

Cala Group (Holdings) Limited

Annual Report and Financial Statements
for the year end 31 December 2023



Langley Court, Beckenham

Strategic report

Cala has delivered a robust financial performance in 2023, remaining sharply focussed on delivery despite challenging market conditions. This consistent delivery gave us confidence to execute our strategy to continue to invest in land and build value for future years.

Kevin Whitaker, Chief Executive



Following the traditional seasonal uptick in demand during the first half, the housing market was difficult throughout the remainder of year, with higher interest rates, mortgage rates and inflation affecting homebuyer confidence.

We continued to attract buyers to our high-quality, energy efficient, well-designed homes in desirable locations, facilitating their purchase with proactive pricing strategies and targeted support including mortgage pay, part exchange and deposit unlock.

Thanks to the talent and experience of our people we delivered a profit before a profit before tax (before exceptional items and revaluations) of £112.3 million (2022: £169.2 million). The number of homes sold decreased to 2,917 during the year to 31 December 2023, compared to 3,027 in 2022, a 3.6% decrease. This has resulted in turnover of £1,251.6 million, down 5.5% year on year (2022: £1,325.0 million).

Whilst there have been challenges throughout 2023, the attitude and approach of all our people across the business has remained first class. I would like to thank all our people for their continued hard work and commitment.

We are optimistic about our prospects for the year ahead. Cala is well-placed to navigate the changing market conditions with the backing of our owners, Legal & General, alongside the talent, dedication and quality of our teams.

Investing in the future

A steady sales rate and strong average selling price (ASP) resulted in the delivery of £315,000 revenue per site per week, which supported Cala's decision to continue to invest in land

throughout 2023. During the 12-month period, Cala contracted 19 new short term and strategic sites, capable of delivering 2,705 new homes. These sites have a gross development value (GDV) over £1.4bn with the ASP of the units being £526,000. Cala remains committed to this strategy and our land and planning teams across the UK are actively seeking further opportunities to invest in sustainable developments in desirable locations in 2024.

During the year, strong progress was achieved towards our sustainability targets of building homes that are operationally net zero carbon enabled from 2030 and reaching net zero total greenhouse gas emissions by 2045. Cala's operational greenhouse gas emissions in 2023 were 7,189 tCO₂e – representing a 28.7% reduction on the 2021 baseline figure. Progress towards our Science Based Target was even stronger, with Scope 1 and 2 emissions reducing by 38.1% in 2023 compared to 2021.

As part of our commitment to sustainable development Cala acquired Taylor Lane Timber Frame Limited, one of the UK's leading timber frame construction specialists, in May 2023. Taylor Lane will supply Cala's five English businesses in the Cotswolds and South of England, while continuing to service existing customers and grow their presence in the wider market.

In addition, Cala is actively progressing a number of initiatives to further develop our systems, people and processes to ensure continuous improvement and progress towards our ambition of bringing meaningful benefit to our people, our customers, local communities and the planet, alongside enhanced financial returns.

Financial and operational highlights



Home sales (units)

Year to 31 December 2023

2,917

Year to 31 December 2022 3,027



Revenue*

Year to 31 December 2023

£1,255 million

Year to 31 December 2022 £1,354.1 million
*Includes 100% of managed JV's



Profit before tax

Before exceptional items and revaluations

Year to 31 December 2023

£112.3 million

Year to 31 December 2022 £169.2 million



House sales gross margin

Year to 31 December 2023

17.5%

Year to 31 December 2022 19.6%



Operating margin

Before exceptional items and revaluations

Year to 31 December 2023

10.9%

Year to 31 December 2022 13.2%



Private average selling price ('ASP')

Excluding affordable housing

Year to 31 December 2023

£495,000

Year to 31 December 2022 £492,000



Contracted landbank

Gross Development Value ('GDV')

Year to 31 December 2023

£8.8 billion

Year to 31 December 2022 £8.8 billion



Overall customer satisfaction score

(to 30 September 2022 & 2021)

Year to 31 December 2023

93.2%

Year to 31 December 2022 95.4%



Return on capital employed

(year to 31 December 2022 & 2021)

Year to 31 December 2023

13%

Year to 31 December 2022 18.4%

Cala

Cala is a leading provider of desirable new homes across Scotland, the South and East of England, the Cotswolds and West Midlands.

