

9 July 2018

CALA Group (Holdings) Limited

Sixth consecutive year of strong performance First update since full acquisition by Legal & General Appointment of new CEO

CALA Group (Holdings) Limited (“CALA” or “the Group”) today issues the following update for the twelve months to 30 June 2018.

Highlights

Corporate

- In March, Legal & General Group (“L&G”) acquired the 52.1% of the Group which it did not previously own
- Kevin Whitaker appointed as CALA Group Chief Executive, starting 1 August 2018
- Kevin, currently one of two Regional Chairs, was previously Managing Director of CALA Homes East
- Graham Reid, Group Finance Director of CALA Group, assumed the role of Interim Chief Executive at the end of April 2018 and will remain in the position until 1 August 2018

Financial and Operational

- Another strong year of delivery
- Total home completions up 29% to 2,171 (2017: 1,677)
- Private ASP reduced to £463,000 (2017: £497,000) driven by a change in site mix and continued transition away from the top end of the market
- 29 new sites (2,836 plots) contracted during the year with a potential gross development value (“GDV”) of £1.1bn
- Planning permission granted on 29 sites (3,116 plots) with a potential GDV of £1.1bn
- Private revenue per site per week up 2% to £277,000 (2017: £271,000) with private sales per site per week of 0.62 (2017: 0.56)
- Healthy level of forward private reservations +31% provides the Group with good visibility as it heads into the remainder of the extended financial year

Graham Reid, Interim Chief Executive of CALA Group, said:

“The past twelve months have been a landmark year for CALA. The continued strength of our performance produced a sixth consecutive year of outstanding delivery, while we were also able to further expand our growth targets based on our consistent track record and investment in the business in recent years.”

“The overall market backdrop for CALA has remained broadly supportive and we enter the remainder of the extended financial year in a positive position, with a healthy level of forward private reservations. Looking ahead, we remain confident of continuing our strong growth momentum with the benefit of the backing of Legal & General, one of the most highly-respected, blue-chip investors who shares our long-term vision.”

Kevin Whitaker, Group Chief Executive of CALA Group, said:

"I am extremely proud that Legal & General has appointed me as CALA's Chief Executive. Having spent 19 years with the company, I know about the quality of our people, culture, strategy and the homes we build, and I am very excited to get started as we continue to grow the business and deliver on our strategy."

"Legal & General's investment in the remaining part of CALA is the start of an exciting new chapter for the Group and our strong track record of delivery, combined with our growth strategy, means that we are well placed to build on the excellent momentum we have generated in recent years."

Kerrigan Procter, Chief Executive Officer of Legal & General Capital, said:

"We are delighted to appoint Kevin as CALA's Chief Executive as we look to continue to build on the Group's strong growth momentum. Having been a key member of the management team over the past eleven years, he knows the business inside out and shares our long-term vision, which will be invaluable to continuing to develop and grow CALA."

"I would also like to place on record Legal & General's thanks to CALA's Finance Director, Graham Reid for stepping into the Interim Chief Executive role and overseeing the continuation of CALA's strong trading performance."

Another year of strong momentum

CALA has maintained the positive momentum generated during the first six months (1 July – 31 December 2017) of its 2018 financial year over the important spring selling season.

In the twelve months to 30 June 2018, private completions rose 23% to 1,620 (2017: 1,322) and private ASP reduced to £463,000 (2017: £497,000) due primarily to site mix and the planned transition away from homes priced above £1 million where trading is generally more difficult. Affordable housing activity also rose substantially in the year, which included a 55% increase in completions to 551 (2017: 355).

Private revenue per site per week during the period, a far more meaningful metric of CALA's sales performance given the Group's size relative to that of its larger peers, was £277,000; an increase of 2% on the prior year (2017: £271,000). Private sales per active site per week for the financial year were 0.62 (2017: 0.56).

The Group continues to have relatively limited direct exposure to Help to Buy with only 16% of private sales completed using the product during the period (2017: 14%). CALA expects that this figure will rise modestly over the coming years, albeit still significantly below the levels experienced by its listed peers, as the Group increases the number of homes it builds and expands the breadth of product built on its sites.

As at 30 June 2018 the Group had secured 499 forward private reservations - 31% up on last year's figure - with a GDV of £211m (2017: 382 private units with a GDV of £179m).

Sustained land investment programme

CALA remained active in the land market during the period, continuing to identify and secure high quality opportunities in premium locations including Oxford, Beckenham, Hitchin, Benson and Edinburgh.

During the twelve month period, 29 new sites were contracted, adding 2,836 plots and £1.1bn of GDV to the land bank, at or above the Group's target hurdle rates. A further 798 plots were added to the strategic land bank during the year. The Group also acquired land with planning consent or secured a first-time planning consent on 29 sites during the year, which will deliver 3,116 plots and £1.1bn of GDV.

CALA continues to meet its commitment to commence development on all sites in its land pipeline where both the required approvals are in place and contractual terms on site purchase are agreed.

With the ongoing backing and support from Legal & General, CALA remains focused on continued investment in its existing land bank, which will provide the Group with a solid platform to deliver continued growth and drive future shareholder returns.

Appointment of Kevin Whitaker as Group Chief Executive

Following the recent retirement of previous Group Chief Executive Alan Brown in April 2018, the Board is pleased to confirm the promotion of Kevin Whitaker to the role, assuming all CEO responsibilities as at 1 August 2018.

Kevin, currently one of two Regional Chairs, has worked for CALA since 1999, having previously been Managing Director of CALA Homes East and Land Director with CALA Homes Scotland before that. Kevin has been a key member of the management team for the last eleven years, helping to drive CALA to the strong position that it is in today.

Well positioned for continued growth as a wholly owned subsidiary of L&G

During the year, CALA continued to make good progress, reinforcing its position as the UK's leading major premium homebuilder.

In March 2018, the Legal & General Capital division of Legal & General Group acquired the 52.1% of the Group that it did not previously own. The transaction valued CALA at £605m and followed the Group's strong delivery in 2017, which saw the business achieve revenues of £747.9m alongside an operating profit of £92.8m.

As a wholly owned subsidiary of L&G, the Group is able to continue to capitalise on growth opportunities and drive towards its long-term target of building over 3,000 units per annum from its current operating platform. This is underpinned by a strong land pipeline, established market position and premium product offering. All of the required infrastructure is in place to deliver on this ambition with few additional staff needed and all systems and procedures in place.

