

Cala Group (Holdings) Limited

Annual Report and Financial Statements
for the year end 31 December 2022



Hopefield Grange, Benson

Strategic report

Cala has delivered an excellent performance across 2022, achieving significant increases in revenue and pre-tax profit. We benefited from excellent market conditions in the first nine months of the year.

Whilst there have been challenges throughout 2022, the attitude and approach of all our people across the business has remained first class. It is due to the quality of our people that we have been able to successfully deliver these financial achievements.



Kevin Whitaker, Chief Executive



Strong market conditions in the first nine months of the year enabled Cala to sell out for 2022 in September, delivering a profit before tax (before exceptional items and revaluations) of £169.2 million (2021: £132.7 million). The number of homes sold increased to 3,027 during the year to 31 December 2022, compared to 2,904 in 2021, a 4.2% increase. This has resulted in turnover of £1,325.0 million, up 9% year on year (2021: £1,217.5 million).

In the final quarter of 2022, the impact of the UK Government's mini budget on the financial markets directly influenced buyer confidence. This naturally affected sales rates and impacted the strength of our forward sales position.

During the 12 months to 31 December 2022 the average number of active selling sites per week was 63 (2021: 63) and the total number of sites from which private sales completions were secured was 87 (2021: 94). We closed 21 sites during the year and delivered the first sales completions on 21 new sites across our regions.

We commenced build on 19 new sites during the year which will ultimately deliver around 2,057 private homes at an average size of 108 private homes per development (2021: 23 new sites with an average of 82 private homes).

Our sales performance was excellent for the first 9 months of the year, however this slowed during quarter 4 following the UK Government's mini budget. Our net private reservations during 2022 were 39.6 per week, compared to 47.7 during 2021, which reflects a 17% reduction on the previous 12-month period. The ASP in the year was £492,000 (2021: £462,000) 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 0.62 average weekly sales per development in the period which is a decrease of 18% since last year (2021: 0.76).

Our average weekly private revenue per development of £316,000 represents a decrease to the previous period (2021: £362,000) and reflects the reduction in the weekly sales per development albeit offset by a higher ASP achieved. The cancellation rate for the year at 17% is an increase from the previous year (2021: 15%), which again was accelerated through the economic uncertainty in Q4.

Looking ahead to 2023 we are positive about our prospects. At 31 December 2022 we had accumulated 751 advance private home sales with a turnover value of £395.7 million for delivery by 31 December 2022 which is a decrease of 24% against the previous year (2021: 994 private homes and £487.8 million). This equates to a sales carry forward of 31% (2021: 43%) based on the projected number of private sales completions during the 12 months to 31 December 2023, and is more reflective of our normal forward sold position, with last year's position being higher than our historic averages.

Across society, rising inflation and the cost of living continue to create wide-spread uncertainty and I expect to see the impact of this continuing in 2023. Cala is in a strong position to manage our way through these challenges. We had a positive start to 2023, with strong levels of interest continuing through our website and a rate of sale, and pricing, in line with expectations. The fundamental shortage in the supply of new homes continues to support new homes delivery and buyers remain attracted to Cala's outstanding quality of design and construction, alongside industry-leading customer service.

Financial and operational highlights



Home sales (units)

Year to 31 December 2022

3,027

Year to 31 December 2021 2,904



Revenue*

Year to 31 December 2022

£1,354.1 million

Year to 31 December 2021 £1,241.1 million
*Includes 100% of managed JV's



Profit before tax

Before exceptional items and revaluations

Year to 31 December 2022

£169.2 million

Year to 31 December 2021 £132.7 million



House sales gross margin

Year to 31 December 2022

19.6%

Year to 31 December 2021 18.3%



Operating margin

Before exceptional items and revaluations

Year to 31 December 2022

13.2%

Year to 31 December 2021 11.8%



Private average
selling price ('ASP')

