

8 September 2022

Vistry Group

Vistry Group PLC - Half year results

Vistry Group PLC (the “Group”) is issuing its results for the six-month period ended 30 June 2022.

Greg Fitzgerald, Chief Executive commented:

“The Group has delivered an excellent performance in the first half, significantly exceeding our expectations at the start of the year. Operationally we are in great shape, and with our leading capability across all housing tenures, are very well positioned to maximise the broader market opportunity in the coming period.

We have made a solid start to the second half and are well positioned for the full year with our Housebuilding and Partnerships mixed tenure forward sales position up 10% on prior year and 96% of our forecast completions for FY 22 secured. Whilst mindful of the impact of wider economic uncertainties including rising energy costs, we continue to expect to see a significant step-up in profitability in both Housebuilding and Partnerships in FY 22, with adjusted Group profit before tax to be in-line with our previously upgraded expectations.”

First half highlights

- Excellent H1 performance, ahead of our expectations at the start of the year and significantly ahead of a strong performance in H1 21, supported by positive market trends
- Housebuilding completions¹ increased to 3,219 (H1 21: 3,126) units with adjusted gross margin² improving to 23.0% (H1 21: 21.8%) and return on capital employed³ increasing to 21.7% (H1 21: 17.4%)
- Vistry Partnerships continues to realise its strategy of delivering rapid growth in higher margin mixed tenure revenues, up 33.7% in the period resulting in an improved H1 adjusted operating margin¹ of 10.2% (H1 21: 9.1%) whilst retaining a return on capital employed in excess of 40%
- Group adjusted profit before tax⁴ increased by 14.3% to £189.9m (H1 21: £166.1m) and on a reported basis⁵ was £111.3m (H1 21: £156.2m)
- As expected, the Group has taken an additional fire safety provision of £71.4m in the first half to meet the liabilities covered by the Pledge and the project management costs
- Successful period in the land market growing the size of our owned and controlled landbank through the addition of 5,526 (H1 21: 5,642) plots at an average gross margin and return on capital employed above 25% for Housebuilding, and land intake margins for Partnerships at the upper end of our target range
- Another period of strong cash generation with the Group net cash⁶ position increasing to £115.0m as at 30 June 2022 (30 June 2021: £31.6m), reflecting the strength of the first half performance, and Group month-end average net debt for the rolling 12 months to 30 June 2022 reducing to £73m (30 June 2021: £239m)

¹ Including 100% of JVs

² Group financials are shown on an adjusted basis to include the proportional contribution of the joint ventures. Figures are shown excluding exceptional expenses of £71.4m (H1 21: £2.8m) and amortisation of acquired intangibles of £7.1m (H1 21: £7.1m)

³ Return on capital employed is calculated as adjusted operating profit as divided by TNAV (excluding fire safety provision) for 12 months to 30 June 2022

⁴ Adjusted profit before tax is stated excluding exceptional items and amortisation of acquired intangibles

⁵ Includes exceptional cost of £71.4m in H1 22 related to the provision for estimated costs in relation to legacy property cladding and fire safety

⁶ Net cash includes £106.0m (H1 21: £106.9m) related to USPP notes payable, which is inclusive of £6.0m (H1 21: £6.9m) fair value of future interest payments

- Group return on capital employed⁷ increased to 24.0% (H1 21: 19.1%)
- Group £35m share buyback programme announced on 27 May 2022, successfully completed on 20 July 2022
- Board is pleased to announce an Interim dividend of 23 pence per share (2021: 20 pence per share)

Current trading and outlook

- The Group's average private weekly sales rate for the year to date remains ahead of last year at 0.78 (2021: 0.75) with demand in the second half reflecting the more typical seasonal trends seen prior to 2020
- We continue to see a good level of prospects and pricing remains firm. Our Partnerships business is extremely well positioned to meet the very high level of counter-cyclical demand across all tenures
- We are seeing some early signs that the land market is settling after a more heightened period of demand
- Forward sales position further strengthened with total Housebuilding and Partnerships' mixed tenure forward sales up 10% on the prior year position at £2,287m (3 Sept 2021: £2,078m), representing 96% of total forecast units for FY 22 secured. The Partner Delivery forward order book totals £827m (3 Sept 2021: £890m) with 96% of forecast FY 22 revenue secured
- Our total costs were up on average 6% in the first half, and reflecting increasing energy prices, cost inflation is now running at c. 8%. Selling price increases have offset cost increases in the year to date
- We continue to expect to deliver a significant improvement in year on year profitability in both our Housebuilding and Partnerships in FY 22, ahead of our expectations at the start of the year
- Whilst we are mindful of the wider economic uncertainties, we remain positive on our outlook and continue to expect adjusted profit before tax for FY 22 to be c. £417m

Recommended cash and share combination of Vistry Group PLC and Countryside Partnerships PLC

We announced on 5 September 2022 that the boards of directors of Vistry Group PLC and Countryside Partnerships PLC have reached agreement on the terms of a recommended cash and share combination pursuant to which Vistry will acquire the entire issued and to be issued ordinary share capital of Countryside Partnerships PLC (the "Combination"). The Combination is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

The Combination would create one of the country's leading homebuilders, comprising a top tier housebuilder and leading partnerships business, with capability across all housing tenures, and delivering much needed affordable housing. The Combination has a strong strategic rationale and the potential for material value creation for shareholders in the Combined Group.

It is expected that the Scheme Document, Vistry Circular and Vistry Prospectus will be published in early October 2022 and that the Court Meeting, the Countryside Partnerships PLC General Meeting and the Vistry General Meeting will be held on or around the same time during late October 2022 or early November 2022. Subject to the satisfaction or (where applicable) waiver of the Conditions, the Combination is expected to become Effective by the end of the first quarter of 2023.

⁷ Return on capital employed calculated as adjusted rolling 12 month operating profit to 30 June 2022 divided by average capital employed (excluding goodwill, intangible assets, net cash, fire safety provision and pension surplus)

There will be an investor and analyst presentation at 9:00 a.m. today, 8 September 2022 at Numis, 45 Gresham St, London EC2V 7BF. There will also be a live webcast of this event available on our corporate website at www.vistrygroup.co.uk or via the following link <https://stream.brrmedia.co.uk/broadcast/62f1061e2c785a4107c35e51>

A playback facility will be available shortly afterwards at www.vistrygroup.co.uk.

Certain statements in this press release are, or may be deemed to be, forward looking statements. Forward looking statements involve evaluating a number of risks, uncertainties or assumptions, many of which are beyond the Group's control, that could cause actual results to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends, results or activities should not be taken as representation that such trends, results or activities will continue in the future. Undue reliance should not be placed on forward looking statements. Forward looking statements speak only as at the date of this document and the Group and its directors and officers expressly disclaim any obligation or undertaking to release any update of, or revisions to, any forward looking statement herein.

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Key financials	H1 22	H1 21	Change
Total completions ¹	5,409	5,151	+5.0%
Adjusted revenue ²	£1,328.3m	£1,259.4m	+5.5%
Adjusted operating profit ²	£198.2m	£175.5m	+12.9%
Adjusted profit before tax ⁴	£189.9m	£166.1m	+14.3%
Adjusted earnings per share ⁸	67.4p	59.0p	+14.2%
Reported results	H1 22	H1 21	Change
Group revenue ⁹	£1,163.0m	£1,129.4m	+3.0%
Operating profit/(loss)	£89.3m	£139.1m	-35.8%
Profit/(loss) before tax	£111.3m	£156.2m	-28.7%
Earnings/(loss) per share	39.1p	54.8p	-28.6%
Net cash ⁶	£115.0m	£31.6m	+263.9%
Forward sales (£m)	3 Sept 2022	30 June 2022	
Housebuilding			
- Private	811	718	
- Private JVs (100%)	251	230	
- Affordable	473	450	
- Affordable JVs (100%)	105	108	
Total Housebuilding	1,640	1,506	
Partnerships			
- Mixed tenure	347	342	
- Mixed tenure JVs (100%)	300	296	
Total Mixed tenure	647	638	
Total Development	2,287	2,144	
Total Partner delivery	827	835	
Total Group	3,114	2,979	
Dividend timetable			
Ex-dividend date		6 October 2022	
Dividend record date		7 October 2022	
Dividend payment date		18 November 2022	

⁸ Adjusted EPS is calculated based on profit after tax attributable to equity shareholders before exceptional items, amortisation of acquired intangibles and tax thereon, over the weighted average number of ordinary shares in issue during the period

⁹ Revenue for comparative period has been restated in relation to trading with our joint ventures (see note 1 in our Financial Statements)

Chief Executive's Review

First half review

It has been an excellent first half for the Group characterised by a strong financial performance and further operational improvements. I would like to thank all our people for their hard work and commitment in delivering this performance.

We have seen positive demand across all business areas, with the Group's average weekly private sales rate increasing to 0.84 (H1 21: 0.76) in H1 22, up 11% on what was a strong performance in the prior year. Alongside this strong demand, we have achieved sustained price increases across all of our geographies.

Growing need for housing across all tenures from local authorities, housing associations, the private rented sector and elderly accommodation providers is driving very high demand in our Partnerships business. With our established relationships, leading capability and extensive track record, Vistry Partnerships is extremely well positioned to maximise the benefit of this demand across the cycle.

The Group achieved adjusted revenues of £1,328.3m (H1 21: £1,259m), 5.5% ahead of the prior year. Housebuilding adjusted revenues increased by 3.9% to £902.4m (H1 21: £868.7m), in-line with the business's strategy of controlled volume growth. Partnerships delivered a 9.0% increase in H1 adjusted revenues to £425.9m (H1 21: £390.6m), driven by a further step up in higher margin mixed tenure revenues to £219.3m (H1 21: £164.0m).

Housebuilding is making excellent progress towards achieving its targets of 25% gross margin and 25% return on capital employed by 2025, with adjusted gross margin in the first half increasing to 23.0% (H1 21: 21.8%), ahead of our expectations at the start of the year. The business has benefited from strong house price inflation more than offsetting cost inflation in the period, and is seeing the benefits from higher margin land, dual branding and on-going improvements in build processes.

Partnerships increased its adjusted operating margin to 10.2% (H1 21: 9.1%) in the period, again ahead of our expectations at the start of the year. This has been driven by an increased proportion of higher margin mixed tenure revenues, now 52% (H1 21: 42%) of total Partnerships revenues.

