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Linden HOMES
Vistry Partnerships
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Annual report and accounts 2020

Vistry Group PLC

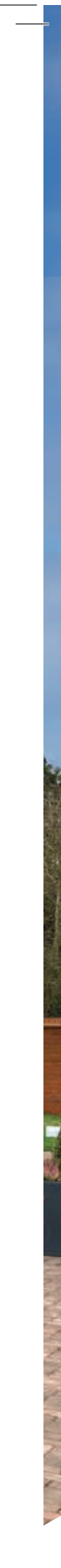
Vistry Group

vistrygroup.co.uk



The Lime | 5 bedroom home
Whitehouse Park, Milton Keynes

Vistry Group



Principal offices

West Division

1 Mercia region
Dunston Hall, Dunston,
Stafford, Staffordshire ST18 9AB
Tel: 01785 714 412

2 West Midlands region
Bromwich Court, Highway Point
Gorsey Lane, Coleshill
Birmingham B46 1JU
Tel: 01675 437 000

3 Cotswolds region
Cleeve Hall, Cheltenham Road
Bishops Cleeve, Cheltenham
Gloucestershire GL52 8GD
Tel: 01242 388 500

4 Western region
Linden House, The Jacobs Building
Berkeley Place, Clifton
Bristol BS8 1EH
Tel: 01179 304 949

5 South West region
Heron Road
Sowton Industrial Estate
Exeter, Devon EX2 7LL
Tel: 01392 344 700

East Division

6 Yorkshire region

East Yorkshire
2nd Floor Spinner Point
South Quay, Lakeside Boulevard
Doncaster DN4 5PL
Tel: 01302 347 130

West Yorkshire
Suite 2/3 Ground Floor
1175 Thorpe Park, Century Way
Leeds LS15 8ZB
Tel: 01132 044 400

7 East Midlands region
Ashurst, Southgate Park
Bakewell Road, Peterborough PE2 6YS
Tel: 01733 396 600

8 Northern Home Counties region
St Annes House, Caldecotte Lake
Business Park, Milton Keynes
Buckinghamshire MK7 8JU
Tel: 01908 088 500

9 Eastern region
Eastwood House, Glebe Road
Chelmsford, Essex CM1 1QW
Tel: 01245 343 000

South Division

10 Thames Valley region
Central 40
Lime Tree Way
Chineham Park
Basingstoke RG24 8GU
Tel: 0845 812 7777

11 Southern region
1A Guildford Business Park
Guildford
Surrey GU2 8XG
Tel: 01483 705 100

12 South East region
Linden House
Guards Avenue
Caterham
Surrey CR3 5XL
Tel: 01883 334 400

13 Kent region
11 Tower View
Kings Hill, West Malling
Kent ME19 4UY
Tel: 01732 280 400

Partnerships

1 North East
2 Esh Plaza
Sir Bobby Robson Way
Great Park
Newcastle Upon Tyne
NE13 9BA
Tel: 01912 271 000

2 Yorkshire
Thunderhead Ridge
Glasshoughton
West Yorkshire
WF10 4UA
Tel: 01977 555 550

3 North West
Innovation House
Kelburn Court
Birchwood
Warrington WA3 6UT
Tel: 01925 885 700

4 East Midlands
3 Smith Way,
Grove Park, Enderby
Leicester LE19 1SX
Tel: 01162 821 100

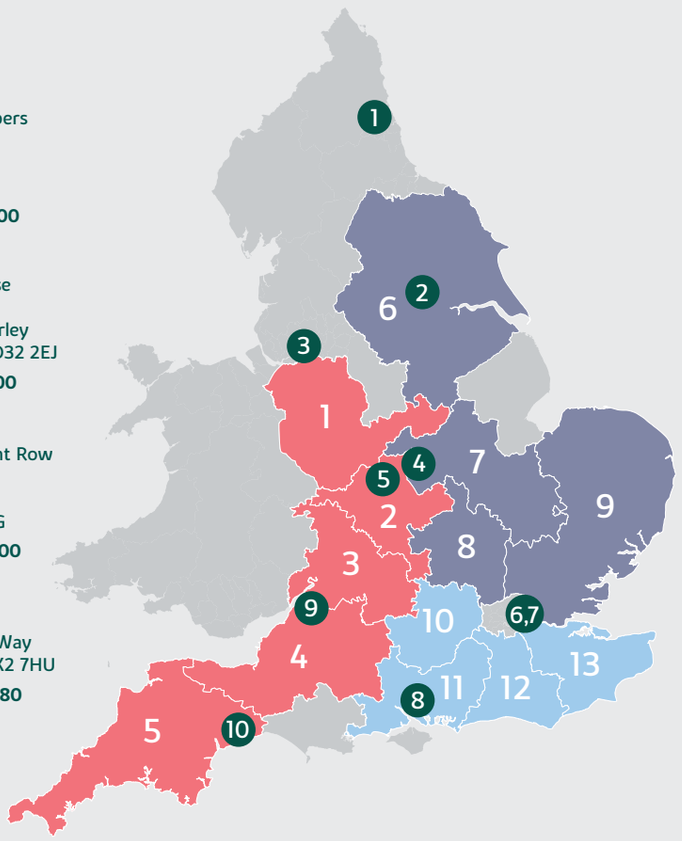
5 West Midlands
2 Bromwich Court
Gorsey Lane, Coleshill
West Midlands B46 1JU
Tel: 01675 469 290

6 East England &
7 London
Broadway Chambers
2 Broadway
Stratford
London E15 4QS
Tel: 020 8221 5000

8 Drew Smith
Drew Smith House
7-9 Mill Court
The Sawmills, Durley
Southampton SO32 2EJ
Tel: 01489 861 400

9 West
Unit 2, West Point Row
Great Park Road
Bradley Stoke
Bristol BS32 4QG
Tel: 01454 270 600

10 South West
Killerton House,
4 Park 5 Harrier Way
Exeter, Devon EX2 7HU
Tel: 01392 880 380



Bovis Homes
Linden HOMES
Vistry Partnerships
DREW SMITH

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

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Vistry Group PLC highlights

Financial highlights

Adjusted revenue [2]
79% Up

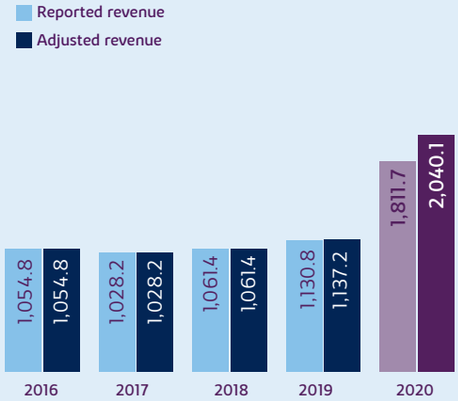
Reported revenue
60% Up

Adjusted profit before tax [1]
23% Down

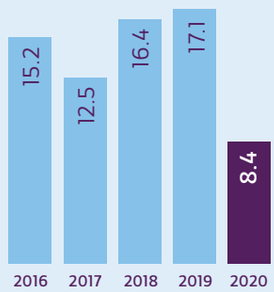
Reported profit before tax
48% Down

Ordinary dividend [3]
67% Down

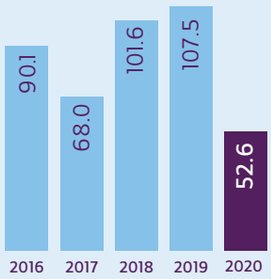
Revenue [2]



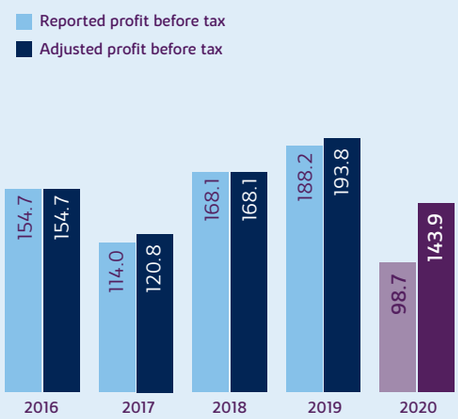
Adjusted operating profit margin [1]



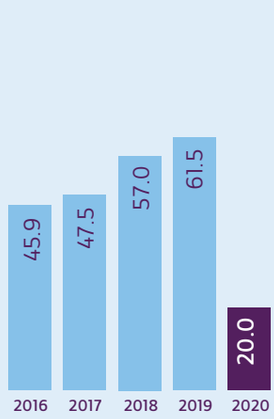
Adjusted earnings per share [1]



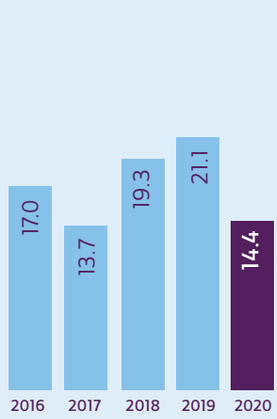
Profit before tax [1]



Ordinary dividend [3]



ROCE [4]



Notes: (1) Adjusted operating profit margin, profit before tax and EPS are calculated prior to exceptional costs and amortisation of acquired intangibles.

(2) Adjusted revenue includes share of joint venture revenue

(3) Ordinary dividends of 61.5 pence per share in 2019 were paid in the form of shares in 2020, in light of the need to conserve cash as a result of the Covid-19 pandemic. All other ordinary dividends shown were or will be paid in cash.

(4) Return on capital employed is calculated as adjusted operating profit prior to exceptional costs and amortisation of acquired intangibles, divided by the average opening and closing shareholders' funds plus net cash/debt. See section 5.12 on page 186 for the full reconciliation.

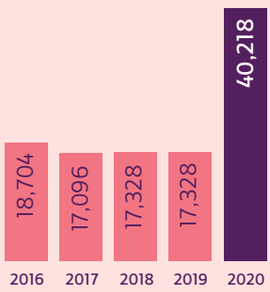
Operational highlights

Legal completions (8)
58.6% ▲ Up

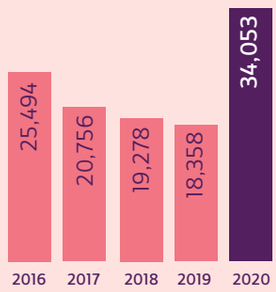
HBF customer satisfaction (5)
5★

Housebuilding average sales price (9)
8% ▲ Up

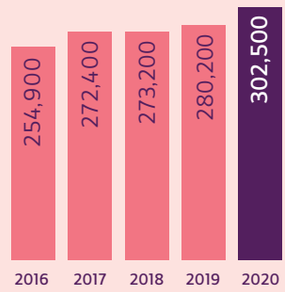
Controlled land
40,218 (6) plots



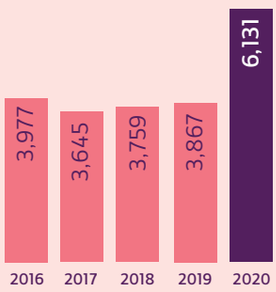
Strategic land
34,053 plots



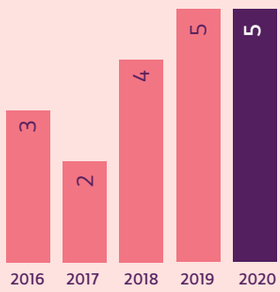
Housebuilding average sales price
£302,500 (9)



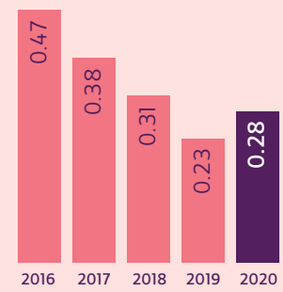
Legal completions
6,131 (8)



HBF customer satisfaction
5★ (5)



NHBC reportable items
0.28 (7)



Notes: (5) Based on responses from customers who legally completed between 1 October 2019 to 30 September 2020. Star rating awarded according to the proportion responding 'yes' to the question 'would you recommend your builder to a friend?': 5-Star rating 90% and above.

(6) Based on owned and controlled land including joint ventures and joint arrangements.

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

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

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

Chairman's statement | Ian Tyler



A transformational year

There are many positives from 2020 and despite the obvious challenges and impact on the year's financial performance from Covid-19, the Group has made much progress across all areas of the business.

As I commented on in the 2019 Annual Report and Accounts, the rationale for the Acquisition[10] of Linden Homes and Vistry Partnerships which completed on 3 January 2020 (the "Acquisition"), was strong, and one year on I am pleased to report the benefits, both operational and financial, have exceeded our expectations.

"The enlargement of the Group enriches our purpose of developing sustainable new homes and communities across all sectors of the housing market"

Synergies will total £44m, ahead of the initially expected £35m and the cost to deliver them will be c. £27m, below the initial £35m expectation. The Housebuilding business restructured quickly and with national coverage, the operating structure has the capacity to deliver c. 8,000 Housebuilding units.

Vistry Partnerships, a key driver for the Acquisition, demonstrated its strong market resilience in 2020, making excellent progress towards delivering its targets of £1billion of revenue and at least a 10% operating margin in 2022.

Our focus is on one Vistry and on leveraging the capability and relationships across the entire Group. With expertise in all segments of the housing market, Vistry Group is uniquely positioned, and the combination of Vistry Partnerships and our two leading housing brands, Bovis Homes and Linden Homes offers an exciting future. Fully aligned, the Group is set to maximise the significant growth opportunities ahead.

Response to Covid-19

The health and safety of our employees, subcontractors, suppliers and customers has been and remains our top priority during the Covid-19 pandemic. I am pleased to report the Group has delivered a rapid and co-ordinated response to challenges and I wish to thank all our employees for their enormous commitment, resilience and hard work during what has been a testing period.

The Group took the decision to close all construction sites and sales offices in late March, with our sales teams remaining in contact with customers on a remote basis. Vistry Partnerships demonstrated its strong market resilience with its high proportion of secured revenue from partner delivery and pre-sold developments, and led our early return to site in late April. Site closures during March and April did however significantly impact the production, output and first half performance of the Group, and of our Housebuilding business in particular.

As part of our response to Covid-19 we instigated a temporary salary reduction for 3 months, for all employees other than those whose salary was below a certain threshold. This was later reversed with salaries repaid. We are also pleased to have repaid all monies received by the Group from the Government's Job Retention Scheme and have not benefitted from any Government schemes related to supporting businesses and employees during the Covid-19 pandemic.

Covid-safe operating procedures are embedded across all areas of the business, productivity is back to normal levels, and we will continue to work with Government guidance and protocol going forwards.

Sustainability

We took the opportunity of the merger to reinvigorate and relaunch our focus on the sustainability of our operations, focusing on the social and environmental elements of the ESG agenda. Our increased scope, and in particular the focus of our new Partnerships business on the affordable marketplace, reinforces and enhances the Group's purpose of developing sustainable new homes across all segments of the UK housing market.

During the year we have conducted a full review of our risks and opportunities, consulting widely with stakeholders (including our people, our customers and our investors), in order to inform our priorities. We are refining our strategy for sustainability, which will launch in March, and which will set out our aims and targets.

Focusing on our people, our operations and our homes and communities, this will include a timetable to address the challenge of Net-Zero, our aims for biodiversity on our projects and the social value of our operations, both in terms of the homes and places we create, and the economic and social mobility opportunities we generate through building.

We have described our findings and proposals in the Strategic Review on pages 22 to 44 and Sustainability Review on pages 66 to 73.

(10) Acquisition by Vistry Group PLC of Linden Homes and Partnerships & Regeneration businesses from Galliford Try, completed on 3 January 2020 (the "Acquisition").

Quality and service

High quality build and customer service has remained a top priority in 2020 and I am pleased to report further improvements, with the Group increasing its HBF Customer Satisfaction score in 2020 and achieving the highest 5-Star rating.

We continue to invest in our customer service platform and in the year saw the roll-out of our bespoke customer service relationship platform, 'Keys' across the enlarged housebuilding business. Our aim of changing the way we interact with our customers to provide a seamless single journey with Vistry has been accelerated by the pandemic.

We have invested in digital content, digital processes and most recently, have re-organised our sales teams into a regional hub structure. This allows us to best serve our customers whilst maximising the sales opportunities across the entire Vistry product range. This investment continues into in 2021.

People

Attracting and retaining high quality people within the business is a key priority and I am pleased to report our latest Peakon employee engagement study reported a score of 7.9, an improvement on the previous score in August 2020 and ahead of the benchmark at 7.4.

Mental health has been a key focal point for this year, with the leadership team recognising the importance of supporting our people and maintaining good, open lines of communication.

Mental Health First Aiders have been trained up across the business and a number of new regular online employee communications platforms have been introduced including the weekly 'Time to Talk', designed to specially address the challenges of working during the pandemic.

I would also like to extend my thanks to our subcontractors, suppliers and partners who have supported us during the year, and with the Acquisition, and are such an important and valued component of our business.

"The benefits of the Acquisition, both operational and financial have exceeded our expectations"

Dividends

In light of the impact of the Covid-19 pandemic on the Group's performance, the Board took the decision not to pay the Second Interim Dividend declared with the Acquisition in cash, but to return value to shareholders by way of a bonus issue to shareholders, who were on the register on 27 December 2019.

Following the Group's strong second half performance, year-end net cash position and strong forward sales position, the Board is pleased to confirm the resumption of dividends with a 20 pence per share final dividend in respect of FY20 which represents a pre-exceptional dividend cover of 2.8 times.

Looking forwards, the Group is targeting to maintain a strong balance sheet and reduce this dividend cover to a level towards 1.75 times.

The Board

As set out in more detail in the Governance report, other than the very welcome addition of Graham Prothero to the Board following the Acquisition, the Board took a conscious decision not to change its composition during 2020 to more effectively provide continuity, support and challenge through the integration process and then through the impacts of Covid-19. One consequence of this decision has been that we have not been able to meet the minimum target for female representation on the Board as at the end of 2020 recommended by the Hampton Alexander Review. We remain unequivocally supportive of both the recommendations of this review and its underlying philosophy. We are now in a strong position to review our Board composition so that it most effectively supports the enlarged Group and we are committed to being fully compliant with the Hampton Alexander recommendations by 31 December 2021.

I would like to thank my colleagues on the Board for their support and guidance to the leadership team and to me personally in what has been another busy and significant year for the Group.

Looking ahead

For 2021, our top priority remains the health and safety of our employees, all those that we work with, and our customers, and we are committed to operating in a Covid-safe way and supporting our people as best as we can.

The market fundamentals remain strong and whilst we see lots of great opportunity, we are alert to the wider market uncertainty. Housebuilding is committed to delivering controlled volume growth and driving its margin towards the 24.2% gross margin embedded in its owned land bank, and Partnerships is on track to deliver accelerated growth and profitability driven by a significant increase in higher margin mixed tenure completions. Above all, as one Vistry, the Group looks to maximise its unique strengths and grasp the many exciting growth opportunities ahead. I look forward to updating you with our progress.

Ian Tyler
Chairman

Housing market overview

Despite the economic uncertainty of Brexit and the impacts of Covid-19, the demand for housing of all tenures continue to increase

Despite the economic uncertainty of Brexit and the impacts of Covid-19, the demand for housing of all tenures continue to increase. Last year, 243,770 net additional dwellings were added to the housing stock from April 2019 to March 2020 of which 220,600 were new build homes. Although this was the highest number since 1987, this falls short of the UK government's longstanding target for 300,000 new homes each year. The impact of Covid-19 has inevitably had an impact on the number of starts in 2020 across the UK and the resultant short-term impact of reduced number of completions will only increase the latent demand for housing.

Focus of the demand for new homes

Whilst the demand for new homes is evident across all aspects of the housing market, affordability remains a key concern with average house prices being c. 6x average incomes raising to 10x in London. As a result, there is a particular focus of the unmet demand/supply deficit on sub-market (affordable and intermediate) housing tenures. Savills estimate that current sub-market housing delivery is 50,000 homes per annum against an annual demand of 100,000 homes.

The UK Housing Market has become more multi-layered than ever before and has moved away from the traditional three housing options of '1. Council Housing 2. Private Rent 3.Private Sale'. Now there are a variety of tenures which sit alongside private sale and support those who cannot access outright sale which is particularly prevalent in the younger generations.

These tenures include:

a. Social Rent

b. Affordable Rent

c. Intermediate Rent

d. Private Rented Sector

e. Right to Shared Ownership

f. Right to Buy

g. Rent to Buy

h. Shared Ownership

i. First Homes/Discount Market Sale

j. Help to Buy

Vistry operates across each of these tenures and enables us to access all parts of the growing housing market directly and through our partners.

Government Intervention and Investment

For a number of years there has been cross party consensus and support for new housing across government which has been driving funding and policy support for new housing in England. In the last 12 months, we have seen some significant policy announcements which support the delivery of new homes:

- £11.5bn Affordable Housing Funding Programme to build 180,000 new homes (of which 50% will be for shared ownership) between 2021 and 2026. This represents annual funding of £2.3bn per annum which is the highest annual amount for 10 years.
- Introduction of a new First Homes tenure to support First Time Buyers access home ownership.
- £10bn Housing Infrastructure funding for local authorities to accelerate housing delivery.
- £400m for Combined Authorities to develop out brownfield sites.

In addition, as a short-term support for the impact of Covid-19, the government announced a stamp duty holiday ('SDLT') for transactions up to £500,000 until 31 March 2021 and extended the timetable for completion of properties funded through Help to Buy until 28 February 2021. This followed the general support for construction sites and the housing market to remain open following the initial shut down in March and April last year.

These interventions demonstrate a strong government commitment to support the housing market and meets Boris Johnson's call to 'build, build, build'. This, coupled with the extension of the Help to Buy scheme to March 2023, demonstrates a strong political focus on assisting young and lower income households into home ownership. Vistry continue to have a direct relationship with government through MHCLG and Homes England, to influence government interventions to where they are most impactful.

Open market purchaser appetite

2020 represented a strong sale year across England despite the impacts of Covid-19 and supported by the government support on SDLT and Help to Buy. Enquiries remain strong and reservations continue at pre-Covid-19 levels including for homes to be built post March 2021. Despite the economic uncertainty of 2020, lender appetite remains strong and whilst there has a been a reduction in high loan to value mortgage for first time buyers, we have not seen this as having a material impact.

Partner capacity and appetite

There remains continued demand from the purchasing sector to buy housing for affordable housing, private rented sector (PRS) and housing for the elderly. This is a strong, active and financially group of segments who want to participate in housing delivery for value driven and commercially driven outcomes.



Housing Associations continue to participate in the new supply of housing through purchasing S106 affordable housing and progressing their own developments both for affordable housing and for open market sale. For the 12 months to September 2020, Housing Associations invested £10.6bn on new supply of housing which was impacted by Covid-19 in March and April. Whilst the funding of new supply is being balanced against fire safety and sustainability work on existing stock, the new government funding programme will ensure this is a sector which consistently invests a minimum of £12bn per annum in new supply and relies heavily on the private sector for development and construction skills.

We are also increasingly seeing new entrants into the affordable housing market through 'for profit' Housing Associations. An example would be Sage (who are funded by Blackstone) who invested in c. £400m of new affordable housing in 2020 with a target of owning 20,000 homes.

Local Authorities continue to grow their development programmes to build affordable, PRS and open market housing. Further growth is forecast with 78% of local authorities having local housing companies and 57% of councils operating in a housing delivery joint venture. Although it is still a long way to grow to get to the levels of local authority housing delivery in the 1960s and 1970s, this is an active and growing source of supply.

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

Land availability for new homes

Land availability remains good and is supported by the overall planning regime across the country, with land vendors remaining incentivised to bring land forward as a result of a large number of local authorities still failing tests set by the National Planning Policy Framework ('NPPF'). The planning system continue to be complex, time consuming and expensive and the timescales for planning applications being determined has been impacted by Covid-19 in 2020 although we anticipate this returning to normal in 2021.

We support the announcement of the government's intention to radically reform the planning system in July 2020 and we would welcome clarity on how and when this will be introduced to ensure that it does not create an environment of uncertainty for landowners and planning authorities. Public land remains a key part of our land supply and we are Homes England's leading partner on their land having been successful on 25% of all land releases under the Delivery Partner Panel.

The size and strength of the Vistry Group enables us to target larger sites where we can develop using both Housebuilding and Partnerships.

Supply chain and employment market

Following the initial lockdown, our supply chains have returned to normal service with efficiency on site close to pre Covid-19 levels. We will continue to monitor the short-term impact of Brexit on the construction labour market with our subcontractors, and the medium-term impact of the skills shortage within the construction industry. We are supporting new entrants to the construction industry directly through our apprenticeship and trainee programmes as well as supporting our subcontractor and local authority partners through our skills academies to enable them to invest in new employees. We recognise that investing in bringing new people into the industry at all levels is essential for the sustainability of UK construction.

Summary

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



The Pavillions, Kenilworth

Vistry Partnerships

Building sustainable communities





Sherford streetscene

Chief Executive's report | Greg Fitzgerald



2020 review

I am incredibly proud of all the Group has achieved in 2020 and would like to thank our employees, subcontractors and suppliers for their effort and commitment. Despite the obvious challenges of 2020, I firmly believe we finished the year as a much stronger business.

Building high quality homes and providing our customers with excellent service has remained a key priority and I am delighted this is reflected in our HBF customer satisfaction score, with the Group again set to achieve the highest 5-Star rating for 2020.

"The safety, health and wellbeing of our employees, subcontractors, suppliers and customers is our top priority"

"I am incredibly proud of all the Group has achieved in 2020"

At the start of the year, our clear focus was the successful integration of Linden Homes and Vistry Partnerships, ensuring we maximised the significant benefits from the combination and delivered upon the compelling strategic rationale for the Acquisition[10]. With our aim of bringing together the best from each business we hit the ground running, and the re-organisation of the enlarged Housebuilding business was largely completed by the end of March.

This positioned us well to deliver a rapid and co-ordinated response to the first national lockdown in late March, with the safety, health and wellbeing of our employees, subcontractors, suppliers, and customers our top priority. On average, our Housebuilding sites were closed for seven weeks which had a significant impact on our first half performance. Vistry Partnerships demonstrated its strong market resilience and led the industry in an early return to site, underpinned by the certainty of pre-sold developments and partner delivery revenues, with its strong cash flow profile giving good support to the Group during these months.

With Covid-safe operating procedures in place across the business, productivity returned to normal levels in the second half, and the Group delivered a strong performance with a sustained step up in demand, firm pricing, and a resilient supply chain.

Vistry Partnerships made excellent progress against its ambitious growth strategy in 2020 with mixed tenure units up nearly 30% in the year and 70% in the second half, driving an improved operating margin.

Following the completion of the Acquisition, we entered the year with net debt of £136.3m. We have been firmly focused on deleveraging throughout the year, and I am very pleased to report a net cash position of £38.0m as at 31 December 2020, a step change from our £357.3m net debt position as at 30 June 2020. This performance was driven by continued strong trading, good working capital management at an individual business level, and the ongoing benefits from the combination of the enlarged business. With a robust balance sheet and strong forward sales position going into 2021, the Board is pleased to resume the payment of dividends with a 20 pence per share final dividend proposed in respect of 2020.

One Vistry – a stronger business

At the start of the year, our focus was on maximising the benefits from the combination and delivering on the compelling strategic rationale for the Acquisition.

The integration has been successful with the benefits ahead of plan. The full synergy run rate of £44m to be delivered by the end of 2021 is 26% greater than initially expected and will be achieved at a lower than expected cost

We are a top 5 national housebuilder set to deliver significant growth in revenue and profits in 2021. The Group operating structure has the capacity to deliver c. 14,000 completions from both Housebuilding and Partnerships, representing an additional c. 35% capacity on the 8,954 completions delivered in 2020.

Vistry Partnerships, a key driver of the Acquisition rationale, has strengthened its unique market leading position during 2020, delivering growth in profits and margin progression. We expect further significant growth in 2021 with the business on track to meet its 2022 targets of £1 bn revenue and a 10% plus adjusted operating margin.

Vistry Group has capability across all segments of the housing market and is in a unique position to maximise development opportunities across multiple housing tenures, using both its leading housing brands, Bovis Homes and Linden Homes, alongside Vistry Partnerships. We are seeing more and more attractive opportunities like this where the business works as one to maximise output and returns.

Sustainability

At the same time as restructuring and integrating our operations, we set ourselves the challenge to review our priorities and enhance our focus on the sustainability of our operations. The enlargement of the Group, and the addition of the Vistry Partnerships business presents exciting opportunities to enrich our purpose of developing sustainable new homes and communities across all sectors of the UK housing market.

We consulted widely with stakeholders, and reviewed our objectives for our people, our operations and our homes and communities. We have established a range of targets for the current year, set out in detail in this report, and including our commitment to establish our timetable and plans to achieve Net- Zero Carbon, on which we intend to conclude by the time of our half year announcement in September 2021.

The nature of our business offers many key areas where we can make a difference, from minimising the environmental impact of our operations, and enhancing biodiversity on our sites, to enhancing the communities which we serve, both by creating high quality homes and great places to live, and by the opportunities generated for local people and businesses.

We are also actively addressing diversity and inclusion. We have consulted with our people on how we might improve in this area and are now in the process of identifying our priorities and an action plan for the year.

I have been greatly impressed by the passion with which our team has embraced these challenges and look forward to the formal launch of our strategy in the Spring, and to reporting our progress over the coming year.

"Assuming stable market conditions the Group remains confident it can deliver a step-up in completions in FY21"

Cladding and building safety

The Group is closely monitoring the issue of building safety. Recent changes to regulations and guidance, made in light of the Grenfell tragedy in 2017, are causing some buildings constructed in compliance with regulations at the time to now be deemed non-compliant, in some cases resulting in significant rectification costs. We are concerned by the plight of leaseholders facing potentially large and unaffordable costs for remediation and are working with the Home Builders Federation in order to derive an industry solution that is both practical and fair to all parties. We are supportive of the Government's proposal for an industry levy to accelerate remediation works and the resolution of this issue.

In the aftermath of events at Grenfell, potentially relevant buildings were identified, and clients contacted, in order to carry out investigations and consider solutions where necessary. Vistry Partnerships has over the past three years worked with clients to rectify the position on a small number of buildings over 18 metres and continues to liaise closely with clients where improvements to meet current regulations are required.

The Group has also identified ten projects where it has acted as developer, which are occupied by leaseholders, and where remediation works may be required.

Whilst the Group is not aware of liability in any of these cases, we are committed to proper consideration of any relevant case and to meeting any liability which we identify, and, in addition, to offering appropriate support in circumstances where building owners do not meet their obligations. We anticipate that this will give rise to financial liabilities, which we have estimated to be between £10m and £25m.

We have brought forward provisions in the balance sheet of £9.9m, and have now increased this to £20.9m, by way of an exceptional charge to the Profit and Loss account of £11m.

Current trading and outlook

We have seen a strong start to the year with a private sales rate per active site per week of 0.66 in first 8 weeks (2020: 0.64), and the underlying sales rate ahead of the positive start to 2020. The last 4 weeks have been particularly strong with a private sales rate of 0.78. Pricing remains firm and we see a good supply of materials and labour with minimal cost inflation. We have a strong forward sales position with 64% of total Housebuilding and mixed tenure units for 2021 secured and the partner delivery forward order book totals £880m.

We are alert to the wider market uncertainty and the changes for Housebuilding from an end to the existing Help to Buy scheme at the end of Q1 and the end to stamp duty holiday now in Q4. We have seen no impact from this to date, with good levels of sales under the new Help to Buy scheme and the majority of reservations taken since December last year for completions post March 2021 when the stamp duty holiday had been expected to end.

Assuming stable market conditions we expect to deliver a step-up in Housebuilding completions in 2021 to c. 6,300 units and an improvement in adjusted gross margin to c. 22%. Partnerships expects to deliver significant growth in higher margin mixed tenure completions in 2021 and is on track to meet its 2022 targets of £1bn revenue and an adjusted operating margin of 10% plus. The Group remains confident it can deliver more than double profit before tax[11] to at least £310m with EPS in 2021 higher than in 2019.

(11) Key financials are on an adjusted basis to include the proportional contribution of the joint ventures and before exceptional expenses of £31.0m and amortisation of acquired intangibles of £14.2m in 2020

Chief Executive's report | Greg Fitzgerald

Operational update

Trading performance

There was a strong start to 2020 with a step up in our private sales rates and positive price momentum, however from the third week in March we started to see a significant impact, particularly on our Housebuilding business, from Covid-19. Our developments temporarily shut down from the end of March with a return to site commencing in late April.

Sales trends picked up from the start of May and we saw a return to more normal levels by the end of May.

In the second half we saw sustained strong demand with the Group's private sales rate per outlet per week increasing by 15% in the period to 0.62 (proforma H2 19: 0.54). Encouragingly, customers continued to reserve homes during the second national lockdown in November and December, with our underlying sales rate up c. 20% in the last 6 weeks of the year.

The Group delivered completions in 2020 at the top end of our revised expectations reflecting a strong second half performance. Pricing remained firm through the year and overall, we saw a modest increase in underlying prices.

Help to Buy remained important with 36% (2019: 23%) of our Housebuilding completions in the year utilising the scheme, albeit this is lower than the industry average. Our land bank is well positioned for the future following our strategy, over the last two years, to purchase land for the development of smaller homes and with lower average selling prices. In the year, 8% (2019: 7%) of Housebuilding completions utilised part exchange.

Vistry Housebuilding [11,12,13]

Housebuilding delivered a total of 4,652 (2019 proforma: 6,884) completions, including 820 (2019 proforma: 946) from JVs. Private completions in the year totalled 3,668 (2019 proforma: 4,775) with 984 (2019 proforma: 2,109) affordable units. Total Housebuilding average selling price was £302.5k with adjusted revenue from Housebuilding activities in the year totalling £1,312m (2019 proforma: £1,821m). Housebuilding is currently selling on 149 active sites and we expect the average for 2021 to be c. 150 sites.

Housebuilding adjusted gross margin declined to 17.6% (2019: 22.4%) reflecting the wide-ranging impact of Covid-19. The business incurred additional costs directly related to the period of lockdown, lower levels of operating efficiency from social distancing and the lengthening of development period expectations. A total of £10.2m of non-productive direct costs were identified as impacting the first lockdown period, all of which were recognised in the first half. Margin was also impacted by our policy of recognising the full sales and marketing costs incurred during the year, similar to administrative expenses, rather than apportioning them into work in progress. Our Housebuilding business is well positioned going forwards and we expect a step up in housing adjusted gross margin for 2021 to c. 22% as we move towards the 24.2% gross margin embedded in the land bank.

Vistry Partnerships [11,12,13]

Vistry Partnerships made good progress in the year, pursuing its strategy of accelerating growth in higher margin mixed tenure development revenues. With its high level of pre-sold units and contracting revenues, Vistry Partnerships demonstrated its strong market resilience in the first half of the year and led an early return to site in late April.

Mixed tenure completions increased by 28% in 2020 to 1,479 (proforma 2019: 1,158) units including 608 (2019 proforma: 530) JV units, with completions in the second half up 70% year on year to 990 (proforma H2 19: 584). The average selling price of mixed tenure units in the year was £204k resulting in mixed tenure revenue of £238m (2019 proforma: £195m) for 2020. Vistry Partnerships is currently selling on 30 mixed tenure sites and we expect this to increase to an average of c. 32 for 2021 with further growth into 2022

Partner delivery[14] revenue for 2020 was £490m (2019 proforma: £513m), with equivalent units increasing to 2,823 (2019 proforma: 2,556).

Total adjusted revenues from Vistry Partnerships increased by 3% to £728m (proforma 2019: £708m) with adjusted operating margin increasing to 6.7%. This margin improvement has been driven by the strong increase in higher margin mixed tenure revenues and is in-line with the business' target of achieving at least a 10% adjusted operating margin in 2022.

"Our strategic focus for our customers remains the delivery of a seamless, transparent end to end experience"

Integration and synergies

Following completion of the Acquisition on 3 January 2020, the Group set out to integrate the two housebuilding businesses of Bovis Homes and Linden Homes as efficiently as possible, taking the best from each business to strengthen the overall Group position. This was delivered ahead of plan and positioned us well to effectively respond to the challenges of Covid-19 from late March.

Housebuilding was re-organised into 13 operating regions with four regional office closures. To maximise the benefit from two brands, there has been a complete review of both the Bovis Homes and Linden Homes product range to ensure product differentiation and clear market positioning. We also refreshed both the Bovis Homes and Linden Homes brand identities, with Vistry Partnerships being successfully rebranded on acquisition.

The technical specification has been aligned across our product range to maximise best practice and efficiency, and all our Group procurement agreements have been renegotiated. We have strong central services teams to support the operational businesses including sales, marketing, land, health & safety, HR, and IT. There has been a significant investment in IT to deliver high quality and consistent business processes and systems across the business including the implementation of COINS across the enlarged Housebuilding business and Vistry Partnerships. Third party dependencies for the acquired business were all removed by the end of 2020, ahead of our initial expectations.

Synergies are expected to be 26% greater than initially expected at £44m p.a. with the full run rate to be achieved by the end of 2021. The expected cost to achieve this is c. £27m, which is lower than the initial target cost of £35m. The synergies impacting 2020 are estimated at £25m, flowing through both the Group's cost of sales and administrative costs. Exceptional integration costs of £20m have been recorded in 2020 with a further c. £7m expected in 2021 as we complete the final integration of systems and processes.

Quality and customer service

Building high quality new homes and providing our customers with excellent service has remained a top priority during 2020 and we are set to achieve an improved HBF Customer satisfaction score for 2020 and the maximum 5-Star rating. It is particularly pleasing to note that all three divisions within the Housebuilding business, as well as the Partnerships business, will achieve a 5-Star rating. The new HBF year has started well, and we are continuously striving to deliver further improvement. We are also very focused on improving our score for the HBF customer satisfaction survey which is sent out 9 months after completion and this metric has been added to our annual bonus criteria and targets.

Our strategic focus for our customers remains the delivery of a seamless, transparent end to end experience which makes us easier to do business with.

"Uniquely positioned to take advantage of the strong, under supplied housing market"

We have rolled out our customer relationship management platform, Keys, across the enlarged Housebuilding business during 2020, which provides a single platform to deliver ongoing improvements in our selling and service capabilities and facilitates improved customer communications. We have plans to adopt the same system across Partnerships in the near future.

People

Our people are key to the success of our business and we are thankful to all our employees for the enormous commitment and hard work they have given this year. We are conscious that it has been a period of unprecedented change and are very pleased that our latest Peakon engagement study reported a score of 7.9, an improvement on the 7.6 in August last year and ahead of the benchmark at 7.4. We have also seen a reduction in our unplanned staff turnover to 15%.

There has been a big effort to improve employee communication channels this year which has proved successful and well received. We have placed a significant emphasis on mental health and during 2020 have trained up over 70 mental health first aiders across the business and run half-day awareness training for all line-managers. We have introduced weekly 'Time to Talk' drop-in sessions specifically designed to address some of the challenges brought on by the pandemic and working from home.

Our primary focus for training and development during 2020 has been on safety, health and environment with content being digitised and delivered virtually. Looking ahead, a key area of focus will be leadership training and succession planning in the enlarged group.



Land

The Group remained active in the land market throughout the year, maintaining the size of our controlled land bank at 40,218 plots (31 Dec 2019 proforma: 40,135). We continue to see a good supply of attractive opportunities that at least meet our minimum hurdle rates.

In the year, Housebuilding secured 6,281 plots across 31 developments and has a strong land pipeline, with 100% of land required for forecast 2021 completions secured.

Partnerships is investing in its owned land bank to support its targeted step-up in mixed tenure and in the year secured 2,371 plots on 11 sites for mixed tenure development. It is also well positioned with 100% of the land required for forecast 2021 mixed tenure completions secured.

Strategic land is a key component of the Group's land supply and as at 31 December 2020 the Group had a total of 34,053 (31 Dec 2019 proforma: 31,965) strategic plots. In the year, we are pleased to have secured options over 2,856 strategic land plots across 10 developments.

"Vistry Partnerships demonstrated its strong market resilience during the year"

(12) Proforma completions and revenue are calculated using published data for Linden Homes and Vistry Partnerships and represent the Vistry Group period of 1 January 2019 to 31 December 2019

(13) Completions include 100% of joint venture completions

(14) Formerly classified as Vistry Partnerships contracting

Chief Executive's report | Greg Fitzgerald

Balance sheet

The Group started the year with a net cash position of £362.0m prior to the Acquisition. As at the 30 June 2020 the Group reported net debt of £357.3m. There was significant deleverage in the second half resulting in a net cash position as at 31 December 2020 of £38.0m. This was driven by continued strong trading, good working capital management at an individual business level, and the ongoing benefits from the combination of the enlarged business.

Looking forwards, the Group is targeting a month-end average net debt position in 2021 of less than £200m as we build for 2021 completions and deliver a stronger net cash position at 31 December 2021.

The Group is operating with substantial funding headroom, with committed banking facilities totalling £770m and well spread maturities out to 2027.

While the scale of the land bank has been maintained, the Group land creditor position has reduced since Acquisition by £79m to £323.2m as at 31 December 2020.

Group strategy

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

Following the formation of Vistry Group and successful integration in 2020, we are a top five national housebuilder with a leading Partnerships business, uniquely positioned us to take advantage of the strong, under supplied housing market.

Dividend policy

With the Group's strong second half performance, the year-end net cash position and solid forward sales, the Board is pleased to confirm the resumption of dividend payments with a 20 pence per share final dividend proposed in respect of 2020. Going forward the group is targeting to maintain a strong balance sheet while operating with a progressive dividend policy which allows the Group to move towards a 1.75x dividend cover over time.

Vistry Housebuilding

The Housebuilding business is focused on driving revenue growth and delivering significant margin improvement from its existing operating structure. The business has national coverage through its 13 operating regions with each targeting annual output of between 550 to 625 units including JV's, giving an overall volume capacity for Housebuilding of more than 8,000 units (2020 Housebuilding total completions incl. JVs: 4,652).

The business has a high quality land bank of c. 32,000 controlled plots including JV's located in desirable edge or out of town location with minimal exposure to London or other city centres. Our focus is on increasing the proportion of two and three-bedroom homes where we see the most resilient demand. With two leading housing brands, Bovis Homes and Linden Homes we are focused on maximising the benefits of dual branding supported by our brand differentiation. Bovis Homes is positioned to feature larger, more distinctive homes with enhanced design features and Linden Homes to offer well designed, more competitively priced homes.

The Housebuilding business is focused on driving margins towards the embedded gross margin of 24.2% as at 31 December 2020 in the owned and controlled land bank. This margin improvement will be driven by a combination of the acquisition of new land with a minimum gross margin hurdle rate of 25%, the pull-through of strategic land which delivers an enhancement to margin of c. 150 to 300 basis points, maximising sales rates and driving improved efficiency through high quality build and cost efficient product, processes and output.

Vistry Partnerships

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

The business has a clear and ambitious growth strategy targeting the delivery of £1bn of revenue, an adjusted operating margin of at least 10%, and a 40% return on capital employed in 2022. This growth will be driven by a rapid increase in higher margin mixed tenure completions with mixed tenure revenues to increase from 33% of total partnerships revenues in 2020 to 50% in 2022. The adjusted operating margin for mixed tenure development ranges from c. 11% to 18% as compared to partner delivery with a c. 3% to 11% adjusted operating margin.

The accelerated growth is supported by the division's 11 operating regions and continued expansion into new geographies. The Group's land investment and supply, and its strategic land capability will support the growth in higher margin mixed tenure development revenues.



Greg Fitzgerald
Chief Executive



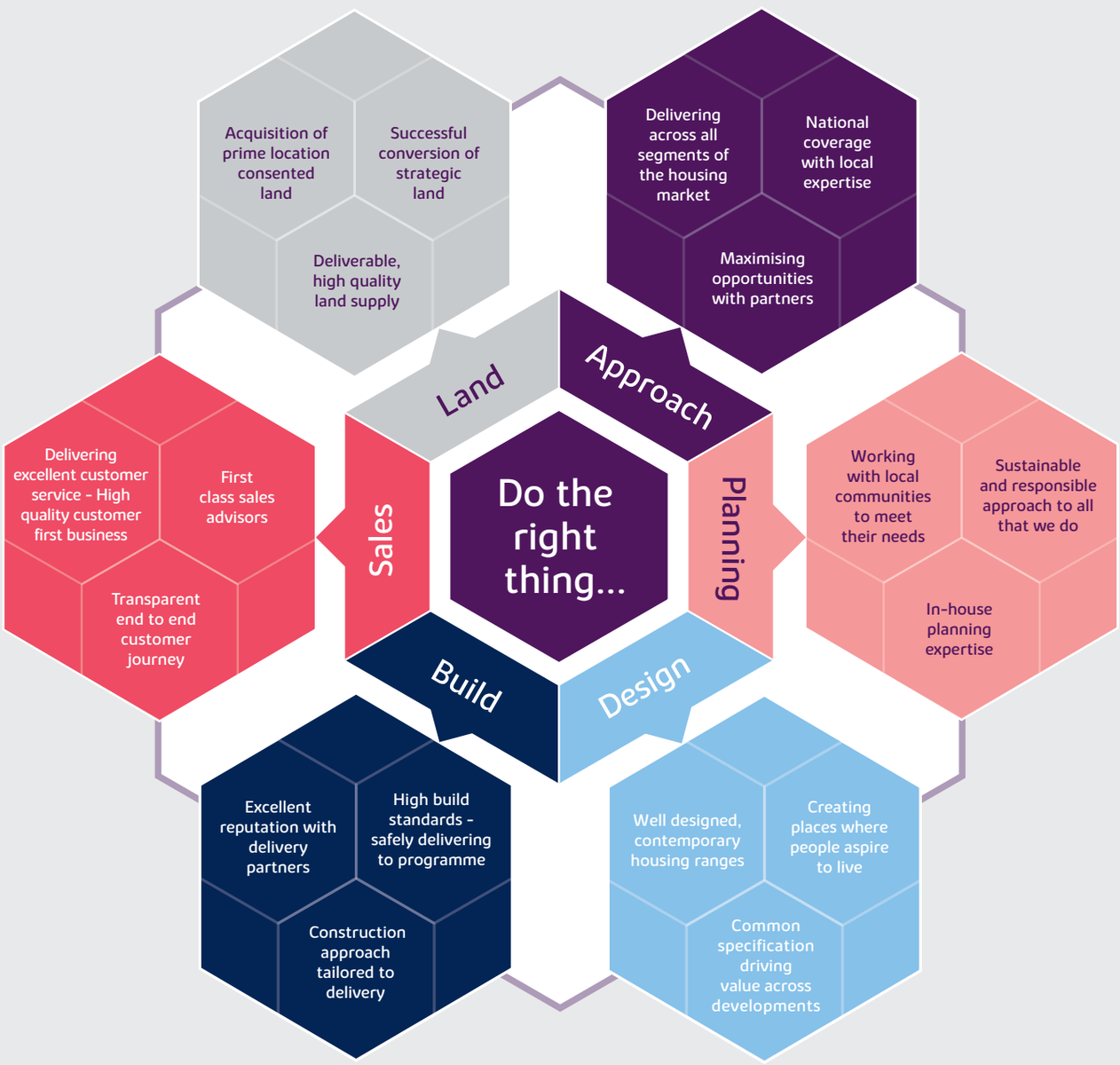
The Aspen | 4 bedroom home
The Tors, Tavistock

A top UK housebuilder and leader in partnership housing

Our business model

Driving value across the cycle...

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



...From our portfolio of brands

Bovis Homes

Linden HOMES

Vistry Partnerships

DREW SMITH

What we do

Vistry Group is a powerhouse of a business, uniquely positioned to lead the way in the UK housing market with a countercyclical business model featuring Vistry Housebuilding and Vistry Partnerships.

Our key asset is our people and they have risen to the challenge magnificently during the first year of the industry's biggest integration for more than a decade – while in the midst of the harshest pandemic for a century.

It is our people – around 3,000 of them across England – who have come together to live our values of Integrity, Caring and Quality.

They have carried out their work according to our ethos of Doing the right thing.

And they have delivered on our purpose of developing sustainable new homes and communities across all sectors of the UK housing market.



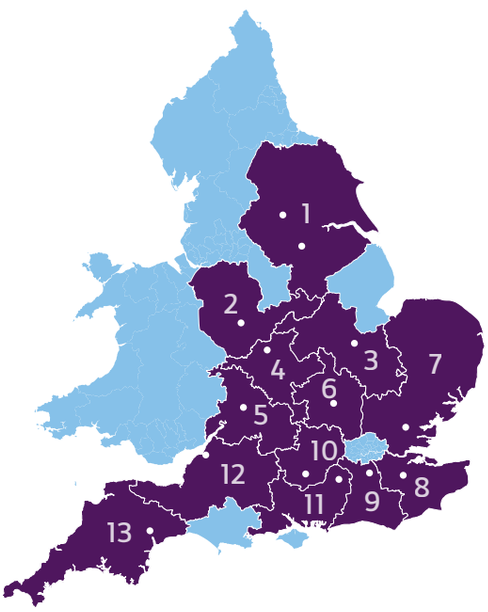
Our business model

We have an unmatched portfolio of brands – including Bovis Homes and Linden Homes – with rich histories and strong reputations, and through this challenging year we have retained a 5-Star HBF Customer Satisfaction Rating as we delivered high quality homes for our customers and clients.

Vistry Housebuilding

Led by Keith Carnegie, the Housebuilding business operates across 13 business units, each with a regional office, which are developing around 200 sites across England.

Our housing ranges, The Phoenix Collection, developed by Bovis Homes, and the Linden Collection are designed to meet today's consumers' needs. The design and construction blend tradition and innovation, creating homes and developments with contemporary living standards. Our product range includes one-bedroom apartments through to larger five-bedroom family homes.



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







The foundations of our ongoing success come with our high-quality land bank featuring 40,218 plots, and a valuable pipeline of strategic land plots totalling 34,053.

We are the fifth largest housebuilder in the UK by volume and even though Vistry has a short history, it is already one of which to be proud, and one that will build on over the years to come...



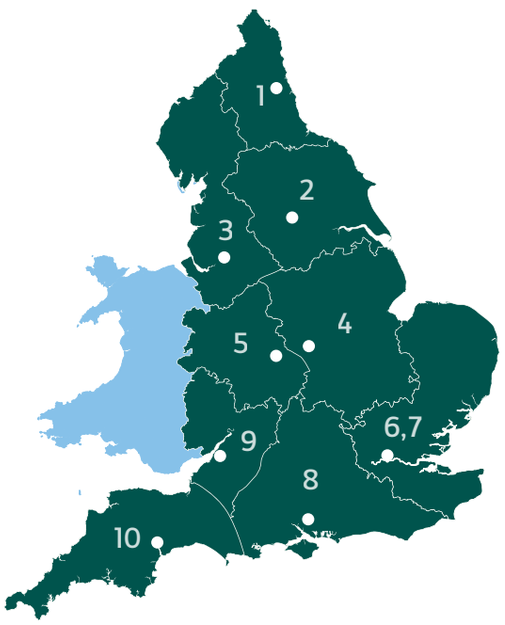




Vistry Partnerships

Vistry Partnerships is a market leader in the high-growth partnerships business and continues to flourish under the leadership of Stephen Teagle.

It combines both partner delivery and development-led capabilities and has a hard-earned reputation for delivery, quality and sector knowledge across all housing tenures. The business works closely with Governmental bodies, housing associations and local authorities through its 10 operating business units, each with its own regional office.



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

Vistry Group



Driving value across the cycle



The Aspen | 4 bedroom home
Shinfield Meadows, Shinfield

Strategic priorities

Strategic priorities	Risks involved	Measuring success

1 Our people

See page 24



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

- People capability and change
- Diversity and inclusion
- Mental health

- Unplanned staff turnover
- Employee engagement score

2 Our customers

See page 32



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

- Quality of product and customer experience
- Ability to serve customers during Covid-19 pandemic

- HBF Customer Satisfaction
- NHBC reportable items

3 Our operations

See page 34



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

- Health and safety performance
- Delivery of waste, climate change and environmental improvements

- Accident frequency rates
- Environmental measures

4 Our homes and communities

See page 40



Developing sustainable new homes and communities

- Protecting wildlife, green space and bio diversity
- Delivering social value

- Delivery of social and affordable homes
- Green space and bio diversity net gain
- Planning and community

5 Our shareholders

See page 44



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

- Economic downturn
- Prolonged pandemic restrictions
- Cash generation

- Profitability
- ROCE
- TSR



Greg Fitzgerald | Chief Executive

Strategic priorities

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

Strategic priorities



Our people

KPIs	2020	2019
Employee engagement survey	7.9	7.9
Unplanned staff turnover	15%	17%

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

2020 was a particularly testing period for our employees and we pay tribute to their resilience and capability in delivering an excellent performance. At the start of the year our priority was to successfully integrate the Housebuilding business and maximise the very significant benefits from the exciting Vistry Partnerships business. This was a major piece of work, which was then compounded by the Covid-19 pandemic. Our operational and financial performance against this backdrop demonstrates the capability and talent of the people we have within our organisation, and throughout the year we have sought to both communicate and listen to understand how our colleagues were feeling and ensure we maximise the support we could offer.

As part of our response to Covid-19:

- Following consultation, we instigated a temporary salary reduction. We protected the lowest paid employees (below £20k per annum) to ensure that those who would be most impacted by a decrease were not affected. We were able to stop salary reductions after two months and were very pleased to have repaid these in December to our colleagues who were impacted.
- We furloughed a proportion of our people at the time of peak uncertainty, when we needed to close our construction sites and the market for housing transactions was impacted most (24 March –27 April 2020). During this period, we encouraged those furloughed to actively volunteer in their communities and all salaries were topped up to full pay by the Company. The volunteering was a success and we are proud of the contributions made by our employees including support for the elderly, help with distributing medicines and PPE, landscaping and community services. In the light of the recovery in our markets and positive trading in the second half, Vistry Group repaid the monies received from the Coronavirus Job Retention Scheme.
- With the ever-increasing prevalence of mental health issues in the home building and wider construction industry, the other key focal point in 2020 for the Learning and Development ('L&D') team has been the continued rollout of Mental Health Training and support to the entire Vistry Group.

Our business as usual approach to people is guided by a robust framework of Group policies and procedures and a team of HR professionals.

As at 31 December 2020, the Group directly employed 3,001 people (2019: 1,360 within Bovis Homes). This year the total employee turnover rate increased to 33% (2019: 24%) due in part to the number of redundancies made during our integration period. Pleasingly unplanned staff turnover reduced to 15% (2019: 17%) which is reflected in our overall people engagement score of 7.9 (0.5 above benchmark) from our Peakon staff survey. Undoubtedly this stability and pride in the Group contributed to our strong Customer Satisfaction Score.

Communication and engagement

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

Vistry Voice

A weekly podcast from the Chief Executive or other ELT member provides regular light-hearted updates on a range of topics including business priorities, performance and an opportunity to provide individual and collective recognition across the business.

CEO briefings

Our respective CEOs of the Housebuilding and Partnerships businesses engaged their teams directly with further light-hearted 2-way sessions - Keeping up with Keith (Keith Carnegie, CEO Vistry Housebuilding) and Tea with Teagle (Stephen Teagle CEO Vistry Partnerships).

dug

Vistry voice

integrity Caring Quality IQ

Do the right thing



Callum | Facility Manager

Putting the focus on people

Strategic priorities | Our people

Vistry Roadshow and Q&A

Our whole ELT travelled across our Group's geographical locations at the beginning of the year to deliver a bespoke presentation to both site and office staff to welcome everyone to our new Vistry Group and set out the corporate identity and business strategy. During Q4, a virtual event was held by our CEO, COO and CFO to provide an update on progress made against our strategy and dedicated 11.5 hours so that 1,130 questions could be responded to directly.

Employee representatives

Each business unit meets regularly with employee representatives to discuss matters that concern our people.

Intranet

Two-way communication is encouraged across all employee engagement platforms and specific exercises to understand employee viewpoints are conducted.

People Forum

As standard, we run a People Forum periodically throughout the year. The inaugural session as Vistry Group was hosted by one of our Non-Executive Directors Nigel Keen and attended by employee representatives from each of our business units. Feedback from these forums is directly fed back to the Board by the Non-Executive Director and any actions that are needed as a result are followed through.

Engagement Survey

In addition, a confidential Peakon employee engagement survey is sent to all employees every quarter covering a number of topics that are assessed regularly by the senior leadership team. Following the challenges of integration, and the tough first few months of the pandemic, in August we were very pleased to achieve a high engagement score of 7.6 (against an industry benchmark of 7.2), with a participation rate of 70% and delighted to improve on that in January 2021 with a score of 7.9 (against a benchmark of 7.4), with a participation rate of 81%.

Engagement Survey

August 2020:
Participation rate of 70%

January 2021:
Participation rate of 81%



We will also continue to develop this platform to measure progress in respect of our diversity and inclusivity objectives throughout 2021.

Culture Audit

During the year the Board also sponsored a Culture Internal Audit, supported by an independent third party overseen by our Internal Audit Team. The purpose was to understand the mood of our team and how well the culture of the newly merged businesses was settling and developing, given both the pandemic and the impact of the integration, further demonstrating a strong commitment to maintain the people agenda at the heart of our organisational priorities.

The broad findings of this review reflect improvements made during the year to galvanise our business and there is strong positivity within the business and a real affection amongst our people for who we are as Vistry Group. The report shows that our teams have bought into the enlarged business and the sustainable communities and homes we now create are a source of real pride and the engagement levels are very strong.

A key learning arising from this work was a pause on discretionary new process and system development, allowing the major changes to settle before pressing on with further planned improvements. Other recommendations from this report are being reviewed by our Audit Committee and will be addressed with the ongoing and new initiatives due in 2021.

Diversity and inclusion

We recognise that our existing diversity is a strength, as evidenced from our recent employee engagement survey. However we are keen to expand the agenda and take a more proactive approach, identifying key priorities and ways in which we can continue to enrich the Vistry proposition for both our people and the communities we serve, and to contribute towards greater social mobility by creating opportunity.

The Group passionately believes in equality and diversity for all and does not discriminate between employees, or potential employees, on the grounds of gender, sexual orientation, age, colour, creed, ethnic origin or religious belief. To that end, we have a Diversity and Inclusion policy which is rigorously enforced and promoted.

It is also Group policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the Group) where requirements may be adequately covered by these persons and to comply with any current legislation with regard to disabled persons. The Group's policies are supported by the Group's Dignity at Work policy which prohibits bullying, harassment or victimisation.

During 2020, Vistry set up a Diversity and Inclusivity (D&I) 'working group' comprising various members of staff from across the business to reflect on our current experiences and share insight. We recognise that our existing diversity is a strength, but that there are further opportunities to ensure we are reflective of the communities in which we work, and to contribute towards greater social mobility.



Investing in our people

Putting people into the heart of what we do

Initial recommendations were presented to the Executive Leadership Team in December and we are progressing a plan to embed these ideas into our culture and operations, with sponsorship from the ELT. The outputs of the working group identified opportunities for a stronger and more consistent 'Vistry' voice in respect of D&I matters, with the aims of both the Housebuilding and Partnerships businesses aligning.
We are currently identifying priorities in this regard and will propose our targets to the Board in April.

