

7 November 2023

Vistry Group

Vistry Group signs £819m partnerships deal with Leaf Living and Sage Homes for the delivery of more than 2,900 mixed tenure new homes

Vistry Group (“Vistry” or the “Group”) is pleased to announce it has made significant progress with its strategy to merge its Housebuilding operations into its Partnerships business through the signing of a substantial partnership agreement with Leaf Living (“Leaf”) and Sage Homes (“Sage”), both of which are backed by Blackstone-managed funds and Regis Group plc.

Leaf and Sage are to acquire 2,915 units from the Group totalling a gross development value of £819m. The homes are on plots located across 70 of Vistry’s developments, with delivery to commence this year and the majority of homes completed within the next two years. The plots formed part of the Group’s former Housebuilding landbank and are being pre-sold in-line with the Group’s strategy of pre-selling c. 65% of all units across the business.

The agreement helps to meet the acute need for housing across the country and is one of the largest new build residential investment transactions on record. Specifically, the transaction comprises 1,522 units for the private rented sector (“PRS”) being delivered to Leaf and 1,393 affordable homes for rent and shared ownership being delivered to Sage, the largest provider of newly built affordable homes in England.

Vistry and Sage intend utilising their existing Homes England grant funding under the Affordable Homes Programme to enable an initial tranche of delivery of both rented and shared ownership affordable homes.

This agreement exemplifies Vistry’s high return, capital light Partnerships business model. The Group expects an initial cash receipt of c. £160m in FY23, with further staged payments across the development programme. In addition to releasing significant capital, the secured revenues enable an acceleration of the delivery of units across the 70 sites. The portfolio is expected to deliver an adjusted operating margin in excess of 12% and a return on capital employed of c.40%, in line with the Group’s medium term financial targets.

The conclusion of this agreement underpins our previously stated adjusted profit before tax expectation for FY23 of £410m and year end net debt of c.£100m, and adds visibility and security to the Group’s FY24 build programme.

Greg Fitzgerald, Vistry Group Chief Executive Officer, commented:

“We have an excellent track record of working in partnership with Leaf and Sage to deliver new homes and I am extremely pleased to have reached agreement to grow these relationships through this exciting, market leading opportunity. Through our unique Partnerships model, Vistry is maintaining the momentum of delivery of much needed affordable housing across the UK. Our strategy gives the Group significantly greater visibility on earnings than traditional housebuilders and this new partnership and others to follow, will help us drive towards our medium-term targets and the delivery of £1bn of shareholder distributions over the next three years.”

Tim Lawlor (Chief Financial Officer) and Stephen Teagle (CEO, Countryside Partnerships) will host a call for analysts today at 10:00am. To join the call please dial: UK-Wide: +44 (0) 33 0551 0202, UK Toll Free: 0808 109 0701. Conference Pin: 1431896#

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