Overall, the Group delivered adjusted profit before tax of £189.9m (H1 21: £166.1m), ahead of management's expectations, and adjusted earnings of 67.4 pence per share (H1 21: 59.0).

In the period the Group has taken an exceptional expense of £71.4m related to the provision for estimated costs in relation to property cladding and fire safety, and on a reported basis, delivered profit before tax of £111.3m (H1 21: £156.2m) and earnings of 39.1 pence per share (H1 21: 54.8).

Our sites are operating well, with good labour availability, and have benefitted in the period from improvements in the supply of materials and the strong partnerships we have across our supply chain. This year the Group received its highest number of NHBC Pride in the Job Quality Awards winners with 29 site managers receiving the accolade, and a further two Premier Guarantee Excellence awards. Our Construction Quality Review and Reportable Item scores, independent measurements of build quality, remain ahead of industry benchmarks.

Wider industry cost pressures, specifically rising energy costs and increasing wages, are resulting in higher costs across the business. In Partnerships, where we have a higher element of fixed revenue, we manage our risk in the pre-procurement phases through passing elements of cost risk to our sub-contractors, include a sensible level of cost contingency or fixed price allowances to cover some level of inflation, and for long duration contracts, seek to link the pre-sold revenue to a build cost inflation index. On larger sites, we release phases and reprice at the commencement of each phase. Our total costs were up on average 6% in the first half, and reflecting increasing energy prices, cost inflation is now running at c. 8%.

Planning remains the single most significant constraint on the business, from continuing capacity issues within local planning authorities, to the increasingly challenging political and regulatory environment around issues such as nutrient neutrality. We are responding proactively by factoring longer lead times into our site forecasting and increasing our expertise in these areas. Our strong balance sheet and breadth of operations provide confidence and resilience to cope with any specific issues.

The Group had a net cash position of £115.0m as at 30 June 2022, up from £31.6m in the prior year, reflecting the Group's strong first half performance and ongoing robust working capital management.

Group return on capital employed increased to 24.0% (H1 21: 19.1%), with Housebuilding increasing its return on capital employed to 21.7% (H1 21: 17.4%) and Partnerships maintaining a return on capital employed well in excess of 40%.

Fire safety

We continue to support Government's ambition to deliver a lasting industry solution to fire safety, with the Group signing the Pledge in April 2022. An additional provision of £71.4m has been taken in the period to meet additional liabilities covered by the Pledge of £49.9m, and £21.5m of project management costs as previously guided. Negotiations are ongoing with the Government in respect of the contractual agreement that would codify the specific legal obligation that parties signing the pledge will have to honour. Without any legal obligation to fulfil the Government's view, no provision is being made for any additional remedial charges. However, this could be in the range of £10m-£15m should the Government's position prevail.

Sustainability

We continue to make progress with our sustainability strategy. Our strategy is split into three priority areas of people, operations and homes and communities and includes nine key sustainability issues.

People: We are targeting 550 learners to pass through our academies by 2025 and during H1 22, are pleased to report that 105 learners passed through our on-site skills academies. The academies are designed to encourage people who are no longer in the education system and who are not working, to be trained back into work through offering work placements, apprenticeships and full-time employment.

Operations: A key focus of our strategy is reducing our carbon emissions and during H1 22 we submitted our carbon reduction targets to the Science Based Targets Initiative for approval. We are committed to reducing absolute scope 1 and 2 greenhouse gas emissions by 37.8% by 2030, from a 2021 base year, and reducing scope 3 emissions by 48% per m2 of completed housing by 2030, also from a 2021 base year.

To ensure we meet these targets, we are developing a carbon reduction plan to be published in the second half of this year, focussed on our scope 1 and 2 emissions. This plan is based on trials of carbon reduction technologies, such as hybrid generators, eco cabins, remote energy monitoring and hydrotreated vegetable oil fuel. Our plan complements our existing roadmap to net zero carbon homes.

We have commenced a process of limited assurance of our sustainability data using a third party, applying the International Standard on Assurance Engagements 3000. We expect to achieve an assurance statement during H2 22.

Homes and communities: Last year we set our roadmap to zero carbon homes and are well underway, with the first step change of a 31% reduction on all new homes being planned. The Future Homes

Standard is bringing a 75-80% reduction and a move away from gas fired fossil-fuel heating, making our homes zero carbon ready. We are gearing up to this and trialling technology that will ensure we meet these requirements. We are also trialling full zero carbon developments which is the business plan for 2030, and are carefully reviewing materials and completing whole life carbon assessments, with our aim to be completely carbon zero by 2040.

A key focus area for us this year is to address changes in Building Regulations relating to energy efficiency and other areas, such as ventilation, and new areas such as the risk of overheating, and providing EV charging points to our homes.

We are designing new house type ranges to meet future requirements for energy efficiency and many other elements to make our homes fit for the future. We are ensuring our homes have adequate space requirements for low-carbon technologies such as air source heat pumps with our housetype ranges designed to complement low carbon technology, rather than trying to fit it into existing designs.

Current trading and outlook

The Group's average private weekly sales rate for the year to date remains ahead of last year at 0.78 (2021: 0.75) with demand in the second half reflecting the more typical seasonal trends seen prior to 2020. We continue to see a good level of prospects and pricing remains firm. Our Partnerships business is extremely well positioned to meet the very high level of counter-cyclical demand across all tenures. In the land market, we are seeing some early signs of settling, after a more heightened period of demand.

We have further strengthened our forward sales position with total Housebuilding and Partnerships' mixed tenure forward sales up 10% on last year at £2,287m (3 Sept 2022: £2,078m) representing 96% of total forecast units for FY 22 secured. The Partner Delivery forward order book totals £827m (3 Sept 21: £890m) with 96% of forecast FY 22 revenue secured.

Our total costs were up on average 6% in the first half, and reflecting increasing energy prices, cost inflation is now running at c. 8%. Price increases have offset cost increases in the year to date.

We continue to expect to deliver a significant improvement in year on year profitability in both our Housebuilding and Partnerships in FY 22, ahead of our expectations at the start of the year. Whilst we are mindful of the wider economic uncertainties, we remain positive on our outlook and continue to expect adjusted profit before tax for FY 22 to be c. £417m

Operational update

Trading performance

In the period, good progress was made across all areas of the business with the significant benefits and opportunities of the Group's unique market positioning and capability being realised. The strong business performance was consistent throughout the first half and across all of our geographies. In line with this strong demand, our private units saw prices increase by 5% to 8% during the period. The Group delivered a total of 5,409 (H1 21: 5,351) completions in the period.

Our Housebuilding business is pursuing a strategy of controlled volume growth, and in the period increased completions by 3% to 3,219 units (H1 21: 3,126) with an average selling price of £317k (H1 21: £301k) and a private average selling price of £369k (H1 21: £351k), up 5% on prior year. On average, in the period, the business sold from 143 (H1 21: 145) sites. I am delighted to report that Housebuilding delivered a strong improvement in adjusted gross margin to 23.0% (H1 21: 21.8%), ahead of our expectations at the start of the year and in line with the business' target for the full year.

Partnerships continues to make excellent progress with its strategy of rapidly growing higher margin mixed tenure revenues, with mixed tenure completions increasing by 24% in H1 to 1,106 (H1 21: 895)

and an average selling price of £251k (H1 21: £251k). The business operated from an average of 29 (H1 21: 32) mixed tenure sites in the period with good sales rates leading to outlets closing earlier than expected and specific planning delays impacting the timing of new openings. The level of mixed tenure outlets is expected to grow through the second half. Partner delivery performance was in-line with our expectations delivering revenue of £204m (H1 21: £227m). Partnerships also continues to drive forward profitability with adjusted operating margin increasing to 10.2% (H1 21: 9.1%), ahead of our 10.0% target for the full year.

Group adjusted revenues increased by 6% to £1,328.3m (H1 21: £1,259.4m) driven by both volume and price increases.

	H1 22	H1 21	Change
Housebuilding completions¹⁰			
- Private	1,816	1,853	-2.0%
- Private JVs (100%)	639	441	44.9%
- Affordable	643	669	-3.9%
- Affordable JVs (100%)	121	163	-25.8%
Total Housebuilding completions	3,219	3,126	3.0%
Housebuilding adjusted revenue	£902.4m	£868.7m	3.9%
Partnerships completions¹⁰			
- Mixed tenure	643	432	48.8%
- Mixed tenure JVs (100%)	463	463	0.0%
Total mixed tenure	1,106	895	23.6%
- Mixed tenure	£222m	£164m	35.7%
- Partner delivery	£204m	£227m	-10.1%
Total Partnerships adjusted revenue	£425.9m	£390.6m	9.0%
Total Group adjusted revenue	£1,328.3m	£1,259.4m	5.5%

Quality and customer service

Delivering high quality new homes and excellent customer satisfaction remain our key priorities and we were pleased to be awarded the maximum 5-star HBF customer satisfaction rating in the most recent annual review for the third consecutive year, with our score at 92% in the most recently published HBF 12-month rolling customer satisfaction data. We remain focused on improving our score for the HBF customer satisfaction survey which is sent out nine months after completion and are very encouraged to see our current score increasing to 79.0%, in-line with the industry benchmark and up from 73.5% in the prior year equivalent period.

The Group welcomes the New Home Quality Code and has reviewed our current processes and policies to ensure our alignment with it. Our 'Vistry Customer Journey' introduced in 2021 places us in a very good position, and we have introduced new elements to our customer relationship management system, Keys, including a new complaints process, appointed a dedicated project manager to manage the implementation of the Code, and are providing training across the business.

People

Our people make Vistry and are critical to the on-going success of the Group, and we are delighted to report a further improvement in employee engagement score, with our most recent Peakon engagement survey (July 2022) achieving a score of 8.6, up from 8.5 in January and firmly in the top 10% of companies completing this survey. We introduced a cost of living wage adjustment across the

¹⁰ Completions include 100% of JVs

business in the first half, weighted most strongly toward our lower earners, and are pleased to report that the level of voluntary staff turnover is down despite a tight labour market.

The three main themes of our people strategy are attracting the right people and making Vistry an employer of choice, developing our employees through giving them a career and not just a job, and retaining our employees by making Vistry a great place to work.