In parallel we have sought to improve our baseline data in terms of diversity within the Group and have included questions linked to the D&I agenda in recent staff surveys to understand a wider cross section of attitudes in this area. We consider we are well placed to use existing communication channels to explore and celebrate all aspects of diversity with our teams during 2021.

Headcount Analysis by role and gender

Role	Female	Male	Total
Non-executive directors	2	4	6
Executive directors	1	6	7
Senior managers	31	130	161
Managers	186	361	547
Site based staff	37	964	1,001
Support staff	705	524	1,229
Apprentices	5	45	50
Total	**967**	**2,034**	**3,001**

Analysis by age

Age	No. of employees	%
<21 years	69	2.3
21 – 30 years	550	18.3
31 – 40 years	753	25.1
41 – 50 years	752	25.1
51 – 60 years	698	23.2
>60 years	179	6.0
Total	**3,001**	**100%**

Jobs and Training

The Covid-19 pandemic has brought challenges for all and the key focus for L&D in 2020 has been on Safety, Health and Environment and mandatory related subjects to ensure a safe building environment and support the business through the pandemic.

To facilitate this the L&D team have digitised learning content, developed and rolled out virtual training delivery and continued the expansion and evolution of the digital training booking systems and online learning platforms, to ensure availability and support to all Vistry Group staff whether they be at home, in the office or working on site.

Working closely with the CITB and NHBC the L&D team have developed the training curriculum to reach a 98% virtual delivery including Site Supervisors Safety Training Scheme ('SSSTS'), Lifting Operations and Lifting Equipment Regulations ('LOLER'), Train the Trainer and Temporary Works, allowing Vistry Group to continue its operations and to train and develop employees during the pandemic; ensuring compliance on our sites. The switch to virtual learning has allowed the team to reach a broader geographical cross section of the business, showcased in the delivery of over 312 days of Site Management Safety Training up 10% from 2019.

The option of virtual delivery has been very well embraced and is proving popular with delegates and the business by reducing the impact of travel and accommodation.

"Web based learning if done like this, can be just as good as being physically in the classroom"

Vistry Group Site Manager

The blended development portfolio of virtual (via platforms such as Teams), bespoke eLearning and webinars has been particularly well received in the build community, enabling them to take less time away from site but still get the same, if not better, quality training they require (as showcased in the recent feedback).

Apprenticeships and Trainee Programmes

L&D have worked closely with the Government Apprenticeship Service and apprenticeship providers across the country to ensure that our apprentices have access to learning and the support that they require to continue working through their programmes.

However, Covid-19 has created the need to place the usual approach to the recruitment of apprentices on hold, with recruitment only aligned to specific contractual development obligations.

Our Group apprentices are taking subjects from Civil Engineering, Quantity Surveying, Accounting and Contracting to Carpentry and Joinery, Bricklaying and Site Supervision.

Project Support – Site Management Safety Training Scheme ('SMSTS')

Working with Subject Matter Experts (SMEs) across the Vistry Group the L&D team have quickly redesigned and adapted the Train the Trainer programme to focus on virtual training delivery, allowing the team to better support the current needs of the business and the SME community. For many this is the first time they have delivered training virtually and the L&D team are now running weekly virtual training sessions to upskill the community to assist in the transfer of knowledge and skills into the business and support successful project implementation.





Health and wellbeing

Mental Health Training

With the ever-increasing prevalence of mental health issues in the home building and wider construction industry the other key focal point in 2020 for the L&D team has been the continued rollout of mental health training to the entire Vistry Group.

Led and delivered by our two accredited Mental Health England First Aid Instructors, the team have redesigned all training to be delivered in a virtual environment and to date have trained over 70 Mental Health First Aiders throughout the business to raise awareness of the issues and support our people.

As part of our commitment to the mental health and wellbeing of our employees, our accredited instructors have also set up regular community meetings with the Mental Health First Aiders to support their mental health and discuss and share best practice.

In our continued effort to support the home building and wider construction industries our two Mental Health First Aid Instructors delivered a training session for the HBF Directors and Managers at their headquarters in London in February 2020. Mental Health First Aid training has continued to be delivered virtually to our people throughout 2020.

Respect for employee rights

The Group operates solely in the UK and complies with all relevant legislation and regulations. As a result, human rights issues are not deemed as a significant risk to the business and the Group does not operate a stand-alone human rights policy.

In addition, the Group believes that it has a key role to play in ensuring that employees have an appropriate work life balance. We seek to minimise weekend and late night working and allow the purchase and sale of holiday days. We also encourage flexible working, which significantly increased during the pandemic, and offer enhanced maternity, paternity, adoption and shared parental leave. During the pandemic we have encouraged our employees working remotely to spend time outside and to increase their use of flexible working. We have also implemented a range of events and support material covering home-schooling, remote working, stress relief and mental health.

At Vistry Group, we also recognise that modern slavery occurs in the construction industry and that it is a risk to our business. 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 an at least quarterly basis to drive forward our work against modern slavery.

Vistry Group partners with Supply Chain Sustainability School and is a member of the Modern Slavery Engagement Programme which aims to increase awareness and provide guidance and training to our supply chain.

In respect of the supply chain, our onboarding process ensures that our suppliers and subcontractors have an awareness of our modern slavery commitments along with our expectations. Our Group suppliers have all confirmed and provided copies of their own modern slavery policies which is a pre-requisite to supply the Group.

We have also pledged our commitment to the Gangmasters and Labour Abuse Authority Construction Protocol.

During 2020, we have ensured that our people have access to a dedicated Modern Slavery Awareness training page, which provides guidance on understanding modern slavery in the construction industry, how to spot the signs of modern slavery, contact details for relevant agencies and details of our SpeakUp whistleblowing hotline.

Our Speak Up hotline is operated by EthicsPoint and can be used to report any concerns of modern slavery. There were no reports of modern slavery in the Vistry Group made to EthicsPoint in 2020.

More detailed information can be found in the Group's statement, made in line with the provisions of the Modern Slavery Act 2015, on our website at **vistrygroup.co.uk/responsibilities/csr-reports/2020**.

Vistry Group continues to lead the way in mental health support

The Group is proud to have signed up to the Building Mental Health Charter, an industry initiative being driven by the Home Builders Federation and the Lighthouse Construction Industry Charity.

Vistry's culture promotes the view that its workplace environment should enrich mental and physical wellbeing for everyone who works for us, or on our behalf. This has become all the more important during the Covid-19 pandemic and the Group has undertaken a number of initiatives aimed at supporting our people through the challenges that the current situation poses. This has included implementing agile working hours to support parents who need to home school their children, setting up weekly 'time to talk' sessions to prevent isolation and encourage employees to share their lockdown solutions to supporting health and wellbeing. In addition all employees are being encouraged to undertake outside exercise in daylight hours in line with our agile working policy and the ELT and business unit executives are leading by example and regularly communicating the importance of exercise in maintaining good physical and mental health.

Time to talk
Mental health matters



In 2021 the Group will develop an employee health and wellbeing programme and through consultation with employees through its regular Peakon Surveys will further develop its workplace practices and employee benefits to encourage better health and wellbeing amongst its workforce.

We will monitor the success of our approach by targeting improvements in absenteeism, retention and productivity and use these metrics to target investment in areas that generate the greatest benefits for our employees.

We are also very proud of our charitable partnership with Mind Mental Health. We continue to support this important charity as part of our agreed charitable contribution and through employee fundraising activities. In October 2020 Vistry Group were involved in the 'Vistry Velo' a charitable event to promote World Mental Health Day. The Vistry Partnerships Vistry Velo took place over 10 days at the start of October 2020. The aim of the event was for employees across Partnerships to get out on their bikes and together cycle the virtual distance between each of the regional offices.

Building Mental Health

Staff were encouraged to involve their friends and family, where possible, as the overall mission was to give people motivation to be outside and do some exercise, which both have very positive effects on mental health. The charity team leading the event worked closely with Dom, Vistry's Mind account manager, who ensured the mental health benefits were shared as one of the top objectives from the event. The Vistry Velo ended on World Mental Health Day, allowing everyone to reflect on how the week went and reinforcing the Mind message. Overall, the fundraising event was a huge success, raising over £30k for Mind and seeing each Business Unit across the UK, getting fully involved in the activities.

Helpful links

Construction industry helpline
0345 605 1956
lighthouseclub.org

Mind helpline
0300 123 3393
mind.org.uk

Samaritans helpline
116 123
samaritans.org

CALM (Campaign Against Living Miserably)
0800 58 58 58
thecalmzone.net



Vistry Group backs industry's mental health campaign

We're supporting mind for better mental health



Our customers

Delivering quality service and homes for our customers remains a key strategic commitment

KPIs	2020	2019
HBF Customer Satisfaction Survey	5★	5★
NHBC Reportable Items	0.28	0.23

Our approach

Our ethos and shared values ensure we continue to do the right thing for our customers, putting them at the core of everything we do.

Progress in 2020

During 2020 we have remained very focused on service delivery, despite the challenging wider operating environment, and are very pleased to have achieved a 5-Star rating for the HBF independent benchmark Customer Satisfaction Survey. This means that over 90% of our customers would recommend us to their family and friends.

We are also pleased to report that our NHBC Reportable Item score for 2020 of 0.28 is in-line with the industry benchmark.

Throughout 2020 the safety of our employees and customers has been the top priority and we have evolved our sales and customer services processes in line with Government guidelines. We have kept our customers fully informed of these changes with our websites and email communications clearly explaining the required safety precautions and changes put in place to safeguard our customers and our people. Our aftercare provision has remained available throughout, supporting our customers with essential emergency issues during the lockdown periods.

Customer journey

Our strategic focus remains on the delivery of a seamless, transparent end to end experience for our customers, making us easier to do business with.

A priority in the year has been the roll-out of our bespoke 'Keys' customer relationship management platform across the enlarged housebuilding business, building upon the digital capabilities previously deployed at Bovis Homes.

Keys provides a single platform to deliver our on-going improvements in selling and service capabilities and ensures the visibility to our people, enabling improved communications with our customers. With their online account, our customers can reserve their new home with only 6 clicks on their mobiles, and we have already taken more than 1,400 reservations this way.

We are introducing immersive 3D experiences that enable a full digital site visit where customers can walk through the development, enter and explore the homes and gardens, and make options to tailor and personalise their experience. These choices can then be provided in truly personal and individual digital brochures. Initiatives to date have been very well received and we are looking to roll-out this content across a wider range of developments in 2020.

We highly value feedback from our customers and proactively use it to identify where and how we can improve on our communication channels. The launch of a new Bovis Homes Website and the introduction of a trial of web chat is a great example of how we strive to provide our customers with what they want and a greater choice of channels with which they can interact with us.

Our stable of well recognised and carefully positioned brands, Bovis Homes, Linden Homes, Drew Smith and Vistry Partnerships and product ranges, the Phoenix range and Linden Collection, ensure we have a breadth of offering that meets our customers' needs.

Further positioning and brand refresh work has been completed this year with the introduction of new uniforms and site branding.

The implementation and evolution of our business systems and processes during this year has enabled us to develop and deliver more on-line training content than ever before. Subject matter experts have produced tutorials sharing their knowledge and providing insights, hints and tips to the wider workforce. We have continued to work with the Institute of Customer Service to ensure best practice insight is provided from both within and outside of industry.

Priorities for 2021

Our customer centric approach will continue. We will continue to deploy capabilities from our digital roadmap including the final migration of our marketing and prospect management platforms onto the Dynamics platform within Keys. This will complete the single customer journey on one single platform, from looking at buying a new home to the end of the customer's warranty period. We will continue to roll out the 3D site capabilities across more new developments and explore how these capabilities can be used to further improve customer experience. The Keys CRM will be rolled-out across Vistry Partnerships in 2021.

We are supportive of the Government's planned New Homes Ombudsman and welcome its aim of further raising standards of new homes across the country whilst providing customers an independent channel to resolve complaints.



Olivia and Edward:
Pavillions, Kenilworth

Keys

Delivering for our customers

5 STAR HOME BUILDER
CUSTOMER SATISFACTION
HBF 2021
HOME BUILDERS FEDERATION

Strategic priorities



Our operations

SHE

KPIs	2020	2019
Accident Incident Rate (AIR)	**361**	302
Lost Time Incident Rate (LTIR)	**0.32**	0.33
Accident Frequency Rate (AFR)	**0.15**	0.13
Service Strike Frequency Rate (SSFR)	**24.59**	73.97

Health and Safety

The safety of our people, and those who work with us, is our top priority. Our purpose is to prevent work-related death, injury and ill health, and we comply with a framework of management systems to ensure the health and safety of our people.

Health and safety is one of the first topics to be covered in executive meetings, and is highlighted early in our new starter induction, with clear linkage to our values and ethos. We influence and engage stakeholders, create knowledge and awareness of health and safety risks, and encourage positive behaviour change via a dedicated programme linked to our new starter induction. This year more than ever, looking after our people's health and safety was a priority for our ELT and we moved fast to enact changes and invest in improvements to protect employees and subcontractors during the pandemic.

A new SHE Management System was introduced in March 2020 which incorporates the existing Safety, Health & Environmental compliance visits, and introduces an average rating per inspection. The inspection evidences compliance with safety standards across our sites, and highlights areas requiring more focus.

Response to Covid-19

The challenges we faced in 2020 were overshadowed by the Covid-19 pandemic. With very little notice, we acted to safely shutdown our operations. This was followed by intense planning incorporating government guidance and via consultation with our stakeholders, to restart our operations with enhanced safe systems of work including additional procedures and protocols.

We have urged our people to work from home wherever possible, ensuring that appropriate equipment and support is available; implemented social distancing measures throughout our sites and regional offices; provided training and instruction to our workforce through a series of online tutorial videos and webinars; and, continue to monitor these procedures on a regular basis, updating them in line with new government information. We recognise that working from home, home-schooling, health and mental health stresses are a real risk and we have invested in additional communication and support mechanisms and allow flexible working wherever it is feasibly possible.

Committed to Safety and Health

Our SHE department is led by a Group SHE Director, with a large team of skilled SHE professionals to provide support and guidance to our stakeholders and workforce whilst monitoring our systems and activities to mitigate risk. Compliance with our SHE management system is verified through internal and external site inspections. Between March 2020 (when we began recording internal compliance scores) and December 2020 we carried out 2,560 SHE Site Inspections and achieved 91% compliance; we will aim to improve on this figure in 2021.

During the year we established a new Safety, Health and Environmental Leadership Team (SHELT), as a sub-committee of the ELT, chaired by the COO, responsible to the ELT for matters of policy and group performance. Health and safety are one of the first topics to be covered in executive meetings, and it is highlighted early in our new starter induction, with clear linkage to our values and ethos.

Whilst it is difficult to completely mitigate risk, we believe injuries are avoidable and we shall work tirelessly to improve performance and ensure our Accident Incident Rate (AIR) reduces from its current position of 361 to below that of the HSE benchmark for 2021 (Calculations based on number of reportable accidents divided by number of people on site x 100,000).



Committed to health and safety

Comprehensive health and safety training for all employees

The 2020 Group AIR finished on 361 per 100,000 persons employed (including subcontractors). This is an increase from December 2019 (302) however, whilst in no way taken lightly, some increase was perhaps to be expected when we merged three businesses and two systems. Overall, we were pleased that we remain below the Health and Safety Executive Construction Industry Average, but we will not be complacent and are committed to improving.

We are also fully committed to enhancing our existing mental health awareness arrangements and providing necessary support to our employees when they need it. We have over 70 directly employed trained Mental Health First Aiders on hand to provide essential emotional support; and we have developed a Mental Health Committee dedicated to raising awareness through various campaigns in conjunction with our Mental Health partners MHFA England and Mind.

Priorities for 2021

We aim to deliver best in class health and safety through the regulatory SHE framework in place that is regularly monitored and reviewed. We look to enhance our proactive and visible SHE management culture led by a team of executive directors, regional directors and managers that addresses mental health and work-related stress among other priority issues.

We are targeting zero harm and significant incidents by minimising the risk of low-frequency, high impact catastrophic incidents to our workforce by the strict application of 'Set to Work Protocols'

We are supporting the 'Building a Safety Future Charter'; a Building Safety Programme implemented by the government to ensure that existing buildings and those built in the future are safe for residents. Vistry Group are among a few companies selected to participate in the framework pilot.

Waste and resources

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

Our waste recycling data for 2020 is as follows:

Division	Year 2020	Recycle %
Vistry Group	Q1	91.19%
	Q2	94.12%
	Q3	96.12%
	Q4	96.97%
Annual total		**95.0%**

Governing the way we work

We monitor environmental performance improvement using key indicators (e.g. carbon and waste), which are regularly reviewed and reported to the ELT and Board. We have a dedicated team embedded within our SHE functions to manage our environmental performance. All environment incidents, performance indicators and improvements are fully investigated to identify root cause and improvements required and are also reviewed and reported to our ELT and board. During the year we took steps to enhance our control and monitoring of pumping stations on sites, mandating strict and uniform requirements across all relevant sites, including reducing maximum response times for reported incidents.

Priorities for 2021

Our ultimate priority for 2021 is to achieve a 5% reduction in waste intensity tonnes/unit whilst retaining recycling rate of over 95%.

By delivering a year on year reduction of waste, increased re-cycling and a reduction of material to landfill we will continue to reduce the impact on the environment.

This objective will be complemented by procuring only FSC/PEFC certified timber, and supporting schemes such as the National Community Wood Recycling Project, where in 2020, 686 tonnes of our timber waste was rescued which led to the creation of 7 paid jobs and training for over 16 people.

Climate Change

A key focus for the newly enlarged Group has been a review of our risks and our progress in the area of climate change, and to define our agenda and targets, in order to ensure that we minimise the environmental impact and carbon footprint of our operations. We are addressing the imperative to improve the long-term sustainability of the homes we build, and thereby improve both the resilience and the performance of our business in this area. With the Climate Change Committee (CCC) setting out the requirement to reduce UK emissions by almost 80% by 2035 to limit global warming in line with the Paris Agreement, the Board and Executive Leadership Team (ELT) are clear in their commitment to managing environmental risks and opportunities across the Group.

We have set out our initial approach within the Sustainability Report (see page 62) including our initial risk assessment against the TCFD requirements (Task Force on Climate Related Disclosures) alongside how we intend to resource our business to deliver these improvements. We are continually reviewing ways to reduce the amount of carbon dioxide released into the atmosphere as a result of our activities and those of our suppliers.



John Firth: Site Manager

Keeping our sites safe

Committed to protecting the public and our people

We work with the Supply Chain Sustainability School and hold a Gold membership status which is the highest level.

Streamlined Energy and Carbon Reporting (SECR)

The following figures make up the baseline reporting for Vistry Group PLC, as 2020 is the first year that the Company is required to make this disclosure.

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

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

Utility & scope	2020 UK Consumption (kWh)	2020 UK Consumption (tCO2e)
Scope 1 total	25,315,757	5,970.22
Scope 2 total	11,083,714	1,904.717
Total	**36,399,471**	**7,874.94**

As the Vistry Group PLC's energy usage is solely UK based the Group's global emissions are included in the UK figures.

	Year 2020	Year 2019
tCO_2e per plot built	1.22	1.61
tCO_2e per 1000 sq ft	1.20	1.55

The reduction in tCO_2e output is due to the increased size of Vistry group when compared to 2019, alongside the reduction of output whilst sites were closed or operating at reduced capacity during the pandemic.

The methodology and scope for reporting carbon emissions is in line with the Mandatory Carbon Reporting requirements of the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013, and with Streamlined Energy and Carbon Reporting Regulations (SECR) 2019 can be found on our website.

We are acting to merge all of our gas and electricity usage to one energy broker, who will provide 100% renewable energy across all of our offices and sites.

Priorities for 2021

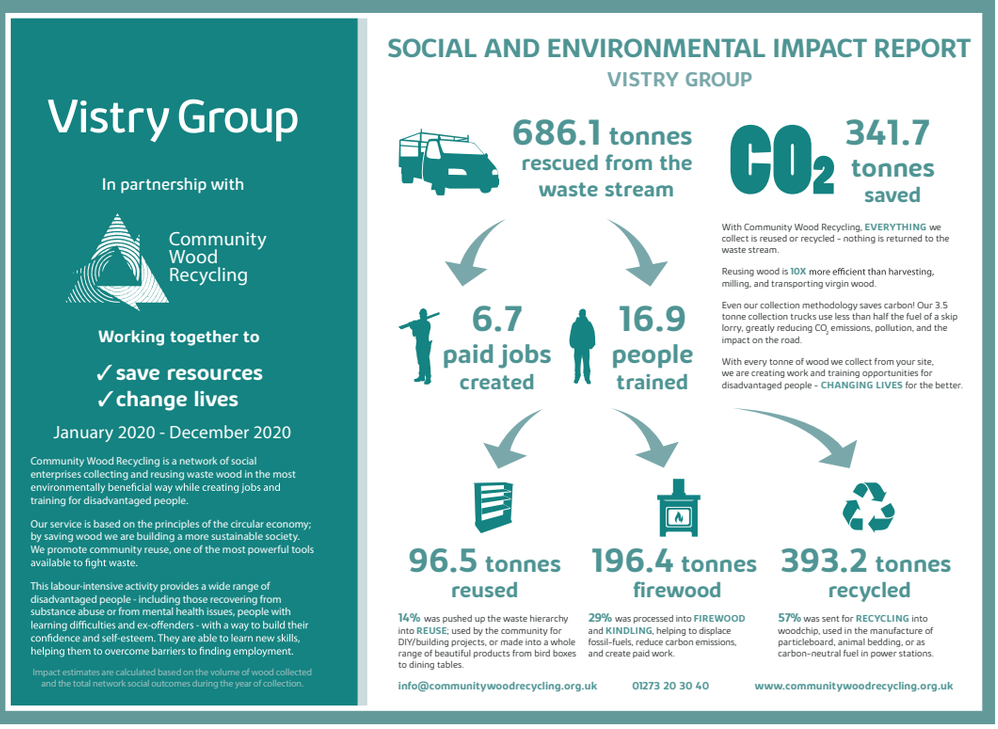
A key and critical element of the work we have committed to following the review is to produce a roadmap towards a science based approach to achieving Net-Zero Carbon emissions in advance of government requirements.

We plan to announce our targets no later than our half year results in September 2021. More information is available within our sustainability report (see page 62)

Leading the charge in sustainable timber usage

We ensure that our timber from our supply chain provides us with either FSC, PEFC certified or from a legal and sustainable source, where we are in 100% compliance with this metric.

We also work with Community Wood Recycling to minimise waste. This partnership is another innovative way we work to reduce our impact on the environment.



Blackmore Meadows, Stalbridge



Protect and enhance the environment



Our homes and communities

KPIs	2020	2019
Affordable housing completions	1,306	1,189
Planning obligations spend	£50.5m	£37m

Our approach

We take our social responsibilities very seriously. We create spaces where communities will thrive, provide affordable housing, support Force's personnel and contribute to the economy and charitable causes.

Creating thriving communities

The purpose of the Group is to develop sustainable new homes and communities across all sectors of the UK housing market. Each of our 23 businesses tries to optimise the inherent social value of our principal activity, of providing sustainable new homes and communities, enhancing the physical places where we build and the opportunities for the communities we serve.

We are proud that during 2020 we were able to build 1,306 affordable homes and invest over £50m in community and infrastructure projects as part of our s106 contribution.

Placemaking

Creating sustainable communities for all sectors of the UK housing market is as much about the spaces between our homes as it is about providing high quality housing. Whether we are building a new community on greenfield sites or regenerating existing communities our approach to placemaking is designed to improve people's quality of life and support our customers health and wellbeing.

Our master planning approach aims to provide a clear hierarchy of public, private, and semi-private spaces that encourage neighbours to interact with each other and build strong communities. Providing our customers with access to high quality amenities that support local economies is a key consideration when selecting and designing our sites and in addition to section 106 and community infrastructure contributions, we work closely with local authorities, community organisations and local businesses to ensure that Vistry communities are great places to live, work and play.

The Vistry Social Value toolkit provides a framework for ensuring that our regeneration projects deliver social cohesion, economic inclusion, health and wellbeing and environmental wellbeing. Using the National Themes Outcomes and Measurements (TOMs) the toolkit provides a framework for our development teams to work with local authorities, our supply chain and local community organisations to create jobs, grow local economies and help communities to live happy and healthy lives. This framework was developed by the Social Value Portal in collaboration with the Cabinet Office and Local Government Authority.

As an example, Vistry Partnerships is working with London Borough of Enfield to deliver a brand new mixed-use, multitenure community at Meridian Water.

This is a first phase of a 10,000 home regeneration project which will create over 900 new homes and 2,235m^2 of employment space, alongside green parkland and open space which includes a nature trail to help the Council deliver its vision of Parklife on the Doorstep. We are also building a community garden that will offer the local community and pupils at Meridian Angle primary school the chance to grow their own food. We are working with the Council to design a volunteering programme that will use the community garden for social prescribing initiatives to improve mental and physical health in line with NHS England's guidelines.

Vistry Partnerships has pioneered Skills Academies on all large site, and the Meridian Water Skills Academy will provide apprenticeship and training opportunities for Enfield residents to access jobs on site and secure careers across construction and built environment professions.

We are passionate about supporting the industry and bridging the skills shortage across the UK. Across our 8 academies, nearly 500 learners have completed our bespoke course, with more than 2,500 community members benefiting from bespoke workshops and work placements. This has resulted in 75 learners gaining full-time employment and 38 into employment via nonconstruction related jobs.



Creating new homes and long lasting communities

Supporting our customers on their new home adventure

Strategic priorities | Our homes and communities



Regeneration project

Meridian Water, Enfield

Creating Over 900 new homes

First phase of 10,000 home regeneration project

Affordable housing

We are the leading private sector provider of affordable housing creating 1,306 affordable homes during 2020, helping to address the country's housing supply challenge. We work collaboratively with local authorities and registered providers (RPs) to provide affordable housing across a range of different tenure types. The Government's Help to Buy Scheme, alongside both our discount schemes for Key Workers and Armed Forces personnel are offered on all our developments. The combination of our Homes and Partnerships businesses offers a unique business model that ensures Vistry delivers more affordable housing than other volume housebuilders. Our Partnerships business is a specialist in delivering mixed-tenure communities that offer affordable housing alongside purpose built to rent homes and our Linden Homes and Bovis Homes brands. From 2021 Partnerships will be working towards building 6,000 homes per annum by 2025 with revenue of £1bn, 60% of which will be delivered through its own mixed-tenure developments. As part of this project we have set a target for 2021 to build more additional affordable homes year-on-year over and above section 106 requirements.

Biodiversity and Green issues

Our approach to development design focusses on the principles of Green Infrastructure (GI) - networks of multi-functional green space which includes parks, open spaces, playing fields, woodlands, street trees, allotments, private gardens, sustainable drainage systems and soils.

This holistic approach supports peoples' mental and physical health, encourages active travel, improves drainage and improves carbon storage. This year we have been working closely with landscape and ecology consultants to deliver improvements to our GI design and delivery.

Biodiversity is a major consideration of the schemes we deliver at Vistry. We ensure where we can, we retain valued flora and fauna and incorporate it within our developments and we carefully consider new green infrastructure strategies to provide wider net gains for biodiversity. Ahead of a 10% biodiversity net gain being mandated by the emerging Environment Bill, we are seeking to assess and future-proof our schemes in that regard. On relevant schemes we are now contributing towards, and in some instances delivering on-site Strategic Alternative Natural Greenspace (SANG) to reduce recreational pressure on protected sites.

We are developing relationships with several carefully selected specialist partners, in order to benefit and further their work and to deepen our understanding of the risks and opportunities in our development approach.

We are engaging with The Bat Conservation Trust (BCT), a leading non-governmental organisation in the United Kingdom solely devoted to the conservation of bats and the landscapes on which they rely.

We are exploring how a strategic relationship between our organisations can result in better outcomes for bats and the surrounding communities within which they live and forage, as well in our own staff understanding more about salient planning and environmental issues.

This follows the success of our relationship with the Hedgehog Preservation Society, which saw us mandate the use of Hedgehog Highways on all of our developments to ensure a network of safe routes allowing this endangered mammal to travel between important habitats.

Vistry Partnerships are now business supporters of the Bumblebee Conservation Trust (BBCT). The aim of this sponsorship is to ensure our sites across the country are helping to support bumblebees and other wildlife with our planting.

Building Standards

The Vistry Group continue to work alongside government and industry to support the policy landscape of the Future Homes Standard and net zero commitments.

Our roadmap has identified the challenges that need to be developed, which we will work through, through research and engagement with all relevant stakeholders. We believe that a collaborated industry led approach, ensures holistic ownership with all delivery partners working together towards a common goal, with our customers right at the heart of our decision making process.

Importantly our approach is not only around energy, but also the wider government commitments in creating a sustainable future.

Vistry Group piloting a unique collaboration with Eden Project

We are operating a pilot project with Eden Project (an educational charity exploring how we can work towards a better future) **to look at improving open space within our developments.**

We are seeking to provide more aesthetically pleasing play areas by replacing multi-use games area with natural more environmentally friendly objects and help establish communal gardening and sensory areas for residents with disabilities.

This will take place at our Redhill development in Telford to deliver natural play areas, nature-focussed green spaces and optimise the land we are building on to help create a regenerative, sustainable and long-lasting approach to the environment.

The development sits next door to the Granville County Park, which is managed by the local Wildlife Trust, and part of a green infrastructure corridor in Telford. By enhancing the green spaces at Redhill, we hope to create a better environment for new homeowners and the wider community.

Working in conjunction with Eden Project, we have taken the original landscape design layouts and revisited them with enhanced strategies to put placemaking and nature at the forefront. Rather than focusing the play spaces in a single area we have created a range of different spaces across the whole development including community corners and woodlands and made the most of the existing ponds on site.

Each area of the site will have its own character based on the planting in that area; some of which will attract birds, butterflies and other wildlife. There will be a central community green at the heart of the development with access from all homes and a kick-about area, bike tracks and performance corner.

The multi-use games area is being repositioned to keep an existing hedgerow and ditch to safeguard water flow to one of the existing ponds and will be replaced with a community orchard and hedgerow features to encourage interactive play.

There are two drainage attenuation ponds being built in an area of the development with badger setts and great crested newts; to support this wildlife one pond will be a relatively inaccessible habitat in order to protect these populations, but a wildlife hide is planned from which to view the activity in this area. The second pond will be accessible and planted with wetland plants, shrubs and trees to attract wildlife into the site.

The community corners will be positioned around the development and will be equipped with small children's play equipment, buggy holders and seating as well as wildflower planting to encourage young and old to use the spaces around them. The community orchard will encourage homeowners engage with their greenspace and each home buyer will be invited to 'plant their next chapter' in the newly formed woodland areas, which in turn promotes placemaking and helps support biodiversity net gain.

This pilot project is being delivered by Eden Project's International Design and Creative Team and the National Wildflower Centre (also based at the Eden Project), which will use nature to encourage imaginative and physical play and foster community connection. The site will aim to use construction site waste in the creations of these new spaces in order to reduce our carbon and ecological footprints.











Our shareholders

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

Type	2020	2019
Adjusted profit before tax	**£143.9m**	£188.2m
Return on capital employed	**14.4%**	22.1%
Total shareholder return	**(28.2%)**	71.2%

Note: For calculation of ROCE, see table on page 186, note 5.12 to the financial statements. 2019 Return on capital employed restated based on revised ROCE definition in 2020 to reflect the enlarged Group contribution of joint ventures as well as excluding for exceptional costs.

Our approach

The Group's clear focus at the start of 2020 was to successfully integrate Linden Homes and Vistry Partnerships, maximising the significant benefits from the combination with Bovis Homes, and to deliver upon the strategic rationale for the Acquisition.

Our approach was to bring together the best from each business creating a stronger Vistry Group.

As an enlarged group, the Housebuilding business has the capacity to increase output to more than 8,000 units and with controlled volume growth, the business focus is to increase gross margin up to the 24.2% gross margin embedded in the owned land bank.

Vistry Partnerships has a clear strategy to deliver significant growth in higher margin mixed tenure completions, targeting more than £1 billion revenue in 2022 and an operating margin of 10%+.

Deleveraging the Group was a clear priority for the first two years post acquisition to best deliver enhanced returns to shareholders.

Progress in 2020

The Group was quick to progress with the integration and largely completed the re-organisation of the Housebuilding business by the end of March, enabling the Group to deliver a rapid and co-ordinated response to the Covid-19 pandemic.

The synergy benefits to be realised are ahead of plan with the full synergy run rate of £44m, 26% ahead of the initial expectations, with the c. £27m cost of delivery below the expected cost of £35m.

The strong strategic rationale for the Acquisition can be seen within the enlarged Vistry Group. As a top 5 national housebuilder with a leading Partnerships business, Vistry has capability across all segments of the housing market and the two leading brands, Bovis Homes and Linden Homes have been re-positioned and re-branded to maximise the benefits from dual branding.

The Covid-19 pandemic had a wide-ranging impact on all aspects of the business in 2020 resulting in a significant decline in completions for Housebuilding and revised expectations for Group profits.

The Group has been firmly focused on deleverage, with the gearing as a result of the Acquisition weighing heavily on the share price in 2020. Significant progress was made in H2 20 resulting in a net cash position of £38m as at 31 December 2020.

With the high level of market uncertainty and to best support the business, the Board took the decision to suspend all cash dividend payments in March 2020. Following the strong second half performance, significant deleverage and with a strong forward sales position going into FY 2021, the Board was pleased to announce the resumption of dividends with a 20p final dividend in respect of 2020.

Priorities for 2021

Following the significant disruption to our business from Covid-19, the Group's focus in 2021 is on delivering a step up in Housebuilding completions and driving improved profitability. Vistry Partnerships operates in a high growth, counter cyclical market and is targeting revenue growth and margin expansion, delivering increasing returns.

The Group will continue to invest in attractive land opportunities to support the growth plans of both Housebuilding and Partnerships.

The Group is targeting to maintain a strong balance sheet and reduce dividend cover towards 1.75 times.



The Eaton | 3 bedroom home
Kingsmere, Bicester

Focus on better returns

Increased profitability, return on capital and total shareholder returns

Vistry Group





Well designed, contemporary housing ranges

Risk management

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

The assessment context

The Board has considered the longer-term viability of the Group, reviewing this over a 5 year period based on the strategy as outlined on pages 22 to 44 to the current performance of the Group and its principal risks.

The average life cycle of our developments falls within a 5 year time period and this aligns with the timeframe focused on for the annual strategic review exercise conducted within the business and reviewed by the Board.

The Group's strategy was communicated in detail at the beginning of 2020 and then recommunicated at the half-year, detailing the rapid and coordinated response to Covid-19 with the anticipated full year impact. This immediate Covid-19 trading risk assessment included:

- The impact site closures would have on our output and performance
- Anticipated liquidity and borrowing requirements

These assessments considered a range of outcomes including the most severe and prolonged lockdown and economic downturn scenarios. As a consequence, the Group was in a strong position when lockdown measures eased.

As a group we continue to monitor closely the impact of Covid-19 and all our principal risks consider the range of scenarios and potential mitigations to ensure our immediate and future viability. We are continuing to refine our contingency plans based on assumed local or national lockdowns and will ensure our business remains agile so that we are well placed to adapt to changing conditions. These include:

- Onsite safe working procedures in accordance with government guidelines and there has been no requirement to change our business operations and sites are currently open with productivity at normal levels.
- We have robust processes to sell and serve customers and residents during periods of lockdown
- Strong business continuity processes and IT capability so that our people can work from home where required
- Over the longer term, the Board has highlighted the following elements of the strategy as key considerations in our long-term viability:
- Strong housebuilding brands that allow us to offer differing propositions based on affordability. Our housebuilding business continues to focus on high quality housing developments targeting the edge of town and large village "chimney pot" locations.
- Partnership programmes include contracting, land-led solutions and mixed tenure housing delivery which are better structured, including pre sales and forward funding, to be more robust through changes in UK economic environment supported by a focus on the provision of social housing.
- Strong balance sheet with cash delivery and debt reduction ahead of expectations and substantial funding headroom in place, with committed banking facilities totalling £770m and well spread maturities out to 2027.
- A strong land bank with in excess of 40,000 plots.

Assessment process and assumptions

A Risk Oversight Committee operates with representation from all parts of our business to identify and monitor the threats identified from within the Group.

This is coupled with a robust assessment carried out by the Board to formally agree and assess the principal risks facing the Group, including those that would threaten the execution of its strategy, future performance and liquidity

Management and mitigation of these principal risks, as set out on pages 50 to 55 have been taken into consideration when considering the future viability of the Group.

As part of its annual strategic review the Board also considered the Group's 5 year financial plan, the core assumptions underpinning this plan and how the current economic and regulatory environment may impact this plan. The early years of the financial plan are prepared in detail with the basis being the development of our existing land bank.

There is inherently more uncertainty in the later years of the plan as these incorporate a higher level of assumed housing completions from land owned currently without planning or land not currently owned by the Group.

The Group's financial plan has been reviewed in the context of its operational performance during 2020 and stress tested against scenarios to assess the future viability of the Group.

These scenarios include the following:

- A 15-20% reduction in private sales volumes, with a corresponding reduction in development spend
- A 5-10% reduction in private sales prices
- Cessation of uncommitted land spend
- Reduction in overheads to reflect reduction in bonuses, temporary employee costs, etc.

The potentially highest impact risks, from a Group viability point of view, are seen as those which arise from either a downturn in the economic environment or fundamental changes in government policy, leading to decreased affordability, reduced demand for housing and falling house prices. Further information on the risk and internal control processes is outlined on pages 50 to 55.

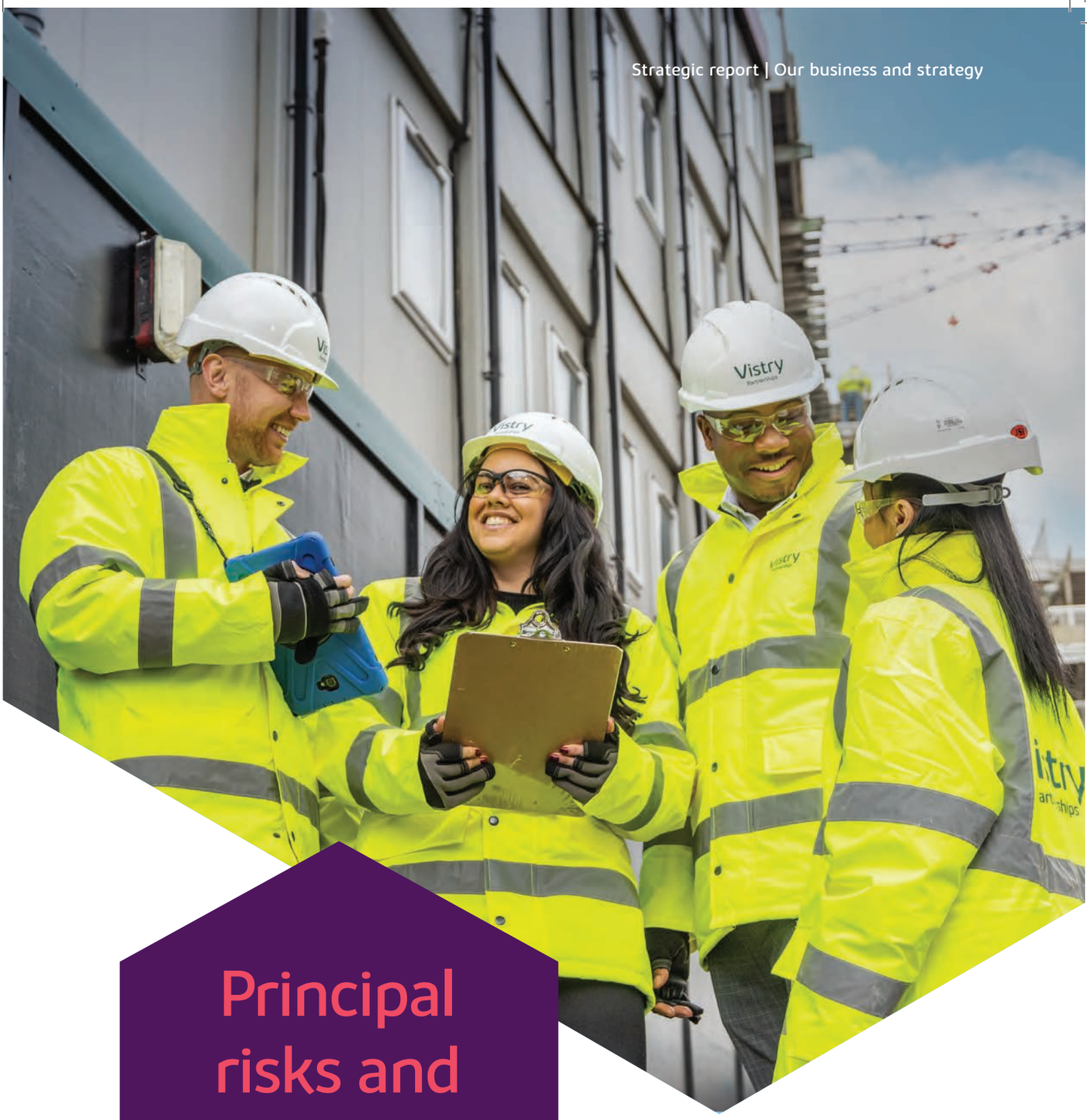
Viability statement

Based on the results of this analysis, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the 5 year period reviewed.

Going concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the basis of preparation paragraph in note 1.3 to the accounts. In forming this view, the Group has prepared a cash flow forecast using two scenarios – a likely base case including the expected impact of Covid-19 and a severe but plausible downside scenario. In the severe but plausible downside scenario the Group has assumed decreased affordability, leading to reduced demand for housing and falling house prices. In each of these scenarios, the forecasts indicated that there was sufficient headroom and liquidity for the business to continue based on the facilities available to the Group. In each of these scenarios the Group was also forecast to be in compliance with the required covenants on the aforementioned borrowing facilities. These assumptions are shown in the box left to this paragraph.

The Group has £770m in committed banking facilities with well spread maturities out to 2027, including a £470m revolving credit facility, £200m of term borrowings and a £100m US Private Placement facility. The Group regards its current banking arrangements as adequate for its needs in term of flexibility and liquidity. As at 31 December 2020, the Group had £303m drawing under facilities and had net cash of £38.0m.



Principal risks and uncertainties

More details on the Group's approach to financial risk management are laid out in note 4.5

Principal risks and uncertainties

Link to strategic priorities

Our people | Our customers | Our operations | Our shareholders | Our homes and communities

Annual change

Increase
No change
Decrease

		Description	Potential impact	Link to strategic priorities	Annual change
Market risk	Economic and sales environment	1 **Deterioration of the health of the UK economy, brought about by uncertainty, loss of consumer confidence, higher interest rates and increasing unemployment, leading to decreased affordability, reducing demand for housing and falling house prices.**	Adverse effects on consumer confidence and demand for new homes, with consequential impact on revenues, profits and potentially asset carrying values. Potential for increased restrictions on mortgages granted could reduce demand for new homes. Our partners are unable or unwilling to invest in social housing due to restricted capital or reluctance to invest until market certainty returns.		
Operational risk	Materials and subcontract labour	2 **Increasing production across the industry may lead to shortages of both materials and subcontract labour. Pressures on supply chain brought about by integration activity or Brexit could impact the supply of materials or subcontractor services. Availability of labour due to the use of the furlough scheme or requirements of isolation.**	The Group's ability to build is constrained and may impact profitability if costs rise. Inability to source raw materials or unplanned delays in our supply chain. Delays or issues resulting from failed Vistry Group activity.		



	What's changed in the last year and direct impact from Covid-19	How we are mitigating the risks?
	Continued impact of Covid-19 variably affecting the risk and likely to distort the assessment - interest rates remain low, increasing demand for more rural locations and outdoor space, though this is offset against uncertainty through rising unemployment, the temporary nature of the stamp duty holiday and the economic impact of leaving the EU, which may lead to a reduction in demand. The government's Help to Buy is changing from April 2021, being restricted to first time buyers and subject to regional property price caps We have also seen a rise in savings amongst those that remain employed and so far the sales rate generated by Vistry Group and the wider market remained strong during 2020, despite the pandemic	• Diversification of our business through the Acquisition of Vistry Partnerships with a broader portfolio that includes partnership and regeneration activity. In addition to private housing, programmes now include partner led solutions and mixed tenure housing delivery to better weather changes in UK economic environment. • Close monitoring of lead indicators in the housing market, notably visitors to sales outlets, sales rates and price achieved. • Maintaining a rigorous risk based approach to land acquisition and portfolio of partnership and regeneration with senior board scrutiny where required. • A focus on cash generation and post-acquisition synergy saving to further strengthen our financial resilience.
	• There continues to be pressure on the availability of building materials within the construction industry, but so far during the pandemic this has not impacted our build programmes. • We continue to assess whether there will be any shortage of subcontract as a consequence of the deal between the EU and the UK, in particular the impact on our London Partnership's business which has a greater exposure to the labour market from overseas. Labour availability has remained strong during the pandemic, with government support and furlough schemes typically being taken by smaller sole traders rather than large subcontractors.	• Maintain clear visibility of future production requirements and its impact on suppliers and subcontractors. • Centralised processes to monitor life of site costs across all our active sites, providing early warning and trend analysis. • A quarterly supplier survey process established to better understand Vistry Group strengths and areas for improvement in managing our supply-chain relationships. • Our suppliers have provided their assessment on the effect of Brexit to date, and continue to provide updates should current arrangements impact material supply and labour availability.

Principal risks and uncertainties

Operational risk

	Description	Potential impact	Link to strategic priorities	Annual change	
Project delivery	3 **Inability to convert land assets to support required housing development. A failure to achieve our operational targets due to new programme complexity within our Vistry Partnership business, an inability to execute our homebuilding programme, or a failure to control our life of site costs.**	Unable to deliver sufficient shareholder returns from current developments or a failure to achieve our anticipated completions. Cost overruns that have a material impact over financial performance.		◀▶	
Customer service	4 **Product quality and service standards that do not meet our customers' expectations or fall short of the standards expected from supervisory bodies.**	The reputation of the Vistry Group brands is diminished with an adverse effect on sales volumes and returns. Excessive time and expense rectifying and compensating customer, impacting planned business operations.		▼	
People, change and business continuity	5 **An inability to attract, develop or retain good people alongside the impact resulting from the Acquisition. Major IT failure or cyber-attack disabling critical systems.**	The loss of retained knowledge or skill may inhibit the Group's ability to achieve both its integration strategy and/or financial performance targets. The loss of IT capability or significant data loss.		▲	
Health, safety and environmental	6 **Unsafe practices in our construction activities causing injury or death to our stakeholders and damage to communities.**	A loss of trust in the ability of Vistry Group to build homes safely and in an environmentally responsible way, affecting the reputation and financial health of the business.		◀▶	

	What's changed in the last year and direct impact from Covid-19		How we are mitigating the risks?	
	• The challenges we faced in 2020 were overshadowed by the Covid-19 pandemic. With very little notice early in the year, we acted to safely shutdown our operations. This was followed by intense planning incorporating government guidance and via consultation with our stakeholders, to restart our operations with enhanced safe systems of work including additional procedures and protocols.	• This initially impacted our ability to deliver anticipated build rates, although good progress was made during the year and we are now back to near normal capacity. The increased use of joint ventures and consortia arrangements continue to be challenging, resource intensive with additional complexity that requires careful management.	• Monthly build and cost forecasting processes with regular group oversight of regional performances. Our COINs ERP system provides build programming capability and we continue to standardise Group processes to ensure conformity • Close monitoring of build performance and delivery against plan through regular onsite visits from the leadership community.	A new leadership structure that is common across both Partnerships and Housebuilding, overseen by the Group Chief Commercial Officer.
	• Quality standards remain at the heart of the enlarged business with improvements beginning to filter through from both Linden Homes and Partnerships. We are pleased to announce that we are a 5-Star accredited builder across all parts of Vistry Group.	• Covid-19 has impacted our ability to undertake remedial work and can on occasion slow the move in process, but our sales and customer care teams have been able to manage the impact through strong communication. Introduction and uptake of digital experiences for customers are strong with continued rollout planned throughout 2021.	• All homes built are subject to NHBC building control inspections. • Quality inspections completed by build staff, sales staff and regional directors.	CRM system that puts customers in control when raising issues and communicating with customer care teams. • We are increasing the standardisation of the customer journey across our Group.
	• Employment t&c's are more aligned following integration of the 3 businesses, with satisfaction supported through regular employee engagement surveying. Our employee satisfaction score of 7.9 demonstrates strong engagement. The net effect of both the pandemic and the integration of our organisation has put our people under greater strain.	Whilst the rollout of integrated IT capabilities to new & existing employees was accelerated to adapt to the shift in working environments, security of the IT environment remained a high priority as the Group seeks Cyber Essential certification.	• New staff policies and processes to improve employee experience with a particular focus on family friendly benefits. • A working group overseeing all project and programme change, with heavy internal promotion to ensure change is managed effectively.	• Engagement strategy with continued refinement of internal communications supported by employee survey to create a strong framework of twoway communication. IT Governance Committee oversees all cyber and continuity risks, including data security.
	Whilst physical safety requirements were quickly adapted across all group sites and offices to adhere to social distancing rules, the impact of increased homeworking and social isolation on our peoples' mental wellbeing has yet to be fully understood and remains a significant concern.		New Group wide standard operating procedures in operation across the entirety of our organisation.	A single SHE director has been appointed with business partners serving our organisation based upon regional location covering both housebuilding and partnerships. ISO 45001 and 14001 certificates are in place for our Partnership business with best practice shared across the whole Group.

Principal risks and uncertainties

		Description	Potential impact	Link to strategic priorities	Annual change	
Operational risk	Sustainability	7 Failure to articulate our pathway to carbon net zero targets and consider the impact of climate change on regional developments (e.g. flooding) may disrupt programme delivery. Failure to keep up with the increasing levels of interests and reporting requirements from government, investors, customers and civil society to build in more environmentally considerate and sustainable ways could result in penalties and negative attention.	Inability to demonstrate action on climate related matters may have repercussions on the group brand and reputation. Moreover, a failure to demonstrate improvement may impact our financial performance through increased costs of construction, or as consequence of fines, or due to failure to easily secure investment.		▲	
Financial risk	Liquidty and Funding	8 A failure to generate enough liquidity to manage short-term and long-term funding or investment requirements.	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.		◀▶	
Regulatory risk	Increased Regulation	9 Inability to adhere to an increasingly stringent regulatory planning and technical requirements affecting the market. Continued pressure from the government to ensure sufficient homes are built, and built in a sustainable way.	Increased costs, disruption and reputational damage.		▲	

	What's changed in the last year and direct impact from Covid-19		How we are mitigating the risks?	
	Under Sustainable Finance Disclosures Regulations (SFDR) as of March 2021, asset managers will be required to disclose policies and process around ESG integration as well as a basic level of disclosure at a portfolio level. Task Force on Climate-Related Disclosures has set recommendations regarding the information that companies should publicly disclose on climate change.	They were developed by the international Financial Stability Board with the aim of improving how companies communicate on climate change to investors and other stakeholders. More businesses have set out their roadmap to net carbon zero and pressure is building for all listed businesses to have detailed their own commitment.	A new central department is being created consisting of two new additional sustainability roles to ensure absolute focus across our Group. A risk based assessment of sustainability priorities has been agreed and set out and approved by our Board. Our COO has full delegated authority to ensure our sustainability agenda is executed and remains priority for our ELT.	A sustainability forum exists representing all disciplines and business areas to ensure two way flow of information. New company wide mechanism for capture and analysis of key reporting metrics. We have undertaken an initial risk assessment on the TCFD requirements and set out our plans within this report.
	Strong trading, good cash management and the benefits of integration drove a strong year end position with modest net cash position.	The organisation quickly responded to the pandemic by stress testing cash and borrowing requirements based on the range of scenarios.	• The Group is operating with substantial funding headroom, with committed banking facilities totalling £770m and well spread maturities out to 2027.	We continue to improve our cash and working capital processes and procedures to ensure ongoing scrutiny of our liquidity and funding position.
	• The Government continues to pledge its support to the construction industry as a whole, reiterating its commitment to the provision of new homes. Increasing scrutiny on building safety, in particular on fire safety impacts all developments. Further safety requirements on Partnerships high rise construction may be expected impacting new and legacy sites.	• A future homes standard report published setting out an ambitious uplift in the energy efficiency of new homes through changes to Part L (Conservation of fuel and power) of the Building Regulations. The second stage also sets out Future Buildings Standard.	• Our Group Technical Director provides oversight of home build standards ensuring a standardised approach where appropriate. All our homes are designed to be compliant to Building Standards. We are ISO 9001 (Quality Assurance) compliant for our Partnership business and use best practice across our entire Group.	• Policies, procedures and an onboarding process for employees includes regulatory compliance and the standards of business conduct expected.

Vistry Group





Creating places where people aspire to live

White Rock, Paignton

Non-financial Information statement

In accordance with The Companies (Miscellaneous Reporting) Regulations 2018 a summary of the Vistry Group non-financial policies are detailed opposite. Copies of these can be found on our website at: **vistrygroup.co.uk/responsibilities/csr-reports/2020**. For details of our business model please see page 16.



Reporting requirement	Group principal risk	Relevant policies
Company employees	• People change and business continuity • Health, safety and environmental	• Health, Safety and Welfare Policy • Diversity and Inclusion Policy • Ethical Code of Conduct Policy • "Speak Up" Policy
Social matters	• Sustainability • Increased regulation	We do not operate a Group policy because social issues are assessed, managed and mitigated at a local level. Regardless, any concerns can still be raised via our "Speak Up" Policy.
Human rights	• People change and business continuity • Increased regulation	• Anti-Slavery and Human Trafficking Policy • Diversity and Inclusion Policy • "Speak Up" Policy
Anti-corruption and bribery	• Increased regulation	• Anti-Bribery and Corruption Policy • Anti-Money Laundering Policy • Anti-Fraud Policy • "Speak Up" Policy
Environment	• Health, safety and environmental • Sustainability • Increased regulation	• Environment Policy • "Speak Up" Policy

Stakeholder engagement

The opinions and perspectives of our stakeholders are a priority. During 2020, we ensured that we continuously engaged with our stakeholders, taking the time to actively listen and respond to their views. Our Section 172(1) Statement below sets out a summary of our key engagements.

In line with the requirements of s.172 Companies Act 2006, our Directors have regard to: the long-term consequences of decisions; the interests of the Group's employees; the need to foster the Group's business relationships with suppliers, customers and others; the impact of the Group's operations on the community and the environment; the desirability of the Group maintaining a reputation for high standards of business conduct; and the need to act fairly between members. These factors are used to shape the Group's strategic approach.

Our key stakeholder groups are our people, customers, investors, communities, regulators and our supply chain.

Throughout the year we conduct a series of planned engagements at a Group and local level, as well as informal and ad hoc meetings. Engagements are conducted by employees at different levels of the organisation. The Board directly participates in some of these engagements and also has visibility of the other engagements through the Board reporting process.

Further detailed information about our stakeholder engagements can be found in our Sustainability Report on pages 66 to 73 and our Corporate Governance Report on pages 84 to 101.

Key priorities


Our people


Our customers


Our investors


Our regulators


Our communities


Our supply chain

Our people - The people who are directly employed by us



Director involvement

- Employee roadshows
- People Forum
- Culture review
- Speak Up reports
- Share Scheme invitations

Director visibility

- Employee surveys via Peakon
- Sustainability survey
- Diversity and Inclusion Forum
- Employee representatives

Other engagements

- Vistry Voice and our intranet, DUG
- Health and wellbeing training

Key engagements

Covid-19

Our people looked for reassurance in respect of how the Covid-19 guidance applies to our business and required additional mental health and wellbeing support. To further increase communications, employee roadshows (physical at the beginning of 2020 and virtual later in the year) were hosted by the CEO, COO and CFO. These had high participation and were well-received across the business. These are supplemented by regular online team meetings hosted by the CEOs of Housebuilding and Partnerships.

Sustainability

Our approach to sustainability should give our people the opportunity to develop their careers in a fair and inclusive workplace which supports their health and wellbeing. Employees have asked for more regular communication on sustainability, so they are able to showcase the benefits of our homes and communities to our customers and partners.

Employee Representatives

During 2020, we continued to seek views and gather opinions of our employees by engaging with the employee representatives. We recognise the important role the employee representatives play in continued communication and engagement with our employees.

Peakon Survey Outcomes

Our Vistry Views Peakon survey in January 2021 received a great response (7.9 engagement score being 0.4 above the benchmark) and provided feedback that is helping shape the way we move forward on a number of agendas including diversity and inclusion, mental health and wellbeing, sustainability, career development, agile working and communication.

Diversity & Inclusion

A D&I group was formed in October 2020 to explore our colleagues' experiences and consider. Based on these findings we are currently working on a structured approach, with sponsorship from the ELT, to agree our aims, identify our priorities, and set targets for measurable progress during 2021 and beyond.

Outcomes

Covid-19

Our leadership provided clear multi-channel guidance and updates to keep our people safe during the Covid-19 pandemic, alongside our employee representatives. We are reviewing working practices across the Group and we will be launching an agile working policy in Spring 2021.

Sustainability

As part of our materiality review to develop the Group's sustainability strategy, a Group wide employee survey was carried out. The responses to the survey helped to identify which issues our strategy should focus on and has shaped the way in which we will manage these risks and opportunities across the Group. This will include the implementation of a diversity and inclusion strategy and employee wellbeing programme, as well as more regular communications on our approach to sustainability.

Employee Representatives

Employee Representatives continue to help us to engage with our employees. We continue to hold regular Employee Representative meetings not only on matters that require formal consultation but more regularly on any issues or changes affecting our employees.

Mental health and wellbeing

We have set up a Mental Health Committee that meets monthly to discuss how we can better support colleagues and promote mental health and wellbeing. Mental health and wellbeing information and training dates are provided on a dedicated section of the Group's intranet and all our people have the opportunity to join health and wellbeing sessions and can train to become a Mental Health First Aider. Approximately 70 employees became Mental Health First Aiders during 2020 and provide support to colleagues across the Group. We also provide external support services should our people wish to receive advice or support independently.

Career development pathway

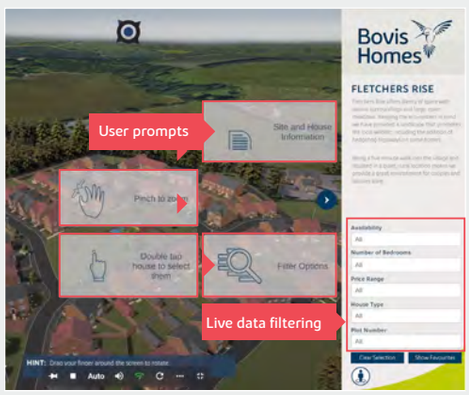
We worked towards the harmonization of pay and benefits across the Group following the Acquisition and have plans to implement a structured career development pathway for our people, to ensure their long-term growth in the Group.