Cala operates through eight regional businesses and two brands - Cala Homes and Legal & General Homes - accelerating our ability to deliver and offering a broader range of product to consumers.

Our brands are 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.

We are focussed on sustainability and committed to bringing added value and meaningful benefit to the communities in which we build.

We are a highly ambitious group and our business is established in some of the country's strongest markets, giving us the resource, capability and platform for further expansion.

Cala is a subsidiary of Legal & General Capital, the investment arm of Legal & General Group.



Balgray Gardens, Newton Mearns



Ookford Park, Godalming



Cammo, Edinburgh

Our strategy and ambition

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. Our ambition is to help people realise their **dreams and aspirations**. 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: A place to be proud of

It 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**
- **Product**
- **Technology**
- **Service**
- **Sustainability**
- **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

Our determination to achieve our ambitions is equally matched by our commitment to deliver high quality sustainable financial returns and industry-leading customer service whilst remaining true to our four key values. We will ensure our strategy generates value for shareholders in a responsible and controlled manner by maintaining a resilient balance sheet through the business cycle with a clear focus and disciplined approach to margin delivery and return on capital.

2023 at a glance



Achieved HBF 5-star rating



Overall recommend score of 93.2%



16 Cala and L&G Homes' Site Managers recognised as Pride in the Job Quality Award winners. 4 of whom went on to receive the next stage 'Seal of Excellence' and received the highly coveted Regional Awards. All were honoured at the final stage with Cala taking the Supreme Winner award in the large housebuilder category.

Land & planning

During 2023 the eight Cala regions contracted 19 new sites projected to deliver 2,705 new homes with a Gross development value ('GDV') of £1,423 million and an average selling price ('ASP') including affordable housing of £526,000 (2022 : 20 sites, with a GDV of £1,386 million). 5 new sites were added to the strategic land bank with a potential turnover of £723m.

Land contracted during the financial year*	Year to 31 December 2023	Year to 31 December 2022
Sites	19	20
Plots	2,705	2,970
Consented (by plots)	55%	49%
Average site size	142 plots	149 plots
GDV	£1,423m	£1,386m
ASP	£526k	£467k
England /Scotland (by value)	93%/7%	40%/60%
Strategic plots	1,629	797

*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 2023, 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 3,485 homes with an estimated GDV of £1,458 million and an ASP of £418,000 (2022: 2,379 homes with a GDV of £1,014 million). 64% of the plots granted planning permission were pulled through from our strategic land bank.

Land consented during the financial year*	Year to 31 December 2023	Year to 31 December 2022
Sites	23	16
Plots	3,458	2,379
From strategic landbank (by plots)	64%	22%
Average site size	152 plots	149 plots
GDV	£1,458m	£1,014m
ASP	£418k	£426k

*All figures include private and affordable





New Monks Park, Lancing

The group's owned and contracted short term landbank at 31 December 2023 comprises 20,543 plots (private and affordable homes), the scope and planning status of which are summarised below (2022: 21,576 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 2023 have a combined GDV of approximately £8.85 billion, measured at today's selling prices, with an ASP including affordable housing of £431,000. This represents 7.3 years' development potential based on 2023 housing revenue.

Landbank	Plots	£ GDV	£ ASP	Land cost	Years
Consented	15,829	6,677m	422k	8.5%	5.5
Allocated	3,064	1,312m	428k	16.6%	1.1
Draft allocation or no planning status	1,650	858m	520k	27.4%	0.7
Owned / Contracted	20,543	8,847m	431k	19.2%	7.3
Strategic	14,224	5,113m	360k	16.8%	
Total at 31 December 2023	34,767	13,960m	402k	18.3%	
Total at 31 December 2022	32,726	£12,702m	388k	19.1%	

The group also controls a high quality longer-term strategic landbank comprising 14,224 plots (2022: 11,150), 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 2023 year, 64% of the plots granted planning permission were drawn from the strategic land bank.

All sites that we expect to contribute towards 2024 have detailed planning permissions in place and construction has commenced. In addition, 62% of the expected gross profit in 2025 has a detailed planning permission in place with a land price agreed with the vendor.