Excluding affordable housing

Year to 31 December 2022

£492,000

Year to 31 December 2021 £462,000



Contracted landbank

Gross Development Value ('GDV')

Year to 31 December 2022

£8.8 billion

Year to 31 December 2021 £7.9 billion



Overall customer
satisfaction score

(to 30 September 2022 & 2021)

Year to 31 December 2022

95.4%

Year to 31 December 2021 95.0%



Return on capital employed

(year to 31 December 2022 & 2021)

Year to 31 December 2022

18.1%

Year to 31 December 2021 14.9%

Cala

Cala is a leading developer of desirable new homes and sustainable communities across the South of England, South Midlands, Cotswolds 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. We deliver attractive homes within 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.

We also operate under the Legal & General (L&G) Homes brand in Berkshire, Oxfordshire, and West Sussex.



Craibstone Estate, Aberdeen



Hurlocke Fields, Hitchin



Newington Residences, Edinburgh

Our strategy and purpose

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 purpose 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 who 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, and the planet, 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**
- **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



Kingsmere, Bicester



Jordanhill Park, Glasgow

2022 at a glance



Achieved HBF 5-star rating



Overall recommend score of 95.4%



12 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 1 received highly coveted Regional Awards.

Land & planning

During 2022 the eight Cala regions contracted 20 new sites projected to deliver 2,970 new homes with a Gross development value ('GDV') of £1,386 million and an average selling price ('ASP') including affordable housing of £467,000 (2021: 25 sites, with a GDV of £1,254 million). Eight new sites were added to the strategic land bank with a potential turnover of £338 million.

Land contracted during the financial year*	Year to 31 December 2022	Year to 31 December 2021
Sites	20	25
Plots	2,970	3,231
Consented (by plots)	49%	39%
Average site size	149 plots	129 plots
GDV	£1,386m	£1,254m
ASP	£467k	£388k
England /Scotland (by value)	40%/60%	78%/22%
Strategic plots	797	90

*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 2022, we either improved the planning status of land we had acquired with a planning permission or secured a first-time planning permission on 16 sites for 2,379 homes with an estimated GDV of £1,014 million and an ASP of £426,000 (2021: 2,752 homes with a GDV of £945 million). 22% of the plots granted planning permission were pulled through from our strategic land bank.

Land consented during the financial year*	Year to 31 December 2022	Year to 31 December 2021
Sites	16	23
Plots	2,379	2,752
From strategic landbank (by plots)	22%	54%
Average site size	149 plots	120 plots
GDV	£1,014m	£945m
ASP	£426k	£343k

*All figures include private and affordable





Fernleigh Park, Long Marston

The group's owned and contracted short term landbank at 31 December 2022 comprises 21,576 plots (private and affordable homes), the scope and planning status of which are summarised in the adjacent table (2021: 20,673 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 2022 have a combined GDV of approximately £8.85 billion, measured at today's selling prices, with an ASP including affordable housing of £410,000. This represents 7.2 years' development potential based on 2022 housing revenue.

Landbank	Plots	£ GDV	£ ASP	Land cost	Years
Consented	15,507	6,310m	407k	18.1%	5.1
Allocated	3,741	1,421m	380k	23.3%	1.2
Draft allocation or no planning status	2,328	1,117m	480k	25.6%	0.9
Owned / Contracted	21,576	8,848m	410k	19.9%	7.2
Strategic	11,150	3,854m	346k	17.4%	
Total at 31 December 2022	32,726	12,702m	388k	19.1%	
Total at 31 December 2021	32,782	£12,160m	£371k	19.7%	

The group also controls a high quality longer-term strategic landbank comprising 11,150 plots (2021: 12,109), 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 2022 year, 22% of the plots granted planning permission were drawn from the strategic land bank.

All sites that we expect to contribute towards 2023 have detailed planning permissions in place and construction has commenced. In addition, 71% of the expected gross profit in 2024 has a detailed planning permission in place with a land price agreed with the vendor.