Share schemes

The Group's ShareSave invitation in September 2020 received great engagement from the business with approximately 750 participants (around one quarter of our colleagues) being granted over 1.5 million options for 3 and 5-year terms, providing the opportunity for our people to participate in the success of the Group and encourage retention.

Stakeholder engagement

Our customers – The people who purchase our homes

	Key engagements	Outcomes
	Sustainability Sustainability is of growing importance amongst customers and the Group needs to better showcase the environmental benefits of its homes and offer choice to customers wanting additional sustainability features such as EV charging.	**Sustainability** HBF, NHBC and Zoopla customer surveys were used to inform the development of our new sustainability strategy (see Sustainability report page 66 to 73). As part of our product review in 2021 we will be establishing a roadmap to Net-Zero Carbon homes. We will also develop a number of sustainable optional extras for our customers to purchase and test their uptake on pilot sites.
Director involvement • Engagement with Housing Associations and Registered Providers **Director visibility** • HBF Customer Satisfaction Surveys (8-week & 9-month) • Findings from direct engagement with customers, such as first user feedback, user videos and user stats **Other engagements** • Digital engagement via KEYS (our CRM system) • Monitoring of social channels • Direct feedback from our people	**HBF Customer Satisfaction Surveys** We continuously and consistently monitor customer feedback through the HBF Customer Satisfaction 8-week and 9-month surveys, which has evidenced our strong performance continuing with rolling annual 12-month scores publicised for 2020 at Q1 90.9%, Q2 91.2% and Q3 91.3% and our annual performance continues to track in line. Expectations are in line with reaching another HBF 5-Star performance year.	**HBF Customer Satisfaction Surveys** The HBF 9-month Customer Satisfaction Score has been included as an element of our 2021 annual bonus scheme, to ensure that we sustain the focus on continuous quality improvement and delivery of high standards of aftercare.
	Customer journey and digital engagement We have enhanced our customer journey and provided further digital capabilities, which we will continue to improve upon in 2021.  	**Customer journey and digital engagement** We have implemented a CRM system across both brands to provide consistent information to better serve the needs of our customers in the long-term. We have continued to trial the provision of more channels for our customers to do business with us, including introduction of webchat functionality. We have built on the digital engagement with our customers. Customers are now able to have digital fully immersive site tours, with the ability to complete a full site and home tour using 3D visualization. Customers can also complete a reservation in "6 clicks" on their mobile, log and monitor snags, have access to digital information on their home and an on-line accounts system. This provides us with insight into the digital engagement which enables us to continuously monitor and improve our product and service offer. We have improved the options that our customers have to personalise their homes through our Select and Enhance options.
	Covid-19 Our customers needed alternative ways to communicate with us during the Covid-19 pandemic and also need greater assistance with home moves and emergencies.	**Covid-19** Customers were provided with multi-channel updates on their customer journey in light of the Covid-19 pandemic, including confirmation of the safety precautions in place to protect them and our people, and support with essential works and emergencies. We also introduced appointment only viewings.

Our investors - Institutions and people who are shareholders of our business

Key engagements	Outcomes

Director involvement

- Annual General Meeting and other shareholder meetings
- Covid-19 Trading Updates
- Investor meetings
- Investor feedback results
- Partnerships virtual seminar

Other engagements

- Website shareholder information
- Direct responses to shareholder information requests
- Responses to voting agencies including IVIS, ISS and PRIC

Covid-19

Covid-19 updates were provided to our investors and comments received, with the views of our investors taken into account in our response to the Covid-19 pandemic.



Sustainability Strategy

Our investors have placed greater scrutiny on our sustainability strategy, including steps to improve the measurement and reporting of key performance criteria. Through direct meetings with our investors, specifically on how our business can make a difference to the sustainability agenda, we learned that our investors are focused on Net-Zero Carbon emissions, science-based targets, links to directors' remuneration, as well as our commitments to regeneration and affordable housing provision.



Investor feedback

The Board reviews feedback from investor relations meetings, visits and presentations, including commentary on the matters discussed.

Covid-19

As part of the Group's response to the Covid-19 pandemic, the full amount of funds received from the Government's Job Retention Scheme earlier in 2020, were repaid, totaling £7.1 million and the Group has not drawn on the Covid Corporate Financing Facility.

The Group did not pay an interim dividend during 2020 due to the Covid-19 pandemic, it was able to grant a bonus issue of shares in July 2020, providing a return on investment to our investors. A final dividend for 2020 is also proposed to be paid.

Sustainability Strategy

Interviews where held with some of the Group's largest investors to understand how they think sustainability will generate long-term shareholder value.

These interviews provided valuable insights and ideas which have informed our work on our new strategy. Through its Homebuilding and Partnerships businesses, the Group builds more affordable homes than other UK homebuilders, helping to alleviate the shortage of housing and providing bespoke products that target a broad customer base. In 2021 we are committing to building even more affordable homes, targeting a year-on-year increase in additional affordable homes build beyond section 106 requirements.

We are also responding to other key sustainability risks raised by investors, including setting a science-based pathway to become a Net-Zero Carbon business and carrying out a risk review to ensure we comply with the TCFD from 2022. We have also set targets that reflect the objectives set in several of the UN's Sustainable Develop Goals (SDGs) and will use the SDGs as part of our reporting framework.

Investor feedback

The overall feedback received during 2020 continued to be extremely helpful to the Board, particularly regarding the strategic direction of the Group, the Group's approach to sustainability and the actions taken in response to the pandemic.

Stakeholder engagement

Our regulators (government and agencies) - Government departments that shape the legislation and rules around which we operate and local planning departments

	Key engagements	Outcomes
	Covid-19 We gained clarity around the measures to be put in place during the Covid-19 pandemic from our early discussions with Government departments and Homes England. During the early months of the pandemic these formal consultations were frequent and diverse, and highly constructive, enabling us both to inform Government around specific operating challenges and to understand the policy response.	**Covid-19** Enhanced Standard Operating Procedures were implemented and appropriate risk assessments were carried out in accordance with our discussions with Homes England and our Housing Association partners.  
Director involvement • Direct discussions with Government departments and Homes England • HBF engagement (including emerging change - Ombudsman, Future Homes and First Homes) **Director visibility** • Board reports and updates, including preparatory actions **Other engagements** • Responding to Government consultations (e.g. 'Planning for the Future' White Paper and 'Changes to the Current Planning System') • Pre-application engagement with Local Planning Authorities, Town & Parish Councils and local communities (via online system)	**Sustainability Strategy** A range of legislative and planning risk was noted following the completion of a risk review, highlighting that our planning authorities want to see a proactive approach to sustainability. UK GBC	**Sustainability Strategy** Our new sustainability strategy is designed to ensure we meet new legislative requirements well ahead of policy changes. In 2021 we will develop a group wide action plan to ensure we deliver bio-diversity net gain across our developments, as well as product review to ensure full compliance with the Future Homes Standard and to set a pathway and target for all our homes to be designed to a Net-Zero Carbon standard. We will engage with a number of industry groups including Supply Chain Sustainability School, UK Green Building Council and HBF as part of this work.
	Diversity and Inclusion We engaged with the Hampton-Alexander Review and a positive tone from our progress in this area was noted. FTSE WOMEN LEADERS Hampton-Alexander Review	**Diversity and Inclusion** During the year, Debbie Hulme, our Group Customer Experience Director, was appointed to the ELT. A D&I committee, sponsored by the COO is being set up during Spring of 2021 to drive forward our D&I agenda .



Our communities - The communities local to our offices and sites

Key engagements

Director involvement

- Sustainability Forum (with ELT sponsorship)
- Formal meetings with our Registered Provider & Housing Association Partners
- Housing Forum meetings
- Formal meetings with the HBF
- Group-level charitable donations

Director visibility

- Housing Association Questionnaires
- Partnerships with conservation trusts (BHPS and BCT)
- Armed Forces Covenant

Other engagements

- Social Mobility Pledge (taking actions to reduce the opportunity gap)
- Social Media & Local News
- Public consultations (planning)
- Skills Academies

Outcomes

Sustainability Strategy

The Group would benefit from a renewed sustainability strategy, including steps to improve the measurement and reporting of key performance criteria.





Sustainability Strategy

Our core purpose is to develop sustainable new homes and communities across all sectors of the housing market. During 2020 we took the opportunity of the newly merged Group to define a revised strategy, following consultation with a range of stakeholders. A working group chaired by the COO conducted a wide-ranging risk review and research with key stakeholders, to identify our opportunities and risks. The resulting recommendations were approved by the Board in January and are described on pages 66 to 73.

To identify which sustainability issues that matter most to our stakeholders, we undertook a series of interviews with key stakeholder groups. This included interviews with eight local authorities, Registered Providers and build to rent investor partners, to understand how they are managing sustainability within their organisations and the priorities of their residents. In addition, we reviewed the Local Plan policy on sustainability for key local authorities who have declared a Climate Emergency.

The findings of this research have informed the targets we have set this year to improve the sustainability of the homes and communities we create (please see page 70). This includes investing more in social value initiatives on our regeneration projects, establishing a roadmap to Net-Zero Carbon homes and increasing the number of affordable homes we build beyond section 106 requirements in 2021.

As part of this a Sustainability Forum was established, drawn from all levels and disciplines across our businesses and sponsored by the COO, with the purpose of overseeing and influencing our sustainability strategy, and acting as ambassadors throughout the Group.

Charitable Giving and Partnerships

Great charitable work has been carried out by our Business Units at local level and our focus should also be on a dedicated charitable sponsorship at Group-level.

We're supporting mind for better mental health

Charitable Giving and Partnerships

Mental health and wellbeing is a key priority and it is for this reason that the Group has worked with MIND and MHFA England during 2020.

We have also continued our partnerships with the British Hedgehog Preservation Society and have formed a new partnership with the Bat Conservation Trust, to help protect these important species, which both enhances our understanding of biodiversity issues and opportunities for our development activity, and supports the important work done by these charities in respect of these important species.

Our people now receive two paid volunteer days during the year so they can dedicate their time to their chosen charity.

Social Mobility Pledge

Recommendations arising from our D&I review, include the commitment to the Social Mobility Pledge.

The Social Mobility Pledge

Social Mobility Pledge

We believe our core purpose of providing sustainable new homes and communities across all sectors of the market is perfectly aligned to the aims of the Pledge, bringing social value and opportunity to the regions in which we operate, both through the places we create and the economic activity we generate.

Our Partnerships business has developed a successful training opportunity with eight academies to date creating over £10M worth of Social Value and seven more academies starting in 2021 across the UK.

Stakeholder engagement

Our supply chain – Our supply chain consists of material suppliers and subcontractors. Relationships with material suppliers are coordinated at a Group level and complemented by local business units. Relationships with subcontractors are driven by the local business unit.

Key engagements	Outcomes
Director Involvement • CEO & CFO maintain relationships with directors of the Group's key suppliers **Director Visibility** • Supplier 360 feedback survey results are shared with the Risk Oversight Committee and Board **Other Engagements** • Dedicated account reviews by Group Commercial team and local Business Unit engagement • Targeted Continued Professional Development (CDP) events • Supplier website hosting technical specifications • Project development forums • Pre-start and site project meetings, together with project pipeline volume forecast updates	**Covid-19** Good communications were maintained during the pandemic to understand the impact of Covid-19 on our supply chain, including the monitoring of lead times and managing the upturn in demand on the reopening of sites. Supply chain partnerships are critical to the success of the business and we understand that visibility of product and labour requirements need to be accurate and consistent to maintain build programmes.
	Covid-19 We have supported our supply chain during the Covid-19 pandemic by ensuring that invoices were processed diligently and maintaining close contact to understand any difficulties faced by our supply chain. We increased our level of communication of current and future volume requirements.
	Modern Slavery Awareness We recognised the need to enhance modern slavery awareness training for our people and our supply chain.
	Modern Slavery Awareness We are partnered with the Supply Chain Sustainability School to provide training and support to our supply chain. All of our contractors are subject to due diligence which incorporates modern slavery awareness. During 2020, we also pledged our commitment to the Gangmasters & Labour Abuse Authority Protocol.
	360 Supplier Feedback Supply chain involvement through product development and specification drives quality and reduces site and supply issues. Research and product development with the Supply chain, addressing the changing requirements of up coming building regulations working towards the future homes standard has enabled increased collaborative engagement with the supply chain to identify the most efficient solutions and emerging technologies. As part of our ongoing sustainability agenda, we have worked with the supply chain to track KPI's and metrics in relation to our timber procurement, waste management and carbon emissions. We continue to develop sustainable build innovations in collaboration with the supply chain through our on going product review. As part of the renegotiation of the Vistry Group agreements, we have engaged with our supply chain to ensure that their circular economy, sustainability credentials and carbon reduction aspirations align with that of the Vistry Group.
	360 Supplier Feedback The insight gained from the 360 supplier feedback survey has been actioned to drive improvement and efficiency. We have increased the overall breadth of engagement with the supply chain around product development





The Aspen | 4 bedroom home
The Tors, Tavistock

Sustainability Report

We focus our efforts in sustainability across all aspects of our strategy, with a particular focus on three key areas – our people, our operations, and our homes and communities

Sustainability report

Vistry has taken the opportunity of the Acquisition and creation of the new Group to reinvigorate and relaunch our focus on the sustainability of our operations. We are proud therefore to have formulated a new sustainability strategy sponsored by our Chief Operating Officer with full support from the Board.

We conducted a review focusing in particular on the Environmental and Social elements of the ESG agenda, considering our performance, our risks and our opportunities, consulting with our stakeholders, and deriving a series of key actions to drive our performance in these areas. Further details of the Group's sustainability materiality review and matrix are set out below. This work has been carried out by a team drawn from across the Group, ensuring that our plans are relevant to our business, inspiring to our teams and owned by our operating businesses. Our key targets for 2021, which are aligned to UN Sustainable Development Goals (UNSDGs) are also set out below. This will be an absolute focus and priority for 2021 and beyond and will be announced in detail during the spring.

This activity is not considered to have had any material impact on our financial statements of 2020, or our forecast 2021 activity.

We focus our efforts in sustainability across all aspects of our strategy, with a particular focus on three key areas – our people, our operations, and our homes and communities.

Our new sustainability strategy has been created using a risk-based approach taking inputs from key stakeholder groups:

Our sustainability priorities are therefore focussed on issues that are important both to our stakeholders, and to our business, be it addressing a business risk or opportunity, or strategy delivery. This was formulated through a materiality review that evaluated all sustainability matters using a balanced scorecard from these stakeholder groups (see page 67)

Excitingly, during 2021 we have committed to setting out a roadmap and investment requirements to achieve Net-Zero Carbon using a science-based approach. This will be supported by a dedicated sustainability team who will be fully empowered to coordinate and control current and future performance across the Group. During 2021 we will also set out in more detail how we intend to meet the recommendations regarding Task Force on Climate-Related Disclosures (TCFD) thereby improving our communication regarding our climate change performance to investors and other stakeholders.

As part of our sustainability review, we have engaged with all our key stakeholder groups to shape our long-term approach and share details of our engagements in our Section 172(1) Statement on page 58 to 64.

In November we convened our first Sustainability Forum, drawn from across the business, and including all disciplines and levels of experience, to act as both a sounding board for our proposals, and as enthusiastic ambassadors throughout the business. Key to our plans going forward are two new senior roles, being a Group Sustainability Manager and Group Sustainability Technical Manager, which we are in the process of recruiting for appointment in early 2021.

For each of our sustainability priorities, which are aligned to our strategic priorities, we operate a framework of Group policies and procedures, all underpinned by our values of Integrity, Caring and Quality. These policies are introduced to employees in our induction process, are available on our intranet, and are shared with our suppliers.

Compliance is monitored quarterly, with all Group and regional leaders required to confirm that they, and their teams, have abided by the policies.

An FW: ARA amends y suspected policy non-conformities can be raised in accordance with our "Speak Up" Policy. This policy continues to evolve and not only details the whistleblowing process but reflects the company's commitment to openness and proactively raising concerns.

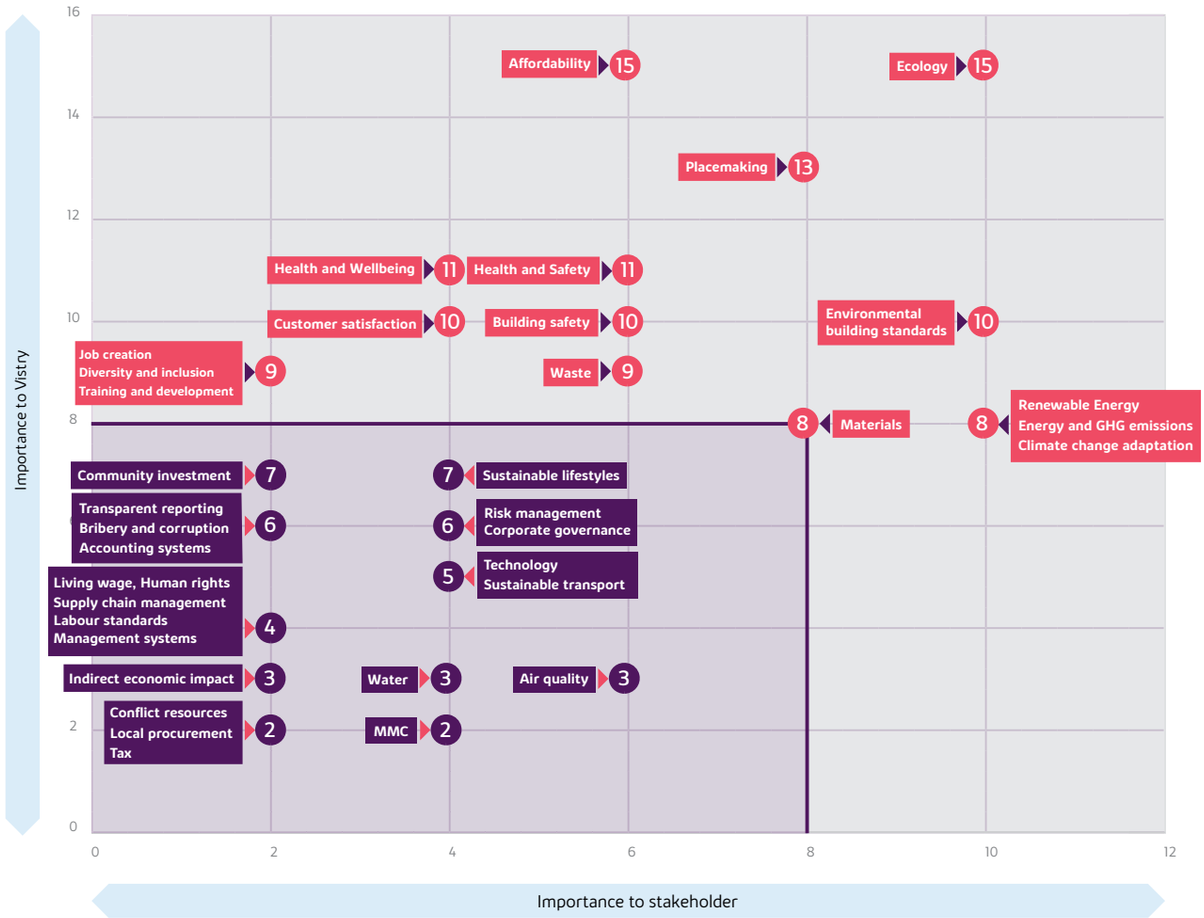
Priorities for 2021

Our priority for 2021 is to lay the foundations of a sustainability strategy that reflects our position as one of the UK's leading homebuilders and our strategic priorities will deliver our purpose of building sustainable new homes and communities across all sections of the housing market.



Materiality Review Prioritisation Exercise

The Group materiality review assessed the impact of our business activities on 37 environmental, social and governance issues to identify which issues matter most for our stakeholders and present long-term value creation risks and opportunities for our investors.



Our materiality review identified 11 material issues that are managed under the Group's core strategic focus areas:

Vistry Group exists to develop sustainable new homes and communities accross all sectors of the UK housing market



- Customer satisfaction
- Placemaking

- Jobs and training
- Diversity
- Health and wellbeing

- Ecology and Green infrastructure
- Building standards
- Affordable housing

- Waste and materials
- Climate change
- Health and safety

Sustainability report

These 11 issues form the foundation of our Sustainability Strategy and will be managed across both our Homebuilding and Partnerships businesses. We have set targets for each of these issues for 2021, which reflect the objectives of the UN Sustainable Development Goals (UNSDGs) that are material to our business activities.

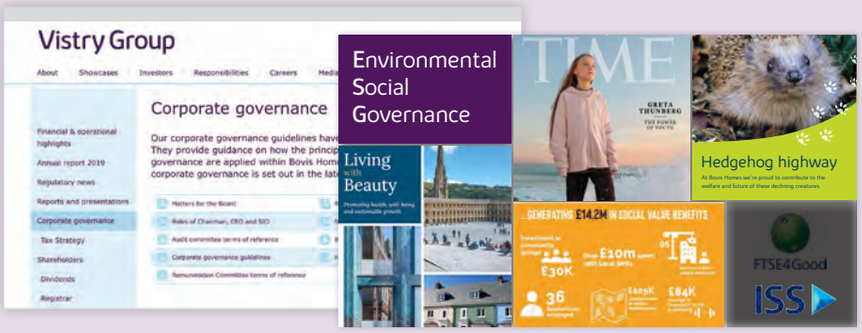
In addition Vistry is committed to upholding the highest standards of corporate governance, human rights and labour standards and our approach to these essential compliance issues are set out in detail in our corporate policies and throughout this report.

For information about how we manage the risk of modern slavery please see page 29. A light touch review of material issues and strategic objectives will be undertaken annually as part of our corporate reporting process, with a more detailed materially review to be carried out every three years.

To help us implement this strategy we will be investing in the following areas in 2021:

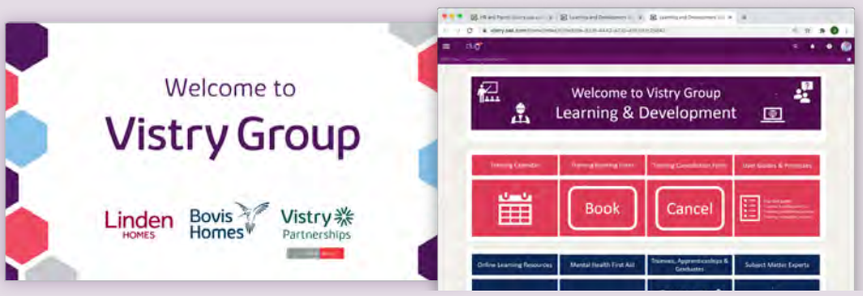
1 Organisational structure and governance:

Appointing two new senior roles to bolster our strategy execution and to oversee the design of sustainability in our homes and infrastructure.
To ensure we have appropriate focus across the breadth of our Group, we will continue to further embed sustainability champions across all our business units.



2 Skills and mindset:

New training and policies to raise internal awareness, including a new induction programme and a graduate scheme that will be at the centre of the new focus on sustainability.



3 Collaboration & partnerships:

Enter into strategic conservation and environmental partnerships to help achieve bio-diversity net gain and our roadmap to net carbon zero. In addition, we will continue to leverage expertise with the Supply Chain Sustainability School.

GOLD
SUPPLY CHAIN SUSTAINABILITY SCHOOL

Bat Conservation Trust
www.bats.org.uk

4 Communications:

We will invest in our external website to include improved visibility of our strategy, targets and performance indicators. Our sales materials and brochures will promote green space, placemaking and sustainable benefits of our homes. Internally we will ensure our people receive updates on the strategy and our performance throughout the year.

dug

Vistry voice

integrity Caring Quality IQ

Your Vistry views

Do the right thing



Vistry is committed to upholding the highest standards of corporate governance, human rights and labour standards

Sustainability report

Aligned to our vision and strategic framework, our 2021 targets are set out below which are aligned to UN Sustainable Development Goals (UNSDGs). The SDGs, set in 2015 by the United Nations General Assembly are intended to be achieved by the year 2030, for which Vistry Group is fully committed.

Priorities	Issue	Target	UNSDG
Our people	Jobs and training Page 28	Design and implement a new strategy for people development Extend skills academy concept to every new large regeneration site Implement a Learning Management system (LMS) that maximises employee learning opportunities	8 DECENT WORK AND ECONOMIC GROWTH
	Health and wellbeing Page 29	Develop and implement an employee wellbeing programme Deliver year-on-year improvement in employee retention Deliver a year-on-year reduction in absenteeism Establish a national charity partnership with MIND	3 GOOD HEALTH AND WELL-BEING
	Diversity and inclusion Page 29	Develop and implement a diversity and inclusion strategy	10 REDUCED INEQUALITIES 5 GENDER EQUALITY
Our operations	Waste and resources Page 36	Achieve an annual 5% reduction in waste intensity tonnes/unit Retain recycling rate of over 95%	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Climate change Page 38	Deliver a 5% reduction of in GHG emissions intensity in 2021 (tCO_2e/m^2) Set a science based target for delivering Net-Zero Carbon across the Group's operations	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Our homes and communities	Placemaking Page 40	Use the Vistry social value toolkit to implement placemaking strategies on at least one mixed-tenure development in all Vistry Partnerships business units in 2021 Invest equivalent of 0.1% of PBIT with charities and community organisations.	11 SUSTAINABLE CITIES AND COMMUNITIES
	Ecology Page 42	Implement an action plan during the year to achieve 10% bio-diversity net-gain across the Group	15 LIFE ON LAND
	Building Standards Page 42	Develop a roadmap and set a target for all Vistry homes to be designed to Net-Zero Carbon standards	13 CLIMATE ACTION
	Affordable housing Page 42	As part of Project 6,000, deliver a year-on-year increase in additional affordable homes delivered beyond policy compliance	11 SUSTAINABLE CITIES AND COMMUNITIES

Revised plans see new part of Cam community taking shape around Roman villa remains...

The new homes being built around Roman villa remains in Cam are proving popular with house buyers as a new part of the community starts taking shape around the historic find. The remains, at Bovis Homes' Millfields location in Cam, survived unprotected for almost 2,000 years before being uncovered during archaeological work ahead of the construction of new homes.

Artefacts have now been taken away from the site and the foundations of the villa extensively recorded before being carefully backfilled with specialist sand, in accordance with Historic England requirements, to ensure continued preservation. The development has since been redesigned by the Group so no homes are built on top of the villa site, and the new location that is taking shape near Cam and Dursley railway station is now proving popular with those looking to discover a modern property gem. Sharon Nash, regional marketing manager at Vistry Cotswolds, said: *"Bovis Homes' Millfields location is proving very popular with home buyers, we've been so impressed with the high levels of demand and sense of community here in Cam.*

"The Roman villa remains are a wonderful part of our Millfields development and we're delighted to preserve these finds and celebrate them with the local community." Following the discovery of the villa foundations and other materials, including pottery, last year, two public events were held to showcase the findings, with tours led by the housebuilder's consultant Thames Valley Archaeological Services (TVAS). To view a video of the remains, including an explanation of the findings and their historical context, visit Bovis Homes' YouTube channel. Nigel Lush, Cotswold regional technical director at Bovis Homes, said: *"Bovis Homes is very proud to preserve a valuable part of Cam's history and an information board, at the location of the remains, has been placed for the community. We'd also like to thank TVAS for their commitment and support throughout the findings and preservation process. "We've been working closely with the local community and local councillors, to work through a coordinated approach to maintaining the villa and we're delighted to preserve these historical artefacts. "We redesigned our development after discovering the remains, so that no homes are built on top and have done all we can, with TVAS, to ensure these findings last forever."*

Among the uncovered stonework is a bath house annexe, with a cold pool and a hypocaust – which would have heated the bath house – plus, some personal items including coins, pins, broaches and spoons. There are also fragments of pottery and animal bones. Agata Socha-Paszkiewicz, regional office manager at TVAS (South West) in Taunton, said: *"With the condition of the walls and the setting within the site, the best action was to rebury the remains. They have been reburied by the specification provided by Historic England, using the proper method and record of the findings and their location is stored for everyone to see and for future works. "Bovis Homes decided to go much further than it is legally obliged to. We have full excavation and preservation by record and in situ, which Bovis Homes agreed to do and pay for, and agreed to redesign their development."*

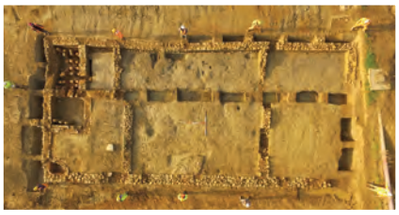
"The Roman villa remains are a wonderful part of our Millfields development and we're delighted to preserve these finds and celebrate them with the local community."

Sharon Nash, Regional Marketing Manager at Vistry Cotswolds









Sustainability report

Climate change

Vistry acknowledge we have a key part to play in minimising our environmental impact and carbon footprint of our operations to ensure the long-term sustainability of the homes we build.

A key and critical element of the work we have committed to following the review is to produce a roadmap towards a science-based approach to achieving Net-Zero Carbon emissions in advance of government requirements.

We plan to announce our targets no later than our half year results in September 2021.

We will comply with TCFD requirements (Task Force on Climate Related Disclosures) and in readiness are undertaking a comprehensive climate change and risk assessment, which is summarised below:

Climate change and risk assessment

Governance

Visty Group's board's oversight of climate-related risks and opportunities:

Responsibility for managing climate related risks and opportunities resides with the ELT and our COO is the executive sponsor.

Homes and Partnerships CEOs are responsible for managing climate related risks in their respective businesses and reporting performance to the ELT and PLC board. These responsibilities are cascaded down to business unit MDs who report at their respective boards to divisional CEOs.

A central sustainability team is responsible for implementing our strategy to reduce the impact of our operations on the climate.

Our COO chairs a quarterly sustainability forum which is attended by 25 champions with representatives from all business units and business functions. The management of physical and transitional climate risks are an agenda item for all meetings.

Mandatory standards will be embedded in to our control framework with each business unity entity self-assessing their compliance quarterly. Results will be presented to our Audit Committee.

Strategy

The climate-related risks and opportunities Vistry Group has identified over the short, medium and long-term.

Following the Acquisition of Linden Homes and our Partnerships business a carbon footprint baseline was undertaken in 2020. This included standardising our data collection processes across our Homes and Partnerships businesses.

We also undertook a review of our energy providers as part of our Group buying practices and we are acting to merge all of our gas and electricity usage to one energy broker, who will provide 100% renewable energy across all of our offices and sites.

Group Commercial and Technical teams have teams have undertaken a product review to identify the costs associated with meeting the future homes standards and the Group took the decision to allow for the additional cost of meeting new Part L Building Standards in all land acquisitions during the year. Further work will be undertaken in 2021 to mitigate the impact of changes to existing sites where homes will be subject to the new regulations.

Risk management

Vistry Group's processes for identifying and assessing climate-related risks.

Climate related risks were assessed as part of the materiality review undertaken in 2020. This included:

- Review of legislative risks up to 2050
- Review of planning policy in key local authority areas for the Group
- Consultation with RP and investor clients
- Consultation with shareholders to understand their priorities

A detailed risk assessment of climate related risks will be carried out in 2021 as part of approach to Net-Zero Carbon.

Metrics and targets

The metrics and targets used by Vistry Group to assess and manage relevant climate related risks and opportunities where such information is material.

- KPIs are currently being formulated as part of our risk assessment and will form part of our science based approach to Net-Zero Carbon.





Governance	Strategy	Risk management	Metrics and targets
Management's role in assessing and managing climate-related risks and opportunities: At the end of 2020 the Group CEO directed a refreshed board report for the Homes and Partnerships Executives which requires monthly reporting of performance against climate change targets.	**The impact of climate-related risks and opportunities on Vistry Group's businesses, strategy and financial planning.** A full risk assessment of physical and transitional climate related risks will be undertaken in 2021. This will include: • Setting a science based target to deliver Net-Zero Carbon business operations – this will include indicative costs and plans for utilizing green finance • Establishing a roadmap for ensuring all Vistry homes are designed to a zero-carbon standard – this will include different cost scenarios • Undertaking a flood risk assessment of the Vistry Group land bank based on different climate change scenarios • Undertaking a product review of the impact of overheating on our standard house types for different climate scenarios	**Vistry Group's processes for identifying and assessing climate-related risks.** Risk assessment activities to be undertaken in 2021 • Carbon footprinting of scope 1 and 2 emissions to re-baseline following Covid-19 • Scope 3 emissions footprinting – third party assessment of embodied carbon • Product review to test resilience and efficiency to deliver zero carbon homes that can be designed to different climate scenarios • Flood risk assessment of land bank for different climate scenarios	**The metrics used by Vistry Group to assess climate-related risks and opportunities in line with its strategy and risk management process.** • Electricity site & office kWh • Diesel kWh • Gas kWh • Renewables kWh • Scope 1 GHG emissions • Scope 2 GHG emissions • Renewable energy capacity installed (GW) • SAP calculation & EPCs
The role of Vistry Group's management in assessing and managing climate-related risks and opportunities. During 2021 and as part of our work to develop a Net-Zero Carbon strategy the ELT will oversee a detailed risk review into the physical and transitional climate related risks in line with TCFD guidelines and will report in 2022.	**The impact of climate-related risks and opportunities on Vistry Group's businesses, strategy and financial planning.** Vistry Group continues to work alongside government and industry to support the policy landscape of the Future Homes Standard and Net -Zero commitments. Our roadmap has identified the challenges that need to be developed, which we will work through during 2021 through research and engagement with all relevant stakeholders.	**Vistry Group's processes for managing climate-related risks.** Update to be provided in 2022 following risk assessment.	**Scope 1, Scope 2 and, if appropriate, Score 3 greenhouse gas (GHG) emissions and the related risks.** Reported annually and available within Our operations section (pages 34 to38)
	The impact of Vistry Group's climate related risks and opportunities on the organisation's businesses, strategy and financial planning. We have reviewed our assumed land viabilities and value to adjust for climate related risks and opportunities. This will be reviewed continuously as our risk assessment details further risks and opportunities.	**Vistry Group's processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.** Update to be provided in 2022 following risk assessment.	**The targets used by Vistry Group to manage climate related risk and opportunities and performance against targets.** • Deliver a 5% reduction of in GHG emissions intensity in 2021 (tCO_2e/m^2) • Set a science based target for delivering Net-Zero Carbon across the Group's operations • Develop a roadmap and set a target for all Vistry homes to be designed to Net-Zero Carbon standards.

Vistry Group





The Silk Mill, East Hanney

Financial review | Earl Sibley



Trading performance

The Group delivered a solid financial performance in light of the challenges from Covid-19. In particular, the strong performance of the Partnerships business growing revenue and margin, demonstrating its robust characteristics despite the market pressure.

In line with the strategy at the time of the Acquisition, the Group integrated the Housebuilding businesses of Linden Homes and Bovis Homes swiftly to deliver synergies ahead of expectations and at a lower cost. Delivering across these key areas contributed to the strong cash delivery in the year resulting in a net cash balance and enabling the Group to return to paying dividends.

Total completions

During the year the Group delivered 6,131 (2019: 3,867) legal completions[13], including 100% of JV completions, representing a 58.6% increase on the prior year. This was driven by the Acquisition which completed on 3 January 2020, however was lower than expectations as a result of the Covid-19 pandemic and the temporary closure of developments during the first nationwide lockdown.

	2020	2019	% Change
Housebuilding			
- Private	3,010	2,625	+14.7%
- Affordable	822	1,184	-30.6%
- JV's (100%) Private	658	53	+>100%
- JV's (100%) Affordable	162	5	+>100%
Total housebuilding	**4,652**	**3,867**	**+20.3%**
Partnerships			
- Mixed tenure	871	-	n/a
- JV's (100%) Private	397	-	n/a
- JV's (100%) Affordable	211	-	n/a
Total mixed tenure	**1,479**	**-**	**n/a**
Total completions	**6,131**	**3,867**	**+58.6%**
Partner delivery units	**2,823**	**-**	**n/a**

Proforma completions analysis

During the same period in 2019 on a proforma basis[15] the Group delivered 8,042 legal completions representing a decrease of 23.8% in 2020.

	2020	2019	% Change
Housebuilding			
- Private	3,010	4,088	-26.4%
- Affordable	822	1,850	-55.6%
- JV's (100%) Private	658	687	-4.2%
- JV's (100%) Affordable	162	259	-37.5%
Total housebuilding	**4,652**	**6,884**	**-32.4%**
Partnerships			
- Mixed tenure	871	628	+38.7%
- JV's (100%) Private	397	260	+52.7%
- JV's (100%) Affordable	211	270	-21.9%
Total mixed tenure	**1,479**	**1,158**	**+27.7%**
Total completions	**6,131**	**8,042**	**-23.8%**
Partner delivery units	**2,823**	**2,556**	**+10.4%**

(15) Prior year divisional completions and revenue represent proforma 2019 divisional completions and revenues calculated using published data for Linden Homes and Vistry Partnerships for the period from 1 January 2019 to 31 December 2019. No further proforma information is provided as the previously published data is not considered to be comparable due to the need to align accounting policies.

Revenue

Total adjusted revenue[11], including share of JV revenue, was £2,040.1m, 79.1% higher than prior year (2019: £1,139.2m) and 21.3% lower on a proforma basis (2019: £2,592m). On a reported basis revenue was £1,811.7m, 60.2% higher than last year (2019: £1,130.8m).

Adjusted gross and operating profit

Adjusted gross profit[16] was £318.8m in 2020 (adjusted gross margin: 15.6%), which compares to £255.3m in 2019 (adjusted gross margin: 22.4%).
The margin was impacted by sites closing during the first national lockdown due to Covid-19, including the impact of non-productive site overhead costs being expensed directly to the income statement which under normal productive circumstances would be capitalised into inventory and recognised in the income statement as homes complete. There were also costs incurred relating to the closing and reopening of sites as a result of lockdown, and implementation of Covid-19 safe working procedures and health and safety precautions. The direct costs identified relating to Covid-19 recognised in the income statement totalled £10.2m; these costs were all incurred in the first half of the year. In December 2020 Vistry repaid a total of £7.1m of furlough claim income received from the Government's Job Retention Scheme. This included £6.3m which was received during HY20, positively impacting profit in the first half of the year. The repayment in the second half of the year meant the income was reversed.

Adjusted operating profit[11] is £171.0m (2019: £194.4m). This includes the increased overhead costs of the enlarged Group following the Acquisition, primarily resulting from higher employee numbers and additional establishment costs.

Adjusted operating margin[11] was 8.4% (2019: 17.1%). Reported operating profit was £91.7m (2019: £179.7m profit).
The Group delivered an adjusted profit before tax[11] of £143.9m (2019: £188.2m)

On a reported basis the Group saw a profit before tax for the year ended 31 December 2020 of £98.7m, comprising operating profit of £91.7m after exceptional costs of £31.0m, net financing charges of £7.9m and share of JV profit of £14.9m. This compares to £174.7m of profit before tax in 2019, which comprised £179.7m of operating profit, £6.8m of net financing charges and share of JV profit of £1.8m.

Housebuilding

Housebuilding total completions including 100% of JVs at 4,652 included 984 affordable homes representing 21.1% of total completions (2019: 1,189 affordable homes, 30.7% of total completions).

Housebuilding pricing remained firm through the year and overall we saw a modest increase in underlying prices, with the average sales price for our private homes in housebuilding having increased 0.4% to £343,200 (2019: £341,700). The total average sales price increased by 8.0% to £302,500 (2019: £280,200) driven by a lower proportion of affordable.

Included within Housebuilding revenue is £17.2m revenue (2019: £49.2m including partnership land sales) related to land sales, including the sale of a parcel of land on our large scale development at Twigworth.

Housebuilding adjusted gross profit[16] of £231.2m and housing adjusted gross margin of 17.6%, were impacted by Covid-19 direct costs in the year totalling £8.6m which had a 0.7% impact on housing adjusted gross margin. Additional costs relating to implementing safe working practises and the reduced operating efficiency on site are estimated to have a further 0.9% impact on adjusted gross margin.

Housebuilding gross margin is also impacted by our policy of recognising direct sales and marketing costs in the year they arise, similar to administrative expenses, rather than apportioning them by volume. The impact of this, on margin, due to the lower than expected volume was c. 0.7% in the year. The Group also recognised costs relating to the impairment of inventory totalling £5.7m in the year (2019: £0.3m). In addition, the mix of homes completed in the year included a higher proportion of completions from sites that had been largely built out at the beginning of the year which had, on average, a lower margin.

The housing gross margin saw a step up in the second half and a further step up is expected in 2021 as the business moves towards delivering a gross margin in line with the embedded land bank margin of 24.2% in the future. This must include an estimate for the additional costs of implementing future building regulations (Part L) for all appropriate plots.

Housebuilding[11, 13]

	2020	2019	% Change
Total completions incl. 100% JVs	**4,652**	3,867	+20.3%
Adjusted revenue	**£1,311.8m**	£1,139.2m	+15.2%
Adjusted gross profit	**£231.2m**	£255.3m	-9.4%
Adjusted gross margin	**17.6%**	22.4%	-4.8pps
Adjusted operating profit	**£139.4m**	£207.1m	-32.7%
Adjusted operating margin	**10.6%**	18.2%	-7.6pps
TNAV[17]	**£1,491m**	£922m	+61.9%

(16) Adjusted gross profit includes contribution of joint ventures and other operating income, before exceptional items

(17) TNAV represents tangible net assets excluding net cash or debt

Financial review | Earl Sibley

In 2020 the Group saw low levels of cost inflation and expects this to continue into 2021 with benefit coming through of supplier agreements re-negotiated as a consequence of the Acquisition. The Group also benefitted from material supply synergies in the full year.

Housebuilding adjusted operating profit of £139.4m and adjusted operating profit margin of 10.6%. Whilst the Group has restructured to realise synergies and ensure Housebuilding has an efficient overhead going forwards the adjusted operating margin reflects the increased overhead from the enlarged group spread across lower than expected volumes.

Partnerships [11]

Adjusted revenue from Partnerships in the year totalled £728.3m, made up of £489.5m from partner delivery (contracting) and £238.7m from mixed tenure operations.

Partnerships sold a total of 1,479 units from its mixed tenure operations, including JVs, with an average selling price of £203,900k and partner delivery revenue generated equivalent units of 2,823.

Adjusted operating profit[11] of £48.6m and adjusted operating profit margin[11] of 6.7% are impacted by Covid-19 as well as a full overhead cost being incurred despite reduced volumes.

The adjusted operating margin reflects an improvement to the proforma operating margin reported by the Partnerships business for the full year to the 30 June 2019 of 5.6%.

This improvement reflects the strong counter cyclical nature of the business including a high proportion of pre-sold homes and a strategy of aggressively growing the mixed tenure element of the business and administrative costs benefiting from synergies in the enlarged group.

Non-underlying and group costs

The reported Group segment of the business includes the non-underlying exceptional restructuring costs of £20.0m (2019: £13.6m), related to the Acquisition.

In addition, the Group has recognised an exceptional charge of £11.0m in relation to the potential financial liabilities for legacy property building safety.

The Group segment reported direct PLC costs totalling £17.0m (2019: £12.7m), including the costs of the PLC Board, share based payments and related items.

Financing and Taxation

Net financing charges during the year were £7.9m (2019: £6.8m). Net bank interest and commitment fees were £18.5m (2019: £1.9m), as a result of higher net debt during 2020 following the Acquisition and supporting the enlarged Group. We incurred a £4.6m charge (2019: £3.4m), reflecting the imputed interest on land bought on deferred terms. JVs which are funded through loans are charged interest by the Group, which generated the majority of the £18.2m of finance income recognised (2019: £0.8m).The significant increase on prior year is driven by the additional loans to JVs with the acquired businesses.

Partnerships[11, 13]

	2020
Total completions incl. 100% JVs	1,479
Adjusted revenue	£728.3m
Adjusted operating profit	**£48.6m**
Adjusted operating margin	**6.7%**
TNAV[17]	**(£30m)**

The Group has recognised a tax charge of £21.9m at an effective tax rate of 22.1% (2019: £36.4m at an effective rate of 20.8%). The effective tax rate is driven by non-deductible exceptional costs. The Group has a current tax asset of £14.4m in its balance sheet as at 31 December 2020 tax liability at 31 December 2019: £20.9m.

Dividends and earnings per share

During a period of significant uncertainty in late March the Board focused on protecting the Group's cash position, liquidity and maintaining a robust balance sheet. The decision was taken that no interim dividend would be paid in respect of H1 2020. A final dividend of 20 pence per share (2019: 41.9 pence) has been declared and, subject to shareholder approval at the AGM, will be paid on 21 May 2021 to holders of ordinary shares on the register at the close of business on 26 March 2021. Total ordinary dividends for the year are therefore 20 pence per share (2019: 61.5 pence).

Both adjusted basic EPS before exceptional expenses and amortisation of acquired intangibles of 52.6p (2019: 104.3p) and basic EPS of 34.8p (2019: 94.6p) have decreased year on year, by 49.6% and 63.2%, respectively.

Acquisition and Integration

The Group completed the Acquisition on 3 January 2020, at a cost of £1,233.5m including £378.1m in cash and £855.4m in shares. The novation of £108.2m in USPP Notes Payable is classified as an acquired liability and not consideration.

As shown in the table below, the Acquisition resulted in the recognition of £155.0m of intangible assets related to the Linden Homes and Drew Smith brand names, as well as customer relationships and secured contracts held by the acquired businesses. Goodwill of £547.5m has been recognised, reflecting intangible assets which do not qualify for separate recognition including relationships with private customers and the assembled workforce, in addition to future prospects and the synergies that will be achieved as an enlarged business going forwards.

Purchase consideration	Linden Homes	Partnerships	Total
Cash	76,300	301,800	378,100
Shares consideration	815,698	39,685	855,383
Total purchase consideration	**891,998**	**341,485**	**1,233,483**
Reflecting:			
USPP notes payable	-	(108,219)	(108,219)
Intangible assets	54,800	100,224	155,024
Net tangible assets	608,870	30,299	639,169
Goodwill	228,328	319,181	547,509
Total net assets recognised	**891,998**	**341,485**	**1,233,483**

Exceptional costs of £20.0m have been recognised in the income statement relating to the Acquisition, primarily driven by redundancy costs, integration costs from moving the enlarged business onto consistent processes and systems, closed office costs, and rebranding. The initial expectation for the costs to achieve synergies and integration were £35m, the current estimate is c. £27m in total, with c. £7m expected in 2021.

At the time of the Acquisition the integration of the new businesses into the Vistry Group was expected to achieve synergies of c. £35m. The Group is now targeting synergies of c. £44m on an annualised basis from 2022 onwards with synergies of c. £25m arising in 2020. The full impact of synergies from 2022 onwards is expected to come through cost of sales at a rate of c. £25m per annum and administrative expenses of c. £19m per annum.

Net assets and cash flow

As at 31 December 2020 net assets of £2,195m were £923m higher than at the start of the year, primarily resulting from the Acquisition. Net assets per share as at 31 December 2020 were 988p (2019: 857p).

Goodwill and intangibles totalled £691.1m at 31 December 2020 (2019: £4.3m), directly resulting from the Acquisition.

Tangible net assets increased from £905.6m at 31 December 2019 to £1,466.1m at 31 December 2020, again primarily driven by the addition of the acquired balances in January 2020.

Within tangible net assets, inventories increased during the year by £628.8m to £1,836.5m. This balance reflects the slow down in land acquisition early in the year.

Trade and other receivables increased by £126.3m. Trade and other payables increased by £558.5m and includes land creditors which increased by £64.4m to £323.2m (2019: £258.8m).

As at 31 December 2020 the Group's net cash balance was £38.0m. Having started the year with net cash of £362.0m, the Group generated an operating cash inflow before land expenditure of £440.9m (2019: £281.4m). Net cash payments for land investment were increased at £259.0m (2019: £184.7m). During the second half the group has continued to achieve good deferred terms on new land investment as well as securing a number of new sites on a conditional basis. This has typically been on a subject to detailed planning basis, delaying the initial land payments closer to the time when development on site will commence and supporting return on capital employed. Investing cash outflows totalling £383.8m includes the £394.6m cash consideration for the Acquisition net of overdraft acquired, as well as loans made to and investments made in joint ventures and dividends received from joint ventures. Financing cash inflows of £181.2m include £200m of loan drawdowns net of repayments, no dividends were paid in the year.

At 31 December 2020 the Group has borrowing facilities of £770m, including a 5 year committed revolving credit facility of £410m, a 3 year revolving credit facility of £40m, £150m of 3 year term loans, a £100m US Private Placement facility and £70m of additional facilities. In addition, Vistry Group have been confirmed as eligible for the CCFF, for borrowing of up to £300m although the Group has no expectation of using this facility.

Financial review | Earl Sibley

Land bank

Housebuilding land bank

The average selling price of all units within the consented land bank increased over the year to £306,000, 2.3% higher than at 31 December 2019. The estimated embedded gross margin in the consented land bank as at 31 December 2020, based on prevailing sales prices and build costs is 24.2% (June 2020: 24.2%). This embedded margin includes new acquisitions estimated to deliver on average 25% gross margin based on the appraisal at the time of acquisition and trading out of older sites with lower margins all of which have been impacted to a greater or lesser extent by Covid-19 in the year.

In addition we have increased the cost base in the land bank to include our current estimate of costs for elements of the Future Homes Standards (Part L).

The Housebuilding land bank including joint ventures of 31,994 plots as at 31 December 2020 represents c. 4.3 years of supply based on the 2020 completion volume.

The land bank reflects our strategy to deliver controlled growth in Housebuilding completions year on year in the medium term and maintain an optimal land bank at 3.5 to 4.0 times.

The Housebuilding business has the capacity from its existing operating structure to deliver up to 8,000 homes in the long term.

The 4,652 plots that legally completed in the year were replaced by a total of 3,195 plots from a combination of site acquisitions representing 2,022 plots and conversion of 1,173 plots from our strategic land pipeline and a further 3,086 plots secured on a conditional basis across 14 sites.

Investment in the land bank was paused during the first half of the year in response to Covid-19 however during the second half the Group has been active in a good land market and has maintained its total controlled land bank plots whilst reducing the land creditor balance.

Partnerships land bank

The average selling price of all units within the consented land bank at the year end was £282,000. The estimated embedded gross margin in the consented land bank as at 31 December 2020, based on prevailing sales prices and build costs is 18.1%.

The Partnerships land bank including joint ventures of 8,224 plots as at 31 December 2020 reflects our strategy to grow the level of mixed tenure development to contribute to the delivery of completions and partner delivery units in aggregate of c. 6,000 per year.

The 1,479 mixed tenure plots that legally completed in the year were replaced by acquisition of 1,505 plots on 5 sites and a further 866 plots were conditionally contracted on 6 sites. Based on our appraisal at the time of acquisition, the new additions, on average are expected to deliver a future gross margin of 17% and ROCE of 40%. The margin and ROCE on each new development will to some extent, reflect the risk and reward trade off that comes from the proportion of pre-sold volume specific to the development opportunity.

Public sector land continues to be a strong source of opportunities for Partnerships and in the year, we exchanged contracts with Homes England on five sites. In addition, we have obtained detailed planning on two Homes England sites - Sandymoor, Runcorn and Lea Castle, Kidderminster, which will provide over 900 new homes.

Housebuilding land bank

As at 31 December 2020	2020	2019
Consented plots added	6,281	4,531
Sites added	31	18
Sites owned at year end	199	116
Sites controlled at year end	14	-
Total plots in land bank at year end incl. joint ventures	**31,994**	17,328
ASP including share of joint ventures	**£306,000**	£299,000
Average consented land plot ASP	**£46,000**	£46,411

Partnerships Land Bank

As at 31 December 2020	2020
Consented plots added	2,371
Sites added	11
Sites owned at year end	50
Sites controlled at year end	6
Total plots in land bank at year end including joint ventures	**8,224**
Average consented land plot ASP	**£282,000**
Average consented land plot cost	**£31,000**

Strategic land

As at 31 December 2020	Total sites	Total plots
0 – 150 plots	42	3,253
150 – 300 plots	46	10,362
300 – 500 plots	14	5,610
500 – 1,000 plots	16	9,995
1,000 + plots	4	4,833
Total	**122**	**34,053**
Planning agreed	16	6,416
Planning application	8	2,221
Ongoing promotion	98	25,416
Total	**122**	**34,053**

Strategic land

Strategic land continues to be an important source of supply and during the year, 1,173 plots have been converted from the strategic land pipeline into the consented land bank. A further 2,856 plots were contracted under options and planning consent gained on 848 plots over the year.

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

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.

Following the Acquisition and Covid-19 pandemic the Board have considered additional risks to the Group presented by the Partnerships business.

In particular the risks in respect of the partner delivery element of the business, understanding the process for tendering new work, ongoing management oversight of contracts and the commercial controls in place.

The outbreak of Covid-19 in 2020 required the Group to respond quickly and carefully to protect the health and wellbeing of our employees, customers, suppliers and wider society. The Executive Leadership Team has been, and continues to be, focussed on managing the business to balance the protection of profitability and preservation of operating cash flow with the long-term needs of the Group, and conserving cash in a time of great uncertainty.

Other than the above, the directors consider that the principal risks and uncertainties facing the Group remain those that are outlined on pages 50 to 55 of the Annual Report and Accounts 2020, which is available from **vistrygroup.co.uk**.



Earl Sibley
Chief Financial Officer

"Vistry Partnerships demonstrated its strong market resilience during the year"

Strategic report approval

The strategic report outlined on pages 2 to 81, incorporates the financial highlights, the Chairman's statement, the strategic review, the Chief Executive's report, the financial review, the principal risks and uncertainties review and corporate social responsibility review.



By Order of the Board
Earl Sibley, Chief Financial Officer
4 March 2021

Directors and officers



1 Ian Tyler



2 Ralph Findlay



3 Chris Browne



4 Nigel Keen



5 Katherine Innes Ker



6 Mike Stansfield



7 Greg Fitzgerald ELT



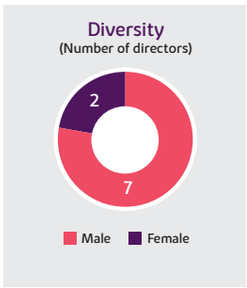
8 Graham Prothero ELT

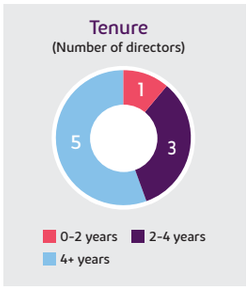


9 Earl Sibley ELT



10 Martin Palmer ELT







11 Keith Carnegie ELT

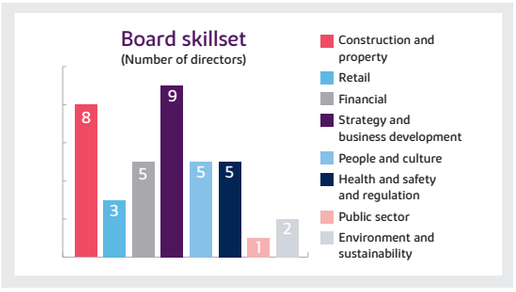


12 Stephen Teagle ELT



13 Debbie Hulme ELT

- Vistry Group PLC
- Executive Leadership Team
- Company Secretary
- Vistry Housebuilding
- Vistry Partnerships



1 Ian Tyler

Non-executive Chairman

Committee membership: Nomination Committee

Date appointed: 29 November 2013

Experience: Ian is Chairman of Affinity Water Limited, AWE Management LTD and Amey PLC. He was Chief Executive of Balfour Beatty plc from 2005 to March 2013, having joined the company in 1996 as Finance Director and becoming Chief Operating Officer in 2002. He is a Chartered Accountant and prior to 1996 was Financial Comptroller of Hanson and Finance Director of ARC Ltd, one of its principal subsidiaries, and held financial roles at Storehouse plc. He was Chair of Cairn Energy PLC until December 2020, a Non-Executive Director of Mediclinic International plc until February 2017 and Cable & Wireless Communications Plc until September 2015, where he was also Chairman of its audit committee, and a Non-Executive Director of VT Group plc until 2010.

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

External directorships: ***Listed:*** Non-Executive Director of BAE Systems plc. ***Non-listed:*** Chair of Affinity Water Limited, Chair of Amey PLC, a subsidiary of Ferrovial S.A., Chair of AWE Management Ltd (a joint venture company between Lockheed Martin, Jacobs Engineering and Serco).

2 Ralph Findlay

Independent Non-executive Director and Senior Independent Director

Committee membership: Chairman of the Audit Committee and member of the Nomination and Remuneration Committees

Date appointed: 07 April 2015

Experience: Ralph is a Chartered Accountant and is Chief Executive Officer of Marston's PLC, a position he has held since 2001, having been Finance Director from 1996 to 2001 and Group Financial Controller from 1994 to 1996. He previously held roles with Geest plc as Group Chief Accountant, Bass plc as Treasury Manager and qualified and worked with Price Waterhouse as a specialist in financial services.

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

External directorships: ***Listed:*** Chief Executive of Marston's PLC. ***Non-listed:*** Chair of Carlsberg Marston's Brewing Company and director of the British Beer & Pub Association.

3 Chris Browne OBE

Independent, Non-executive Director

Committee membership: Nomination, Remuneration and Audit Committees

Date appointed: 01 September 2014

Experience: Chris was appointed as a Director of Norwegian Air Shuttle ASA, a company listed in Oslo, on 30 June 2020. Chris was 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 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 directorships: ***Non-listed:*** Independent board member of Norwegian Air Shuttle ASA.

4 Nigel Keen

Independent Non-executive Director

Committee membership: Chairman of the Remuneration Committee, member of the Nomination and Audit Committees

Date appointed: 15 November 2016

Experience: Nigel is a Non-Executive Director at PPHE Hotel Group Limited. 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. He 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, having trained as a Quantity Surveyor.

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

External directorships: ***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.

5 Katherine Innes Ker

Independent Non-executive Director

Committee membership: Nomination, Remuneration and Audit Committees

Date appointed: 09 October 2018

Experience: Katherine is a Non-Executive Director at Go-Ahead Group PLC, Chair of the Mortgage Advice Bureau (Holdings) plc, and Senior Independent Director and Chair of the Remuneration Committee of building products company Forterra plc. Katherine was a Non-Executive Director of Taylor Wimpey plc from 2001 to 2011 and Chair of the 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 directorships: ***Listed***: Go-Ahead Group PLC, Chair of the Mortgage Advice Bureau (Holdings) plc, Forterra PLC. ***Non-listed:*** Independent Chair of the Remuneration Committee of Balliol College, Oxford and member of the Management Board of the Bonavero Institute of Human Rights, Oxford University.

6 Mike Stansfield

Independent Non-executive Director

Committee membership: Nomination, Remuneration and Audit Committees

Date appointed: 28 November 2017

Experience: Mike is Non-Executive Chairman of Braidwater Limited and a Non-Executive Director of Moulded Foams Limited, both private equity backed companies. During his executive career he was Chief Executive of David Wilson Homes from 1997 until 2005, having been appointed a Director of Wilson Bowden plc in 1994 and holding positions with David Wilson Homes, including Divisional Chairman and Managing Director. He was also Chairman of WBD City Homes Limited from 2003 to 2005, a board member of the Housing Forum from 2002 to 2011, and a Non-Executive Director of NHBC Building Services from 2005 to 2014.