In the current climate, attracting excellent people is key and following feedback from our employees and focus groups we have developed the Vistry Employee Value Proposition to highlight all the great things we do as an employer. In addition, we have introduced a number of initiatives to promote recruitment through direct channels, and these are working well, with over 70% of new starters in H1 coming to us this way.

Investment in the development and training of our people remains a key priority, with our focus on learning, leadership, and management development. As part of the appraisal process this year we launched Career Development Plans for all employees, the increasing opportunities on our Vistry Learn online learning platform continue to support our employees with an extensive range of training and personal development, c. 50 employees will complete our leadership programme delivered in conjunction with Cranfield School of Management during 2022, and we have trained more than 50 mentors across various disciplines for our Vistry Mentoring Programme with more training planned.

Land

The Group had a successful six months in the land market securing a total of 5,526 plots and increasing the size of its overall landbank to 42,869 (30 June 2021: 42,033) plots.

Housebuilding secured 3,360 (2021: 4,143) plots across 16 (2021: 20) developments and has 100% of the land it requires for FY 23 completions secured and a 4.6 year land supply. Land has been acquired on average above the minimum hurdle rates of 25% gross margin and 25% return on capital employed.

Partnerships continues to invest in its owned land bank to support its rapid growth in mixed tenure with 2,166 (2021: 1,499) plots on 12 (2021: 8) sites secured in the first half, well in excess of completion volume. Margins on new developments secured in the period have been at the upper end of our targeted range across Partnerships, supporting our medium term operating margin target of at least 12% and return on capital in excess of 40%. This growing business is well positioned with 90% of the land required for FY 23 mixed tenure completions secured.

In addition, the unique combination of Housebuilding and Partnerships has enabled us to acquire a number of larger sites, supporting the accelerated delivery of new homes as we utilise the multi-tenure capabilities and differentiated brands within the business.

With our strong strategic land capability, we remain focused on strategically sourced land and are targeting 30% of total completions to be delivered from higher margin strategic land in the medium term. In the first half, we secured 2,518 (2021: 4,660) plots on 6 (2021: 6) strategic land sites and pulled through 1,852 strategic land plots across 5 sites into the owned land bank.

Balance sheet and liquidity

It has been another period of strong cash generation with the year on year Group net cash position increasing to £115.0m as at 30 June 2022 (30 June 2021: £31.6m), reflecting the strength of the first half performance. Our month-end average net debt for the rolling 12 months to 30 June 2022 reduced significantly to £73m (30 June 2021: £239m).

Group strategy

One Vistry

Vistry Group exists to develop sustainable new homes and communities across all sectors of the UK housing market and is targeting sector leading return on capital employed in the medium term.

We are a top five national housebuilder with a leading partnerships business. We have a strong market position and capability across all housing tenures making us uniquely positioned to take advantage of the strong, under supplied housing market in England. With our combination of Housebuilding and Partnerships, we are the leading private sector provider of high demand, high growth affordable housing.

The Group has a high quality, deliverable consented land bank combined with an excellent strategic land capability, and as One Vistry we are especially focused on maximising the returns from larger multi tenure developments. In the first half of 2022, our Housebuilding and Partnerships businesses together continued to secure new, high quality development opportunities, while working successfully alongside each other on a number of existing sites, with this joint approach delivering enhanced overall returns.

Housebuilding

Housebuilding is focused on delivering controlled volume growth and significant margin progression from its existing operating structure and is making excellent progress towards its medium-term targets of 25% adjusted gross margin and 25% return on capital employed by 2025 ('25x25x25').

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 (2021 total Housebuilding completions including JVs: 6,551) in the medium term. The business is targeting controlled volume growth from this existing business structure.

Housebuilding delivered a step up in adjusted gross margin in the period to 23.0%, progressing towards its target of 25% by 2025 and increased its return on capital employed to 21.7%. Key to driving returns are:

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

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

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

Future Homes Standard: continual review of build product and processes, no 'Green Premium' factored in to date

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

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

Partnerships

Vistry Partnerships holds a leading position within the partnerships market, with its established relationships, key capability and extensive track record, its key competitive advantages.

The business delivers across the full range of housing tenures including affordable rent, extra care, elderly accommodation, PRS, shared ownership and open market sales. Its broad and differentiated client base including Local Authorities, Housing Associations and investment companies want a 'trusted one-stop shop' that is able to meet its needs across all housing tenures and products.

Vistry Partnerships' business model has a robust and counter-cyclical revenue stream reflecting the very high level of demand for affordable housing, cross party government support for affordable housing, and a large, well-funded and diverse, client base. Partnerships requires a minimum of 50% pre-sold revenues on all its developments, with a large number having a significantly higher proportion.

The business is making excellent progress with its strategy of driving rapid growth in mixed tenure revenue and is firmly on track to deliver on its 2022 targets of £1bn revenue, an adjusted operating margin of at least 10% whilst maintaining a return on capital employed in excess of 40%.

In the medium term, Partnerships is targeting average revenue growth of 12% p.a. and £1.6bn of revenue, an operating margin of at least 12% whilst maintaining return on capital employed in excess of 40%.

Key to delivering this strategy is maximising the benefits of One Vistry, including access to capital, land buying expertise and strategic land capability, retail brand strength, and procurement savings and buying power.

Board of Directors

As previously announced, Ian Tyler stepped down as Chairman of the Company at the Group Annual General Meeting on 18 May 2022 after eight and a half years in the role, with Ralph Findlay succeeding him as Chairman effective from that date. Ralph Findlay had served as a Non-Executive Director of the Company since April 2015, had chaired the Audit Committee and was Senior Independent Director. Ashley Steel who joined the Board in June 2021 has been appointed as Senior Independent Director.

At the AGM on 18 May 2022, the Board was delighted to appoint Rowan Baker as a Non-Executive Director of the Company, as Chair of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. Rowan is a highly experienced Chief Financial Officer in construction and development and her financial expertise and sector experience further strengthens the Board.

Capital allocation and dividends

With balance sheet strength, our priority remains investing in the business to support the Group's growth strategy. The Housebuilding business remains focused on controlled volume growth, driving margins and return on capital employed, while Partnerships continues to drive rapid growth in its higher margin mixed tenure revenues whilst retaining its higher return on capital employed.

The Group stated that surplus capital, following investment in the business to support the Group's growth strategy and the payment of ordinary dividend, would be returned to shareholders.

On 27 May 2022 the Group announced the commencement of a share buyback programme to repurchase up to £35m of ordinary shares. This was completed on 20 July 2022. The Board considers that it returned a prudent level of cash to shareholders, which reflected the robust trading of the Group, while also retaining a strong balance sheet.

Financial review

Trading performance

Trading in the first six months of the year has been positive and we experienced strong demand across all areas of the business with a sales rate of 0.84 (2021: 0.76) and the cancellation rate remaining stable. We are cognisant of the potential headwinds facing the sector as interest rates rise and cost of living increases continue to impact consumer confidence although we have yet to see these headwinds adversely impact the business.

Total completions

During the first half the Group delivered 5,409 (H1 21: 5,351) legal completions, including 100% of JV completions, representing a 1.1% increase to the prior year. This growth was driven primarily by Partnerships and reflects the investment we have made in mixed tenure in 2021 and 2022 as part of our growth strategy for this segment.

Housebuilding	H2 22	H1 21	Change
Private	1,816	1,853	-2.0%
Affordable	643	669	-3.9%
JV's (100%) Private	639	441	+44.9%
JV's (100%) Affordable	121	163	-25.8%
Total Housebuilding	3,219	3,126	+3.0%
Partnerships			
Mixed tenure	643	432	48.8%
JV's (100%) Mixed tenure	463	463	0.0%
Total mixed tenure	1,106	895	+23.6%
Total completions¹⁰	4,325	4,021	+7.6%
Partner delivery units	1,084	1,330	-18.5%

Revenue

Total adjusted revenue², including share of JV revenue of £1,328.4m, was 5.5% higher than the same period last year (H1 21: £1,259.4m). On a reported basis⁵ revenue was £1,163.0m, 3.0% higher than prior year (H1 21: £1,129.4m).

Reported revenue and cost of sales for H1 21 comparative period has been restated in relation to trading with our Joint ventures ¹¹.

Adjusted gross and operating profit

Adjusted gross profit² was £280.5m in H1 22 (adjusted gross margin²: 21.1%), which compares to £248.0m in H1 21 (adjusted gross margin²: 19.7%). The first six months continued to benefit from a strong housing market with house price inflation of between 5% and 8% on private units more than offsetting build inflation of c6%.

Overall, we have seen build cost inflation of c6% during the period with higher energy prices impacting materials production and a continued tight labour market.

Adjusted operating profit² is £198.2m (H1 21: £175.5m) with the increase coming through from higher levels of gross margin¹, offsetting a small increase in overheads. Adjusting operating margin¹¹ was 14.9% (H1 21: 13.9%).

The Group delivered an adjusted profit before tax⁴ of £189.9m (H1 21: £166.1m).

¹¹ Refer to Note 1 – Basis of Preparation for further explanation on the prior period restatement

Adjusted Performance Measures

The Group manages the business by focussing on non GAAP measures, which we refer to as adjusted measures, as we believe they provide a better comparison of underlying performance measures from one period to the next as GAAP measures can include one-off, non-recurring items and recurring items that relate to earlier acquisitions.

The adjusted performance measures, including those costs classified as exceptional, are categorised in 3 areas: the amortisation of acquired intangible assets (H1 22: £7.1m, H1 21: £7.1m); an incremental fire safety provision (H1 22: £71.4m, H1 21: £2.8m, acquisition related costs), and; share of JV operating results. The Group no longer takes any small, residual integration costs relating to the Linden and Partnerships acquisition to exceptional items.

For further details see Note 13.

Reported profit

On a reported basis⁵, the Group delivered a profit before tax of £111.3m (H1 21: £156.2m), comprising operating profit of £89.3m (H1 21: £139.1m) after exceptional costs of £71.4m (H1 21: £2.8m), net financing income of £1.0m (H1 21: £3.0m) and share of JV profit of £21.0m (H1 21: £14.1m).

Fire safety provision

Subsequent to our reporting of the FY21 results in March 2022, on 7 April 2022 the Group signed up to the Government's Developer Pledge for fire safety remedial work required on developments over 11 metres high. The signing of the pledge increased the Group's exposure to remedial work from the previous legal requirement significantly and we signalled that the extra charge would be in the range of £35m to £50m on top of the £25.2m provision that was recorded in the accounts as at 31 December 2021. The provision of £25.2m was after amounts used of £1.4m with a total charge recognised to the end of 2021 of £26.6m.

