

Cala Group

Summary of annual report & financial statements
for the 12 months ended 31 December 2021

CALA



Folly Heights, Farnham

Chief Executive's review

"2021 has been a very successful year for the business, during which we have strongly rebounded to significantly exceed pre-pandemic 2019 volumes, revenue and pre-tax profit. While there have been significant supply chain challenges across the industry, the market has been strong. This, combined with improvements to our operational efficiency and the hard work of our team, has enabled us to deliver an excellent performance across the year."



Kevin Whitaker, Chief Executive



We have seen many people making positive new home choices to seek out larger living spaces and this has driven very strong demand for our homes in aspirational suburban and city locations. The positive response to the COVID-19 pandemic has provided a profit before tax (before exceptional items and revaluations) of £132.7 million (2020: £24.4 million). The number of homes sold increased to 2,904 during the year to 31 December 2021, compared to 1,835 in 2020, a 58% increase. This has resulted in turnover of £1,217.5 million, up 72% year on year (2020: £704.8 million)

During the 12 months to 31 December 2021 the average number of active selling sites per week was 63 (2020: 69) and the total number of sites from which private sales completions were secured was 94 (2020: 85). We closed 18 sites during the year and delivered the first sales completions on 26 new sites across our regions.

During the year we commenced build on 23 new sites which will ultimately deliver around 1,890 private homes at an average size of 82 private homes per development (2020: 15 new sites with an average of 122 private homes).

Our sales performance during the year has been excellent with our net private reservations during 2021 increasing by 35% on the previous 12-month period. The ASP in the year was £462,000 (2020: £434,000) and this increase reflects the mix of sites sold during the year as well as sales price growth. The Group achieved a net private reservation rate of 0.76 average weekly sales per development in the period which is an increase of 49% since last year (2020: 0.51).

Our average weekly private revenue per development of £362,000 is a significant increase to the previous period (2020: £228,000) and reflects the increase in the weekly sales per development and the higher ASP achieved during 2021. The cancellation rate for the year at 15% is a reduction from the previous year (2020: 19%) and is a return to a more normal historic rate.

We have seen housing market recover strongly during 2021 a high demand for houses being notable since the national lockdowns of 2020. This has been reflected in our 2021 financial performance, and in our excellent forward sales position at 31 December 2021. At 31 December 2021 we had accumulated 994 advance private home sales with a turnover value of £487.8 million for delivery by 31 December 2022 which is an increase of 18% against the previous year (2020: 839 private homes and £368.9 million). This equates to a sales carry forward of 43% (2020: 59%) based on the number of private sales completions during the 12 months to 31 December 2021.

Looking ahead to 2022 we are positive about our prospects. We enter the year with record 994 forward private reservations, equating to a GDV of £488m (2020: 839 units, £369m GDV). This year we plan to increase our housing delivery further still – building more than 3,200 homes across our eight regional operations. We have a strong short-term land bank to underpin the delivery of our current business plan and continue to invest heavily in land as we look towards our medium-term ambition of reaching a revenue of £1.8bn by 2026.

Financial and operational highlights



Home sales (units)

Year to 31 December 2021

2,904

Year to 31 December 2020 1,835



Revenue

Year to 31 December 2021

£1,217.5 million

Year to 31 December 2020 £704.8 million



Profit before tax

Before exceptional items and revaluations

Year to 31 December 2021

£132.7 million

Year to 31 December 2020 £24.4 million



House sales gross margin

Year to 31 December 2021

18.3%

Year to 31 December 2020 15.2%



Operating margin

Before exceptional items and revaluations

Year to 31 December 2021

11.8%

Year to 31 December 2020 5.5%



Private average selling price ('ASP')

Excluding affordable housing

Year to 31 December 2021

£462,000

Year to 31 December 2020 £434,000



Contracted landbank

Gross Development Value ('GDV')

Year to 31 December 2021

£7.9 billion

Year to 31 December 2020 £7.4 billion



Overall customer satisfaction score

(to 30 September 2021 & 2020)

Year to 31 December 2021

95.0%

Year to 31 December 2020 95.0%



Return on capital employed

(year to 31 December 2021 & 2020)

Year to 31 December 2021

14.9%

Year to 31 December 2020 4.1%



St Peter's Quarter, Chertsey

Cala

Cala is a leading developer of desirable new homes and sustainable communities across the South of England, the Midlands and Scotland.

We are a highly ambitious, fast growing group with the capability and platform for further expansion. Cala operates through eight regional businesses in the UK which target many of the country's strongest markets. Throughout the South of England, the Midlands and Scotland we build premium homes and sustainable communities with sensitivity and consideration, in desirable locations.