What he brings to the Board: House building and residential construction industry, strategy and business development

External directorships: ***Non-listed:*** Chair of Braidwater Limited, Non-Executive Director of Moulded Foams Limited, and Partner of MJS Development Consultancy LLP.

7 Greg Fitzgerald

Chief Executive

Committee membership: None

Date appointed: 18 April 2017

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 a Non-Executive Director of the National House Building Council from 2010 until July 2016.

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

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

8 Graham Prothero

Chief Operating Officer

Committee membership: None

Date appointed: 03 January 2020

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

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

External directorships: ***Listed***: Non-Executive Director and Chair of the Audit Committee of Marshalls plc. ***Non-listed***: Trustee and Vice Chair of the Jigsaw Trust (a charitable trust).

9 Earl Sibley

BA (Hons) ACA, Chief Financial Officer

Committee membership: None

Date appointed: 16 April 2015

Experience: Earl is a chartered accountant and re-joined the Company as Group Finance Director in April 2015 having worked as Group Financial Controller from 2006 to 2008. Earl served as Interim Chief Executive from January to April 2017. He 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 LLP.

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

External directorships: None.

10 Martin Palmer

FCIS, Group Company Secretary

Committee membership: Secretary to the Board and Board committees

Date appointed: 01 December 2001

Experience: Martin is a Fellow of the Institute of Chartered Secretaries and Administrators. He has nineteen years of experience with the Company and was previously Group Company Secretary of London Forfaiting Company PLC from 1997 to 2001.

What he brings to the Board: Governance, regulation and compliance.

External directorships: None

Executive officers

11 Keith Carnegie

Chief Executive - Housebuilding Division

Experience: Keith is a qualified solicitor (non-practising) and joined the Company in 1999 as a Regional Legal Director, having been a partner in private practice. He has held a number of senior roles within the Group, including Regional Managing Director, Division Chairman and Chief Operating Officer.

12 Stephen Teagle

Chief Executive - Partnerships Division

Experience: Stephen was appointed as Chief Executive of Vistry Partnerships on completion of the acquisition of the Linden Homes and Partnerships & Regeneration businesses of Galliford Try Plc. Stephen joined Galliford Try in 2006 and was appointed Chief Executive of its Partnerships business in 2016. He is a chartered surveyor and has more than 25 years' experience in the regeneration and affordable housing sectors, with time spent both commissioning schemes as well as working in the private sector, giving him a unique perspective on joint ventures, regeneration and mixed-tenure delivery. Stephen is also Chair of the Housing Forum, a cross-sector membership network of 150 organisations and businesses that collaborates to promote improved supply and better quality homes.

13 Debbie Hulme

Group Customer Experience Director

Experience: Debbie joined the Company in 2017 and was appointed to the Vistry Executive Leadership Team in July 2020. She previously held the role of Vice President of Customer Experience at Virgin Atlantic and also worked at Thames Water and British Airways where she held senior roles in Brand, Customer Experience and Change Management.

Corporate governance report



2020 saw challenges crystallise that could not have been foreseen. Following the Acquisition, focus in the initial months was on integration and the delivery of synergies. However, this was soon coupled with the need to anticipate and manage the impacts of the pandemic, creating a defining moment for our leadership teams and governance structures. The outcomes have been positive and I am delighted with the determination, innovation and drive with which our talented employees have persevered to deliver the best possible results in 2020 for all our stakeholders.

Ian Tyler | Chairman

Following the conclusion of the Acquisition, transforming the Group into a top five housebuilder, the Board focussed on delivery of a successful integration and realisation of the expected synergies.

With our competitive position and capability transformed, the expectation was for 2020 to be a year of consolidation, aligning governance structures and internal controls and adopting standard operating systems and methods across the enlarged Group. To be able to report that all this has been achieved and that some expectations have been exceeded, in the most difficult of years, is a great pleasure. There are, of course, areas of work in progress and more to be done, but the Board's expectations at the start of 2020 have very largely been met, dented only by the need to close our development sites for approaching five weeks as a result of the March 2020 lockdown.

Business performance

During any crisis it is important that an organisation stays true to its purpose, values and culture, with uncharted waters demanding a rapid response, agility and innovation. The newly formed Group, under the leadership of our CEO and the other members of the Executive Leadership Team (ELT) already faced a year of challenge and uncertainty with the level of change inherent in the integration process and in the delivery of synergies. It is testament to the strength of the Group's culture and the capability of the leadership team that it has withstood significant change and prevailed, with values intact and employees supportive of the difficult decisions that were necessary during the year. The progress of the Group in the past several years is underlined by the fact that it has, at the same time, been able to successfully navigate and mitigate the impacts of the pandemic to deliver successful outcomes for all our stakeholders. The strength that has been shown gives me great optimism that the Group can open up significant opportunity in the years ahead and deliver improved returns for shareholders.

One area that has seen added impetus as a result of the pandemic has been the enhancement of our sales processes, as we accelerated a move to a new digital platform, providing seamless interaction for our customers, from first contact to digital viewings and the ability to reserve a home with "six clicks" on a device.

Our sales processes were also quickly adapted for social distancing, with all face to face contact and viewings by appointment only. Thanks to our dedicated sales teams, these innovations been extremely successful and feedback from our customers has been very positive. The Group achieved a 5-Star rating for the 2018/19 HBF year and the clear expectation is that this will be maintained for the 2019/20 HBF year, when the results are announced.

As this is written, we are enduring our third National lockdown and I would like to thank all our employees, at work on our development sites, in our offices and working from home, and our subcontractors and suppliers for their determination and perseverance in positioning the Group for success in 2021. Our thanks also go to our customers for their patience and understanding as we deliver their new homes in accordance with Government guidance and social distancing measures and to our shareholders, who have shown keen interest in our revised operating methods and the progress we have made during 2020, providing strong support and allowing us to understand their key concerns and perspectives.

In December 2020, we repaid all funds received from the Government's Coronavirus Job Retention Scheme and the Group has not drawn on the Covid Corporate Financing Facility ('CCFF'), despite being eligible, meaning that no Government support was retained by the Group at the end of 2020.

The Group achieved a 5-Star rating for the 2018/19 HBF year and the clear expectation is that this will be maintained for the 2019/20 HBF year, when the results are announced.

The Board is delighted with the progress made by the Group in difficult circumstances. As we move through 2021, with the ongoing uncertainty of the pandemic but opportunity ahead, we will continue to invest in supporting our people and developing our systems to deliver sustainable success and will continue to maintain our focus on customer service and the consistent delivery of quality homes to our customers that meet their expectations.

Our people, our culture and our supply chain

The Board continues to believe that the right culture and values play a pivotal role in delivering long term sustainable success and this requires a continuous focus. The right standards and behaviours enable the Board to function effectively in supporting and overseeing senior management as they reinforce the Group's culture and values. We have a redesigned induction process for our new colleagues, and the CEO's weekly podcast, ELT communications, staff presentations, and training sessions all contain repeat messaging, including the publicising of mental health support and our whistleblowing reporting line "Speak Up", designed to promote transparency and accountability.

There has been a significant focus in the year on diversity and inclusion within our Group. In an industry which has, in many senses, traditionally lacked diversity, I am pleased to report on real progress being made by the Group with senior appointments going to women and individuals in ethnic minority groups. A working group was set up during the year to take a temperature check on the status of diversity and inclusion within the Group, which sought the views of employees and put forward a report proposing new initiatives and how those in progress could be developed, reshaped or expanded. Further detail is given in the Nomination Committee report.

Control environment

An effective control environment has been maintained throughout all the challenges 2020 has delivered and the strength of our corporate governance framework has served us well. With the March 2020 lockdown, it was evident that clear leadership, strong governance and effective decision making was needed and, following the initial Board meetings of the year, which took place as usual, the Board moved to the use of Microsoft Teams and occasional hybrid meetings. Three of our non-executive directors were required to shield to protect loved ones, meaning that they were not available for physical meetings or site visits. Open discussion with the right level of challenge and quality of decision making were maintained in the virtual environment, with the Board quickly adapting to the use of technology, all meetings being effective and achieving objectives, and all directors contributing strongly. The ELT delivered strong operational control, information flows to the Board were maintained and there was no disruption to internal controls.

Having placed the initial focus on the integration and the delivery of synergies for the benefit of shareholders, Housebuilding continues with its strategy to maximise output through controlled volume growth in the medium term, whilst maintaining high quality delivery and Partnerships is accelerating revenue growth, increasing output from land-led and mixed tenure development. Meanwhile, strong leadership has continued to reap rewards, with our Chief Executive providing a driven "hands on" operational focus and maintaining his communications across the business, with regular calls and virtual Microsoft Teams meetings to assess performance, talk about the challenges faced, and reinforcing our culture and values.

The ELT has ensured that this focus continues to be cascaded through the governance structure, supported by divisional staff in monitoring business units as they work to meet expectations and deliver in the right way for all our stakeholders.

Ongoing change projects delivered significant operational improvements and benefits in 2020, continuing our focus on investing in our people and in systems to allow them to work more effectively. It has been noticeable and is highly positive that the Group is an organisation that quality people actively want to join.

The Board

The Board has ultimate responsibility for the success of the Company and my task focuses on ensuring that it provides strong strategic leadership, monitors the delivery of strategic priorities and objectives and rises to challenges along the way, whilst keeping an eye on emerging and principal risks. In doing so, the Board must ensure that it upholds the highest standards of integrity and promotes effective relationships, communication, openness and accountability in the boardroom, throughout the business and externally with stakeholders.

The main activities of the Board during 2020 are provided in detail in this report and, in addition to regular activities, included an in-depth review of strategy at the annual strategy day, monitoring the integration and delivery of synergies, a review of succession planning, and receiving reviews and presentations on a range of topics from advisors and senior management. Details of actions taken in response to the pandemic are also provided.

The Board completed an external independent evaluation of its 2020 performance at the end of 2020 / beginning of 2021.

Corporate governance report

The overall process adopted has allowed the Board to assess performance in 2020 and the progress with the action plan from the 2019 internal evaluation, whilst looking forward to the challenges and opportunities ahead in 2021 and beyond. The external evaluation has confirmed that the Board is performing effectively and that many areas of Board responsibility have been well handled through 2020, with an appropriate balance of agenda items through the Covid pandemic. Several areas of strength were identified in the feedback and included oversight of governance and compliance in the business, risk, Boardroom culture and strategy. Feedback confirmed that a transparent executive and a supportive Board have worked together well through a challenging year. The Board has reached consensus on complex decisions and shown adaptability in a year which was in no way business as usual. The action plan for 2021 has been designed to progress succession planning and the review of Board composition, to focus on diversity and inclusion, and to build on the development of the Group's sustainability strategy.

With the Acquisition on 3 January 2020, we welcomed Graham Prothero to the Board. As well as broad sector and corporate experience, Graham brought a deep knowledge of the acquired businesses which has been a great asset to the Board over the year. Other than Graham's arrival, the Board took a conscious decision not to change its composition through the integration process and through the turbulence of the pandemic. As a result, over the year, the Board has been extremely effective in both supporting and challenging the executive team to deliver all the intended benefits of Acquisition and to steer the Group through the impacts of Covid-19. We are now in a strong position to look at how the composition of the Board should evolve to support the enlarged business and to ensure that it fully reflects our culture and values as we look to the future. This will include the recruitment of a further non-executive director, the search for which is currently underway.

One consequence of the decision not to change our Board composition in 2020 has been that we have not been able to meet the minimum target for 33% women's representation on the Board at the end of 2020 recommended by the Hampton-Alexander Review. We remain completely supportive of both this recommendation and the philosophy which lies behind it and that of the Parker Review, including the need for our ELT and wider management and workforce to represent the full diversity of the communities we serve. We expect the review of Board composition and the recruitment of a new non-executive director to provide the basis for greater Board diversity and we are committed to being fully compliant with the Hampton Alexander recommendation by 31 December 2021.

I would like to thank my colleagues on the Board for their collective support and strong individual contributions during a highly challenging but, ultimately successful, year in 2020. The Board has functioned well despite being unable to meet in person for much of the year and held a number of additional meetings. The non-executive directors continued to make a significant contribution and utilised their collective skills and experience in challenging and testing views, assumptions and proposals put forward by the executive directors and advisors.

Dialogue with shareholders

We value dialogue with all our shareholders, institutional and retail, and have maintained ongoing engagement with our major shareholders during 2020. The Board is very cognizant of the vote on the Remuneration Report at the General Meeting held on 20 May 2020. The Remuneration Committee engaged with shareholders, institutions and proxy advisors ahead of the vote and has done so since, responding to the concerns of those shareholders who voted against the Report.

Looking forward, our 2021 AGM will be held on 17 May 2021 and you will find the Notice at the end of this Annual Report.

This report has been approved by the Board and I can confirm that your Company was compliant with the provisions of the UK Corporate Governance Code during 2020.



Ian Tyler
Chairman





The Mayfield | 3 bedroom home
Furrowfields, Bishops Itchington

Corporate governance report

Introduction

This report sets out the Company's compliance with the UK Corporate Governance Code "the Code" issued by the Financial Reporting Council **(publicly available at frc.org.uk)** and also describes how the governance framework, explained in our corporate governance policy guidelines, available on the Company's website **(vistrygroup.co.uk/investors/corporate-governance)**, is applied.

The Board is pleased to report that the Company has, throughout 2020, complied with and applied the provisions of the Code.

Corporate governance report

Our purpose, culture and values

As a housebuilder, Vistry Group exists to develop sustainable new homes and communities across all sectors of the UK housing market. We achieve this by operating in a sustainable way, sourcing the materials that go into our homes responsibly, and ensuring that our house-type designs are fit for ease of construction, the needs of our customers, and efficiency during their operating life cycle, including energy usage.
The Board maintains oversight of the Group's purpose through reports, feedback from the executive directors, other members of the ELT and senior management, engagement with staff and other stakeholders, and through monitoring KPIs. Further, the Board ensures that the Group's purpose, values and strategy are aligned with culture.

The Group's values are defined as Integrity, Caring and Quality (ICQ). Our ICQ values were originally distilled in consultation with employees and other stakeholders and this has ensured a natural fit with the progression of Vistry Group during 2020. The Acquisition saw the immediate promotion of our culture and values to ensure that this fit was established across the Group. The clear cultural similarities already existing between the businesses allowed us to do this from a position of strength. Linden Homes and Vistry Partnerships had, for some time, operated under the ethos "Doing the right thing", which aligned to the Group's ethos "Do the right thing".

These similarities have been built on to strengthen our culture. Early in 2020, roadshow presentations, meetings and visits from the CEO, the ELT and the wider leadership team were used to communicate and reinforce our purpose, culture and values. With the March 2020 lockdown, communications leveraged the strengths of our IT platform and largely comprised of regular emails and broadcasts to keep staff informed on the steps and measures the Group was taking in anticipating and mitigating the impacts of the pandemic, whilst reminding employees of our strategy, our values, and the Group's ethos "Do the right thing".

This was illustrated as particularly important in engagement with stakeholders, such as meeting our customers' expectations, paying our subcontractors and suppliers promptly, providing support to our people across the Group, particularly their mental health, alongside listening to and responding to feedback. Health and safety communications and updates were given prominence, as the Group put in place and evolved measures prioritising the safety, health and wellbeing of our people, customers, suppliers and wider society. Distancing operating measures were rapidly implemented, in many cases evidencing the ingenuity and innovation of our site staff and allowing the majority of our development sites to re-open on 27 April 2020, having been decommissioned on 24 March 2020, after a period of just under five weeks.

Our culture was further reinforced by presentations and weekly podcasts delivered by the CEO and available to all staff on the Group's intranet. Later in the year, nine virtual roadshow sessions took place, comprising presentations from the CEO, COO and CFO setting out the progress that the Group had made during the year, each of which were followed by a Q&A session during which staff were encouraged to ask questions. Our people had the opportunity to attend one of the nine events, making participation manageable and allowing them to attend an alternative session if unable to attend that allocated to their function. A comprehensive summary of the Q&A was added to the Group's intranet to be accessed afterwards. As a result of this interaction, the ELT took the decision to pay the general staff bonus (equal to a 20% pay-out) in December rather than January and £50 gift vouchers were sent to all our employees prior to Christmas as a thank you for their support and commitment during the year.

In addition to the other measures designed to monitor and assess culture, a culture audit was completed, using external resource and support, during the second half of the year, which was seen as a brave decision and was the subject of debate by the ELT, given the operating environment.

The process comprised of interviews and workshops across the Group. The output was reassuring, contained no significant surprises and showed strong positivity across the Group with high levels of engagement, in addition to opportunities for improvement. The main issues identified, such as the further progress needed with diversity and inclusion, are already being addressed with a strong level of awareness amongst the wider leadership team and actions being developed and followed through.

All new joiners now receive a virtual induction which explains the importance of culture, how our values feed into the best behaviours, and set out our expectations for our people as they go about their daily working lives. Our leadership teams know the importance of modelling our values in all contact with employees, suppliers and other stakeholders. Our internal messaging to our employees is tailored to reflect them and all employee presentations and events carry reminders of who we are and how we go about what we do. We listen to our people's feedback, provide support to underpin the right behaviours, which includes an open and accessible management style and people functions that provide the right advice when needed. All of this is supported by "Speak Up", our independent whistleblowing reporting line, which allows concerns to be raised in confidence.

We regard our culture as a key contributor to long-term sustainable business success. It links to our purpose and underpins our strategy, prioritising people in our operations, both in the delivery of satisfaction for our staff and our customers and in the provision of quality service. The same is true in ensuring a healthy and safe working environment for all our employees, with the aim that everyone safely reaches the end of their working day. Our culture supports the range of our activities in meeting our purpose and it is through our focus on long-term sustainable success that we will deliver positive outcomes for all our stakeholders.

The Board maintains a clear focus on culture and, in a normal year, uses discussion inside and outside Board meetings to hear the views of senior management on how well our values are embedded and the further work needed to maintain and improve this position. Again, in a normal year, this activity is coupled with visits to business units and sites, allowing the directors to talk to staff at all levels and hear their views. In this way, the Board has the opportunity to get a real sense of how our culture is working and the underlying behaviours and attitudes being portrayed. During 2020, these opportunities were much reduced, but feedback was maintained on staff interactions, communication and feedback via the executive directors and senior management attendance at virtual and hybrid Board meetings, together with a reduced number of individual site visits on which feedback was provided.

Together with KPIs and other data, this engagement allows the Board to periodically assess whether purpose, culture, values and strategy are aligned and reflect the expectations of the Board, leaving it to influence where necessary.

The Board reviewed workforce related policies and practices during the year and how they are implemented throughout the Group, particularly in light of the pandemic and the adaptations required, such as flexibility needed for home working and child care, and concluded that they remain fit for purpose and consistent with the Group's culture and values and can be expected to support long term sustainable success.

integrity Caring Quality IQ

Do the right thing

Our leadership structure

The Board is responsible to the Company's shareholders for the long-term success of the Group and its purpose, values, strategy, culture, business model and governance.

It sets and embeds the Group's culture, provides leadership and direction, and determines the strategy and strategic objectives. The implementation of strategy by the executives is monitored and business plans, budgets and forecasts are reviewed and challenged, together with outcomes, with independent judgement being applied by the non-executive directors.

The monitoring of overall performance and progress with operations against business plans, using KPIs and, in a normal year, coupled with numerous development site and business unit office visits, allows the Board to test the individual and collective capabilities of the Group and its ability to deliver quality sustainable homes, on time and on budget, to customers, meeting their expectations. These activities are carried out within an approved risk appetite and with regular monitoring of internal controls and risk management.

The Board has a schedule of matters reserved for its decision, which is reviewed and approved on an annual basis. A copy is available on the Company's website (**vistrygroup.co.uk/investors/corporate-governance**). This schedule dovetails with delegation of authority documents which operate across the Group's activities and down through the governance structure. These delegations have recently been reviewed to ensure that they are consistent in purpose and design, provide appropriate controls, and are understood by those responsible for their effective operation.

The structure of the business was reorganised following the Acquisition, as reported in our 2019 Annual Report and Accounts. Below the Board, the ELT is responsible for the day to day operations of the Group, comprising the CEO, COO, CFO, CEO of Housebuilding, CEO of Partnerships, the Group Customer Experience Director and Group Company Secretary.

The CEO, COO and CFO report to the Board as executive directors and the CEO of Housebuilding, CEO of Partnerships, and the Group Customer Experience Director regularly attend Board meetings to report on operations, projects and initiatives within their remit.

The leadership structure served us well during 2020, delivering the integration, the realisation of synergies, the response to the pandemic, and an excellent operational performance whilst facing significant challenges. A reorganisation of Housebuilding took place in July 2020, designed to balance operations within an optimised structure. Housebuilding is now managed across three Divisions, South, East and West, which are responsible for the collective management of the business units within their operating areas. Divisional staff provide leadership, operational direction and finance support. The Divisions report through the Divisional Managing Directors to the CEO of Housebuilding who, in turn, reports to the COO.

The Group currently has 23 business units, with Housebuilding having 13 and Partnerships comprising 10.

Each business unit operates within an allocated geography and is run by a board comprising directors responsible for specific disciplines. Standardised operating procedures and systems have been rolled out across the Group during 2020 as part of the integration process and their implementation and application is being monitored to ensure a consistent and effective method of operating is achieved, reducing risk and supporting the delivery of longer term business objectives.

Corporate governance report

The business unit MDs report into the Divisional Managing Directors. Group functions provide support to the Board, the executive directors, the ELT, the Divisions and the business units. In total, the leadership team comprises approximately 50 members of staff. The leadership and governance structure expanded significantly in 2020 as a result of the Acquisition and is shown below for 2021.

Vistry Group

Vistry Housebuilding

Vistry Partnerships

Organisation structure chart

Vistry Group PLC Board
Responsible for leadership, strategy, values and governance

ELT Executive Leadership Team

Vistry Homes Limited Board
Responsible for the operations of the Group

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

Remuneration Committee
- Sets and reviews remuneration policy
- Determines remuneration and incentives of the executive directors and the Chairman
- Sets performance criteria for incentive plans

Nomination Committee
- 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

West Division Board
Responsible for the operational management of the West Division

1 Mercia
2 West Midlands
3 Cotswolds
4 Western
5 South West

East Division Board
Responsible for the operational management of the East Division

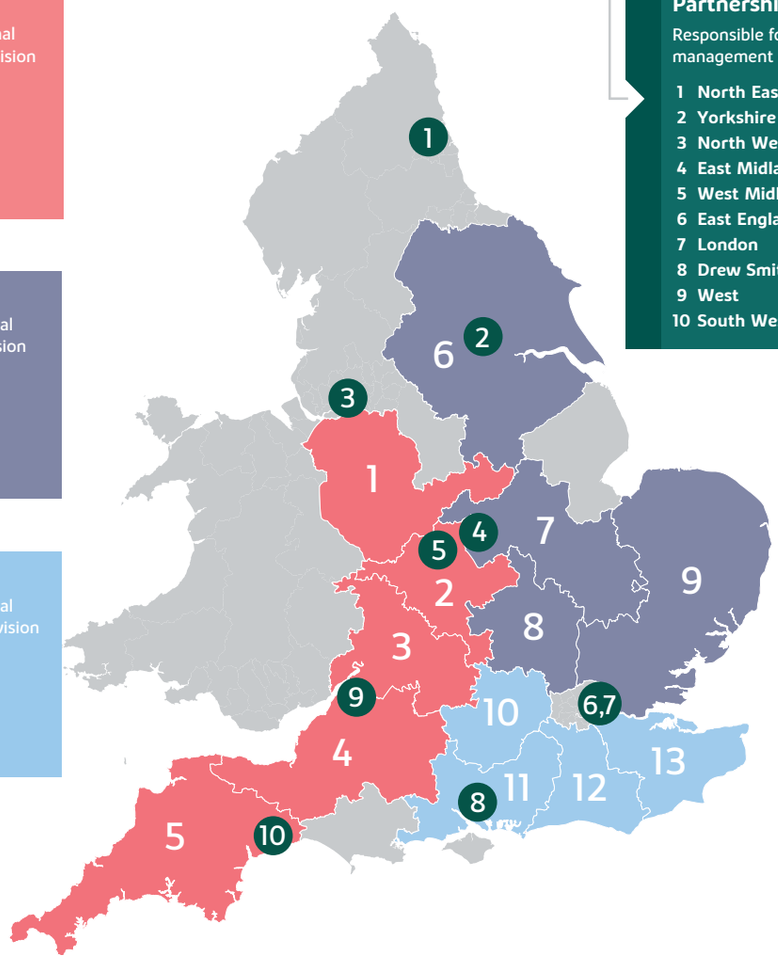
6 Yorkshire
7 East Midlands
8 Northern Home Counties
9 Eastern

South Division Board
Responsible for the operational management of the South Division

10 Thames Valley
11 Southern
12 South East
13 Kent

Partnerships Board
Responsible for the operational management of Partnerships

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





The Lime | 5 bedroom home
Whitehouse Park, Milton Keynes

Corporate governance report

The Board

During 2020, the membership of the Board comprised the non-executive Chairman, five independent non-executive and three executive directors. Graham Prothero was appointed to the Board as an executive director and as COO on 3 January 2020, increasing the number of executive directors from two to three. The Board made a conscious decision not to change its composition through the integration process following the Acquisition. The Board supports the recommendations of the Hampton-Alexander Review and, whilst it did not meet the minimum target for 33% women's representation on the Board at the end of 2020, it is now in a strong position to review how the composition of the Board should evolve and recruitment of a further non-executive director is currently underway. The Board is committed to being fully compliant with the Hampton Alexander recommendation by 31 December 2021.

Biographical details for the directors are provided on pages 82 to 83. Their dates of appointment, length of service to the end of 2020 and attendance at Board meetings are all shown above. The Board maintained its schedule for the year and held eight main board meetings and all members attended the strategy day. In addition, the Board held three meetings in connection with the Acquisition and the pandemic as it progressed through various stages during the year. Katherine Innes Ker was unable to attend one scheduled meeting as a result of illness. The AGM in May 2020 was held as a "closed" meeting, in accordance with Government guidance and, recognising the importance of maintaining engagement, shareholders were given the opportunity to put questions beforehand, in addition to having access to a Q&A on our corporate website before and after the meeting. A General Meeting was held on 14 July 2020 in connection with the bonus issue of shares admitted to dealing on 15 July 2020, again as a "closed" meeting with the same opportunities for engagement as were provided for the AGM.

Name	Date of appointment	Current role	Tenure in current role	Attendance at scheduled meetings	Attendance at additional meetings
Ian Tyler	29/11/13	Chairman	7.1 years	8/8	3/3
Chris Browne	01/09/14	Non-executive	6.3 years	8/8	3/3
Ralph Findlay	07/04/15	Non-executive	5.75 years	8/8	3/3
Nigel Keen	15/11/16	Non-executive	4.1 years	8/8	3/3
Mike Stansfield	28/11/17	Non-executive	3.1 years	8/8	3/3
Katherine Innes Ker	09/10/18	Non-executive	2.25 years	7/8	3/3
Greg Fitzgerald	18/04/17	Chief Executive	3.75 years	8/8	3/3
Graham Prothero	03/01/20	Chief Operating Officer	1.0 year	8/8	3/3
Earl Sibley	16/04/15	Chief Financial Officer	5.75 years	8/8	3/3

The Board maintains a broad range of expertise and experience and a strong blend of skills, which has allowed it to perform effectively during a period of significant change and challenge for the business, which included the integration, delivery of synergies, and responding to the pandemic. The non-executive Chairman brings a strong track record of commercial experience in construction and infrastructure related industries, which benefit the Group in the delivery of its strategy and oversight of its business plans and performance and were invaluable during the integration process and in steering the Group through the pandemic in 2020. Ralph Findlay, Senior Independent Director, has strong commercial, financial and general management expertise from a consumer facing industry and Chris Browne brings a strong commercial and operational background, again from a consumer facing industry.

Nigel Keen has an in-depth construction and property background and experience of running property strategy and portfolios, once again from a consumer facing industry, while Mike Stansfield brings a strong housebuilding industry background, spanning three decades.

Katherine Innes Ker is an experienced non-executive director across a range of sectors and has extensive experience of the City, in addition to housebuilding experience. All the non-executive directors contributed strongly during the year, bringing their previous experience to bear in debate and challenging the executive directors and advisors.

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

All the directors will be offering themselves for re-election 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 82 to 83 and the notes to the AGM Notice on pages 193 to 199 together provide details explaining why their individual contributions are and continue to be important for the Group's long-term sustainable success.

Board meetings and main activities

There were eight scheduled Board meetings in 2020 and an additional three meetings in connection with the Acquisition and the pandemic.

The Board maintains and reviews a scheduled agenda plan, which ensures that all key issues and matters reserved to the Board are discussed at the appropriate time in the year, and any requirement for additional meetings is identified by the Chairman, in conjunction with the CEO, COO, CFO and Company Secretary.

The Chairman reviews meeting agendas with the CEO and Company Secretary, who maintains a rolling schedule of matters arising, which tracks progress with actions and is reviewed at each meeting.

The Board receives a comprehensive electronic meeting pack a week in advance of each meeting, plus other information required to enable it to discharge its duties. Meetings are conducted in an atmosphere of open and free flowing discussion and debate, with a questioning approach which enables the non-executive directors to challenge and test the strategy, progress made with implementation and delivery, and proposals put forward by the executive directors.

Members of the ELT attended a number of meetings during 2020. This widens perspective and debate and increases the range of views and input available to the non-executive directors.

Visit our website for details

vistrygroup.co.uk
/investors/corporate-governance

The main activities at Board meetings in 2020 were as follows:

- the Chief Executive provided reports and updates spanning the Group's activities, including progress with implementation of the strategy, the integration, delivery of synergies, customer satisfaction, health and safety, HR matters, investor feedback, trading performance, land acquisitions / sales, affordable housing, part-exchange, and progress with key projects, including joint ventures.
- the Chief Financial Officer presented the 2020 Budget for approval and provided a regular finance report. The finance report includes, at various times, rolling forecasts, cash flow forecasting, Group KPIs, budgets, results, projections, leading market indicators, analyst consensus data, an analysis of share price valuation and movements, as well as progress reports from several disciplines reporting to the Chief Financial Officer and project updates.
- the Chief Operating Officer provided operational reports and updates spanning Housebuilding and Partnerships, as well as progress reports from several disciplines reporting to the Chief Operating Officer and project updates.
- the Budget for 2021 was the subject of debate, challenge and detailed consideration and included review of individual Budgets for Housebuilding and Partnerships.
- the CEO of Housebuilding, CEO of Partnerships and the Partnerships London Divisional MD presented on the performance of their Divisions and explained the progress made across the range of their operations and activities, taking questions on the challenges experienced and those lying ahead.
- the Board received regular reports covering health and safety and discussed performance against KPIs, areas for improvement and monitored actions taken, including service strikes and the effectiveness of training and engagement with site teams and subcontractors.
- the Board monitored customer satisfaction performance and rolling HBF survey results.
- the Board reviewed and approved revised Delegated Authority limits for the enlarged Group
- the Board received feedback from the non-executive director responsible for leading workforce engagement, following a People Forum meeting held during the year, and discussed employee views regarding the Acquisition, integration and actions taken in response to the pandemic.
- post investment appraisals were reviewed.
- the outcome of the transfer of circa 85 sites between business units was reviewed.
- development of the Group's approach to ESG and sustainability was reviewed.
- the 2019 full-year results and the 2020 interim results were reviewed and approved, including release to the London Stock Exchange.
- actions arising from the 2019 Board performance evaluation were progressed and monitored and the approach to the external formal evaluation for 2020 was approved and the evaluation process commenced.
- following the Acquisition, progress with the integration and the delivery of synergies was monitored at each meeting, with enhancing or corrective actions being proposed as necessary to ensure momentum was maintained.
- the Acquisition draft closing statement was reviewed.
- the Board considered how best to demonstrate the value within Partnerships, resulting in a presentation to analysts and investors in November 2020.
- consideration and review of dividend strategy.
- the Board continued to assess the possible impact of Brexit on the Group's activities.

The Board also reviewed emerging and principal risks and their mitigation, regulatory announcements, major shareholdings, litigation, the process for the longer-term viability statement, plans for the 2020 strategy day, and actions and contingency planning in connection with the pandemic.

Corporate governance report

Main actions taken in response to the pandemic in 2020:

Following the Prime Minister's lockdown announcement on 23 March 2020, the Board closely monitored progress with actions taken to mitigate the impact of Covid-19 and ensure the health and safety of our employees, subcontractors, suppliers, customers and wider society. Actions were implemented by the ELT and regular reporting was provided to the Board, including weekly updates from the Chief Executive.

- Immediate measures included the decommissioning of development sites, with the closure period lasting from 24 March until 27 April 2020 (sites reopened with social distancing measures implemented)
- Sales offices temporarily closed and remote contact maintained with existing and prospective customers, providing virtual tours of homes, before moving to appointment only viewings (with social distancing measures in place)
- Support measures for staff put in place and the importance of office staff working from home regularly communicated
- Circa 56% of staff furloughed on full pay as at the beginning of April 2020, with a peak of 67% in mid-April
- Training opportunities provided for furloughed staff and volunteering and community support encouraged
- Regular staff communication on matters affecting them maintained and mental health support and resource reminders provided
- Staff communications on business performance regularly provided
- Land buying activity refocused on short term options and a freeze placed on recruitment activity
- Active management of cash flows maintained to ensure business resilience and position monitored so that our subcontractors and suppliers were supported and paid promptly
- Regular communications with the supply chain maintained
- Market updates released and regular communications with major shareholders maintained
- Temporary pay-cuts of 20% of salary for the executive directors, remainder of the ELT and other senior management put in place for the months of April to July 2020 (repaid in December 2020)
- Temporary pay reductions of between 2.5% and 7.5% during June and July 2020 put in place for all general staff earning above £20k (repaid in December 2020)
- Reduction in non-executive directors' fees of 20% put in place for the months of April to July 2020 (repaid in December 2020)
- Conversion of second interim dividend to a bonus issue with a General Meeting held on 14 July 2020
- Application to Covid Corporate Financing Facility (CCFF) and eligibility confirmed
- Repayment of Coronavirus Job Retention Scheme monies and no recourse to the CCFF (meaning that no Government support was in place as at the end of 2020)
- No staff furloughed during the second and third National lockdowns

Two of eight scheduled Board meetings were held in Reading and London before the March lockdown commenced. The remaining six were held by telephone conference call (1); using Microsoft Teams (3); or as hybrid meetings in Reading, with some directors on Microsoft Teams (2). Three of our non-executive directors were required to shield to protect loved ones and the Board was not able to consider making collective site visits during 2020; something that, in any case, would have been kept under close review, in accordance with Government guidance. Feedback to the Board was maintained through reporting on staff interactions, communication via the executive directors, and senior management attendance at virtual and hybrid Board meetings, together with a reduced number of individual site visits.

The Board considers all stakeholders in its deliberations and takes the views and feedback from shareholders, employees, subcontractors, suppliers, and customers into account in its decision making, considering their interests and the impact of certain decisions upon them. This was particularly the case with the Acquisition and it has continued as the integration, the delivery of synergies, and the pandemic progressed through various stages during the year. Further information on stakeholder engagement can be found in the section 172(1) statement on pages 58 to 64.

Prior to and following the vote on the Remuneration Report at the 2020 General Meeting, the Board engaged with major shareholders, with the objective of understanding their concerns, taking their views into account, and providing explanation of the Group's position in relation to the necessity of the salary increase for the Chief Financial Officer.

The Board selected a non-executive director, Nigel Keen, for workforce engagement from the beginning of 2019, as the most effective approach for the Group, which method operates alongside other feedback channels.

With the integration and all the challenges to be addressed during 2020, one People Forum meeting was held towards the end of the year and Nigel Keen attended to hear the views of employees and, subsequently, feedback was provided to the Board. The alternative feedback channels, such as reporting via the ELT and the HR function on communication and the support measures provided to staff, including regarding mental health, and whistleblowing operated throughout the year. The feedback was informative and helpful to the Board and included employee views on the difference between H1 and H2 2020, with all recognising that it had been a difficult year, and that further progress was needed regarding One Vistry. Initiatives on mental health had been well received and there was encouragement to do more in terms of support and training for line managers. The IT function had been praised for their role in system change and the support provided. Recognition had been raised, with all staff working hard, and the importance of appreciation and a thank you from line managers was noted. The reach of feedback and follow through regarding the Peakon staff survey was highlighted, together with BU and local area communication of actions that would and would not be taken. The Board concluded that many positives had come out of the meeting against the backdrop of a difficult year, which should be celebrated, and that the meeting had been very open. Following the meeting, mental health support is being supplemented, all staff received a bonus payment and £50 voucher during December, and feedback channels used for the staff survey are being enhanced.

Engagement with suppliers is considered by the Board in discussions on build activity, supply chain relationship management, and procurement and the views of the Group Commercial Director are taken into account in decision making.

Our 360° supply chain survey continues to provide fantastic feedback and engagement with our supply chain leading to positive discussions over future initiatives aligning the supply chain with our own objectives and key focus areas around sustainability, carbon reduction and efficiency.

Regular supply chain engagement meetings are held with wide reaching discussions on product development, initiatives, performance, current supply and global issues such as climate change, Brexit and forthcoming regulatory changes. This keeps both Vistry and the supply chain aligned and engaged allowing us to be dynamic and agile with decision making over our product and specification.

Engagement with our supply chain in respect of visibility of our requirements via our project pipeline process ensures the supply chain has visibility over all aspects of our construction activity reducing our exposure to stock issues and delays.

Engagement with our subcontractors on our product and development continues and has helped shape our new Vistry Group specifications and construction details for our brands, enhancing our quality and specification. Our subcontract base continue to be engaged by our regional businesses via regular pre-start and project meetings at business unit offices and sites and continual involvement in health and safety and other matters which affect the wellbeing of the employees on site.

KPIs remain under consideration to monitor relationships and service charters, portal websites and supplier visits. Supply chain events are continually being developed to maintain this key area of engagement and independent feedback also comes from the NHBC on the overall Group's performance.

Customer feedback is continuously and consistently monitored through the HBF customer satisfaction Eight week and Nine Month Survey. Dynamics CRM capability has been deployed across both brands which continues to build on the digital engagement with our customers. This enables customers to complete a reservation on their mobile, log and monitor snags and have access to digital information on their home. This provides us with insight into the digital engagement which enables us to continuously monitor and improve our product and service offer.

The annual strategy day held in July 2020 provided the Board with the opportunity for an in-depth review of the strategy for the Group and progress with implementation. Discussion included the competitive and political landscapes, a review of Vistry Partnerships strategy with the CEO of Metropolitan Thames Valley in attendance, the move to a new digital platform for our sales processes, development of the Group's approach to ESG and sustainability, people and IT strategy, and a risk assessment update.

The sustainability review centred on the development of the Group's sustainability strategy including setting a science based pathway to become a Net-Zero Carbon business and setting targets that reflect the objectives set in several of the UN's Sustainable Develop Goals (SDGs) and will use the SDGs as part of our reporting framework.

The programme of informal non-executive visits to the business units was necessarily truncated during 2020, with three of our non-executive directors shielding to protect loved ones. The visits will resume as soon as permissible, given that they allow the non-executives to increase their knowledge of the Group's activities and hear a range of views directly from our employees at all levels on the Group's progress. Importantly, the visits allow the non-executives to establish a relationship with local management, test our culture, reassure themselves that our values and the right behaviours are embedded, and hear any concerns from our people. A total of four non-executive director visits took place across our sites and offices following the end of the first National lockdown.

As required by the Code, the Chairman held meetings with the non-executive directors, without the executive directors present, and the Senior Independent Director held a meeting with the non-executives, without the Chairman present.

Corporate governance report

Board performance evaluation

The Board carried out an internal formal evaluation of its 2019 performance at the beginning of 2020 using a questionnaire designed to assess the performance of the Board during the year, capture feedback on implementation of the 2018 evaluation action plan, and to look forward to areas for development and action in 2020, recognising the challenges, risks and opportunities ahead as an enlarged Group. An action plan was put in place and specified actions were completed during the year, recognising that succession planning remains an ongoing topic requiring the Board's attention, particularly in respect of CEO and Board succession.

Following the internal review of 2019, the Board carried out an external review for 2020 and appointed Lisa Thomas of Independent Board Evaluation (IBE). Lisa conducted the external review in 2017. She does not have any connection with the Board or the Company. The review was conducted according to the guidance in the UK Corporate Governance Code. A comprehensive brief was given to IBE by the Company Secretary and Chairman, in November 2020.

IBE observed main Board and Committee meetings in December 2020 and January 2021, and support materials for briefing purposes were provided by the Company.

In December, detailed interviews were conducted with every Board member. In addition, IBE interviewed members of the senior management team, the auditors and the remuneration advisors.

Conclusions were discussed with the Chairman and subsequently discussed with the whole Board at its meeting on 23 February 2021 with IBE present. The conclusions of that discussion are recorded in the minutes of the meeting. IBE gave feedback to Committee chairs on the performance of each Committee and discussed the Board's feedback on the Chairman with the SID. In addition, the Chairman received a report with feedback on individual director performance as an input to the regular annual performance review process and development plans the Chairman undertakes with the Board.

2020 action plan

1 Succession planning

Succession planning for the leadership of the enlarged Group to be developed, with increased focus on executive director succession, Board composition and the skill sets required. Succession planning for the role of Chairman also to be considered.

2 Stakeholders engagement

Relationships and visibility with shareholders and proxy advisors to be developed from a corporate governance perspective, particularly in respect of remuneration.

3 Competitor performance

Board to regularly review external data on the performance of competitors to supplement actions already taken to provide increased visibility and assurance regarding the market/industry.

4 Investment review

Progress with the periodic review of investment decisions to be maintained, focusing on investments made since January 2017.

5 Technology as a determinant of future strategy

Board to give focus to emerging areas, such as the development of a digital offering as an integral part of determining future strategy.

6 Integration and delivery of synergies

Board to monitor the integration process and progress with the delivery of synergies at each meeting.

Following the Board's discussion, and in consideration of the recommendations made by IBE, the Board agreed an action plan for 2021 which will be used as the basis for the next internal review of 2021. It also considered progress against the action plan of 2020.

Good progress has been made against the 2020 Action Plan. Elements of stakeholder engagement received very positive feedback during the 2020 external review (notably customers and employees) and the Board has focused on maintaining communication with proxy advisors and shareholders with respect to remuneration. It reviews market data with regard to customer service and as part of its strategy and ESG planning discussions.

2020 saw a leap in capability with regard to technology, with the advent of a new digital platform providing the ability to reserve a home with six clicks on a device, which was successfully introduced during the pandemic and is already informing strategy discussions. The Board continues to monitor and review the integration process and to complete periodic review of investment decisions.

2021 action plan

1 Succession planning

Further development of the work carried out in 2020 to progress succession planning for the senior team and the executive directors, taking into account the future strategy of the Vistry Group post integration. The skill set required for optimal Board composition will also be considered on a more-long term basis and will take into account the need to achieve a better balance of gender and ethnicity on the Board which may result in a change in size. Further planning discussions will take place for the succession of the Chairman.

2 Nomination Committee

In addition to the above, the Nomination Committee will deep dive on diversity in the business, to progress the executives' work on developing a diverse pipeline of talent in the team and to understand progress across different parts of the Group, given the different profiles of Partnerships and Housebuilding, with the aim of achieving consistent results across both, and to support the work of the D&I Group. The Nomination Committee will also discuss whether additional education beyond that already in place is needed for Board members on various topics that the Board needs to consider, and how best to engage with those whilst visits remain out of bounds.

3 Board meetings

Whilst Board meetings remain virtual and the Board cannot visit sites nor meet with each other, the Board will ensure a return to and sufficient opportunity for informal time/discussions and private sessions to maintain Boardroom culture and deep challenge. Using regular update calls as necessary with the CEO outside of the Board meeting schedule to stay connected will facilitate this also. Once Board life returns to normal, the Board plans to return to the use of private sessions and informal time around the Board meetings more regularly. It will also return to and make greater use of splitting its all-day Board and Committee meetings over two days to give more time for the agenda of the larger Group.

4 ESG/Strategy

The Board will be focusing on development of the ESG strategy throughout 2021, to build on the work that has commenced in 2020 on Environmental reporting and the Social agenda and what these mean for Vistry as an integrated Group. This will include a more thematic approach to some topics in the Boardroom, allowing the Board to oversee a strategic approach to our people, and strengthening the Board's governance of the culture of the Group, as the integration progresses. These discussions will be supported by more non-financial data in the boardroom.

More broadly, feedback from the process confirmed that many areas of Board responsibility have been well handled through 2020, with an appropriate balance of agenda items through the Covid pandemic. Several areas of strength were identified in the feedback and included oversight of governance and compliance in the business, risk, Boardroom culture and strategy. Feedback confirmed that a transparent executive and a supportive Board have worked together well through a challenging year. The Board has reached consensus on complex decisions and shown adaptability in a year which was in no way business as usual.

The pandemic has affected the Board's work, making board meetings more transactional and removing the opportunity to visit sites and meet staff. Nonetheless relations between the Board and senior management remain open and positive, and the Board is looking forward to resuming its visits to the operations, especially in the Partnerships business, which is relatively new to the Group.

The key areas for the Board to focus on in 2021 are detailed in the 2021 action plan.

Feedback on the Chairman was presented to him by the SID, following consultation with NED colleagues. Having steered the Board well through its agenda in 2020, he has kept in touch with members of management and been in close contact with the executive, as was demanded by the pandemic. He runs meetings well, asks good questions on the Board and at Committees. During 2021, one of the key areas of focus for him will be the Nomination Committee agenda and Board composition.

Details of the Committee reviews are included in the Committee reports.

Corporate governance report

Board committees

The Board is supported by standing Audit, Nomination and Remuneration Committees.

Membership, roles and activities are set out in separate reports. The Audit Committee report is on pages 124 to 127, the Nomination Committee report is on pages 128 to 130, and the Remuneration Committee report is on pages 104 to 122. Each Committee reports to and has terms of reference approved by the Board and the minutes of Committee meetings are circulated to the Board.

The Audit Committee is chaired by Ralph Findlay, the Remuneration Committee is chaired by Nigel Keen, and the Nomination Committee is chaired by Ian Tyler.

The external formal Board evaluation included performance evaluations of the Committees and all were identified as having areas where performance could be improved. Further detail is given in the individual Committee reports.

Governance as a business enabler

The Board aims to meet governance best practice taking account of the business model, organisation structure, processes and internal controls that are right for the Group. The Group's approach to governance best practice is set out below and designed to enable and support the sustainable long-term success of the business.

The Group currently complies with and applies the provisions of the UK Corporate Governance Code 2018 and has continued to develop measures to enable greater engagement with the workforce, strengthening the role of the Nomination Committee, and widening the role of the Remuneration Committee.

Information on share capital is provided on pages 133 to 134

Matters reserved for the Board include the overall leadership of the Group, setting the Group's values and standards, approval of strategy and budgets, oversight of operations and performance, structure and capital, financial reporting, internal controls, corporate governance, delegation of authority, and approval of major expenditure and transactions.

The Board has approved a written division of responsibilities between the non-executive Chairman and the Chief Executive and the role of the Senior Independent Director has been similarly defined.

The Chairman
is primarily responsible for:

- the effective working of the Board,
- taking a leading role in determining the Board's composition and structure, and
- ensuring that effective communications are maintained with shareholders.

The Chief Executive
is responsible for:

- the operational management of the Group,
- developing strategic operating plans and presenting them to the Board, and
- the implementation of strategy agreed by the Board.

The Senior Independent Director:

- supports the Chairman in ensuring that the Board is effective and constructive relations are maintained,
- leads the annual performance evaluation of the Chairman, and
- provides an additional point of contact for shareholders.

The control framework is subject to Board review. The Group has a defined set of delegated authorities, procedures and controls across the range of its activities, which have been documented and are available to all staff via the Group's intranet, including the authorities and decision making delegated by the Board to management in respect of the operational control of the Group.

They are regularly and formally assessed both by internal and external audit, in addition to being subject to a quarterly self-assessment process established in 2017. These delegated authorities were reviewed early in 2020 and at later points in the year to ensure that the appropriate controls are in place for the enlarged Group.

The Group's leadership structure provides the framework for governance control, reporting and risk management and is set out on page 90.

The advice and services of the Group Company Secretary are available to the directors. All directors have access to the Company's professional advisers and can seek independent professional advice at the Company's expense. There was no advice sought during the year.

Training is made available to directors at induction and as required to develop and maintain knowledge. The Chairman is responsible for ensuring that directors continually update and refresh their knowledge and skills appropriate to their role on the Board and Board Committees. Directors are also required to maintain their awareness of the culture and operations of the Group. During 2020, the directors received regular updates on regulatory developments.

The Company has an insurance policy in place which insures directors against certain liabilities, including legal costs.



Shareholder engagement

The Company has a regular comprehensive investor relations programme, which allows our major shareholders to engage with the Chief Executive and Chief Financial Officer at various points in the year.

In addition to one-to-one meetings through the year, the Company holds a series of presentations and meetings following the announcement of the final and half-yearly results. These presentations are made publicly available so that all shareholders can access them on the Group's website at **vistrygroup.co.uk/investors/corporate-governance**. In 2020, the presentations relating to the final results proceeded in the normal way, whereas those for the half-yearly results were delivered on-line, with analysts and investors able to join and ask questions.

An increased level of shareholders engagement was seen in connection with the pandemic, with the Chairman and CEO seeking views on various aspects and receiving strong expressions of support for the actions being taken. The feedback received was extremely helpful, providing a strong basis for the re-opening of sites at the end of April 2020 and subsequent actions.

Engagement took place with shareholders and proxy advisors prior to the Annual General Meeting held on 20 May 2020 and prior to the General Meeting held on 14 July 2020. Following the vote on the Remuneration Report at the AGM, engagement continued with the objective of understanding shareholders' concerns and communicating the Company's position in relation to the necessity of the salary increase for the Chief Financial Officer.

The Board reviews feedback from investor relations meetings, visits and presentations, including commentary on the matters discussed. The overall feedback received during 2020 continued to be extremely helpful to the Board, particularly regarding the strategic direction of the Group, the Group's approach to sustainability and the actions taken in response to the pandemic. The Vistry Partnerships presentation, designed to provide clarity on the business model, customer base, and strategic objectives, was extremely well received and the feedback positive.

The Board also values other channels to obtain shareholders' views. The Chairman is responsible for ensuring that all directors are aware of any issues or concerns raised by major shareholders. In addition, the Senior Independent Director is accessible to shareholders.

All shareholders are invited to attend the Company's AGM, which this year will be held on 17 May 2021 via a webcast. Subject to Government guidance relating to the pandemic, the full Board, including all Committee Chairmen, attend and value this meeting as a means of communicating with private investors, encouraging their participation.

All shareholders have the opportunity to exercise their right to vote and can appoint proxies. To increase ease of voting an electronic voting facility is provided. Shareholders attending the AGM, again subject to Government guidance, have the opportunity to ask questions relevant to the business of the meeting and hear the views of other shareholders before casting their vote. After the meeting the results of voting on all resolutions are published on the Group's website.

Corporate governance report



The Oak | 5 bedroom home
The Pavillions, Kenilworth

Risk management and internal control

The Board has responsibility for maintaining and monitoring sound risk management and internal control systems.

The Board's role includes responsibility for the risk appetite and the identification, management and mitigation of risk, including emerging risk. Risk is a regular discussion item, which allows the directors to review the risk appetite and principal and emerging risks and assess the quality of risk identification, risk management processes, and risk mitigation.

Risk is a theme that runs naturally through Board discussions on a range of topics and adopting this approach ensures that risk identification and consideration of emerging risk feature regularly in the Board's deliberations. In setting its approach to risk, the Board aims to ensure that the Company is neither prevented from taking opportunities nor exposed to unreasonable risk.

Monitoring and review forms part of the work undertaken by the Audit Committee and is based principally on the review and interrogation of reports from the Internal Audit function and from management. It covers all material controls, including financial, operational and compliance controls and compliance with risk management processes. In addition, the Risk Oversight Committee (previously the Risk Governance Committee) has representation from the business units to support the monitoring of principal risks and the effectiveness of controls and mitigation, alongside the identification of emerging risk across the Group.

Since integration we have widened our assurance processes so they are appropriate for the enlarged Group. Our Risk Oversight Committee has representatives from all aspects of our business, and the principal risks and supporting risk registers include all threats from across both Housebuilding and Partnerships, alongside all their respective brands and operations. Our internal audit plan reaches across all 23 business units and our self-assessment controls that test compliance have been aligned so that all these entities follow the same mandatory standards, procedures and policies.

In reviewing the effectiveness of the Company's system of internal control and risk management systems during 2020, the Board (i) considered the risk appetite and (ii) reviewed changes in the nature, likelihood and impact of emerging and principal risks, their mitigation, the controls placed against them and the Company's ability to respond to changes and (iii) received reports from the Audit Committee on the operation and effectiveness of the risk management and internal controls systems and their integration with strategy and the business model.

The Board also reviewed the minutes of Audit Committee meetings and the minutes of Risk Oversight Committee meetings.

Recommendations for improvements to internal controls were made during the year and corrective action was taken, but they did not represent significant control failings or weaknesses.



A self-assessment process supports our internal control framework, where all directors across the Group report business unit performance in control adherence.

The Board has complied with provision 28 of the Code by completing a robust assessment of the emerging and principal risks facing the Company.

It has established a continuous process for identifying emerging risk and evaluating and managing the principal risks, in accordance with the FRC's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting".

This process has been in place for the period under review and up to the date of approval of the Annual Report and Accounts and includes compliance with provision 29.

It is designed to manage rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss.

Control framework

The Company maintains a comprehensive control framework, which is regularly reviewed by the Board.

The principal elements of the control environment include regular board meetings, the Division and business unit structure, defined operating controls and delegated authorisation limits, the Internal Audit function, the Risk Oversight Committee, and a comprehensive financial reporting system.

There are a number of elements of the Company's internal control and risk management systems that are specifically related to the Company's financial reporting process:

- there is a well understood management structure which allows for clear accountability and an appropriately granular level of financial control.
- supported by a dedicated Head of Tax, we monitor our compliance with UK taxation laws and standards and ensure we follow the strictest adherence through robust processes and controls.
- the structure is underpinned by documented delegated authority levels for business transactions, for which limits and approvals are automated within our ERP system.
- the process is supported by process documents and systems for both internal management reporting and external reporting which stipulates, amongst other things, reporting timetables and the contents of key management reports.
- best practice processes and procedures are mapped for all core and support activities.
- a quarterly self-assessment for all director level employees operates to confirm adherence to mandatory controls and non-conformities are reported to the ELT for discussion and remediation.
- Internal Audit plays a key role in monitoring the control environment and in identifying and supporting the mitigation of threats to the business.
- Reviewed the controls that support our commercial and cost valuation processes. This included a deep-dive on our more complex multi-phase sites that account for an increasing proportion of our overall activity across the Group.

During 2020 we reviewed our approach to commercial life of site controls, in particular those with added complexity of large multi-phase operations. A formal audit report was produced which is leading to improvements in terms of system, control and reporting. During 2021 we will also undertake dedicated commercial auditing across our group to ensure commercial controls are being complied to.

The Company operates software systems that record financial transactions and whose effectiveness is reviewed by the Internal Audit function on a regular basis. Findings arising from these exercises are reported to the Audit Committee and action is taken, as appropriate. Control over cash expenditure is a key component of the financial control framework.

The Company maintains tight control in this area through a centralised treasury function, business unit payment functions, three-way matching of payments, authorisation documentation, and the segregation of authorisation accountability.

The Company maintains a regular weekly and monthly financial reporting cycle and an alternate monthly cost valuation process, allowing management to assess financial progress against objectives.

Reporting is supported by a formal budget and monthly rolling forecasting which ensures that there is a recent financial forecast in place at all times against which to assess performance. Together with this financial reporting, Division and business unit management teams report key business issues promptly and as part of a standard monthly regional operational reporting pack.

Finally, there is a process of accounts preparation, which ensures that there is an audit trail between the output from the Company's financial reporting systems and the preparation of the financial statements.

Vistry Group





The Oak | 5 bedroom home
Kingsmere, Bicester

Directors' remuneration report



On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2020. It provides details on the link between remuneration and the Company's performance, how directors were paid in 2020, and how we propose to pay directors in 2021. The Report is subject to an advisory shareholder vote at the 2021 AGM.

Nigel Keen | Chairman of the Remuneration Committee

The Remuneration Policy table is set out on pages 120 to 122. The Remuneration Policy, which was approved at a General Meeting in December 2019, can be found on the Company's website in its entirety.

Remuneration in context

2020 was an unprecedented year; as the first full year for the enlarged Group and with the impact of Covid-19 on our operations, the management team showed outstanding leadership, agility and innovation in balancing the interests of all stakeholders in a rapidly changing environment.

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.

We have outlined below the key drivers of our decisions in the context of a very challenging year:

Corporate performance

• Strategic priorities

Throughout 2020 we have made significant strategic progress in integrating the enlarged Group despite the impact of Covid-19. Key strategic achievements include:

- Quality and customer satisfaction further improved, with the expectation of being awarded the maximum 5-Star HBF Customer Satisfaction Rating for 2020.
- Sustained step-up in demand, with the H2 2020 weekly private sales rate per outlet up 15% to 0.62, firm pricing, with a 0.5% to 1.0% price increase, and a resilient supply chain with low-cost inflation.
- On track to deliver full synergy run rate of £44m by end of FY21, 26% ahead of initial target and at a lower than expected cost.

• Financial performance

Given the significant impact of the pandemic on our operations including the decommissioning of our sites which commenced on 24 March 2020, we are enormously proud of the positive performance of the Group through 2020 and our ability to deliver financial results which were ahead of expectations. Our key financial highlights include:

- Strong second half performance with full year profit before tax (pre-exceptionals and amortisation of acquired intangibles) of £143.9m.
- Significant deleverage resulting in £38m year-end net cash position.
- Revenue and margin growth in Partnership business despite impact of Covid-19.

Stakeholder experience

• Our shareholders

The Board recognise the difficult shareholder experience over the course of 2020 with our announcement in March 2020 of the implementation of our cash-saving measures and decision to suspend the FY19 dividend. We are also aware of the fall in the Group's share price as a result of the impact of Covid-19; a decline that was also experienced more generally across the UK housebuilding sector. However we were delighted that we were able to return value to shareholders in July 2020 by way of a bonus issue and were pleased that we are able to propose a final FY20 dividend of 20 pence.

