounting for the business combination, taxation, pension scheme balances and asset impairment assessments of goodwill, intangible 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, with the exception of the testing of the opening balance sheet of Countryside Partnerships PLC at 11 November 2022, with this having been performed by a third-party audit firm based on our instructions to them, including over relevant scope and materiality. We performed appropriate oversight procedures, including review of their audit working papers to ensure we were satisfied with the work performed.

The impact of climate risk on our audit

The risks associated with climate change will impact the housebuilding industry, with changes to Part L and Part F of the Building Regulations having been implemented during the year. The 2025 Future Homes Standard will also 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, with the Group's carbon reduction targets having been verified by the Science Based Targets Initiative during the year. These targets will be reconfigured during 2023 in respect of the enlarged Group, following the acquisition of Countryside.

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.

In doing so, we have 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 requirements and commitments and how they have been reflected in forecast future cash flows.

We have understood that management have designed new house types to meet the revised standards. Management's process is that land appraisals prepared in respect of sites yet to be acquired reflect the cost of meeting these new regulations, so as to appropriately assess targeted returns, whilst for existing sites that will need to meet these standards, build costs are included in the reports underpinning management's key forecasting and monitoring control. These processes form the basis of the Group's cash and funding requirements and are therefore an integral part of preparing forecast future cash flows.

These forecast cash flows have been used as part of the assessments performed over going concern and viability, the impairment assessments performed over goodwill and the impairment assessment of investments in subsidiary undertakings held by the Company, as well as the determination of the fair value of the acquired intangible assets. Our key audit matters further explain how we have evaluated the impact of climate change, where applicable.

We challenged management regarding the extent of disclosures made within the financial statements in respect of climate change, obtaining comfort over the consistency of the finalised disclosures made in the other information within the Annual Report with both the financial statements and the knowledge we obtained from our 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	£20.0 million (2021: £16.0 million).	£29.3 million (2021: £15.9 million).
How we determined it	Approximately 5% of the Group's profit before tax adjusted to remove the exceptional expenses relating to legacy properties fire safety and the exceptional expenses relating to the acquisition of Countryside (2021: 5% of the Group's profit before tax).	Approximately 1% of total assets (2021: 1% of total assets).

	Financial statements – Group	Financial statements – Company
Rationale for benchmark applied	<p>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.</p> <p>In the current year, we have adjusted this measure to remove the exceptional expenses relating to legacy properties fire safety and the exceptional expenses relating to the acquisition of Countryside given that these are large one-off items which do not reflect the underlying profitability of the Group.</p>	<p>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.</p> <p>The Company is also a full scope component for the purposes of the Group audit, with the allocated materiality (of £16.0 million) being lower than the above materiality for the stand-alone Company financial statements.</p>

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £16.0 million and £18.0 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% (2021: 75%) of overall materiality, amounting to £15.0 million (2021: £12.0 million) for the Group financial statements and £22.0 million (2021: £11.9 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 £1.0 million (Group audit) (2021: £0.8 million) and £1.5 million (Company audit) (2021: £0.9 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, including the impact of the business combination;
- 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 and those used in the determination of the fair value of the acquired assets and liabilities;
- comparing the prior year forecasts (for the pre-acquisition Group) against current year actual performance to assess management's ability to prepare accurate forecasts;
- assessing the severe but plausible downside scenario which has been used to sensitise the base case model, including consideration of the underlying assumptions within this forecast (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, including those put in place to fund the business combination, 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 2022 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 and Company 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.

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 NHBC standards and other building regulations (including the Building Safety Act 2022 and other 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. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors 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 in private and affordable housing, long-term contract accounting in partner delivery, the expected outflows in respect of legacy properties fire safety and the determination of the fair value of the assets and liabilities acquired as part of the business combination;
- 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 8 years, covering the years ended 31 December 2015 to 31 December 2022.

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

22 March 2023

Group income statement

For the year ended 31 December	Note	2022 £000	2021* £000
Revenue	2.0	2,729,432	2,407,158
Cost of sales		(2,315,703)	(1,967,886)
Gross profit		413,729	439,272
Analysed as:			
Adjusted gross profit	5.14	636,855	542,965
Other operating income	2.1	(57,713)	(40,659)
Exceptional cost of sales	2.1	(96,113)	(5,744)
Share of joint ventures' and associate gross profit	5.8	(69,300)	(57,290)
Gross profit		413,729	439,272
Administrative expenses including exceptional items	2.1	(258,936)	(194,517)
Other operating income	2.1	57,713	40,659
Operating profit	2.1	212,506	285,414
Analysed as:			
Adjusted operating profit	5.14	451,090	368,368
Exceptional expenses	2.1	(152,977)	(12,225)
Amortisation of acquired intangibles	5.6	(17,065)	(14,240)
Share of joint ventures' and associate operating profit	5.8	(68,542)	(56,489)
Operating profit	2.1	212,506	285,414
Financial income	4.3	14,547	23,062
Financial expenses including exceptional items	4.3	(26,776)	(18,931)
Net financing (expenses) / income	4.3	(12,229)	4,131
Share of profit of joint ventures and associate	5.8	47,207	29,991
Profit before tax		247,484	319,536
Analysed as:			
Adjusted profit before tax	5.14	418,426	346,001
Exceptional expenses	2.1	(153,877)	(12,225)
Amortisation of acquired intangibles	5.6	(17,065)	(14,240)
Profit before tax		247,484	319,536
Income tax expense	5.1	(43,139)	(65,411)
Profit for the year attributable to ordinary shareholders		204,345	254,125
		2022	2021
Earnings per share			
Basic	2.4	86.5p	114.6p
Diluted	2.4	86.3p	114.1p
Basic earnings per share (before exceptional items and amortisation of acquired intangibles)	2.4	137.5p	125.5p
Diluted earnings per share (before exceptional items and amortisation of acquired intangibles)	2.4	137.1p	124.9p

*Reported revenue and cost of sales for 2021 have been restated in relation to trading with our joint ventures (see note 1.6).

Group statement of comprehensive income

For the year ended 31 December	Note	2022 £000	2021 £000
Profit for the year attributable to ordinary shareholders		204,345	254,125
Other comprehensive (expense) / income			
<i>Items that will not be reclassified to the income statement</i>			
Remeasurements on defined benefit pension scheme	5.10	(16,374)	33,838
Deferred tax on remeasurements on defined benefit pension scheme	5.1	2,399	(9,148)
Total other comprehensive (expense) / income		(13,975)	24,690
Total comprehensive income for the year attributable to ordinary shareholders		190,370	278,815

Balance sheets

		Vistry Group PLC Company number 00306718			
		Group		Company	
As at 31 December	Note	2022 £000	2021 £000	2022 £000	2021 £000
Assets					
Goodwill	5.7	804,742	547,509	-	-
Intangible assets	5.6	455,965	127,809	-	-
Property, plant and equipment	5.4	20,945	4,742	-	-
Right-of-use assets	5.5	77,217	31,069	-	-
Investments	5.8	253,659	175,064	2,498,302	1,354,921
Amounts recoverable from joint ventures and associate	5.11	391,382	308,217	-	-
Trade and other receivables	3.2	601	454	-	-
Restricted cash	4.1	382	778	-	-
Deferred tax assets	5.2	1,819	-	775	-
Retirement benefit asset	5.10	34,251	45,318	-	-
Total non-current assets		2,040,963	1,240,960	2,499,077	1,354,921
Inventories	3.1	2,838,140	1,962,155	-	-
Trade and other receivables	3.2	449,440	241,420	421,096	231,359
Cash and cash equivalents	4.1	676,760	398,714	344	344
Current tax asset	5.2	10,417	-	612	630
Total current assets		3,974,757	2,602,289	422,052	232,333
Total assets		6,015,720	3,843,249	2,921,129	1,587,254
Equity					
Issued capital	4.4	173,605	111,154	173,605	111,154
Share premium	4.4	360,801	361,081	360,801	361,081
Capital redemption reserve		1,278	-	1,278	-
Merger reserve	4.4	1,597,756	823,513	1,597,756	823,513
Retained earnings		1,116,232	1,094,833	237,675	141,037
Total equity attributable to equity holders of the parent		3,249,672	2,390,581	2,371,115	1,436,785
Liabilities					
Bank and other loans	4.2	508,657	164,260	495,809	149,688
Trade and other payables	3.3	334,484	211,296	780	781
Lease liabilities	5.5	71,826	18,836	-	-
Provisions	5.9	280,764	30,928	-	-
Deferred tax liabilities	5.2	-	38,444	-	-
Total non-current liabilities		1,195,731	463,764	496,589	150,469
Bank and other loans	4.2	49,938	-	49,938	-
Trade and other payables	3.3	1,432,711	966,127	3,487	-
Lease liabilities	5.5	14,756	14,215	-	-
Provisions	5.9	72,912	8,455	-	-
Current tax liabilities	5.2	-	107	-	-
Total current liabilities		1,570,317	988,904	53,425	-
Total liabilities		2,766,048	1,452,668	550,014	150,469
Total equity and liabilities		6,015,720	3,843,249	2,921,129	1,587,254

The Company made a profit for the year of £264,426,857 driven by dividend income from subsidiaries partly offset by exceptional costs incurred in relation to the Combination (2021 loss: £2,686,845 as a result of exceptional costs and the write-off of the capitalised fees from the 2020 financing arrangement). These financial statements on pages 142 to 196 were approved by the Board of Directors on 22 March 2023 and were signed on its behalf by:

Tim Lawlor, 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	Capital redemption reserve £000	Merger reserve £000	Total £000
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
Dividends 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
Balance at 1 January 2022		(3,372)	1,098,205	1,094,833	111,154	361,081	-	823,513	2,390,581
Profit for the year		-	204,345	204,345	-	-	-	-	204,345
Total other comprehensive expense		-	(13,975)	(13,975)	-	-	-	-	(13,975)
Total comprehensive income		-	190,370	190,370	-	-	-	-	190,370
Issue of share capital	4.4	-	-	-	7	(280)	-	-	(273)
Purchase of own shares		(14,484)	-	(14,484)	-	-	-	-	(14,484)
Cancellation of shares	4.4	-	(22,413)	(22,413)	(1,278)	-	1,278	-	(22,413)
Shares issued as consideration	4.4	-	854	854	63,722	-	-	774,243	838,819
LTIP shares exercised		456	(456)	-	-	-	-	-	-
Share-based payments	5.3	-	6,337	6,337	-	-	-	-	6,337
Dividends paid	2.3	-	(138,858)	(138,858)	-	-	-	-	(138,858)
Deferred and current tax on share-based payments	5.1	-	(407)	(407)	-	-	-	-	(407)
Total transactions with owners recognised directly in equity		(14,028)	(154,943)	(168,971)	62,451	(280)	1,278	774,243	668,721
Balance at 31 December 2022		(17,400)	1,133,632	1,116,232	173,605	360,801	1,278	1,597,756	3,249,672

Company statement of changes in equity

	Attributable to equity holders of the parent							
	Own shares held £000	Other retained earnings £000	Total retained earnings £000	Issued capital £000	Share premium £000	Capital redemption reserve £'000	Merger reserve £000	Total £000
Balance at 1 January 2021	(6,956)	234,846	227,890	111,127	360,657	-	823,513	1,523,187
Total comprehensive income	-	(2,687)	(2,687)	-	-	-	-	(2,687)
Issue of share capital	-	-	-	27	424	-	-	451
LTIP shares exercised	3,584	(3,584)	-	-	-	-	-	-
Share-based payments	-	4,543	4,543	-	-	-	-	4,543
Dividends paid	-	(88,709)	(88,709)	-	-	-	-	(88,709)
Balance at 31 December 2021	(3,372)	144,409	141,037	111,154	361,081	-	823,513	1,436,785
Balance at 1 January 2022	(3,372)	144,409	141,037	111,154	361,081	-	823,513	1,436,785
Total comprehensive income	-	264,427	264,427	-	-	-	-	264,427
Issue of share capital	-	-	-	7	(280)	-	-	(273)
Purchase of own shares	(14,484)	-	(14,484)	-	-	-	-	(14,484)
Cancellation of shares	-	(22,413)	(22,413)	(1,278)	-	1,278	-	(22,413)
LTIP shares exercised	456	(456)	-	-	-	-	-	-
Shares issued as consideration	-	854	854	63,722	-	-	774,243	838,819
Share-based payments	-	6,337	6,337	-	-	-	-	6,337
Dividends paid	-	(138,858)	(138,858)	-	-	-	-	(138,858)
Deferred and current tax on share-based payments	-	775	775	-	-	-	-	775
Balance at 31 December 2022	(17,400)	255,075	237,675	173,605	360,801	1,278	1,597,756	2,371,115

Statements of cash flows

For the year ended 31 December	Note	Group		Company	
		2022 £000	2021 £000	2022 £000	2021 £000
Cash flows from operating activities					
Profit / (loss) for the year		204,345	254,125	264,427	(2,687)
Depreciation and amortisation	5.4, 5.5, 5.6	35,272	32,524	-	-
Impairment losses	5.4, 5.5, 5.6	9,505	-	-	-
Financial income	4.3	(14,547)	(23,062)	(9,187)	(13,527)
Financial expense	4.3	26,776	18,931	9,723	16,698
Loss on disposal of property, plant and equipment		3	1	-	-
Equity-settled share-based payment expense	5.3	6,337	4,543	-	-
Income tax expense / (credit)	5.1	43,139	65,411	(612)	(630)
Share of profit of joint ventures and associate	5.8	(47,207)	(29,991)	-	-
Profit released on sale of assets from joint ventures and associate		-	(265)	-	-
(Increase) / decrease in trade and other receivables		(86,059)	(15,308)	(215,222)	88,855
Increase in inventories		(83,656)	(125,634)	-	-
(Decrease) / increase in trade and other payables		(63,346)	143,604	3,486	-
Increase / (decrease) in provisions		105,589	(1,018)	-	-
Cash generated from operations		136,151	323,861	52,615	88,709
Interest paid		(16,570)	(17,835)	-	-
Interest paid on lease payments [^]	5.5	(1,408)	(905)	-	-
Income taxes paid		(65,300)	(39,000)	-	-
Net cash generated from operating activities		52,873	266,121	52,615	88,709
Cash flows from investing activities					
Bank interest received		477	12	-	-
Acquisition of intangible assets	5.6	(43)	(1,516)	-	-
Acquisition of property, plant and equipment	5.4	(1,586)	(1,546)	-	-
Acquisition of Countryside net of cash acquired	5.13	(77,667)	-	(299,876)	-
Loans made to and investments in joint ventures and associate	5.8	(139,476)	(126,423)	-	-
Interest received on loans to joint ventures and associate		10,602	32,730	-	-
Loan repayments from joint ventures and associate	5.8	188,484	124,947	-	-
Distributions from joint ventures and associate		38,065	16,989	-	-
Decrease in restricted cash		396	415	-	-
Net cash generated from / (used in) investing activities		19,252	45,608	(299,876)	-
Cash flows from financing activities					
Dividends paid	2.3	(138,858)	(88,709)	(138,858)	(88,709)
Principal elements of lease payments		(16,141)	(15,745)	-	-
Net (spend on) / proceeds from the issue of share capital	4.4	(273)	451	(273)	-
Share buyback	4.4	(35,245)	-	(13,608)	-
Drawdown of bank and other loans	4.2	1,390,000	220,000	400,000	-
Repayment of bank and other loans	4.2	(993,562)	(370,000)	-	-
Net cash generated from / (used in) financing activities		205,921	(254,003)	247,261	(88,709)
Net increase in cash and cash equivalents		278,046	57,726	-	-
Cash and cash equivalents at 1 January	4.1	398,714	340,988	344	344
Cash and cash equivalents at 31 December	4.1	676,760	398,714	344	344

[^]Interest paid on lease payments in 2021 has been reclassified from financing activities to be consistent with the current year presentation.

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 2022 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures and associate. The financial statements were authorised for issue by the Directors on 22 March 2023. 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 2022, 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.

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 2022 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.

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. We continue to see some build cost inflation with higher energy prices impacting a selected range of materials required. Whilst this has not been factored into our assumptions, we are targeting a reduction in labour rates as the labour market softens. 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 as discussed in note 4.2 to the financial statements. In each of these scenarios the Group was also forecast to comply with the required covenants on the aforementioned borrowing facilities, even prior to migrating activities. 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 and have concluded that using the going concern basis for the preparation of the financial statements is appropriate.

In the downside sensitivity scenario, the following assumptions have been applied (in aggregate):

- A 10% reduction in private sales volumes in 2023 and 20% reduction in 2024, with a corresponding reduction in development spend;
- A 10% reduction in private sales prices;
- A rise in interest cost of 100bps;
- No sensitivity has been applied to either the affordable and PRS or partner delivery revenue streams as it is assumed that these would not be impacted by a downturn due to the significant proportion of this revenue which is pre-sold.

In a severe but plausible downside, the following mitigating actions have been modelled:

- Cessation of uncommitted land spend;
- Reduction in planned dividend outflows by 50% from H2 2023 onwards.