Vistry Partnerships, predominantly in its role as contractor but also as developer, has reviewed over 100 developments that are over 11 metres high and has for the past four years worked with clients to remediate fire safety issues on 18 buildings. Under the pledge, the constructive obligation falls more heavily on the developer than any associated contractor. The review of all potential developments with remedial fire safety issues has now been completed. The total charge for the period of £5m relates to the inclusion of project management fees for the program of works and this has meant the provision at the 30 June 2022 stands at £12m, post spend of c£0.1m in the period.

Vistry Housebuilding primarily acts as a developer with the majority of the exposure to developments over 11 metres high coming from the Linden Homes legacy business. The Bovis legacy business does not have any significant exposure as the company rarely developed buildings taller than 11 metres high with only 2 being identified to date for review, where no remedial works are required. At the 31 December 2021 the provision held for the Housebuilding remedial works was £18.1m.

The Group has concluded its review of potential Vistry Housebuilding developments requiring remedial fire safety works and this was achieved by 44 developments being reviewed in detail since the year end – 23 buildings 11 to 18 metres high, 21 buildings taller than 18 metres. The review was based on the new obligations set out in the developer's pledge. The estimated total cost to remediate these developments totals £84.5m including the £18.1m that had already been provided for at 31 December 2021. The charge in the period of £66.4m includes a provision for 5 years of project management fees of £16.5m and an increase to the underlying remedial works required of £49.9m. Following spend in the period of £2.3m the provision held at 30 June 2022 stands at £82.2m. As at the balance sheet date the total Group provision was £94.2m for the expected costs of remedial works that may be required for fire safety.

The estimated cost to remediate both Vistry Partnerships and Vistry Housebuilding developments is made on an uninflated basis. The estimation has been made using best available information and assumes industry sector views as to the level of mandated remedial work required and that VAT can be recovered on any works completed.

Negotiations are ongoing with the Government in respect of the contractual agreement that would codify the specific legal obligation that parties signing the pledge will have to honour. The current position from Government differs from the industry's view by taking liabilities beyond the scope of the April pledge. Without any legal obligation to fulfil the Government's view, no provision is being made for any additional remedial charges. However, this could be in the range of £10m-£15m should the Government's position prevail. Additionally, there has been no determination of the VAT treatment of remedial works and whether this can be wholly or substantially recovered. Should either of these positions change then we will need to review our liabilities appropriately.

We remain committed to the proper consideration of any relevant case and are in the process of actively reaching out to each of the developments that we have reviewed and have assessed as requiring remedial works.

Housebuilding

Housebuilding	H1 22	H1 21	Change
Total completions incl. 100% JVs ¹	3,219	3,126	+3.0%
Adjusted revenue ²	£902.4m	£868.7m	+3.9%
Adjusted gross profit ²	£207.7m	£189.0m	+9.9%
Adjusted gross margin ²	23.0%	21.8%	+1.2ppts
Adjusted operating profit ²	£170.0m	£151.2m	+12.4%
Adjusted operating margin ²	18.8%	17.4%	+1.4ppts
TNAV ¹²	£1,385.2m	£1,504.8m	-7.9%

Housebuilding delivered a small increase in total completions including 100% of JVs at 3,219 units which included 764 affordable homes representing 24% of total completions (H1 21: 832 affordable homes, 27% of total completions). Underlying adjusted revenue¹, excluding land sales of H1 22 £0.8m and H1 21 £17.0m, has increased to £901.6m from £851.7m in H1 21, an increase of 5.9%.

Housebuilding pricing has remained strong in the year given increased customer demand with the average sales price for our private homes in housebuilding having increased 5.1% to £369,000 (H1 21: £351,000). The total average sales price increased by 5.3% to £317,000 (H1 21: £301,000).

Housebuilding adjusted gross² profit of £207.7m and Housebuilding adjusted gross margin² of 23.0% continues to grow from 2021 (H1 21: adjusted gross profit²: £189.0m, adjusted gross margin²: 21.8%). 2022 adjusted gross margin¹² continues to benefit from moving upwards towards the average embedded margin in the land bank with a greater proportion of completions coming from high margin strategically sourced land. There has been no material impact from one-off events such as land sales. Progress on Housebuilding gross margin¹ is still expected for the remainder of 2022, as the business moves towards a target of 25% gross margin¹ supported in part by the current embedded land bank margin of 25.3%.

Housebuilding adjusted operating profit² of £170.0m has risen by 12.4% from the same period last year (H1 21: £151.2m) with adjusted operating margin¹ also growing to 18.8% (H1 21: 17.4%). The Housebuilding segment has a stable operating structure, with 13 regional business units, which enables good management of overheads and there is capacity within this structure to support volume growth in 2022 and beyond.

¹² Tangible net asset value is calculated as total net assets less acquired intangible assets and goodwill

Partnerships

Partnerships	H1 22	H1 21	Change
Total completions incl. 100% JVs	1,106	895	+23.6%
Adjusted revenue ¹	£425.9m	£390.6m	+9.0%
Adjusted operating profit ²	£43.6m	£35.5m	+23.0%
Adjusted operating margin ¹	10.2%	9.1%	+1.1ppts
TNAV ¹²	£106.2m	£65.9m	+61.2%

Adjusted revenue¹ from Partnerships for the period totalled £425.9m, made up of £203.7m (35.7%) from partner delivery and £222.2m (10.1%) from mixed tenure operations. (H1 21: £390.6m, partner delivery: £226.7m (58.0%), mixed tenure: £163.9m (42.0%)).

Partnerships sold a total of 1,106 units (H1 21: 895 units) from its mixed tenure operations, including JVs, with an average selling price of £251,000 (H1 21: £251,000) and partner delivery revenue generated equivalent units of 1,084 (H1 21: 1,330). The partnerships business operated from an average of 29 active mixed tenure sites in H1 22 with this number expected to increase for the remainder of 2022.

Partnerships continues to grow both volume and value with an increase in adjusted operating profit² to £43.6m (H1 21: £35.5m) and adjusted operating margin¹ increasing to 10.2% (H1 21: 9.1%), largely due to the increase in mixed tenure.

The Partnerships business has been, and will be, impacted by the same build cost inflation as Housebuilding but the aggressive growth in mixed tenure completions as planned has seen the Partnerships adjusted operating profit² continue to grow in both absolute and margin terms.

This growth is further supported by management of the cost base through having an appropriate level of contingency in our pre-sale agreements, as well as in longer term deals seeking to link future revenues to a build cost index.

Group costs

The Group segment reported a rise in direct PLC costs totalling £15.5m (H1 21: £11.3m). Direct PLC costs include the costs of the PLC board, share based payment and related items. The step up in the year reflects the strong performance of the Group coming through in shared based payments and annual incentive awards.

Financing and taxation

Net financing income during the period was £1.0m (H1 21: £3.0m) and net bank interest and commitment fees increased to £6.0m (H1 21: £4.5m).

The Group also incurred a £2.3m charge (H1 21: £2.6m), reflecting the imputed interest on land bought on deferred terms. JVs which are funded through loans are charged interest by the Group, and this generated the majority of the £9.5m of finance income recognised (H1 21: £11.5m).

The Group has recognised a tax charge of £24.7m at an effective tax rate of 22.2% (H1 21: £34.8m at an effective rate of 22.3%). The effective tax rate is driven by the introduction of the Residential Property Developer Tax (RPDT) which has directly led to a charge for the period of £3.3m.

The Group has a current tax asset of £12.0m on its balance sheet as at 30 June 2022 (30 June 2021 current tax liability of £1.4m). This increase is due to adjustments in relation to prior periods, and payments made during the first half of 2022 in anticipation of profits generated in the second half of the year.

Dividends and earnings per share

During the period a final dividend of 40 pence per share for the 2021 financial year was paid on 24 May 2022 to holders of ordinary shares on the register at the close of business on 7 April 2022. Total ordinary dividends for the year are expected to be 70 pence per share (2021: 60 pence) in line with our capital allocation policy of a sustainable 2x cover.

Net assets and cash flow

As at 30 June 2022, net assets of £2,366.0m were £24.6m lower than at the start of the year as the Group continues to invest in land and work in progress. Net assets per share were 1,067p (31 December 2021: 1,075p).

Goodwill and intangibles totalled £669.1m at 30 June 2022 (31 December 2021: £675.3m) with the decrease resulting from the amortisation of intangibles.

Tangible net assets¹¹ increased from £1,480.6m at 31 December 2021 to £1,581.9m at 30 June 2022 driven by the continued investment in land and work in progress which increased by £136.9m to £2,099.0m.

Trade and other receivables increased by £10.2m to £252.1m. Trade and other payables decreased by £34.7m to £1,142.7m and includes land creditors which decreased by £9.1m to £405.2m (31 December 2021: £414.3m).

As at 30 June 2022 the Group's net cash⁶ balance was £115.0m. Having started the year with £234.5m the Group generated an operating cash inflow before land expenditure of £291.4m (H1 21: £237.7m). Net cash⁶ payments for land investment were increased at £291.6m (H1 21: £171.3m).

Investing cash inflows totalling £45.8m (H1 21: £12.0m) relates to dividends received from joint ventures and loan repayments from joint ventures offset by investments made in JVs and acquisitions of intangibles and property, plant, and equipment.

Financing cash flows of £30.8m (H1 21: £52.8m) is predominantly made up of £88.7m (H1 21: £44.3m) of dividends paid in the period, share buyback programme of £12.8m (H1 21: £nil), cancellation of owned shares of £9.3m (H1 21: £nil) and net movements on the revolving credit facility with drawdowns and repayments of £370.0m (HY21: £80.0m) and £221.0m (H1 21: £80.0m) respectively.

The Group's financing facilities comprise of a £500m revolving credit facility, a £100m US Private Placement facility, a retained £50m bilateral term loan, an overdraft of £5m and a Homes England loan facility of £10.7m, bringing the Group's external funding facilities to £665.7m (31 December 2021: £665.7m).