• Our employees

Whilst ensuring the safety, health and wellbeing of our employees remained our number one priority throughout 2020, we were happy to be able to support them financially too:

- All Board, ELT members and highest paid senior management agreed to voluntary temporary pay cuts of 20% of basic annual salary with effect from 1 April 2020, which was followed with voluntary pay cuts for our people earning over £20k per annum with effect from 1 June 2020. However, following the positive performance of the Group, it was agreed to return all employees to full pay with effect from 1 August 2020 and we refunded all salary and fee reductions to all employees, the executive and the non-executive directors in December 2020.
- To reward the outstanding efforts of staff during a challenging year, there was a discretionary general employee bonus of 1.5% against a maximum 7.5% paid in December 2020, and the payment of bonuses (at 20% of max) for business unit MDs, directors and CST Heads.
- For 2021, staff earning £20k or below will receive a flat £250 salary increase, with a further review to take place with effect from 1 April 2021. As mentioned below, it is also intended to pay an additional bonus to lower earning staff at the end of 2021 equivalent to the reduction in value of LTIP awards to be granted in 2021.
- We are also delighted to report that an engagement score of 7.6 (against an industry benchmark of 7.2) was achieved in August 2020 through our Peakon employee survey, with a participation rate of 70% with a further improvement in January 2021 with a score of 7.9 (against a benchmark of 7.4), with a participation rate of 81%.

• Government support

Whilst we were deeply appreciative to be able to make use of the Government's Job Retention Scheme when, as an immediate response to the crisis, the decision was made to furlough 56% of our people on full pay, we were delighted to be able to repay all furlough amounts received from the Government, totalling £7.1 million on 4 December 2020. We have not accessed any other Government funding.

2020 remuneration

Taking the context set out above into account, the Committee made the following decisions in respect of remuneration in 2020:

Bonus

The 2020 Bonus Scheme set for executive directors in respect of performance in 2020 was based on achievement of stretching targets against three metrics of EBIT (55%), Period-End Capital Employed (25%) and Synergies (20%) together with a Customer Service underpin.

Results in respect of both financial metrics were ahead of expectations but below target given the mixed economic and market headwinds. However, both the Customer Satisfaction underpin and the Synergies targets were met.

- Customer Satisfaction (HBF Survey Score) for completions between 1 October 2019 and 30 September 2020 was at the 5-Star level compared with Threshold performance of at least 4-Star.
- Total synergies from overheads and supply chain cost reductions of £25m were delivered in 2020 as compared to the Target performance level of £12m.

The formulaic outcome given the above performance was 20% of maximum for the executive directors.

The Committee has not adjusted this outcome. Given this is the first full year of the combined Group, the Committee determined that the strategic importance of performance against the Synergies targets merited such a payment. Moreover, the Committee is comfortable that this outcome is both fair and appropriate given the wider stakeholder experience outlined above. However, being mindful that this performance has not yet been fully reflected in the share price, the Executive Directors proposed to the Committee that they should defer the full amount of their bonuses for this year into shares (above the prior requirement to defer one third of bonus paid). The Committee was pleased to accept the proposal and believes this will further strengthen alignment with shareholders.

Long-term incentives

The 2018 LTIP award was subject to Customer Satisfaction (25%), TSR (25%), EPS (25%) and ROCE (25%) targets measured over three financial years.

Only the Customer Satisfaction targets were met over the period resulting in a formulaic vesting of 25% of maximum.

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

Full details on the targets set and performance against them can be found on page 109 in respect of the 2020 Bonus Scheme and page 111 for the 2018 LTIP award.

2021 remuneration

Again, being mindful of the challenging environment and the stakeholder experience set out above, the Committee has made the following decisions in respect of the implementation of the policy for 2021:

Base pay

The Remuneration Committee determined not to review executive salary levels as at 1 January 2021 (the practice in prior years). Consistent with the approach for employees generally, the Committee may consider a review in April 2021. If any adjustments are considered appropriate at that time, it is intended that they will be no more than applicable for the wider employee population. The Chairman and non-executive director fees were also not increased for 2021 in line with the above approach.

Pension

During the year the Committee agreed a gradual phasing down of executive director pensions to the 7% workforce level by January 2023. The approach agreed requires that pension benefits be frozen at 1 January 2020 levels and then reduced in steps downwards in 2021 and 2022, until being reduced to the rate applicable to the wider workforce from 1 January 2023.

Bonus

The Committee has decided to operate a simplified Bonus Scheme for 2021 and to remove the prior focus on synergy targets that were required for the first full year of the combined Group. Instead, the weighting of both the Profit and Capital Employed metrics has been increased. As such, the 2021 Bonus Scheme will be based on Profit, Capital Employed, and Customer Satisfaction. Further detail can be found on page 115 to 116.

The Committee is mindful of the increasing investor focus on ESG related metrics and acknowledge that these metrics support the Group's sustainability strategy, which is being embedded across its operations. The Committee will review the possible incorporation of meaningful and measurable sustainability related metrics during 2021.

LTIP

For the 2021 LTIP, in line with the previous year, the vesting criteria will be based on TSR (33%), ROCE (33%), and EPS (33%). The targets for these awards can be found on page 117. Whilst the target relating to EPS is lower than the 2020 LTIP scheme, the Committee is comfortable that it continues to be stretching in the current challenging environment.

Both the Executive Directors and the Committee were mindful of the fall in the Group's share price over past year as a result of the impact of the Covid-19 pandemic. As a consequence, the Committee has determined that a 10% reduction in the face value of LTIP awards to Executive Directors should be applied in 2021. The level of award to the Executive Directors will therefore be 180% of salary instead of 200%.

At the request of the Executive Directors, the Committee intends to make a cash bonus payment equal to 10% of the Executive Directors' normal LTIP opportunity valued at the share price on the day of grant to the lowest paid employees of the Group at the end of 2021 to recognise their significant contribution and commitment to the business in the most difficult period.

Shareholder engagement

Following the 2020 AGM, I reached out to our principle shareholders to understand the reasons for their opposition to the remuneration report. Whilst the majority of those I spoke to were generally supportive of our current approach, it was clear that many were concerned about the increase in the CFO's base salary from 1 January 2020. The Remuneration Committee acknowledges this and wishes to take the opportunity to highlight that the repositioning of CFO pay was a one-off adjustment to bring the level into line with market and to emphasise that we do not expect to make material changes to executive director salary levels in the short to medium term future. The Committee is wholly committed to ongoing engagement with our shareholders and we will continue in our dialogue with shareholders to throughout the year.

I hope you find that this report clearly explains the remuneration approach we have taken and how we will implement the Policy in 2021. I look forward to your support at the 2021 AGM in respect of this report.

Sincerely,



Nigel Keen
Chair of the Remuneration Committee

Remuneration report

Introduction

This annual remuneration report explains how the remuneration policy has been implemented in the year ended 31 December 2020 and how it will be implemented for 2021. Details of remuneration in 2020 are set out first, followed by the approach for 2021.

At a glance summary

Component and where to find	Greg Fitzgerald - CEO	Graham Prothero* - COO	Earl Sibley - CFO
Single figure totals for 2020 (page 108)	£1,342k	£695k	£673k
Annual bonus payments for 2020 (page 109)	30% of maximum	30% of maximum	30% of maximum
LTIP awards vesting in respect of 2020 (page 111)	25%	n/a	25%
LTIP awards granted in 2020 (page 110)	200% of basic salary	200% of basic salary	200% of basic salary
*Salaries for 2021 (page 115)***	£696k (+0%)	£500k (+0%)	£395k (+0%)
Shareholding as % of salary (page 112) Guideline in 2020: 200% of salary	697%	137%	39%
Changes to the Remuneration Policy for 2021	None		
Annual bonus for 2021 (pages 115 and 116) **Profit before tax** (pre-exceptionals and amortisation): 60% weighting **Period end capital employed:** 40% weighting **Profit before tax acts as a gateway to earning bonus and customer satisfaction acts as threshold**	Bonus opportunity up to 150% of basic salary. Profit remains the most important element in terms of performance. The profit element of the bonus scheme will naturally incentivise the delivery of improved margin and the synergies identified as part of the Acquisition. Period end capital remains as a primary objective to have a robust balance sheet with an appropriate level of gearing A profit gateway to bonus has been introduced and the customer satisfaction measure continues to act as a threshold, below which a stepped reduction in total bonus earned		
LTIP awards for 2021 (page 117) **TSR:** 33.3% weighting **ROCE:** 33.3% weighting **EPS:** 33.3% weighting	180% of basic salary	180% of basic salary	180% of basic salary
	TSR, EPS and ROCE remain equally weighted, each applying to one third of awards.		

**Graham Prothero, was appointed as Chief Operating Officer with effect from 3 January 2020.*

*** The salary review as at 1 January 2021 resulted in no increase. A further salary review is expected to take place in April 2021. Should there be any increase in the basic salaries of the executive directors at that point, it will be no greater than that awarded to the general workforce.*

The link between remuneration and strategy

As set out in the Strategic Report, the enlarged Group has a clear set of strategic priorities designed to move the business forward, allow it to compete effectively across the housing and regeneration markets as a top five housebuilder, and deliver the best outcomes for our stakeholders, including enhancing shareholder value. These priorities include doing the right thing for our people, our customers, our operations, our homes and communities and our shareholders. Significant progress has been made with the integration during 2020, including delivery of synergies ahead of target. The integration process will be concluded during 2021, as system, process, and benefits harmonisation is finalised. The result is a combined Housebuilding and Partnerships business with complementary models and strengths, adding counter cyclical resilience. The Housebuilding business now has national scale and an expanded geographic reach and the strategy is to increase output through controlled volume growth in the medium term, whilst maintaining high quality delivery. The opportunities inherent in being a dual branded housebuilder are also being maximised, coupled with a digital experience for our customers, ensuring we provide a quality product choice best suited to their needs. The Partnerships business holds a strong and unique position within the partnerships market and a strategy to accelerate revenue growth through increased output from the existing operating structure is being implemented, coupled with expansion into new geographies. The enlarged Group's land acquisition and strategic land capabilities are being leveraged and are already supporting the growth of housebuilding and mixed tenure development and land-led revenues.

The Remuneration Policy, approved by shareholders in December 2019, was designed to ensure a strong link between remuneration, the strategic priorities, and delivery of objectives. Incentive scheme targets are carefully considered by the Committee to ensure they reward performance and are correctly calibrated. This includes the importance of driving behaviours that underpin the culture of the business and support the sustainable success of the enlarged Group. Targets used in the Group's incentive schemes are then monitored and progress measured by reference to many of the Group's reported KPIs, which include pre-tax profit, operating margin, net cash, ROCE, earnings per share, private and affordable completions, the HBF Customer Satisfaction Score, plots added to the land bank, and involuntary staff turnover. Although not included for 2021, with development of the Group's new approach to sustainability and Net-Zero Carbon ongoing, for 2022, appropriate consideration will be given to ESG factors in setting performance measures.

Annual bonus arrangements link to the Group's near-term strategic priorities and, for 2020, the Committee selected period end capital employed and synergy delivery measures to sit alongside the profit before tax and customer satisfaction performance measures. Period end capital employed drives a disciplined balance sheet and supports the management of capital and an appropriate level of gearing. Monitoring measures are in place to ensure that nothing beyond normal period end behaviours and actions occur in arriving at the outcome. For 2021, the performance measures are replicated, with the exception of the synergy delivery measure, which performed as hoped in 2020 in maximising acquisition benefits for shareholders on a full year basis and is removed.

The LTIP takes a longer-term perspective and for the 2020 awards focus continued on the financial and share price performance measures of relative total shareholder return, earnings per share and ROCE, equally weighted, at one third of awards. The same performance measures are expected for the 2021 awards. Although customer satisfaction was removed as an LTIP performance measure in 2019, high levels of customer satisfaction will continue to be incentivised in 2020 via the near-term annual bonus arrangements, as explained above.

Key remuneration decisions during 2020

During 2020, the Committee determined the performance measures and set targets for the 2020 annual bonus (shown on page 109) and approved 2019 bonus payments. It also determined the performance measures and set targets for and approved LTIP awards made in 2020 and confirmed the partial vesting of the 2017 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 2020.

As described in the introduction, during the year the Committee considered and monitored the impact of the Covid-19 pandemic. In March, all executive directors, the remainder of the ELT and members of the wider senior leadership team, the Chairman and the Non-Executive Directors volunteered a 20% reduction in base salary and fees, effective from 1 April 2020 and which ran until 1 August 2020. Having considered alignment with the experience of the Group's wider stakeholders, including employees and shareholders, given the strong second half performance delivered by the Group, all voluntary salary reductions were repaid in December 2020.

Towards the end of the year, the Committee considered the structure for the 2021 annual bonus and completed the 2021 remuneration review, which included consideration of the economic environment, alignment with the experience of stakeholders, the link between executive remuneration and pay, and employment conditions throughout the Group (including oversight of the general proposals for staff for 2021). The conclusion of the review was that there would be no increase to basic annual salaries with effect from 1 January 2021 and that a further review take place with effect from 1 April 2021. The Chairman's fee was also reviewed without increase.

Remuneration report

Implementation of remuneration policy for the year ended 31 December 2020

Single figure of executive directors' remuneration (audited)

	Greg Fitzgerald (appointed CEO 18 April 2017)		Graham Prothero (appointed COO 3 January 2020)		Earl Sibley (appointed GFD (now CFO) 16 April 2015)	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Base salary	696	680	500	-	395	335
Benefits [1]	31	16	10	-	20	11
Pension [3]	-	-	-	-	-	20
Other – pension salary supplement [4]	139	136	35	-	59	30
Sub-total (fixed pay)	**866**	**832**	**545**	**-**	**474**	**396**
Annual bonus	209	680	150	-	118	335
Long Term Incentives [2]	[5] 267	[6] 663	-	-	[5] **81**	[6] 292
Sub-total (variable pay)	**476**	**1,343**	**150**	**-**	**199**	**627**
Total remuneration	**1,342**	**2,175**	**695**	**-**	**673**	**1,023**

Notes:

(1) Taxable benefits include medical insurance, provision of a leased vehicle, payment of car allowance and for 2019, a loan account balancing payment relating to membership of the Bovis Homes Regulated Car Scheme, plus income tax and national insurance due on this payment.

(2) The 2018 LTIP measured over the three-year period to 31 December 2020 vested to the extent of 25% on 5 March 2021. The share price on grant of this award was £10.83 and at the end of the three-year performance period was £9.395.

(3) For 2019, the single figure for Earl Sibley has been calculated as the employer's cash contribution, 60% of which is taken as a pension salary supplement. Greg Fitzgerald, Graham Prothero and Earl Sibley were not members of a pension scheme during 2020.

(4) Greg Fitzgerald, Graham Prothero and Earl Sibley receive a non-bonusable and non-pensionable pension salary supplement.

(5) This is an estimated value based on the average share price over the last quarter of 2020 of £7.0845 for the 2018 LTIP awards which vest on 5 March 2021.

(6) This is the actual value derived under the 2017 LTIP calculated using the share price on the vesting date (600.0 pence on 25 September 2020) and includes notional dividend shares. Last year's report included an estimate based on the average share price over the last quarter of 2019 of £11.82125 as the award had not vested at the date of the report.

Greg Fitzgerald is non-executive Chairman of Baker Estates Limited, for which his personal service company received a fee of £15,000 during the year, and non-executive Chairman of Ardent Hire Solutions Limited, for which his personal service company receives fees of £110,000 per annum. Graham Prothero is a non-executive Director and Audit Committee Chair of Marshalls plc, for which he received a fee of £55,422 during the year. He also received a bonus of £64,189 for the period July - December 2019 in respect of his prior employment with Galliford Try Plc, together with an sundry underpayment reimbursed of £2,836. Earl Sibley does not currently hold any external directorships.

The following table shows the remuneration for the non-executive directors who served during the 2020 financial year:

	Salary / fees £000	
Non-executive directors	2020	2019
Ian Tyler	190	185
Chris Browne	54	53
Ralph Findlay	74	73
Katherine Innes Ker	54	53
Nigel Keen	64	63
Mike Stansfield	54	53
Total	**490**	**480**

Annual bonus payment in respect of 2020

The maximum opportunity for the Chief Executive, the Chief Operating Officer and Chief Financial Officer for the year ended 31 December 2020 was 150% of salary. Provisions that enable the recovery of sums paid (clawback) continue to apply, as set out in the policy table. A breakdown of the performance against the measurement criteria is shown below. All targets were set in February 2020.

Measure	Weighting (as a % of maximum)	Threshold	On target	Stretch and maximum	Outcome and award achieved (% of maximum)
Financial measures (100%)					
Profit before tax (pre-exceptionals and amortisation)	55%	0% of maximum £333.3m	60% of maximum £343.3m	100% of maximum £360m	£143.9m (0%)
Synergy delivery	20%	0% of maximum £10m	50% of maximum £12m	£14m (90%)of maximum £16m (100%)	£25m (100%)
Period end capital employed	25%	Threshold 0%: 2.5% below Budget On target: In line with Budget Maximum100%: 2.5% above Budget			Below Budget (0%)
Non-financial measures (0%)					
Customer Satisfaction (HBF Survey Score) (completions between 1 October 2019 and 30 September 2020 to reach at least 70% before any measure can pay out)	Acts as threshold	n/a	n/a	n/a	Threshold met (HBF survey score: 5-Star)
Total bonus (% salary)					20%

Executive director	Maximum bonus % of salary	Target bonus % of salary	Actual bonus % of salary	Total 2020 bonus £000
Greg Fitzgerald	150%	75%	30%	209
Graham Prothero	150%	75%	30%	150
Earl Sibley	150%	75%	30%	118

In determining the executive directors' 2020 annual bonus outcome, the Committee maintained a clear and rigorous focus on aligning pay with performance, coupled with consideration of the experience of all our stakeholders during 2020. Performance was considered against the background context of the Acquisition, the integration process, and the need to manage the impacts of the pandemic and balance the interests of all stakeholders in a rapidly changing environment. The Committee looked at the measures taken during the year affecting our people and their feedback, the experience of shareholders given the fall in the share price and the decision to suspend dividends, and the experience of our supply chain and customers. Stretching targets were set in February 2020, before the first National lockdown and the decision to close our developments sites, against three metrics of profit before tax, period end capital employed, and synergy delivery, with a customer satisfaction underpin. The results for profit before tax and period end capital employed financial metrics were ahead of expectations, but below target as a result of the impacts of the pandemic and the need to close our development sites for five weeks. The customer satisfaction underpin, requiring an HBF survey score of 4-Star (80% to 89%) was met for completions between 1 October 2019 and 30 September 2020 with actual performance maintained at 5-Star (91.5%). The synergy delivery target was also met, with total synergies from overhead and supply chain cost reductions of £25 million being delivered in 2020, compared to target performance of £12 million and maximum performance of £16 million. The formulaic outcome for the executive directors was, therefore, 20% of a maximum bonus opportunity of 150% of basic annual salary and the Committee has not adjusted this outcome. The Committee determined that the strategic importance of performance against the synergy delivery target in the first full year of the enlarged Group merited such a payment and is satisfied that it is both fair and appropriate given the wider stakeholder experience. However, being mindful that this performance has not yet been fully reflected in the share price, the Executive Directors proposed to the Committee that they should defer the full amount of their bonuses for this year into shares (above the prior requirement to defer one third of bonus paid). The Committee was pleased to accept the proposal and believes this will further strengthen alignment with shareholders.

Remuneration report

Vistry Group Long Term Incentive Plan

Long term incentive awards are made in the form of performance shares or nil-cost options under the Vistry Group Long Term Incentive Plan, which was approved by shareholders at the General Meeting held on 2 December 2019. All awards prior to 2020 were granted under the rules approved at the 2010 Annual General Meeting. Each award is made subject to the achievement of performance criteria as explained below and will ordinarily vest after three years. A two-year holding period following vesting was introduced for 2017 awards onwards, which provides a period of five years between the time awards being granted and when they can be exercised. Provisions that enable the withholding of payment or the recovery of sums paid (malus and clawback) were further strengthened with the adoption of the LTIP rules.

Discretions available to the Committee contained in the LTIP rules are set out in the policy table on page 121 and also in the exit payments policy in the full Remuneration Policy, available on our website: **vistrygroup.co.uk/investors/corporate-governance**.

Awards granted during 2020 (audited)

For the 2020 awards, the Committee continued to utilise financial and share price performance measures, with relative total shareholder return, earnings per share and ROCE, equally weighted at one third of awards.

An award of 108,923 shares was made to Greg Fitzgerald at 200% of basic salary on 2 March 2020, calculated based on a share price of £12.79 on 28 February 2020. The award is subject to a three-year performance period ending on 31 December 2022 and exercisable in 2025, following a two-year holding period, as follows:

Executive director	Type of award	Number of shares awarded	Face value of award £000	% of face value that would vest at threshold
Greg Fitzgerald	Performance share award	108,923	1,393	25.0*

An award of 78,186 shares was made to Graham Prothero at 200% of basic salary on 2 March 2020, calculated based on a share price of £12.79 on 28 February 2020. The award is subject to a three-year performance period ending on 31 December 2022 and exercisable in 2025, following a two-year holding period, as follows:

Executive director	Type of award	Number of shares awarded	Face value of award £000	% of face value that would vest at threshold
Graham Prothero	Performance share award	78,186	1,000	25.0*

An award of 61,767 shares was made to Earl Sibley at 200% of basic salary on 2 March 2020, calculated based on a share price of £12.79 on 28 February 2020. The award is subject to a three-year performance period ending on 31 December 2022 and exercisable in 2025, following a two-year holding period, as follows:

Executive director	Type of award	Number of shares awarded	Face value of award £000	% of face value that would vest at threshold
Earl Sibley	Performance share award	61,767	790	25.0*

** Threshold vesting for the proportion of the awards measured against each of the EPS, TSR and ROCE performance conditions was set at 8.3% of the maximum for each measure or 25.0% of the shares in the total award.*

The performance measures for all 2020 awards are TSR (33.3%), 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 (as set out below) and maximum performance equal to the annualised upper quartile of the index, using a relative ranking approach.
- **EPS** – threshold performance at cumulative EPS of 395 pence and maximum performance at cumulative EPS of 446 pence.
- **ROCE** – threshold performance at 20.8% and maximum performance at 22.6%, both as measured in the third year of the performance period (2021).

The 2020 constituents of the TSR index, which may be subject to change, are as listed below:

TSR comparator group			
Barratt Developments plc	Bellway plc	The Berkeley Group plc	Countryside Properties PLC
Crest Nicholson Holdings plc	Persimmon plc	Redrow plc	Taylor Wimpey plc

Awards vesting in respect of 2020

The LTIP awards made in 2018 were measured over the three-year period to 31 December 2020 and will vest to the extent of 25.0% on 5 March 2021.

One quarter of the award was measured against Customer Satisfaction, with the remainder measured using EPS performance (25%), TSR performance against an index of the UK's leading housebuilders (25%), and ROCE performance (25%).

The Customer Satisfaction performance measure (using the HBF Customer Satisfaction Rating for the period October 2019 to September 2020) required the achievement of at least 4-Star status (80% to 89.9%). The Group is expected to achieve 5-Star status for the period and 100% of this element of the award will vest.

The threshold EPS target was 300p and the maximum target was 343p measured on a cumulative three-year basis. Absolute cumulative EPS over the three-year performance period was 266.3p and this element of the award will lapse.

The threshold TSR target was performance equal to the annualised median of the index and the maximum target was performance equal to the annualised median of the index, plus 7.5%. Actual TSR was -7.2% compared to an index median of -0.4% and this element of the award will lapse.

The threshold ROCE target was 21.8% and the maximum target was 25% measured in the third year of the performance period (2020). Actual ROCE in 2020 was 14.1% and this element of the award will also lapse.

Historical LTIP awards

The table below summarises the historical long-term incentive awards made to the executive directors.

		Award size (% salary)			Performance criteria				
Year of grant	Performance period	(CEO)	(COO)	(CFO)	Customer Satisfaction	TSR	EPS	ROCE	Percentage of award vesting
2017	01/01/2017 – 31/12/2019	*200%	-	125%	33.3%	22.2%	22.2%	22.2%	81.6%
2017	04/04/2017 – 31/12/2018	**100%	-	-	-	100%	-	-	100%
2018	01/01/2018 – 31/12/2020	†200%	-	125%	25%	25%	25%	25%	25%
2019	01/01/2019 – 31/12/2021	150%	-	125%	-	33.3%	33.3%	33.3%	Ongoing
2020	01/01/2020 – 31/12/2022	200%	200%	200%	-	33.3%	33.3%	33.3%	Ongoing

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

*** G P Fitzgerald's Recruitment Award which vested with effect from 31 December 2018, as explained in the 2018 Directors' Remuneration Report.*

† As explained in the 2018 Directors' Remuneration Report, this level of award was granted on an exceptional basis.

Pensions

During the year the Committee agreed a gradual phasing down of executive director pensions to the workforce level (currently 7% of base salary) by January 2023, with a series of stepped reductions applying from 1 January 2021, 2022 and 2023.

Greg Fitzgerald was not a member of a pension scheme during the year and received a pension salary supplement of 20% of his base salary.

Graham Prothero was not a member of a pension scheme during the year and received a pension salary supplement of 7% of his base salary.

Earl Sibley was not a member of a pension scheme during the year and received a pension supplement of 15% of his base salary.

There are no special early retirement or early termination provisions for executive directors, except as noted in the exit payments policy in the Remuneration Policy, available on our website at **vistrygroup.co.uk/investors/corporate-governance**.

Any new appointments include eligibility for membership of the Group's DC pension arrangement.

Remuneration report

Payments for loss of office and to past directors (audited)

There were no payments for loss of office made during the year. There were also no payments to past directors.

Directors' 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 2020			31 Dec 2019		
	Ordinary shares	Shares under the LTIP (shares subject to performance conditions)	SAYE options (options subject to continuous employment)	Ordinary shares	Shares under the LTIP (shares subject to performance conditions)	SAYE options (options subject to continuous employment)
Executive directors						
Greg Fitzgerald	544,327	567,430	-	428,480	479,110	-
Graham Prothero	54,974	78,186	3,849	-	-	-
Earl Sibley	19,102	176,702	4,213	9,935	124,014	4,213
Non-executive directors						
Ian Tyler	6,234	-	-	2,616	-	-
Chris Browne	9,832	-	-	1,026	-	-
Ralph Findlay	2,868	-	-	2,687	-	-
Nigel Keen	-	-	-	-	-	-
Mike Stansfield	-	-	-	-	-	-
Katherine Innes Ker	850	-	-	-	-	-

There were no changes in the holdings of ordinary shares of any of the directors between 31 December 2020 and 4 March 2021 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 Long Term Incentive Plan are detailed above. There were no changes in the holdings of share options and awards under the Long Term Incentive Plan between 31 December 2020 and 4 March 2021.

Shareholding guidelines

Guidelines have been approved for executive directors in respect of ownership of Vistry Group shares. During 2020, the Board expected executive directors to retain 100% of the net value derived from the exercise of Long Term Incentive Plan awards as shares, after settling all costs and income tax due, until such time as executive directors hold shares with an historical cost equal to 200% of basic annual salary. Shares no longer subject to performance conditions but subject to deferral or a holding period count towards the guideline (on a net of tax basis).

Executive director	Shareholding at 31 Dec 2020	Historical acquisition cost	Salary at 1 Jan 2021	% shareholding achieved	Shareholding guideline
Greg Fitzgerald	544,327	£4,856,257	£696,565	697%	200%
Graham Prothero	54,974	£686,495	£500,000	137%	200%
Earl Sibley	19,102	£153,872	£395,000	39%	200%

Greg Fitzgerald continued to meet the shareholding guidelines during 2020 and, having made further acquisitions during the year, now holds shares with a historical cost equal to almost seven times basic annual salary. Graham Prothero acquired shares during the year and has made good progress towards meeting the shareholding guidelines. Earl Sibley also acquired shares during the year and continued to increase his holding during 2020.

Directors' interests in Long Term Incentive Plan shares (audited)

Executive director	Award date	Vesting date	Interest as at 31 Dec 2019	Interest as at 31 Dec 2020	Value of shares at date of award (£000)	Vesting and exercised in year	Lapsed in year	Expiry date	Market value at vesting (£000)	Gain on exercise (£000)	Shares retained on exercise
Greg Fitzgerald	*02/05/17	31/12/17	76,786	76,786	650	-	-	18/04/20	-	-	-
	*02/05/17	31/12/18	76,786	76,786	650	-	-	18/04/20	-	-	-
	08/09/17	08/09/20	111,972	91,369	**1,300	-	20,603	08/09/27	-	-	-
	05/03/18	05/03/21	123,037	123,037	1,332	-	-	05/03/28	-	-	-
	04/03/19	04/03/22	90,529	90,529	1,019	-	-	04/03/29	-	-	-
	02/03/20	02/03/23	-	108,923	1,393	-	-	02/03/30	-	-	-
Graham Prothero	02/03/20	02/03/23	-	78,186	1,000	-	-	02/03/30	-	-	-
Earl Sibley	08/09/17	08/09/20	49,342	40,263	**375	-	9,079	08/09/27	-	-	-
	05/03/18	05/03/21	37,511	37,511	650	-	-	05/03/28	-	-	-
	04/03/19	04/03/22	37,161	37,161	418	-	-	04/03/29	-	-	-
	02/03/20	02/03/23	-	61,767	790	-	-	02/03/30	-	-	-

** 2017 Bonus award and Recruitment Award granted to Greg Fitzgerald following approval at a General Meeting held on 2 May 2017.*

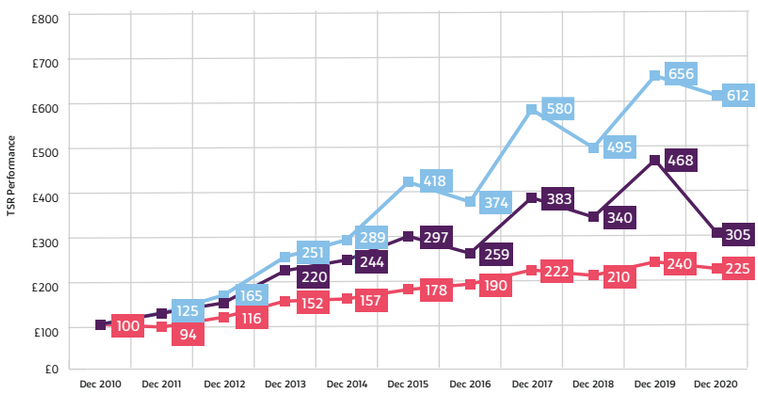
*** As explained in the 2017 Directors' Remuneration Report, the award was calculated based on the closing middle market share price on 21 February 2017, which was £7.60 per share.*

Directors' interests in share options (audited)

Executive director	Date of grant	Scheme	Interest as at 31 Dec 2020	Granted in year	Lapsed in year	Exercised in year	Interest as at 31 Dec 2019	Exercise price per share (£)	Option exercise period
Graham Prothero	3/10/2020	SAYE	-	3,849	-	-	-	4.676	12/23 - 05/24
Earl Sibley	24/03/2016	SAYE	4,213	-	-	-	4,213	7.12	06/21 – 12/21

The Save As You Earn (SAYE) options were granted at a 20% discount to the prevailing market price on the date of grant. There was no payment required to secure the grant of any share options. There was no change in the terms and conditions of any outstanding options granted under the SAYE Scheme during the financial year. Share options held in the SAYE Scheme, which are not subject to performance conditions, may under normal circumstances be exercised during the six months after maturity of the savings contract.

Total Shareholder Return performance graph (1)





(1) This graph illustrates ten-year TSR performance and therefore does not represent the period under which the Long Term Incentive Plan is measured

(2) Median TSR growth of the constituents of the bespoke index. Index consists of FTSE 350 home construction companies as at 31 December 2010 (Barratt Developments, Bellway, The Berkeley Group, Persimmon, Redrow, Taylor Wimpey)

Source - S&P CIQ

As required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), the above graph shows the Total Shareholder Return of an ordinary share held in Vistry Group PLC (Bovis Homes Group PLC as was) over the last ten financial years, compared to the FTSE 250 index and the median of the FTSE 350 home construction companies (as listed at 31 December 2009) 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.

Remuneration report

The middle market price of the Company's shares at 31 December 2020 was £9.395 (2019: £13.08). During the year ended 31 December 2020 the share price recorded a middle market low of £5.10 and a high of £14.78. As at the date of this report the share price stood at £9.43.

Total CEO remuneration

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Single figure total £000	836	1,315	1,440	1,596	1,505	1,029	1,376	2,180	2,175	1,342
Annual bonus against maximum %	82.4	84.2	97.8	88.7	59.8	10	100	89	100	30
Long Term Incentive Plan vesting against maximum %	0	50	50	66.7	66.7	35.9	0	0	81.6	25
Recruitment award vesting against maximum	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100	n/a	n/a

Note: Columns for 2011 to 2016 relate to David Ritchie and those for 2017 to 2020 relate to Greg Fitzgerald

Annual Percentage Change of Each Director's 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.

2020	Salary / fees	Benefits	Annual bonus
Executive Directors			
Greg Fitzgerald	2.5%	94%	-69%
Graham Prothero (appointed 03/01/20)	-	-	-
Earl Sibley	18.0%	82%	-65%
Non-Executive Directors			
Ian Tyler	2.75%	n/a	n/a
Chris Browne	2.75%	n/a	n/a
Ralph Findlay	2.0%	n/a	n/a
Nigel Keen	2.3%	n/a	n/a
Mike Stansfield	2.75%	n/a	n/a
Katherine Innes Ker	2.75%	n/a	n/a
Average pay of employees	6.14%	1%	*3%

** Bonus earned 2020 - paid March 2021, not finalised at the date of this Report*

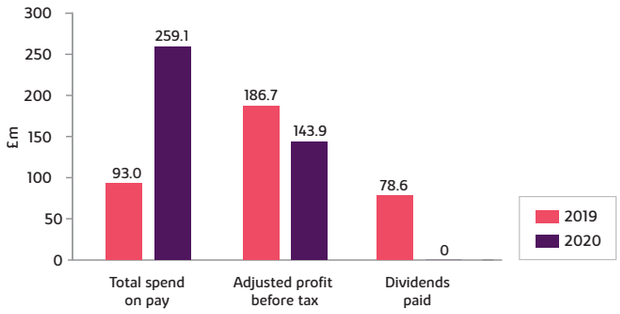
CEO pay ratio

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 places them at median, 25th and 75th percentile. This option has been selected in place of "option B" used for the prior year as gender pay data had not been processed in time to complete the calculation and because "option A" reflects the purest approach. 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.

Year	Method	CEO Single Figure £000	All UK Employees	Lower Quartile	Median	Upper Quartile
2020	Option A	£1,342	Ratio	44.7:1	30.9:1	20.5:1
			Total pay	£30,000	£43,882	£65,586
			Salary	£25,000	£38,880	£61,500
2019	Option B	£2,804	Ratio	78:1	56:1	43:1
			Total pay	£36,091	£49,792	£64,500
			Salary	£29,863	£46,500	£58,500

Relative importance of spend on pay

The graph 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 profit before tax and dividends paid to shareholders.



Notes:

- *Total spend on pay in 2019 was £93.0 million and in 2020 was £259.1 million, represents an increase of 178.4%.*
- *Adjusted profit before tax in 2019 was £186.7 million and in 2020 was £143.9 million, a reduction of 22.9%.*
- *Cash dividends paid to shareholders totalled £78.6 million in 2019 and £0 in 2020, representing a decrease of 100%. A bonus issue of 4,369,992 ordinary shares valued at £60 million was made on 16 July 2020, replacing the second interim dividend.*

Implementation of remuneration policy for the year ending 31 December 2021

The remuneration policy was approved at the General Meeting held on 2 December 2019, effective from 3 January 2020. The key changes in the way that the remuneration policy will be implemented in 2021 versus 2020 are as follows:

- Following a 2021 salary review, it was determined that there should be no general increase, with the exception of staff earning £20k or below who would receive a flat £250 increase, and that a further review take place with effect from 1 April 2021.
- The Chairman and non-executive director fees were also reviewed and were not increased, in line with the above.
- The Committee decided to approve a simplified Bonus Scheme for 2021 compared to 2020. The main change has been to remove the focus on synergy delivery and absorb this allocation into profit and capital employed metrics. As such, the 2021 Bonus Scheme will be based on Profit, Capital Employed, and Customer Satisfaction.
- The 2021 LTIP, in line with the previous scheme, will have the vesting criteria based on TSR, ROCE, and EPS. Whilst the EPS target is marginally lower than that for the 2020 LTIP scheme it reflects the impact of the pandemic, with 2023 in line with the second year target at the time of the Acquisition end. The Committee is comfortable that it continues to be stretching. The Remuneration Committee is mindful of the fall in share price over the past year in connection with the Covid-19 pandemic. In order to reflect the shareholder experience and to avoid a potential windfall when the share price recovers, the Committee has determined that a 10% reduction in the face value of LTIP awards to Executive Directors should be applied in 2021. The level of award to the Executive Directors will therefore be 180% of salary.

Executive directors' base salaries and benefits

The salaries of the executive directors with effect from 1 January 2021 were as follows:

Executive directors	Position	2021 base salary	% increase from 2019
Greg Fitzgerald	CEO	£696,565	0%
Graham Prothero (appointed 03/01/20)	COO	£500,000	0%
Earl Sibley	CFO	£395,000	0%

When reviewing base salary, the Committee took account of increases awarded to the workforce, in addition to the individual performance of executive directors and the impact on their total compensation.

There were no salary increases for Greg Fitzgerald, Graham Prothero and Earl Sibley or the wider employee population, except for employees earning under £20k per annum.

Benefits will continue on the same basis as for 2020.

Approach to annual bonus

The Committee remains of the view that it is important for the Group's incentive arrangements to reflect the enlarged Group's positioning in the sector and to support capability to recruit and retain the talent required to ensure a successful and sustainable business, delivering positive outcomes for all stakeholders. Having increased incentive multiples to a competitive level in 2020, the bonus multiple for 2021 will be retained at 150% of basic annual salary, with the last third of any bonus award being paid in shares, deferred for two years.

Remuneration report

Following the regular annual review of bonus structure and the underlying success, despite all the challenges seen in 2020, of the emphasis on operational delivery linked to customer satisfaction, the Committee determined that the annual bonus scheme for 2021 should maintain the focus on financial metrics, introducing a profit gateway to the earning of bonus whilst continuing to prioritise high levels of customer satisfaction by retaining it, but with an increased threshold. Having delivered ahead of expectations, the measure for the delivery of synergies has been removed, with the 20% allocation being redistributed to the financial metrics, so that the weighting for the profit before tax performance measure and for the period end capital employed performance measure is increased. The weighting for financial metrics is, therefore, maintained at 100%.

As stated, the profit before tax measure will have a gateway, which must be achieved before bonus can be earned, and has weighting increased to 60%. Period end capital employed is subject to an underpin designed to ensure that appropriate actions and behaviours are employed in meeting this measure, with the weighting increased to 40%. 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. As before, the customer satisfaction measure continues to act as a threshold, below which total bonus earned is reduced. The threshold has been increased from 80% to 90% customer satisfaction in the Home Builders Federation (HBF) survey and at this level bonus earned on the financial metrics is triggered without reduction. A customer satisfaction score of 87.5% leads to a reduction of 5% of bonus earned and scores of 85%, 80% and 75% lead to further 2.5% reductions, until no bonus is earned at a score of 70%. Should the Group's customer satisfaction score fall below 80%, the Committee has agreed that it will review the circumstances surrounding the fall in performance and may apply downward discretion to the level of bonus earned over and above the automatic threshold reduction.

Measure	2020 Weighting (as a % of maximum)	2021 Weighting (as a % of maximum)
Profit before tax (pre-exceptional items and amortisation) (acts as a gateway to bonus earned for 2021)	55%	60%
Period end capital employed	25%	40%
Synergy delivery (2020)	20%	n/a
Financial measures	**100%**	**100%**
Customer Satisfaction (HBF Survey Score)	Acts as threshold	Acts as threshold
Non-financial measures	**0%**	**0%**

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 performance targets in advance as they are considered commercially sensitive, being closely indicative of the Group's strategy, but will disclose them retrospectively in the 2021 annual Remuneration Report.

The 2021 performance measures and weightings are described below.

Measure	Rationale / link to strategy	% weighting
Financial measures (100%)		
Profit before tax (pre-exceptional items and amortisation) (acts as a gateway to bonus earned for 2021)	Incentivise the achievement of profit targets, with the objective of sustainably increasing shareholder value.	60%
Period end capital employed	Incentivise management of the level of capital employed within the business, aligning with shareholder interests in progressively and sustainably increasing returns, subject to an underpin designed to ensure that appropriate actions and behaviours are maintained.	40%

Non-financial measure		
Customer satisfaction	Maintaining our focus on quality of service is seen as key to reputation and future success, both in terms of customer demand and achieved selling prices. Measured by the HBF survey score for legal completions between 1 October 2020 and 30 September 2021. Should a customer satisfaction score of 90% not be achieved, total bonus earned from the financial measures starts to reduce.	Acts as threshold
Total opportunity		100%

Approach for Long Term Incentive Plan awards

The key features of the long-term incentive arrangements (as outlined on page 110) are expected to remain the same as those for 2020. The Remuneration Committee is mindful of the fall in share price over past year in connection with the Covid-19 pandemic. In order to reflect the shareholder experience and to avoid a potential windfall when the share price recovers, the Committee has determined that a 10% reduction in the face value of LTIP awards to Executive Directors should be applied in 2021. The level of award to the Executive Directors will therefore be 180% of salary.

At the request of the executive directors, the Committee intends to make a cash bonus equal to 10% of the executive directors normal LTIP opportunity (valued at the share price on the day of grant) to the Group's lowest paid employees at the end of 2021 to recognise their significant contribution and commitment to the business during this difficult period.

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 2021 LTIP awards

The performance measures for all 2021 awards will be TSR (33.3%), EPS (33.3%) and ROCE (33.3%) and threshold vesting will be set at 25% for each financial measure. The performance targets are:

- **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.
- **EPS** – threshold performance at cumulative EPS of 320 pence and maximum performance at cumulative EPS of 392 pence.
- **ROCE** – threshold performance at 20.8% and maximum performance at 23%, both as measured in the third year of the performance period (2023).

The EPS target was set based on earnings excluding amortisation and exceptional items, with threshold performance at 320 pence to recognise economic uncertainty and difficulties in the operating environment. Maximum EPS performance was set at 392 pence, with 2023 in line with the second year target at the time of the Acquisition, reflecting continued controlled growth in Housebuilding, aligned with strategy, and more aggressive growth in Partnerships. Despite the significant impacts of the pandemic in 2020 and the ongoing uncertainty, threshold performance for ROCE has been maintained 20.8% set for the 2020 LTIP awards, with maximum moved forward from 22.6% to 23.0%.

The Committee is satisfied that these targets are suitably stretching.

Pensions

Pension arrangements (as outlined on page 111) are subject to the introduction of a stepped reduction arrangement designed to equalise executive director pensions with the rate applicable to the wider workforce on or before 1 January 2023. The pension rates applicable from 1 January 2021 are 17% of base salary for Greg Fitzgerald and 13% for Earl Sibley. The pension rate for Graham Prothero from 1 January 2021 remains at 7%, in line with the wider workforce.

Post-employment shareholding guidelines

Guidelines have been approved for executive directors in respect of post-employment ownership of shares in Vistry Group PLC. The Board expects executive directors to retain the lower of one times the shareholding guideline (200% of salary) and the actual shareholding at cessation for two years post cessation. The shares to be held only include vested shares from incentive schemes and exclude shares purchased by executive directors.

Remuneration report

Non-executive directors' remuneration

The fees for the non-executive director positions for 2021 are unchanged and are set out below:

Role	2020	2021
Chairman fee	£190,100	£190,100
Senior Independent Director fee	£10,000	£10,000
Non-executive director base fee	£54,460	£54,460
Additional fees:		
Audit Committee Chair	£10,000	£10,000
Remuneration Committee Chair	£10,000	£10,000

The fees for the Chairman and the other non-executive directors were reviewed with no increase, following a review which took into account the economic environment, alignment with the experience of stakeholders, competitive positioning, responsibilities, time commitment for the roles and the size and complexity of the Company. The Chairman's fee was last reviewed with effect from 1 January 2020. The non-executive director base fee was also last reviewed with effect from 1 January 2020.

Remuneration of senior management and other below board employees

In addition to responsibility for executive directors, the Committee is also involved in consideration of the remuneration arrangements for the Executive Leadership Team below the Board, in conjunction with the Chief Executive. Alignment is delivered by ensuring that senior management and executive directors participate in the same bonus and incentive schemes as far as possible, with similar performance measures and targets. The Committee has visibility of the remuneration of management teams below the Executive Leadership Team and has oversight of payment and employment conditions throughout the Group and takes these into account when setting executive pay.

Engagement with the workforce took place during the year in connection with the communication of bonus arrangements across the Group and their alignment, through a staff engagement survey containing questions on remuneration, and through a consultation required in connection with voluntary temporary reductions for all our people with effect from 1 June 2020, which followed the temporary pay cuts volunteered by the ELT and other members of senior management with effect from 1 April 2020, before all staff were returned to full pay from 1 August 2020. Following the positive performance of the Group in the second half of the financial year, all pay reductions were refunded in December 2020.

The Committee is mindful of the new UK Corporate Governance Code provision regarding the alignment of pension provisions with the broader workforce and a stepped arrangement is in the course of implementation as described on page 117.

The Remuneration Committee

Committee membership and meetings

All members of the Committee are independent non-executive directors who have no personal financial interest, other than as shareholders, in the matters to be decided. Biographical details are provided on pages 82 to 83.

Name	Date of appointment	Role	Attendance at meetings
Nigel Keen (appointed Chairman 23/05/18)	15/11/2016	Chairman	5/5
Chris Browne	01/09/2014	Member	5/5
Ralph Findlay	07/04/2015	Member	5/5
Mike Stansfield	28/11/2017	Member	5/5
Katherine Innes Ker	9/10/2018	Member	4/5

The Committee met five times in 2020. Katherine Innes Ker was unable to attend one meeting due to illness. In addition to the key activities and decisions mentioned in the introduction to this report, the Committee approved the directors' remuneration report for inclusion in the 2019 Annual Report, approved the 2020 offer of the SAYE scheme, reviewed remuneration related workforce policies and practices in the light of the pandemic, and considered and responded to shareholder feedback in connection with the remuneration policy adopted at the December 2019 General Meeting. It received a 2020 AGM season review and a pandemic market update.

A review of the performance of the Committee was carried out by IBE as part of the external Board evaluation for 2020 and was completed in early 2021. Feedback was collected from Committee members, those who attend, and the remuneration advisors, Willis Towers Watson. The feedback was positive about how the Committee has operated through the pandemic. Composition works well, debate is good, and the relationship between management and the Committee is robust and appropriate with push back on both sides. The Committee continues to reflect on recent voting history and challenges itself on ensuring that its shareholder consultation is as fulsome as possible.

For 2021 the Committee will be focusing on ensuring that its discussions take into account the wider Social agenda and will be reviewing the use of non-financial metrics on diversity and ESG criteria in the scorecard.

The Committee starts its meetings without executive management present when it wishes to do so. During 2020, the Committee asked Ian Tyler (Chairman), Greg Fitzgerald (Chief Executive) and Earl Sibley (Chief Financial Officer) to attend meetings and assist its discussions. This excluded matters connected to their own remuneration, service agreements or terms and conditions of employment. The Committee takes care to recognise and manage conflicts of interest when receiving views from executive directors or senior management and no director or senior executive is involved in any decisions regarding their own remuneration.

The Group Company Secretary acts as secretary to the Committee.

Advisers to the Committee

Willis Towers Watson were appointed advisors to the Committee in December 2018, following a selection and interview process.

Willis Towers Watson provide independent advice on all aspects of executive remuneration and attend Remuneration Committee meetings when invited by the Chairman of the Committee. The Committee reviews the advice, challenges conclusions and assesses responses from its advisors to ensure objectivity and independence. Willis Towers Watson also provide actuarial consultancy and administration services to the Trustee of the Bovis Homes Pension Scheme. They also provide consultancy services to the Company in respect of pensions. Willis Towers Watson is a founder member of the Remuneration Consultants Group and have signed the voluntary Code of Conduct for remuneration consultants. The fees paid to Willis Towers Watson for services provided in 2020 were £176,635 (2019: £172,917).

Shareholder voting at the 2020 AGM

At the Annual General Meeting held on 20 May 2020, shareholder proxy voting on the directors' remuneration report for the year ended 31 December 2019 was as follows:

Resolution	For	%	Against	%	Total votes	Withheld [1]
Directors' remuneration report 2019	91,729,684	56.35	71,056,516	43.65	162,786,200	46,561

Shareholder voting at the 2019 GM

At the General Meeting held on 2 December 2019, shareholder proxy voting on the directors' remuneration policy was as follows:

Resolution	For	%	Against	%	Total votes	Withheld [1]
Directors' remuneration policy	73,854,103	65.46	38,973,302	34.54	112,827,405	17,584

(1) A vote withheld is not a vote in law and is not counted in the calculation of votes for and against.

The Board recognises that a significant minority opposed the resolution on the 2019 directors' remuneration report. Our initial engagement with shareholders opposed indicated that their principle concern was the increase in the CFO's base salary from 1 January 2020, the repositioning of which was notified to shareholders in the Circular dated November 2019, which set out the basis of the Acquisition and which reflected his base salary's pre-existing and material shortfall to the market. Before the pandemic related reductions (repaid in December 2020), both his new base salary and total compensation package were almost exactly in line with the median of UK listed housebuilders. The Board does not anticipate the necessity to award an increase of this magnitude in the foreseeable future.

By order of the Board
Nigel Keen
Chairman of the Remuneration Committee

4 March 2021

Note: This Directors' Remuneration Report has been prepared in accordance with the requirements of Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority, and describes how the Board has complied with the principles and provisions of the UK Corporate Governance Code relating to remuneration matters. Remuneration tables subject to audit in accordance with the relevant statutory requirements are contained in the annual remuneration report.

Remuneration Policy

The table below sets out key elements of the Remuneration Policy, which was approved by shareholders at a General Meeting on 2 December 2019. The full remuneration policy is available at **vistrygroup.co.uk/investors/corporate-governance**.

Components of the remuneration framework for executive directors

The policy table below summarises the main components of the remuneration framework, a large proportion of which is performance related.

Fixed pay			
Purpose and link to strategy	**Operation**	**Opportunity**	**Performance metrics**
Base salary To attract and retain high performing talent required to deliver the business strategy, providing core reward for the role. 	Ordinarily reviewed annually. The review typically considers competitive positioning, the individual's role, experience and performance, business performance and salary increases throughout the Group. Market benchmarking exercises are undertaken periodically and judgement is used in their application.	Whilst we do not consider it appropriate to set a maximum base salary level, any increases will take into account the individual's skills, experience, performance, the external environment and the pay of employees throughout the Group. Whilst generally the intention is to maintain a link with general employee pay and conditions, in circumstances such as significant changes in responsibility or size and scope of role or progression in a role, higher increases may be awarded. Thus, where a new director is appointed at a salary below market competitive levels to reflect initial experience, it may be increased over time subject to satisfactory performance and market conditions. This will be fully disclosed in advance on appointment.	Not applicable.
Benefits To provide market competitive benefits consistent with role. 	Benefits typically include medical insurance, life assurance, membership of the Bovis Homes Regulated Car Scheme for Employees or cash car allowance, annual leave, occupational sick pay, health screening, personal accident insurance, and participation in all employee share schemes (SAYE and SIP). In line with business requirements, other expenses may be paid, such as relocation expenses, together with related tax liabilities.	We do not consider it appropriate to set a maximum benefits value as this may change periodically.	Not applicable.
Pension To attract and retain talent by enabling long term pension saving. 	Executives joining the Group since January 2002 can choose to participate in a defined contribution arrangement, or may receive a cash equivalent. A salary supplement may also be paid as part of a pension allowance arrangement.	A pension allowance of up to 20% of base salary may be paid for current incumbents. For new incumbents, the contribution rate is set at 7% of base salary, to be maintained in line with changes in the rate applicable to the workforce. This may be taken as a contribution to the Group Personal Pension Plan, as a cash supplement, or a combination of the two. Salary increases awarded after the first year of the Policy are not pensionable for directors who receive pension contributions at a rate above that applicable to the workforce. From January 2023 or earlier, all directors pension contributions shall be maintained in line with the rate set for the workforce.	Not applicable.

Variable pay

Purpose and link to strategy	Operation	Opportunity	Performance metrics
Annual bonus **To incentivise and reward the delivery of near-term business targets and objectives.** 	The annual bonus scheme is a discretionary scheme and is reviewed prior to the start of each financial year to ensure that it appropriately supports the business strategy. Performance measures and stretching targets are set by the Committee. Bonuses are normally paid in cash and any amounts awarded over 100% of base salary can 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. 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. Clawback provisions apply (for a period of two years from the bonus payment date). Circumstances include: a material misstatement, serious misconduct, a material failure of risk management, restatement of prior year results, corporate failure, or serious reputational damage to any Group company.	The annual bonus scheme offers a maximum opportunity of up to 150% of base salary. Achievement of stretching performance targets is required to earn the maximum.	Performance measures are selected to focus executives on strategic priorities, providing alignment with shareholder interests and are reviewed annually. Weightings and targets are reviewed and set at the start of each financial year. Financial metrics will comprise at least 50% of the bonus and are likely to include one or more of: • a profit-based measure • a cash-based measure • a capital return measure Non-financial metrics, key to business performance, will be used for any balance. These may include measures relating to build quality and customer service. 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.
Long Term Incentive Plan (LTIP) **To incentivise, reward and retain executives over the longer term and align the interests of management and shareholders.** 	Typically, annual awards are made under the LTIP. Awards can be granted in the form of nil- cost options, forfeitable shares or conditional share awards. Performance is measured over a performance period of not less than three years. LTIP awards do not normally vest until the third anniversary of the date of the grant. Vested awards are then subject to a two-year holding period. For nil-cost options this will be a prohibition on exercise until the end of the holding period. Awards may be granted with the benefit of dividend equivalents, so that vested shares are increased by the number of shares equal to dividends paid from the date of grant to the date of exercise. Malus provisions can be applied to awards prior to the vesting date and clawback provisions can be applied for two years thereafter in certain circumstances, including a material misstatement, serious misconduct, a material failure of risk management or serious reputational damage to any Group company. Malus can also be applied for any other reason which the Committee considers appropriate.	The maximum annual award, under normal circumstances is 200% of base salary for executive directors.	The performance measures applied to LTIP awards are reviewed annually to ensure they remain relevant to strategic priorities and aligned to shareholder interests. Weightings and targets are reviewed and set prior to each award. Performance measures will include long term performance targets, of which financial and / or share price-based metrics will comprise at least two thirds of the award. Quantifiable 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. 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.

Remuneration Policy

Variable pay			
Purpose and link to strategy	Operation	Opportunity	Performance metrics
Shareholding guideline To encourage executives to build up a meaningful shareholding over time and align the interests of management and shareholders. 	Executive directors benefitting from the exercise or release of LTIP awards are expected to retain 100% of the net value derived as shares, after settling all costs and income tax due, until such time as the guideline is met. The post-employment shareholding guideline is the lower of 1x the shareholding guideline (200% of salary) and the actual shareholding at cessation. Shares to be held for two years post-cessation. Shares to be held only includes vested shares from incentive plans and excludes shares purchased by executives.	The guideline for executive directors is 200% of base salary.	Not applicable.

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) before 16 May 2014 (the date the Company's first remuneration policy came into effect);

(ii) 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

(iii) 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.



Leading the charge in sustainable timber usage

We ensure that timber from our supply chain is either FSC, PEFC certified or from a legal and sustainable source

Audit committee report



During a year of challenge and change, the Audit Committee continued to play a fundamental role in protecting stakeholders' interests. The Committee reviewed the Group's financial reporting, internal control systems and risk management and maintained oversight of external and Internal Audit. It also monitored development of the control environment following the Acquisition and reviewed accounting policy alignment and acquisition accounting. I am pleased to introduce the Committee's report for 2020.

Ralph Findlay | Committee Chairman

Overview

During 2020, the Committee reviewed the integrity of the Group's financial statements, monitored operating, financial and accounting practices, and carefully reviewed significant areas of judgement and the viability statement. Following the Acquisition, the development and expansion of the control environment was monitored to ensure that it was consistently applied and embedded across the Group. In addition, accounting policy alignment was assessed, acquisition accounting was reviewed, and Covid-19 cost accounting and disclosure was considered.

With the expansion of the Group, the Committee monitored the system for internal control, financial reporting and risk management, with the effectiveness of this system being reviewed in the context of the Group's strategic priorities, the more complicated business environment following the Acquisition, and operational performance. Reporting was received from the external auditor, Internal Audit and management and was openly debated in free-flowing discussions, which served to test conclusions, audit outcomes and judgements. The effectiveness of the Group's Internal Audit function continues to develop. Resource was subject to a temporary reduction in early 2020, before this was reversed and approval was given later in the year to recruit two new team members.

The Risk Governance Committee was renamed the Risk Oversight Committee with a refreshed membership and its role in reviewing risk management and emerging and principal risks expanding to cover the activities of the enlarged Group. The Committee will continue to contribute to the monitoring of emerging and principal risks and the understanding and mitigation of evolving risk facing the enlarged business.

Committee membership and meetings

During 2020, the Committee comprised five independent non-executive directors and had no changes in membership. The non-executive directors have, between them, the recent and relevant experience required by the UK Corporate Governance Code. As a whole, they have competence relevant to the sector in which the Company operates. Biographical details and information on skillsets are provided on pages 82 and 83.

Committee membership is determined by the Board following recommendation from the Nomination Committee and is kept under review as part of the Committee's performance evaluation. The Company Chairman, Chief Executive, Chief Operating Officer, and Chief Financial Officer were present at all meetings in 2020 by invitation. PricewaterhouseCoopers LLP, the external auditors, the Head of Internal Audit & Risk, and the Head of Financial Reporting attended all meetings.

The Committee met four times in 2020. Detailed papers and information were circulated sufficiently in advance of meetings to allow full and proper consideration of the matters for discussion. Following one meeting, the Committee met with the external auditors and the Head of Internal Audit & Risk, without executive management present. Ralph Findlay, Committee Chair, also met privately with the audit engagement partner of the external auditors during the year. The Group Company Secretary acts as secretary to the Committee. An overview of the main activities during 2020 is provided on the next pages.

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

Responsibilities and terms of reference

Key responsibilities of the Committee are:

- Monitoring the integrity of the financial statements, the accompanying reports to shareholders and corporate governance statements, including reviewing and testing the findings of the external auditor.
- Reviewing and monitoring the effectiveness of systems for internal control, financial reporting and risk management.
- Overseeing and reviewing the effectiveness of the Group's Internal Audit function.
- Making recommendations to the Board in relation to the appointment and removal of the external auditor and approving their remuneration and terms of engagement.
- Reviewing and monitoring the external audit process and the independence and objectivity of the auditor, as well as the nature and scope of the external audit and its effectiveness.
- The pre-approval of all audit related and non-audit services proposed to be undertaken, taking into account relevant ethical guidance.