The Group have also assessed the appropriateness of the going concern assumption for the accounts of the Company. The Company's only expected cashflows in the twelve months following the date of these financial statements relate to the settlement of expenses incurred in relation to the Combination, dividend payments to shareholders and interest incurred on its borrowings. In order to fund these cashflows, the Company has receivables which are repayable on demand and are deemed recoverable. As a result, 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 and have concluded that using the going concern basis for the preparation of the Company financial statements is appropriate.

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 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 2022. 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 its share of the assets and obligations for the liabilities relating to the arrangement.

Where the Group collaborates with other entities on a development or contract, the arrangement is accounted for in accordance with IFRS 11. Where there is joint control, the arrangement is classified as a joint arrangement and accounted for using the equity method (for joint ventures) or on the basis of the Group's proportional share of the arrangement's assets, liabilities, revenues and costs (for joint operations). The Group's share of income and expenses of its joint operations are included within the corresponding lines of the income statement, from the date that joint control commenced.

An associate is an entity over which the Group is in a position to exercise significant influence but does not exercise control or joint control. Investments in associates are accounted for using the equity method.

When the Group's share of losses in a joint venture or associate equals or exceeds its interests in the joint venture or associate, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Parent Company Guarantees for audit exemption are listed in note 5.17.

1.5 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

Estimates and underlying assumptions affecting the financial statements are based on historical experience and other relevant factors and are reviewed on an ongoing basis. This approach forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information. Such changes are recognised in the year in which the estimate is revised.

The key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are described below.

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 development work in progress, the Group completes a financial appraisal of the likely revenue which will be generated when these inventories are converted 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 (based on prevailing and/or contracted costs), 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 net 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 2022 has been carried out, and appropriate adjustments have been made to the carrying value of the Group's inventory provision.

These estimates were made by local management having regard to actual prevailing 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 5.0ppts decrease in estimated gross margins for all active developments (private, affordable and PRS) which are expected to generate future revenues as this is considered to be a reasonably possible change. This movement in margin would result in the need to recognise an additional £3.1m of land and work in progress write down provision, reducing the value of inventories on the balance sheet and having a corresponding impact to gross profit.

Margin recognition

The gross margin from private housing, affordable and PRS housing and private rental sector 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 forecast gross margins are based on current prevailing pricing or contracted rates and pricing where applicable. 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. Where the actual contracted costs are available, these are used in the calculation. There is inherent uncertainty and sensitivity to external forces (predominantly house prices, material and labour costs) in these forecasts, which are reviewed regularly throughout the year by management and are described on pages 63 to 64.

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 5.0ppts decline in forecasted gross margins across all developments and partner delivery sites; this would have reduced gross profit by £136.5m through increased cost of sales, with a corresponding reduction to inventories and therefore net assets of the same value. This would equate to a 6.2ppts increase in cost of sales, or a 5.0ppts decrease in revenue, which is considered reasonably possible in light of recent market conditions.

Fire safety cladding

Management have reviewed all current legal and constructive obligations with regards to 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.

The Directors have made estimates as to the extent of the remedial works required and the associated costs, using currently available information including third-party quotations where possible. The quantification of the cost of these remedial works is inherently complex and depends on a number of factors including the number of buildings potentially requiring remediation; the extent of remedial works required; the size of the buildings; the timeframe over which the remediation will take place; the associated costs of investigation, materials and labour; the potential cost of managing disruption to residents; and the impact of inflation over the next five years. It is also highly likely that there will be further revisions to these estimates as government legislation and regulation in this area evolves. Management have completed extensive work to identify properties requiring remediation and considers the buildings identified and the value of works provided to reflect management's best view of the expected cost to the Group. See note 5.9 and 5.16 for more detail.

As an illustration the following reasonably possible movements would have the following effect on the provision:

Sensitivity	
10% increase in estimated remediation cost	22.4
100 bps increase in discount rate	(6.6)
100 bps increase in inflation rate	4.7

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.

Impairment of goodwill

The Group tests for goodwill impairment on an annual basis, or more regularly where there are indicators of impairment. This requires an estimation of the value in use of the cash-generating units to which the assets have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to be generated by the cash-generating units, and a suitable discount rate and long-term growth rate to apply in order to calculate present value. During the period, these estimates resulted in no impairment charge (2021: £Nil) relating to goodwill. Refer to Note 5.7 for the details of impairment review and the sensitivities applied.

Fair valuation of Countryside's opening balance sheet

In performing the fair valuation of the Countryside opening balance sheet at 11 November 2022, there are two areas which involved significant estimation and judgement – the valuation of inventories and acquired intangibles.

In order to calculate the fair value of inventories acquired with Countryside, management have assessed what margin a market participant would expect on the acquired inventories. This requires significant judgement to be made.

The valuation of acquired intangibles involved inputs including useful economic lives of identified intangible assets, discount rate and royalty rate which all involved significant estimation uncertainty. Management have performed the following sensitivities:

Sensitivity	Increase/(decrease) in intangible assets 11 November 2022 £m
1 year increase in useful economic lives	9
1% increase in discount rate	(11)
0.5% increase in royalty rate	32

Sensitivity	Increase/(decrease) in inventories 11 November 2022 £m
1% increase in market participant margin	(69.4)

1.6 Restatement of Vistry Group PLC 2021 financial statements and notes

Reported revenue and cost of sales have been restated for the year ended 31 December 2021 (increasing partner delivery revenue and cost of sales by £48.1m). This adjustment was to correct a prior period error in calculating the revenue and associated cost of sales that were recognised in relation to assets previously sold by the Group to joint ventures that have subsequently been sold by these joint ventures to external parties. The gross profit element of this error is de minimis, and as a result no adjustment to gross profit has been made in the restatement.

1.7 Impact of standards and interpretations in issue

No new accounting standards and interpretations have been published that are mandatory for the 31 December 2022 reporting year 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 are mandated for the sector through the Future Homes Standard which comes into effect in 2025. As a consequence, the requirements for building standards for the next few years are known and the costs of meeting those requirements are factored into investment appraisals for new land acquisitions today. Land that was acquired before these new requirements were known will be subject to increased costs to complete that will impact margins. However, given the rate of house price increases over the last 3 to 4 years, the extra cost of meeting any new regulations will be more than covered for older sections of the land bank. Land held under options (strategic land) is acquired using a discount to prevailing market prices and so the impact of any new building standard will be factored into the eventual option price paid. The cost of meeting climate challenges through regulation changes is also included in the cost to complete estimation for each site that, in turn, is used for defining both in year margins and in year financial forecasts in the same way that we factor in all other costs to complete for a site. These site forecasts are also used to generate our first year and multi-year plans which are used in going concern, viability and goodwill impairment assessments.

There are other areas of potential cost that relate to climate change as shown on page 51 "Pricing for the cost of climate change". Beyond the known incremental costs of mitigating either the transitional or physical risks of climate change, these risks are regularly monitored and will be included in our costs estimation/planning processes as and when they arise. This is most typically seen currently through the increase in material prices due to energy price inflation, albeit it is hard to distinguish the precise cause of energy price inflation between climate related impacts or other geo-political events impacting energy security.

2.0 Result for the year

Revenue

Private housing revenue

Revenue is recognised on the sale of private housing at a point in time on legal completion, as this is when the customer obtains control of the property and the Group has fulfilled its performance obligations. 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.

Affordable housing and private rental sector ("PRS") revenue

Contract revenue for affordable housing and PRS contracts is 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. Where there is a disposal of land to the customer under the contract, revenue for this disposal is recognised in line with the accounting policy for land sales below.

As the build progresses, customer-controlled assets are created, with the design tailored to the specification of the customer. The Group has an enforceable right to be paid for the work completed to date and invoices are issued and paid over the life of the development. Variations in contract work and claims are included to the extent that it is highly probable that there will not be a significant reversal when the value of such payments is finalised.

Where progress towards the satisfaction of performance obligations cannot be reasonably determined, revenue is recognised over time as the work is performed to the extent that costs have been incurred and are expected to be recoverable, and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in the income statement within cost of sales.

The application of the above policies 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.

Bare land sales

Revenue is recognised on bare land sales from the point of control passing to the buyer. Where the Group still has significant obligations to perform under the terms of the contract, revenue is recognised when the obligations are performed.

Other revenue

Revenue is recognised on commercial property sales from the point of control passing to the buyer. Any other revenue is only recognised at the point that the Group has fulfilled their obligations under the contract.

Government grant income

Government grants are recognised once the Group has reasonable assurance that the related conditions of the grant will be met and that the grant will be received. Government grant income is recorded within other operating income, as disclosed in Note 2.1.

Revenue by type	2022 £000	2021 £000
Private housing	1,895,566	1,599,616
Affordable housing and PRS revenue	350,465	261,894
Partner delivery revenue*	470,357	516,769
Bare land sales	5,654	22,727
Release of deferred revenue from joint ventures	-	243
Other	7,390	5,909
Total	2,729,432	2,407,158
Timing of revenue recognition		
At a point in time	1,817,594	1,580,383
Over time*	911,838	826,775
Total	2,729,432	2,407,158

*Revenue and cost of sales for 2021 has been restated in relation to trading with our joint ventures (see note 1.6).

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.

At 31 December 2022 the aggregate amount of the transaction price allocated to unsatisfied performance obligations on contracts was £3,118.0m (2021: £1,617.0m), of which approximately £1,562.0m (2021: £939.0m) is expected to be recognised as revenue during 2023.

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:

	2022 £000	2021 £000
Amounts recoverable on contracts (see note 3.2)	261,522	140,822
Payments on account (see note 3.3)	(40,290)	(52,542)

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 2021 have been recognised as revenue in the current year. Amounts recoverable on contracts are presented within trade and other receivables on the face of the balance sheet and payments on account are presented with trade and other payables.

Significant changes in contract assets and liabilities

Contract assets increased during 2022 as a result of the Combination with Countryside. Contract liabilities have not moved significantly year on year.

2.1 Operating profit

Operating profit before exceptional expenses is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible assets (see note 5.4)	2,187	1,852
Depreciation of right-of-use assets (see note 5.5)	15,622	15,093
Amortisation of intangible assets (see note 5.6)	17,463	15,579
Personnel expenses (not capitalised into work in progress)*	143,718	117,917

*2021 has been restated to include staff bonus costs as well as salaries, resulting in an increase of £31.7m.

Other operating income

	2022 £000	2021 £000
Joint arrangement management fees income	29,949	27,483
Release of joint venture deferred income	21,420	13,176
Government grant income	6,344	-
Total other operating income	57,713	40,659

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.

Government grant income in 2022 is in relation to Homes England's 2021–2026 Affordable Homes Programme, secured by the Group in 2021. The total grant secured of £84.0m will deliver 1,474 new homes over a five-year programme.

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.

2022 exceptional expenses related to the Combination with Countryside and an incremental fire safety provision.

2021 exceptional expenses related to one-off integration activities following the 2020 acquisition of Linden and Partnerships from Galliford Try and an incremental fire safety provision.

	2022 £000	2021 £000
Administrative expenses relating to the Combination with Countryside	56,864	-
Administrative expenses relating to the Acquisition of Linden and Partnerships	-	6,481
Cost of sales relating to legacy property fire safety	96,113	5,744
Interest on fire safety provision	900	-
Total exceptional expenses	153,877	12,225

On 11 November 2022, the Group completed the Combination with Countryside Partnerships PLC. The administrative expenses incurred in the year ended 31 December 2022 in relation to this transaction include legal, financing and accounting advisory service fees, transaction insurance costs (totalling £29.5m) and costs directly attributable to the integration and restructuring of the Group (totalling £27.4m). Further exceptional costs are expected to be incurred in 2023 in relation to integration activities and further restructuring. Please refer to note 5.9 for further discussion of the expected cash outflows relating to the Combination with Countryside.

On 3 January 2020, the Group completed the acquisition of Linden and Partnerships from Galliford Try PLC. In the year ended 31 December 2021, the exceptional administrative expense solely related to the conclusion of system integration work and residual restructuring related to this acquisition.

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. For further detail on this provision and the expected cash outflows, please refer to note 5.9.

Tax on exceptional items in 2022 was £30.7m (2021: £2.3m).

Auditors' remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditors for the audit of the Company and Group's annual accounts	1,246	408
Fees payable to the Company's auditors and its associates for other services:		
Audit of the accounts of subsidiaries	759	572
Audit-related assurance services	60	50
Non-audit fees	1,096	1
Fees charged to operating profit	3,161	1,031

Within the 2021 charge of £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.

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.

During the year, one development site was transferred from the Housebuilding to the Partnerships operating segment due to its closer alignment with the Partnerships commercial proposition. The impact of the transfer on the adjusted gross margin for Partnerships was to increase it by 2bps and the impact on adjusted gross margin for Housebuilding was to increase it by 2bps.

Following the Combination on 11 November 2022, the Board have identified three separate segments for 2022 having taken into consideration IFRS 8: "Operating Segments" criteria, Housebuilding, Partnerships and Countryside, since the CODM has reviewed information relating to the recently acquired Countryside business separate to the existing Housebuilding and Partnerships businesses.

In 2023, the Countryside business will be integrated into the Housebuilding and Partnerships businesses and the Board will therefore be presented with discrete financial information relating to only two segments from that point. Consequently, the Group anticipates having two separate segments under IFRS 8, Housebuilding and Partnerships for reporting in 2023.

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, affordable and PRS housing on land owned by the Group or the Group's joint ventures, or to provide contracting services for development. The Partnerships segment currently operates under the Vistry Partnerships and Drew Smith brand names, though the Drew Smith and Vistry Partnerships brand names will cease to be used once current sites complete and the segment will operate under the Countryside Partnerships brand going forwards.

The Countryside segment represents the business acquired on 11 November 2022 and is a business which primarily partners with housing associations and other public sector businesses across England, including London, to deliver the development of private, affordable and PRS housing on land owned by the Group or the Group's joint ventures or associate. The Countryside segment operates under the Countryside Partnerships brand name.

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.

Adjusted financial results include share of joint ventures and associate and exclude exceptional items. Adjusted revenue is stated exclusive of revenue recognised by the Group on transactions with joint ventures and associate, no adjustment is made to adjusted gross margin as the impact is de minimis. Adjusted gross profit is stated including other operating income. Refer to section 5.14 for the definitions of the financial alternative performance measures used in this document.

Segmental financial performance

Year ended 31 December 2022	Housebuilding £000	Partnerships £000	Countryside £000	Group items £000	Total £000
Revenue	1,737,944	854,504	136,984	-	2,729,432
Share of joint ventures' and associate's revenue	244,409	132,715	15,505	-	392,629
Elimination of revenue recognised on transactions with joint ventures and associate	-	(48,824)	-	-	(48,824)
Adjusted revenue	1,982,353	938,395	152,489	-	3,073,237
Gross profit	294,908	108,268	10,553	-	413,729
Share of joint ventures' and associate's gross profit	45,461	19,061	4,778	-	69,300
Exceptional cost of sales	91,123	4,990	-	-	96,113
Other operating income	33,001	23,876	836	-	57,713
Adjusted gross profit	464,493	156,195	16,167	-	636,855
Operating profit	244,343	57,507	(12,814)	(76,530)	212,506
Share of joint ventures' and associate's operating profit	45,131	18,855	4,556	-	68,542
Exceptional items	91,123	12,932	5,974	42,948	152,977
Amortisation of acquired intangibles	2,757	11,480	2,828	-	17,065
Adjusted operating profit	383,354	100,774	544	(33,582)	451,090
Adjusted gross margin	23.4%	16.6%	10.6%	-	20.7%
Adjusted operating margin	19.3%	10.7%	0.4%	-	14.7%
Return on Capital Employed (see note 5.12)	28.2%	77.6%	0.2%	-	28.3%

Year ended 31 December 2021	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Revenue*	1,621,692	785,466	-	2,407,158
Share of joint ventures' revenue	207,614	126,977	-	334,591
Elimination of revenue recognised on transactions with joint ventures and associate *	-	(48,116)	-	(48,116)
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%
Return on Capital Employed (see note 5.12)	21.3%	328.8%	-	25.5%

*Revenue and cost of sales for 2021 have been restated in relation to trading with our joint ventures (see note 1.6).

Segmental financial position

As at 31 December 2022	Housebuilding £000	Partnerships £000	Countryside £000	Group items £000	Total £000
Goodwill and intangibles	275,255	381,923	603,529	-	1,260,707
Tangible net assets excluding investments in joint ventures and associate	1,235,675	87,404	130,208	163,854	1,617,141
Investments in joint ventures and associate	133,125	71,683	48,851	-	253,659
Net cash	-	-	314,719	(196,554)	118,165
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	

2.3 Dividends

The following dividends were paid by the Group:

	2022 £000	2021 £000
Prior year final dividend per share of 40p (2021: 20p)	88,747	44,340
Current year interim dividend per share of 23p (2021: 20p)	50,111	44,369
	138,858	88,709

A final dividend of 32 pence per share (cumulative amount: £162.3m) has been recommended and, subject to shareholder approval at the AGM, will be paid on 1 June 2023 in respect of 2022.

