

13 March 2018

## LEGAL & GENERAL CAPITAL ACQUIRES FULL OWNERSHIP OF CALA HOMES

Legal & General Group announces today that its Legal & General Capital division has acquired the 52.1% of CALA Homes which it did not previously own. Transaction announcement and completion occurs simultaneously.

The business has performed strongly under our joint ownership with Patron Capital Partners, with revenues growing threefold from £241m in 2013 to £748m in 2017, and profits growing at a CAGR of 12% over the last three years.

Legal & General believes that CALA Homes has attractive growth prospects under its continued ownership based on Legal & General Capital's long term approach to investing and the attractive market for housebuilding in the UK.

If CALA Homes had been 100% owned by Legal & General during 2017 on a post transaction basis, the operating profit before tax would have been £91.5m. Legal & General reported operating profit before tax for its 47.88% stake in CALA Homes in 2017 of £42.5m.

The total valuation of 100% of the equity in CALA Homes was £605m. The acquisition cost of the 52.1% share capital Legal & General did not own was £315m plus additional transaction costs and financial adjustments to reflect the contribution of management and Patron during the period of our joint ownership.

**Kerrigan Procter, Chief Executive Officer of Legal & General Capital, said:** "Legal & General is delighted to assume full ownership of CALA Homes, a growing business which we know and understand well. It has a strong management team with proven experience of managing a housebuilding business across business cycles, and has delivered great returns for shareholders since its acquisition in 2013, having tripled in revenue during this time. I am excited to be working with the team as CALA Homes continues to develop and grow under our continued ownership.

"Legal & General has valued the contributions of Patron over the past years and is pleased to have successfully grown the business together."

**Alan Brown, Chief Executive of CALA Homes, commented:** "Today's investment by Legal & General marks the start of another exciting new chapter for CALA Homes and is a fantastic endorsement of our growth potential from one of the UK's most highly-respected, blue-chip investors who shares our long-term vision.

"Over the past five years we have become one of the UK's fastest growing housebuilders and this is testament to the strength and ambition of our team, the quality of our homes and our approach to customer service. We



have also benefitted from the ongoing backing of our shareholders and I would like to take this opportunity to thank Patron for their support alongside Legal & General.”

**Keith Breslauer, Managing Director of Patron Capital, said:** “With the combined resources of Patron and Legal & General, we have worked successfully with the management team to support the growth of the business and consolidate CALA Homes’ position in the market. Over the last five years, CALA Homes has expanded significantly, growing twofold the annual volume of homes sold and fourfold the operating profits, delivering on the business plan set out at the time of Patron and Legal & General’s acquisition.

“Patron wishes to thank the CALA management for delivering on the plan and Legal & General for its support of the investment; we are confident that the business will continue to grow and thrive under Legal & General’s ownership. Patron remains committed to the UK residential sector with our extensive investment activities in this area.”

**-Ends-**

**For further information, please contact:**

**Olivia Bayliss**

Head of Communications, Legal & General Capital

Tel: 07718 395279

Email: [Olivia.Bayliss@lgim.com](mailto:Olivia.Bayliss@lgim.com)

<http://www.legalandgeneralcapital.com/>

**Notes to Editors:**

- The implied Operating Profit Before Tax of £91.5m for 2017 is also adjusted for transaction and reporting effects from taking Legal & General’s ownership up to 100%
- In its financial year to 30 June 2013, CALA Homes achieved sale completions on 850 homes; in the year to 30 June 2017, it achieved 1,677 sale completions, an increase of 2.0x.
- CALA Homes delivered operating profit of £21.7m in the year to 30 June 2013. The equivalent figure for the year to 30 June 2017 was £92.8m, an increase of 4.3x.

**CALA Homes:**

CALA Homes is a leading UK provider of high quality family housing. It delivered 1,677 total completions in 2017. Of these completions, 1,322 private homes were sold with an average selling price of £497k. Over 60% of profits came from its English regions (the remainder from within Scotland), with 21% of units (355 units) delivered being affordable homes.

## Legal & General Capital

Legal & General Capital (LGC) is the principal investment arm of Legal & General Group. Investing from Legal & General's £7.3bn shareholder balance sheet, LGC's purpose is to generate long-term shareholder value by injecting new capital into key sectors where there has been a shortage of investment and innovation. Focused on Housing, Urban Regeneration, Clean Energy and SME Finance, these sectors reflect our aim to invest for the long term in economically and socially useful assets, to secure competitive returns and to create new asset classes for Legal & General's varied investment requirements, for our partners and for the wider marketplace.

Investments to date within Housing include: bringing homes back to the centre of the UK's cities through large scale regeneration, such as in Salford, Plymouth, Liverpool, Bracknell, Newcastle and Canning Town; a Build to Rent platform managed by Legal & General Investment Management ("LGIM"), which has secured around 2,000 homes under construction or in planning in Bristol, Edinburgh, Salford, Bath, Brighton, Leeds and Walthamstow; providing later living accommodation through Inspired Villages Group, an operator and developer of later living accommodation which Legal & General established in August last year, which has a portfolio of over 1,100 homes over seven sites; Legal & General Modular Homes which is revolutionising the construction industry by producing the first precision-engineered homes ever created using an automated assembly line; and Legal & General Homes which is a specialist in the careful masterplanning of larger sites and bringing forward a housing pipeline of over 3,000 new homes.

## Legal & General Group

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with a number of growing businesses in the US. Over fifteen million people worldwide rely on us to help them save for the future and to protect their families and their homes.

We operate in three principal areas:

- Investing & Annuities, where we manage £58bn of retirement annuities for policyholders and invest for their long term return within Legal & General Retirement, as well as investing our own balance sheet within Legal & General Capital;
- Investment Management, where we have £983bn in total assets under management from clients in the UK, US, Asia and EMEA and a leading UK workplace savings and retail investments business within LGIM; and
- Insurance, where we provide protection against life events for customers, with £2.9bn of gross written premiums principally in life insurance in the UK and US within Legal & General insurance and household insurance in the UK within our General insurance division.

## About Patron Capital Partners

Patron represents approximately €3.4 billion of capital 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 invested in over 74 investments and programs involving over 65 million square feet (6 million square metres) in 16 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, Milan and Luxembourg; the group is comprised of 76 people, including a 43-person investment team.

Further information about Patron Capital is available at [www.patroncapital.com](http://www.patroncapital.com).