The Cala brand is highly regarded within the industry and aspirational for many homebuyers. The homes we build are characterised by exceptional design, sector-leading build quality and we have a passion for providing our customers with a great home buying experience.

Additionally, we also operate under the Legal & General (L&G) Homes brand in Berkshire & Oxfordshire following the acquisition of 100% of the share capital of Legal & General Homes Communities Limited on 1 September 2019.



Roman Park, Tring

Our Strategy

Our purpose is to help people realise their dreams and aspirations. We exist to do more than put bricks and mortar together. We are guided by our four key values: **Passion, Quality, Respect and Delivery** which define the culture of our business. From owning your first property to your 'forever home'; the experience of choosing, purchasing and moving into a Cala home should be an aspirational dream come true. We want to support each and every person that comes into contact with our business to realise their aspirations. From the people who work here, the businesses we work with, to the customers who choose us. Doing the right thing by the communities in which we operate is important to us.

Our vision, to be a place to be proud of, is about more than the homes we build – it is the communities we create. The core of what makes us who we are is grounded in pride. It is more than building houses our customers are proud to call their homes; it is about being a workplace our colleagues are proud to advocate for. We want to do the best for our people. We want to be an organisation that nurtures growth, development and opportunities for our colleagues – we want to be a place to be proud of.

Our ambitions are underpinned by our Strategic Pillars:

- People
- Service
- Product
- Sustainability
- Technology
- Performance

These pillars are in place to help us realise our ambitions by always holding us accountable. They're constructed of tangible and measurable goals – to keep us focused, they're time sensitive and unique to us.

We're committed that by 2025 we will be...

People	The favoured employer in our sector and beyond
Service	Leaders in outstanding service
Product	Designers of aspirational homes
Sustainability	Operate our business in a sustainable way
Technology	Harness technology to transform our working environment
Performance	Deliver a financial performance that reflects the quality of our homes



2021 at a glance



Achieved HBF 5-star rating



Overall recommend score of 95.0%



16 Cala and L&G Homes' Site Managers recognised as Pride in the Job Quality Award winners. 3 of whom went on to receive the next stage 'Seal of Excellence' and 2 received highly coveted Regional Awards.

Land & Planning

During 2021 the eight Cala regions contracted 25 new sites projected to deliver 3,231 new homes with a Gross development value ('GDV') of £1,254 million and an average selling price ('ASP') including affordable housing of £388,000 (2020 : 5 sites, with a GDV of £218 million). Two new sites were added to the strategic land bank with a potential turnover of £39m.



Craibstone Estate, Aberdeen

Land contracted during the financial year*	Year to 31 December 2021	Year to 31 December 2020
Sites	25	5
Plots	3,231	698
Consented (by plots)	39%	33%
Average site size	129 plots	140 plots
GDV	£1,254m	£218m
ASP	£388k	£313k
England : Scotland (by value)	78%/22%	63%/37%
Strategic plots	90	68

*All figures include private and affordable

Moving on to progress in planning, our dedicated teams continue to deliver mostly negotiated consents, with only limited recourse to the appeal process. Public consultation is undertaken on all applications for first time planning permission and views expressed are taken into account in progressing final designs. In 2021, we either improved the planning status of land we had acquired with a planning permission or secured a first-time planning permission on 23 sites for 2,752 homes with an estimated GDV of £945 million and an ASP of £343,000 (2020: 2,740 homes with a GDV of £1.1 billion). 54% of the plots granted planning permission were pulled through from our strategic land bank.

Land consented during the financial year*	Year to 31 December 2021	Year to 31 December 2020
Sites	23	21
Plots	2,752	2,740
From strategic landbank (by plots)	54%	44%
Average site size	120 plots	130 plots
GDV	£945m	£1,100m
ASP	£343k	£401k

*All figures include private and affordable

The group's owned and contracted short term landbank at 31 December 2021 comprises 20,673 plots (private and affordable homes), the scope and planning status of which are summarised below (2020: 21,000 plots). As has been the case from previous years, we continue to meet our commitment to commence development on all sites that have planning and other necessary consents in place. The sites in the landbank at 31 December 2021 have a combined GDV of approximately £7.90 billion, measured at today's selling prices, with an ASP including affordable housing of £382,000. This represents 6.7 years' development potential based on 2021 housing revenue.



The group also controls a high quality longer-term strategic landbank comprising 12,109 plots (2020: 11,813), mostly held under option, to be promoted through the planning system to meet future development needs. Our success in this regard means that a large number of these sites have the prospect of gaining or enhancing their development plan status in the short term, with others reviewed regularly and to be promoted at the appropriate time. Over the 2021 year, 54% of the plots granted planning permission were drawn from the strategic land bank.