2.4 Earnings per share

Profit attributable to ordinary shareholders

	2022 £000	2021 £000
Profit for the year attributable to equity holders of the parent	204,345	254,125
Profit for the year attributable to equity holders of the parent (before exceptional items and amortisation of acquired intangibles)	324,687	278,267

Earnings per share

	2022	2021
Basic earnings per share	86.5p	114.6p
Diluted earnings per share	86.3p	114.1p
Basic earnings per share (before exceptional items and amortisation of acquired intangibles*)	137.5p	125.5p
Diluted earnings per share (before exceptional items and amortisation of acquired intangibles*)	137.1p	124.9p

*Amortisation of acquired intangibles is the amortisation of brand names and customer relationships and contracts. Note 5.6 contains further detail. These metrics are both calculated by applying the adjusted tax rate, which is defined as the reported tax rate, as adjusted for exceptional items, amortisation of acquired intangibles and significant prior period adjustments.

Reconciliation from reported to adjusted (basic before exceptional items and amortisation of acquired intangibles) earnings per share

	2022 Earnings per share (pence)	2022 Earnings £000	2021 Earnings per share (pence)	2021 Earnings £000
Reported basic	86.5p	204,345	114.6p	254,125
Exceptional items		153,877		12,225
Amortisation of acquired intangibles		17,065		14,240
Income tax credit on adjusting items and prior period tax adjustments		(50,600)		(2,323)
Adjusted basic	137.5p	324,687	125.5p	278,267
Adjusted diluted	137.1p	324,687	124.9p	278,267

Weighted average number of shares used as the denominator

	2022	2021
Weighted average number of ordinary shares for the year ended 31 December	236,161,867	221,788,132

Adjustments for calculation of diluted earnings per share:

Options	586,475	998,999
Weighted average number of ordinary shares and potential ordinary shares used as a denominator in calculating diluted earnings per share	236,748,342	222,787,131

Basic earnings per share

Basic earnings per ordinary share for the year ended 31 December 2022 is calculated on a profit attributable to shareholders of £204,345,000 (2021: £254,125,000) over the weighted average of 236,161,867 (2021: 221,788,132) ordinary shares in issue during the year.

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2022 was based on the profit attributable to ordinary shareholders of £204,345,000 (2021: £254,125,000) over the diluted weighted average ordinary shares potentially in issue for the year ended 31 December 2022 of 236,748,342 (2021: 222,787,131).

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.

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 in respect of land are held at the lower of their net realisable value and cost and are reviewed for impairment at each reporting date.

Should planning permission be granted and the option be exercised, the option's carrying value is included within the cost of land purchased.

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	2022 £000	2021 £000
Work in progress	944,797	806,136
Part exchange properties	23,665	15,554
Land held for development (net of provision)	1,869,678	1,140,465
Inventories	2,838,140	1,962,155

Inventories to the value of £792.3m were acquired with Countryside in November 2022, and £1,772.9m of inventories were recognised as expenses in the year (2021: £1,440.5m). Part exchange properties of £40.5m (2021: £68.2m) were disposed of during the year for proceeds of £41.8m (2021: £70.1m).

Movement on inventory provision	2022 £000	2021 £000
Balance at 1 January	4,606	5,735
- Utilised in the year	(3,435)	(2,132)
- Unutilised and released in the year	(1,171)	-
	-	3,603
New provisions recognised on sites still held	-	1,003
Balance at 31 December	-	4,606

Land held for development of £1,869.7m (2021: £1,140.5m) includes land costs of £1,869.7m (2021: £1,140.5m) offset by provisions of nil (2021: £4.6m).

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	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade receivables	46,904	41,973	-	-
Amounts recoverable on contracts	261,522	140,822	-	-
Amounts due from subsidiary undertakings	-	-	421,096	231,359
Other debtors	60,644	18,646	-	-
Prepayments	13,995	12,787	-	-
Other accrued income	66,375	27,192	-	-
Total current trade and other receivables	449,440	241,420	421,096	231,359
Trade receivables	601	454	-	-
Total non-current trade and other receivables	601	454	-	-

The above trade and other receivables are shown net of their expected credit loss allowances, which total £2.6m (2021: £1.2m). The Group's standard invoice payment terms are 30 days. Amounts due from subsidiary undertakings are repayable on demand.

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	
	2022 £000	2021 £000	2022 £000	2021 £000
Non-current liabilities				
Trade payables	334,442	211,246	-	-
Other creditors	42	50	780	781
Total non-current liabilities	334,484	211,296	780	781
Current liabilities				
Trade payables	738,360	483,585	-	-
Payments on account	40,290	52,542	-	-
Taxation and social security	17,273	4,579	-	-
Amounts payable to joint ventures and associate	139,672	46,010	-	-
Other creditors	47,074	51,898	-	-
Accruals	333,845	246,514	3,487	-
Deferred income	116,197	80,999	-	-
Total current liabilities	1,432,711	966,127	3,487	-
Total trade and other payables	1,767,195	1,177,423	4,267	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.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

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	
	2022 £000	2021 £000	2022 £000	2021 £000
Bank balances	676,757	398,673	344	344
Call deposits	3	41	-	-
Cash and cash equivalents in the balance sheet and cash flow	676,760	398,714	344	344

Restricted cash of £0.4m (2021: £0.8m) on the Group 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 and operated for 10 years. The scheme ended in 2022 with all monies expected to be received back by June 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, the Term Loan and the Bilateral 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 2022 £000	Carrying value 2021 £000
Revolving credit facility*	SONIA +160-250bps	500,000	2026	-	-
Term Loan**	SONIA +190-310bps	400,000	2025	400,000	-
USPP Loan***	403bps	100,000	2027	105,564	106,475
Prepaid facility fee	n/a	n/a	n/a	(4,191)	(312)
Bilateral Term Loan****	SONIA +265bps	n/a	2023	-	50,000
Homes England development loan	ECRR +120-220bps	10,667	2029	7,284	8,097
Overdraft facility	BoE Base +150bps	5,000	2025	-	-
Non-current borrowings		1,015,667		508,657	164,260
Bilateral Term Loan****	SONIA +265bps	50,000	2023	50,000	-
Prepaid facility fee	n/a	n/a	n/a	(62)	-
Current borrowings		50,000		49,938	-
Total borrowings		1,065,667		558,595	164,260

* 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, dependent on performance against sustainability KPIs. The facility includes two options to extend the agreement by one year, the first of which was exercised in November 2022, extending the facility maturity to 16 December 2026.

** Term Loan agreement entered into on 5 September 2022 in order to finance the Combination with Countryside Partnerships PLC, ending 31 March 2025.

*** Carrying value is quoted including impact from the fair value of future interest payments.

**** This loan commenced on 17 March 2020. The maturity date for this facility was amended on 23 February 2021 from 17 March 2021 to 17 March 2023 and it was therefore presented within non-current liabilities in 2021 and current liabilities in 2022. The available facility is displayed within the current borrowings row of the above table. This balance has been repaid post year end, as disclosed in Note 5.16.

The £500 million four-year revolving credit facility syndicate comprises eight banks, six of which form the syndicate for the £400m term loan. The revolving credit facility, Term Loan, USPP Loan and Bilateral Term Loan all include a covenant package, covering interest cover, gearing and tangible net worth requirements, which are tested semi-annually.

Interest rate profile of bank and other loans - Company

At 31 December	Rate	Available facility £000	Facility maturity	Carrying value 2022 £000	Carrying value 2021 £000
Revolving credit facility	SONIA +160-250bps	500,000	2026	-	-
Term Loan	SONIA +190-310bps	400,000	2025	400,000	-
USPP Loan*	403bps	100,000	2027	100,000	100,000
Prepaid facility fee	n/a	n/a	n/a	(4,191)	(312)
Bilateral Term Loan	SONIA +265bps	n/a	2023	-	50,000
Overdraft facility	BoE Base +150bps	5,000	2025	-	-
Non-current borrowings		1,005,000		495,809	149,688
Bilateral Term Loan	SONIA +265bps	50,000	2023	50,000	-
Prepaid facility fee	n/a	n/a	n/a	(62)	-
Current borrowings		50,000		49,938	-
Total borrowings		1,055,000		545,747	149,688

*Carrying value held at cost in Company balance sheet.

Net cash is calculated as follows:

	2022 £000	2021 £000
Cash and cash equivalents	676,760	398,714
Non-current bank and other loans	(508,657)	(164,260)
Current bank and other loans	(49,938)	-
Net cash	118,165	234,454

Net cash is stated exclusive of lease liabilities. Refer to note 5.5 for further information on lease liabilities.

The movement in net cash during the year was as follows:

	Cash & cash equivalents 2022 £'000	Borrowings 2022 £'000	Cash & cash equivalents 2021 £'000	Borrowings 2021 £000
Net cash at 1 January	398,714	(164,260)	340,988	(303,103)
Cash flow per cash flow statement	278,046	-	57,726	-
Repayment of bank and other loans	-	993,562	-	370,000
Drawdown of bank and other loans	-	(1,390,000)	-	(220,000)
Imputed interest on USPP loan	-	911	-	884
Prepaid facility fees capitalised	-	4,831	-	500
Prepaid facility fees amortised	-	(889)	-	(4,444)
Capitalised interest	-	(257)	-	-
Debt acquired with Countryside	-	(2,493)	-	-
Reclassification of Homes England development loan*	-	-	-	(8,097)
Net cash at 31 December	676,760	(558,595)	398,714	(164,260)

*The Homes England development loan was reclassified from non-current trade and other payables in 2021.

Prepaid facility fees capitalised in the period relate to transaction costs incurred on the extension of the Group's revolving credit facility and the arrangement of the Term loan in accordance with IFRS 9 Financial Instruments.

4.3 Net financing (expenses) / income

Finance income relates to interest income earned on loans made to joint ventures and associate 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 expenses predominantly relate to interest charges on external borrowings, lease liabilities and deferred land creditors. The finance costs and income associated with the time value of money on discounted payables and receivables are recognised within finance costs and income as the discount unwinds over the life of the relevant item.

Exceptional finance costs relate to the unwinding of the discount on the Group's long term fire safety provision.

The Group is required to capitalise borrowing costs directly attributable to business acquisitions and the construction and production of qualifying assets, 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.

Net financing (expenses) / income recognised in the Group income statement

	Note	2022 £000	2021 £000
Interest income		13,693	22,930
Net pension finance credit	5.10	854	132
Finance income		14,547	23,062
Imputed interest on deferred term land creditors		(7,085)	(5,118)
Interest on lease liabilities	5.5	(1,408)	(905)
Exceptional interest on fire safety provision	2.1	(900)	-
Bank, commitment fees and other interest		(17,383)	(12,908)
Finance expenses		(26,776)	(18,931)
Net financing (expenses) / income		(12,229)	4,131

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 employee stock ownership plan (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	2022 Number of shares	2022 Issued capital £000	2022 Share premium £000	2021 Number of shares	2021 Issued capital £000	2021 Share premium £000
In issue at 1 January	222,306,264	111,154	361,081	222,253,123	111,127	360,657
Issued for cash	14,479	7	85	53,141	27	424
Cancellation of shares	(2,556,968)	(1,278)	-	-	-	-
Shares issued as consideration	127,447,399	63,722	-	-	-	-
Costs of issuing equity	-	-	(365)	-	-	-
In issue at 31 December - fully paid	347,211,174	173,605	360,801	222,306,264	111,154	361,081

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.

The opening balance of £3.4m on the own shares held reserve represented a holding of 437,133 shares. During 2022 the Group did a share buy back and repurchased 4,056,968 shares at a cost of £35.2m, of which 2,556,968 shares at a total cost of £22.4m were subsequently cancelled (2021: nil). In addition to this 59,063 shares were awarded for exercises under the Group's long-term incentive (2021: 464,800 shares). As part of the Combination, a further trust was acquired holding a total of 251,184 Vistry shares. The closing balance of £17.4m on the own shares held reserve represents a holding of 2,129,254 shares.

Merger reserve

The opening balance of £823.5m on the merger reserve related to the 2020 acquisition of Linden and Partnerships. During 2022 the merger reserve has increased by £774.3m in relation to the shares issued as consideration for the Countryside business, bringing the closing merger reserve at 31 December 2022 to £1,597.8m.

Share buy back

During the year ended 31 December 2022, the Group repurchased 4,056,968 shares at a cost of £35.2m of which 2,556,968 shares at a total cost of £22.4m were cancelled. £1.3m relates to capital redemption, which is held in the capital redemption reserve.

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 197.

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. For the majority of the year, the Group operated at gearing levels similar to or better than those in 2021, which in turn were significantly improved on 2020 as strong cash generation was used to pay down the debt taken on as part of the acquisition of Linden and Partnerships made at the beginning of 2020. New debt has been taken on in order to finance the Combination with Countryside Partnerships PLC resulting in a lower net cash position at December 2022 compared to December 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 receivables or payables 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 and all financial assets and liabilities are denominated in Pounds sterling, there is no material currency risk.

a. Interest rate risk

Exposure to interest rate risk arises in the normal course of the Group's business. 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 2022, a general increase of one percentage point in interest rates applying for the full year would equate to £2.5m (2021:£1.6m) of additional interest expense 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. The Group also makes loans to its joint ventures and associate, exposing the Group to some credit risk.

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 on affordable and partner delivery revenues was £308.4m at the year-end (2021: £182.8m). The Group retains these outstanding balances as trade and other receivables.

The Group's trade and other receivables are secured against the following:

	2022 £000	2021 £000
Second charge against property	454	454
Unsecured	449,587	240,259
	450,041	240,713

The Group also has credit exposure through amounts recoverable from joint ventures and associate. These amounts relate to the funding mechanism in place for any particular joint venture or associate to enable it to invest in land or work in progress. The Group's credit risk is limited by the fact that through our joint venture and associate equity ownership we retain title to our proportionate share of any assets held by the joint venture and associate. There are limited occasions where debt advanced to joint ventures and associates is not proportionate to the equity holding but this increased risk would be for the joint venture and associate partner as the Group limits its own proportion of debt to a maximum of its percentage equity holding. Additionally, the Group performs regular credit assessments of our joint venture and associate partners. The total amount outstanding from joint ventures and associate was £391.4m at the year end (2021: £308.2m).

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.

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 56.

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 significant estimates applied by management in these financial statements, including the valuation of land and work in progress.

Maturities of financial instruments - Group

31 December 2022	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	382	-	-	-	-	382	382
Trade and other receivables *	435,445	-	-	-	601	436,046	436,046
Cash and cash equivalents	676,760	-	-	-	-	676,760	676,760
Non-derivative financial liabilities							
Bank and other loans	(51,725)	-	-	-	-	(51,725)	(49,938)
Long-term loans	(15,175)	(15,175)	(30,350)	(524,035)	(7,710)	(592,445)	(508,657)
Trade and other payables **	(796,471)	(546,974)	(179,448)	(120,448)	(19,121)	(1,662,462)	(1,650,998)
Lease liabilities	(10,202)	(10,202)	(16,465)	(35,158)	(42,315)	(114,342)	(86,582)
Total net financial liabilities	239,014	(572,351)	(226,263)	(679,641)	(68,545)	(1,307,786)	(1,182,987)

*Trade and other receivables excluding prepayments which are not financial instruments

** Trade and other payables excluding deferred income which is not a financial instrument

Of the above financial assets and liabilities at 31 December 2022, £0.5m is linked to the UK housing market, and £1,182.5m is not linked to the UK housing market. Land creditors, recognised within trade and other payables, and a USPP loan, recognised within long term loans, are held at fair value. For all other financial instruments, there is no material difference between fair value and carrying value.

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*	(799,492)	(89,674)	(149,647)	(53,222)	(12,691)	(1,104,726)	(1,096,424)
Lease liabilities	(7,936)	(6,958)	(6,165)	(10,105)	(3,631)	(34,795)	(33,051)
Total net financial liabilities	(169,817)	(99,155)	(210,567)	(177,432)	(23,621)	(680,592)	(652,369)

*Trade and other payables excluding deferred income which is not a financial instrument. This has been restated to exclude deferred income as it was included in error in the 2021 financial statements. This has reduced the trade and other payables balance within this disclosure by £81.0m.

Of the above financial assets and liabilities at 31 December 2021, £0.5m is linked to the UK housing market, and £651.9m is not linked to the UK housing market.

Maturities of financial instruments - Company

31 December 2022	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							
Trade and other receivables	421,096	-	-	-	-	421,096	421,096
Cash and cash equivalents	344	-	-	-	-	344	344
Non-derivative financial liabilities							
Bank and other loans	(51,725)	-	-	-	-	(51,725)	(49,938)
Long-term loans	(15,015)	(15,015)	(30,030)	(523,075)	-	(583,135)	(495,809)
Trade and other payables	(3,487)	-	-	-	(780)	(4,267)	(4,267)
Total net financial liabilities	351,213	(15,015)	(30,030)	(523,075)	(780)	(217,687)	(128,574)

None of the above financial assets and liabilities at 31 December 2022 are linked to the UK housing market. The USPP loan is recognised within long term loans, are held at fair value. For all other Company financial instruments, there is no material difference between fair value and carrying value.

