

24st March 2014

CALA Group Limited

CALA acquires leading independent luxury house builder Banner Homes

CALA Group Limited (“CALA” or “the Group”), the UK’s major upmarket home builder, today announces that it has acquired Banner Homes, one of the UK’s leading independent luxury house builders.

As a developer of high specification, luxury homes, operating across central and southern England, Banner represents a perfect strategic fit for CALA which focuses on upmarket, family homes within affluent locations in the south of England, the Midlands and Scotland.

Founded in 1975 in Beaconsfield, Banner Homes currently operates from 21 sites across three regional operational centres in the northern Home Counties, the southern Home Counties and the Midlands.

Banner sold 235 homes during the twelve months to May 2013 at a private average selling price of £511,000, resulting in revenues of £111m and operating profit of £16.4m at a gross margin of 24%. Banner’s land bank has almost 1,100 units, with an embedded gross margin consistent with CALA’s own margin target, providing the business with a very strong platform for future organic growth. CALA’s own land bank consists of 10,770 plots with a Gross Development Value of £3.6bn, including 6,200 consented and 2,700 allocated plots.

In a trading update issued in February 2014, CALA announced plans to double the size of its business organically by 2017. The acquisition of Banner Homes will now enable the company to significantly accelerate those growth plans.

The combined CALA and Banner business will directly employ over 600 people and have a turnover of more than £500m in its first full year with net assets of £200m. With the ongoing financial support of investors Patron Capital and Legal & General, the company will continue to focus on securing and bringing forward new land for development.

Longer term, the company will have the potential to deliver around 2,000 homes per annum by the 2017 financial year at a private average selling price in the region of £400,000 with turnover in excess of £800m.

The deal was facilitated with additional equity from Patron Capital, Legal & General and Electra and an increased debt facility through new banking arrangements led by Bank of Scotland with Santander. Additional investment from Banner senior directors is also included, bringing the total management investment in CALA to £14m.

Commenting on the transaction, Alan Brown, group chief executive of CALA, said: “We are delighted to have acquired such a high quality business which fits perfectly with CALA’s own market position and expansion plans. Banner has a deserved reputation as one of the finest luxury house builders in the UK and combining the two businesses will put us in the top 10 of UK home builders with significant growth potential.

“Both businesses build high quality homes, place a strong emphasis on customer service and have very similar cultures and I am tremendously excited about bringing together the best of both CALA and Banner in order to drive the enlarged group forward.

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“Both CALA and Banner are trading strongly and, with a positive market backdrop, the ongoing support of our shareholders and a strong management team, the combined business is well placed to meet our long term growth plans.”

Mark Prentice, Lead Director for Bank of Scotland, said: “We are proud to continue our support of CALA Group, by leading this syndicated facility to enable its expansion into new markets.

“As market conditions improve, Bank of Scotland remains committed to supporting growth in the sector and helping Britain prosper once again.”

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For further information or to arrange to speak with Alan Brown, Chief Executive of CALA Group Limited, please contact:

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