

# CALA GROUP

SUMMARY OF ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE 18 MONTHS ENDED 31 DECEMBER 2018



# CHIEF EXECUTIVE'S REVIEW

THE 18 MONTH PERIOD\* TO 31 DECEMBER 2018 HAS BEEN A HUGE SIGNIFICANT AND SUCCESSFUL PERIOD FOR CALA. WE HAVE MADE EXCELLENT PROGRESS TOWARDS ACHIEVING OUR GROWTH AMBITIONS AND REMAIN FIRMLY ON TRACK TO DELIVER ANNUAL REVENUE OF AROUND £1 BILLION BY 2020. OUR GROWTH JOURNEY COMMENCED IN 2013 FOLLOWING THE ACQUISITION OF CALA BY PATRON CAPITAL AND LEGAL & GENERAL, AND WITH THE CONTINUED INVESTMENT AND ONGOING SUPPORT FROM LEGAL & GENERAL, WE EXPECT TO DELIVER ON THIS STRATEGIC PLAN WITHIN THE NEXT YEAR.

The significant volume growth in the year has driven a sixth successive year of record profits. We increased the number of homes sold to 3,049 during the 18 months to 31 December 2018 compared to 1,677 in the year to 30 June 2017, a 21.2% increase in annual terms. This has resulted in a record turnover of £1.22 billion, up 9% in annual terms.

During the 18 months to 31 December 2018\*, the group increased its average number of active selling sites per week to 55 (2017: 48) and the total number of sites from which private sales completions were secured was 95 (2017: 81).

The average size of site in operation has continued to increase, as we transition to larger developments with selling prices that are more centred around the group average. During the period we commenced build on 48 new sites, which will ultimately deliver around 2,850 private homes at an average size of 59 private homes per development (2017: 35 new sites with an average of 57 private homes).

Our sales performance during the period has been good, with net private reservations up 9% on 2017 at an average selling price of £450,000 (year to 30 June 2017: £497,000). The ASP is lower than the previous year and reflects the mix of homes sold during the year. The group achieved a net private reservation rate of 0.53 average weekly sales per development in the period which is broadly similar to last year (2017: 0.56). Our average weekly private revenue per development of £250,000 (year to 30 June 2017: £271,000) reflects the reduced ASP in the period. The cancellation rate for the period at 15% showed a reduction from last year (year to 30 June 2017: 17%).

At 31 December 2018, we had accumulated 439 advance private home sales with a turnover value of £181.2 million (year to 30 June 2017: 382 private homes and £178.7 million)



*Kevin Whitaker*

KEVIN WHITAKER  
Chief Executive

for delivery by 31 December 2019, an increase of 15% by volume and 1% by value compared with the prior year. This equates to a sales carry forward of 27% (year to 30 June 2017: 29%) based on the number of private sales completions during the 12 months to 31 December 2018.

We have delivered a very good set of financial results and have made considerable progress towards our strategic growth targets, which remain the focus of the business following the acquisition by Legal & General. However, of equal importance has been the improvement in the strength of the underlying business. New operating initiatives have become embedded and more training and recruitment has reinforced our core values and enhanced the capability of our teams. When combined with a premium brand, strong landbank and a rapidly growing presence in our key operating areas, all of these qualities highlight CALA's significant potential.

\*Following acquisition by Legal & General, the group has changed its accounting reference date to 31 December to be co-terminus with Legal & General Group. This has resulted in an 18 month reporting period, 1 July 2017 to 31 December 2018.

# FINANCIAL AND OPERATIONAL HIGHLIGHTS\*



HOME SALES

3,049

(Year to 30 June 2017: 1,677)



REVENUE

£1,220.8M

(Year to 30 June 2017: £747.9 million)



PROFIT BEFORE TAX

£112.4M

(Year to 30 June 2017: £68.5 million)  
Before exceptional items and revaluations



PRIVATE ASP

£450,000

(Year to 30 June 2017: £497,000 million)  
Excluding affordable housing



CONTRACTED  
LANDBANK

£6.6B

(excluding strategic)

(Year to 30 June 2017: £5.9 billion)  
Gross Development Value ('GDV')



OVERALL CUSTOMER  
SATISFACTION SCORE

93.3%

(Year to 30 September 2018)  
Year to 30 September 2017: 93.3%



RETURN ON  
CAPITAL EMPLOYED

15.1%

(Year to 31 December 2018)  
Year to 30 June 2017: 18.6%



NET ASSETS

£593.1M

(At 31 December 2018)  
At 30 June 2017: £338.6m

\*Following acquisition by Legal & General, the group has changed its accounting reference date to 31 December to be co-terminus with Legal & General Group. This has resulted in an 18 month reporting period, 1 July 2017 to 31 December 2018.