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							
Trade and other receivables	231,359	-	-	-	-	231,359	231,359
Cash and cash equivalents	344	-	-	-	-	344	344
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)	-	(122,165)	(99,688)
Trade and other payables	-	-	-	-	(781)	(781)	(781)
Total net financial liabilities	228,963	(2,740)	(54,755)	(114,105)	(781)	56,582	81,234

None of the above financial assets and liabilities at 31 December 2021 are 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
2022	667,357	678,823	359,848	179,448	37,605	53,182	29,661	19,079
2021	414,254	422,555	205,546	149,490	25,335	18,926	9,945	13,313

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

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	2022 £000	2021 £000
Current tax			
Current year excluding Residential Property Developer Tax		64,136	48,794
Residential Property Developer Tax		10,043	-
Adjustments for prior years		(19,558)	4,881
		54,621	53,675
Deferred tax			
Origination and reversal of temporary differences	5.2	(17,903)	17,526
Adjustments for prior years	5.2	6,421	(5,790)
Total income tax in income statement		43,139	65,411

Reconciliation of effective tax rate

	2022 %	2022 £000	2021 %	2021 £000
Profit before tax		247,484		319,536
Income tax using the domestic corporation tax rate	19.0	47,022	19.0	60,712
Non-deductible expenses and disposal of ineligible assets	2.1	5,284	(0.2)	(900)
Other non-taxable income/deductible expenses	(2.7)	(6,722)	-	-
Other	0.1	275	-	-
Change in tax rate	0.2	374	2.0	6,508
Adjustments to the tax charge in respect to prior years	(5.3)	(13,137)	(0.3)	(909)
Residential Property Developer Tax	4.1	10,043	-	-
Total tax expense	17.4	43,139	20.5	65,411

The Group's effective tax rate of 17.4% (2021: 20.5%) is lower than (2021: higher than) the current rate of 19.0% (2021: 19.0%) as a result of the restatement of some deferred tax at the balance sheet date to 29.0% 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.

The Government made a number of budget announcements on 3 March 2021. These included confirming that the rate of corporation tax will increase to 25.0% 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.

For the financial year ended 31 December 2021, a tax deductible provision of £71.4m was recorded in total in the statutory financial statements of Vistry Homes Limited and Vistry Partnerships Limited. This provision was recorded after the financial statements for the Group had been signed. The Group financial statements for the year ended 31 December 2022 reflect this provision. There is no net impact on the total tax amount in the Income Statement for both periods; however, the prior period adjustment and reversal in the current year is reflected in the current tax and deferred tax amounts disclosed above.

Recognised directly in Group statement of changes in equity or in the Group statement of comprehensive income

	Note	2022 £000	2021 £000
Deferred tax relating to actuarial movements on pension schemes (Group statement of comprehensive income)	5.2	2,399	(9,148)
Deferred tax relating to share-based payments (Group statement of changes in equity)	5.2	(411)	77
Deferred tax recognised directly in Group statement of changes in equity or the Group statement of comprehensive income		1,988	(9,071)
Current tax relating to share-based payments (Group statement of changes in equity)		4	322
Deferred and current tax recognised directly in Group statement of changes in equity or the Group statement of comprehensive income		1,992	(8,749)

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 asset of £10.4m (2021: liability of £0.1m) 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:

Group	Assets		Liabilities		Net	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Property, plant and equipment	92	111	-	-	92	111
Non-current trade payables	-	-	(12)	(15)	(12)	(15)
Available for sale financial assets	-	-	(305)	(394)	(305)	(394)
Employee benefits - pensions	-	-	(9,590)	(11,330)	(9,590)	(11,330)
Employee benefits - share-based payments	775	2,483	-	-	775	2,483
Provisions	-	-	(291)	(11,658)	(291)	(11,658)
Inventories*	112,359	13,986	(27)	(23)	112,332	13,963
Intangible assets*	-	-	(131,931)	(31,605)	(131,931)	(31,605)
Profit on sale of assets to joint ventures	-	1	-	-	-	1
Losses	24,957	-	-	-	24,957	-
Corporate Interest Restriction	5,441	-	-	-	5,441	-
Short Term Temporary differences	351	-	-	-	351	-
Tax assets / (liabilities)	143,975	16,581	(142,156)	(55,025)	1,819	(38,444)

*2021 comparatives have been represented to disaggregate deferred tax balances held in relation to intangible assets.

Movement in temporary differences during the year

Group	Balance 1 Jan 2022 £000	Recognised from Combination £000	Recognised in income £000	Recognised in equity and other income £000	Balance 31 Dec 2022 £000
Property, plant and equipment	111	35	(54)	-	92
Trade payables	(15)	-	3	-	(12)
Available for sale financial assets	(394)	-	89	-	(305)
Employee benefits - pensions	(11,330)	349	(1,008)	2,399	(9,590)
Employee benefits - share-based payments	2,483	158	(1,455)	(411)	775
Provisions	(11,658)	1,605	9,762	-	(291)
Inventories	13,963	99,884	(1,515)	-	112,332
Intangible assets	(31,605)	(101,240)	914	-	(131,931)
Profit on sale of assets to joint ventures	1	-	(1)	-	-
Losses	-	24,940	17	-	24,957
CIR	-	730	4,711	-	5,441
Short Term Temporary differences	-	332	19	-	351
Movement in temporary differences	(38,444)	26,793	11,482	1,988	1,819

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*	17,459	(3,496)	-	13,963
Intangible assets*	(26,725)	(4,880)	-	(31,605)
Profit on sale of assets to joint ventures	2	(1)	-	1
Movement in temporary differences	(17,637)	(11,736)	(9,071)	(38,444)

*2021 comparatives have been represented to disaggregate deferred tax balances held in relation to intangible assets.

Unrecognised deferred tax assets and liabilities

For the period ended 31 December 2022, the Group has £8.0m (2021: £nil) of temporary differences upon which no deferred tax has been recognised.

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 at 31 December 2021 was calculated based on the rate of 25% however the deferred tax at 31 December 2022 has been calculated at the rate that it is expected to unwind.

In the Spring Budget 2022, 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 new tax was substantively enacted on 2 February 2022.

Employee benefits

The Group recognises the deficit or surplus on its defined benefits pension scheme under the requirements of IAS 19 (Revised): "Employee benefits".

This has generated a surplus of £34.3m (2021: surplus of £45.3m). As at 31 December 2022, a deferred tax liability of £9.6m (2021 tax liability: £11.3m) 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

	2022	2021
Average staff numbers	3,544	3,143

The Company had no employees during 2022 (2021: nil).

A breakdown of staff numbers split by type of role is included on page 38.

Personnel expenses - Group

	2022 £000	2021 £000
Wages and salaries	235,870	180,574
Social security costs	29,285	20,861
Contributions to defined contribution plans	10,168	8,435
Expenses related to defined benefit plans	1,432	1,494
Equity-settled share-based payments	6,337	4,543
Personnel expenses	283,092	215,907

The aggregate remuneration for the Group's Directors during 2022 was £6.2m (2021: £5.5m), which is shown in further detail on pages 98 to 123 of the remuneration report. The Company had no personnel expenses during 2022 (2021: nil).

The highest paid Director is the Chief Executive Officer, details of whose remuneration is provided on page 114 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	2022		2021*	
	Average exercise price in £ per share option	Share options '000	Average exercise price in £ per share option	Share options '000
At 1 January	-	2,361	-	1,945
Granted	-	1,185	-	1,089
Lapsed	-	(416)	-	(400)
Exercised	-	(59)	-	(273)
At 31 December	-	3,071	-	2,361

*2021 has been restated to correctly reflect the opening position, movements in the period, and closing position on LTIPs.

Executive and other share options	2022		2021	
	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
Lapsed	-	-	8.53	(9)
Exercised	-	-	8.53	(11)
At 31 December	-	-	-	-

Deferred Bonus Scheme	2022		2021	
	Average exercise price in £ per share option	Share options '000	Average exercise price in £ per share option	Share options '000
At 1 January	-	-	-	-
Granted	-	139	-	-
Lapsed	-	-	-	-
Exercised	-	-	-	-
At 31 December	-	139	-	-

Save As You Earn	2022		2021	
	Average exercise price in £ per share option	Share options '000	Average exercise price in £ per share option	Share options '000
At 1 January	5.47	1,790	5.03	1,664
Granted	8.30	344	8.15	364
Acquired during the Combination	6.24	562	-	-
Lapsed	5.96	(61)	5.56	(143)
Cancelled	6.56	(265)	7.52	(52)
Exercised	6.36	(14)	8.46	(43)
At 31 December	5.89	2,356	5.47	1,790

Out of the 5,566,000 outstanding options (2021: 4,151,000), 513,000 options (2021: 940,000) were exercisable. Save As You Earn options exercised in 2022 resulted in 14,000 shares (2021: 43,000) being issued at a weighted average share price of £6.36 each (2021: £8.46 each).

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	2022 Share options 000	2021* Share options 000
2012-15	28/02/2022	-	-	-
2013-16	26/02/2023	-	-	-
2013-16	20/08/2023	-	4	4
2014-17	25/02/2024	-	4	4
2016-19	16/08/2026	-	-	-
2017-20	02/05/2027	-	245	289
2017-21	08/09/2027	-	44	44
2018-21	05/03/2028	-	73	73
2019-22	04/03/2029	-	133	308
2020-23	02/03/2030	-	654	662
2021-24	08/03/2031	-	837	950
2021-24	09/09/2031	-	27	27
2022-25	04/03/2032	-	1,050	-
		-	3,071	2,361

*2021 has been restated to correctly reflect the opening position.

2022 Deferred Bonus Scheme

Grant vest	Expiry date	Exercise price in £ per share option	2022 Share options 000	2021 Share options 000
2022-24	04/04/2024	-	139	-
		-	139	-

Save As You Earn

Grant vest	Expiry date	Exercise price in £ per share option	2022 Share options 000	2021 Share options 000
2017-22	24/09/2021	6.12	3	14
2018-21	23/09/2021	9.06	-	-
2018-23	23/09/2023	9.06	7	9
2019-22	01/12/2022	9.30	-	45
2019-24	01/12/2024	9.30	6	6
2020-23	01/06/2024	4.68	946	1,068
2020-25	01/06/2026	4.68	293	326
2021-24	01/12/2024	8.15	199	260
2021-25	01/12/2026	8.15	54	62
2022-23	01/02/2024	6.97	123	-
2022-25	01/02/2026	6.03	428	-
2022-25	01/12/2025	8.30	242	-
2022-27	01/12/2027	8.30	55	-
			2,356	1,790

The weighted average fair value of the options granted during the year determined using the Monte Carlo model was £5.40 per option (2021: £7.10). The significant inputs into the model were a weighted average share price of £9.56 (2021: £10.19) at the grant date, the exercise price shown in the table on the previous page, volatility of 46% (2021: 43%), an expected option life of 5 years (2021: 5 years) and an annual risk-free rate of 1.32% (2021: 0.36%). 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

	2022 £000	2021 £000
Long-term Incentive Plan	4,953	3,430
Save As You Earn share options	1,384	1,113
Total expense recognised as personnel expenses	6,337	4,543

Information relating to the remuneration of Directors appears in the Directors' remuneration report on pages 98 to 123.

The non-executive Directors and the executive leadership team as shown on pages 6 and 70 are considered to be the only key management personnel.

A summary of key management remuneration is as follows:

	2022 £000	2021 £000
Short term employee benefits	6,074	4,354
Compulsory social security contributions	972	1,052
Contributions to defined contribution plans	10	17
Share-based payment expenses	2,187	1,873
Key management remuneration	9,243	7,296

**The remuneration of key management personnel has also been restated for the year ended 31 December 2021 to reflect all elements of remuneration required under IAS 24 and to only reflect the executive leadership team and executive directors. This has resulted in a correction to increase short term employee benefits by £1.4m, increase compulsory social security contributions by £0.1m and reduce share-based payment expenses by £1.5m.*

The above table reflects remuneration only for the period in which the individuals were key management personnel during the year.

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 98 to 123.

Save As You Earn share options

The Vistry Group PLC Save As You Earn Option Scheme was established in 2007 and renewed in 2017. As part of the Combination the Group offered replacement options for two SAYE schemes which were granted by Countryside in 2020 and 2022.

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 was approved and implemented in 2022, with one third of the Executive Leadership Team 2022 bonus award deferred into shares under the terms of the plan.

5.4 Property, plant and equipment

Plant, property, and equipment (PPE) is recorded at cost less accumulated depreciation. The sub-categories of PPE are depreciated as follows:

- Freehold buildings on a 2% straight line basis;
- Leasehold improvements on a 10% 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.

Cost

Year ended 31 December 2022	Freehold buildings £000	Leasehold improvements £000	Furniture, fittings and equipment £000	Plant, machinery and vehicles £000	Total £000
Opening balance	1,663	-	6,833	1,647	10,143
Additions	-	8	900	678	1,586
Additions acquired as a result of the Combination	-	10,405	1,792	5,904	18,101
Impairment	-	(1,052)	-	-	(1,052)
Disposals	(139)	-	(17)	(121)	(277)
Closing	1,524	9,361	9,508	8,108	28,501

Accumulated depreciation

Opening balance	7	-	4,227	1,167	5,401
Charge for the year	220	31	1,520	416	2,187
Disposals	-	-	(13)	(19)	(32)
Reclassifications		77	(67)	(10)	-
Closing	227	108	5,667	1,554	7,556

Net book value at 31 December

2022	1,297	9,253	3,841	6,554	20,945
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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
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5.5 Leases

The Group leases various offices, factories, 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.

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 2022	Factories £000	Office properties £000	Show home properties £000	Site cabins £000	Office equipment £000	Motor vehicles £000	Total £000
Opening balance	-	25,274	8,068	16,437	497	8,915	59,191
Additions	-	1,356	735	-	1	3,721	5,813
Additions acquired as a result of the Combination	23,304	32,487	243	-	194	4,621	60,849
Impairment	-	(4,933)	-	-	-	-	(4,933)
Modifications	-	1,181	582	-	-	-	1,763
Disposals	-	(2,175)	(3,963)	-	-	(2,791)	(8,929)
Closing	23,304	53,190	5,665	16,437	692	14,466	113,754

Accumulated depreciation

Opening balance	-	8,564	3,063	11,428	243	4,824	28,122
Charge for the year	239	4,257	2,918	5,017	113	3,078	15,622
Disposals	-	(1,332)	(3,019)	-	-	(2,856)	(7,207)
Closing	239	11,489	2,962	16,445	356	5,046	36,537

Net book value at 31 December

2022	23,065	41,701	2,703	(8)	336	9,420	77,217
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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
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Lease liabilities

	2022 £000	2021 £000
Current	14,756	14,215
Non-current	71,826	18,836
Total lease liabilities	86,582	33,051

Reconciliation of movement in lease liabilities

Year ended 31 December 2022	Factories £000	Office properties £000	Show home properties £000	Site cabins £000	Office equipment £000	Motor vehicles £000	Total £000
Opening balance	-	17,685	5,482	5,330	389	4,165	33,051
Interest recognised	296	736	97	94	9	176	1,408
Payments made	(818)	(4,716)	(3,490)	(5,296)	(171)	(3,058)	(17,549)
Additions	-	2,194	752	-	1	3,955	6,902
Additions as a result of the acquisition	28,813	30,615	226	-	187	4,389	64,230
Modifications	815	-	(698)	-	-	-	117
Disposals	-	(856)	(344)	-	-	(377)	(1,577)
Closing	29,106	45,658	2,025	128	415	9,250	86,582

Year ended 31 December 2021

Opening balance	-	22,519	3,449	10,375	546	5,263	42,152
Interest recognised	-	496	92	189	11	117	905
Payments made	-	(5,564)	(3,191)	(5,234)	(168)	(2,493)	(16,650)
Additions	-	1,019	4,061	-	-	2,077	7,157
Modifications	-	(129)	1,347	-	-	(799)	419
Disposals	-	(656)	(276)	-	-	-	(932)
Closing	-	17,685	5,482	5,330	389	4,165	33,051

Leasing arrangements

Minimum lease payments payable on the Group's leases are as follows:

	2022 £000	2021 £000
Within 1 year	20,404	14,915
Between 1 and 2 years	16,465	6,165
Between 2 and 3 years	13,625	4,380
Between 3 and 4 years	11,778	3,178
Between 4 and 5 years	9,755	2,547
Later than 5 years	42,315	3,631

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. In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The amounts recognised in the Group Income Statement were:

	2022 £000	2021 £000
Depreciation of right-of-use assets	15,622	15,093
Interest expense	1,408	905
Expense relating to short-term leases*	22	12

* Includes lease expenses related to plant and machinery.

The total cash outflow for leases including plant and machinery in 2022 was £18.9m (2021: £17.1m).