Land bank

Housebuilding land bank

	H1 22	H1 21
Consented plots added	2,852	3,681
Sites added	12	16
Sites owned at period end	191	206
Sites controlled at period end	13	11
Total plots in land bank at period end incl share of joint ventures	30,555	31,896
ASP including share of joint ventures	£333,000	£302,000

The average selling price of all units within the consented land bank increased over the period to £333,000 (H1 21: £302,000). The estimated embedded gross margin¹ in the consented land bank as at 30 June 2022, based on prevailing sales prices and build costs is 25.3% (31 December 2021: 24.5%). This margin continues to improve with additions to the land bank exceeding usage and good terms achieved on acquisition whilst older, less valuable, sites are traded out.

In addition, we have increased the cost base in the land bank, impacting the embedded gross margin¹ to include our current estimates of costs for both Part L and F of the Future Homes Standards.

The housebuilding land bank including JVs of 30,555 plots as at 30 June 2022 represents c 4.4 years of supply based on H1 22 completion volumes (30 June 2021: 31,896 plots and 4.9 years).

The land bank reflects our 25 x 25 x 25 Housebuilding strategy to deliver controlled growth in the medium term using existing operating structures and improving both gross margin¹ and return on capital employed³ to 25% by the year 2025.

The 3,219 plots that legally completed in the period were replaced by a total of 2,852 plots from a combination of site acquisitions representing 1,232 plots and conversion of 1,620 plots from our strategic land pipeline and a further 508 plots secured on a conditional basis across 4 sites.

Partnerships land bank

	H1 22	H1 21
Consented plots added	552	846
Sites added	4	4
Sites owned at period end	57	56
Sites controlled at period end	16	7
Total plots in land bank at period end incl share of joint ventures	12,314	10,137
ASP including share of joint ventures	£280,000	£272,000
Average consented land plot ASP	£35,000	£23,000

The average selling price of all units within the consented land bank increased over the period to £280,000 (H1 21: £272,000). The estimated embedded gross margin¹ in the land bank as at 30 June 2022, based on prevailing sales prices and build costs is 19.5%.

The Partnerships land bank including JVs of 12,314 plots as at 30 June 2022 reflects our strategy to grow the level of mixed tenure development to contribute to the delivery of completions and partner units in support of the Partnership strategy, Project Pace.

The 1,106 mixed tenure plots that legally completed in the year were replaced by the acquisition of 552 plots on 4 sites and a further 1,614 plots were conditionally contracted on 8 sites. All sites acquired for Partnerships will support future returns on capital employed for the segment in excess of 40%.

Strategic land

As at 30 June 2022	Total sites	Total plots
0 – 150 plots	37	2,934
150 – 300 plots	39	8,024
300 – 500 plots	22	7,610
500 – 1,000 plots	16	9,675
1,000 + plots	8	12,300
Total	122	40,543
Planning agreed	7	3,698
Planning application	10	2,397
Ongoing application	105	34,448
Total	122	40,543
30 June 2021	123	38,164

Strategic land continues to be an important source of supply and, during the year, 1,852 plots have been converted from the strategic land pipeline into the consented land bank. A further 2,518 plots were contracted under options.

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.

The directors consider that the principal risks and uncertainties facing the Group remain those as outlined in the 2021 Group Annual Report and Accounts on pages 60 to 65.

Group income statement

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Revenue (note 3)*	1,162,988	1,129,446	2,407,158
Cost of sales*	(1,009,852)	(927,789)	(1,967,886)
Gross profit	153,136	201,657	439,272
Analysed as:			
Adjusted gross profit	280,505	247,990	542,965
Other operating income	(25,051)	(19,614)	(40,659)
Exceptional cost of sales (note 5)	(71,429)	-	(5,744)
Share of joint ventures' gross profit	(30,889)	(26,719)	(57,290)
Gross profit	153,136	201,657	439,272
Administrative expenses including exceptional items (note 5)	(88,854)	(82,158)	(194,517)
Other operating income	25,051	19,614	40,659
Operating profit	89,333	139,113	285,414
Analysed as:			
Adjusted operating profit	198,167	175,460	368,368
Exceptional expenses (note 5)	(71,429)	(2,798)	(12,225)
Amortisation of acquired intangibles	(7,120)	(7,120)	(14,240)
Share of joint ventures' operating profit	(30,285)	(26,429)	(56,489)
Operating profit	89,333	139,113	285,414
Financial income	9,479	11,470	23,062
Financial expenses	(8,463)	(8,463)	(18,931)
Net financing income	1,016	3,007	4,131
Share of profit of joint ventures	20,996	14,093	29,991
Profit before tax	111,345	156,213	319,536
Analysed as:			
Adjusted profit before tax	189,894	166,131	346,001
Exceptional expenses	(71,429)	(2,798)	(12,225)
Amortisation of acquired intangibles	(7,120)	(7,120)	(14,240)
Profit before tax	111,345	156,213	319,536
Income tax expense (note 9)	(24,719)	(34,831)	(65,411)
Profit for the period / year attributable to ordinary shareholders	86,626	121,382	254,125

Earnings per share

Basic	39.1p	54.8p	114.6p
Diluted	38.9p	54.6p	114.1p
Basic earnings per share (before exceptional items and amortisation of acquired intangibles)	67.4p	59.0p	125.5p
Diluted earnings per share (before exceptional items and amortisation of acquired intangibles)	67.2p	58.8p	124.9p

The above group income statement should be read in conjunction with the accompanying notes.

* Revenue and cost of sales for both comparative periods have been restated in relation to trading with our joint ventures (see note 1)

Group statement of comprehensive income

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Profit for the period / year attributable to ordinary shareholders	86,626	121,382	254,125
Other comprehensive (expense) / income			
<i>Items that will not be reclassified to the income statement</i>			
Remeasurements on defined benefit pension scheme	(4,123)	13,307	33,838
Deferred tax on remeasurements on defined benefit pension scheme	2,973	(2,761)	(9,148)
Total other comprehensive (expense) / income	(1,150)	10,546	24,690
Total comprehensive income for the period / year attributable to ordinary shareholders	85,476	131,928	278,815

The above group statement of comprehensive income should be read in conjunction with the accompanying notes.

Group balance sheet

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Assets			
Goodwill	547,509	547,509	547,509
Intangible fixed assets	121,600	136,553	127,809
Property, plant and equipment	4,695	5,299	4,742
Right-of-use assets	25,828	34,293	31,069
Investments	187,415	151,962	175,064
Amounts recoverable from joint ventures	274,334	328,413	308,217
Trade and other receivables	677	854	454
Restricted cash	526	846	778
Retirement benefit asset	44,435	23,796	45,318
Total non-current assets	1,207,019	1,229,525	1,240,960
Inventories	2,099,005	1,958,259	1,962,155
Trade and other receivables	251,423	245,203	241,420
Cash and cash equivalents	427,949	342,598	398,714
Current tax asset	12,015	-	-
Total current assets	2,790,392	2,546,060	2,602,289
Total assets	3,997,411	3,775,585	3,843,249
Equity			
Issued capital	110,598	111,147	111,154
Share premium and capital redemption	361,700	360,972	361,081
Merger reserve	823,513	823,513	823,513
Retained earnings	1,070,164	989,334	1,094,833
Total equity attributable to equity holders of the parent	2,365,975	2,284,966	2,390,581
Liabilities			
Bank and other loans	112,981	311,035	164,260
Trade and other payables	150,928	164,838	211,296
Lease liabilities	17,317	22,911	18,836
Provisions (note 11)	85,681	33,617	30,928
Deferred tax liabilities	39,441	23,701	38,444
Total non-current liabilities	406,348	556,102	463,764
Bank and other loans	200,000	-	-
Trade and other payables	991,741	918,738	966,127
Lease liabilities	10,248	14,369	14,215
Provisions (note 11)	23,099	-	8,455
Current tax liabilities	-	1,410	107
Total current liabilities	1,225,088	934,517	988,904
Total liabilities	1,631,436	1,490,619	1,452,668
Total equity and liabilities	3,997,411	3,775,585	3,843,249

The above group balance sheet should be read in conjunction with the accompanying notes.

These condensed consolidated financial statements were approved by the Board of Directors on 8 September 2022.

Group statement of changes in equity

	Own shares held £000	Other retained earnings £000	Total retained earnings £000	Issued capital £000	Share premium and capital redemption £000	Merger reserve £000	Total £000
Balance at 1 January 2022	(3,372)	1,098,205	1,094,833	111,154	361,081	823,513	2,390,581
Profit for the period	-	86,626	86,626	-	-	-	86,626
Total other comprehensive expense	-	(1,150)	(1,150)	-	-	-	(1,150)
Total comprehensive income	-	85,476	85,476	-	-	-	85,476
Issue of share capital	-	-	-	4	59	-	63
Purchase of own shares	(12,832)	-	(12,832)	-	-	-	(12,832)
Share-based payments	-	1,873	1,873	-	-	-	1,873
Dividend paid	-	(88,748)	(88,748)	-	-	-	(88,748)
Deferred tax on share-based payments	-	(1,129)	(1,129)	-	-	-	(1,129)
Cancellation of shares	-	(9,309)	(9,309)	(560)	560	-	(9,309)
Total transactions with owners recognised directly in equity	(12,832)	(97,313)	(110,145)	(556)	619	-	(110,082)
Balance at 30 June 2022 (unaudited)	(16,204)	1,086,368	1,070,164	110,598	361,700	823,513	2,365,975
Balance at 1 January 2021	(6,956)	906,741	899,785	111,127	360,657	823,513	2,195,082
Profit for the period	-	121,382	121,382	-	-	-	121,382
Total other comprehensive income	-	10,546	10,546	-	-	-	10,546
Total comprehensive income	-	131,928	131,928	-	-	-	131,928
Issue of share capital	-	-	-	20	315	-	335
LTIP shares exercised	3,009	(3,009)	-	-	-	-	-
Share-based payments	-	2,191	2,191	-	-	-	2,191
Dividend paid	-	(44,340)	(44,340)	-	-	-	(44,340)
Deferred tax on share-based payments	-	(230)	(230)	-	-	-	(230)
Total transactions with owners recognised directly in equity	3,009	(45,388)	(42,379)	20	315	-	(42,044)
Balance at 30 June 2021 (unaudited)	(3,947)	993,281	989,334	111,147	360,972	823,513	2,284,966
Balance at 1 January 2021	(6,956)	906,741	899,785	111,127	360,657	823,513	2,195,082
Profit for the year	-	254,125	254,125	-	-	-	254,125
Total other comprehensive income	-	24,690	24,690	-	-	-	24,690
Total comprehensive income	-	278,815	278,815	-	-	-	278,815
Issue of share capital	-	-	-	27	424	-	451
LTIP shares exercised	3,584	(3,584)	-	-	-	-	-
Share-based payments	-	4,543	4,543	-	-	-	4,543
Dividend paid	-	(88,709)	(88,709)	-	-	-	(88,709)
Deferred tax on share-based payments	-	399	399	-	-	-	399
Total transactions with owners recognised directly in equity	3,584	(87,351)	(83,767)	27	424	-	(83,316)
Balance at 31 December 2021 (audited)	(3,372)	1,098,205	1,094,833	111,154	361,081	823,513	2,390,581