St. Peter's Quarter, Chertsey

Consolidated income statement

Continuing operations:	2023 Before Exceptional items and revaluations £000	2023 Exceptional items and revaluations £000	Year ended 31 December 2023 £000	2022 Before exceptional items and revaluations £000	2022 Exceptional items and revaluations £000	Year ended 31 December 2022 £000
Revenue	1,251,616	-	1,251,616	1,324,966	-	1,324,966
Cost of sales	(1,029,887)	(20,818)	(1,050,705)	(1,065,479)	(769)	(1,066,477)
Gross profit/ (loss)	221,729	(20,818)	200,911	259,487	(769)	258,489
Net operating expenses	(85,854)	(786)	(86,640)	(84,378)	-	(84,378)
Other operating income	418	-	418	278	-	278
Operating profit/ (loss)	136,293	(21,604)	114,689	175,387	(769)	174,389
Finance income	184	-	184	116	-	116
Finance costs	(24,547)	-	(24,547)	(11,747)	-	(11,747)
Finance costs - net	(24,363)	-	(24,363)	(11,631)	-	(11,631)
Share of post-tax profit of joint ventures	418	-	418	5,421	-	5,421
Profit/ (loss) before tax	112,348	(21,604)	90,744	169,177	(769)	168,179
Tax on profit / (loss)	(31,350)	5,941	(25,409)	(37,422)	146	(37,232)
Profit for the year	80,998	(15,663)	65,335	131,755	(623)	130,947

Consolidated income statement

	2023 Before Exceptional items and revaluations £000	2023 Exceptional items and revaluations £000	Year ended 31 December 2023 £000	2022 Before exceptional items and revaluations £000	2022 Exceptional items and revaluations £000	Year ended 31 December 2022 £000
Other comprehensive income						
Re-measurements of post-employment benefit obligation	(6,273)	-	(6,273)	(6,059)	-	(6,059)
Movement in deferred tax relating to post-employment benefit obligation	1,819	-	1,819	1,515	-	1,515
Other comprehensive income for the year	(4,454)	-	(4,454)	(4,544)	-	(4,544)
Total comprehensive income for the year	76,544	(15,663)	60,881	127,211	(808)	126,403
Attributable to:	76,544	(15,663)	60,881	127,214	(808)	126,406
Owners of the parent	-	-	-	(3)	-	(3)
Non-controlling interest						
Total comprehensive income for the year	76,544	(15,663)	60,881	127,211	(808)	126,403

Consolidated balance sheet

At 31 December 2023	Group 2023 £000	Group 2022 £000
Assets		
Non-current assets		
Intangible assets	52,915	48,730
Property, plant and equipment	20,265	16,808
Investments in subsidiaries	-	-
Investments in jointly controlled entities	3,786	3,959
Available for sale financial assets	88	305
Trade and other receivables	30,698	30,607
Retirement benefit surplus	-	793
	107,752	101,202
Current assets		
Available for sale financial assets	406	459
Inventories	1,626,243	1,417,204
Trade and other receivables	52,616	66,611
Corporation tax	5,524	-
Cash at bank and in hand	11,195	19,889
	1,695,984	1,504,163
Total assets	1,803,736	1,605,365

At 31 December 2023	Group 2023 £000	Group 2022 £000
Assets		
Current liabilities		
Corporation tax	-	(1,058)
Trade and other payables	(464,745)	(435,176)
	(464,745)	(436,234)
Non-current liabilities		
Loans and borrowings	(150,000)	(25,611)
Trade and other payables	(148,049)	(110,696)
Deferred tax liabilities	(3,751)	(3,729)
Retirement benefit deficit	(2,215)	-
	(304,015)	(140,036)
Total liabilities	(768,760)	(576,270)
Net assets	1,034,976	1,029,095
Equity		
Ordinary share capital	360	360
Share premium	-	578,864
Retained earnings brought forward	449,871	368,465
Share premium reduction	578,864	-
Total comprehensive income	60,881	126,406
Dividends Receivable	-	-
Dividends Payable	(55,000)	(45,000)
Retained earnings carried forward	1,034,616	449,871
Total equity	1,034,976	1,029,095





Limsi Grove, Hertford