5.6 Intangible Fixed Assets

Intangible 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 2022	Assets under construction £000	IT Software £000	Site-related licenses £000	Brand names* £000	Customer relationships and contracts* £000	Total £000
Opening balance	10	1,837	767	37,300	117,299	157,213
Additions	-	22	21	-	-	43
Additions acquired as a result of the Combination	-	-	-	103,264	245,838	349,102
Impairment	-	-	-	(3,520)	-	(3,520)
Disposals	(6)	-	-	-	-	(6)
Closing	4	1,859	788	137,044	363,137	502,832

Accumulated amortisation

Opening balance	-	897	27	3,000	25,480	29,404
Charge for the year	-	370	28	1,938	15,127	17,463
Closing	-	1,267	55	4,938	40,607	46,867

Net book value at 31 December

2022	4	592	733	132,106	322,530	455,965
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The impairment of brand names in the year relates to the Drew Smith brand name as a result of its discontinuation following the Combination. The impairment is recorded as an exceptional expense in 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 balance	-	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
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*Brand names and customer relationships and contracts are acquired intangibles, with their amortisation being treated as an adjusted performance measure.

5.7 Goodwill

The Group's goodwill relates to the Combination with Countryside Partnerships PLC in 2022, and the acquisition of the Linden and Partnerships businesses from Galliford Try PLC in 2020.

Goodwill represents the excess of the consideration paid for the acquired businesses over the fair value of the assets and liabilities acquired, including intangible assets recognised on acquisition. Goodwill has been allocated to the Group's Cash Generating Units (CGUs) at the time of the respective acquisitions 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 allocated goodwill was found to exceed the value in use calculated for any CGU, an impairment would be required. In the event of an impairment, the goodwill of the appropriate CGU 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 three operating segments identified in note 2.2.

A segment-level summary of the goodwill allocation is presented below:

As at 31 December 2022 (Group)	Housebuilding £'000	Partnerships £'000	Countryside £'000	Total £'000
Goodwill recognised on acquisition of Linden and Partnerships	228,328	319,181	-	547,509
Goodwill recognised on acquisition of Countryside	-	-	257,233	257,233
Total goodwill recognised on acquisitions	228,328	319,181	257,233	804,742

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 2022 reporting year, the recoverable amount for Housebuilding, Partnerships and Countryside CGUs were 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 2022.

The first year of cash flows in the value in use calculations were determined using the Group's 2023 approved budget and the cash flows for the second to fifth years were determined by using management's best estimate. These cash flows have included estimated costs of meeting climate change challenges as regulated by the Future Homes Standard. This is discussed further in the 'Pricing for the cost of climate change' section of the annual report on page 51. 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 in determining values
Sales volume	Reflecting historical experience of economic downturns 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 real 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 14.7% for Housebuilding, 14.1% for Partnerships and 20.3% for Countryside is considered appropriate by the Directors

Recoverable amounts and impairment charges

The recoverable value of all three CGUs exceeds the carrying value of each CGU's respective net asset base and therefore no impairment charge was necessary in the period. At 31 December 2022 the value in use of the Housebuilding CGU exceeds net assets by £833.3m (2021: £636.4m), the Partnerships CGU value in use exceeds net assets by £125.7m (2021: £344.4m) and for Countryside the CGU value in use exceeds net assets by £233.0m.

Impact of possible changes in key assumptions

Management have considered the impact of a reasonably possible downside on each CGU's goodwill impairment assessment. A reasonably possible downside, as discussed within note 1.5 for margin recognition, is a 5.0% reduction in gross margin. If this reasonable possible downside were to materialise, headroom for each CGU would be reduced as follows: Housebuilding by £88.3m, leaving headroom of £745.0m, Partnerships by £68.8m, leaving headroom of £56.9m and Countryside by £127.6m, leaving headroom of £105.4m.

5.8 Investments

Fixed asset investments

The Group's share of joint venture and associate results shown in the income statement reflect the share of joint venture and associate results shown below which are then adjusted for fair value releases, unrealised losses and other accounting entries required to equity account.

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 are 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	
	2022 £000	2021 £000	2022 £000	2021 £000
Subsidiary undertakings				
Interest in subsidiary undertakings' shares at cost (100% ownership of ordinary shares)	-	-	2,498,302	1,354,921
Investments accounted for using the equity method				
Interest in joint ventures and associate – equity	196,748	118,207	-	-
Interest in joint ventures and associate – loan	56,889	56,835	-	-
	253,637	175,042	2,498,302	1,354,921
Other investments	22	22	-	-
Total investments	253,659	175,064	2,498,302	1,354,921

The Company's investments relate primarily to those acquired with Countryside Partnerships PLC, as discussed in note 5.13, and the acquisition of Linden and Vistry Partnerships in 2020.

The movement in investments during the year is as follows:

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Beginning of the year	175,064	145,153	1,354,921	1,350,378
Acquired with Countryside Partnerships PLC	61,617	-	-	-
Investments in subsidiaries	-	-	1,143,381	4,543
Investments in joint ventures and associate	2,642	16,909	-	-
Profit for the year	47,207	29,991	-	-
Distributions paid	(32,871)	(16,989)	-	-
End of the year	253,659	175,064	2,498,302	1,354,921

Share of joint ventures' profit shown in the Group income statement is as follows:

	2022 £000	2021 £000
Share of joint ventures' and associate gross profit	69,300	57,290
Share of joint ventures' and associate operating profit	68,542	56,489
Share of profit of joint ventures' and associate	47,207	29,991

At 31 December 2022 the Group held interests in joint ventures and an associate, all of which are incorporated in the United Kingdom, as set out in note 5.17. Details of related party transactions with joint ventures are given in note 5.11.

In relation to the Group's interest in joint ventures and associate, the assets, liabilities, income, and expenses are shown below:

	2022 £000	2021 £000
Current assets excluding cash and cash equivalents	1,789,710	1,549,509
Cash and cash equivalents	85,996	42,140
Current liabilities	(1,238,623)	(743,361)
Non-current liabilities	(155,488)	(619,471)
Net assets of joint ventures and associate	481,595	228,817
Group share of net assets	240,798	114,408
Revenue	788,558	678,015
Gross profit	126,124	116,232
Operating profit	124,665	114,548
Finance costs	(41,640)	(42,761)
Income tax expense	(4,730)	(2,188)
Profit for the year	78,295	69,599
Total comprehensive income	78,295	69,599
Group share of results for the year for joint ventures and associate in a net asset position	44,762	31,528
Group share of results for the year for joint ventures and associate in a net liability position	(5,123)	2,960

Details of material joint ventures are as follows:

At 31 December 2022	Countryside Zest (Beaulieu Park) LLP	Greenwich Millennium Village Ltd	Acton Gardens LLP	Stanton Cross Developments LLP	Linden (Basingstoke) Ltd
	£000	£000	£000	£000	£000
Carrying value of Group's investment	2,693	27,203	1,066	38,750	2,746

The Group's material joint ventures have been updated in 2022 following the Combination with Countryside. Material joint ventures have been identified based on their financial position and performance.

Countryside Zest (Beaulieu Park) LLP is a joint venture between Countryside Properties (Housebuilding) Limited and L&Q New Homes Limited to develop and sell residential properties at Beaulieu Park, Chelmsford, Essex.

Greenwich Millennium Village Ltd is a joint venture between Countryside Properties (Housebuilding) Limited and Taylor Wimpey Developments Limited to develop and sell residential properties at Greenwich Millennium Village in London.

Acton Gardens LLP is a joint venture between Countryside Properties (UK) Limited and L&Q New Homes Limited for acquisition and re-development of land for building new homes together with associated infrastructure and community facilities.

Stanton Cross Developments LLP is a joint venture between Vistry Homes Limited and Riverside Regeneration Limited and develops and sells residential property at Stanton Cross, Wellingborough.

Linden (Basingstoke) Ltd is a joint venture, ultimately owned between Vistry Linden Limited and Wates Group Limited and develops and sells residential property in Basingstoke.

At 31 December 2021	Stanton Cross Developments LLP	Opal (Silvertown) LLP	Bovis Latimer (Sherford) LLP	Vistry Latimer Collingtree LLP	Pembers LLP
	£000	£000	£000	£000	£000
Carrying value of Group's investment	43,708	10,296	21,222	20,981	1,938

Opal (Silvertown) LLP is a joint venture between Vistry Linden Limited and Thames Valley Housing Association Limited which develops and sells 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 is a joint venture between Vistry Homes Limited and Latimer Developments Limited which develops and sells residential property at Sherford, Plymouth.

Vistry Latimer Collingtree LLP is a joint venture between Vistry Homes Limited and Latimer Developments Limited which develops and sells residential property at Collingtree, Northampton.

Pembers LLP is a joint venture between Vistry Linden Limited and Aspect (Eastleigh) Limited which 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

	Countryside Zest (Beaulieu Park) LLP £000	Greenwich Millennium Village Ltd £000	Acton Gardens LLP £000	Stanton Cross Developments LLP £000	Linden (Basingstoke) Ltd £000
Revenue	16,456	6,657	6,158	28,347	62,032
Gross profit	4,982	2,911	1,536	5,719	12,612
Overheads	(13)	(225)	(21)	(14)	(39)
Operating profit	4,969	2,686	1,515	5,705	12,573
Interest income / (expense)	33	23	-	-	(3,154)
Profit before tax	5,002	2,709	1,515	5,705	9,419
Total comprehensive income	5,002	2,709	1,515	5,705	9,419
Joint venture result	5,002	2,709	1,515	5,705	9,419
Group's share of profit / (loss) and total comprehensive profit / (loss)	2,501	1,355	758	2,853	4,710
Distributions received by the Group during the year	25,294	-	15,383	7,810	-

Balance sheets

Cash and cash equivalents	1,267	16,158	780	153	586
Inventories	68,030	54,306	48,342	162,238	46,217
Other current assets	31,590	-	2,938	7,693	3,601
Current assets	100,887	70,464	52,060	170,084	50,404
Current external borrowings	-	-	-	-	-
Other current liabilities	(95,501)	(16,053)	(49,929)	(46,597)	(44,942)
Current liabilities	(95,501)	(16,053)	(49,929)	(46,597)	(44,942)
Non-current external borrowings	-	-	-	(39,587)*	-
Other non-current liabilities	-	-	-	-	-
Non-current liabilities	-	-	-	(39,587)	-
Net assets	5,386	54,411	2,131	83,900	5,462
Group share of net assets	2,693	27,206	1,066	41,950	2,731

*Stanton Cross Developments LLP's external borrowings reflects amounts due to Homes England.

For the year ended 31 December 2021: Income statements – continuing operations

	Stanton Cross Developments LLP £000	Opal (Silvertown) LLP £000	Bovis Latimer (Sherford) LLP £000	Vistry Latimer Collingtree LLP £000	Pembers LLP £000
Revenue	28,270	120,159	13,598	15,417	23,042
Gross profit	7,027	11,144	3,347	3,145	3,082
Overheads	(50)	(31)	(348)	-	2
Operating profit	6,977	11,113	2,999	3,145	3,084
Interest expense	-	(2,733)	(2,166)	(2,594)	-
Profit before tax	6,977	8,380	833	551	3,084
Total comprehensive income	6,977	8,380	833	551	3,084
Joint venture result	6,977	8,380	833	551	3,084
Group's share of profit / (loss) and total comprehensive profit / (loss)	3,489	4,190	417	276	1,542
Distributions received by the Group during the year Group share of net assets/(liabilities)	-	-	-	-	-

Balance sheets

Cash and cash equivalents	52	447	2,429	7,088	2,658
Inventories	145,680	81,489	64,818	59,597	18,966
Other current assets	13,389	2,869	-	853	561
Current assets	159,121	84,805	67,247	67,538	22,185
Current external borrowings	-	-	(1,062)*	-	-
Other current liabilities	(25,693)	(50,042)	(58,961)	(69,136)	(17,470)
Current liabilities	(25,693)	(50,042)	(60,023)	(69,136)	(17,470)
Non-current external borrowings	(39,614)*	-	(7,035)	-	-
Other non-current liabilities	-	(14,245)	-	-	-
Non-current liabilities	(39,614)	(14,245)	(7,035)	-	-
Net assets / (liabilities)	93,814	20,518	189	(1,598)	4,715
Group share of net assets/(liabilities)	46,907	10,259	95	(799)	2,357

* Bovis Latimer (Sherford) LLP and Stanton Cross Developments LLP's external borrowings reflect amounts due to Homes England.

Other than exposure related to fire safety remedial works on joint venture and associate properties, which are included within the Group's provision at 31 December 2022, to the extent that the Group's share of cash outflows are probable and can be reliably estimated, the Group's joint ventures and associate have no significant contingent liabilities or commitments to which the Group is exposed. The Group has no significant contingent liabilities in relation to its interest in the joint ventures and associate.

In addition to the interests in joint ventures disclosed above, the Group also has interests in a number of individually immaterial joint ventures and an associate that are accounted for using the equity method.

	2022 £000	2021 £000
Aggregate carrying value of individually immaterial joint ventures and associate	181,201	76,897
Aggregate amounts of the Group's share of:	-	-
Profit from continuing operations	35,030	19,812
Total comprehensive income	35,030	19,812

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	Restructuring Provision £000	Other £000	Total £000
As at 1 January 2022	25,212	7,162	-	7,009	39,383
Additions acquired as a result of the Combination	191,826	8,143	-	8,737	208,706
Additional provisions made	96,113	1,486	17,030	2,659	117,288
Amounts utilised	(4,836)	(768)	-	(3,526)	(9,130)
Discount unwind	900	-	-	-	900
Unused provisions released	-	(3,141)	-	(330)	(3,471)
As at 31 December 2022	309,215	12,882	17,030	14,549	353,676

Of the total provisions detailed above £72,912,000 is expected to be utilised within the next year (2021: £8,455,000).

	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 utilised	(1,417)	(6,080)	-	(7,497)
Unused provisions released	-	(575)	(907)	(1,482)
As at 31 December 2021	25,212	7,162	7,009	39,383

On 10 January 2022 the Secretary of State at the Department for Levelling Up, Housing and Communities (“DLUHC”) wrote to residential property developers describing its approach to the safety of multi-occupancy residential buildings of 11 metres or more. Since that time, the Group has engaged with DLUHC and on 7 and 6 April 2022, respectively, Vistry Group and Countryside Partnerships signed the Government’s proposed Fire Safety Pledge (“the Pledge”), entailing the following voluntary commitments, beyond their legal obligations, subject to shareholder approval if required:

- Developers will meet the cost of remediating buildings currently proposed to be remediated via the Building Safety Fund (“BSF”) or the Aluminium Composite Material (“ACM”) Remediation Fund; and
- Developers will take responsibility for performing or funding self-remediation works relating to life-critical fire safety issues on all buildings of 11 metres or more, built in the last 30 years, which the Group developed.

Subsequent to the Pledge, the updated Building Safety Bill obtained Royal Assent on 28 April 2022. This has extended the limitation period to bring a claim under the Defective Premises Act from 6 years to 15 years prospectively and 30 years retrospectively. This extension may result in additional liabilities for the Group, in excess of the provision recognised to date, that cannot currently be reliably estimated.

Further to this, during the period the British Standards Institution has issued Publicly Available Specification (“PAS”) 9980:2022, which replaces previous guidance with the intention of encouraging a more proportionate response to dealing with critical fire safety issues. The Directors note that it is not yet possible to anticipate how this new guidance will work in practice and what impact it will have on the scope and cost of the remediation works, and therefore its effect on the provision recognised. The estimation of the provision for remediation costs for multi-occupancy buildings is a key area of estimation uncertainty, as explained in Note 1.5).

On 13 March 2023 the Group became a signatory to the Developer Remediation Contract which they were committed to signing at the year end, and as such this has been treated a post-balance sheet adjusting event. This contract clarifies the extent of the obligations of the Group regarding fire safety remedial works.

During the year, the Group increased the value of the provision held to cover project management costs and expected remediation costs for multi-occupancy buildings by £96.1m. This incremental provision reflects liabilities resulting from the Group becoming a signatory to Building Pledge Safety Letter in April 2022 and the Group being committed to signing the Developer Remediation Contract at the year end date. The Group further acquired a provision value of £191.8m following the combination with Countryside in November, which included the fair value of the obligations relating to the Developer Remediation Contract at the acquisition date.

At 31 December 2022 the Group now holds a net £309.2m provision for future obligations on remedial works pertaining to 304 buildings. The provision has been calculated in line with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets and management expects the majority of this provision to be utilised over the next 6-8 years.

The provision has been recorded net of VAT. Any VAT chargeable on remedial sums where correctly charged is expected to be recoverable. Whilst HMRC have not formally issued their guidance on the VAT treatment of remedial works, it has been indicated that such costs would either be considered zero-rated, or overhead costs for VAT purposes, which would result in whole or substantial recovery. Should this change, the Group will need to review recorded liabilities appropriately. Formal guidance from HMRC is expected after the Spring Statement.

The majority of contributions to the Building Safety Fund (“BSF”) are expected to be incurred in the next financial year, and this accounts for £20.2m of the current provision at 31 December 2022. Other than BSF contributions, remediation spend is expected to be c.£35m in the next financial year.

Site related cost provisions include estimated costs in relation to specific site related items including litigation.

Restructuring cost provisions include estimated costs relating to the restructure of the Group following the Combination with Countryside, such as redundancy costs and costs relating to the closure of selected offices. This provision is expected to be utilised in full during 2023, resulting in a £17.0m cash outflow.