All sites that we expect to contribute towards 2022 have detailed planning permissions in place and construction has commenced. In addition, 83% of the expected gross profit in 2023 has a detailed planning permission in place with a land price agreed with the vendor.

Landbank	Plots	£ GDV	£ ASP	Land Cost	Years
Consented	17,332	6,586m	380k	19.3%	5.6
Allocated	1,293	437m	338k	14.5%	0.4
Draft allocation or no planning status	2,048	880m	430k	24.1%	0.7
Owned / Contracted	20,673	7,903m	382k	19.6%	6.7
Strategic	12,109	4,257m	352k	20.1%	
Total at 31 December 2021	32,782	12,160m	371k	19.7%	
Total at 31 December 2020	31,813	£11,397m	£347k	20.3%	



Consolidated income statement

Continuing operations:	Note	2021 Before Exceptional items and revaluations £000	2021 Exceptional items and revaluations (note 2) £000	Year ended 31 December 2021 £000	2020 Before exceptional items and revaluations £000	2020 Exceptional items and revaluations (note 2) £000	Year ended 31 December 2020 £000
Revenue	1	1,217,534	-	1,217,534	704,754	-	704,754
Cost of sales		(1,000,885)	(769)	(1,001,654)	(609,229)	(15,342)	(624,571)
Gross profit/ (loss)		216,649	(769)	215,880	95,525	(15,342)	80,183
Net operating expenses		(73,016)	-	(73,016)	(57,088)	(2,769)	(59,857)
Other operating income		163	-	163	287	-	287
Operating profit/ (loss)		143,796	(769)	143,027	38,724	(18,111)	20,613
Finance income		52	-	52	99	-	99
Finance costs		(14,714)	-	(14,714)	(15,030)	-	(15,030)
Finance costs - net	5	(14,662)	-	(14,662)	(14,931)	-	(14,931)
Share of post-tax profit of joint ventures	10	3,603	-	3,603	650	-	650
Profit/ (loss) before tax	3	132,737	(769)	131,968	24,443	(18,111)	6,332
Tax on profit / (loss)	6	(24,766)	146	(24,620)	(4,625)	3,441	(1,184)
Profit for the year		107,971	(623)	107,348	19,818	(14,670)	5,148

Consolidated balance sheet

At 31 December 2021		Group	Group	Company	Company
Assets	Note	2021	2020	2021	2020
		£000	£000	£000	£000
Non-current assets					
Intangible assets	7	48,730	48,730	-	-
Property, plant and equipment	8	16,944	17,533	-	-
Investments in subsidiaries	9	-	-	448,932	448,932
Investments in jointly controlled entities	10	1,793	1,250	-	-
Available for sale financial assets	11	501	636	-	-
Trade and other receivables	13	20,792	12,198	207,150	241,322
Retirement benefit surplus	21	1,524			
		90,284	80,347	656,082	690,254
Current assets					
Available for sale financial assets	11	479	584	-	-
Inventories	12	1,507,596	1,518,020	-	-
Trade and other receivables	13	68,714	54,875	-	-
Corporation tax		271	-	-	-
Cash at bank and in hand		25,147	21,172	-	-
		1,602,207	1,594,651	-	-
Total assets		1,692,491	1,674,998	656,082	690,254

At 31 December 2021		Group	Group	Company	Company
Assets	Note	2021	2020	2021	2020
		£000	£000	£000	£000
Current liabilities					
Loans and borrowings	14	(5,237)	(89,394)	-	-
Corporation tax		-	(359)	(3,782)	(3,310)
Trade and other payables	15	(415,010)	(419,094)	(25,150)	(51,510)
		(420,247)	(508,847)	(28,932)	(54,820)
Non-current liabilities					
Loans and borrowings	14	(95,409)	(80,000)	-	-
Trade and other payables	15	(224,614)	(214,722)	-	-
Deferred tax liabilities	17	(4,237)	(554)	-	-
Retirement benefit obligations	21	-	(17,024)	-	-
		(324,260)	(312,300)	-	-
Total liabilities		(744,507)	(821,147)	(28,932)	(54,820)
Net assets		947,984	853,851	627,150	635,434
Equity					
Ordinary share capital	11	360	360	360	360
Share premium		578,864	578,864	578,864	578,864
Retained earnings brought forward	24	274,332	304,077	56,210	71,510
Total comprehensive income		119,133	255	16,715	14,700
Dividends Paid		(25,000)	(30,000)	(25,000)	(30,000)
Retained earnings carried forward		368,465	274,332	47,925	56,210
Equity attributable to the parent		947,689	853,556	627,149	635,434
Non-controlling interests		295	295	-	-
Total equity		947,984	853,851	627,149	635,434





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