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Group statement of cash flows

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Cash flows from operating activities			
Profit for the period / year	86,626	121,382	254,125
Depreciation and amortisation	15,347	16,248	32,524
Financial income	(9,479)	(11,470)	(23,062)
Financial expense	8,463	8,463	18,931
Loss on disposal of property, plant and equipment	-	-	1
Share-based payments	1,873	2,191	4,543
Income tax expense	24,719	34,831	65,411
Share of profit of joint ventures	(20,996)	(14,093)	(29,991)
Profit released on sale of assets from joint ventures	-	(78)	(265)
Increase in trade and other receivables	(10,226)	(3,432)	(15,308)
Increase in inventories	(136,850)	(122,932)	(125,634)
(Decrease) / increase in trade and other payables	(34,755)	68,669	143,604
Increase / (decrease) in provisions	66,158	(10,246)	(1,018)
Cash (used in) / generated from operations	(9,120)	89,533	323,861
Interest paid	(4,271)	(7,138)	(17,835)
Income taxes paid	(34,000)	(16,000)	(39,000)
Net cash (used in) / generated from operating activities	(47,391)	66,395	267,026
Cash flows from investing activities			
Bank interest received	-	2	12
Acquisition of intangible fixed assets	(1,096)	(759)	(1,516)
Acquisition of property, plant and equipment	(865)	(4,707)	(1,546)
Loans made to joint ventures	(107,386)	(106,481)	(126,423)
Interest received on loans to joint ventures	5,814	6,837	32,730
Loan repayments from joint ventures	147,884	79,180	124,947
Distributions from joint ventures	1,176	13,599	16,989
Decrease in restricted cash	252	347	415
Net cash generated from / (used in) investing activities	45,779	(11,982)	45,608
Cash flows from financing activities			
Dividends paid	(88,748)	(44,340)	(88,709)
Interest paid on lease payments	(363)	-	(905)
Principal elements of lease payments	(7,012)	(8,463)	(15,745)
Net proceeds from the issue of share capital	63	-	451
Purchase of own shares	(12,832)	-	-
Cancellation of own shares	(9,309)	-	-
Drawdown of bank and other loans	370,000	80,000	220,000
Repayment of bank and other loans	(220,952)	(80,000)	(370,000)
Net cash generated from / (used in) financing activities	30,847	(52,803)	(254,908)
Net increase in cash and cash equivalents	29,235	1,610	57,726
Cash and cash equivalents at 1 January	398,714	340,988	340,988
Cash and cash equivalents at the end of the period / year	427,949	342,598	398,714

The above group statement of cash flows should be read in conjunction with the accompanying notes.

1 Basis of preparation

Vistry Group PLC (the “Company”) is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements (the “Group financial statements”) of the Group comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in joint ventures.

The Group financial statements were authorised for issue by the directors on 8 September 2022. These financial statements are unaudited but have been reviewed by PricewaterhouseCoopers LLP, the Company’s auditors.

The Group financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The figures for the half years ended 30 June 2022 and 30 June 2021 are unaudited. The comparative figures for the financial year ended 31 December 2021 are an extract from the Group’s statutory accounts for that financial year, which have been delivered to the Registrar of Companies. The report of the auditors of these statutory accounts was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The Group financial statements include the financial statements of the Company and all of its subsidiary undertakings. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The preparation of Group financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these Group financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

These Group financial statements have been prepared on the basis of the policies set out in the 2021 Group Annual Report and Accounts and in accordance with UK adopted IAS 34 and the Disclosure Guidance and Transparency Rules sourcebook of the UK’s Financial Conduct Authority. The condensed consolidated interim financial statements have been prepared by applying the accounting policies and presentation that were applied in the preparation of the Group’s published consolidated financial statements for the year ended 31 December 2021. There is one exception, tax, which is calculated based on the estimated full year effective tax rate at the half year.

The Group financial statements do not include all of the notes of the type normally included in an annual financial report. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021 which were prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. This constitutes a change in the basis of preparation, as required by UK company law for the purposes of financial reporting as a result of the UK’s exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020.

The change in basis of preparation is relevant given that the 2021 half year comparatives were prepared on a basis consistent with the annual consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with 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 applied in the European Union.

There are no new standards effective for the first time in the period beginning 1 January 2022 which will have a material impact on the Group’s reported results.

Goodwill impairment

The acquisition of Linden Homes and the Partnerships business in 2020 resulted in the recognition of goodwill and acquired intangible assets for the Group.

In order to assess whether goodwill and intangible assets require an impairment, an estimate must be made for the value in use of the cash generating units (“CGUs”) which have goodwill allocated to them. The estimate for the value in use requires the calculation of a discounted cash flow, reflecting the future expected cash flows from the relevant CGUs. Goodwill must be reviewed on at least an annual basis for impairment, or earlier in the event that there is an indication of possible impairment.

The goodwill recognised by the Group at 30 June 2022 reflects the goodwill on acquisition of Linden and Partnerships on 3 January 2020. Details of the Group’s goodwill impairment review are disclosed on pages 218 to 219 of the 2021 Group Annual Report and Accounts.

1 Basis of preparation (continued)

Goodwill impairment (continued)

During the period, the market capitalisation of the Company fell below the net assets value of the Company. Whilst this could be considered an impairment trigger under IAS36, management have concluded that the macro economic environment that impacted all market valuations did not specifically reflect on the underlying value of the business, and as a result this was not considered an impairment trigger. A full goodwill impairment review will be conducted during the second half of the year and the details will be disclosed in the 2022 Group Annual Report and Accounts.

Going concern

In the light of the committed business combination between the Company and Countryside Partnerships PLC announced on 5 September 2022, the Group has prepared a cash flow forecast for the combined business (the Enlarged Group) to confirm the appropriateness of the going concern assumption in these interim financial statements. The forecast was prepared using a likely base case and a severe but plausible downside sensitivity scenario. In the downside scenario the Company has assumed decreased affordability, leading to reduced demand for housing and falling house prices. We continue to see build cost inflation with higher energy prices impacting materials production and a continued tight labour market. In both the base case and the downside sensitivity scenario, the forecasts indicated that there was sufficient headroom and liquidity for the business to continue based on new facilities for the Enlarged Group signed up ahead of the 5 September 2022 announcement. In each of these scenarios the Enlarged Group was also forecast to comply with the required covenants on the aforementioned borrowing facilities. Consequently, the Directors have not identified any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of the approval of the financial statements. As such, the Directors have concluded that using the going concern basis for the preparation of the financial statements is appropriate. In the event that the business combination does not go ahead a review has also been made of the business continuing on a stand alone basis, including the absorption of aborted transaction fees, and this review has concluded that the business will also continue as a going concern.

In the 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
- A rise in interest cost of 100bps

The impact of these downsides is then mitigated by:

- Cessation of uncommitted land spend
- Reduction in overheads to reflect reduction in bonuses, temporary employee costs, etc.

The Board continues to take prudent decisions to best support the business, including measures to protect the Group's cash position, liquidity and maintain a robust balance sheet.

Fire safety cladding

Management have reviewed all current legal and constructive obligations with regards to remedial work to rectify legacy fire safety issues. Where known obligations exist, these have been evaluated for the likely cost to complete and an appropriate provision has been created.

On 7 April 2022 the Group signed up to the government's Developer Pledge for fire safety remedial work required on developments over 11 metres high. The signing of the pledge did crystallise the scope and therefore the additional costs of the Group's obligation to perform additional remedial work, and whilst there is still uncertainty as to the precise standard that remedial works must be completed to and the VAT treatment of remedial works and whether this is wholly or substantially recoverable, the Group has been able to assess all known developments that may require remedial work and through the use of third party and in house technical expertise has been able to quantify the current liability to the Group and record a suitable provision as a result. The provision has been calculated in line with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

The potential additional obligations on the sector and the Group are being resolved through discussions with Government. The current status of negotiations suggests a potential further charge of between £10m-£15m. However, these negotiations are not concluded, and at this time the Group does not have a constructive or legal obligation and therefore no additional provision has been booked. See note 11 for more detail.

Restatement of Vistry Group PLC 2021 financial statements and notes

Reported revenue and cost of sales have been restated in the six months ended June 2021 (increasing Partner delivery revenue and cost of sales by £26.7m) and the year ended 31 December 2021 (increasing Partner delivery revenue and cost of sales by £48.1m) to correct a prior period error in calculating the revenue and associated cost of sales that can be recognised in relation to assets previously sold by the Group to joint ventures that have subsequently been sold by these joint ventures to external parties. The gross profit element of this error is de minimis, and as a result no adjustment to gross profit has been made in the restatement.

2 Seasonality

In common with the rest of the UK housebuilding industry, activity occurs year round, but there are typically two principal selling seasons: spring and autumn. As these fall into two separate half years, the seasonality of the business is not usually pronounced, although it is biased towards the second half of the year under normal trading conditions.

3 Revenue

Reported revenue by type:

	30 June 2022 (unaudited) £000	30 June 2021 (unaudited) £000	31 Dec 2021 (audited) £000
Private housing	795,880	711,106	1,599,616
Affordable housing	127,832	144,825	261,894
Partner delivery revenue*	236,212	253,452	516,769
Land sales	844	17,025	22,727
Release of deferred revenue from joint ventures	-	186	243
Other	2,220	2,852	5,909
Total	1,162,988	1,129,446	2,407,158

* Revenue and cost of sales for both comparative periods have been restated in relation to trading with our joint ventures (see note 1)

4 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. The Board have identified two separate segments having taken into consideration IFRS 8: "Operating Segments" 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.