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

Main activities during the year

The Committee followed a programme structured around the annual reporting cycle, with an additional meeting being held to monitor the expansion and effectiveness of the control environment designed to deliver one set of controls across the enlarged Group and to commence a review of accounting policy alignment and acquisition accounting. It received reports from Internal Audit, the external auditor and management. The key activities undertaken were:

- Discussed the key accounting considerations and judgements reflected in the Group's results for the year ended 31 December 2019 with the external auditor.
- Reviewed the 2019 annual report and accounts and recommended to the Board that, taken as a whole, it was fair, balanced and understandable.
- Assessed the results and effectiveness of the 2019 final audit.
- Reviewed and discussed the key accounting considerations and judgements reflected in the Group's results for the six months ended 30 June 2020 with the external auditor.
- Evaluated and agreed the external auditor's audit strategy memorandum in advance of the 2020 year-end audit.
- Received reports from Internal Audit (further detail is provided below).
- Reviewed and assessed the Group's risk appetite and monitored the effective mitigation of principle risks.
- Reviewed continued progress with the review of risk management and the work completed by the Risk Oversight Committee, including having sight of minutes.
- Monitored the expansion of the control environment aimed at achieving one set of controls across the enlarged Group and its ongoing effectiveness, including delegated authorities, procurement limits within COINS, and updated commercial and cost valuation controls, with alignment to the quarterly self-assessment process covering key controls and policy adherence.
- Reviewed the effectiveness of the system of internal control and risk management systems and continued to monitor progress with the implementation of key new software systems to ensure the expected improvements in the control environment are delivered in a consistent way across the enlarged Group.
- Considered and interrogated a report from the external auditor covering acquisition accounting, including an accounting policy alignment review and a fair value exercise, plus Covid-19 considerations.
- Completed a goodwill impairment assessment, determining that no impairment was deemed necessary in the period.
- Completed an assessment of anti-bribery, fraud risk and anti-fraud measures.
- Reviewed management's going concern assessment at each reporting period end, considering detailed financial forecasts, future cash flow projections and the resources available to the Group, including the current banking facility and forecast covenant compliance.
- Reviewed management's viability assessment for the year end reporting period covering strategic planning, principle risks, detailed financial forecasts, resources available to the Group, scenario testing, qualifications and assumptions and the period chosen.
- Reviewed the Company's Speak Up whistleblowing policy, arrangements for reporting concerns, and general nature of the cases reported.
- Reviewed the Committee's terms of reference.
- Agreed actions arising from the Committee's 2019 informal performance evaluation and monitored their completion.

The Audit Committee was provided with summarised findings and action plans from all internal audits throughout the year. These were based on a rolling work plan to provide greater flexibility during a period of change for the Group, covering business assurance, thematic reviews and process reviews, with initial focus on the Partnerships business to assess control and compliance arrangements, before moving to Housebuilding following the initial reorganisation. In addition, commercial auditing was undertaken with support from the Group Commercial function, including a cost valuation review with the objective of examining and challenging cost risk and forecasting and a review focussing on large complex multi-phase sites.

Audit committee report

A full cultural assurance review was also undertaken, with external support, and a desktop review over remote working controls completed.

Whistleblowing was also discussed and saw a continuation in the level of reported cases and investigations in 2020 as the prior year. The Group operates a confidential reporting service called Speak Up, run by an external provider and investigations are completed by independent resource within the Group. 22 cases were raised during 2020 from across the Group, demonstrating that efforts to publicise and develop awareness of whistleblowing, with a positive tone from the top, were effective. The Committee and executive management remain committed to ensuring that the whistleblowing facility is well publicised throughout the enlarged Group during 2021 and will continue to monitor reporting and investigations to ensure that appropriate action is taken, with cases being closed out on a timely basis.

At its meeting in February 2021, the Committee discussed with the external auditor the key accounting considerations and judgements reflected in the Group's results for the year ended 31 December 2020 and reviewed the 2020 Annual Report and Accounts, to be able to recommend to the Board that, taken as a whole, it was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model and strategy.

The approach taken was to analyse key areas of progress and challenge during the year, followed by review of the 2020 Annual Report and Accounts to ensure that all key areas had been reported upon in a balanced and fair way.

Significant areas

The key sources of estimation uncertainty for the Group considered by the Committee and discussed with the external auditors, in relation to the 2020 accounts, were:

- Inventory provisioning - the level of inventory provisioning impacts the carrying value of the most significant balance on the balance sheet. The Company carries a provision to write down the value of the land held within inventories to the lower of cost and net realisable value, less costs to sell, where this is less than the historical cost and reviews this provision annually. The assessment of the level of provision required necessitates the exercise of judgement by management. At this year end the provision had increased to £5.7m and had been audited and reported on by the external auditors. The utilisation in the period and adjustments proposed were discussed and justified by management and the land write down provision remaining at the period end was reviewed.

  Following discussion, the Committee was satisfied that the judgements exercised were appropriate and that the provision was appropriately stated at the year end. Details of the movements in the provision are provided in note 3.1 to the accounts on pages 159 and 160.

- Margin Forecasting - The gross margin from development revenue generated on each of the Group's individual sites within the year is recognised based on the latest forecast for the gross margin expected to be generated over the remaining life of that site. The remaining life gross margin is calculated using forecasts for selling prices and all land, build, infrastructure and overhead costs associated with that site. There is inherent uncertainty and sensitivity to external forces (predominantly house prices and labour costs) in these forecasts, which are reviewed regularly throughout the year by management and are addressed on pages 50 to 55.

  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 period, 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.

External auditor

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

The lead audit engagement partner rotated in 2020, with the audit for the 2020 financial year being led by a new partner.

Our 2021 AGM Notice contains a resolution for the re-appointment of PwC as auditors to the Company. In making this recommendation, the Committee took into account, amongst other matters, the independence and objectivity of PwC, the ongoing effectiveness of the external audit process and cost.

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

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

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

At its meeting in early March 2021, the Committee reviewed the effectiveness of the external audit process as part of its consideration of the 2020 final audit. This involved assessing delivery and content against the audit plan for the 2020 year end audit, including determination of audit risks and key sources of estimation uncertainty, consideration of the performance and communication of the audit team, and the quality of reporting, observations, recommendations and insight.

The Committee also considered the circumstances leading to the postponement of the publication of the Group's final results for the full year ended 31 December 2020 from 25 February 2021 until 4 March 2021, following a request from the external auditor, in light of practical resource constraints resulting from the third national lockdown, that flexibility be applied to the year end timetable.

This short delay allowed sufficient time for the external auditor to complete the audit of the results and ensure the quality of its reporting.

The review included consideration of progress with areas of particular focus agreed for the 2020 audit and the comprehensive papers received from the external auditor, discussing and challenging their conclusions and audit judgements and assessing responses from the external auditor. Continuity has been maintained within the audit team, business knowledge has improved year on year, and communication has been generally constructive and timely.

The Committee keeps under review its policy which requires the Committee to approve all audit related and non-audit services proposed to be undertaken by the external auditors, with the exception of compliance work undertaken in the ordinary course of business, which is treated as pre-approved.

When a request for approval is made, the Committee has due regard to the nature of the audit related or non-audit service, whether the external auditor is a suitable supplier, and whether there is likely to be any threat to independence and objectivity in the conduct of the audit. The related fee level, both separately and relative to the audit fee is also considered.

The Committee reviewed the performance of the external auditor, including circumstances leading to a request from the external auditor, in light of practical resource constraints resulting from the third National lockdown, that flexibility be applied to the year end timetable, and the subsequent postponement of the publication of the Group's final results for the full year ended 31 December 2020 from 25 February 2021 until 4 March 2021. This short delay allowed sufficient time for the external auditor to complete the audit of the results and ensure the quality of its reporting. Taking account of the additional flexibility required, the Committee considers PwC to have been effective and to have carried out a high quality audit in the sixth year since appointment, having continued to develop a good understanding of the enlarged Group. PwC did not provide any non-audit services during 2020. The Committee is satisfied that they continued to demonstrate independence as auditor of the Group.

Internal Audit

There was a small reduction in Internal Audit resourcing during 2020 through a single redundancy and a short period when a member of the team was furloughed whilst sites and back office functions were unavailable. This did not impact the assurance provided through the year and the team worked hard to ensure the audit plan was completed as agreed. Approval was provided to bolster the department with two new additional members joining the team in early 2021, continuing progress towards improved internal capability required in the context of the enlarged Group, led by the Head of Internal Audit & Risk. Focus will be placed on improving the commercial auditing skillset, with support from Group Commercial and increased use of virtual resource from within the business.

The incorporation of the Partnerships Quality Team into Internal Audit is intended to follow, increasing resource, and supporting the improvements required to align controls and improve compliance across the enlarged Group.

Overall, the Committee is pleased with the ongoing progress and has approved a separate commercial audit plan for 2021, in addition to the end to end process reviews, thematic process reviews and other activity comprising the usual audit plan. This return to more traditional Internal Audit activity in 2021 includes opportunities for Internal Audit to act as a driver of performance and compliance throughout the business.

For an analysis of fees paid to PwC for audit services see note 2.1 on page 156. There were no non-assurance services provided by PwC during the year, beyond a de-minimis technical accounting subscription service.

Performance evaluation

An evaluation of the performance of the Committee was undertaken as part of the external Board evaluation exercise carried out by IBE in 2020 and completed at the beginning of 2021. The process was entirely interview based, and included Committee members, Board members who attend, key members of the senior team, and the lead audit partner from PWC.

The review considered Committee composition, quality of meetings, effectiveness in meeting its objectives, the focus and quality of discussions, the quality of the external auditor, and the role and performance of internal audit.

Overall, the feedback was positive. The Committee was considered to have performed well over 2020 and to fulfil its remit effectively. The balance of the agenda was appropriate, and the culture of the meetings was described as challenging and supportive. The Committee was described as highly engaged in its discussions.

Action points for the Committee to consider in 2021 were as follows:

- to work with the Nomination Committee to plan for a future chair of Audit in due course
- to keep under review the strength of the finance team and the resource allocated to Internal Audit to ensure that both remain fit for purpose as the Group integrates
- to ensure that the risk profile of the Partnerships business is well understood and scrutinised by the Committee, differing as it does from the Housebuilding division
- to keep under review whether Internal Audit and Risk should be split into two separate functions
- to keep challenging the status of the control environment across the whole Group and to support the executive in implementing centralised controls across the Group and
- to continue to direct its questions at management, and to bring more members of management into the meetings to answer questions if necessary

Ralph Findlay
Chairman of the Audit Committee

4 March 2021

Nomination Committee report



In 2020 the main focus of the Committee remained on executive director succession planning and Board composition, with longer term considerations coming into view following the Acquisition.

Ian Tyler | Committee Chairman

Overview

Following the Acquisition and the appointment of Graham Prothero as Chief Operating Officer at the start of 2020, the Committee allowed time for the integration to progress before turning its attention in the second half of the year to longer term Board succession and succession planning for the executive directors, reviewing the strength and depth of the talent pool available to the Group.

Diversity and inclusion also came to the fore, with review of the Group's policy and the formation of a working group designed to gather employee views and inform and widen the scope of initiatives being undertaken to deliver benefits for the Group.

The Committee supports the recommendations of the Hampton-Alexander Review. Although the Board was not able to take steps to meet the minimum target for 33% women's representation on the Board at the end of 2020. Following a conscious decision not to change the Board composition through the integration process following the Acquisition, it is now in a strong position to review how its composition should evolve. Recruitment of a further non-executive director is currently underway and, together with a review of Board composition, will be concluded before the end of 2021.

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

We passionately believe in diversity and inclusion and that it is vital to business success. Both gender and ethnic diversity throughout the Group has seen significant progress, with a high proportion of senior appointments during the year going to women, including the appointment of Debbie Hulme, our Group Customer Experience Director, to the ELT and board of Vistry Homes Limited and the appointment of Dawnet McLaughlin as a business unit MD.

Data submitted to the Hampton-Alexander Review as at the end of October 2020 showed that of a total of 30 direct reports to the ELT eleven were women and this remained the position at the end of the year. In addition, two senior promotions to business unit MD, one male and one female (noted above) went to individuals in ethnic minority groups and we support the findings of the Parker Review.

The Committee also continued to review the composition of the Board more generally in 2020 and the knowledge, skills and experience available to the Board amongst the non-executive directors.

During 2021, the Committee will continue to develop longer term succession planning, promote diversity and inclusion, and monitor Board composition in light of the challenges and opportunities ahead in delivering the Group's strategy as a top five housebuilder.

Committee membership and meetings

All members of the Committee are independent non-executive directors, with the exception of the Chairman of the Company. Ian Tyler chaired the Committee during the year and the other members were Chris Browne, Ralph Findlay, Nigel Keen, Mike Stansfield and Katherine Innes Ker.The Committee met five times in 2020.

Early in the year more routine business was addressed, before attention moved to long term succession planning for the executive directors and consideration of Board composition. These discussions evolved and continue to be developed, with Board composition considering options for meeting the Hampton Alexander minimum target for 33% women's representation on the Board.

The Group's diversity and inclusion policy was reviewed and consideration was given to the best way to widen and drive initiatives forward, resulting in the formation of a working group whose initial task was to gather employee views and feed back to the ELT, with progress being monitored by the Committee. The outcomes are set out later in this report.

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

Responsibilities and terms of reference

The key responsibilities of the Committee:

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

The Committee also reviews the results of the Board performance evaluation relating to the composition of the Board. External legal or other independent professional advice can be obtained at the Company's expense and this facility was not utilised during the year. The Committee's terms of reference are available on the Company's website (**vistrygroup.co.uk/investors/corporate-governance**).

A summary of the Committee's activities during 2020 follows:

- Keeping the structure, size and composition of the Board under review, including in the context of the enlarged Group.
- Assessing the talent available to the Group and developing succession planning for the executive directors, particularly the CEO, with specific consideration of future requirements, challenges and opportunities.
- Completing rigorous reviews leading to recommendations regarding the renewal of directors' service contracts for M C Browne and M J Stansfield.
- Considering the overall composition and length of service of the Board and the need to refresh its membership at the appropriate time.
- Recommending the directors to stand for re-election at the 2020 AGM in accordance with the UK Corporate Governance Code.
- Reviewing the Group's diversity and inclusion policy and the actions being taken to progress and widen initiatives.
- Concluding on the Committee's 2019 informal performance evaluation and following through on the outcomes and actions
- Starting the Committee's 2020 formal performance evaluation
- Approving the Nomination Committee report for the 2019 Annual Report.
- Reviewing the Committee's terms of reference.

Main activities during the year

The main activities during the early part of 2020 comprised more routine business, including nominations for appointment at the 2020 AGM, approval of the Committee report for inclusion in the 2019 Annual Report, and discussion of the outcomes and determination of the actions coming out of the Committee's 2019 informal performance evaluation.

In the second half, attention moved to long term succession planning for the executive directors and particularly the CEO, coupled with consideration of Board composition with the objective of ensuring that, longer term, the Board has the knowledge, skills and experience required to ensure the long-term sustainable success of the Group. These discussions evolved and included use of an independent external consultant, with no connection to the Group, to garner views from Board members, the ELT, and senior management on key requirements in an individual for the future leadership of the Group. This process is ongoing and a presentation to the Committee to inform discussion will take place in early 2021. Board composition also considered, as an ongoing process, options for meeting the Hampton Alexander minimum target for 33% women's representation on the Board. Having taken a conscious decision to maintain stability in Board membership through 2020, the key stages of the integration process following the Acquisition and the challenges of the pandemic, a conclusion was reached in early 2021 to recruit a further non-executive director and review the shape of the Board, given the size, scale and complexity of the Group with both processes to be complete by the end of 2021. The Board, therefore, expects to be compliant with the recommendations of the Hampton Alexander review by the end of 2021.

The Nomination Committee reviewed and approved a diversity and inclusion policy in December 2018, which is designed to promote and support the development of a diverse and inclusive culture, both in the boardroom and across the Group.

The policy sets out how the Board seeks a mix of talented people with a range of experience, skills, vision and independence, recognising the importance of a blend of abilities, views and social and ethnic backgrounds to enable it, as the objective of the policy, to function effectively. In implementing the policy, a high emphasis is being placed on ensuring the development of diversity in senior management roles across the Group by strengthening the talent pipeline and through internal promotion and recruitment. The policy is implemented by circulation throughout the Group, regular communication, and publication on the Group's intranet and website.

Nomination Committee report

In common with the construction industry as whole, the majority of our workforce is male (2020: 67.7%; 2019 64.8%). While a lower proportion of senior management and directors are female, the Group made progress during 2020, increasing the number of women in senior leadership positions. Debbie Hulme, our Group Customer Experience Director, was appointed to the ELT on 21 July 2020 (and to the board of Vistry Homes Limited) and Dawnet McLaughlin was appointed MD of our Caterham business unit on 1 July 2020. In addition, Sally Drew was appointed Group Health & Safety Director on 1 July 2020 and Danica McLean was appointed HR Director of our Housebuilding Division and Central Services on 15 December 2020.

We support the findings of the Parker Review and have undertaken a number of measures to promote an inclusive environment, including raising the profile of our diverse leaders and reflecting diversity in our communication materials, and we are proud to be signatories to the Government's Social Mobility Pledge which facilitates employment of people from disadvantaged backgrounds. Our latest Peakon employee survey affirmed our inclusive culture with an engagement score of 8.1 in response to the diversity and inclusion question.

During 2020 a working group was put together to take a temperature check on the status of diversity and inclusion within the Group and to test the functioning of the policy, seeking the views of employees and putting forward a report for ELT consideration, proposing new initiatives and how those in progress could be developed, reshaped or expanded. It was concluded that there was no single approach being taken across the Group, that the agenda was being led by motivated individuals engaging with external groups and bodies, and that communication could be improved.

The recommendations were approved for implementation with overview from the Committee and the Board and include:

- Establishing a more widely representative permanent D&I working group
- Preparing a framework action plan for the Social Mobility Pledge for launch and implementation during 2021
- Partnering with external organisations
- Embedding D&I in the sustainability agenda, with people and communities at its heart
- D&I data collection, a diversity survey, and implementing training for senior management

Other actions and events in support of the diversity and inclusion policy during 2020 included:

- Trainee Assistant Site Manager Programme; Partnerships Management Trainee Scheme; Apprenticeships; Gender Pay Gap reporting; flexible working in response to Covid-19; enhanced maternity and paternity pay; Partnerships focus on social value; training of Mental Health First Aiders (we now have over 70 across the Group); advertisement of a broad range of vacancies on workingmums.co.uk; and engagement with external D&I groups.

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

Having served for six years, the Committee considered the skills, knowledge and expertise that Chris Browne brings to the Board and examined their ongoing relevance and her contribution, performance and commitment, following which a recommendation was made to the Board that her service contract be renewed for a third term.

Having served for three years, the Committee considered the skills, knowledge and expertise that Mike Stansfield brings to the Board, together with his contribution, performance and commitment, and a recommendation was made to the Board that his service contract be renewed for a second term. These recommendations were made in light of the composition of the Board as a whole.

Performance evaluation

An evaluation of the performance of the Committee was undertaken by IBE as part of the external board evaluation for 2020, which was completed in early 2021. As noted on page 127 the operation of the Nomination Committee will be one of the key areas of focus for the Board in 2021. Feedback indicated that participants would like more time given to Committee meetings and that during 2021 it would look in more depth at:

- Board composition - this will include the gender and ethnic make up of the Board, in light of the requirements of the Hampton Alexander and the Parker Reviews. The skills and size of Board most appropriate for the expanded Group in light of the strategy post integration will also be under review.
- Succession Planning - the Committee will review senior talent and development thereof regularly and oversee the desired progress on diversity and inclusion at the Committee, thus ensuring that it is fulfilling its obligation to develop a diverse pipeline of talent for the business. Succession planning will also focus on Board appointments - for executive directors, and for the Chairman, where discussions are ongoing.



Ian Tyler
Chairman of the Nomination Committee

4 March 2021



Delivering high quality homes

Directors' report

The directors have pleasure in submitting their annual report for the year ended 31 December 2020.

Other disclosures made in the Annual Report

The Company is required to disclose certain information in its directors' report which the directors have chosen to disclose elsewhere in the Annual Report and is incorporated by reference. Details of where this information can be found are set out below:

Likely future developments in the business	10 to14
Important events since the year end	188
Going concern statement	48
Financial risk management	164
Directors' interests	112
Stakeholder engagement	58 to 64
Employee involvement / employment of disabled persons	24 to 31
Greenhouse gas emissions, energy consumption and energy efficiency action	38
Corporate governance report	84 to 101
Directors' remuneration	104 to 122
Subsidiaries and associated undertakings	189 to 191

Directors' names and functions are listed on pages 82 and 83

Notice of the 2020 Annual General Meeting pages 193 to 199

Research and development

We continue to undertake research and development to improve the processes, materials and products used in the construction of our developments and to enhance the energy efficiency of our range of homes.

We have formed several internal Planning and Technical steering groups which are attended by our internal subject matter experts and external partners which shape process, share learning and continuously develop the Vistry business.

Our focus in 2021 is to develop our roadmap towards Net-Zero with our industry partners and the interim step changes to be at the forefront and to reduce our climate impact at scale.

Disclosure of information under Listing Rule 9.8.4R

There is no further information to be disclosed in accordance with Listing Rule 9.8.4R.

Directors

Details of the directors and their biographies are shown on pages 82 to 83.

Graham Prothero was appointed as an executive director and the Company's Chief Operating Officer on 3 January 2020.

In accordance with the UK Corporate Governance Code, all the directors will retire at the 2021 Annual General Meeting and, being eligible, offer themselves for re-appointment.

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 104 to 122.

Dividends

Pursuant to the Acquisition, the Company returned value to its shareholders by way of a bonus issue through the issuance of 5,665,723. Shareholders received 0.03819 bonus issue shares for every 1 share held on 2 January 2020.

Annual General Meeting

Our 2021 AGM will be held on Monday, 17 May 2021. We are closely monitoring the ongoing impact of Covid-19 and any developments in UK regulation which may affect the arrangements for the AGM. Further details about the AGM is provided in the Notice of AGM on pages 193 to 199. 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 Annual General Meeting 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 Board postponed all dividend payments for 2020 due to the uncertainty surrounding the impact of Covid-19. The Board returned value to its shareholders via a bonus issue of 4,369,992 ordinary shares valued at £60 million based on a share price of £13.73 to shareholders on the register as at the close of business on 27 December 2019. The bonus issue was made on 15 July 2020 and each qualifying shareholder received 0.02945974 bonus issue share for each existing share.

The Board proposes to pay, subject to shareholder approval at the 2021, a final dividend of 20p (2019: 61.5p) per share in respect of the 2020 financial year on 17 May 2021 to shareholders on the register at the close of business on 26 March 2021.

The Company operates a dividend reinvestment plan which gives shareholders the opportunity to reinvest dividends.

Section 172 statement

The directors have an obligation to act in accordance with the duties set out in section 172 of the Companies Act 2006, which provide that they must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and environment
- the desirability of the Company maintaining a reputation for high standards of business conduct
- the need to act fairly as between shareholders of the Company

The directors consider that they have acted in accordance with their duties under s.172 in the decisions taken during the year ended 31 December 2020. The s.172 Statement at pages 58 to 64 identifies the key steps we have taken to engage with our stakeholders and the outcomes of our engagement.

Directors' indemnities

During the financial year and as at the date of this report, indemnities were in force under which the Company has agreed to indemnify the directors, to the extent permitted by law and the Company's Articles of Association, 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.

Powers of the directors

Subject to the Company's Articles of Association, 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. The directors have been authorised to allot and issue ordinary shares and to make market purchases of the Company's ordinary shares and these powers may be exercised under authority of resolutions of the Company passed at its Annual General Meeting. The rules in relation to the appointment and replacement of directors are set out in the Company's Articles of Association.

Articles of Association

Unless expressly specified to the contrary in the Articles of Association, 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 4 March 2021, its share capital comprised 222,255,324 fully paid Ordinary Shares of 50 pence each.

At the Company's 2020 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 £36,254,373;
- allot shares up to an aggregate nominal amount of £72,508,746 for the purpose of a rights issue; and
- make market purchases up to 21,774,398 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 2021 AGM.

During the year the Company allotted 73,914,827 shares in connection with the following:

- the bonus and consideration shares issued pursuant to the Acquisition of the Linden Homes and Partnerships & Regeneration businesses of Galliford Try;
- the bonus shares issued in place of the postponed dividend to shareholders; and
- the exercise of options under the Company's employee share plans.

The Employee Benefit Trust purchased 509,136 shares and received 24,890 bonus shares during the year.

The Company has not held any shares in treasury during the period under review.

All issued shares are fully paid and free from any restrictions on their transfer, except where required by law, such as insider trading rules. The rights and obligations attaching to the Company's ordinary shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK or by writing to the Group Company Secretary.

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.

Directors' report

On a show of hands at a general meeting of the Company every shareholder present in person or by proxy and entitled to vote has one vote and on a poll every shareholder present in person or by proxy and entitled to vote has one vote for every ordinary share held. Further details regarding voting, including the deadlines for voting, at the Annual General Meeting can be found in the notes to the Notice of the Annual General Meeting at the back of this Annual Report and Accounts. No shareholder is, unless the Board decides otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other shareholder rights if he or any person with an interest in shares has been sent a notice under section 793 of the Companies Act 2006 and has failed to supply the Company with the requisite information within the prescribed period.

Shareholders may receive a dividend and, on a liquidation, may share in the assets of the Company. None of the ordinary shares of the Company, including those held by the Company's share schemes, carry any special rights with regard to control of the Company.

Employees participating in the Vistry Group Share Incentive Plan may direct the trustee to exercise voting rights on their behalf at any general meeting but are not required to do so.

The instrument of transfer of a certificated share may be in any usual form or in any other form which the Board may approve.

The Board may refuse to register any instrument of transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. Certain employees and officers of the Company must conform to the Company's share dealing rules; these restrict the ability to deal in the Company's shares at certain times and require permission to deal. The Board may also refuse to register a transfer of a certificated share unless the instrument of transfer: (i) is lodged, duly stamped (if stampable), at the registered office of the Company or any other place decided by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; (ii) is in respect of only one class of shares; and (iii) is in favour of not more than four transferees. Transfers of uncertificated shares must be carried out using the relevant system and the Board can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of the relevant system and with UK legislation. There are no other limitations on the holding of ordinary shares in the Company and the Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

Political donations

No political donations were made during the year ended 31 December 2020 (2019: nil). The Group has a policy of not making donations to political parties or incurring political expenditure.

Substantial shareholdings

As at 31 December 2020, the following interests of 3% or more in the Company's issued share capital had been notified to the Company:

Ordinary shares of 50p each	% direct holding	% indirect holding	% financial instruments	Total number of shares held	% of voting rights of the issued share capital
BlackRock, Inc.	-	5.57	0.16	12,747,675	5.73
Dimensional Fund Advisors	-	4.98	-	11,069,044	4.98
Schroders plc	-	4.96	-	6,680,423	4.96
Prudential plc group of companies	-	4.73	0.20	6,644,963	4.93
Royal London Asset Management Limited	4.14	-	-	5,567,004	4.14
Norges Bank	3.45	-	0.05	7,615,514	3.50
Standard Life Aberdeen plc group of companies	-	< 5%	-	< 5%	< 5%

The percentage interests stated above are as disclosed at the date on which the interests were notified to the Company.
Between 1 January and 4 March 2021, the following interests in the Company's issued share capital were notified to the Company:

Ordinary shares of 50p each	% direct holding	% indirect holding	% financial instruments	Total number of shares held	% of voting rights of the issued share capital
Norges Bank	2.83	-	-	6,305,221	2.83

Takeover directive

On a change of control, provisions in the Group's syndicated banking facility agreements (described in note 4.2 to the accounts) would allow lenders to withdraw the facility.

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.

There are a number of commercial contracts that could alter in the event of a change of control. None is considered to be material in terms of their potential impact on the Group in this event.

Auditors

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Following an audit tender process conducted at the end of 2014, PricewaterhouseCoopers LLP were appointed as auditor at the 2015 AGM. In accordance with the provisions of the Companies Act 2006, resolutions concerning the re-appointment of PricewaterhouseCoopers LLP and their remuneration will be placed before the 2021 Annual General Meeting.

Statement of directors' responsibilities

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 Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the directors to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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, for the Group and Company, international accounting standards in conformity with the requirements of the Companies Act 2006 and, for the Group, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are also 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 responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in pages 82 to 83 of the Annual Report confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

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; and
- 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.

By Order of the Board
M T D Palmer
Group Company Secretary
4 March 2021

Vistry Group PLC
Registered number 306718

Auditors' report

Independent auditors' report to the members of Vistry Group PLC

Report on the audit of the financial statements

Opinion

In our opinion, Vistry Group PLC's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's and Company's profit and the Group's and Company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements 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 and accounts (the "Annual Report"), which comprise: the Group and Company Balance sheets as at 31 December 2020; the Group income statement and Group statement of comprehensive income, the Group and Company Statements of cash flows, and the Group and Company statements of changes in equity 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.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 1.2 to the Group financial statements, the Group, in addition to applying international accounting standards in conformity with the requirements of the Companies Act 2006, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 to the Group.

Other than those disclosed in note 2.1 to the financial statements, we have provided no non-audit services to the Group in the period under audit.

Our audit approach

Context

During the year, the Group completed a significant acquisition, purchasing the housebuilding and partnership development businesses from Galliford Try PLC, which significantly increased the size of the Group. This has principally impacted our audit in respect of the determination of materiality and the work performed over revenue within the Partnerships division, as detailed within the 'Long-term contract accounting' key audit matter below.

Overview

Audit scope

- The Group principally operates through two trading divisions, being Housebuilding (made up of 13 regions) and Partnerships (made up of 10 regions). We have performed a full scope audit of each division, which together account for 100% of the revenue of the Group.
- At the parent entity level, we audited the Company and tested the consolidation process.

Key audit matters

- Margin forecasting and recognition (Group)
- Long-term contract accounting (Group)
- Carrying value of inventory (Group)
- Impact of the Covid-19 pandemic (Group and Company)

Materiality

- Overall Group materiality: £13,500,000 (2019: £9,400,000) based on professional judgement considering a number of potential benchmarks, including 5% of a three year average pro-forma profit before tax and exceptional items, based on publicly available information for the businesses that comprise the enlarged Group.
- Overall Company materiality: £15,000,000 (2019: £6,500,000) based on 1% of total assets.
- Performance materiality: £10,125,000 (Group) and £11,250,000 (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.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulation (including the requirements of The Health and Safety at Work etc Act 1974), NHBC standards and other building regulations, employment law and regulation, UK tax legislation, pensions 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 preparation of 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 or reduce expenditure and management bias within accounting estimates, in particular the potential manipulation of the margin to be recognised on a particular site or contract. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the Group's legal team, including discussions 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;
- Evaluation and testing of the operating effectiveness of management's key controls around the forecasting of costs and margin estimation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular those that involve the assessment of future events, which are inherently uncertain – the key estimates determined in this respect are those relating to the forecasting of costs and margin estimation; and
- 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, or those which are re-allocating costs between sites which may be indicative of costs being transferred to more profitable sites so as to avoid potential impairments or issues being identified.

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.

Auditors' report

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.

Long-term contract accounting and Impact of the Covid-19 pandemic are new key audit matters this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Margin forecasting and recognition (Group)	
Refer to page 126 of the Audit committee report ('Significant areas') and note 1.6 of the financial statements ('Critical accounting judgements and key sources of estimation uncertainty'). The Group's margin forecasting and recognition system is based on a number of key assumptions including: • Build costs, allocated to each plot based on the Group's site wide margin model; • Land costs and central site costs, including infrastructure costs, allocated to each plot based on the Group's site wide margin model; and • Sales price, based on an expected sales price for the type and size of property. Periodic surveyor and financial appraisals are performed to determine the costs to date and work in progress, based upon the stage of completion of each unit, with the accounting records updated accordingly. If the overall site is loss-making then management consider this as part of the land write down provisioning process. There is estimation uncertainty within the above assumptions from potential changes in the market conditions or unforeseen circumstances, in particular given that these assumptions involve the assessment of future events, which are inherently uncertain. As a result, the forecast assumptions could be inaccurate and thus an incorrect margin may be recognised on a given site.	We assessed the basis of revenue recognition to ensure it is in line with applicable accounting standards. At a regional level, we tested the design and operating effectiveness of management's key forecasting and monitoring controls. This included observation of all year end site review meetings attended by senior management, including those from the Commercial and Finance teams, in order to obtain evidence regarding the accuracy and completeness of forecast costs and the consistency of the operation of this control across the regions. We compared the actual revenue and costs for completed sites against the original forecast for that site. Where significant differences were identified, we sought to understand the nature of the event that caused this difference to arise, such as due to a change in the plan for the site or an error within management's forecast. This procedure was performed to gain assurance in respect of the accuracy of management's estimation methodology. We attended surveyor valuation assessments at a sample of sites to obtain evidence over the existence of inventory, as well as the basis for the valuation of costs incurred used within margin forecasting. 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 read the minutes from a sample of surveyor meetings held in January 2021 to check the completeness of site costs recognised at 31 December 2020. We tested a sample of forecast sales prices to the actual sales prices attained to support the validity of these sales prices. We tested that the system correctly recalculated site margins to reflect the latest forecast revenue and costs. We performed testing over journals that moved costs between projects. Based on the procedures performed, we did not identify any material misstatements within the revenue and costs, and therefore margin, recognised.

Key audit matter	How our audit addressed the key audit matter

Long-term contract accounting (Group)

Refer to page 126 of the Audit committee report ('Significant areas') and note 1.6 of the financial statements ('Critical accounting judgements and key sources of estimation uncertainty').

Following the acquisition, 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 management estimates to be made, including to:

- estimate total contract costs;
- estimate the stage of completion of the contract;
- forecast the profit margin;
- consider contract variations and the outcome of claims to the extent that it is highly probable that a significant reversal of revenue will not occur; and
- appropriately provide for loss making contracts, with judgement required to determine the magnitude of any provision required.

There is estimation uncertainty within the above assumptions from potential changes in the market conditions or unforeseen circumstances, in particular given that these assumptions involve the assessment of future events, which are inherently uncertain. As a result, the forecast assumptions could be inaccurate and thus an incorrect revenue or profit may be recognised on a given contract.

We assessed the basis of revenue recognition to ensure it is in line with applicable accounting standards.

We evaluated the design and operating effectiveness of key controls in place over long-term contracts, including observation of all year end site review meetings attended by senior management, including those from the Commercial and Finance teams, in order to obtain evidence regarding the accuracy and completeness of forecast costs.

We performed risk assessment procedures over the contracts in place in order to determine those considered to be higher risk, with these being subject to the following testing procedures:

- We reviewed the movements in revenue and cost (and therefore margin) across all projects during the year, as well as the movement in margin recognised on those contracts that had completed during the year. Where significant differences were identified, we sought to understand the nature of the event that caused this difference to arise, such as due to a change in the plan for the project or an error within management's forecast. This procedure was performed to gain assurance in respect of the accuracy of management's estimation methodology.
- We 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, claims or liquidated damages were highly probable to not reverse.
- We 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.
- We recalculated revenue recognised and agreed both revenue and costs to the underlying general ledger.
- We validated costs incurred and allocated to contracts during the year to third party supplier invoices and performed testing over journals that moved costs between projects.

For the remaining untested lower risk contracts, we performed analytical procedures at both a regional and contract level in order to identify any movements that differed significantly to our expectation. We also performed testing over a sample of revenue and costs, obtaining third party evidence for the amounts recognised.

We agreed contract loss provisions recorded based on the overall outcome anticipated on the contract through a combination of the procedures above.

Based on the procedures performed, we did not identify any material misstatements within the revenue and costs recognised.

Auditors' report

Key audit matter	How our audit addressed the key audit matter
Carrying value of inventory (Group)	
Refer to page 126 of the Audit committee report ('Significant areas') and note 1.6 of the financial statements ('Critical accounting judgements and key sources of estimation uncertainty'). As set out in note 3.1, the inventory balance at 31 December 2020 was £1,836,521,000. Inventory is comprised of land held for development, work in progress (WIP), raw materials and consumables, completed plots and part exchange properties. Land held for development and raw materials are held at cost. WIP is made up of the cost of the land being built on, direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Completed plots are held at build cost and part exchange properties are held at the market value determined at the time of legal completion. Inventories are stated at the lower of cost and net realisable value, where net realisable value is the estimated net selling price less costs to sell and estimated total costs of completion based on management's forecast. As the most significant balance on the Group Balance sheet, there is an increased risk of material misstatement in the cost of inventory. In addition, due to the cyclical nature of the housing industry or issues experienced during the build programme, there is a risk that the net realisable value of the inventory is lower than cost and therefore inventory is held at the incorrect value.	The procedures set out above for the 'Margin forecasting and recognition' key audit matter are also relevant to auditing the carrying value of inventory. In addition to those procedures outlined above, we have also examined margins for all major sites to identify those with low or eroding margins, for example due to specific issues or under performance. We discussed the identified sites with management, including considering the level of provisions held against these sites and, if material, corroborated the explanations to support the carrying value of inventory. We evaluated the quantum and ageing of part exchange properties and challenged the recoverability of these assets. We checked that appropriate site acquisition approvals had been obtained for significant sites, with this including consideration of site profitability. Based on the procedures performed we did not identify any sites where the carrying value of inventory was materially misstated.
Impact of the Covid-19 pandemic (Group and Company)	
Refer to page 126 of the Audit committee report ('Significant areas') and note 1.6 of the financial statements ('Critical accounting judgements and key sources of estimation uncertainty'). Since the outbreak of Covid-19, the Group and Company have continued to operate and trade, albeit there was a period when construction stopped for five weeks during March 2020 and April 2020, with the pandemic therefore impacting the financial results of the Group for the year. Management has considered the impact of Covid-19 on the financial statements, with these considerations principally relating to the ability of the Group and Company to continue as a going concern, the potential impairment of intangible assets, including goodwill, and the impact on forecast revenue and costs at an individual site or contract level. Disclosure of the risk to the Group and Company of the impact of Covid-19, and management's conclusions on going concern and viability, have been included within the relevant sections of the financial statements.	In advance of the year end, and throughout the course of our audit procedures, we assessed the risks arising from Covid-19. We focused on areas where significant additional audit effort might be required, as well as those areas that we considered might be susceptible to a material financial impact on the performance and position of the Group and Company for the year ended 31 December 2020. We assessed the base case going concern model prepared by management which includes the anticipated future impacts of Covid-19, as well as the downside scenarios which have been used to sensitise the base case model. In relation to the base case model, we have agreed the key inputs back to Board approved budgets and have considered the historical accuracy of the budgeting process to assess the reliability of the data. Specifically, in relation to the potential future impact of Covid-19 and the severe but plausible downside modelling conducted by management, we have obtained management's forecasts. We have assessed the underlying assumptions within these forecasts, which principally focused on reduced affordability of housing and therefore reduced demand or house prices, including the use of sensitivity analysis to consider the impact of changes in these assumptions on the forecasts.

Key audit matter	How our audit addressed the key audit matter
Impact of the Covid-19 pandemic (Group and Company) (continued)	
	In conjunction with the above, we have reviewed management's analysis of both liquidity and covenant compliance to obtain sufficient comfort that the Group has sufficient liquidity and that there are no covenant breaches anticipated over the period of the assessment in either the base case or the downside scenarios prepared. We similarly considered the cash flow projections used within the goodwill impairment model, in the context of the potential impact of Covid-19 and analysis of management's historic forecasting accuracy, ensuring the consistency of these projections to those reviewed through the procedures performed over going concern. We determined the extent to which a reduction in the cash flow projections would result in an impairment of goodwill and considered the likelihood of such events occurring and we did not consider the likelihood of a material misstatement to be reasonably possible. We considered any potential impairment indicators to the carrying value of other assets and the broader impact to the Group and Company's financial statements and did not identify any material misstatements. As part of the procedures outlined within the 'Margin forecasting and recognition' and 'Long-term contract accounting' key audit matters above, we also considered whether the forecast margins across each site and contract sampled so as to ensure that these appropriately reflected the impact of Covid-19 (on both forecast revenue and costs). We assessed the Covid-19 disclosures included in the financial statements, and the appropriate classification of Covid-19 related costs, and consider them to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

We have determined that the Group is made up of two components, being the Housebuilding division (made up of 13 regions) and the Partnerships division (made up of 10 regions), which is consistent with both the determination of operating segments by the Board of Directors and the way in which the business is managed, monitored and reported upon by management. Whilst these components have different business models and different revenue recognition policies, each component operates with its own common control framework across its respective regions. As a result, each component was allocated a separate materiality level, as outlined below, and having validated the design, effectiveness and consistency of the controls in each component, was treated as an individually homogenous population, with each financial statement line item being substantively tested in aggregate for the component in line with the allocated materiality levels.

In respect of the joint ventures held by the Group, we performed full scope procedures in respect of two joint ventures and performed procedures over certain financial statement line items within a further 11 joint ventures so as to obtain sufficient and appropriate coverage over each such line item disclosed within note 5.8.

These procedures, together with those performed at a Group level, including the audit of the consolidation and financial statement disclosures, acquisition accounting, taxation, pension scheme balances and asset impairment assessments, provide us with the evidence required for the purposes of our opinion on the financial statements as a whole.

All of the audit procedures performed were undertaken by the same (Group) engagement team.

The Company is principally a holding company and there are no branches or other locations to be considered when scoping the audit of this entity.

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	£13,500,000 (2019: £9,400,000).	£15,000,000 (2019: £6,500,000).
How we determined it	Based on professional judgement considering a number of potential benchmarks, including 5% of a three year average pro-forma profit before tax and exceptional items, based on publicly available information for the businesses that comprise the enlarged Group	Based on 1% of total assets.
Rationale for benchmark applied	We consider that the income statement remains the principal measure used by the shareholders in assessing the underlying performance of the Group and therefore an approach to materiality based on profit before tax and exceptional items has been applied. The use of current year profit before tax to determine materiality is not considered to be appropriate given that this measure has been impacted by Covid-19 and does therefore not reflect the earning capacity of the Group or its asset base, particularly given the significant acquisition that completed on 3 January 2020. In our professional judgement, we have therefore concluded that £13,500,000 is the appropriate level at which to set materiality based on a number of potential benchmarks, such as revenue, total assets, current year profit before tax and exceptional items and principally the three year average pro-forma profit before tax and exceptional items. In particular, we consider that any misstatements identified that are lower than £13,500,000 in magnitude would not be expected to influence the decisions made by the users of the financial statements. In the previous year, a benchmark set at 5% of profit before tax and exceptional items was used to determine materiality.	We believe 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. This materiality relates to the audit for the statutory entity only, as the Company was not in scope for the Group audit.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The materiality allocated to each component was £12,150,000.

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% of overall materiality, amounting to £10,125,000 for the Group financial statements and £11,250,000 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 in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £675,000 (Group audit) (2019: £470,000) and £750,000 (Company audit) (2019: £320,000) 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:

- assessing the inputs and underlying assumptions of the base case going concern model prepared by management which includes the anticipated future impacts of Covid-19.
- assessing the downside scenarios which have been used to sensitise the base case model, including consideration of the underlying assumptions within each of these forecasts (such as the affordability of housing and therefore reduced demand or house prices).
- reviewing 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.

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 Company's 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. 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.

Auditors' report

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 2020 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, included within the Corporate governance report 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 and accounts that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, 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.

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; or

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 6 years, covering the years ended 31 December 2015 to 31 December 2020.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

4 March 2021



Financial statements and notes

Group income statement

For the year ended 31 December	Note	2020 £000	2019 £000
Revenue	2.0	**1,811,727**	1,130,768
Cost of sales		**(1,564,831)**	(888,012)
Gross profit		**246,896**	242,756
Analysed as:			
Adjusted gross profit	5.13	**318,765**	255,316
Other operating income	2.1	**(26,422)**	(10,675)
Exceptional cost of sales	2.1	**(10,975)**	-
Share of joint ventures' gross profit	5.8	**(34,472)**	(1,885)
Gross profit		**246,896**	242,756
Administrative expenses including exceptional items	2.1	**(181,595)**	(73,710)
Other operating income	2.1	**26,422**	10,675
Operating profit	2.1	**91,723**	179,721
Analysed as:			
Adjusted operating profit	5.13	**171,023**	194,355
Exceptional expenses	2.1	**(30,984)**	(12,846)
Amortisation of acquired intangibles	5.6	**(14,240)**	-
Share of joint ventures' operating profit	5.8	**(34,076)**	(1,788)
Operating profit	2.1	**91,723**	179,721
Financial income	4.3	**18,232**	813
Financial expenses including exceptional items	4.3	**(26,158)**	(7,569)
Net financing costs including exceptional items	4.3	**(7,926)**	(6,756)
Share of profit of joint ventures	5.8	**14,867**	1,788
Profit before tax		**98,664**	174,753
Income tax expense including exceptional items	5.1	**(21,851)**	(36,374)
Profit for the year attributable to ordinary shareholders		**76,813**	138,379

		2020	2019 (restated)
Earnings per share			
Basic	2.4	**34.8p**	94.6p
Diluted	2.4	**34.7p**	94.5p
Basic earnings per share (before exceptional items and amortisation of acquired intangibles)	2.4	**52.6p**	104.3p
Diluted earnings per share (before exceptional items and amortisation of acquired intangibles)	2.4	**52.5p**	104.2p

The restatement of 2019 earnings per share is explained in note 2.4.

Group statement of comprehensive income

For the year ended 31 December	Note	2020 £000	2019 £000
Profit for the year		**76,813**	138,379
Other comprehensive expense			
Items that will not be reclassified to the income statement			
Remeasurements on defined benefit pension scheme	5.10	**(11,654)**	(2,116)
Deferred tax on remeasurements on defined benefit pension scheme	5.1	**2,124**	464
Total other comprehensive expense		**(9,530)**	(1,652)
Total comprehensive income for the year attributable to ordinary shareholders		**67,283**	136,727

Balance sheets

As at 31 December	Note	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Assets					
Goodwill	5.7	**547,509**	-	**-**	-
Intangible fixed assets	5.6	**143,585**	4,336	**-**	-
Property, plant and equipment	5.4	**5,091**	1,845	**-**	
Right-of-use assets	5.5	**38,511**	21,347	**-**	-
Investments	5.8	**145,153**	85,129	**1,250,378**	14,153
Amounts recoverable from joint ventures	5.11	**323,650**	6,232	**-**	-
Trade and other receivables	3.2	**1,544**	1,090	-	-
Restricted cash	4.1	**1,193**	1,748	-	-
Deferred tax assets	5.2	**-**	184	-	-
Retirement benefit asset	5.10	**9,077**	4,506	-	-
Total non-current assets		**1,215,313**	126,417	**1,250,378**	14,153
Inventories	3.1	**1,836,521**	1,207,667	**-**	-
Trade and other receivables	3.2	**225,022**	99,142	**276,048**	642,380
Cash and cash equivalents	4.1	**340,988**	361,962	**344**	344
Current tax asset	5.2	**14,350**	-	**-**	-
Total current assets		**2,416,881**	1,668,771	**276,392**	642,724
Total assets		**3,632,194**	1,795,188	**1,526,770**	656,877
Equity					
Issued capital	4.4	**111,127**	74,169	**111,127**	74,169
Share premium	4.4	**360,657**	359,857	**360,657**	359,857
Merger reserve		**823,513**	-	**823,513**	-
Retained earnings		**899,785**	837,940	**227,890**	220,115
Total equity attributable to equity holders of the parent		**2,195,082**	1,271,966	**1,523,187**	654,141
Liabilities					
Bank and other loans	4.2	**253,103**	-	**-**	-
Trade and other payables	3.3	**139,316**	122,940	**781**	781
Lease liabilities	5.5	**26,848**	16,686	**-**	-
Provisions	5.9	**33,786**	-	**-**	-
Deferred tax liability	5.2	**17,637**	-	**-**	-
Total non-current liabilities		**470,690**	139,626	**781**	781
Bank and other loans	4.2	**50,000**	-	**-**	-
Trade and other payables	3.3	**894,503**	352,359	**-**	-
Lease liabilities	5.5	**15,304**	6,309	**-**	-
Provisions	5.9	**6,615**	3,989	**-**	-
Current tax liabilities	5.2	**-**	20,939	**2,802**	1,955
Total current liabilities		**966,422**	383,596	**2,802**	1,955
Total liabilities		**1,437,112**	523,222	**3,583**	2,736
Total equity and liabilities		**3,632,194**	1,795,188	**1,526,770**	656,877

The Company made a profit for the year of £10,052,000 (2019: £118,332,000). These financial statements on pages 147 to 192 were approved by the Board of directors on 4 March 2021 and were signed on its behalf: Earl Sibley, Director.

Group statement of changes in equity

For the year ended 31 December 2019	Note	Own shares held £000	Other retained earnings £000	Total retained earnings £000	Issued capital £000	Share premium £000	Merger reserve £000	Total £000
Balance at 1 January 2019		**(3,620)**	**780,382**	**776,762**	**67,398**	**216,907**	**-**	**1,061,067**
Profit for the year		-	138,379	138,379	-	-	-	138,379
Total other comprehensive expense		-	(1,652)	(1,652)	-	-	-	(1,652)
Total comprehensive income		**-**	**136,727**	**136,727**	**-**	**-**	**-**	**136,727**
IFRS16 opening adjustment		-	65	65	-	-	-	65
Issue of share capital	4.4	-	-	-	6,771	142,950	-	149,721
Deferred tax on share-based payments	5.1	-	140	140	-	-	-	140
Share-based payments	5.3	-	2,891	2,891	-	-	-	2,891
Dividends paid to shareholders	2.3	-	(78,645)	(78,645)	-	-	-	(78,645)
Total transactions with owners recognised directly in equity		**-**	**(75,549)**	**(75,549)**	**6,771**	**142,950**	**-**	**74,172**
Balance at 31 December 2019		**(3,620)**	**841,560**	**837,940**	**74,169**	**359,857**	**-**	**1,271,966**
Balance at 1 January 2020		**(3,620)**	**841,560**	**837,940**	**74,169**	**359,857**	**-**	**1,271,966**
Profit for the year		-	76,813	76,813	-	-	-	76,813
Total other comprehensive expense		-	(9,530)	(9,530)	-	-	-	(9,530)
Total comprehensive income		**-**	**67,283**	**67,283**	**-**	**-**	**-**	**67,283**
Issue of share capital	4.4	-	-	-	70	800	-	870
Shares issued as consideration	4.4	-	-	-	31,870	-	823,513	855,383
Bonus issue	4.4	-	(5,018)	(5,018)	5,018	-	-	-
LTIP shares exercised		164	(164)	-	-	-	-	-
Purchase of own shares		(3,500)	-	(3,500)	-	-	-	(3,500)
Share-based payments	5.3	-	2,741	2,741	-	-	-	2,741
Deferred tax on share-based payments	5.1	-	339	339	-	-	-	339
Total transactions with owners recognised directly in equity		**(3,336)**	**(2,102)**	**(5,438)**	**36,958**	**800**	**823,513**	**855,833**
Balance at 31 December 2020		**(6,956)**	**906,741**	**899,785**	**111,127**	**360,657**	**823,513**	**2,195,082**

Company statement of changes in equity

	Attributable to equity holders of the parent				
For the year ended 31 December 2020	Total retained earnings £000	Issued capital £000	Share premium £000	Merger reserve £000	Total £000
Balance at 1 January 2019	177,537	67,398	216,907	-	461,842
Total comprehensive income	118,332	-	-	-	118,332
Issue of share capital	-	6,771	142,950	-	149,721
Share-based payments	2,891	-	-	-	2,891
Dividends paid to shareholders	(78,645)	-	-	-	(78,645)
Balance at 31 December 2019	**220,115**	**74,169**	**359,857**	**-**	**654,141**
Balance at 1 January 2020	220,115	74,169	359,857	-	654,141
Total comprehensive income	10,052	-	-	-	10,052
Issue of share capital	-	70	800	-	870
Shares issued as consideration	-	31,870	-	823,513	855,383
Bonus issues	(5,018)	5,018	-	-	-
Share-based payments	2,741	-	-	-	2,741
Balance at 31 December 2020	**227,890**	**111,127**	**360,657**	**823,513**	**1,523,187**

Statements of cash flows

For the year ended 31 December	Note	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Cash flows from operating activities					
Profit for the year		**76,813**	138,379	**10,052**	118,332
Depreciation and amortisation	5.4, 5.5, 5.6	**31,710**	6,253	**-**	-
Financial income	4.3	**(18,232)**	(813)	**(14,745)**	(10,287)
Financial expense	4.3	**26,158**	6,939	**-**	-
Loss on disposal of property, plant and equipment		**15**	3	**-**	-
Equity-settled share-based payment expense		**2,741**	2,891	**-**	-
Income tax expense	5.1	**21,851**	36,374	**2,800**	1,955
Share of results of joint ventures	5.8	**(14,867)**	(1,788)	**-**	-
Profit released on sale of assets from joint ventures		**(234)**	(972)	**-**	-
Decrease / (increase) in trade and other receivables		**17,894**	(58,234)	**(12,852)**	(191,363)
Decrease in inventories		**168,580**	115,170	**-**	-
(Decrease) / increase in trade and other payables		**(97,208)**	16,716	**-**	-
Increase / (decrease) in provisions and retirement benefit assets		**15,821**	(8,629)	**-**	-
Cash generated from / (used in) operations		**231,042**	252,289	**(14,745)**	(81,363)
Interest paid		**(14,661)**	(2,093)	**-**	-
Income taxes paid		**(34,712)**	(33,804)	**-**	-
Net cash generated from / (used in) from operating activities		**181,669**	216,392	**(14,745)**	(81,363)
Cash flows from investing activities					
Bank interest received		**90**	131	**14,745**	10,287
Acquisition of intangible fixed assets	5.6	**(109)**	(3,706)	**-**	-
Acquisition of property, plant and equipment	5.4	**(2,632)**	(565)	**-**	-
Acquisition of Linden and Partnerships net of overdraft acquired	5.14	**(394,578)**	-	**-**	-
Loans made to joint ventures	5.8	**(17,869)**	-	**-**	**-**
Loan repayments from joint ventures	5.8	**3,682**	-	**-**	**-**
Investments in joint ventures	5.8	**-**	(58,511)	**-**	**-**
Distributions from joint ventures	5.8	**27,043**	5,135	**-**	-
Decrease / (increase) in restricted cash		**555**	(368)	**-**	-
Net cash (used in) / generated from investing activities		**(383,818)**	(57,884)	**14,745**	10,287
Cash flows from financing activities					
Dividends paid	2.3	**-**	(78,645)	**-**	(78,645)
Principal elements of lease payments		**(15,325)**	5,562	**-**	-
Net proceeds from the issue of share capital	4.4	**-**	149,721	**-**	149,721
Purchase of own shares		**(3,500)**	-	**-**	-
Drawdown of bank and other loans	4.2	**475,000**	-	**-**	-
Repayment of bank and other loans	4.2	**(275,000)**	(36,401)	**-**	-
Net cash generated from financing activities		**181,175**	40,237	**-**	71,076
Net (decrease) / increase in cash and cash equivalents		**(20,974)**	198,745	**-**	-
Cash and cash equivalents at 1 January	4.1	**361,962**	163,217	**344**	344
Cash and cash equivalents at 31 December	4.1	**340,988**	361,962	**344**	344

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 included within an outlined box.

1.0 Basis of preparation

1.1 General information

Vistry Group PLC (the "Company") is a public company, limited by shares, domiciled in England, United Kingdom. The consolidated financial statements of the Company for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures. The financial statements were authorised for issue by the directors on 4 March 2021. The registered office for Vistry Group PLC is 11 Tower View, West Malling, Kent, ME19 4UY.

1.2 Basis of accounting

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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.

The Group has applied the following standards for the first time for its annual reporting year commencing 1 January 2020:

- Amendment to IAS 1 'Presentation of financial statements', effective 1 January 2020.
- Amendment to IAS 8 'Accounting policies, changes in accounting estimates and errors', effective 1 January 2020.
- Amendment to IFRS3, 'Definition of a business', effective 1 January 2020.

These changes have not had a material impact on the Group's financial statements.

In accordance with section 612 of the Companies Act 2006, advantage is taken of the relief from the requirement to create a share premium account to record the excess over the nominal value of shares issued in a share for share transaction. Where the relevant requirements of section 612 of the Companies Act 2006 are met, the excess of any nominal value is credited to a merger reserve which is distributable.

All other accounting policies have been applied consistently to the Company and the Group.

The income statement has been represented in order to more clearly present the financial results for the year ended 31 December 2020 and comparative periods. This representation has had no impact on the underlying financial results.

The prior year EPS has been restated to include the impact of the bonus issue of 5.7m shares in January 2020 and 4.3m shares in July 2020.

The financial statements are prepared on the historical cost basis unless otherwise stated.

1.3 Going concern

In light of the Covid-19 pandemic, a revised cashflow forecast has been completed for the Group to confirm the appropriateness of the going concern assumption in these accounts. The forecast was prepared using two scenarios – a likely base case including the expected impact of Covid-19 and a severe but plausible downside sensitivity scenario.

In the severe but plausible downside sensitivity scenario the following assumptions have been applied:
- A 15-20% reduction in private sales volumes, with a corresponding reduction in development spend
- A 5-10% reduction in private sales prices

The impact of these severe but plausible downsides are then mitigated by:
- Cessation of uncommitted land spend
- Reduction in overheads to reflect reduction in bonuses, temporary employee costs, etc.

In a severe but plausible downside scenario the delivery of affordable housing is not expected to be impacted as it will typically have been contracted for delivery in advance to a Registered Social Landlord or similar entity. As such the volumes and prices for affordable housing are not sensitised in the severe but plausible downside scenario.

In both the base and the severe but plausible downside sensitivity scenario, the forecasts indicated that there was sufficient headroom and liquidity for the business to continue based on the facilities available to the Group as discussed in Note 4.2 to the financial statements. In each of these scenarios the Group was also forecast to be in compliance with the required covenants on the aforementioned borrowing facilities. Consequently, the Directors have concluded that using the going concern basis for the preparation of the financial statements is appropriate.

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. This includes the decision to postpone the second interim dividend payment totalling c.£60m, to tightly manage working capital and to implement other specific measures to increase cash generation and reduce cash outflow.

Having started the year with net cash of £362.0m, the Group generated a strong operating cash flow during 2020 and paid a net of £394.6m in cash consideration for the Acquisition, as well as funded £14.1m into joint ventures.

As at 31 December 2020, the Group held cash and cash equivalents of £341.0m and had borrowings of £303.1m.

At 31 December 2020 the Group has borrowing facilities of £770m, including a 5 year committed revolving credit facility of £410m, a 3 year revolving credit facility of £40m, £150m of 3 year term loans, a £100m US Private Placement facility and £70m of additional facilities. In addition, Vistry Group has been confirmed as eligible for the CCFF, for borrowing of up to £300m.

1.4 Covid-19

In light of the Covid-19 outbreak in the year ended 31 December 2020 the Group has considered whether any impairment of goodwill, intangibles or inventories is appropriate, and has concluded that none is required. Non-productive costs in the period driven by Covid-19 have been expensed directly to the income statement and are not capitalised into WIP. The impact of Covid-19 on future profitability of sites has been reflected in the net realisable value assessment of inventories and margins recognised at 31 December 2020.