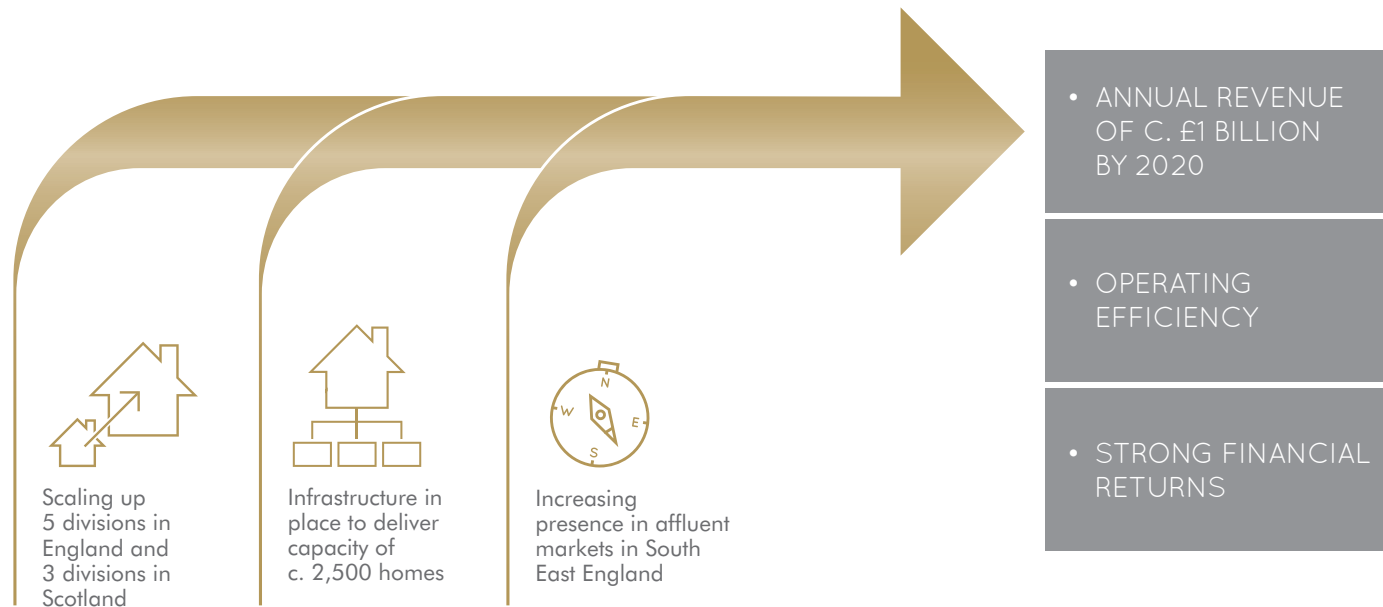


  
CALA  
HOMES



Our long term growth ambition has been to generate annual revenue of around £1 billion by 2020, driven from CALA's existing operating platform and regional network which has a potential capacity to deliver approximately 2,500 homes per annum. Fundamental to achieving our growth aspirations is the strength and depth of our high quality landbank and this underpins the confidence we have in meeting the ambitious target we have set. Having already generated significant volume growth during the past few years is further confirmation that our strategy is firmly on track.