Adjusted financial results include share of joint ventures and adjusted gross profit is stated including other operating income.

4 Segmental reporting (continued)

Segmental financial performance				
	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Period ended 30 June 2022 (unaudited)				
Revenue	775,826	387,162	-	1,162,988
Share of joint ventures' revenue	126,592	71,242	-	197,834
Non GAAP joint ventures' revenue adjustment	-	(32,472)	-	(32,472)
Adjusted revenue	902,418	425,932	-	1,328,350
Gross profit	104,331	48,805	-	153,136
Share of joint ventures' gross profit	22,945	7,944	-	30,889
Exceptional cost of sales	66,439	4,990	-	71,429
Other operating income	13,993	11,058	-	25,051
Adjusted gross profit	207,708	72,797	-	280,505
Operating profit / (loss)	79,788	25,038	(15,493)	89,333
Share of joint ventures' operating profit	22,419	7,866	-	30,285
Exceptional items	66,439	4,990	-	71,429
Amortisation of acquired intangibles	1,380	5,740	-	7,120
Adjusted operating profit / (loss)	170,026	43,634	(15,493)	198,167
Adjusted gross margin	23.0%	17.1%	-	21.1%
Adjusted operating margin	18.8%	10.2%	-	14.9%
Period ended 30 June 2021 (unaudited)				
Revenue*	778,963	350,483	-	1,129,446
Share of joint ventures' revenue	89,771	66,888	-	156,659
Non GAAP joint ventures' revenue adjustment*	-	(26,743)	-	(26,743)
Adjusted revenue	868,734	390,628	-	1,259,362
Gross profit	159,291	42,366	-	201,657
Share of joint ventures' gross profit	16,489	10,230	-	26,719
Other operating income	13,194	6,420	-	19,614
Adjusted gross profit	188,974	59,016	-	247,990
Operating profit / (loss)	133,588	19,595	(14,070)	139,113
Share of joint ventures' operating profit	16,277	10,152	-	26,429
Exceptional items	-	-	2,798	2,798
Amortisation of acquired intangibles	1,380	5,740	-	7,120
Adjusted operating profit / (loss)	151,245	35,487	(11,272)	175,460
Adjusted gross margin	21.8%	15.1%	-	19.7%
Adjusted operating margin	17.4%	9.1%	-	13.9%

4 Segmental reporting (continued)

Year ended 31 December 2021 (audited)	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Revenue*	1,621,692	785,466	-	2,407,158
Share of joint ventures' revenue	207,614	126,977	-	334,591
Non GAAP joint ventures' revenue adjustment*	-	(48,116)	-	(48,116)
Adjusted revenue	1,829,306	864,327	-	2,693,633
Gross profit	337,449	101,823	-	439,272
Share of joint ventures' gross profit	39,348	17,942	-	57,290
Exceptional cost of sales	3,174	2,570	-	5,744
Other operating income	27,154	13,505	-	40,659
Adjusted gross profit	407,125	135,840	-	542,965
Operating profit / (loss)	260,734	47,827	(23,147)	285,414
Share of joint ventures' operating profit	38,689	17,800	-	56,489
Exceptional items	3,174	2,570	6,481	12,225
Amortisation of acquired intangibles	2,760	11,480	-	14,240
Adjusted operating profit / (loss)	305,357	79,677	(16,666)	368,368
Adjusted gross margin	22.3%	15.7%	-	20.2%
Adjusted operating margin	16.7%	9.2%	-	13.7%

* Revenue and cost of sales for both comparative periods have been restated in relation to trading with our joint ventures (see note 1)

4 Segmental reporting (continued)

(a) Segmental financial position

	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Period ended 30 June 2022 (unaudited)				
Goodwill and intangibles	277,924	391,185	-	669,109
Tangible net assets / (liabilities) excluding investments in joint ventures	1,227,127	76,919	90,437	1,394,483
Investments in joint ventures	158,107	29,308	-	187,415
Net cash	-	-	114,968	114,968

	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Period ended 30 June 2021 (unaudited)				
Goodwill and intangibles	281,391	402,671	-	684,062
Tangible net assets / (liabilities) excluding investments in joint ventures	1,374,293	44,401	(1,315)	1,417,379
Investments in joint ventures	130,471	21,491	-	151,962
Net cash	-	-	31,563	31,563

	Housebuilding £000	Partnerships £000	Group items £000	Total £000
Period ended 31 December 2021 (audited)				
Goodwill and intangibles	278,381	396,937	-	675,318
Tangible net assets / (liabilities) excluding investments in joint ventures	1,222,002	54,782	28,786	1,305,570
Investments in joint ventures	151,080	23,984	-	175,064
Net cash	-	-	234,454	234,454

5 Exceptional items

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.

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Administrative expenses relating to the Acquisition	-	2,798	6,481
Cost of sales relating to legacy property fire safety	71,429	-	5,744
Total exceptional expenses	71,429	2,798	12,225

Exceptional expenses relating to legacy property fire safety result from ongoing investigations into properties developed where remediation works may be required. The amount of the provision reflects our best estimate to carry out these remediation works (note 11).

Tax on exceptional items in H1 22 was £15.7m (H1 21: £0.5m, FY 21: £2.3m).

6 Earnings per share

Profit attributable to ordinary shareholders

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Profit for the period / year attributable to equity holders of the parent	86,626	121,382	254,125
Profit for the period / year attributable to equity holders of the parent (before exceptional items and amortisation of acquired intangibles)	149,461	130,768	278,267

Earnings per share

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Basic earnings per share	39.1p	54.8p	114.6p
Diluted earnings per share	38.9p	54.6p	114.1p
Basic earnings per share (before exceptional items and amortisation of acquired intangibles)	67.4p	59.0p	125.5p
Diluted earnings per share (before exceptional items and amortisation of acquired intangibles)	67.2p	58.8p	124.9p

Weighted average number of ordinary shares

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Weighted average number of ordinary shares	221,655,600	221,579,615	221,788,132

Basic earnings per share

Basic earnings per ordinary share for the six months ended 30 June 2022 is calculated on a profit attributable to equity holders of £86,626,000 (H1 21: profit after tax of £121,382,000; FY 21: profit after tax of £254,125,000) over the weighted average of 221,655,600 (H1 21: 221,579,615; FY 21: 221,788,132) ordinary shares in issue during the period.

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2022 was based on the profit attributable to equity holders of £86,626,000 (H1 21: profit after tax of £121,382,000; FY 21: profit after tax of £254,125,000).

The Group's diluted weighted average ordinary shares potentially in issue during the six months ended 30 June 2022 was 222,412,583 (H1 21: 222,507,940; FY 21: 222,787,131).

The average number of shares is increased by reference to the average number of potential ordinary shares held under option during the year. This reflects the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option exercise price and fair value of future employee services. The market value of shares has been calculated using the average ordinary share price during the year. Only share options which are expected to meet their cumulative performance criteria have been included in the dilution calculation.

7 Dividends

The following dividends per qualifying ordinary share were settled by the Group:

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
May 2022: 40p (H1 21: 20p)	88,748	44,340	88,709
	88,748	44,340	88,709

A final dividend of 40 pence per share was paid on 24 May 2022 in respect of 2021 following approval by shareholders at the AGM.

8 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.

8 Financial Instruments (continued)

Maturities of financial instruments

30 June 2022 (unaudited)	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	188	-	-	-	338	526	526
Trade and other receivables	251,423	-	-	-	677	252,100	252,100
Cash and cash equivalents	427,949	-	-	-	-	427,949	427,949
Non-derivative financial liabilities							
Bank and other loans	(151,238)	(50,885)	-	-	-	(202,123)	(200,000)
Long-term loans	(2,015)	(2,015)	(4,030)	(112,090)	(7,145)	(127,295)	(112,981)
Trade and other payables	(858,811)	(136,877)	(98,632)	(45,109)	(9,024)	(1,148,453)	(1,142,669)
Lease liabilities	(5,439)	(5,439)	(5,598)	(9,991)	(2,569)	(29,036)	(27,565)
Total net financial liabilities	(337,943)	(195,216)	(108,260)	(167,190)	(17,723)	(826,332)	(802,640)
30 June 2021 (unaudited)	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	-	251	251	-	344	846	846
Trade and other receivables	245,204	-	-	-	853	246,057	246,057
Cash and cash equivalents	342,598	-	-	-	-	342,598	342,598
Non-derivative financial liabilities							
Long-term loans	(4,561)	(4,561)	(209,122)	(12,090)	(112,030)	(342,364)	(311,035)
Trade and other payables	(813,124)	(105,594)	(100,565)	(51,622)	(15,407)	(1,086,312)	(1,083,576)
Lease liabilities	(8,849)	(6,449)	(8,974)	(9,767)	(4,656)	(38,695)	(37,280)
Total net financial liabilities	(238,732)	(116,353)	(318,410)	(73,479)	(130,896)	(877,870)	(842,390)
31 December 2021 (audited)	Less than 6 months £'000	6-12 months £'000	Between 1-2 years £'000	Between 2-5 years £'000	Over 5 years £'000	Total contractual cash flows £'000	Carrying amount £'000
Non-derivative financial assets							
Restricted cash	217	217	-	-	344	778	778
Trade and other receivables	241,420	-	-	-	454	241,874	241,874
Cash and cash equivalents	398,714	-	-	-	-	398,714	398,714
Non-derivative financial liabilities							
Bank and other loans	(725)	(725)	(50,725)	-	-	(52,175)	(50,000)
Long term loans	(2,015)	(2,015)	(4,030)	(114,105)	(8,097)	(130,262)	(114,260)
Trade and other payables	(880,491)	(89,674)	(149,647)	(53,222)	(12,691)	(1,185,725)	(1,177,423)
Lease liabilities	(7,936)	(6,958)	(6,165)	(10,105)	(3,631)	(34,795)	(33,051)
Total net financial liabilities	(250,816)	(99,155)	(210,567)	(177,432)	(23,621)	(761,591)	(733,368)

8 Financial Instruments (continued)

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.

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Balance at period / year end	405,226	375,952	414,254
Total contracted cash payment	411,011	378,708	422,555
Due within 1 year	254,751	211,187	205,546
Due within 1-2 years	102,169	100,565	149,490
Due within 2-3 years	27,295	37,517	25,335
Due within 3-4 years	11,545	9,279	18,926
Due within 4-5 years	6,269	4,826	9,945
Due in more than 5 years	8,982	15,334	13,313

Bank and other loans

Fair value is calculated based on discounted expected future principal and interest flows.