Consolidated income statement

Continuing operations:	Note	2022 Before Exceptional items and revaluations £000	2022 Exceptional items and revaluations (note 2) £000	Year ended 31 December 2022 £000	2021 Before exceptional items and revaluations £000	2021 Exceptional items and revaluations (note 2) £000	Year ended 31 December 2021 £000
Revenue	1	1,324,966	-	1,324,966	1,217,534	-	1,217,534
Cost of sales		(1,065,479)	(998)	(1,066,477)	(1,000,885)	(769)	(1,001,654)
Gross profit/ (loss)		259,487	(998)	258,489	216,649	(769)	215,880
Net operating expenses		(84,378)	-	(84,378)	(73,016)	-	(73,016)
Other operating income		278	-	278	163	-	163
Operating profit/ (loss)		175,387	(998)	174,389	143,796	(769)	143,027
Finance income		116	-	116	52	-	52
Finance costs		(11,747)	-	(11,747)	(14,714)	-	(14,714)
Finance costs - net	5	(11,631)	-	(11,631)	(14,662)	-	(14,662)
Share of post-tax profit of joint ventures	10	5,421	-	5,421	3,603	-	3,603
Profit/ (loss) before tax	3	169,177	(998)	168,179	132,737	(769)	131,968
Tax on profit / (loss)	6	(37,422)	190	(37,232)	(24,766)	146	(24,620)
Profit for the year		131,755	(808)	130,947	107,971	(623)	107,348

Consolidated balance sheet

At 31 December 2022		Group	Group	Company	Company
Assets	Note	2022	2021	2022	2021
		£000	£000	£000	£000
Non-current assets					
Intangible assets	7	48,730	48,730	-	-
Property, plant and equipment	8	16,808	16,944	-	-
Investments in subsidiaries	9	-	-	448,932	448,932
Investments in jointly controlled entities	10	3,959	1,793	-	-
Available for sale financial assets	11	305	501	-	-
Trade and other receivables	13	30,607	20,792	185,844	207,150
Retirement benefit surplus	21	793	1,524	-	-
		101,202	90,284	634,776	656,082
Current assets					
Available for sale financial assets	11	459	479	-	-
Inventories	12	1,417,204	1,507,596	-	-
Trade and other receivables	13	66,611	68,714	-	-
Corporation tax		-	271	-	-
Cash at bank and in hand		19,889	25,147	-	-
		1,504,163	1,602,207	-	-
Total assets		1,605,365	1,692,491	634,776	656,082

At 31 December 2022		Group	Group	Company	Company
Assets	Note	2022	2021	2022	2021
		£000	£000	£000	£000
Current liabilities					
Loans and borrowings	14	-	(5,237)	-	-
Corporation tax		(1,058)	-	(1,421)	(3,782)
Trade and other payables	15	(435,176)	(415,010)	(45,150)	(25,151)
		(436,234)	(420,247)	(46,571)	(28,933)
Non-current liabilities					
Loans and borrowings	14	(25,611)	(95,409)	-	-
Trade and other payables	15	(110,696)	(224,614)	-	-
Deferred tax liabilities	17	(3,729)	(4,237)	-	-
		(140,036)	(324,260)	-	-
Total liabilities		(576,270)	(744,507)	(46,571)	(28,933)
Net assets		1,029,095	947,984	588,205	627,149
Equity					
Ordinary share capital	18	360	360	360	360
Share premium		578,864	578,864	578,864	578,864
Retained earnings brought forward		368,465	274,332	47,925	56,210
Total comprehensive income		126,406	119,133	6,056	16,715
Dividends payable	24	(45,000)	(25,000)	(45,000)	(25,000)
Retained earnings carried forward		449,871	368,465	8,981	47,925
Equity attributable to the parent		1,029,095	947,689	588,205	627,149
Non-controlling interests		-	295	-	-
Total equity		1,029,095	947,984	588,205	627,149





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