## OUR GROWTH PLANS



UNDERPINNED BY THE STRENGTH OF A HIGH QUALITY LANDBANK

## LAND AND PLANNING

DURING THE 18 MONTH PERIOD 1ST JULY 2017 TO 31ST DECEMBER 2018, OUR LAND TEAMS HAVE CONTRACTED 41 NEW SHORT TERM SITES IN VARIED AND STRONG LOCATIONS, MATCHING THE NEEDS AND ASPIRATIONS OF OUR CUSTOMERS, AND PROJECTED TO DELIVER 4,524 HOMES WITH A GDV OF £1.79 BILLION AND AN AVERAGE SELLING PRICE INCLUDING AFFORDABLE HOUSING OF £392,000 (2017 12 MONTHS: 3,199 HOMES, GDV £1.25 BILLION), WITH 71% LOCATED IN OUR PRINCIPAL GROWTH AREA OF THE SOUTH EAST OF ENGLAND.

In addition, two further significant sites were acquired, land at Winchburgh, near Edinburgh in partnership with West Coast Capital, where 550 homes have already been built and with approval for a further 2,950 homes; and land at Maidenhead Golf Club, identified by the Royal Borough of Windsor and Maidenhead as a future residential growth area for the town, for over 2,000 homes, lying adjacent to the town centre and accessible to the station, with growth anticipated to arise with the opening of the Crossrail route into central London.

LAND CONTRACTED DURING THE FINANCIAL PERIOD*	18 months to 31 December June 2018	Year to 30 June 2017
Sites	41	34
Plots	4,524	3,199
Consented (by plots)	51%	50%
Average site size	110 plots	94 plots
GDV	£1,788m	£1,250m
ASP	£392k	£391k
England: Scotland (by value)	78%/22%	76%/24%
Strategic plots	2,810	1,097

\*All figures include private and affordable

Despite the unpredictable planning environment in which we operate, our proactive and efficient planning teams have worked hard to achieve, largely through negotiated planning permissions granted locally, another very successful year of delivery.

During the 18 months to 31 December 2018, we either improved the planning status of land we had acquired with a planning permission or secured a first-time planning permission on 48 sites for 6,148 homes with an estimated

GDV of £2.1 billion and an average selling price of £349,000 (2017: 3,156 homes with a GDV of £1.2 billion). 25% of the plots granted planning permission were pulled through from our strategic land bank.

LAND CONSENTED DURING THE FINANCIAL PERIOD*	18 months to 31 December June 2018	Year to 30 June 2017
Sites	48	33
Plots	6,148	3,156
From strategic landbank (by plots)	25%	28%
Average site size	128 plots	96 plots
GDV	£2,082m	£1,186m
ASP	£349k	£376k

\*All figures include private and affordable

The group's owned and contracted short term landbank at 31 December 2018 comprises 17,738 plots (private and affordable homes), the scope and planning status of which are summarised on the next page (2017: 15,836 plots).

There is no incentive to hold land back once the necessary permissions are in place, so CALA continues to meet its commitment to commence development on all sites in the landbank, where both the required approvals are in place and contractual terms on site purchase are agreed.

The sites in the landbank at 31 December 2018 have a combined GDV of approximately £6.6 billion, measured at today's selling prices, with an ASP including affordable housing of £381,000.

This represents 7.4 years' development potential based on 2018 housing revenue although this will be used more quickly as the group's growth plans are realised.

## LAND AND PLANNING HIGHLIGHTS



The group also controls a high quality longer-term strategic landbank comprising 13,539 plots (2017: 11,830), 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. During the 18 month period, 1,162 plots from the strategic landbank secured a planning status for the first time and 6 new strategic sites were contracted, for 2,810 plots.

LANDBANK	PLOTS	GDV	ASP	LAND COSTS	YEARS
CONSENTED	13,359	£5,086M	£381K	20.3%	6.1
ALLOCATED	1,633	£630M	£386K	24.2%	0.8
DRAFT ALLOCATION OR NO PLANNING STATUS	2,346	£894M	£381K	21.0%	0.5
<b>OWNED / CONTRACTED</b>	<b>17,338</b>	<b>£6,610M</b>	<b>£318K</b>	<b>20.8%</b>	<b>7.4</b>
STRATEGIC	13,539	£4,500M	£326K	18.0%	
<b>TOTAL AT 31 DECEMBER 2018</b>	<b>30,877</b>	<b>£11,110M</b>	<b>£360K</b>	<b>19.6%</b>	
TOTAL AT 30 JUNE 2017	27,666	£9,509M	£344K	19.6%	



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