Other provisions primarily relate to property related costs, such as dilapidation provisions, and expected legal and insurance claim 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 Credit 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

The Group is accountable for three UK registered trust-based pensions schemes, through the Group’s principal subsidiary company Vistry Homes Limited. No additional defined benefit pension schemes were acquired with the Combination.

The 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 Credit Method.

The Trustee board for each Scheme is made up of member appointed, Group appointed and independent trustees.

The weighted average duration of the Schemes’ defined benefit obligation as at 31 December 2022 was 13 years.

Risks

Through the Schemes, the Group 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 Company's Defined Contribution schemes.

Retirement benefit obligations

	2022 £000	2021 £000
Fair value of plan scheme assets	266,991	428,331
Present value of funded obligations	(232,740)	(383,013)
Recognised asset for defined benefit obligations	34,251	45,318

Movements in the net asset for defined benefit obligations recognised in the balance sheet

	2022 £000	2021 £000
Net asset for defined benefit obligations at 1 January	45,318	9,077
Contributions received	4,733	3,765
Expense recognised in the income statement	574	(1,362)
(Losses) / gains recognised in the statement of comprehensive income	(16,374)	33,838
Net asset for defined benefit obligations at 31 December	34,251	45,318

Reconciliation to statement of comprehensive income

	2022 £000	2021 £000
Actuarial gains: changes in financial assumptions	144,410	15,755
Actuarial gains: changes in demographic assumptions	7,910	1,162
Actuarial (losses) / gains: experience different from assumed	(9,485)	13,414
Total actuarial (loss) / return	142,835	30,331
Actual return on assets, less interest	(159,209)	3,507
Amount recognised in other comprehensive (expense) / income	(16,374)	33,838

The cumulative loss recognised in equity to date is £15.2m (2021 gain: £1.2m).

Change in defined benefit obligation over the year

	2022 £000	2021 £000
Defined benefit obligation at 1 January	(383,013)	(420,108)
Net interest cost	(6,785)	(5,383)
Past service credit	1,152	-
Actual benefit payments by the Schemes	13,071	12,147
Gain / (loss) on change of assumptions:		
Actuarial (loss) / gain : experience differing from that assumed	(9,485)	13,414
Actuarial gain: changes in demographic assumptions	7,910	1,162
Actuarial gain: changes in financial assumptions	144,410	15,755
Defined benefit obligation at 31 December	(232,740)	(383,013)

Change in scheme assets over the year

	2022 £000	2021 £000
Fair value of scheme assets at 1 January	428,331	429,185
Interest income	7,639	5,515
Actual benefit payments by the scheme	(13,071)	(12,147)
Actual Group contributions	4,733	3,765
Return on assets	(159,209)	3,507
Administration costs	(1,432)	(1,494)
Fair value of scheme assets at 31 December	266,991	428,331

The major categories of scheme assets are as follows:

	2022 £000	2021 £000
Return seeking		
Equities	46,414	134,321
Other		
Bonds	46,948	67,647
Cash	10,005	24,911
Insured annuities	56,828	81,037
Liability driven instruments	106,796	120,415
Total market value of assets	266,991	428,331

Equities, bonds and liability driven investments (LDI) are held in pooled investment vehicles (PIVs), which are unquoted. The majority of the assets held by these PIVs have a quoted price in an active market. Cash and insured annuities are unquoted assets.

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

	2022 £000	2021 £000
Administration costs	1,432	1,494
Past service credit	(1,152)	-
Net interest credit	(854)	(132)
(Income) / expense recognised in the income statement	(574)	1,362

Assumptions

Principal actuarial assumptions (for all defined benefit schemes) at the balance sheet date (expressed as weighted averages):

Group	2022 %	2021 %	2020 %
Discount rate at 31 December	4.8	1.8	1.3
Inflation – RPI	3.2	3.4	3.0
– CPI	2.8	3.0	2.5
Remaining years of life expectancies		Current age at 43	Current age at 63
Men		25.5	24.2
Women		28.2	26.8

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	-6% / +7%
RPI and CPI inflation	+0.5%pa / -0.5%pa	+4% / -4%
Assumed life expectancy	+1 year	+3%

Limitations of the sensitivity analysis

The Trustees of each scheme are required to carry out triennial actuarial valuations.

The most recent actuarial valuation for the Bovis Homes Pension Scheme was carried out as at 30 June 2022 by the Scheme Actuary. The results have highlighted a technical funding surplus of £7.5m.

The most recent actuarial valuation for the Galliford Try Final Salary Pension Scheme (“GT scheme”) was at 30 June 2022 and was carried out by the Scheme Actuary. The valuation highlighted a technical funding surplus of £7.3m.

The most recent actuarial valuation for the Kendall Cross (Holdings) Limited Pension & Life Assurance Scheme (“KC scheme”) was as at 30 June 2022 and was carried out by the Scheme Actuary. The valuation highlighted a technical funding deficit of £0.1m. Due to the quantum of the deficit, it has been agreed that no additional contributions will be made.

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 the Group has also agreed the principles of a longer-term plan to bring the schemes to buy out status. At the valuation date (30 June 2022), the Scheme Actuary estimated a buy-out shortfall (i.e. an estimate of the cash injection needed to secure benefits with an insurer) of £12.8m for the GT Scheme, £0.9m for the Bovis Scheme and £0.5m for the KC Scheme. The shortfalls are expected to be removed through investment returns only, although the Group has committed to making a payment of up to £2m to the Bovis Scheme in the event of a transactable buy-out quotation being available.

Expected contributions to post-employment benefit plans for the year ending 31 December 2023 are £0.2m.

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 2022 were limited to those relating to remuneration, which are disclosed on page 171 within the ‘Directors and employees’ note.

Mr. Greg Fitzgerald, Group Chief Executive, is non-executive Chairman of Ardent Hire Solutions Limited (“Ardent”). The Group hires forklift trucks from Ardent.

Mr. Graham Prothero, former Chief Operating Officer who ceased to be a Director of the Group from 11 November 2022 but remained as an employee until 31 December 2022, 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, Non-Executive Director, is Non-Executive Director of Forterra PLC. The Group incurred costs with Forterra PLC in relation to the supply of bricks.

Mr. Ian Tyler, former non-executive Chairman who resigned in 2022, was also 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 prior year.

Mr Stephen Teagle, Chief Executive of Vistry Partnerships, is the Chair of The Housing Forum. The Group paid for a subscription to The Housing Forum during the year.

Mr Greg Fitzgerald is a shareholder and Director of Baker Estates Limited. Baker Estates Limited purchased 893,348 shares in the Group in October 2022 at a price of £5.57 each on the open market.

The total net value of transactions with related parties excluding joint ventures and associate 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	
	31 Dec 2022 £000	31 Dec 2021 £000	31 Dec 2022 £000	31 Dec 2021 £000	31 Dec 2022 £000	31 Dec 2021 £000
Trading transactions						
Ardent	5,319	5,598	774	426	-	-
Marshall's PLC	1	16	91	-	-	-
Forterra PLC	67	579	48	115	-	-
Affinity Water Limited	4	31	2	-	-	1
BAE Systems PLC	-	1	-	-	-	-
The Housing Forum	13	-	-	-	-	-

Transactions between the Group and its joint ventures and associate are disclosed as follows:

	Sales to related parties		Interest income and dividend distributions from related parties	
	31 Dec 2022 £000	31 Dec 2021 £000	31 Dec 2022 £000	31 Dec 2021 £000
Trading transactions*	134,817	142,606	-	-
Non-trading transactions	-	-	46,564	40,183

* Trading transactions with joint ventures in the year ended 31 December 2021 has been restated within this note to include £100.6m of sales to Gallions LLP, Opal Silvertown LLP and Enfield LLP.

	Amounts owed by related parties		Amounts owed to related parties	
	31 Dec 2022 £000	31 Dec 2021 £000	31 Dec 2022 £000	31 Dec 2021 £000
Balances with joint ventures and associate	391,382	308,217	139,672	46,010

Sales to related parties including joint ventures and associate are based on normal commercial payment terms available to unrelated third parties, without security. The loans made to joint ventures bear interest at rates of between 0.0% and 6.1% and are all repayable at the end of the contract term; all balances with related parties will be settled in cash.

As at the reporting date, 3 (2021: 3) of the Group's employees have a close family member on the Executive Committee. These individuals were recruited through the normal interview process and are employed at salaries commensurate with their experience and roles. The combined annual salary and benefits of these individuals is less than £0.4m (2021: £0.3m).

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.

Cash and retirement benefit assets and liabilities are all held within the reported Group items in Note 2.2 and are therefore excluded from the ROCE calculations for the Housebuilding, Partnerships and Countryside operating segments.

The ROCE calculation for the Group is detailed below:

	2022 £000	2021 £000
Adjusted operating profit (see note 2.2)	451,090	368,368
Opening 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
Opening capital employed	1,435,491	1,457,026
Closing total equity	3,249,672	2,390,581
Deduct: goodwill	804,742	547,509
Deduct: intangible assets	455,965	127,809
Deduct: net cash	118,165	234,454
Deduct: retirement benefit asset	34,251	45,318
Closing capital employed	1,836,549	1,435,491
Average capital employed*	1,593,106	1,446,259
Group ROCE including share of joint ventures and associate	28.3%	25.5%

*Average of opening and closing capital employed for the year, adjusted for the pro-rated average capital employed by Countryside during the post-acquisition period.

The ROCE calculation for the Housebuilding segment is detailed below:

	2022 £000	2021 £000
Adjusted operating profit (see note 2.2)	383,354	305,357
Opening total equity	1,651,463	1,774,040
Deduct: goodwill	228,328	228,328
Deduct: intangible assets	50,053	55,100
Deduct: net cash	-	-
Deduct: retirement benefit asset	-	-
Deduct: transfer of development**	22,019	-
Opening capital employed	1,351,063	1,490,612
Closing total equity	1,644,055	1,651,463
Deduct: goodwill	228,328	228,328
Deduct: intangible assets	46,927	50,053
Deduct: net cash	-	-
Deduct: retirement benefit asset	-	-
Closing capital employed	1,368,800	1,373,082
Average capital employed*	1,359,931	1,431,847
Housebuilding ROCE including share of joint ventures and associate	28.2%	21.3%

* Average of opening and closing capital employed for the year.

**During the year, one development site was transferred from the Housebuilding to the Partnerships operating segment due to its closer alignment with the Partnerships commercial proposition. Opening capital employed has therefore been adjusted for FY22 in order that ROCE is not inappropriately skewed for either segment.

The ROCE calculation for the Partnerships segment is detailed below:

	2022 £000	2021 £000
Adjusted operating profit (see note 2.2)	100,774	79,677
Opening total equity	475,703	377,367
Deduct: goodwill	319,181	319,181
Deduct: intangible assets	77,756	88,485
Deduct: net cash	-	-
Deduct: retirement benefit asset	-	-
Add: transfer of development**	22,019	-
Opening capital employed	100,785	(30,299)
Closing total equity	541,010	475,703
Deduct: goodwill	319,181	319,181
Deduct: intangible assets	62,742	77,756
Deduct: net cash	-	-
Deduct: retirement benefit asset	-	-
Closing capital employed	159,087	78,766
Average capital employed*	129,936	24,234
Partnerships ROCE including share of joint ventures and associate	77.6%	328.8%

* Average of opening and closing capital employed for the year.

**During the year, one development site was transferred from the Housebuilding to the Partnerships operating segment due to its closer alignment with the Partnerships commercial proposition. Opening capital employed has therefore been adjusted for FY22 in order that ROCE is not inappropriately skewed for either segment.

The ROCE calculation for the Countryside segment is detailed below:

	2022 £000
Adjusted operating profit (see note 2.2)	544
Opening total equity at 11 November 2022 (see note 5.13)	1,137,044
Deduct: goodwill	257,233
Deduct: intangible assets	349,102
Deduct: net cash	222,209
Deduct: retirement benefit asset	-
Opening capital employed at 11 November 2022	308,500
Closing total equity	1,097,307
Deduct: goodwill	257,233
Deduct: intangible assets	346,296
Deduct: net cash	314,719
Deduct: retirement benefit asset	-
Closing capital employed	179,059
Average capital employed*	243,780
Countryside ROCE including share of joint ventures and associate	0.2%

*Average of opening and closing capital employed for the period since acquisition.

5.13 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary, is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition costs are expensed as incurred as required by IFRS 3 "Business combinations".

On 11 November 2022, the Group completed the Combination with Countryside Partnerships ("Countryside") for a consideration of £1,137.0m. The Combination has positioned the Group as the largest national housebuilder by volume, expanded the Group's presence across the UK and established the Group as the industry leader in the highly attractive, high-growth partnerships business. The acquisition was of 100% of the share capital and control of Countryside Partnerships PLC and all of its subsidiaries, which are included in note 5.17. Details of the purchase consideration, the net assets acquired and goodwill at 11 November 2022 are as follows:

Purchase consideration

	£000
Cash consideration	299,876
Shares in Vistry Group PLC issued	837,967
Replacement of SAYE schemes	852
Less: shares issued to acquired employee benefit trust	(1,651)
Total purchase consideration	1,137,044

The share consideration included 127,447,399 Vistry Group PLC shares with nominal value of £0.50 per share and a fair value of £6.58, being the opening share price on 14 November 2022, the first time the consideration shares could have been traded. £774.2m 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.

The consideration related to the replacement of SAYE schemes is calculated based on the fair value of the various options granted to former Countryside employees multiplied by the number of options and the estimated likelihood of vesting.

The provisional fair values of the assets and liabilities recognised as a result of the Combination are as follows:

	Provisional Fair value 11 November 2022 £000
Cash and cash equivalents	224,702
Property, plant and equipment	18,101
Right-of-use assets	60,849
Intangible assets	349,102
Investments	61,617
Inventories	792,329
Amounts owed by joint ventures and associate	108,380
Trade and other receivables	122,108
Trade and other payables	(608,741)
Borrowings	(2,493)
Lease liabilities	(64,230)
Provisions	(208,706)
Net deferred tax asset	26,793
Net identifiable assets acquired	879,811
Goodwill	257,233
Total net assets acquired	1,137,044

In line with IFRS 3 Business Combinations the Group has the later of 12 months from the date of acquisition, or when all information is available, to finalise the fair valuation of the acquired assets and liabilities. As such, the fair values presented within these financial statements are provisional. Key balances where management continue to assess the fair value at acquisition date include intangible assets, inventories, provisions, trade and other receivables, trade and other payables and the deferred tax thereon, however there are no individually significant estimates remaining to be made. The acquisition accounting for these balances is incomplete at the date of these financial statements as management continues to collate and review the related information.

Prior to performing the fair valuation exercise, the accounting policies of Countryside first had to be aligned to those of the Group. The policies differ in the treatment of the capitalisation of certain personnel and pre-development costs, which has resulted in an £86m write down, net of deferred tax, to Countryside's assets at acquisition date. Simply put, on an assumption the level of activity remained the same as prior years, the reduction in future cost of sales arising from the write-down of these assets is expected to be broadly offset by the increase in period costs arising from the non-capitalisation of such costs going forward.

The provisional fair value exercise has allocated the purchase price of Countryside of £1,137.0m as follows: inventories of £792m, investments, right of use assets and PP&E of £140m, intangibles such as brands and relationships of £349m and goodwill of £257m, less £209m of provisions and £184m of net working capital and other items, including cash and deferred tax. The total fair value adjustments which will unwind to underlying earnings is a credit of £107m and this will unwind predominantly in cost of sales over the next 6 to 8 years. One of the key fair value adjustments included is in relation to inventories, where fair valuation resulted in a reduction to the opening balance of £192.6m.

The acquired intangibles include the Countryside Partnerships brand name, the customer relationships and the secured contracts of the acquired business. The acquired intangible assets have estimated useful lives of between 5 and 25 years. Management were supported by an external professional services organisation in the fair valuation of the acquired intangible assets and preparation of the purchase price allocation.

The goodwill for the acquired business reflects intangible assets which do not qualify for separate recognition including the 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 have been no further business combinations in 2022.

Other impacts of the Combination on the current period

(i) Acquisition-related costs

Acquisition-related costs of £56.9m are included within exceptional administrative expenses in the Group income statement.

(ii) Acquired receivables

The fair value of trade and other receivables in Countryside is £122,108k. The gross contractual amount for trade receivables due is £122,108k, this full balance is expected to be collectible.

(iii) Revenue and profit contribution

The 100% owned development sites acquired with the Countryside business contributed reported revenues of £135.2m and reported an operating loss of £11.9m to the Group for the period from 11 November 2022 to 31 December 2022. If the Combination had occurred on 1 January 2022, the Group's revenue would have been £1,386.5m higher for the year and operating profit would have been £202m lower for the year.

(iv) Consideration

Consideration was fully paid at 31 December 2022.

5.14 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. The Group includes the proportional contribution of profit and loss from joint ventures and associate in adjusted measures to better reflect the trading performance of the Group. The Group also excludes the amortisation of intangibles generated through the acquisition of Linden and Partnerships from Galliford Try PLC in 2020 and of Countryside in 2022 (refer to note 5.13) because these are non-cash fixed costs set at the time of acquisition which, in the view of the Directors, are not indicative of the underlying trading performance of the business in the period.

