

Legal & General announces sale of CALA Group

Legal & General Group Plc (“Legal & General” or “L&G” or the “Group”) today announces that it has agreed the sale of the UK house builder CALA Group (“Cala”) for an enterprise value of £1.35bn, to Ferguson Bidco Limited, an entity owned by funds managed by Sixth Street Partners and Patron Capital.

The consideration for the sale will result in cash proceeds of £1.16bn (after adjustment for net debt), of which c£500m will be paid at closing with the remaining consideration being paid over the next five years on a deferred non-contingent basis. As at HY24, Cala had a Net Asset Value of £1.15bn and generated operating profits of £42m.

The disposal reflects L&G’s disciplined approach to capital allocation and follows the Group’s decision to create a Corporate Investments Unit as outlined at the Capital Markets Event (“CME”) in June 2024.

Disposal proceeds from the sale will primarily be used, as they become available, to reinvest in the Group in line with our strategy and the capital allocation framework set out at the CME. The Board will also consider the proceeds as part of the Group’s announced intention to increase returns to shareholders through ongoing buybacks. As signalled, the sale of Cala reduces the Group’s Solvency Capital Requirement (SCR) by c£100m after diversification.

The transaction is expected to complete in Q4 2024.

António Simões, Group Chief Executive Officer of Legal & General said:

“This transaction demonstrates continued momentum in executing our strategy, simplifying our portfolio to enable a sharper focus on our core, synergistic businesses. Cala has been an important part of L&G for over a decade, with profits increasing ten-fold since our initial investment in 2013¹. The sale announced today will provide capital to deliver our strategic goals of sustainable growth alongside enhanced returns for shareholders. I would like to thank the whole Cala team for their contribution to the Group and wish them every success in the future.”

Kevin Whitaker, CEO of Cala said:

“Today’s announcement is excellent news for Cala. The acquisition by Sixth Street Partners and Patron Capital demonstrates confidence in Cala’s business plan and growth potential, as our talented team continues to build high quality, sustainable new homes throughout the UK. L&G has been a great support to Cala throughout its investment and ownership. Since 2013, we have grown revenues and profits five- and ten-fold respectively, and tripled the number of homes we build each year.”

Julian Salisbury, Co-Chief Investment Officer of Sixth Street, said:

“Cala has a bright future and we are proud to be entering this new chapter as stewards of a company with such a deep history and long track record of sustainable growth. We, together with Patron Capital, look forward to continuing to support Cala and its management team, not only with capital but also with the significant resources of our London-based real estate investment team led by Giulio Passanisi.”

Keith Breslauer, Managing Director of Patron Capital, said:

“We are pleased to be able to back the Cala business once again. Cala is one of the UK’s leading housebuilders with a best-in-class landbank and a focus on building high-quality homes, being consistently ranked five-star for customer service. Furthermore, Cala is also a people business with a strong corporate culture and a business we know well, and we look forward to working closely with Cala’s impressive management team and our partner, Sixth Street, to further build the business and help tackle the undersupply of homes in the UK.”

¹ For the period 2013-2023.

Notes

About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with £1.1 trillion in total assets under management (as at HY24) of which c40% (circa £0.5 trillion) is international.

We have a highly synergistic business model, which continues to drive strong returns. We are a leading international player in Institutional Retirement, in Retail Savings and Protection, and in both public and private markets through our Asset Management division. Across the Group, we are committed to responsible investing and dedicated to serving the long-term savings and investment needs of customers and society. As at 17 September 2024, Legal & General has a market capitalisation of £13.5bn.

About Sixth Street

Sixth Street is a global investment firm with over \$80 billion in assets under management and committed capital. The firm's dedicated London-based real estate team partners with property managers and institutional investors to acquire, finance, and provide servicing expertise across the global real estate sector. Sixth Street uses its long-term flexible capital, data-enabled capabilities, and One Team culture to develop themes and offer solutions to companies across all stages of growth. Founded in 2009, Sixth Street has more than 650 team members including over 200 investment professionals operating around the world. For more information, follow Sixth Street on social media and visit www.sixthstreet.com.

About Patron Capital

Patron represents approximately €5.2 billion of capital raised across several funds and related co-investments, investing in property, corporate operating entities whose value is primarily supported by property assets and distressed debt and credit related businesses.

Since it was established in 1999, Patron has undertaken more than 200 transactions across 110 investments and programs involving over 9 million square metres in 17 countries, with many of these investments realised.

Investors represent a variety of sovereign wealth funds, prominent universities, major institutions, private foundations, and high net worth individuals located throughout North America, Europe, Asia and the Middle East. The main investment adviser to the Funds is Patron Capital Advisers LLP, which is based in London, and Patron has other offices across Europe including Barcelona and Luxembourg; the group is comprised of 61 people, including a 37-person investment team.

Further information about Patron Capital is available at www.patroncapital.com

About Cala

- Cala Group is a major UK housebuilder focused on building well-designed, high quality homes in prime locations throughout the South of England, the Cotswolds and Scotland.
- Cala started as the City of Aberdeen Land Association in 1875 and was the first Scottish company listed on the London Stock Market.
- Cala Group employs over 1,300 people across 10 offices and has around 75 live developments at any time.
- Cala was awarded the maximum 5 Star rating in the Home Builders Federation's National New Homes Customer Satisfaction Survey 2024, for the seventh year running. The independent survey found that 93% of our customers would recommend Cala to a friend.
- In the year ending 31st December 2023 Cala Group sold 2,917 homes, resulting in a turnover of £1.3bn and profit before tax (before exceptional items and revaluations) of £112m.
- Cala is proud to have Samaritans as its national charity partner. Cala's support will help to ensure that Samaritans can continue to be there for anyone who is struggling to cope. In turn, Samaritans provides training to help equip Cala's staff – as well as employees of its subcontractors – with the skills to take care of their own wellbeing and that of their colleagues.
- Cala has made a commitment to help fight the effects of climate change on the planet by:
 - Building homes that are operationally net zero carbon enabled before 2030.
 - Reaching net zero greenhouse gas emissions in line with the Scottish Government's 2045 target and ahead of UK Government's 2050 target.

Enquiries

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