

CHAIR'S STATEMENT



"It has been another year of progress at Vistry, with the Group consolidating its position as the country's leading provider of Partnership housing."

RALPH FINDLAY OBE
Chair

OVERVIEW

Following completion of the Combination with Countryside Partnerships PLC (the Combination) in November 2022, the integration moved at pace, taking a collaborative approach focused on building on the best from each business. I am pleased to report that the businesses came together extremely well, with an excellent cultural and business fit.

In September 2023, following the Board's annual review of the Group's strategy, the Group announced its intention to fully focus its operations on its capital light, high return Partnerships model. As an enlarged Partnerships business following the Combination, the scale of the need for affordable, mixed tenure housing across the country had become even more evident. It was clear that Vistry held a unique market position within the partnerships market and had the capability to significantly step up its supply of affordable, mixed tenure housing.

As part of this strategic move, the Group's former Housebuilding business has been merged into the Group's Partnerships business.

During a year of significant change, the capability and commitment of the Group's leadership team has been paramount. Under the Group's new strategy, the Executive Leadership Team (ELT) has been reshaped, and is characterised by unrivalled industry experience.

The Group delivered a robust financial performance in 2023, highlighting the resilience of the Group's unique Partnerships model, as levels of demand for new houses in the Open Market remained suppressed.

PEOPLE AND PARTNERS

Our excellent people and valued partners are critical to the success of Vistry Group. On behalf of the Board, I would like to thank them all for another year of hard work and commitment, and for their part in driving Vistry forwards.

SUSTAINABILITY

Vistry is a responsible developer with a strong social purpose. Working in partnerships, the Group is committed to delivering sustainable new homes and communities where people love to live across the country. The Group's Sustainability Committee was formed in 2023 with its objective to make recommendations to the ELT and to enable effective implementation of the Group's sustainability strategy and delivery against the Group's sustainability targets.

Key highlights from the year included the opening of four new Vistry Plus Skills Academies, focused on delivering training in construction, addressing the national skills shortage, and supporting future employment in the local community, and the wider delivery of £86m of social and local economic value across the 70 projects utilising our social value portal in the year.

CAPITAL ALLOCATION

The Group undertook extensive consultation with its shareholders on capital allocation between March and September 2023 and announced its updated capital allocation policy with its Half Year results.

The Group's strategy and focus on its capital light Partnerships model is expected to result in a significant release of capital, as assets from the former Housebuilding division are redeployed into Partnerships and the Group fully transitions to its Partnerships model across all developments.

Maintaining a strong balance sheet is a key priority, and the Group is targeting a year end net cash position as at 31 December 2024, and the elimination of average net debt in the medium term.

The Board believes that investing in our Partnerships business to deliver sustainable growth in line with our medium-term targets is the most attractive use of capital, with the business continuing to invest in high quality development opportunities which replenish the Partnerships land bank and deliver on this.

The Group recognises the importance of capital distributions to shareholders and intends to sustain the pursuit of a two times adjusted earnings ordinary distribution cover in respect of a full financial year. The ordinary distributions are to be made either through share buybacks or dividends with the method to be determined by the Board considering all relevant factors at the time.



The Board announced an initial ordinary share buyback programme of £55m in September. This programme commenced on 11 December 2023 and was completed on 23 February 2024 with a total of 5.8m shares acquired at an average price per share of 955p. This buyback was an ordinary distribution to shareholders in lieu of an interim dividend payment.

In line with the Group's capital allocation policy the Board is announcing a further ordinary share buyback programme of £100m which is expected to commence in April. This buyback is an ordinary distribution to shareholders and will be in lieu of a final dividend payment.

Any surplus capital following investment in the business to support the Partnership's growth strategy and the ordinary distribution is expected to be returned to the Group's shareholders through either an incremental share buyback or a special dividend, with the method being determined by the Board considering all relevant factors at the time. The Board will evaluate additional special distributions throughout the year.

The Group is targeting £1bn of capital distribution to its shareholders over the next three years, including ordinary distributions from earnings through to and including FY26, and special distributions.

BOARD AND COMMITTEE CHANGES

2023 has seen a period of transition and evolution for the Group's Board. It was announced on 12 January 2024 that after nine years of service I shall step down as Chair with effect from the conclusion of the forthcoming AGM. During the year, the Nomination Committee undertook a Chair succession planning process which concluded that Greg Fitzgerald shall succeed me as Executive Chair and CEO. Greg will ensure consistency and maintain momentum in the execution of the Group's strategy and delivery of the medium-term targets announced in 2023.

The Board has commenced a search for an experienced Senior Independent Director who will provide additional oversight on governance matters and serve as an alternative point of communication for investors and the other Non-Executive Directors.

There were a number of other Board changes during the year. In March 2023, Jeff Ubben was appointed as a Non-Executive Director and Nigel Keen stepped down as an Independent Non-Executive Director. In May 2023, Helen Owers and Paul Whetsell were both appointed as Independent Non-Executive Directors with Paul also appointed as Chair of the Remuneration Committee. At this time, Ashley Steel and Katherine Innes Ker both stepped down as Independent Non-Executive Directors. In January 2024, Jeff Ubben stepped down as a Non-Executive Director and Usman Nabi was appointed to the Board as a representative of one of the Group's largest shareholders, Browning West. Chris Browne has also confirmed that she will not seek re-election as a Non-Executive Director from the close of the 2024 AGM following her more than nine years of service. The Board is seeking to recruit up to two additional, high calibre Independent Non-Executive Directors of the Company, taking into account the evolving need for skills and the importance of diversity.

I would like to thank all the Directors, including those who left the Board in 2023, for their contributions during a period of transformation of the Company.

LOOKING AHEAD

The Group starts 2024 in a strong position and is focused on delivering tangible progress against its medium-term targets in the year. The Group holds a unique position within the UK's evolving housing market, and with its strong leadership, is ambitious about its role in delivering much needed affordable housing to the country.

RALPH FINDLAY OBE
Chair

14 March 2024