The inclusion of associate share of results within the below alternative performance measures reflects the acquisition of an investment in associate as a result of the Combination with Countryside. The Group did not have any associates in 2021 and therefore the 2021 comparative is unchanged.

The definition and reconciliation of financial alternative performance measures used to UK-adopted International Accounting Standards measures is shown below:

Adjusted revenue

Adjusted revenue is defined as revenue including share of joint ventures' and associate revenue:

	2022 £000	2021 £000
Revenue per Group income statement*	2,729,432	2,407,158
Share of joint ventures' and associate revenue	392,629	334,591
Elimination of revenue recognised on transactions with joint ventures and associate	(48,824)	(48,116)
Adjusted revenue	3,073,237	2,693,633

*Revenue for 2021 has been restated in relation to trading with our joint ventures (see note 1.6).

Adjusted gross profit

Adjusted gross profit is defined as gross profit including share of joint ventures' and associate gross profit, plus other operating income and before exceptional cost of sales:

	2022 £000	2021 £000
Gross profit per Group income statement	413,729	439,272
Share of joint ventures' and associate gross profit	69,300	57,290
Exceptional cost of sales	96,113	5,744
Other operating income	57,713	40,659
Adjusted gross profit	636,855	542,965

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:

	2022 £000	2021 £000
Operating profit per Group income statement	212,506	285,414
Share of joint ventures' and associate operating profit	68,542	56,489
Exceptional expenses	152,977	12,225
Amortisation of acquired intangibles	17,065	14,240
Adjusted operating profit	451,090	368,368

Adjusted profit before tax

Adjusted profit before tax is defined as profit before tax before exceptional expenses and amortisation of acquired intangibles:

	2022 £000	2021 £000
Profit before tax per Group income statement	247,484	319,536
Exceptional expenses	153,877	12,225
Amortisation of acquired intangibles	17,065	14,240
Adjusted profit before tax	418,426	346,001

5.15 Contingent liabilities

The Group is subject to various claims, audits and investigations that have arisen in the ordinary course of business. These matters include but are not limited to employment and commercial matters. The outcome of all these matters is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Group and after consultation with external lawyers, the Directors believe that the ultimate resolution of these matters, individually and in aggregate, will not have a material adverse impact on the Group's financial condition. Where necessary, applicable costs are included within the cost to complete estimates for individual developments or are otherwise accrued in the statement of financial position.

The Directors note that as Government legislation, regulation and guidance further evolves in relation to fire safety and required remediation works, this may result in additional liabilities for the Group that cannot currently be reliably estimated. There may also be changes concerning the use of materials currently undergoing fire safety tests instructed by product manufacturers. If such materials are no longer considered safe, this could result in an increase in the number of buildings requiring remediation works as well as an increase in the estimated cost to remediate the buildings currently provided for. We may however expect further Government intervention if such circumstances arise.

In respect of the remediation costs noted above, the Directors believe that the Group may be able to recover some of these costs through insurance claims or, in the case of defective workmanship, from subcontractors or other third parties. However, any such recoveries are not deemed to be virtually certain and therefore these contingent assets have not been recognised during the year.

No formal claims have been received by the Group relating to the Defective Premises Act (DPA). The Group cannot reliably estimate the expected liabilities stemming from the DPA and as such no provision has been recognised at the balance sheet date. The Group maintains a register of buildings constructed over the last 30 years; if the Group is formally notified of potentially defective works through communications from building owners, leaseholders or managing agents on these buildings and the unfit for habitation test has been established, an appropriate provision would be recognised.

5.16 Post balance sheet events

Since the year ended 31 December 2022 there have been several significant post balance sheet events, the first being the integration of the acquired Countryside business into the Housebuilding and Partnerships operating segments. As a result, Vistry have identified two operating segments for 2023, with no continuing Countryside segment. 2022 will be restated on this basis in future reports.

On 13 March 2023 the Group became a signatory to the Developer Remediation Contract which they were committed to signing at the year end, and as such this has been treated as an adjusting post-balance sheet event. This contract clarifies the extent of the obligations of the Group regarding fire safety remedial works. Management assessed the quantum of the commitments and a further £24.7m has been provided in relation to the Developer Remediation Contract.

The second significant post balance sheet event was the scheduled repayment of the £50m bilateral loan on 17 March 2023.

A final dividend of 32p per share has been recommended and, subject to shareholder approval at the AGM, will be paid on 1 June 2023 in respect of 2022.

5.17 Group undertakings

The subsidiaries, joint ventures and associate in which the Group has interests are all incorporated in the United Kingdom. In each case for the majority of companies their principal activity is related to housebuilding and estate development but there are a small number of entities whose role is to support housebuilding and estate development through corporate ownership. As at 31 December 2022, the Group had 205 wholly owned subsidiaries, plus two majority owned, which are listed on the following pages (with the company names as at 22 March 2023).

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 2022. These subsidiaries are marked with an asterisk in the table below.

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.

	Registered office	Country of incorporation	Ownership interest in ordinary shares	
			2022 %	2021 %
Arlesley East LLP	1	UK	100	-
Blythe Park LLP	1	UK	100	100
Bovis Country Homes Limited	1	UK	100	100
Bovis Homes (Broadbridge Heath) Limited*	1	UK	100	100
Bovis Homes (Quest) Company Limited	1	UK	100	100
Bovis Homes BVC Limited	1	UK	100	100
Bovis Homes Cornwall Limited	1	UK	100	100
Bovis Homes Eastern Limited	1	UK	100	100
Bovis Homes Freeholds Limited	1	UK	100	100
Bovis Homes Insulation Limited	1	UK	100	100
Bovis Homes Limited	1	UK	100	100
Bovis Homes Midlands & Northern Limited	1	UK	100	100
Bovis Homes North Whiteley LLP*	1	UK	100	100
Bovis Homes Pension Scheme Trustee Limited†	1	UK	100	100
Bovis Homes Projects Limited	1	UK	100	100
Bovis Homes South East Limited	1	UK	100	100
Bovis Homes Southern Limited	1	UK	100	100
Bovis Homes Wessex Limited	1	UK	100	100
Brunel Street Works Energy Services Limited*	1	UK	100	100
Chartdale Limited*	1	UK	100	100
Countryside Partnerships Southern No.1 Limited (formerly Drew Smith Homes Limited)*	1	UK	100	100
Countryside Partnerships Southern Limited (formerly Drew Smith Limited)*	1	UK	100	100
Elite Homes (North West) Limited*	1	UK	100	100
Elite Homes (Yorkshire) Limited*	1	UK	100	100
Elite Homes Group Limited*	1	UK	100	100
Emerald (Ealing) LLP*	1	UK	100	100
Enhance Interiors Limited†	1	UK	100	100
Fairfield Redevelopments Limited*	1	UK	100	100
Gigg Lane Limited	1	UK	100	100
Graylingwell Energy Services Limited*	1	UK	100	100
Greyhound Regeneration LLP	1	UK	100	100
H.Newbury & Son (Builders) Limited	1	UK	100	100
Hall Green JV LLP†	1	UK	100	100
Hill Place Farm Developments Limited	1	UK	100	100
Ink Homes Limited	1	UK	100	-
Kendall Cross Limited†	1	UK	100	100
Kenilworth Woodside Conference Centre JV LLP	1	UK	100	-
Kilbride Tavistock Limited*	1	UK	100	100
Linden (Ashlar Court) Limited†	1	UK	100	100
Linden (Beverley 2) LLP	1	UK	100	100
Linden (Beverley 3) LLP	1	UK	100	100
Linden (Beverley 4) LLP	1	UK	100	100
Linden (Beverley 5) LLP	1	UK	100	100
Linden (Beverley) LLP	1	UK	100	100
Linden (Cawston) LLP	1	UK	100	100
Linden (Highfields Caldecote) LLP	1	UK	100	100
Linden (Houghton) LLP	1	UK	100	100
Linden (St Bernard's) Limited†	1	UK	100	100
Linden (Summerstown) LLP	1	UK	100	100
Linden (Thurston) LLP	1	UK	100	100
Linden Barnet LLP	1	UK	100	100
Linden Cornwall Limited†	1	UK	100	100
Linden Devon Limited†	1	UK	100	100
Linden First Limited	1	UK	100	100
Linden Guildford Limited†*	1	UK	100	100

	Registered office	Country of incorporation	Ownership interest in ordinary shares	
			2022 %	2021 %
Northwick Park Developments LLP	1	UK	100	-
Vistry Linden Limited*	1	UK	100	100
Vistry Partnerships (Wolverhampton) Limited*	1	UK	100	100
Vistry Partnerships Investments Limited	1	UK	100	100
Vistry Partnerships JV NO17 LLP	1	UK	100	100
Vistry Partnerships Limited	1	UK	100	100
Vistry Partnerships North Limited†	1	UK	100	100
Vistry Partnerships Yorkshire Holdings Limited*	1	UK	100	100
Vistry Partnerships Yorkshire Limited*	1	UK	100	100
Vistry Pension Trustee Ltd†	1	UK	100	100
Vistry Secretary Limited†	1	UK	100	100
Vistry Ventures Limited	1	UK	100	100
Westcountry Land (Perranporth) Ltd*	1	UK	100	100
Bovis Homes Scotland Limited	2	UK	100	100
Rissington Management Company Limited	3	UK	100	100
Knights Mount Management Company Limited†	9	UK	100	100
Vistry (Jersey) Limited	10	UK	100	100
Alma Estate (Enfield) Management Company Limited	16	UK	100	-
Beechgrove (Sunninghill) Management Company Limited	16	UK	100	-
Berrywood Estates Ltd	16	UK	100	-
Breedon Place Management Company Limited	16	UK	100	-
Brenthall Park (One) Limited	16	UK	100	-
Cophorn Holdings Limited	16	UK	100	-
Countryside (UK) Limited	16	UK	100	-
Countryside 26 Limited	16	UK	100	-
Countryside 28 Limited	16	UK	100	-
Countryside Cambridge One Limited	16	UK	100	-
Countryside Cambridge Two Limited	16	UK	100	-
Countryside Developments Limited	16	UK	100	-
Countryside Four Limited	16	UK	100	-
Countryside Partnerships Limited (formerly Countryside Partnerships PLC)	16	UK	100	-
Countryside Properties (Commercial) Limited	16	UK	100	-
Countryside Properties (Housebuilding) Limited†	16	UK	100	-
Countryside Properties (In Partnership) Limited	16	UK	100	-
Countryside Properties (Joint Ventures) Limited	16	UK	100	-
Countryside Properties (London & Thames Gateway) Limited	16	UK	100	-
Countryside Properties (Northern) Limited	16	UK	100	-
Countryside Properties (Salford Quays) Limited	16	UK	100	-
Countryside Properties (Southern) Limited	16	UK	100	-
Countryside Properties (Special Projects) Limited	16	UK	100	-
Countryside Properties (Springhead) Limited	16	UK	100	-
Countryside Properties (Strategic Land) Limited	16	UK	100	-
Countryside Properties (Uberior) Limited	16	UK	100	-
Countryside Properties (UK) Limited	16	UK	100	-
Countryside Properties (WGL) Limited	16	UK	100	-
Countryside Properties (WHL) Limited	16	UK	100	-
Countryside Properties (WPL) Limited	16	UK	100	-
Countryside Properties Land (One) Limited	16	UK	100	-
Countryside Properties Land (Two) Limited	16	UK	100	-
Countryside Residential (South Thames) Limited	16	UK	100	-
Countryside Residential (South West) Limited	16	UK	100	-
Countryside Residential Limited	16	UK	100	-
Countryside Seven Limited	16	UK	100	-
Countryside Sigma Limited	16	UK	100	-
Countryside Thirteen Limited	16	UK	100	-
Countryside Timber Frame Limited	16	UK	100	-

	Registered office	Country of incorporation	Ownership interest in ordinary shares	
			2022 %	2021 %
Linden Holdings Limited†*	1	UK	100	100
Linden Homes (Bath Road) LLP	1	UK	100	100
Linden Homes (Blackberry Hill) LLP†	1	UK	100	100
Linden Homes (Marksbury) LLP	1	UK	100	100
Linden Homes (Sherford) LLP*	1	UK	100	100
Linden Homes Chiltern Limited†	1	UK	100	100
Linden Homes Eastern LLP†	1	UK	100	100
Linden Homes South-East Limited†	1	UK	100	100
Linden Homes Southern Limited†	1	UK	100	100
Linden Homes Western Limited†	1	UK	100	100
Linden JV No12 LLP	1	UK	100	100
Linden JV No17 LLP	1	UK	100	100
Linden JV No18 LLP	1	UK	100	100
Linden JV No19 LLP	1	UK	100	100
Linden JV No20 LLP†	1	UK	100	100
Linden JVCo No8 Limited	1	UK	100	100
Linden JVCo No9 Limited	1	UK	100	100
Linden Limited*	1	UK	100	100
Linden London (Hammersmith) Limited†	1	UK	100	100
Linden London Developments Limited†*	1	UK	100	100
Linden London LLP*	1	UK	100	100
Linden Midlands Limited†	1	UK	100	100
Linden North Limited†	1	UK	100	100
Linden Partnerships Limited†	1	UK	100	100
Linden Properties Western Limited	1	UK	100	100
Linden South West Limited†	1	UK	100	100
Linden St Albans LLP	1	UK	100	100
Linden Wates (Hungerford) Limited†	1	UK	100	100
Mountsorrel JV LLP	1	UK	100	100
Nether Hall Park Open Space Management Company Limited	1	UK	100	100
Olive Farm LLP	1	UK	100	100
Orchard Homes (Pitt Manor) Limited	1	UK	100	100
Oxford Land Limited†	1	UK	67	67
Page Johnson Properties Limited	1	UK	100	100
Peel Hall JV LLP	1	UK	100	-
R.T.Warren (Builders, St.Albans) Limited	1	UK	100	100
Rasen Estates Limited†	1	UK	100	100
Redplay Limited†	1	UK	100	100
Redplay Partnerships Limited	1	UK	100	100
Rosemullion Homes Limited	1	UK	100	100
The Ricardo Community Foundation†	1	UK	100	100
Unitpage Limited	1	UK	100	100
Vista Portsmouth Limited*	1	UK	100	100
Vistry Affordable Homes Limited*	1	UK	100	100
Vistry Developments Limited	1	UK	100	100
Vistry Homes Central Limited†*	1	UK	100	100
Vistry Homes Limited	1	UK	100	100
Vistry Limited	1	UK	100	100
Vistry Linden Homes Limited*	1	UK	100	100

†Denotes entities where the accounting reference date is not 31 December.

