

25 March 2020

Vistry Group

COVID-19 update

Vistry Group PLC ('the Group') is today providing an update on COVID-19 and the measures it is taking to mitigate the impact on its business.

During these unprecedented times, the safety, health and wellbeing of our employees, customers, suppliers and wider society, is our top priority and we are committed to doing all we can to support them during these challenging times and help prevent the spread of the Coronavirus.

Current trading and FY20 financial guidance

We have been very encouraged by the trading performance of the Group during 2020, with increased levels of consumer demand and positive momentum on underlying pricing. However, in the last week we have seen a negative impact on performance as a result of COVID-19. The Group has a strong forward sales position, with housebuilding reservations totalling £1.35bn of which £0.9bn is contracted. In addition, Vistry Partnerships' contracting forward order book totals £0.8bn.

Excellent progress has been made with the integration of Linden Homes and Vistry Partnerships and we are ahead of where we expected to be at this time. As such, we are in a good position to manage the impact of COVID-19 and the rapid, co-ordinated response internally demonstrates how well the newly integrated business is working together.

Following the latest Government and Public Health guidance, we have taken the decision to close our sales offices. We will remain in close communication with all our existing and prospective customers remotely, with our business remaining open to taking new reservations and progressing exchanges.

We have commenced the process of closing our construction sites, with our priority on ensuring our sites are safe and secure. The handover of completed units scheduled for the next two weeks will continue where our customers would like to move in, and we will follow strict health and safety protocols. Our site teams are ensuring the protection of partially completed works to avoid deterioration or loss of value during site closure, facilitating orderly resumption as soon as possible.

Most of our office-based employees are in a position to work from home.

We will be submitting valuations totalling c. £95m for work we have completed in March to our contracting clients, mainly local authorities and registered providers of affordable housing, noting that the Government has issued guidance for payment.

Given the rapidly evolving situation and the dynamic UK Government response to COVID-19, it is too early to speculate on the full extent of the resulting impact on the Group's financial performance for the full year and beyond. As such, the Group is suspending all existing financial guidance until both the severity and duration of the COVID-19 impact become clearer.

Cash preservation and FY19 second interim dividend

The Group has committed banking facilities totalling £750m including £100m of private placement notes, with well spread maturities out to 2027. As at 24 March the Group had £435m of net debt including the private placement notes, in line with our expectations at the time of the acquisition of the Linden Homes and Vistry Partnerships businesses. The Group holds cash of £90m with a further £225m of undrawn facilities available.

Notwithstanding the strength of our liquidity, the Board is taking 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.

The Board has taken the decision to postpone the second interim dividend payment of 41.0 pence per ordinary share totalling c. £60m, otherwise payable on 29 May 2020 to shareholders on the register as at 6.00 p.m. on 27 December 2019. Whilst the Board recognises the importance of dividends to shareholders, in the current circumstances, it feels that it is not appropriate to continue with this payment at this time.

The Executive Leadership Team is fully focused 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 is identifying and implementing specific measures that will increase cash generation and reduce cash outflow. All discretionary land spend has stopped and working capital is being very tightly managed.

The Group will continue to work on future Partnership development opportunities, in particular with Homes England.

We also highlight the unprecedented Government commitment to support industry through this national crisis and we will seek to utilise this support where appropriate and available to our business.

Greg Fitzgerald, Chief Executive commented,

“On behalf of the Board and Executive Leadership Team, I would like to thank all our employees, subcontractors, supply chain, and customers for their adaptability and commitment during these difficult times. Whilst health, safety, and wellbeing are our top priorities, decisive actions are being taken now to protect the future prospects of the Group. I am confident that Vistry will come through this current uncertainty in a great position to build the high-quality new homes this country needs.”

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