1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

The consolidated financial statements include the Group's share of the comprehensive income and expenses of its joint ventures on an equity accounted basis and its share of income and expenses of its joint operation within the corresponding lines of the income statement, from the date that joint control commenced.

1.6 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with adopted IFRSs 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Land held for development and housing work in progress

The Group holds inventories which are stated at the lower of cost and net realisable value. To assess the net realisable value of land held for development and housing work in progress, the Group completes a financial appraisal of the likely revenue which will be generated when these inventories are combined as residential properties for sale and sold. Where the financial appraisal demonstrates that the revenue will exceed the costs of the inventories and other associated costs of constructing the residential properties, the inventories are stated at cost. Where the assessed revenue is lower, the extent to which there is a shortfall is written off through the income statement leaving the inventories stated at a realisable value.

To the extent that the revenues which can be generated change, or the final cost to complete for the site varies from estimates, the net realisable value of the inventories may be different. A review taking into account estimated achievable net revenues, actual inventory and costs to complete as at 31 December 2020 has been carried out, and appropriate adjustments have been made to the carrying value of the provision.

These estimates were made by local management having regard to actual sales prices, together with competitor and marketplace evidence, and were further reviewed by Group management. Should there be a future significant decline in UK house pricing, then further write-downs of land and work in progress may be necessary. Further detail on the carrying value of inventories is laid out in note 3.1.

Management have performed a sensitivity analysis to assess the impact of a 3% decrease in estimated gross margin for all developments which are expected to generate future revenues as this is considered to be a plausible downside scenario. This movement in margin would result in the need to recognise an additional £3m of land write down provision, reducing the value of inventories on the balance sheet, and a corresponding impact to gross profit, which would equate to a 20bps decrease in gross margin in 2020.

Margin recognition

The gross margin from revenue generated on each of the Group's individual sites within the year is recognised based on the latest forecast for the gross margin expected to be generated over the remaining life of that site. The remaining life gross margin is calculated using forecasts for selling prices and all land, build, infrastructure and overhead costs associated with that site. There is inherent uncertainty and sensitivity to external forces (predominantly house prices and labour costs) in these forecasts, which are reviewed regularly throughout the year by management and are addressed on pages 48 to 55.

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 period, plus the expected margin, for each contract. The assessment of total costs to complete the contract requires estimation.

The Group has robust internal controls to review future revenue and cost estimates.

Management have performed a sensitivity analysis to assess the impact of a 3% increase in estimated costs for all active developments and a 1% increase for all contracting sites which have recognised revenue in 2020, as this is considered to be a plausible downside scenario. This movement in costs would result in an increase in cost of sales and therefore a decrease in gross profit of £33.1m and £4.4m for development and contracting, respectively, in 2020, which would equate to a 210bps decrease in gross margin. Work in progress on the balance sheet would also decrease by £33.1m.

Defined benefit pension scheme

The Group has three defined benefit pension schemes, all closed to future accrual, which are subject to estimation uncertainty. Note 5.10 outlines the way in which these Schemes are recognised in the Group's Financial Statements, the associated risks and sensitivity analysis showing the impact of a change in key variables on the defined benefit assets/obligations.

1.7 Impact of standards and interpretations in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.0 Result for the year

Revenue

Development revenue

Revenue is recognised in the income statement when control of each home has passed to the purchaser, which is when legal title is transferred. 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 replacing cash receipts. Cash incentives are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

The Group applies its policy on contract accounting when recognising revenue and profit on contracts. Revenue and costs are recognised by reference to the stage of completion of contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. When it is probable that the total costs on a construction contract will exceed total contract revenue, the expected loss is recognised as an expense in the Income Statement immediately. The application of this policy requires estimates to be made in respect of the total expected costs to complete for each site. The Group has in place established internal control processes to ensure that the evaluation of costs and revenues is based upon appropriate estimates.

Where the Group provides design, construction and mobilisation activities on a development across multiple units simultaneously, this is considered to represent one performance obligation. Where these services are provided across multiple development sites, each site is typically considered to represent a distinct performance obligation.

Partner delivery revenue

Partner delivery revenue is recognised over time, as the value of the services are transferred to the customer during the period. 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.

Sales to 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 period of the initial transaction to the extent of third parties' interests in the joint venture. The unrecognised element of revenue and profit will be deferred and released to the income statement when the joint venture has sold the assets to which the original transaction with the Group related.

Land and other revenue

Revenue is recognised on land sales and commercial property sales from the point of unconditional exchange of contracts as long as there are no significant obligations remaining. Where the Group still has significant obligations to perform under the terms of the contract, revenue is recognised when the obligations are performed.

Partnership land transactions revenue is generated on land sales to housing associations where the Group will develop the sites in partnership with the housing association.

Revenue by type	2020 £000	2019 £000
Private housing	**1,152,281**	897,017
Affordable housing	**146,972**	170,379
Partner delivery revenue	**489,507**	-
Partnership land transactions	**-**	42,432
Land sales	**17,243**	6,811
Release of deferred revenue from joint ventures	**187**	7,766
Other	**5,537**	6,363
Total	**1,811,727**	1,130,768
Timing of revenue recognition		
At a point in time	**1,094,377**	930,986
Over time	**717,350**	199,782
Total	**1,811,727**	1,130,768

The Group's total revenue recognised in relation to contract liabilities shown in the table above is included within affordable housing revenue and partner delivery revenue.

At 31 December 2020 the aggregate amount of the transaction price allocated to unsatisfied performance obligations on contracts was £788.0m (2019: £311.5m), of which approximately £538.0m is expected to be recognised as revenue during 2021.

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities relating to its existing contracts with customers:

	2020 £000	2019 £000 (restated)
Amounts recoverable on contracts	**141,404**	42,829
Payments on account	**(96,414)**	(7,731)

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 2019 have been recognised as revenue in the current year.

Significant changes in contract assets and liabilities

Contract assets and contract liabilities have increased in the year as a result of the Acquisition and the enlarged Group. In particular, payments on account have increased by £88.7m as a result of the payments received in relation to partner delivery contracting which were nil at 31 December 2019.

2.1 Operating profit

Operating profit before exceptionals is stated after charging/(crediting):

	2020 £000	2019 £000 (restated)
Depreciation of tangible fixed assets (see note 5.4)	**1,449**	898
Amortisation of intangible fixed assets (see note 5.6)	**15,418**	449
Depreciation of right-of-use assets (see note 5.5)	**14,843**	4,875
Personnel expenses (not capitalised into work in progress)	**77,206**	29,288
Rental income (included in revenue)	**(468)**	(101)

Other operating income includes:

	2020 £000	2019 £000
Joint arrangement management fees income	**15,172**	2,064
Profit on disposal of investment	**113**	8,611
Release of joint venture deferred income	**11,137**	-

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.

2019 exceptional expenses related wholly to the Acquisition. 2020 exceptional expenses relate to the Acquisition (£20.0m) and the recognition of a provision for legacy property building safety (£11.0m).

	2020 £000	2019 £000
Administrative expenses relating to the Acquisition	**20,009**	12,846
Finance expenses relating to the Acquisition	**-**	630
Exceptional expenses relating to the Acquisition	**20,009**	13,476
Cost of sales relating to legacy property building safety	**10,975**	-
Exceptional expenses relating to legacy property building safety	**10,975**	-
Total exceptional expenses	**30,984**	13,476

On 3 January 2020, the Group completed the acquisition of Linden and Partnerships from Galliford Try PLC. The administrative fees incurred in the year ended 31 December 2019 in relation to this transaction include legal, financing and accounting advisory services, transaction insurance costs and other expenses. In the year ended 31 December 2020, exceptional administrative expenses include legal fees incurred in relation to the completion and completion statement, as well as costs directly related to the integration and restructuring of the Group as a result of the Acquisition, including the cost of redundancies and office closures.

The exceptional interest costs incurred in the year ended 31 December 2019 related to the accelerated amortisation of capitalised facility arrangement fees on the 2015 revolving credit facility; this results from the early termination of this facility in January 2020 triggered by the refinancing for the Acquisition.

Exceptional expenses relating to legacy property building safety reflect estimated costs relating to finished developments in relation to potential build defects including building fire safety. The Group has undertaken a review of all of its current and legacy buildings where a potential liability has been identified and has provided for the expected costs of any remedial works that may be required.

Tax on exceptional items in 2020 was £5.9m (2019: £0.1m)

Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditors for the audit of the Company and Group's annual accounts	**183**	35
Fees payable to the Company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	**565**	215
Audit-related assurance services	**50**	30
Other assurance services	**-**	865
Non-audit fees	**1**	-
Fees charged to operating profit	**799**	1,145

2.2 Segmental reporting

All revenue and profits disclosed relate to continuing activities of the Group and are derived from activities performed in the United Kingdom.

The Chief Operating Decision Maker (CODM), which is the Board, notes that the Group's main operation is that of a housebuilder and it operates entirely within the United Kingdom. Following the Acquisition the Board have identified two separate segments having taken into consideration IFRS8 criteria – Housebuilding and Partnerships.

Segmental reporting is presented in respect of the Group's business segments reflecting the Group's management and internal reporting structure and is the basis on which strategic operating decisions are made by the Group's CODM.

The Housebuilding segment develops sites across England, providing private and affordable housing on land owned by the Group or the Group's joint ventures. Housebuilding offers properties under both the Bovis and Linden brand names.

The Partnerships segment specialises in partnering with housing associations and other public sector businesses across England, including London, to deliver either the development of private and affordable housing on land owned by the Group or the Group's joint ventures, or to provide contracting services for development. The Partnerships segment operates under the Vistry Partnerships and Drew Smith brand names.

Segmental adjusted operating profit and segmental operating profit include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Central head office costs are allocated between the segments where possible, or otherwise reported within the separate column for Group items together with acquisition related exceptional items and amortisation of acquired intangibles.

Segmental tangible net asset value (TNAV) includes items directly attributable to the segment as well as those that can be allocated on a reasonable basis, with the exception of net cash or debt, retirement benefit assets/liabilities and tax balances payable/receivable.

Adjusted financial results include share of joint ventures and exclude exceptional items. Adjusted gross profit is stated including other operating income. The Partnerships business was acquired on 3 January 2020 therefore the financial performance for period ended 31 December 2019 was nil.

Segmental financial performance

Year ended 31 December 2020	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Revenue	1,170,936	640,791	-	**1,811,727**
Share of joint venture revenue	140,904	87,483	-	**228,387**
Adjusted revenue	1,311,840	728,274	-	**2,040,114**
Gross Profit	180,681	66,215	-	**246,896**
Share of joint venture gross profit	22,038	12,434	-	**34,472**
Exceptional cost of sales	10,650	325	-	**10,975**
Other operating income	17,810	8,612	-	**26,422**
Adjusted gross profit	231,179	87,586	-	**318,765**
Operating Profit	104,295	24,456	(37,028)	**91,723**
Share of joint venture operating profit / (loss)	21,714	12,362	-	**34,076**
Exceptional items	10,650	325	20,009	**30,984**
Amortisation of acquired intangibles	2,760	11,480	-	**14,240**
Adjusted operating profit / (loss)	139,419	48,623	(17,019)	**171,023**
Adjusted gross margin	17.6%	12.0%	-	**15.6%**
Adjusted operating margin	10.6%	6.7%	-	**8.4%**

Year ended 31 December 2019	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Revenue	1,130,768	-	-	**1,130,768**
Share of joint venture revenue	8,479	-	-	**8,479**
Adjusted revenue	1,139,247	-	-	**1,139,247**
Gross Profit	242,756	-	-	**242,756**
Share of joint venture gross profit	1,885	-	-	**1,885**
Other operating income	10,675	-	-	**10,675**
Adjusted gross profit	255,316	-	-	**255,316**
Operating Profit	205,279	-	(25,558)	**179,721**
Share of joint venture operating profit / (loss)	1,788	-	-	**1,788**
Exceptional items	-	-	12,846	**12,846**
Adjusted operating profit / (loss)	207,067	-	(12,712)	**194,355**
Adjusted gross margin	22.4%	-	-	**22.4%**
Adjusted operating margin	18.2%	-	-	**17.1%**

Segmental financial position

Year ended 31 December 2020	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Goodwill and intangibles	283,428	407,666	-	**691,094**
Tangible net assets / (liabilities) excluding investments in joint ventures	1,361,786	(46,626)	5,791	**1,320,951**
Investments in joint ventures	128,826	16,327	-	**145,153**
Net cash	-	-	37,885	**37,885**

Year ended 31 December 2019	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Goodwill and intangibles	4,336	-	-	**4,336**
Tangible net assets / (liabilities) excluding investments in joint ventures	836,788	-	(16,249)	**820,539**
Investments in joint ventures	85,129	-	-	**85,129**
Net cash	-	-	361,962	**361,962**

2.3 Dividends

The following dividends were paid by the Group:

	2020 £000	2019 £000
Prior year final dividend per share of nil (2019: 38.0p)	**-**	51,078
Current year interim dividend per share of nil (2019:20.5p)	**-**	27,567
	-	78,645

The 2019 Special dividend was paid by way of a bonus issue of 5,665,723 shares in January 2020 with a total value of £66.0m.

Following shareholder approval on 14 July 2020 and admission to Main Market of the London Stock Exchange on 15 July 2020, the second interim dividend in respect to 2019 with a value of £60.0m was paid in the form of a bonus issue. 4,369,992 ordinary shares of £0.50 each were issued to shareholders as a bonus issue on the Company's register of members as at 6.00 p.m. on 27 December 2019.

The Board determined on 8 September 2020 that no interim dividend was to be paid for the first half of 2020.

A final dividend of 20 pence per share has been declared and, subject to shareholder approval at the AGM, will be paid on 21 May 2021 in respect of 2020.

2.4 Earnings per share

Profit attributable to ordinary shareholders

	2020 £000	2019 £000
Profit for the year attributable to equity holders of the parent	**76,813**	138,379
Profit for the year attributable to equity holders of the parent (before exceptional items and amortisation of acquired intangibles)	**116,109**	152,568

The prior year EPS has been restated to include the impact of the bonus issues in January and July 2020, of 5,665,723 and 4,369,992 shares, respectively.

Earnings per share

	2020	2019 (restated)
Basic earnings per share	**34.8p**	94.6p
Diluted earnings per share	**34.7p**	94.5p
Basic earnings per share (before exceptional items and amortisation of acquired intangibles)	**52.6p**	104.3p
Diluted earnings per share (before exceptional items and amortisation of acquired intangibles)	**52.5p**	104.2p

Weighted average number of shares used as the denominator

	2020	2019 (restated)
Weighted average number of ordinary shares at 31 December	**220,916,654**	146,300,079
Adjustments for calculation of diluted earnings per share:		
Options	**225,558**	140,622
Weighted average number of ordinary shares and potential ordinary shares used as a denominator in calculating diluted earnings per share	**221,142,212**	146,440,701

The prior year number of shares has been restated to include the impact of the bonus issues in January and July 2020, of 5,665,723 and 4,369,992 shares, respectively.

Basic earnings per share

Basic earnings per ordinary share for the year ended 31 December 2020 is calculated on a profit attributable to ordinary shareholders of £76,813,000 (2019: £138,379,000) over the weighted average of 220,916,654 (2019 restated: 146,300,079) ordinary shares in issue during the period.

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2020 was based on the profit attributable to ordinary shareholders of £76,813,000 (2019: £138,379,000).

The Group's diluted weighted average ordinary shares potentially in issue for the year ended 31 December 2020 was 221,142,212 (2019 restated: 146,440,701).

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 being the amount a land owner 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 cost.

Options purchased in respect of land are capitalised initially at cost and written down on a straight-line basis over the life of the option.

Should planning permission be granted and the option be exercised, the option is not amortised during that year and its carrying value is included within the cost of land purchased.

Options which were obtained as part of the Acquisition have been recognised at acquisition value and subsequently reviewed for impairment at each reporting date.

Investments in land without the benefit of planning consent, either through purchase of freehold land or non-refundable deposits paid on land purchase contracts subject to residential planning consent, are capitalised initially at cost. Regular reviews are completed for impairment in the value of these investments, and provision made to reflect any irrecoverable element. The impairment reviews consider the existing use value of the land and assesses the likelihood of achieving residential planning consent and the value thereof.

Part exchange properties are held at the lower of cost and net realisable value and include a carrying value provision to cover the costs of management and resale. Any profit or loss on the disposal of part exchange properties is recognised within cost of sales in the Group Income Statement.

Group	2020 £000	2019 £000
Raw materials and consumables	**5,843**	4,690
Work in progress	**727,471**	470,760
Part exchange properties	**25,645**	15,917
Land held for development (net of provision)	**1,077,562**	716,300
Inventories	**1,836,521**	1,207,667

Inventories to the value of £1,121.3m were recognised as expenses in the year (2019: £886.4m).
Part exchange properties of £96.2m (2019: £80.5m) were disposed of during the year for proceeds of £96.5m (2019: £79.9m).

Movement on inventory provision	2020 £000	2019 £000
Balance at 1 January	**2,230**	3,439
- Utilisation in the year	**(1,727)**	(2,041)
- Unutilised and released in the year	**(498)**	-
	5	1,398
New provisions recognised on sites still held	**5,730**	282
New provisions recognised on sites identified for disposal outside of core operating area	**-**	550
Balance at 31 December	**5,735**	2,230

£10.8m (2019: £4.5m) of inventories were valued at net realisable value rather than at historic cost.

3.2 Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The Group applies the IFRS9 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	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade receivables (current and non-current)	**14,335**	25,421	**-**	-
Amounts recoverable on contracts	**141,404**	42,829	**-**	-
Amounts due from subsidiary undertakings	**-**	-	**276,048**	642,380
Other debtors	**36,097**	9,307	**-**	-
Prepayments	**14,637**	7,654	**-**	-
Other accrued income	**20,093**	15,021	**-**	-
Total trade and other receivables	**226,566**	100,232	**276,048**	642,380

The above trade and other receivables are shown net of their expected credit loss allowances, which total £1.7m (2019: £2.0m). The Group's standard invoice payment terms are 30 days.

The carrying value of amounts due from subsidiary undertakings represents the Company's maximum credit risk. Interest is charged on these amounts at a rate of 2.3% per annum. The Directors consider that any expected credit loss allowance would be immaterial on these balances.

Receivables which are past due but not impaired are not material in either period.

The Directors consider that the carrying amount of trade receivables approximates to their fair value.

3.3 Trade and other payables

Trade 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	
	2020 £000	2019 £000	2020 £000	2019 £000
Non-current liabilities				
Trade payables	**139,229**	122,819	**-**	-
Other creditors	**87**	121	**781**	781
Total non-current liabilities	**139,316**	122,940	**781**	781
Current liabilities				
Trade payables	**447,660**	259,328	**-**	-
Payments on account	**96,414**	7,731	**-**	-
Taxation and social security	**9,185**	1,750	**-**	-
Amounts payable to joint ventures	**20,157**	205	**-**	-
Other creditors	**71,625**	1,941	**-**	-
Accruals	**161,942**	72,924	**-**	-
Deferred income	**87,520**	8,480	**-**	-
Total current liabilities	**894,503**	352,359	**-**	-
Total trade and other payables	**1,033,819**	475,299	**781**	781

The Group's non-current liabilities largely relate to land purchased on extended payment terms. An ageing of land creditor repayments is provided in note 4.6.

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 comprises 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	
	2020 £000	2019 £000	2020 £000	2019 £000
Bank balances	**338,799**	11,743	**344**	344
Call deposits	**2,189**	350,219	**-**	-
Cash and cash equivalents in the balance sheet and cash flows	**340,988**	361,962	**344**	344

Restricted cash on the balance sheet primarily relates to amounts that the Group paid into indemnity funds as part of the NewBuy housing scheme which have not yet been released and is not included in the amounts above.

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 period in which they arise.

Interest rate profile of bank and other loans

At 31 December	Rate	Available facility £000	Facility maturity	Carrying value 2020 £000	Carrying value 2019 £000
Revolving credit facility*	LIBOR +165-255bps	410,000	2025	-	-
Revolving credit facility*	LIBOR +165-255bps	40,000	2023	-	-
Term Loan*	LIBOR +165-255bps	150,000	2023	150,000	-
USPP Loan**	403 bps	100,000	2027	107,359	-
Revolving credit facility (commenced 27 March 2020)	LIBOR +155-245bps	20,000	2022	-	-
Prepaid facility fee	n/a	n/a	n/a	(4,256)	-
Total non-current borrowings		720,000		253,103	-
Term Loan (commenced 17 March 2020)***	LIBOR +265bps	50,000	2021	50,000	-
Total current borrowings		50,000		50,000	-
Total		**770,000**		**303,103**	**-**

** These facilities commenced on 3 January 2020 and were subsequently amended on 24 January 2020.*
*** Carrying value is quoted including impact from the fair value of future interest payments.*
**** The maturity date for this facility was amended on 23 February 2021 to January 2023.*

The combined £450.0 million revolving credit facility syndicate comprises eight banks. The revolving credit facilities, USPP Loan and Term Loan all include a covenant package, covering interest cover, gearing and tangible net worth requirements, which are tested semi-annually. The overall financing cost of the new arrangements are marginally more expensive than the previous facility.

Net cash is calculated as follows:

	2020 £000	2019 £000
Cash and cash equivalents	340,988	361,962
Non-current bank and other loans	(253,103)	-
Current bank and other loans	(50,000)	-
Net cash	**37,885**	**361,962**

The movement in net cash during the year was as follows:

	2020 £000	2019 £000
Net cash at 1 January	**361,962**	**126,816**
Cash flow per cash flow statement	(20,974)	198,745
Loan repayments	275,000	36,401
Loan drawdowns	(475,000)	-
USPP borrowings acquired (note 5.14)	(108,218)	-
Imputed interest on USPP loan	859	-
Prepaid facility fees capitalised	6,000	-
Prepaid facility fees amortised	(1,744)	-
Net cash at 31 December	**37,885**	**361,962**

4.3 Net financing costs

Finance income relates to interest income earned on loans made to joint ventures and pension finance credit.

Finance costs are included in the measurement of borrowings at their amortised cost to the extent that they are not settled in the period in which they arise.

Finance costs predominantly relate to interest charges on external borrowings, lease liabilities and deferred land creditors.

The Group is required to capitalise borrowing costs directly attributable to the acquisition, construction and production of a qualifying asset, as part of the costs of that asset. Inventories which are produced in large quantities on a repetitive basis over a short period of time are not qualifying assets. The Group does not generally produce qualifying assets.

Net financing costs recognised in the Group Income Statement

	Note	2020 £000	2019 £000
Interest income		**17,941**	707
Net pension finance credit	5.10	**291**	106
Finance income		**18,232**	813
Imputed interest on deferred term land payables		**(6,299)**	(3,452)
Interest on lease liabilities	5.5	**(1,179)**	(558)
Bank and other interest		**(18,680)**	(2,929)
Exceptional finance expenses (see note 2.1)		**-**	(630)
Finance expenses		**(26,158)**	(7,569)
Net financing costs		**(7,926)**	(6,756)

4.4 Capital and reserves

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Where there is a bonus share issue the nominal value of the shares are deducted from reserves and recognised within share capital.

Own shares held by ESOP trust

Transactions of the Group-sponsored ESOP trust are included in the Group financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity through an own shares held reserve.

Share capital

Ordinary shares	2020 Number of shares	2020 Issued capital £000	2020 Share premium £000	2019 Number of shares	2019 Issued capital £000	2019 Share premium £000
In issue at 1 January	**148,338,257**	**74,169**	**359,857**	134,796,633	67,398	216,907
Issued for cash	**139,766**	**70**	**800**	13,541,624	6,771	146,003
Bonus share issue	**10,035,715**	**5,018**	**-**	-	-	-
Shares issued as consideration	**63,739,385**	**31,870**	**-**	-	-	-
Costs of issuing equity	**-**	**-**	**-**	-	-	(3,053)
In issue at 31 December – fully paid	**222,253,123**	**111,127**	**360,657**	**148,338,257**	**74,169**	**359,857**

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 cost of issuing equity in the prior year relates to the placing of new ordinary shares in 2019.

Reserve for own shares held

The cost of the Company's shares held in the ESOP trust by the Group is recorded as a reserve in equity. During the year ended 31 December 2020, the Group purchased 534,026 shares (2019: nil shares purchase at a total cost of £nil). There were 17,530 shares awarded under the Group's long-term incentive plan that vested during 2020 (2019: nil) and accordingly the balance of the own shares held reserve has reduced by £164,000 in 2020 (2019: £nil). At 31 December 2020, the Group held 901,933 of its own shares (2019: 385,437), with a value on reserve of £6,956,000 (2019: £3,620,000). The Group has suspended all rights on shares held by the Group in the Company.

4.5 Financial risk management

Group

The Group seeks to manage its capital in such a manner that the Group safeguards its ability to continue as a going concern and to fund its future development. In continuing as a going concern, it 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 192.

Whilst the blended cost of capital is a factor in the Group's decision making in assessing the right blend of shareholders' equity and debt financing, the Group has typically preferred to operate within a framework that features relatively low gearing or cash in hand. This is because the Group recognises that housebuilding can be cyclical, and higher levels of gearing can create profound liquidity risks. The Group would seek to manage its capital base through control over expenditure, maintenance of adequate banking facilities, control over dividend payments and in the longer term through adjustments to its capital structure. In 2020 the Group has operated at a higher gearing level as a result of the Acquisition at the beginning of the year and at 31 December 2020 has returned to a net cash position.

An important part of capital management for the Group is its financial instruments, which comprise cash, bank and other loans and overdrafts.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group also utilises financial assets and liabilities such as trade payables or receivables that arise directly from operations.

The use of these carries risk: interest rate risk, credit risk and liquidity risk. Given that the Group trades exclusively in the UK, there is no material currency risk.

Company

The Company only trades with other Group entities and is only exposed to credit risk on those intercompany balances.

a. Interest rate risk

Exposure to interest rate risk arises in the normal course of the Group's business. The Group has no exposure to currency risk as all its financial assets and liabilities are denominated in sterling. Throughout the year, the Group's policy has been that no trading in financial instruments shall be undertaken.

Effective interest rates and repricing analysis

The interest rate profile of the Group's interest bearing financial instruments is set out in note 4.2.

Sensitivity analysis

In managing interest rates, the Group aims to reduce the impact of short-term fluctuations in the Group's earnings, given that Group borrowings are variable in terms of interest rate. Over the longer-term, however, permanent changes in interest rates would have an impact on consolidated earnings. For the year ended 31 December 2020, a general increase of one percentage point in interest rates applying for the full year would not have a material impact on the financial statements.

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, partner delivery contracting revenues and housing association revenues. For partner delivery contracting and housing association revenues, the Group collects cash at regular intervals in line with build progress in order to minimise its credit risk. The largest single amount outstanding at the year end was £14.4 million (2019: £20.2 million), which is payable by the end of December 2021. The Group retains these outstanding balances as trade and other receivables. The carrying value of trade and other receivables equates to the Group's exposure to credit risk. This is set out in note 3.2.

The Group's trade and other receivables are secured against the following:

	2020 £000	2019 £000
Second charge against property	**1,544**	1,090
Unsecured	**225,022**	105,374
	226,566	106,464

In managing risk the Group assesses the credit risk of its counterparties before entering into a transaction. This assessment is based upon management knowledge and experience. 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 enlarged 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 48.

d. Housing market price risk

The performance of the UK housing market affects the valuation of certain of the Group's non-financial assets and liabilities and the critical judgements applied by management in these financial statements, including the valuation of land and work in progress.

Maturities of financial instruments

31 December 2020	Less than 6 months £'000	6-12 months £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total contractual cash flows £'000	Carrying amount £'000
Non-derivative financial assets							
Restricted cash	212	212	425	–	344	1,193	1,193
Trade and other receivables	225,022	–	–	–	1,544	226,566	226,566
Cash and cash equivalents	340,988	–	–	–	–	340,988	340,988
Non-derivative financial liabilities							
Bank and other loans	(50,000)	–	–	–	–	(50,000)	(50,000)
Long term loans	–	–	(20,000)	(130,000)	(100,000)	(250,000)	(253,103)
Trade and other payables	(822,605)	(70,436)	(98,577)	(31,712)	(17,446)	(1,040,776)	(1,033,819)
Lease liabilities	(8,176)	(7,494)	(13,127)	(11,594)	(5,815)	(46,206)	(42,151)
Total net financial liabilities	**(314,559)**	**(77,718)**	**(131,279)**	**(173,306)**	**(121,373)**	**(818,235)**	**(810,326)**

Of the above financial assets and liabilities at 31 December 2020, £1.5m is linked to the UK housing market, and £808.8m is not linked to the UK housing market.

31 December 2019	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	1,404	–	–	–	344	1,748	1,748
Trade and other receivables	99,142	–	–	–	1,090	100,232	100,232
Cash and cash equivalents	361,962	–	–	–	–	361,962	361,962
Non-derivative financial liabilities							
Bank and other loans	–	–	–	–	–	–	–
Trade and other payables	(283,196)	(85,366)	(78,308)	(46,305)	(118)	(493,293)	(475,299)
Lease liabilities	(3,334)	(3,058)	(5,197)	(7,873)	(5,805)	(25,267)	(22,995)
Total net financial assets / (liabilities)	**175,978**	**(88,424)**	**(83,505)**	**(54,178)**	**(4,489)**	**(54,618)**	**(34,352)**

Of the above financial assets and liabilities at 31 December 2019, £1.1m is linked to the UK housing market, and £33.3m is not linked to the UK housing market.

4.6 Financial instruments

Fair values

There is no material difference between the carrying value of financial instruments shown in the balance sheet and their fair value.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

Land purchased on extended payment terms

When land is purchased on extended payment terms, the Group initially records it at its fair value with a land creditor recorded for any outstanding monies based on this fair value assessment. Fair value is determined as the outstanding element of the price paid for the land discounted to present day. The difference between the nominal value and the initial fair value is amortised over the period of the extended credit term and charged to finance costs using the 'effective interest' rate 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
2020	**323,167**	**329,514**	**182,388**	**98,455**	**17,050**	**6,807**	**7,490**	**17,324**
2019	258,758	262,489	137,758	78,308	39,943	6,348	14	118

Bank and other loans

Fair value is calculated based on discounted expected future principal and interest flows. See note 4.2 for further details.

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 IFRS or the Companies Act which have not been included elsewhere in the financial statements.

5.1 Income tax expense including exceptional items

Income tax comprises the sum of the tax currently payable or receivable and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Recognised in the income statement

	Note	2020 £000	2019 £000
Current tax			
Current year		**1,407**	35,424
Adjustments for prior years		**(1,215)**	1,260
		192	36,684
Deferred tax			
Origination and reversal of temporary differences	5.2	**21,673**	(331)
Adjustments for prior year	5.2	**(14)**	21
Total income tax in income statement		**21,851**	36,374

Reconciliation of effective tax rate

	2020 %	2020 £000	2019 %	2019 £000
Profit before tax		**98,664**		174,753
Income tax using the domestic corporation tax rate	**19.0**	**18,746**	19.0	33,203
Non-deductible expenses and disposal of ineligible assets	**4.5**	**4,447**	1.4	2,441
Other non-taxable income/deductable expense	**-**	**-**	(0.4)	(724)
Other	**-**	**-**	0.1	173
Change in tax rate	**(0.1)**	**(113)**	-	-
Adjustments to the tax charge in respect to the prior year	**(1.3)**	**(1,229)**	0.7	1,281
Total tax expense	**22.1**	**21,851**	20.8	36,374

The Group's effective tax rate of 22.1% (2019: 20.8%) is higher than the current rate of 19.0% (2019: 19.0%) as a result of a proportion of the exceptional costs and other costs being non-deductible for tax purposes. The Group does not have any open corporation tax enquiries with the tax authorities.

On 3 March 2021 the Chancellor of the Exchequer announced a proposed increase to the UK corporation tax rate from 19% to 25% as from April 2023. The impact of this increase will be taken into account once the change in rate has been enacted.

Recognised directly in Group statement of changes in equity or in the Group statement of comprehensive income

	Note	2020 £000	2019 £000
Relating to actuarial movements on pension scheme (Group statement of comprehensive income)	5.2	**2,124**	464
Relating to share-based payments (Group statement of changes in equity)	5.2	**339**	140
Deferred tax recognised directly in Group statement of changes in equity or the Group statement of comprehensive income		**2,463**	604

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 £14.4m (2019: liability of £20.9m) arose as a result of the timing of when tax payments became due for that financial year.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Property, plant and equipment	-	-	(17)	(41)	(17)	(41)
Non-current trade payables	-	-	(15)	(17)	(15)	(17)
Available for sale financial assets	-	-	(399)	(446)	(399)	(446)
Employee benefits - pensions	-	-	(1,724)	(766)	(1,724)	(766)
Employee benefits - share-based payments	841	1,495	-	-	841	1,495
Provisions	-	149	(7,059)	-	(7,059)	149
Inventories	-	-	(9,266)	(194)	(9,266)	(194)
Profit on sale of assets to joint ventures	2	4	-	-	2	4
Tax assets / (liabilities)	**843**	**1,648**	**(18,480)**	**(1,464)**	**(17,637)**	**184**

Movement in temporary differences during the year

Group	Balance 1 Jan 2020 £000	Recognised from Acquisition £000	Recognised in income £000	Recognised in equity and other comprehensive income £000	Balance 31 Dec 2020 £000
Property, plant and equipment	(41)	(12)	36	-	**(17)**
Trade payables	(17)	-	2	-	**(15)**
Available for sale financial assets	(446)	-	47	-	**(399)**
Employee benefits - pensions	(766)	(1,073)	(2,009)	2,124	**(1,724)**
Employee benefits - share-based payments	1,495	-	(993)	339	**841**
Provisions	149	(6,400)	(808)	-	**(7,059)**
Inventories	(194)	8,860	(17,932)	-	**(9,266)**
Profit on sale of assets to joint ventures	4	-	(2)	-	**2**
Movement in temporary differences	**184**	**1,375**	**(21,659)**	**2,463**	**(17,637)**

Group	Balance 1 Jan 2019 £000	Recognised in income £000	Recognised in equity £000	Balance 31 Dec 2019 £000
Property, plant and equipment	(126)	85	-	(41)
Trade payables	(21)	4	-	(17)
Available for sale financial assets	(536)	90	-	(446)
Employee benefits - pensions	(214)	(1,016)	464	(766)
Employee benefits - share-based payments	297	1,058	140	1,495
Provisions	149	-	-	149
Inventories	(447)	253	-	(194)
Profit on sale of assets to joint ventures	168	(164)	-	4
Movement in temporary differences	**(730)**	**310**	**604**	**184**

Factors affecting future tax charge

The UK corporation tax rate is 19% (effective from 1 April 2017) and the proposed reduction to 17% (effective 1 April 2020) that was substantively enacted on 6 September 2016 has been reversed. The deferred tax at 31 December 2019 was calculated based on the rate of 17% however the deferred tax at 31 December 2020 has been calculated based on the rate of 19%.

Employee benefits

The Group recognises the deficit or surplus on its defined benefits pension scheme under the requirements of IAS19 (Revised): 'Employee benefits'.

This has generated a surplus of £9.1m (2019: surplus of £4.5m). As at 31 December 2020, a deferred tax liability of £1.7m (2019 tax liability: £0.8m) was recognised.

5.3 Directors and employees

The weekly 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

	2020	2019
Average staff numbers	**3,152**	1,340

The Company had no employees during 2020 (2019: nil).

A breakdown of staff numbers split by type of role is included on page 28.

Personnel expenses - Group

	2020 £000	2019 £000
Wages and salaries	**179,681**	77,888
Social security costs	**20,386**	9,056
Contributions to defined contribution plans	**8,936**	2,602
Expenses related to defined benefit plans	**1,299**	577
Equity-settled share-based payments	**2,741**	2,891
Personnel expenses	**213,043**	93,014

The aggregate remuneration for the Group's Directors during 2020 was £3.2m, which is shown in further detail on pages 104 to 119 of the remuneration report (2019: £3.6m). The Company had no personnel expenses during 2020 (2019: nil).

Share-based payments

The Group has applied the requirements of IFRS2: "Share-based payments".

The Group issues equity-settled share-based payments to certain employees in the form of share options over shares in the Parent 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	2020		2019	
	Average exercise price in £ per share option	Share options 000	Average exercise price in £ per share option	Share options 000
At 1 January	-	1,435	-	1,144
Granted	-	764	-	317
Lapsed	-	-	-	(26)
Exercised	-	-	-	-
At 31 December	**-**	**2,199**	-	1,435

Executive and other share options	2020		2019	
	Average exercise price in £ per share option	Share options 000	Average exercise price in £ per share option	Share options 000
At 1 January	8.37	25	7.56	33
Granted	-	-	-	-
Lapsed	7.74	(5)	-	-
Exercised	-	-	5.02	(8)
At 31 December	**8.53**	**20**	8.37	25

Save As You Earn	2020		2019	
	Average exercise price in £ per share option	Share options 000	Average exercise price in £ per share option	Share options 000
At 1 January	7.73	486	7.15	464
Granted	4.68	1,523	9.30	143
Lapsed	8.12	(30)	7.31	(35)
Cancelled	8.01	(175)	7.97	(25)
Exercised	6.21	(140)	7.15	(61)
At 31 December	**5.03**	**1,664**	7.73	486

Out of the 3,884,000 outstanding options (2019: 1,946,000), 830,000 options (2019: 314,000) were exercisable. Options exercised in 2020 resulted in 140,000 shares (2019: 69,000) being issued at a weighted average share price of £6.21 each (2019: £6.90 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	2020 Share options 000	2019 Share options 000
2011-14	15/03/2021	-	**14**	14
2012-15	28/02/2022	-	**16**	16
2013-16	26/02/2023	-	**23**	23
2013-16	20/08/2023	-	**8**	8
2014-17	25/02/2024	-	**19**	19
2016-19	15/08/2026	-	**209**	209
2017-18	02/05/2027	-	**154**	154
2017-20	08/09/2027	-	**368**	368
2018-21	05/03/2028	-	**321**	321
2019-22	04/03/2029	-	**303**	303
2020-23	02/03/2030	-	**764**	-
			2,199	1,435

Executive and other share options

Grant vest	Expiry date	Exercise price in £ per share option	2020 Share options 000	2019 Share options 000
2013-16	21/08/2020	7.73	**-**	5
2014-17	20/08/2021	8.53	**20**	20
			20	25

Save As You Earn

Grant vest	Expiry date	Exercise price in £ per share option	2020 Share options 000	2019 Share options 000
2015-20	24/09/2020	7.66	**-**	11
2016-21	24/09/2021	7.12	**10**	15
2017-20	24/09/2020	6.12	**1**	181
2017-22	24/09/2022	6.12	**20**	34
2018-21	23/09/2021	9.06	**40**	93
2018-23	23/09/2023	9.06	**11**	20
2019-22	01/12/2022	9.30	**58**	114
2019-24	01/12/2024	9.30	**8**	18
2020-23	01/06/2024	4.68	**1,165**	-
2020-25	01/06/2026	4.68	**351**	-
			1,664	486

The weighted average fair value of the options granted during the period determined using the Monte Carlo model was £6.23 per option (2019: £6.87). The significant inputs into the model were a weighted average share price of £12.71 (2019: £11.42) at the grant date, the exercise price shown in the table on the previous page, volatility of 34% (2019: 37.25%), an expected option life of 5 years (2019: 5 years) and an annual risk-free rate of 0.28% (2019: 0.81%). 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

	2020 £000	2019 £000
Long Term Incentive Plan	**2,402**	2,489
Executive and other share options	**-**	6
Save As You Earn share options	**339**	395
Total expense recognised as personnel expenses	**2,741**	2,890

Information relating to the remuneration of directors appears in the directors' remuneration report on pages 104 to 119.
The executive leadership team as shown on page 82 are considered to be the only key management personnel.
A summary of key management remuneration is as follows:

	2020 £000	2019 £000
Wages and salaries	**2,640**	2,083
Compulsory social security contributions	**713**	286
Contributions to defined contribution plans	**21**	19
Share-based payment expenses	**1,198**	1,884
Key management remuneration	**4,572**	4,272

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 104 to 119.

Project 200 Incentive plan

The Project 200 incentive plan was implemented for members of the executive management team during 2017, and is designed to support the Group's programme of balance sheet optimisation and reduction in capital in order to facilitate the potential return of capital to shareholders through special dividends.

Save As You Earn share options

The Vistry Group PLC Save As You Earn Option Scheme was established in 2007 and renewed in 2017. Share options held in the Save As You Earn Option Scheme are not subject to performance conditions and may under normal circumstances be exercised during the six months after maturity of the agreement. Save As You Earn share options are generally exercisable at an exercise price which includes a 20% discount to the market price of the shares at the date of grant.

5.4 Property, plant and equipment

Plant, property and equipment (PPE) is recorded at prime cost less accumulated depreciation.
The sub-categories of PPE are depreciated as follows:

- Freehold buildings on a 2% straight line basis;
- Plant, machinery and vehicles on a 33.3% reducing balance basis; and
- Furniture, fittings and equipment on a 25% reducing basis, other than computer equipment which is depreciated on a straight-line basis over 3 years.

Cost

Year ended 31 December 2020	Freehold buildings £000	Furniture, fittings and equipment £000	Plant, machinery and vehicles £000	Total £000
Opening balance	-	3,028	1,176	**4,204**
Additions acquired as a result of the Acquisition	680	953	445	**2,078**
Additions	-	2,596	36	**2,632**
Disposals	-	(12)	(4)	**(16)**
Closing	**680**	**6,565**	**1,653**	**8,898**

Accumulated depreciation

Opening	-	1,801	558	**2,359**
Charge for the year	7	1,212	230	**1,449**
Disposals	-	-	(1)	**(1)**
Closing	**7**	**3,013**	**787**	**3,807**

Net book value at 31 December

2020	**673**	**3,552**	**866**	**5,091**

Cost

Year ended 31 December 2019	Freehold buildings £000	Furniture, fittings and equipment £000	Plant, machinery and vehicles £000	Total £000
Opening balance	-	2,552	1,103	**3,655**
Additions	-	492	73	**565**
Disposals	-	(16)	-	**(16)**
Closing	**-**	**3,028**	**1,176**	**4,204**

Accumulated depreciation

Opening	-	1,149	325	**1,474**
Charge for the year	-	665	233	**898**
Disposals	-	(13)	-	**(13)**
Closing	**-**	**1,801**	**558**	**2,359**

Net book value at 31 December

2019	**-**	**1,227**	**618**	**1,845**

5.5 Leases

The Group leases various offices, site cabins, office equipment, cars and show homes. Rental contracts are typically made for fixed periods of 1 to 4 years but may be for longer or include extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a fixed annual rate increase

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The weighted average Group's incremental borrowing rate applied to the lease liabilities is 2.5%.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. 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 2020	Office properties £000	Show home properties £000	Site cabins £000	Office equipment £000	Motor vehicles £000	Total £000
Opening balance	13,574	3,965	5,632	500	2,533	26,204
Additions acquired as a result of the Acquisition	13,540	52	2,931	-	4,441	20,964
Additions	1,540	1,346	-	241	2,003	5,130
Modifications	(2,533)	(12)	8,566	(208)	100	5,913
Disposals	(413)	(1,073)	-	-	(334)	(1,820)
Closing	**25,708**	**4,278**	**17,129**	**533**	**8,743**	**56,391**

Accumulated depreciation

Opening balance	1,597	1,051	1,408	62	739	4,857
Charge for the year	4,415	1,924	5,238	197	3,069	14,843
Disposals	(413)	(1,073)	-	-	(334)	(1,820)
Closing	**5,599**	**1,902**	**6,646**	**259**	**3,474**	**17,880**

Net book value at 31 December

2020	**20,109**	**2,376**	**10,483**	**274**	**5,269**	**38,511**

Right-of-use assets cost

Year ended 31 December 2019	Office properties £000	Show home properties £000	Site cabins £000	Office equipment £000	Motor vehicles £000	Total £000
Opening balance (on implementation of IFRS16)	13,574	1,796	5,632	205	1,794	23,001
Additions	-	2,169	-	295	739	3,203
Closing	**13,574**	**3,965**	**5,632**	**500**	**2,533**	**26,204**
Accumulated depreciation						
Opening balance	-	-	-	-	-	-
Charge for the year	1,597	1,051	1,408	62	739	4,857
Closing	**1,597**	**1,051**	**1,408**	**62**	**739**	**4,857**
Net book value at 31 December						
2019	**11,977**	**2,914**	**4,224**	**438**	**1,794**	**21,347**

Lease liabilities

	31 Dec 2020 £000	31 Dec 2019 £000
Current	**15,304**	6,309
Non-current	**26,848**	16,686
Total lease liabilities	**42,152**	22,995

Leasing arrangements

Minimum lease payments payable on the Group's leases are as follows:

	31 Dec 2020 £000	31 Dec 2019 £000
Within 1 year	**15,670**	6,392
Between 1 and 2 years	**13,127**	5,197
Between 2 and 3 years	**5,335**	3,933
Between 3 and 4 years	**3,380**	2,211
Between 4 and 5 years	**2,878**	1,730
Later than 5 years	**5,815**	5,805

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The amounts recognised in the Group Income Statement were:

	31 Dec 2020 £000	31 Dec 2019 £000
Depreciation of right-of-use assets	**14,843**	4,857
Interest expense	**1,179**	558
Expense relating to short-term leases*	**7,655**	9,955
Expense relating to leases of low-value assets	**5**	14

*Includes lease expenses related to plant and machinery.

The total cash outflow for leases including plant and machinery in 2020 was £15,669,711 (2019: £8,827,000).

5.6 Intangible Fixed Assets

Intangible fixed assets are recorded at cost or acquisition fair value, less accumulated amortisation.

Separately acquired IT software is initially capitalised at cost. Costs associated with maintaining software are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where IAS 38 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 2020	Assets under construction £000	IT Software £000	Brand names £000	Customer relationships and contracts £000	Total £000
Opening balance	344	4,575	-	-	4,919
Additions acquired as a result of the Acquisition	-	-	37,600	117,424	155,024
Additions	67	42	-	-	109
Transferred in the period	(149)	149	-	-	-
Disposals	(195)	(272)	-	-	(467)
Closing	**67**	**4,494**	**37,600**	**117,424**	**159,585**

Accumulated amortisation

Opening	-	583	-	-	583
Charge for the year	-	1,178	1,500	12,740	15,418
Disposals	-	(1)	-	-	(1)
Closing	**-**	**1,760**	**1,500**	**12,740**	**16,000**

Net book value at 31 December

2020	**67**	**2,734**	**36,100**	**104,684**	**143,585**

Cost

Year ended 31 December 2019	Assets under construction £000	IT Software £000	Total £000
Opening balance	-	1,213	1,213
Additions	344	3,362	3,706
Closing	**344**	**4,575**	**4,919**

Accumulated amortisation

Opening	-	134	134
Charge for the year	-	449	449
Closing	**-**	**583**	**583**

Net book value at 31 December

2019	**344**	**3,992**	**4,336**

5.7 Goodwill

Goodwill represents the excess of the consideration paid for the Linden and Partnerships businesses in 2020 over the fair value of the assets and liabilities acquired, including intangible assets recognised on acquisition. Goodwill was allocated to the Group's two groups of CGUs at the time of the acquisition based on the proportionate consideration and fair valued assets and liabilities.

The goodwill for each CGU group is reviewed annually for impairment, or more regularly where there is a triggering event. If the carrying value of the goodwill was found to exceed the value in use calculated for either CGU group, an impairment would be required. In the event of an impairment, the goodwill of the appropriate CGU group would be impaired first and then to the other assets proportionately. Any impairment loss is recognised in the income statement and is not subsequently reversed.

Goodwill is monitored by management at the level of the two operating segments identified in note 2.2.

A segment-level summary of the goodwill allocation is presented below:

As at 31 December 2020 (Group)	Housebuilding £'000	Partnerships £'000	Total £'000
Goodwill recognised on acquisition of Linden and Partnerships	228,328	319,181	547,509

Key assumptions used for value-in-use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis, or more regularly where there are indicators of impairment. For the 2020 reporting period, the recoverable amount of the two groups of cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial forecasts approved by management covering a five-year period from 31 December 2020.

The first year of cashflows were determined using the Group's 2021 approved budget and the cashflows for the second to fifth years were determined by using the Group's internal forecasts based on expected volumes, sales prices, gross margins and land investment. 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. The Group's forecasted cashflows reflect the expected impact of Covid-19.

Management has determined the key assumptions as follows:

Assumption	Approach used to determining values
Sales volume	Reflecting historic experience and expected volume growth for the respective CGU groups 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 historic experience and expected gross margin of the respective CGU groups, 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 CGU groups. 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 CGU groups and nature of their income streams based on an estimated weighted average cost of capital for each segment. The pre-tax rate reflects the market participant levels of gearing as well as current market assessments of the time value of money. A rate of 11.4% for Housebuilding and 9.2% for Partnerships is considered appropriate by the directors.

Recoverable amounts and impairment charges

The recoverable value of both CGU groups exceeds the carrying value of each CGU group's respective net assets and therefore no impairment charge was necessary in the period. At 31 December 2020 the value in use of the housebuilding CGU exceeds net assets by £672.0m and for partnership CGU the value in use exceeds net assets by £411.0m.

Impact of possible changes in key assumptions

Management have sensitised the forecast to apply a downside scenario which reflects decreased affordability, leading to reduced demand for private housing and falling house prices. In a downside scenario, it has been assumed that management would tightly manage working capital and reduce uncommitted land investment. This is consistent with the downside scenario used in the Group's going concern assessment (note 1.3).

Even in a downside scenario no impairment of goodwill is required for either CGU.

The value in use amount of the CGU would equal its net asset value if the key assumptions were to change as follows from the un-sensitised value-in-use assumptions:

Year ended 31 December 2020	Housebuilding	Partnerships
Sales Volume	50% reduction	100% reduction
Sales Price	14% reduction	100% reduction
Pre-tax discount rate	6.5% increase	17.5% increase

5.8 Investments

Fixed asset investments

The Group's share of joint venture results shown in the income statement reflect the above group share of joint venture results which are then adjusted for fair value releases, unrealised losses and other accounting entries required to equity account for the Group's joint ventures.

Investments in subsidiaries are carried at cost less impairment. The Parent Company accounts for the share-based payments granted to subsidiary employees as an increase in the cost of its investment in subsidiaries and the value of this investment is supported by net assets and future profit generation. Joint ventures are those arrangements in which the Group has rights to the net assets of the arrangements and treated on an equity accounted basis in the Group's financial statements.

In January 2020, the Group entered into a joint venture at Collingtree, near Northampton, with Latimer Developments Limited. As part of the initial transaction, land owned by the Group was sold into the joint venture, Vistry Latimer Collingtree LLP. The Group acquired a number or joint venture investments as part of the Acquisition, which have also been fair valued as shown in note 5.14.

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Subsidiary undertakings				
Interest in subsidiary undertakings' shares at cost (100% ownership of ordinary shares)	-	-	**1,250,378**	14,153
Investments accounted for using the equity method				
Interest in joint ventures – equity	**105,205**	61,135	-	-
Interest in joint ventures - loan	**39,926**	23,972	-	-
	145,131	85,107	**1,250,378**	14,153
Other investments	**22**	22	-	-
Total investments	**145,153**	85,129	**1,250,378**	14,153

The movement in Company investments in the period relates primarily to the acquisition of Linden and Partnerships, as discussed in Note 5.14.

The movement in investments accounted for using the equity method during the year is as follows:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Beginning of the period	**85,129**	28,992	**14,153**	11,262
Acquired with Linden and Partnerships	**56,034**	-	**1,233,483**	-
Additions	-	59,387	**2,742**	2,891
Loans made and net interest charged	**16,166**	97	-	-
Profit for the period	**14,867**	1,788	-	-
Distributions paid	**(27,043)**	(5,135)	-	-
End of the period	**145,153**	85,129	**1,250,378**	14,153

At 31 December 2020 the Group held interests in joint ventures, all of which are incorporated in Great Britain, as set out in note 5.16. Details of related party transactions with joint ventures are given in note 5.11.

In relation to the Group's interest in joint ventures, the assets, liabilities, income and expenses are shown below:

	2020 £000	2019 £000
Current assets excluding cash	**1,233,201**	173,703
Cash and cash equivalents	**35,917**	5,392
Current liabilities	**(405,928)**	(24,771)
Non-current liabilities	**(736,383)**	(72,628)
Net assets of joint ventures	**126,807**	81,696
Group share of net assets	**63,404**	40,848
Revenue	**464,698**	16,959
Gross profit	**59,539**	3,771
Operating profit	**58,659**	3,545
Finance costs	**(38,316)**	-
Income tax expense	**(792)**	-
Profit for the year	**19,551**	3,545
Other comprehensive income	**-**	-
Total comprehensive income	**19,551**	3,545
Group share of results for the year for joint ventures in a net asset position	**16,208**	1,788
Group share of results for the year for joint ventures in a net liability position	**(6,534)**	-

The Group's share of joint venture results shown in the income statement reflect the above group share of joint venture results which are then adjusted for fair value releases, unrealised losses and other accounting entries required to equity account for the Group's joint ventures.

Details of material joint ventures are as follows:

	Stanton Cross Developments LLP		Opal (Silvertown) LLP		Bovis Latimer (Sherford) LLP		Vistry Latimer Collingtree LLP		DR 4 Developments LLP	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Carrying value of Group's investment	39,955	56,069	6,105	-	18,484	20,205	13,625	-	2,006	-

Stanton Cross Developments LLP develops and sells residential property at Stanton Cross, Wellingborough.

Opal (Silvertown) LLP is developing and selling apartments at Brunel Street works at a large development site at Canning Town, London. The development also includes the construction of a hotel and commercial units.

Bovis Latimer (Sherford) LLP develops and sells residential property at Sherford, Plymouth.

Vistry Latimer Collingtree LLP develops and sells residential property at Collingtree, Northampton.

DR 4 Developments LLP developed and sold apartments at a development known as Lime Quarter at Bromley-on-Bow, London near Devons Road DLR.

All of the Group's material joint ventures are strategic investments which utilise the Group's knowledge and expertise in the development of residential property but also limit the Group's exposure on large sites through a reduced equity holding.

Income statements – continuing operations

	Stanton Cross Developments LLP		Opal (Silvertown) LLP		Bovis Latimer (Sherford) LLP		Vistry Latimer Collingtree LLP		DR 4 Developments LLP	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Revenue	33,446	15,845	64,190	-	9,837	1,113	-	-	46,781	-
Gross profit	5,156	3,514	7,218	-	1,563	257	(72)	-	7,072	-
Overheads	(11)	-	-	-	-	(195)	-	-	(13)	-
Operating profit	5,145	3,514	7,218	-	1,563	62	(72)	-	7,059	-
Income tax expense	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	(3,492)	-	(2,179)	(559)	(2,077)	-	(1,180)	-
Profit before tax	5,145	3,514	3,726	-	(616)	(497)	(2,149)	-	5,879	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	5,145	3,514	3,726	-	(616)	(497)	(2,149)	-	5,879	-
Joint venture result	**5,145**	**3,514**	**3,726**	**-**	**(616)**	**(497)**	**(2,149)**	**-**	**5,879**	**-**
Group's share of profit / (loss) and total comprehensive profit / (loss)	2,573	1,757	1,863	-	(308)	(249)	(1,075)	-	2,940	-
Distributions received by the Group during the year	18,897	-	-	-	-	-	-	-	-	-

Balance sheet

Cash and cash equivalents	3,055	4,107	8,189	-	773	1,285	-	-	195	-
Inventories	136,287	134,147	138,714	-	60,551	36,337	58,840	-	7,582	-
Other current assets	8,403	2,089	6,327	-	-	1,130	-	-	-	-
Current assets	**147,745**		**153,230**	**-**	**61,324**	**38,752**	**58,840**	**-**	**7,777**	**-**
Current external borrowings	-	-	(55,019)	-	(1,100)	-	-	-	-	-
Other current liabilities	(22,227)	(21,319)	(48,874)	-	(31,754)	(3,452)	(55,989)	-	(3,177)	-
Current liabilities	**(22,227)**	**(21,319)**	**(103,893)**	**-**	**(32,854)**	**(3,452)**	**(55,989)**	**-**	**(3,177)**	**-**
Non-current external borrowings	*(38,681)	*(37,752)	-	-	*(7,863)	*(9,379)	-	-	-	-
Other non-current liabilities	-	-	(37,200)	-	(21,160)	(25,497)	-	-	-	-
Non-current liabilities	**(38,681)**	**(37,752)**	**(37,200)**	**-**	**(29,023)**	**(34,876)**	**-**	**-**	**-**	**-**
Net assets / (liabilities) (100%)	**86,837**	**81,272**	**12,137**	**-**	**(553)**	**424**	**2,851**	**-**	**4,600**	**-**
Group share of net assets	43,419	40,636	6,069	-	(277)	212	(1,075)	-	2,300	-

The Group's joint ventures have no significant contingent liabilities or commitments to which the Group is exposed, and the Group has no significant contingent liabilities in relation to its interest in the joint ventures.

* Bovis Latimer (Sherford) LLP and Stanton Cross Developments LLP external borrowings reflect amounts due to Homes England.

In addition to the interests in joint ventures disclosures above, the Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

	2020 £000	2019 £000
Aggregate carrying value of individually immaterial joint ventures	**64,956**	8,832
Aggregate amounts of the Group's share of:		
Profit from continuing operations	**9,815**	-
Other comprehensive income	**-**	-
Total comprehensive income	**9,815**	-

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 – building safety £000	Site-related costs £000	Other £000	Total £000
As at 1 January 2020	-	2,364	1,625	3,989
Additions acquired as a result of the Acquisition	10,741	9,615	2,100	22,456
Additional provisions made	10,975	2,819	2,354	16,148
Amounts used	(831)	(861)	-	(1,692)
Unused provisions reversed	-	(500)	-	(500)
As at 31 December 2020	**20,885**	**13,437**	**6,079**	**40,401**

Of the total provisions detailed above, £6,615,000 within site related provisions are expected to be utilised within the next year (2019: £400,000).

Legacy property building safety provision includes estimated costs related to finished developments in relation to potential build defects including building fire safety. The Group has undertaken a review of all of its current and legacy buildings where a potential liability has been identified and has provided for the expected costs of any remedial works that may be required. We expect the majority of this provision to be utilised or released over the next three years. We highlight that this is an evolving area including recent initial government guidance, we will review the need and scale of these provisions as guidance and further detail emerges.

Site related cost provisions includes estimated costs in relation to specific site related items including litigation.

Other provisions primarily relate to estimated costs in relation to insurance claims and other potential obligations.

5.10 Employee benefits

The Group accounts for pensions and similar benefits under IAS 19 (Revised): "Employee benefits". In respect of defined benefit schemes, the net obligation is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, such benefits measured at discounted present value, less the fair value of the scheme assets. The discount rate used to discount the benefits accrued is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the Projected Unit Method. The operating and financing costs of such plans are recognised separately in the income statement; service costs are spread systematically over the lives of employees and financing costs and credits are recognised in the periods 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.

Pension cost note

The Company operates three UK registered trust based pensions schemes of which two were acquired during the year.