*Unaudited subsidiaries

‡ Company Limited by Guarantee

	Registered office	Country of incorporation	Ownership interest in ordinary shares	
			2022 %	2021 %
Dunton Garden Suburb Limited	16	UK	100	-
Fresh Wharf Residents Management Company Limited	16	UK	100	-
Harold Wood Management Limited	16	UK	100	-
Hilborn Management Company Limited	16	UK	100	-
Knight Strategic Land Limited	16	UK	100	-
Mandeville Place (Radwinter) Management Limited	16	UK	100	-
Marlowe Road Management Company Limited	16	UK	100	-
Millgate (UK) Holdings Limited	16	UK	100	-
Millgate Developments Limited	16	UK	100	-
Mulberry Green Management Company Limited	16	UK	100	-
New Avenue (Cockfosters) Management Company Limited	16	UK	100	-
Newhall Land Limited	16	UK	100	-
Newhall Resident Management Company Limited	16	UK	100	-
Parklands Manor Management Company Limited	16	UK	100	-
Skyline 120 Management Limited	16	UK	100	-
Skyline 120 Nexus Management Limited	16	UK	100	-
Springhead Resident Management Company Limited	16	UK	100	-
Urban Hive Hackney Management Limited	16	UK	100	-
Watersplash Lane Management Company Limited	16	UK	100	-
Westleigh Construction Limited	16	UK	100	-
Westleigh Homes Limited	16	UK	100	-
Westleigh LNT Limited	16	UK	100	-
York Road (Maidenhead) Management Limited	16	UK	100	-
Allium Park Management Company Limited	16	UK	100	-
Ashmere Resident (2) Management Company Limited	16	UK	100	-
Ashmere Resident Management Company Limited	16	UK	100	-
Barnwood Place (Smarden) Management Company Limited	16	UK	100	-
Beaulieu Park E (Chelmsford) Management Limited	16	UK	100	-
Beaulieu Park M&N (Chelmsford) Management Company	16	UK	100	-
Beaulieu Park O&P (Chelmsford) Management Company Limited	16	UK	100	-
Charlton Gardens Residents Management Company Limited	16	UK	100	-
Chatham Maritime Sector 15 Residential Man Co Ltd	16	UK	100	-
Countryside Places for People (Cowley Hill) LLP	16	UK	100	-
Countryside Properties Residential (ABC) Limited	16	UK	100	-
Countryside Properties Residential (Chelmsford) Ltd	16	UK	100	-
Countryside Properties Residential (Dartford) Limited	16	UK	100	-
Dracan Village Residents Management Company Limited	16	UK	100	-
Houghton Regis Parcel 8 Residents Management Company Limited	16	UK	100	-
Millfields (Hall Green) Management Company Limited	16	UK	100	-
Moat Farm Management Company Limited	16	UK	100	-
North West Quartet Estate Management Company Limited	16	UK	100	-
Oakhurst Residents Management Company Limited	16	UK	100	-
Regency Grange Residents Management Company Limited	16	UK	100	-
Rosewood (Maidstone) Management Company Limited	16	UK	100	-
Saint Cloud Way Management Company Limited	16	UK	100	-
Tattenhoe Park Residents Management Company Limited	16	UK	100	-
The Burrows (Paddock Wood) Management Limited	16	UK	100	-
The Paddocks Tye Green Management Company Limited	16	UK	100	-
C.C.B.(Stevenage) Limited	6	UK	67	33

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	
				2022 %	2021 %
Bovis Homes (Broadbridge Heath) Limited	1	08112950	UK	100	100
Bovis Homes North Whiteley LLP	1	OC424405	UK	100	100
Brunel Street Works Energy Services Limited	1	11923831	UK	100	100
Chartdale Limited	1	01792431	UK	100	100
Countryside Partnerships Southern No.1 Limited (formerly Drew Smith Homes Limited)	1	02969951	UK	100	100
Countryside Partnerships Southern Limited (formerly Drew Smith Limited)	1	02433962	UK	100	100
Elite Homes (North West) Limited	1	02297984	UK	100	100
Elite Homes (Yorkshire) Limited	1	01530215	UK	100	100
Elite Homes Group Limited	1	02781237	UK	100	100
Emerald (Ealing) LLP	1	OC420245	UK	100	100
Fairfield Redevelopments Limited	1	04459094	UK	100	100
Graylingwell Energy Services Limited	1	07142726	UK	100	100
Kilbride Tavistock Limited	1	07380791	UK	100	100
Linden Guildford Limited	1	06552658	UK	100	100
Linden Holdings Limited	1	04040970	UK	100	100
Linden Homes (Sherford) LLP	1	OC384496	UK	100	100
Linden Limited	1	01108676	UK	100	100
Linden London Developments Limited	1	06270271	UK	100	100
Linden London LLP	1	OC333207	UK	100	100
Vista Portsmouth Limited	1	11196519	UK	100	100
Vistry Affordable Homes Limited	1	06594096	UK	100	100
Vistry Homes Central Limited	1	02281005	UK	100	100
Vistry Linden Homes Limited	1	02606856	UK	100	100
Vistry Linden Limited	1	03158857	UK	100	100
Vistry Partnerships (Wolverhampton) Limited	1	08476225	UK	100	100
Vistry Partnerships Yorkshire Holdings Limited	1	06437711	UK	100	100
Vistry Partnerships Yorkshire Limited	1	03901222	UK	100	100
Westcountry Land (Perranporth) Ltd	1	09653572	UK	100	100

At 31 December 2022 the Group held an interest in the following 117 joint ventures which have been equity accounted to 31 December 2022 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 three 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		Registered office	Country of incorporation	Ownership interest in ordinary shares		
			2022 %	2021 %			2022 %	2021 %	
Belmont Street JV LLP	1	UK	50	-	Opal (Earlsfield) LLP†	1	UK	50	50
Beverley South Developments Limited†	1	UK	50	50	Opal (Silvertown) LLP†	1	UK	50	50
Bishops Park Limited	1	UK	50	50	Opal (St Bernard's) LLP†	1	UK	50	50
Boorley Green LLP†	1	UK	50	50	Opal Land LLP†	1	UK	50	50
Bovis Homes Cambourne West LLP†	1	UK	50	50	Pembers LLP†	1	UK	50	50
Bovis Latimer (Sherford) LLP	1	UK	50	50	Ramsden Regeneration LLP†	1	UK	50	50
Crewe Lane Kenilworth JV LLP†	1	UK	50	50	Sandymoor JV LLP†	1	UK	50	50
D R 4 Developments LLP†	1	UK	50	50	Stanton Cross Developments LLP	1	UK	50	50
Europa Way JV LLP†	1	UK	50	50	Vistry Latimer Collingtree LLP†	1	UK	50	50
Evolution (Saffron Walden) LLP†	1	UK	50	50	Vistry Wates (Buckingham) LLP†	1	UK	50	50
Evolution (Shinfield) LLP†	1	UK	50	50	Vistry Wates (Leybourne) LLP†	1	UK	50	50
Evolution Gateshead Developments LLP†	1	UK	50	50	Vistry Wates Finance LLP	1	UK	50	50
Evolution Morpeth LLP†	1	UK	50	50	Vistry Wates Holdings LLP	1	UK	50	50
Evolution Newhall LLP†	1	UK	50	50	Vistry Wates Nominee Limited	1	UK	50	50
Gateshead Regeneration LLP†	1	UK	25	25	West Bridgford JV LLP†	1	UK	50	50
Glen Parva JV LLP†	1	UK	50	50	White Rock Land LLP†	1	UK	50	50
Grange Walk LLP†	1	UK	50	50	Wilmington Regeneration LLP†	1	UK	50	50
Heath Farm Lane LLP†	1	UK	50	50	The Piper Building Limited†	3	UK	50	50
Kilnwood Vale LLP†	1	UK	50	50	IIH Oak Investors LLP	4	UK	26	26
Lea Castle JV LLP†	1	UK	50	50	Gallions 2A Developments LLP†	11	UK	50	50
Linden (Avery Hill) LLP†	1	UK	50	50	Shoo 22 Limited†	12	UK	38	38
Linden (Basingstoke) Limited	1	UK	50	50	Cedar House Securities Limited	13	UK	50	50
Linden (Battersea Bridge Road) LLP	1	UK	50	50	Crest/Vistry (Epsom) LLP†	14	UK	50	50
Linden (Biddenham) LLP†	1	UK	50	50	Linden Homes Westinghouse LLP†	15	UK	50	50
Linden (Brampton) LLP†	1	UK	50	50	Acton Gardens LLP	16	UK	50	-
Linden (Enfield) LLP†	1	UK	50	50	Bracknell Forest Cambium Partnership LLP	16	UK	50	-
Linden (Hartfield Road) LLP†	1	UK	50	50	Brenthall Park (Commercial) Limited	16	UK	50	-
Linden (Manse Farm) LLP†	1	UK	50	50	Brenthall Park (Infrastructure) Limited	16	UK	50	-
Linden (Mowbray View 2) LLP†	1	UK	50	50	Brenthall Park (Three) Limited	16	UK	50	-
Linden (Northstowe) LLP†	1	UK	50	50	Brenthall Park Limited	16	UK	50	-
Linden (Rainham) LLP†	1	UK	50	50	Bromley Regeneration (Calverley Close) LLP	16	UK	50	-
Linden (Sayers Common) LLP†	1	UK	50	50	Bromley Regeneration (Pike Close) LLP	16	UK	50	-
Linden (Vencourt) LLP†	1	UK	50	50	Cambridge Road (RBK) LLP	16	UK	50	-
Linden (York Road) LLP†	1	UK	50	50	Camden Development Partnership LLP	16	UK	50	-
Linden and Dorchester Limited†	1	UK	50	50	Countryside 27 Limited	16	UK	50	-
Linden and Dorchester Portsmouth Limited†	1	UK	50	50	Countryside Annington (Mill Hill) Limited	16	UK	50	-
Linden Wates (Barrow Gurney) Limited	1	UK	50	50	Countryside Clarion (Eastern Quarry) LLP	16	UK	50	-
Linden Wates (Bricket Wood) Limited	1	UK	50	50	Countryside L&Q (North East Chelmsford) LLP	16	UK	50	-
Linden Wates (Cranleigh) Limited	1	UK	50	50	Countryside L&Q (Oaks Village) LLP	16	UK	50	-
Linden Wates (Dorking) Limited	1	UK	50	50	Countryside Maritime Limited	16	UK	50	-
Linden Wates (Horsham) LLP	1	UK	50	50	Countryside Neptune LLP	16	UK	50	-
Linden (Wates) Kempshott Limited	1	UK	50	50	Countryside Places for People (Lower Herne) LLP	16	UK	50	-
Linden Wates (Lovedean) Limited	1	UK	50	50	Countryside Properties (Accordia) Limited	16	UK	50	-
Linden Wates (Ravenscourt Park) Limited	1	UK	50	50	Countryside Properties (Booth Street 2) Limited	16	UK	39	-
Linden Wates (Ridgewood) Limited	1	UK	50	50	Countryside Properties (Merton Abbey Mills) Limited	16	UK	50	-
Linden Wates (Ringwood) LLP	1	UK	50	50	Countryside Zest (Beaulieu Park) LLP	16	UK	50	-
Linden Wates (Royston) LLP	1	UK	50	50	Greenwich Millennium Village Limited	16	UK	50	-
Linden Wates (Salisbury) LLP	1	UK	50	50	Mann Island Estate Limited	16	UK	50	-
Linden Wates (The Frythe) Limited	1	UK	50	50	Marrco 25 Limited	16	UK	50	-
Linden Wates (Walberton) LLP	1	UK	50	50	Oaklands Hamlet Resident Management Limited	16	UK	50	-
Vistry Wates (Walshes) LLP	1	UK	50	50	Peartree Village Management Limited	16	UK	50	-
Linden Wates (West Hampstead) Limited	1	UK	50	50	Westleigh Cherry Bank LLP	16	UK	50	-
Linden Wates (Westbury) Limited	1	UK	50	50	Linden Sovereign Brockworth LLP	1	UK	50	50
Linden Wates Developments (Chichester) Limited	1	UK	50	50	Clapham Park (Metropolitan Countryside) LLP	16	UK	50	-
Linden Wates Developments (Folders Meadow) Limited	1	UK	50	50	Countryside Sigma Limited	16	UK	75	-
Linden/Downland Graylingwell LLP†	1	UK	50	50	Countryside Sovereign Swindon LLP	16	UK	50	-
Littleport Developments LLP†	1	UK	50	50	Kingsmere Estate Management Limited	16	UK	50	-
One Lockleaze LLP†	1	UK	50	50	Develop Warwickshire (Nominee) Limited	16	UK	50	-
					Develop Warwickshire LLP	16	UK	50	-

† Denotes entities where the accounting reference date is not 31 December.

The Group holds 28.5% of the ordinary share capital with pro-rata voting rights in Countryside Properties (Bicester) Limited (the associate entity referred throughout the document), a company incorporated and domiciled in the UK, whose principal activity is the sale of serviced parcels of land, and for segmental purposes is disclosed within Countryside. It is accounted for using the equity method. Countryside Properties (Bicester) Limited has one wholly owned subsidiary, Kingsmere Estate Management Limited.

Significant holdings in undertakings other than subsidiary, joint venture and associate undertakings

	Registered office	Country of incorporation	Ownership interest in ordinary shares	
			2022 %	2021 %
Berkshire Land Limited	1	United Kingdom	33	33
Bishop's Stortford North Consortium Limited†	5	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	9	Gateway House, 10 Coopers Way, Southend-on-Sea, Essex, SS2 5TE
2	C/o Gilliespie MacAndrew LLP, 5 Atholl Crescent, Edinburgh, EH3 8EJ	10	47 Esplanade, St Helier, Jersey, JE1 0BD
3	Cowley Business Park, High Street, Cowley, Uxbridge, Middlesex, UB8 2PL	11	Bruce Kenrick House, 2 Kellick Street, London, N1 9FL
4	1148 Mountview Court High Rd, London, N20 0RA	12	Duncan House Clipston Rd, Sibbertoft, Market Harborough, Leicestershire, LE16 9UB
5	Bath House, 6-8 Bath Street, Bristol, BS1 6HL	13	8 Gleneagles Court, Brighton Rd, Crawley, West Sussex, RH10 6AD
6	Croudace House, Tupwood Lane, Caterham, Surrey, CR3 6XQ	14	Crest House, Pyrcroft Rd, Chertsey, Surrey, KT16 9GN
7	6 Drakes Meadow, Penny Lane, Swindon, Wiltshire, SN3 3LL	15	Sovereign House, Basing View, Basingstoke, Hampshire, RG21 4FA
8	Persimmon House, Fulford, York, Yorkshire, YO19 4FE	16	Countryside House, The Drive, Brentwood, Essex CM13 3AT

Five year record - unaudited

Years ended 31 December	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Reported results					
Revenue and profit					
Revenue*	2,729.4	2,407.2	1,834.4	1,130.8	1,061.4
Operating profit	212.5	285.4	91.7	179.7	174.2
Net financing income / (costs)	(12.2)	4.1	(7.9)	(6.8)	(6.1)
Share of result of joint ventures and associate	47.2	30.0	14.9	1.8	-
Profit before tax	247.5	319.5	98.7	174.7	168.1
Tax	(43.1)	(65.4)	(21.9)	(36.4)	(31.5)
Profit after tax	204.3	254.1	76.8	138.4	136.6
Adjusted results					
Revenue and profit					
Adjusted revenue	3,073.2	2,693.6	2,040.1	1,139.3	1,061.4
Adjusted operating profit	451.1	368.4	171.0	194.4	174.2
Adjusted profit before tax	418.4	346.0	143.9	188.2	168.1
Balance sheet					
Equity shareholders' funds	3,249.7	2,390.6	2,195.1	1,272.0	1,061.1
Net cash	118.2	234.5	(37.9)	(362.0)	(126.8)
Capital employed	3,367.9	2,625.1	2,157.2	910.0	934.3
Returns					
Adjusted operating margin before exceptional items and amortisation of intangibles (note 1)	15%	14%	8%	17%	16%
Reported operating margin (note 2)	8%	12%	5%	16%	16%
Return on shareholders' funds (note 3)	9%	12%	6%	11%	13%
Return on capital employed (note 4)	29%	26%	14%	21%	19%
Homes (including units sold on third party owned land)					
Number of Housebuilding unit completions (note 5)	6,774	6,551	4,652	3,867	3,759
Number of Partnership unit completions (note 5)	2,455	2,088	1,479	-	-
Number of partner delivery equivalent units	2,073	2,441	2,823	-	-
Number of Countryside unit completions	649	-	-	-	-
Housebuilding average sales price (£'000)	324	305	303	280	273
Mixed tenure average sales price (£'000)	256	237	204	-	-
Adjusted EPS					
Earnings per share (p) before exceptional items	137.5	125.5	57.9	104.3	101.6
Earnings per share (p) after exceptional items	86.5	114.6	34.8	94.6	101.6
Dividends per share					
Paid (p)	63.0	40.0	-	58.5	96.5
Interim paid and final proposed (p) (note 6)	55.0	60.0	20.0	61.5	57.0

*Revenue and cost of sales for 2021 and 2020 have been restated in relation to trading with our joint ventures (see note 1.6).

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. 2022 has been adjusted for the pro-rated average capital employed by Countryside during the post-acquisition period. 2018 and 2019 ROCE has been restated on this basis.

Note 5: Completions are shown including 100% of joint venture and associate completions.

Note 6: In 2019 a second interim dividend was declared, not a final dividend. 61.5p includes this second interim dividend.

Shareholder information

Financial Calendar

Date	Event
11 April 2023	Mailing of 2022 Annual Report
21 April 2023	Dividend record date – Final 2022
18 May 2023	Annual General Meeting
1 June 2023	Dividend payment date – Final 2022
11 July 2023	Trading update
7 September 2023	Announcement of interim 2023 financial results
9 November 2023	Trading update

Annual General Meeting

The 2023 AGM will be held at Numis Securities Limited, 45 Gresham Street, London EC2V 7BF on 18 May 2023 at 12.00 noon. The notice convening the AGM and form of proxy accompanies this Annual Report and explains the resolutions to be put to the meeting. The Notice of AGM is also available at www.vistrygroup.co.uk/investor-centre. The Articles, 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.computershare.com/uk/investor-centre 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 scam, 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	Stockbrokers	Auditors
Bank of China Limited	Numis Securities Limited	PricewaterhouseCoopers LLP
Barclays Bank PLC	Peel Hunt LLP	
Handelsbanken plc	HSBC Bank plc	Solicitors
HSBC UK Bank plc		Linklaters LLP
Lloyds Bank plc	Insurance Brokers	
National Westminster Bank plc	Arthur J Gallagher	
First Commercial Bank		
Santander UK plc		

Registrars

Computershare Investor Services PLC
The Pavilions, Bridgewater Road
Bristol BS99 6ZZ



Top left: Honsome Fields, Basingstoke, Hampshire.
Top right: Vistry Works manufacturing facility, Warrington.
Bottom: Judith Gardens, Sawtry, Cambridgeshire.

Designed and produced by the Vistry Group Design Studio.

Printed by Tewkesbury Printing Company Limited accredited with FSC® Certification.
Printed using vegan based inks formulated from sustainable raw materials.

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Countryside
Partnerships

Vistry
Housebuilding

Vistry
Works

Vistry
Services


COUNTRYSIDE
Homes

Bovis
Homes 

Linden
HOMES

Vistry 
Ventures

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