The maturity date for the Group's £50m term loan was amended on 23 February 2021 from March 2021 to March 2023. As this loan is repayable within 12 months of the 30 June 2022, this amount is now shown as a current liability (whereas it was shown as a non-current liability at 30 June 2021 and 31 December 2021).

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.

9 Tax

As part of the Government's Building Safety Package to bring an end to unsafe cladding, they have introduced a new tax payable on profits of Developers on 2 February 2022. This Residential Property Developer Tax (RPDT) is payable by the largest residential property developers in order that they make a fair contribution in order to fund cladding remediation works. This has been implemented with effect from 1 April 2022 at a rate of 4% and therefore we are disclosing the amount of RPDT charged on our profits separately in our financial statements.

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Income tax expense excluding residential property developer tax	21,383	34,831	65,411
Residential property developer tax	3,336	-	-
Total tax expense	24,719	34,831	65,411

10 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 half year ended 30 June 2022 were limited to those relating to remuneration, which will be disclosed in the directors' remuneration report published in the Group Annual Report and Accounts 2022.

Mr. Greg Fitzgerald, Group Chief Executive, is Non-Executive Chairman of Ardent Hire Solutions Limited ("Ardent"). The Group hires forklift trucks from Ardent.

Mr. Graham Prothero, 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. The Group incurred costs with Forterra PLC in relation to the supply of bricks.

Mr. Ian Tyler, Non-Executive Chairman, is the Chairman of Affinity Water Limited and a Non-Executive Director of BAE Systems PLC. The Group received water services and incurred car parking charges with these companies, respectively, in the period. Ian Tyler resigned as the Non-Executive Chairman in May 2022 and therefore all related party transactions disclosed are up to the resignation date.

The total net value of transactions with related parties excluding joint ventures have been made at arms length and were as follows:

	Expenses paid to related parties			Amounts payable to related parties			Amounts owed by related parties		
	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Trading transactions									
Ardent	2,937	2,646	5,598	716	534	426	-	-	-
Marshalls PLC	1	14	16	1	-	-	-	-	-
Forterra PLC	67	396	579	49	16	115	-	-	-
Affinity Water Limited	4	18	31	1	2	-	-	-	1
BAE Systems PLC	-	1	1	-	4	-	-	-	-

10 Related party transactions (continued)

Transactions between the Group and its joint ventures are disclosed as follows:

	Sales to related parties			Interest income and dividend distributions from related parties		
	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Trading transactions**	55,971	70,957	142,606	-	-	-
Non-trading transactions	-	-	-	10,904	24,778	40,183

** Trading transactions with joint ventures in the year ended 31 December 2021 has been restated within this note to include £100.6m of sales to Gallions LLP, Opal Silvertown LLP and Enfield LLP

	Amounts owed by related parties			Amounts owed to related parties		
	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Balances with joint ventures	274,334	328,413	308,217	47,467	33,282	46,010

Sales to related parties, including joint ventures, are based on normal commercial terms available to unrelated third parties. The loans made to joint ventures are all on normal commercial terms, 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 half year which have materially affected the financial performance or position of the Group, and which have not been disclosed.

11 Provisions

	Legacy properties fire safety £000	Site-related costs £000	Other £000	Total £000
As at 1 January 2022	25,212	7,162	7,009	39,383
Additional provisions made	71,429	-	3,216	74,645
Amounts used	(2,423)	(65)	(2,001)	(4,489)
Unused provisions reversed	-	-	(759)	(759)
As at 30 June 2022 (unaudited)	94,218	7,097	7,465	108,780

	Legacy properties fire safety £000	Site-related costs £000	Other £000	Total £000
As at 1 January 2021	20,885	13,437	6,079	40,401
Additional provisions made	589	186	299	1,074
Amounts used	(444)	(6,839)	-	(7,283)
Unused provisions reversed	-	(575)	-	(575)
As at 30 June 2021 (unaudited)	21,030	6,209	6,378	33,617

	Legacy properties fire safety £000	Site-related costs £000	Other £000	Total £000
As at 1 January 2021	20,885	13,437	6,079	40,401
Additional provisions made	5,744	380	1,837	7,961
Amounts used	(1,417)	(6,080)	-	(7,497)
Unused provisions reversed	-	(575)	(907)	(1,482)
As at 31 December 2021 (audited)	25,212	7,162	7,009	39,383

Of the total provisions detailed in the table above £23,099,000 is expected to be utilised within the next year (HY 21: £1,013,000, FY 21: £8,455,000).

The legacy property fire safety provision includes estimated costs to remediate fire safety issues for finished developments. The Group has undertaken a review of all of its current and legacy buildings where a potential liability has been identified based on both legal and constructive obligations. As at the balance sheet date the Group has provided £94,218,000 for the expected costs of remedial works that may be required. During the period, £2,423,000 was spent. This review, performed by in house teams, involved a physical inspection of potentially impacted developments along with an assessment of the cost to remediate based on external cost estimates where available and in part on experiences of similar remedial work undertaken. The individual developments and associated cost to remediate were then reviewed by management. We expect the majority of this provision to be utilised over the next five years.

12 Reconciliation of net cash flow to net cash

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Cash and cash equivalents	427,949	342,598	398,714
Non-current bank and other loans	(112,981)	(311,035)	(164,260)
Current bank and other loans	(200,000)	-	-
Net cash	114,968	31,563	234,454

Analysis of net cash:

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Net cash at 1 January	234,454	37,885	37,885
Cash flow per cash flow statement	29,235	1,610	57,726
Loan repayments	220,952	80,000	370,000
Loan drawdowns	(370,000)	(80,000)	(220,000)
Imputed interest on USPP loan	451	439	884
Prepaid facility fees capitalised	-	-	500
Prepaid facility fees amortised	(124)	(372)	(4,444)
Reclassification of Homes England development loan	-	(7,999)	(8,097)
Net cash at the end of the period / year	114,968	31,563	234,454

13 Alternative performance measures

The Group uses alternative performance measures which are not defined within UK-adopted International Accounting Standards. The Directors use these alternative performance measures, along with UK-adopted International Accounting Standards measures, to assess the operational performance of the Group.

The definition and reconciliation of financial alternative performance measures used to UK-adopted International Accounting Standards measures are shown below:

Adjusted revenue

Adjusted revenue is defined as revenue including share of joint ventures' revenue:

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Revenue per Group income statement*	1,162,988	1,129,446	2,407,158
Non GAAP joint ventures' revenue adjustment*	(32,472)	(26,743)	(48,116)
Share of joint ventures' revenue	197,834	156,659	334,591
Adjusted revenue	1,328,350	1,259,362	2,693,633

* Revenue and cost of sales for both comparative periods have been restated in relation to trading with our joint ventures (see note 1)

13 Alternative performance measures

Adjusted gross profit

Adjusted gross profit is defined as gross profit including share of joint ventures' gross profit, plus other operating income and before exceptional cost of sales:

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Gross profit per Group income statement	153,136	201,657	439,272
Other operating income	25,051	19,614	40,659
Exceptional cost of sales	71,429	-	5,744
Share of joint ventures' gross profit	30,889	26,719	57,290
Adjusted gross profit	280,505	247,990	542,965

Adjusted operating profit

Adjusted operating profit is defined as operating profit including share of joint ventures' operating profit, before exceptional expenses and amortisation of acquired intangibles:

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Operating profit per Group income statement	89,333	139,113	285,414
Exceptional expenses	71,429	2,798	12,225
Amortisation of acquired intangibles	7,120	7,120	14,240
Share of joint ventures' operating profit	30,285	26,429	56,489
Adjusted operating profit	198,167	175,460	368,368

Adjusted profit before tax

Adjusted profit before tax is defined as profit before tax before exceptional expenses and amortisation of acquired intangibles:

	Six months ended 30 June 2022 £000 (unaudited)	Six months ended 30 June 2021 £000 (unaudited)	Year ended 31 Dec 2021 £000 (audited)
Profit before tax per Group income statement	111,345	156,213	319,536
Exceptional expenses	71,429	2,798	12,225
Amortisation of acquired intangibles	7,120	7,120	14,240
Adjusted profit before tax	189,894	166,131	346,001

14 Share buy back

During the period ended 30th June 2022, the Group repurchased 2,620,180 shares at a cost of £22.1m of which 1,120,180 shares at a total cost of £9.3m were cancelled. £0.6m relates to capital redemption and is held in share premium and capital redemption on the balance sheet. As at 30th June 2022, the balance of the own shares held reserve increased by 1,500,000 to 1,937,133 (HY 21: 437,133 and FY 21: 437,133).

15 Post balance sheet events

Since 30 June 2022, the Group has settled £150m of revolving credit facility drawdown (£100m on 18 July 2022 and £50m on 20 July 2022).

On 5 September 2022, the Company announced a recommended combination of Vistry Group PLC and Countryside Partnerships PLC. The completion of the combination is subject to various regulatory and investor approvals and is expected to take place during the fourth quarter of 2022 and the first quarter of 2023. The assessment of going concern for the Group has been done on both a standalone and a combined business basis.

16 Further information

Further information on Vistry Group PLC can be found on the Group's corporate www.vistrygroup.co.uk including the analyst presentation document which will be presented at the Group's results meeting on 8 September 2022.

Statement of directors' responsibilities

The directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Vistry Group PLC are listed in the Vistry Group PLC Annual Report for 31 December 2021, with the exception of the following changes in the period:

- Rowan Baker was appointed on 18 May 2022; and
- Ian Tyler resigned from the Board on 18 May 2022.

A list of current directors is maintained on the Vistry Group PLC website: www.vistrygroup.co.uk

By order of the Board,

Greg Fitzgerald
Chief Executive

Earl Sibley
Chief Financial Officer

8 September 2022

Independent review report to Vistry Group PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Vistry Group PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Half year results of Vistry Group PLC for the 6 month period ended 30 June 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Group balance sheet as at 30 June 2022;
- the Group income statement and Group statement of comprehensive income for the period then ended;
- the Group statement of cash flows for the period then ended;
- the Group statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half year results of Vistry Group PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with this ISRE. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half year results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half year results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half year results, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half year results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
8 September 2022