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 were both acquired during the year as part of the Acquisition. 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 pension
- Pensioner members: in receipt of pension

The Group is ultimately responsible for making up any shortfall in the scheme over a period of time agreed with the trustee of each scheme. To the extent that actual experience is different to that assumed, the Group's contribution could vary in the future. The defined benefit obligation has been calculated by approximately adjusting the results of the most recent triennial valuation performed by the Scheme Actuaries.

The defined benefit obligation is valued by projecting the best estimate of future benefit outgoings, (allowing for revaluation to retirement for deferred members and annual pension increases for all members) and then discounting to the balance sheet date. The majority of benefits receive increases linked to inflation (subject to a cap of no more than 5% pa). The valuation method used is known as the Projected Unit Method.

The Trustee board for each Scheme is made up of member appointed, Company appointed and independent trustees.

The approximate overall duration of the Schemes' defined benefit obligation as at 31 December 2020 was between 15 and 20 years.

Risks

Through the Schemes, the Company is exposed to a number of risks:

- Asset volatility: The 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 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 Bovis Scheme holds a small direct property investment with low liquidity. However, 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 Company 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.

Retirement benefit obligations

The Group makes contributions to three defined benefit schemes that provide pension benefits for employees upon retirement.

	2020 £000	2019 £000
Fair value of plan scheme assets	**(429,185)**	(132,271)
Present value of funded obligations	**420,108**	127,765
Recognised asset for defined benefit obligations	**9,077**	4,506

Movements in the net asset for defined benefit obligations recognised in the balance sheet

	2020 £000	2019 £000
Net asset for defined benefit obligations at 1 January	**(4,506)**	(1,381)
Acquired with the Acquisition	**(5,646)**	-
Contributions received	**(11,588)**	(5,712)
Expense recognised in the income statement	**1,009**	471
Loss recognised in equity	**11,654**	2,116
Net asset for defined benefit obligations at 31 December	**(9,077)**	(4,506)

Reconciliation to statement of comprehensive income

	2020 £000	2019 £000
Actuarial losses: changes in financial assumptions	**53,507**	14,170
Actuarial (gains) / losses: changes in demographic assumptions	**(291)**	376
Actuarial losses: experience different from assumed	**400**	872
Total actuarial gains	**53,616**	15,418
Actual return on assets, less interest	**(41,962)**	(13,302)
Total charge to equity	**11,654**	2,116

The cumulative loss recognised in equity to date is £32.6million (2019: £20.9 million).

Change in defined benefit obligation over the year

	2020 £000	2019 £000
Defined benefit obligation at beginning of year	**127,765**	115,215
Acquired with the Acquisition	**247,523**	-
Net interest cost	**6,981**	3,032
Actual benefit payments by the scheme	**(15,777)**	(5,903)
Loss/(gain) on change of assumptions:		
Actuarial loss: experience differing from that assumed	**400**	875
Actuarial (gain)/loss: changes in demographic assumptions	**(291)**	376
Actuarial loss: changes in financial assumptions	**53,507**	14,170
Defined benefit obligation at end of year	**420,108**	127,765

Change in scheme assets over the year

	2020 £000	2019 £000
Fair value of scheme assets at beginning of year	**132,271**	116,596
Acquired with the Acquisition	**253,169**	-
Interest income	**7,271**	3,138
Actual benefit payments by the scheme	**(15,777)**	(5,903)
Actual Group contributions	**11,588**	5,712
Gain on assets	**41,962**	13,305
Administration costs	**(1,299)**	(577)
Fair value of scheme assets at end of year	**429,185**	132,271

The major categories of scheme assets are as follows:

	2020 £000	2019 £000
Return seeking		
Equities	**141,301**	63,317
Other		
Bonds	**71,159**	19,500
Property	**3,415**	3,530
Cash	**13,145**	7,578
Insured annuities	**89,402**	-
Liability driven instruments	**110,763**	38,346
Total market value of assets	**429,185**	132,271

All pension scheme assets have a quoted market price in an active market, apart from property investments, which are directly held.

The Schemes' assets were invested in cash, bonds, equities, insured annuities and liability driven instruments ("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

	2020 £000	2019 £000
Administration expenses	**1,299**	577
Net interest credit	**(290)**	(106)
Expense recognised in the income statement	**1,009**	471

Assumptions

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Group	2020 %	2019 %	2018 %
Discount rate at 31 December	**1.3**	1.9	2.7
Inflation - RPI	**3.0**	3.0	3.2
- CPI	**2.5**	2.0	2.2

The above assumptions for the year ended 31 December 2020 are in respect of all three Schemes.

Sensitivity analysis

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	+0.5%pa / -0.5%pa	-£33.6m / +£42.0m
RPI and CPI inflation	+0.5%pa / -0.5%pa	+£25.2m / -£25.2m
Assumed life expectancy	+1 year	+£16.8m

Remaining years of life	Current age at 43	Current age at 63
Men	**26.8**	25.0
Women	**28.9**	27.1

Limitations of the sensitivity analysis

These calculations provide an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated. The Schemes invest in matching assets (LDI, insured annuities and bonds) 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 the Schemes' assets.

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Fair value of scheme assets	**429,185**	132,271	116,596	126,355	119,004
Present value of defined benefit obligations	**420,108**	127,765	115,215	124,244	125,594
Surplus/(deficit) in the scheme	**9,077**	4,506	1,381	2,111	(6,590)

The trustees of each scheme are required to carry out actuarial valuations every 3 years.

The most recent actuarial valuation for the Bovis Homes Pension Scheme was carried out as at 30 June 2019. The results have highlighted a funding deficit of £10.5m. To eliminate the deficit, the Group have paid a contribution of £5.5m in January 2020 and have agreed to pay further contributions of £2.0m before 31 January 2022 and £1.0m before 31 January 2023. Additionally, the Group have agreed to pay £0.2m per annum to cover administrative expenses.

The most recent actuarial valuation for the Galliford Try Final Salary Pension Scheme was at 30 June 2018 and was carried out by LCP, the Scheme Actuary. The valuation highlighted a funding shortfall of £5.5m. Following the acquisition, a Schedule of Contributions was agreed in January 2020, which sets out that the Group will pay £6.7m by 31 January 2021 and £4.7m between February 2021 and September 2022.

The most recent actuarial valuation for the Kendall Cross (Holdings) Limited Pension & Life Assurance Scheme was as at 13 November 2017 and was carried out by the Scheme Actuary. The valuation highlighted a funding shortfall of £0.9m. To eliminate the deficit, a Schedule of Contributions was agreed in February 2019 which sets out that the Group will pay £0.9m by 30 November 2023.

All three schemes are closed to accrual and therefore no further contributions are required to cover the cost of future service accrual.

Alongside the latest valuation and the recovery plan the Company has also agreed the principles of a longer-term plan to de-risk the pension scheme assets and liabilities position.

Expected contributions to post-employment benefit plans for the year ending 31 December 2021 are £3.1m.

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 2020 were limited to those relating to remuneration, which are disclosed on pages 104 to 119 in the remuneration report.

Mr. Greg Fitzgerald, Group Chief Executive, is non-executive Chairman of Ardent Hire Solutions ("Ardent"). The Group hires forklift trucks from Ardent.

Mr. Ian Baker, is the Managing Director of Baker Estates Ltd where Mr Greg Fitzgerald is a majority shareholder. The Group receives advisory services from Ian Baker's consultancy company IB (SW).

Mr. Graham Prothero, appointed as Chief Operating Officer on 3 January 2020, is non-executive Director and Chair of the Audit Committee of Marshalls PLC. The Group incurred costs with Marshalls PLC in relation to landscaping services.

Ms. Katherine Innes Ker, is a non-executive director of Forterra PLC and Vistry Group PLC. The Group incurred costs with Forterra PLC in relation to the supply of bricks.

The total net value of transactions with related parties excluding joint ventures were as follows:

	Expenses paid to related parties		Amounts payable to related parties		Amounts owed by related parties	
	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000	31 Dec 2020 £000	31 Dec 2019 £000	31 Dec 2020 £000	31 Dec 2019 £000
Trading transactions						
Ardent	**2,498**	2,736	**632**	274	**-**	-
IB (SW)	**56**	20	**-**	67	**-**	-
Marshalls PLC	**21**	19	**-**	-	**-**	-
Forterra PLC	**1,321**	545	**115**	98	**-**	-

Transactions between the Group and its joint ventures are disclosed as follows:

	Sales to related parties		Interest income and dividend distributions from related parties	
	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000	Year ended 31 Dec 2020 £000	Year ended 31 Dec 2019 £000
Trading transactions	**129,663**	6,257	**-**	-
Non-trading transactions	**-**	-	**45,014**	77

	Amounts owed by related parties		Amounts owed to related parties	
	31 Dec 2020 £000	31 Dec 2019 £000	31 Dec 2020 £000	31 Dec 2019 £000
Balances with joint ventures	**323,650**	6,232	**20,157**	205

Sales to related parties including joint ventures are based on normal commercial terms available to unrelated third parties. The loans made to joint ventures bear interest at rates of between 3.5% and 5.1%; all balances with related parties will be settled in cash.

There have been no other related party transactions in the financial year which have materially affected the financial performance or position of the Group, and which have not been disclosed.

5.12 Reconciliation of Return on Capital Employed performance measure

The definition of return on capital employed (ROCE) has been amended in the period in order to reflect the enlarged Group and specifically the contribution of joint ventures to the Group's financial position and performance. The exclusion of exceptional costs and amortisation of acquired intangible assets in the adjusted operating profit measure allows the assessment of the underlying operational performance of the Group. 2019 has been restated on this basis. The terms of existing share based payment arrangements have not been amended for this change in definition.

	2020 £000	2019 £000 (restated)
Adjusted operating profit (see note 2.2)	**171,023**	194,355
Opening total equity	**1,271,966**	1,061,068
Deduct: intangible assets	**4,336**	1,079
Deduct: net cash	**361,962**	126,816
Opening capital employed	**905,668**	933,173
Closing total equity	**2,195,082**	1,271,966
Deduct: goodwill	**547,509**	-
Deduct: intangible assets	**143,585**	4,336
Deduct: net cash	**37,885**	361,962
Closing capital employed	**1,466,103**	905,668
Average capital employed (note 1)	**1,185,885**	919,421
ROCE including share of joint ventures	**14.4%**	21.1%

Note 1: Average of opening and closing capital employed for the year.

5.13 Alternative performance measures

The Group uses alternative performance measures which are not defined within IFRS. The Directors use these alternative performance measures, along with IFRS measures, to assess the operational performance of the Group. New alternative performance measures have been implemented in 2020 in order to reflect the enlarged Group, specifically the contribution of the joint venture investments now held and the impact of amortisation of intangibles which were recognised on acquisition of Linden and Partnerships (refer to note 5.14).

The definition and reconciliation of financial alternative performance measures used to IFRS measures are shown below:

Adjusted revenue

Adjusted revenue is defined as revenue including share of joint ventures' revenue:

	2020 £000	2019 £000
Revenue per Group Income Statement	**1,811,727**	1,130,768
Share of joint ventures' revenue	**228,387**	8,479
Adjusted revenue	**2,040,114**	1,139,247

Adjusted gross profit

The definition of adjusted gross margin has been amended in the period to reflect the enlarged Group and the contribution of joint ventures to the Group's financial results. The exclusion of exceptional costs included within gross margin allows the assessment of the underlying performance of the Group at gross margin:

	2020 £000	2019 £000
Gross Profit per Group Income Statement	**246,896**	242,756
Other operating income	**26,422**	10,675
Exceptional cost of sales	**10,975**	-
Share of joint ventures' gross profit	**34,472**	1,885
Adjusted gross profit	**318,765**	255,316

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:

	2020 £000	2019 £000
Operating profit per Group Income Statement	**91,723**	179,721
Exceptional expenses	**30,984**	12,846
Amortisation of acquired intangibles	**14,240**	-
Share of joint ventures' operating profit	**34,076**	1,788
Adjusted operating profit	**171,023**	194,355

Adjusted profit before tax

Adjusted profit before tax is defined as profit before tax before exceptional expenses and amortisation of acquired intangibles:

	2020 £000	2019 £000
Profit before tax per Consolidated Income Statement	**98,664**	174,753
Exceptional expenses	**30,984**	13,476
Amortisation of acquired intangibles	**14,240**	-
Adjusted profit before tax	**143,888**	188,229

5.14 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary, are the fair values 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 3 January 2020, the Group acquired the Linden and Partnerships and Regeneration businesses from Galliford Try PLC for a consideration of £1,233.5m. This investment in subsidiaries has been reflected in the Company balance sheet shown on page 148. The acquisition positions the Group as a top five national housebuilder by volume, has expanded the Group's presence across the UK and into Yorkshire and established the Group as one of the leaders in the highly attractive, high-growth partnerships business.

Linden Homes is a top UK housebuilder, and Vistry Partnerships is a market leading partnerships business. The combination of these businesses with the existing Vistry business will create the capacity to deliver more than 14,000 new units per year over the medium term, deliver an enhanced customer proposition, enhance the Group's geographical footprint, realise synergies and strengthen the senior management team.

The acquisition was of 100% of the share capital and control of the holding companies Vistry (Jersey) Limited (formerly Goldfinch (Jersey) Limited) and Vistry Partnerships Limited (formerly Galliford Try Partnerships Limited) and all of their subsidiaries, which are identified in Note 5.16.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration

	Attributable to the acquisition of Linden £'000	Attributable to the acquisition of Partnerships £'000	Total £'000
Cash consideration (iv)	76,300	301,800	378,100
Shares in Vistry Group PLC issued	815,698	39,685	855,383
Total purchase consideration	**891,998**	**341,485**	**1,233,483**

The share consideration included 63,739,385 shares with nominal value of £0.50 per share. £823.5m has been recognised within the merger reserve in relation to these consideration shares issued, being the excess of the share price on the date of issue over nominal value of the shares.

In addition to the above cash and share consideration, the Group assumed a liability with fair value of £108.2m for notes payable in relation to the acquisition of Partnerships, included within borrowings in the table on the next page.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Linden Fair value 3 January 2020 £'000	Partnerships Fair value 3 January 2020 £'000	Total Fair value 3 January 2020 £'000 (restated)
(Bank overdraft)/Cash and cash equivalents	(35,368)	32,367	(3,001)
Property, plant and equipment	295	1,783	2,078
Right-of-use assets	10,757	10,207	20,964
Intangible assets	54,800	100,224	155,024
Investments	49,527	6,507	56,034
Retirement benefit asset	5,646	-	5,646
Inventories	606,371	103,401	709,772
Amounts owed by joint ventures	208,034	74,439	282,473
Trade and other receivables	98,983	157,928	256,911
Trade and other payables	(322,797)	(326,865)	(649,662)
Borrowings	-	(108,219)	(108,219)
Lease liabilities	(10,758)	(10,207)	(20,965)
Provisions	(17,706)	(4,750)	(22,456)
Net deferred tax asset / (liability)	15,886	(14,511)	1,375
Net identifiable assets acquired	**663,670**	**22,304**	**685,974**
Goodwill	228,328	319,181	547,509
	891,998	**341,485**	**1,233,483**

The acquired intangibles include the Linden Homes and Drew Smith brand names, the customer relationships within the Linden and Partnerships businesses, and the secured contracts of the Partnerships business. The acquired intangible assets have estimated useful lives of between 4 and 25 years.

The goodwill for Linden reflects intangible assets which do not qualify for separate recognition including relationships with private customers, and the assembled workforce, in addition to synergies that will be achieved as an enlarged business.

The goodwill for Partnerships reflects their strong position in the market and future prospects, as well as the assembled workforce and synergies that will be achieved as an enlarged business.

None of the goodwill is expected to be deductible for tax purposes.

Current period

(i) Acquisition-related costs
Acquisition-related costs of £20.0m are included within exceptional administrative expenses in the Group Income Statement.

(ii) Acquired receivables
The fair value of trade and other receivables in Linden is £99.0m and includes trade receivables with a fair value of £89.4m. The gross contractual amount for trade receivables due is £104.5m, of which £0.6m is expected to be uncollectible.

The fair value of trade and other receivables in Partnerships is £157.9m and includes trade receivables with a fair value of £150.7m. The gross contractual amount for trade receivables due is £155.7m, of which £0.1m is expected to be uncollectible.

(iii) Revenue and profit contribution
The 100% owned development sites acquired with the Linden business contributed reported revenues of £395.4m to the Group for the period from 3 January 2020 to 31 December 2020. There would be no material difference in the contribution to revenues nor operating profit if the acquisition had occurred on 1 January 2020. Due to the full integration of the Linden business within the first half of the year it is not possible to calculate the impact of the Linden business to the operating profit of the Group for the period from 3 January 2020 to 31 December 2020.

The acquired Partnerships business contributed revenues of £640.8m and operating profit of £24.1m to the group for the period from 3 January 2020 to 31 December 2020. There would be no material difference in the contribution to revenues nor operating profit if the acquisition had occurred on 1 January 2020.

(iv) Consideration
At the balance sheet date, £13.5m was receivable by the Group in relation to reimbursement of cash consideration previously paid.

5.15 Post balance sheet events

On 23 February 2021, an amendment to the HSBC term loan facility was agreed to extend the maturity to January 2023.
There were no other post balance sheet events.

5.16 Group undertakings

The subsidiary and joint ventures in which the Group has interests are incorporated in Great Britain. In each case their principal activity is related to housebuilding and estate development. As at 31 December 2020, the Group had 120 subsidiaries, which are listed on the next page (with the company names as at 4 March 2021).

	Registered office	Country of incorporation	Ownership interest in ordinary shares 2020 %	2019 %
Bovis Country Homes Limited	1	United Kingdom	100	100
Blythe Park LLP	1	United Kingdom	100	-
Bovis Homes (Broadbridge Heath) Limited	1	United Kingdom	100	100
Bovis Homes (Quest) Company Limited	1	United Kingdom	100	100
Bovis Homes BVC Limited	1	United Kingdom	100	100
Bovis Homes Cornwall Limited	1	United Kingdom	100	100
Bovis Homes Developments Limited	1	United Kingdom	100	100
Bovis Homes Eastern Limited	1	United Kingdom	100	100
Bovis Homes Freeholds Limited	1	United Kingdom	100	100
Bovis Homes Insulation Limited	1	United Kingdom	100	100
Bovis Homes Limited	1	United Kingdom	100	100
Bovis Homes Midlands & Northern Limited	1	United Kingdom	100	100
Bovis Homes North Whiteley LLP	1	United Kingdom	100	100
Bovis Homes Pension Scheme Trustee Limited	1	United Kingdom	100	100
Bovis Homes Projects Limited	1	United Kingdom	100	100
Bovis Homes South East Limited	1	United Kingdom	100	100
Bovis Homes Southern Limited	1	United Kingdom	100	100
Bovis Homes Wessex Limited	1	United Kingdom	100	100
Brunel Street Works Energy	1	United Kingdom	100	-
Chartdale Limited*	1	United Kingdom	100	-
Drew Smith Homes Limited*	1	United Kingdom	100	-
Drew Smith Limited*	1	United Kingdom	100	-
Elite Homes (North West) Limited	1	United Kingdom	100	100
Elite Homes (Yorkshire) Limited	1	United Kingdom	100	100
Elite Homes Group Limited	1	United Kingdom	100	100
Emerald (Ealing) LLP*	1	United Kingdom	100	-
Enhance Interiors Limited*	1	United Kingdom	100	-
Fairfield Redevelopments Limited*	1	United Kingdom	100	-
Gigg Lane Limited	1	United Kingdom	100	100
Graylingwell Energy Services Limited*	1	United Kingdom	100	-
Greyhound Regeneration LLP*	1	United Kingdom	100	-
H.Newbury & Son (Builders) Limited	1	United Kingdom	100	100
Hall Green JV LLP*	1	United Kingdom	100	-
Hill Place Farm Developments Limited*	1	United Kingdom	100	-
Kendall Cross Limited*	1	United Kingdom	100	-
Kilbride Tavistock Limited	1	United Kingdom	100	100
Lea Castle JV LLP*	1	United Kingdom	100	-
Linden (Ashlar Court) Limited*	1	United Kingdom	100	-
Linden (Beverley 2) LLP*	1	United Kingdom	100	-
Linden (Beverley 3) LLP*	1	United Kingdom	100	-
Linden (Beverley 4) LLP*	1	United Kingdom	100	-
Linden (Beverley 5) LLP*	1	United Kingdom	100	-
Linden (Beverley) LLP*	1	United Kingdom	100	-
Linden (Cawston) LLP*	1	United Kingdom	100	-
Linden (Highfields Caldecote) LLP*	1	United Kingdom	100	-
Linden (Houghton) LLP*	1	United Kingdom	100	-
Linden (St Bernard's) Limited*	1	United Kingdom	100	-
Linden (Summerstown) LLP*	1	United Kingdom	100	-
Linden (Thurston) LLP*	1	United Kingdom	100	-
Linden Barnet LLP*	1	United Kingdom	100	-
Linden Cornwall Limited*	1	United Kingdom	100	-
Linden Devon Limited*	1	United Kingdom	100	-
Linden First Limited*	1	United Kingdom	100	-
Linden Guildford Limited*	1	United Kingdom	100	-
Linden Holdings Limited*	1	United Kingdom	100	-
Linden Homes (Bath Road) LLP*	1	United Kingdom	100	-
Linden Homes (Blackberry Hill) LLP*	1	United Kingdom	100	-
Linden Homes (Marksbury) LLP*	1	United Kingdom	100	-
Linden Homes (Sherford) LLP*	1	United Kingdom	100	-
Linden Homes Chiltern Limited*	1	United Kingdom	100	-
Linden Homes Eastern LLP*	1	United Kingdom	100	-
Linden Homes South-East Limited*	1	United Kingdom	100	-
Linden Homes Southern Limited*	1	United Kingdom	100	-
Linden Homes Western Limited*	1	United Kingdom	100	-
Linden JV No12 LLP*	1	United Kingdom	100	-
Linden JV No17 LLP*	1	United Kingdom	100	-
Linden JV No18 LLP*	1	United Kingdom	100	-
Linden JV No19 LLP*	1	United Kingdom	100	-
Linden JV No20 LLP*	1	United Kingdom	100	-
Linden JVCo No5 Limited*	1	United Kingdom	100	-
Linden JVCo No6 Limited*	1	United Kingdom	100	-
Linden JVCo No8 Limited*	1	United Kingdom	100	-
Linden JVCo No9 Limited*	1	United Kingdom	100	-
Linden Limited*	1	United Kingdom	100	-
Linden London (Hammersmith) Limited*	1	United Kingdom	100	-
Linden London Developments Limited*	1	United Kingdom	100	-
Linden London LLP*	1	United Kingdom	100	-
Linden Midlands Limited*	1	United Kingdom	100	-
Linden North Limited*	1	United Kingdom	100	-
Linden Partnerships Limited*	1	United Kingdom	100	-
Linden Properties Western Limited*	1	United Kingdom	100	-
Linden South West Limited*	1	United Kingdom	100	-
Linden St Albans LLP*	1	United Kingdom	100	-
Linden Wates (Hungerford) Limited*	1	United Kingdom	100	-
Linden Wates (Kempshott) Limited*	1	United Kingdom	100	-
Linden Wates (Lovedean) Limited*	1	United Kingdom	100	-
Mountsorrel JV LLP*	1	United Kingdom	100	-
Nether Hall Park Open Space Management Company Limited	1	United Kingdom	100	100
Olive Farm LLP*	1	United Kingdom	100	-
Orchard Homes (Pitt Manor) Limited	1	United Kingdom	100	100
Oxford Land Limited	1	United Kingdom	67	67
Page Johnson Properties Limited	1	United Kingdom	100	100
R.T.Warren (Builders, St.Albans) Limited	1	United Kingdom	100	100
Rasen Estates Limited*	1	United Kingdom	100	-
Redplay Limited*	1	United Kingdom	100	-
Redplay Partnerships Limited*	1	United Kingdom	100	-
Rissington Management Company Limited*	3	United Kingdom	100	50
Rosemullion Homes Limited*	1	United Kingdom	100	-
The Ricardo Community Foundation*	1	United Kingdom	100	-
Unitpage Limited	1	United Kingdom	100	100
Vista Portsmouth Limited*	1	United Kingdom	100	-
Vistry Affordable Homes Limited*	1	United Kingdom	100	-
Vistry Homes Central Limited*	1	United Kingdom	100	-
Vistry Homes Limited	1	United Kingdom	100	100
Vistry Limited	1	United Kingdom	100	100
Vistry Linden Homes Limited*	1	United Kingdom	100	-
Vistry Linden Limited*	1	United Kingdom	100	-
Vistry Partnerships (Wolverhampton) Limited*	1	United Kingdom	100	-
Vistry Partnerships Investments Limited*	1	United Kingdom	100	-
Vistry Partnerships JV NO16 LLP*	1	United Kingdom	100	-
Vistry Partnerships JV NO17 LLP*	1	United Kingdom	100	-
Vistry Partnerships Limited*	1	United Kingdom	100	-
Vistry Partnerships North Limited*	1	United Kingdom	100	-
Vistry Partnerships Yorkshire Holdings Limited*	1	United Kingdom	100	-
Vistry Partnerships Yorkshire Limited*	1	United Kingdom	100	-
Vistry Pension Trustee Ltd*	1	United Kingdom	100	-
Westcountry Land (Perranporth) Ltd*	1	United Kingdom	100	-
Bovis Homes Scotland Limited	2	United Kingdom	100	100
Knights Mount Management	9	United Kingdom	100	100
Vistry (Jersey) Limited	10	Jersey	100	-

*Acquired on 3 January 2020.

Notes to the financial statements continued

At 31 December 2020 the Group had an interest in the following 72 joint ventures which have been equity accounted to 31 December and are registered and operate in England and Wales. A number of joint ventures were acquired on 3 January 2020 as part of the Acquisition, these are marked with an asterisk in the table below and the principal activities of these joint ventures is also housebuilding and estate development.

The directors have concluded that the group controlled IIH Oak Investors LLP, Shoo 22 Limited and Gateshead Regeneration LLP during 2020, 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.

	Registered office	Country of incorporation	Ownership interest in ordinary shares	
			2020 %	2019 %
Beverley South Developments Limited*	1	United Kingdom	50	-
Bishops Park Limited	1	United Kingdom	50	50
Boorley Green LLP*	1	United Kingdom	50	-
Bovis Homes Cambourne West LLP	1	United Kingdom	50	50
Bovis Latimer (Sherford) LLP	1	United Kingdom	50	50
Bovis Peer LLP	1	United Kingdom	50	50
D R 4 Developments LLP*	1	United Kingdom	50	-
Europa Way JV LLP*	1	United Kingdom	50	-
Evolution (Saffron Walden) LLP*	1	United Kingdom	50	-
Evolution (Shinfield) LLP*	1	United Kingdom	50	-
Evolution Gateshead Developments LLP*	1	United Kingdom	50	-
Evolution Morpeth LLP*	1	United Kingdom	50	-
Evolution Newhall LLP*	1	United Kingdom	50	-
Glen Parva JV LLP*	1	United Kingdom	50	-
Grange Walk LLP*	1	United Kingdom	50	-
Heath Farm Lane LLP*	1	United Kingdom	50	-
Kilnwood Vale LLP*	1	United Kingdom	50	-
Linden (Avery Hill) LLP*	1	United Kingdom	50	-
Linden (Basingstoke) Limited*	1	United Kingdom	50	-
Linden (Battersea Bridge Road) LLP*	1	United Kingdom	50	-
Linden (Biddenham) LLP*	1	United Kingdom	50	-
Linden (Brampton) LLP*	1	United Kingdom	50	-
Linden (Enfield) LLP*	1	United Kingdom	50	-
Linden (Hartfield Road) LLP*	1	United Kingdom	50	-
Linden (Manse Farm) LLP*	1	United Kingdom	50	-
Linden (Mowbray View 2) LLP*	1	United Kingdom	50	-
Linden (Northstowe) LLP*	1	United Kingdom	50	-
Linden (Rainham) LLP*	1	United Kingdom	50	-
Linden (Sayers Common) LLP*	1	United Kingdom	50	-
Linden (Vencourt) LLP*	1	United Kingdom	50	-
Linden (York Road) LLP*	1	United Kingdom	50	-
Linden and Dorchester Limited*	1	United Kingdom	50	-
Linden and Dorchester Portsmouth Limited*	1	United Kingdom	50	-
Linden Wates (Barrow Gurney) Limited*	1	United Kingdom	50	-
Linden Wates (Bricket Wood) Limited*	1	United Kingdom	50	-
Linden Wates (Cranleigh) Limited*	1	United Kingdom	50	-
Linden Wates (Dorking) Limited*	1	United Kingdom	50	-
Linden Wates (Horsham) LLP*	1	United Kingdom	50	-
Linden Wates (Ravenscourt Park) Limited*	1	United Kingdom	50	-
Linden Wates (Ridgewood) Limited*	1	United Kingdom	50	-
Linden Wates (Ringwood) LLP*	1	United Kingdom	50	-
Linden Wates (Royston) LLP*	1	United Kingdom	50	-
Linden Wates (Salisbury) LLP*	1	United Kingdom	50	-
Linden Wates (The Frythe) Limited*	1	United Kingdom	50	-
Linden Wates (Walberton) LLP*	1	United Kingdom	50	-
Linden Wates (West Hampstead) Limited*	1	United Kingdom	50	-
Linden Wates (Westbury) Limited*	1	United Kingdom	50	-
Linden Wates Developments (Chichester) Limited*	1	United Kingdom	50	-
Linden Wates Developments (Folders Meadow) Limited*	1	United Kingdom	50	-
Linden/Downland Graylingwell LLP*	1	United Kingdom	50	-
One Lockleaze LLP*	1	United Kingdom	50	-
Opal (Earlsfield) LLP*	1	United Kingdom	50	-
Opal (Silvertown) LLP*	1	United Kingdom	50	-
Opal (St Bernard's) LLP*	1	United Kingdom	50	-
Opal Land LLP*	1	United Kingdom	50	-
Pembers LLP*	1	United Kingdom	50	-
Ramsden Regeneration LLP*	1	United Kingdom	50	-
Sandymoor JV LLP*	1	United Kingdom	50	-
Stanton Cross Developments LLP	1	United Kingdom	50	50
Vistry Latimer Collingtree LLP	1	United Kingdom	50	100
West Bridgford JV LLP*	1	United Kingdom	50	-
White Rock Land LLP*	1	United Kingdom	50	-
Wilmington Regeneration LLP*	1	United Kingdom	50	-
Gateshead Regeneration LLP*	1	United Kingdom	25	-
IIH Oak Investors LLP	4	United Kingdom	26	26
Gallions 2A Developments LLP*	11	United Kingdom	50	-
Shoo 22 Limited*	12	United Kingdom	38	-
The Piper Building Limited*	3	United Kingdom	50	-
Cedar House Securities Limited*	13	United Kingdom	50	-
Crest/Vistry (Epsom) LLP*	14	United Kingdom	50	-
Linden Homes Westinghouse LLP*	15	United Kingdom	50	-
Linden Sovereign Brockworth LLP*	15	United Kingdom	50	-

*Acquired on 3 January 2020.

Significant holdings in undertakings other than subsidiary and joint venture undertakings

	Registered office	Country of incorporation	Ownership interest in ordinary shares	
			2020 %	2019 %
Berkshire Land Limited	1	United Kingdom	33	33
Bishop's Stortford North Consortium Limited	5	United Kingdom	33	25
C.C.B.(Stevenage) Limited	6	United Kingdom	33	33
Haydon Development Company Limited	7	United Kingdom	39	39
Oxfordshire Land Limited	8	United Kingdom	25	25

Registered office

1. 11 Tower View, Kings Hill, West Malling, Kent, ME19 4UY
2. C/o Gilliespie MacAndrew LLP, 5 Atholl Crescent, Edinburgh, Scotland, EH3 8EJ, United Kingdom
3. Cowley Business Park, Cowley, Uxbridge, Middlesex, UB8 2AL
4. New Zealand House 15th Floor, 80 Haymarket, London, United Kingdom, SW1Y 4TE
5. St Bride's House, 10 Salisbury Square, London, EC4Y 8EH
6. Croudace House, Tupwood Lane, Caterham, Surrey, CR3 6XQ
7. 6 Drakes Meadow, Penny Lane, Swindon, Wiltshire, SN3 3LL
8. Persimmon House, Fulford, York, YO19 4FE
9. Gateway House, 10 Coopers Way, Southend On Sea, Essex, SS2 5TE
10. 47 Esplanade, St Helier, Jersey, JE1 0BD, Jersey
11. Bruce Kenrick House, 2 Kellick Street, London, United Kingdom, N1 9FL
12. Duncan House Clipston Road, Sibbertoft, Market Harborough, Leics, LE16 9UB
13. 8 Gleneagles Court, Brighton Road, Crawley, West Sussex, RH10 6AD
14. Crest House, Pyrcroft Road, Chertsey, Surrey, KT16 9GN
15. Sovereign House, Basing View, Basingstoke, Hampshire, England, RG21 4FA

Five year record – unaudited

All financial information below is presented on the basis of the IFRS in place at the time and have not been restated for the impact IFRS16, IFRS15 or IFRS9 prior to the date at which these standards became effective.

Years ended 31 December	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Reported results					
Revenue and profit					
Revenue	**1,811.7**	1,130.8	1,061.4	1,028.2	1,054.8
Operating profit	**91.7**	179.7	174.2	121.2	160.0
Net financing costs	**(7.9)**	(6.8)	(6.1)	(7.2)	(5.6)
Share of result of joint ventures	**14.9**	1.8	–	–	0.3
Profit before tax	**98.7**	174.8	168.1	114.0	154.7
Tax	**(21.9)**	(36.4)	(31.5)	(22.7)	(33.9)
Profit after tax	**76.8**	138.4	136.6	91.3	120.8
Adjusted results					
Revenue and profit					
Adjusted revenue	**2,040.1**	1,139.3	1,061.4	1,028.2	1,054.8
Adjusted operating profit	**171.0**	194.4	174.2	121.2	160.0
Adjusted profit before tax	**143.9**	188.2	168.1	120.8	154.7
Balance sheet					
Equity shareholders' funds	**2,195.1**	1,272.0	1,061.1	1,056.6	1,015.9
Net cash	**(37.9)**	(362.0)	(126.8)	(144.9)	(38.6)
Capital employed	**2,157.2**	910.0	934.3	911.7	977.3
Returns					
Adjusted operating margin before exceptional items (note 1)	**8%**	17%	16%	12%	15%
Reported operating margin (note 2)	**5%**	16%	16%	12%	15%
Return on shareholders' funds (note 3)	**6%**	11%	13%	9%	13%
Return on capital employed (note 4)	**14%**	21%	19%	13%	17%
Homes (including units sold on third party owned land)					
Number of Housebuilding unit completions (note 5)	**4,652**	3,867	3,759	3,645	3,977
Number of Partnership unit completions (note 5)	**1,479**	–	–	–	–
Number of partner delivery equivalent units	**2,823**	–	–	–	–
Housebuilding average sales price (£'000)	**302.5**	280.2	273.2	272.4	254.9
Mixed tenure average sales price (£'000)	**203.9**	–	–	–	–
Adjusted EPS before exceptional items					
Earnings per share (p) before exceptional items	**57.9**	104.3	101.6	73.1	90.1
Earnings per share (p) after exceptional items	**34.8**	94.6	101.6	68.0	90.1
Dividends per share					
Paid (p)	**–**	58.5	96.5	45.0	41.3
Interim paid and final proposed (p) (note 6)	**20.0**	61.5	57.0	47.5	45.0

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. 2016 to 2019 ROCE has been restated on this basis.

Note 5: Completions are shown including 100% of joint venture completions.

Note 6: In 2019 a second interim dividend was declared, not a final dividend. 61.5p includes this second interim dividend.

Notice of meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Impact of Covid-19 on the 2021 Annual General Meeting

In light of the current UK Government Covid-19 restrictions in respect of public gatherings and non-essential travel, the Board has determined that the Annual General Meeting ('AGM') will be convened with a minimum number of Shareholders physically present in order to conduct the business of the meeting. In the interests of protecting the health and safety of our Shareholders, colleagues and the wider public, Shareholders will not be admitted to the AGM. Our advisers and other guests have also been asked not to attend.

While physical attendance at the AGM will not be permitted, Shareholders are invited to attend the AGM electronically via a live webcast. The webcast is not interactive, and it will not be possible for Shareholders watching the virtual meeting to vote or ask questions remotely. Shareholders will instead be able to vote on the Resolutions by proxy in advance of the meeting. The webcast will be broadcast live at 12 noon on Monday 17th May 2021, the day of the AGM. A guide on how Shareholders can watch the AGM webcast can be found on page 195 and details on how Shareholders can submit their proxy vote by post, online or through CREST are set out below in the notes to this notice on page 195. As third party proxies will not be allowed to physically attend the AGM, Shareholders are strongly encouraged to appoint the Chairman of the AGM to act as their proxy and provide voting instructions in advance of the AGM. The appointment of any person other than the Chairman of the AGM will result in that member's votes not being cast.

The Board recognises the ongoing importance of engagement with Shareholders at this time. Shareholders are invited to submit any questions to the Board in advance of the AGM by email to investor.relations@vistrygroup.co.uk or by post to the Group Company Secretary at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY. We will consider all questions received and provide a written response. Responses to questions will be provided on our website at **vistrygroup.co.uk/investors/shareholders/agm/2021**.

The Company continues to closely monitor the situation in relation to Covid-19. Should any changes to the arrangements be required, updates will be communicated to Shareholders before the AGM through the Company's website at **vistrygroup.co.uk/investors/shareholders/agm/2021** and, where appropriate, by Regulatory Information Service announcement.

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting of Vistry Group PLC (the "Company") will be held at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY on Monday, 17 May 2021 at 12.00 noon for the following purposes:

Ordinary resolutions

Reports and accounts

1. To receive the audited accounts of the Company for the year ended 31 December 2020 and the reports of the directors and auditors.

Remuneration report

2. To approve the directors' remuneration report in the form set out in the Company's annual report and accounts for the year ended 31 December 2020 in accordance with section 439 of the Companies Act 2006.

Dividend

3. To declare the final dividend recommended by the directors.

Directors

4. To re-appoint Ian Paul Tyler as a director of the Company.
5. To re-appoint Margaret Christine Browne as a director of the Company.
6. To re-appoint Ralph Graham Findlay as a director of the Company.
7. To re-appoint Nigel Keen as a director of the Company.
8. To re-appoint Michael John Stansfield as a director of the Company.
9. To re-appoint Katherine Innes Ker as a director of the Company.
10. To re-appoint Gregory Paul Fitzgerald as a director of the Company.
11. To re-appoint Earl Sibley as a director of the Company.
12. To re-appoint Graham Prothero as a director of the Company.

Auditors

13. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company.
14. To authorise the directors to determine the remuneration of the auditors.

Notice of meeting continued

Authority to allot shares

15. That the directors be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company pursuant to and in accordance with section 551 of the Companies Act 2006 ('the 2006 Act'):

    (a) up to an aggregate nominal amount of £37,005,511; and

    (b) comprising equity securities (as defined in the 2006 Act) up to an aggregate nominal amount of £74,011,022 (including within such limit any shares issued or rights granted under paragraph (a) (above) in connection with an offer by way of a rights issue to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

    Such authorities to apply (unless previously renewed, varied or revoked by the Company in a general meeting) until the conclusion of the Annual General Meeting of the Company in 2022 or fifteen months from the date of this resolution, whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after the authority ends and the directors may allot shares and grant rights under any such offer or agreement as if the authority had not ended.

Special resolutions

Notice of general meetings

16. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

Authority to disapply pre-emption rights

17. That if resolution 15 is passed, and in place of all existing powers, the directors be authorised pursuant to section 570 and 573 of the 2006 Act to allot equity securities (as defined in the 2006 Act) wholly for cash under the authority given by that resolution as if section 561 of the 2006 Act did not apply to any such allotment or sale, such power:

    (a) to expire (unless previously renewed, varied or revoked by the Company in a general meeting) at the conclusion of the Annual General Meeting of the Company in 2022 or fifteen months from the date of this resolution, whichever is the earlier, but, in each case during this period the directors may make an offer or agreement which would or might require equity securities to be allotted after the power ends and the directors may allot equity securities under any such offer or agreement as if the power had not ended;

    (b) to be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 15(b) by way of a rights issue only) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

    (c) to be limited, in the case of the authority granted under resolution 15(a), to the allotment of equity securities for cash otherwise than pursuant to paragraph (b) up to an aggregate nominal amount of £5,556,383.

    This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the 2006 Act as if in the first paragraph of this resolution the words 'under the authority given by that resolution' were omitted.

Authority to purchase own shares

18. That the Company be and is hereby granted general and unconditional authority, for the purposes of section 701 of the 2006 Act, to make market purchases (within the meaning of section 693(4) of the 2006 Act) of the ordinary shares of 50 pence each in its capital PROVIDED THAT:

    (a) this authority shall be limited so that the number of ordinary shares of 50 pence each which may be acquired pursuant to this authority does not exceed an aggregate of 22,225,532 ordinary shares and shall expire at the conclusion of the next Annual General Meeting of the Company in 2022 (except in relation to the purchase of ordinary shares the contract for which was concluded before such time and which is executed wholly or partly after such time);

    (b) the maximum (exclusive of expenses) price which may be paid for each ordinary share shall be the higher of: (i) an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Company agrees to buy the ordinary shares; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System (SETS); and

    (c) the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be 50 pence.

Vistry Group PLC
11 Tower View
Kings Hill
West Malling
Kent ME19 4UY

By Order of the Board
M T D Palmer
Group Company Secretary
19 March 2021

Notice of meeting continued

Notes:

Attending electronically

(i) In light of the current UK Government Covid-19 restrictions in respect of public gatherings and non-essential travel, members should not attempt to physically attend the AGM. Members are instead requested to log-in to the meeting here: https://brrmedia.news/Vistry_AGM2021 using their unique shareholder reference and PIN. The webcast will be made live at 12 noon on Monday 17th May 2021, the day of the AGM. Members should note that accessing any such webcast will be for information purposes only and will not be regarded as being formally present at the meeting. No arrangements will be made for members to vote or ask questions remotely during the AGM, so members should ensure that all votes and questions are submitted in the appropriate manner in advance of the meeting. For further information, please refer to our website at **vistrygroup.co.uk/investors/shareholders/agm/2021**.

(ii) Please note that an active internet connection is required in order to access the AGM. It will be the members' responsibility to ensure connectivity for the duration of the meeting, and the Chairman has full discretion to treat the AGM as continuing despite any technological issues that may arise in each individual case.

Voting

(iii) Voting on all substantive resolutions will be by way of a poll. When announcing the results of the poll vote, the Company will disclose the total number of votes in favour and against as well as the number of abstentions on the Company website (vistrygroup.co.uk) and through a RIS announcement. If a member returns both paper and electronic proxy instructions, those received last by the Registrar before the latest time for receipt of proxies will take precedence. Members are advised to read the website terms and conditions of use carefully.

Appointment of proxies

(iv) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and section 360B(2) of the 2006 Act, the Company gives notice that only holders of ordinary shares entered on the register of members no later than 8.00pm on 13 May 2021 (or, in the event of any adjournment, 8.00pm on the day which is two days before the adjourned meeting) will be entitled to attend and vote at the meeting. A member may vote in respect of the number of ordinary shares registered in the member's name at that time. Changes to entries on the register after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(v) A member is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the AGM. In view of the UK Government's latest guidance, members should not attempt to physically attend the AGM and are strongly encouraged to appoint the Chairman of the meeting as their proxy and provide voting instructions to the proxy in advance of the AGM. Appointment of any person other than Chairman of the AGM would result in a member's votes not being cast, as third party proxies will not be permitted entry to the AGM unless the UK Government's guidance and legislation in respect of Covid-19 change prior to the date of the AGM.

(vi) Participants of the Vistry Group Share Incentive Plan may instruct the trustee to vote on their behalf on a poll.

(vii) A proxy form which may be used to make such appointment and give the proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

(viii) The proxy form must be executed by or on behalf of the member making the appointment. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. A corporation may execute the form(s) of proxy either under its common seal or under the hand of a duly authorised officer, attorney or other authorised person.

(ix) The proxy form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority must be received at the office of the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or received via the Computershare website, (investorcentre.co.uk/eproxy) (full details of the procedures are given in the notes to the proxy form enclosed with the report and accounts and on the website) not less than 48 hours (excluding non-working days) before the time for holding the meeting.

(x) If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12 noon on 13 May 2021 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

(xi) To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours (excluding non-working days) before the time appointed for holding the meeting (and any adjournment of the meeting) in accordance with the procedures described in the CREST Manual. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Notice of meeting continued

(xii) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST proxy instructions and the appropriate CREST message must be properly, authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions and described in the CREST Manual (available via euroclear.com CREST). It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

(xiii) Any person to whom this Notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a "Nominated Person") may have a right, under an agreement between him and the member by whom he was nominated, to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in paragraph (v) above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

(xiv) As at 19 March 2021 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 222,255,324 ordinary shares, carrying one vote each on a poll. Therefore, the total voting rights in the Company as at 19 March 2021 are 222,255,324.

Audit concerns

(xv) Under section 527 of the 2006 Act, members meeting the relevant threshold requirements set out in that section may require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the last AGM for the financial year beginning 1 January 2020 that the members propose to raise at the AGM. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 or 528 (requirements as to website availability) of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

Shareholder requisition rights

(xvi) Under sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company: (a) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (b) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business unless (i) (in the case of a resolution only) it would, if passed, be ineffective whether by reason of inconsistency with any enactment or the Company's constitution or otherwise, (ii) it is defamatory of any person, or (iii) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 5 April 2021, being the date six clear weeks before the meeting, and (in the case of a matter to be included on the business only) must be accompanied by a statement setting out the grounds for the request.

Questions

(xvii) Shareholders are invited to submit any questions prior to the AGM by contacting the Company by email at investor.relations@vistrygroup.co.uk or by post to the Group Company Secretary at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UY by 12 noon on 14 May 2021. Responses to questions will be provided on our website at **vistrygroup.co.uk/investors/shareholders/agm/2021**. No other methods of communication will be accepted. In particular you may not use any electronic address provided either in this Notice of meeting or in any related documents (including the Chairman's Statement, the Annual Report 2020 and the proxy form) to communicate with the Company for any purposes other than those expressly stated.

(xviii) The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Website information

(xix) A copy of this Notice and other information required to be published in accordance with section 311A of the 2006 Act in advance of the AGM can be found at vistrygroup.co.uk.

Documents available for inspection

(xx) The following documents will be available for inspection at the Company's registered office, during normal business hours, on any weekday (excluding public holidays) from the date of this Notice until the date of the AGM and on that date they will be available for inspection at the place of the meeting from 11.30am until the conclusion of the meeting:

(a) copies of the directors' service contracts;
(b) copies of the terms and conditions of appointment for each non-executive director; and
(c) the register of directors' interests.

In view of the ongoing Covid-19 pandemic and the attendance arrangements for this year's Annual General Meeting, we would ask you to contact us by email at investor.relations@vistrygroup.co.uk if you would like to inspect any documents.

Notice of meeting continued

(xxi) The results of the voting at the AGM will be announced through a RIS announcement and will appear on the Company's website, vistrygroup.co.uk, as soon as reasonably practicable following the conclusion of the AGM.

Data Protection

(xxii) Data protection statement: your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's Registrar) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

Explanatory notes to the notice of meeting

Resolutions 1 to 15 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 16 to 18 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Item 1: Reports and accounts

The directors are required to present to shareholders at the AGM the report of the directors, the strategic report and the accounts of the Company for the year ended 31 December 2020. The report of the directors, the strategic report, the accounts and the report of the Company's auditors on the accounts and on those parts of the directors' remuneration report that are capable of being audited are contained within the Company's annual report and accounts for the year ended 31 December 2020 (the "2020 Annual Report and Accounts").

Item 2: Directors' annual remuneration report

Under section 439 of the 2006 Act, the directors are required to present the directors' remuneration report prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Group's (Accounts and Reports) Regulations 2008 (as amended), for the approval of shareholders by way of an advisory vote. The directors' remuneration report, the relevant pages of which can be found on pages 104 to 122 of the 2020 Annual Report and Accounts, gives details of the directors' remuneration for the year ended 31 December 2020 and sets out the way in which the Company will implement its policy on directors' remuneration during 2021. The Company's auditors, PricewaterhouseCoopers LLP, have audited those parts of the directors' remuneration report capable of being audited and their report may be found on pages 136 to 145 of the 2020 Annual Report and Accounts.

The vote on the directors' remuneration report is advisory in nature in that payments made or promised to directors will not have to be repaid, reduced or withheld in the event that this resolution is not passed. However, if the vote on the directors' remuneration report is not passed, the directors' remuneration policy will be presented to shareholders for approval at the next Annual General Meeting.

A copy of the directors' remuneration policy, which was approved at the December 2019 General Meeting, is available on the website at **vistrygroup.co.uk** or in hard copy on request from the Group Company Secretary.

Items 3: Final dividend

Subject to the declaration of the final dividend at the meeting, the dividend will be paid on 21 May 2021 to shareholders on the register at the close of business on 26 March 2021.

Items 4 to 12: Re-appointment of directors

The UK Corporate Governance Code (the "Code") requires FTSE 350 companies to put all directors forward for re-appointment by shareholders on an annual basis. The purpose of this requirement is to increase accountability to shareholders. Accordingly, all the directors of the Company will retire at the AGM and offer themselves for re-appointment.

The Code contains provisions dealing with the re-appointment of non-executive directors. In relation to the re-appointment of Chris Browne, Ralph Findlay, Nigel Keen, Mike Stansfield and Katherine Innes Ker as non-executive directors, the Chairman has confirmed following the formal performance evaluation conducted during early 2021 that they continue to be effective in and demonstrate commitment to their roles, including commitment of time for Board and committee meetings. In reaching its recommendations, the Board also considered the individual skills and experience brought by each director, their relevance to the Company and its particular circumstances, and the overall skill set of the Board. Chris Browne provides a strong commercial and operational background in a consumer facing industry. Ralph Findlay adds strong commercial, financial and general management expertise, again from a consumer facing industry. Nigel Keen brings an in-depth construction and property background and experience of managing property strategy and portfolios, once again from a consumer facing industry. Mike Stansfield brings considerable housing developer experience. Katherine Innes Ker brings a broad range of business knowledge and skills to the Board. Ian Tyler, non-executive Chairman, has considerable construction industry knowledge and international business experience.

The Board believes that the directors' combined experience and contribution is a great asset to the Board and the Company and continues to be important to the Company's long-term sustainable success. The Board, therefore, strongly supports and recommends the re-appointment of the directors to shareholders.

Biographical details of all the directors can be found on pages 82 to 83 of the 2020 Annual Report and Accounts.

Items 13 and 14: Appointment of auditors and auditors' remuneration

The auditors of a company must be appointed at each general meeting at which accounts are presented. Resolution 13 proposes the re-appointment of the Company's existing auditors, PricewaterhouseCoopers LLP, as the Company's auditors, for a further year. PricewaterhouseCoopers LLP were first appointed at the 2015 Annual General Meeting. Resolution 14 gives authority to the directors to determine the auditors' remuneration.

Explanatory notes to the notice of meeting continued

Item 15: Authority to allot shares

The authority given to your directors at last year's AGM under section 551 of the 2006 Act to allot shares expires on the date of the forthcoming Annual General Meeting. Accordingly, this resolution seeks to grant a new authority under section 551 to authorise the directors to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal amount of £37,005,511 and also gives the Board authority to allot, in addition to these shares, further of the Company's shares up to an aggregate nominal amount of £74,011,022 in connection with a pre-emptive offer to existing members by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas shareholders to whom the rights issue cannot be made due to legal and practical problems). This is in accordance with the latest institutional guidelines published by the Investment Association. This authority will expire at the conclusion of the next Annual General Meeting (or, if earlier, 15 months from the date of the resolution). The directors intend to seek renewal of this authority at subsequent Annual General Meetings.

The amount of £37,005,511 represents less than 33.3 per cent of the Company's total ordinary share capital in issue as at 19 March 2021 (being the latest practicable date prior to publication of this Notice). The amount of £74,011,022 represents less than 66.6 per cent of the Company's total ordinary share capital in issue as at 19 March 2021 (being the latest practicable date prior to publication of this Notice). The Company did not hold any shares in treasury as at 19 March 2021.

The Board has no present intention to exercise this authority other than in connection with employee share schemes. It wishes to obtain the necessary authority from shareholders so that allotments can be made (should it be desirable and should suitable market conditions arise) at short notice and without the need to convene a general meeting of the Company which would be both costly and time consuming.

If the Board takes advantage of the additional authority to issue shares or grant rights to subscribe for, or convert any security into, shares in the Company representing more than 33.3 per cent of the Company's total ordinary share capital in issue or for a rights issue where the monetary proceeds exceed 33.3 per cent of the Company's pre-issue market capitalisation, all members of the Board wishing to remain in office will stand for re-election at the next Annual General Meeting following the decision to make the relevant share issue.

Item 16: Notice of general meetings

This resolution is required as a result of the implementation in 2009 of the Shareholder Rights Directive. The regulation implementing this Directive increased the notice period for general meetings under the 2006 Act to 21 days. The Company will be able to continue to call general meetings (other than an Annual General Meeting) on 14 clear days' notice as long as shareholders have approved the calling of meetings on 14 days' notice. Resolution 16 seeks such approval. The approval will be effective until the Company's next Annual General Meeting, where it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice. It is confirmed that the ability to call a general meeting on 14 clear days' notice would only be utilised in limited circumstances and where the shorter notice period will be to the advantage of shareholders as a whole.

Item 17: Disapplication of pre-emption rights

Resolution 17 seeks authority for the directors to issue equity securities (as defined in the 2006 Act) in the Company for cash as if the pre-emption provisions of section 561 of the 2006 Act did not apply. Other than in connection with a rights issue or any other pre-emptive offers concerning equity securities, the authority contained in this resolution will be limited to the issue of equity securities for cash up to an aggregate nominal value of £5,556,383 which represents approximately 5 per cent of the Company's total ordinary share capital in issue as at 19 March 2021 (being the latest practicable date prior to publication of this Notice). In accordance with the Pre-emption Group's Statement of Principles, the directors confirm their intention that no more than 7.5 per cent of the issued share capital (excluding treasury shares) will be issued for cash on a non-pre-emptive basis during any rolling three-year period.

This resolution seeks a disapplication of the pre-emption rights on a rights issue so as to allow the directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas members. There are presently no plans to allot ordinary shares wholly for cash other than in connection with employee share schemes. Shares allotted under an employee share scheme are not subject to statutory pre-emption rights.

The authority sought by resolution 17 will last until the conclusion of the next Annual General Meeting (or, if earlier, 15 months from the date of the resolution). The directors intend to seek renewal of this power at subsequent Annual General Meetings.

Explanatory notes to the notice of meeting continued

Item 18: Authority to purchase own shares

This resolution renews the authority granted at last year's Annual General Meeting to enable the Company to make market purchases of up to 22,225,532 of its own shares, representing approximately 10 per cent of the Company's total ordinary share capital in issue as at 19 March 2021 (being the latest practicable date prior to publication of this Notice). Before exercising such authority, the directors would ensure that the Company was complying with the current relevant UK Listing Authority rules and Investment Association guidelines.

No purchases would be made unless the directors believe that the effect would be to increase the earnings per share of the remaining shareholders and the directors consider the purchases to promote the success of the Company for the benefit of its shareholders as a whole. Any shares so purchased would be cancelled. The directors have no present intention of exercising the authority to purchase the Company's ordinary shares but would like to have the flexibility of considering such purchases in the future.

Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange. The maximum price (exclusive of expenses) which may be paid for each ordinary share shall be the higher of: (a) an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Company agrees to buy the ordinary shares; and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System (SETS). The minimum price (exclusive of expenses) would be 50 pence, being the nominal value of each ordinary share. The authority will only be valid until the conclusion of the next Annual General Meeting in 2022.

As at 19 March 2021 there were options over 1,663,519 ordinary shares in the capital of the Company which represent 0.78 per cent of the Company's issued ordinary share capital at that date. If the authority to purchase the Company's ordinary shares was exercised in full, these options would represent 0.83 per cent of the Company's issued ordinary share capital.

The directors consider that all the resolutions to be put to the meeting promote the success of the Company for the benefit of its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

Shareholder information

Registered office

11 Tower View, Kings Hill, West Malling, Kent ME19 4UY. Registered number 306718 registered in England.

Financial calendar

Annual report posted	6 April 2021
Annual General Meeting	17 May 2021
Payment of 2020 final dividend	21 May 2021
Announcement of 2021 interim results	7 September 2021
Announcement of 2021 final results	February 2022

Analysis of shareholdings – at 31 December 2020

	Number of shareholders	%	Number of ordinary shares	%
1 - 5,000	**5,130**	88.59	3,401,455	1.53
5,001 - 50,000	**358**	6.18	5,855,522	2.63
50,001 - 250,000	**154**	2.66	18,640,980	8.39
250,001 - 500,000	**55**	0.95	19,709,087	8.87
500,001 - 1,000,000	**46**	0.79	32,626,116	14.68
1,000,001 - and over	**48**	0.83	142,019,419	63.90
Total	**5,791**	100.0	222,252,579	100.0

Share price (middle market) – year to 31 December 2020

At end of year: 939.50p Lowest: 510.00p Highest: 1,478.00p

Advisers

Auditors

PricewaterhouseCoopers LLP

Solicitors

Linklaters LLP

Principal bankers

Bank of China Limited
Barclays Bank PLC
Handelsbanken plc
HSBC UK Bank plc
First Commercial Bank
Lloyds Bank plc
National Westminster Bank plc
Qatar National Bank
Santander UK plc

Stockbrokers

Numis Securities Limited
Peel Hunt LLP
HSBC Bank plc

Insurance brokers

Arthur J Gallagher

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Registrar

Shareholder enquiries regarding change of address, dividend payment or lost certificates should be directed to: Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZZ. **Vistry Group Shareholder Helpline: 03708 893 236**.

Investor Centre: the easy way to manage your shareholdings online:

Many shareholders want to manage their shareholding online and do so using Investor Centre, Computershare's secure website. With Investor Centre you can view shares balances, history and update your details. Visit **investorcentre.co.uk** for more information.

Internet and telephone share dealing is available via Investor Centre:

Internet dealing - The fee for this service is 1% of the value of each sale or purchase of shares (subject to a minimum of £30). Stamp duty of 0.5% is payable on purchases. Before you trade you will need to register for this service. This can be done by going online at computershare.trade.

Telephone dealing - The fee for this service will be 1% of the value of the transaction (plus £50). To use this service please call **0370 703 0084** with your SRN to hand.

Please note that due to the regulations in the UK, Computershare are required to check that you have read and accepted the terms and conditions before being able to trade, which could delay your first telephone trade. If you wish to trade quickly, we suggest visiting their website and registering online first at computershare.trade.

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 **investorcentre.co.uk/ecomms** where they can register.