

# CALA announces New Investment Partners, Patron and Legal & General to Acquire the Group



CALA Group Limited (“CALA” or “The Group”), the UK’s premium major home builder, has announced that it has reached an agreement with Patron Capital Partners (“Patron”), the private equity group, and Legal & General Group plc (“Legal & General”), the insurance, savings and investment management company, under which they will acquire the Group.

CALA Group is a national house builder with its headquarters in Edinburgh. It provides high quality homes in the North, East and West of Scotland, in the Midlands and in the South East of England, with a focus on high quality, well designed homes in prime locations, from starter homes to luxury detached family properties. CALA is an acronym for City of Aberdeen Land Association (and therefore uses upper case letters).

Under the terms of the agreement, Legal & General and Patron will each take a 46.5% equity stake in CALA alongside CALA’s existing senior management team who will take a 7% share. The transaction comprises £140m of equity, and £70m of debt, valuing CALA at £210m. Patron will lead the investment and both Legal & General and Patron will have a representative on CALA’s Board going forward. Lloyds Banking Group will continue its support of the business with a new £100m five year banking facility.

CALA’s premium market positioning and presence in more affluent areas of the UK such as the Home Counties, The Cotswolds and around Glasgow, Edinburgh and Aberdeen enabled the Group to return to profitability in 2011 for the first time since 2007, one year ahead of management’s plans. In 2012, the Group announced a six fold increase in profitability to £11.4m on a pre-tax basis for the 12 months to 30 June 2012 alongside a 35% rise in completions to 875 homes and a 16.4% house sales gross margin, up from 14.8% the previous year.

At the half year ended 31 December 2012, home completions were up 13% on the equivalent period last year, while pre-tax profits were £9.6m and

the house sales gross margin was 19.7%, up 5.9% on the previous year.



Established in 1999, Patron Capital Partners has evolved into one of the leading opportunistic real estate managers in Europe. Main advisory offices located in the UK and Luxembourg and operations in Germany, Italy, Spain and Poland Patron represents approx €2.4 billion of capital across several funds and related co-investments, from prominent universities, major institutions, private foundations, and high net worth individuals located throughout North America, Europe and the Middle East. Its strategy is to back local partners and management teams in growing their respective business, investing in property, corporate operating entities whose value is primarily supported by property assets and distressed debt and credit related businesses. Through its large network of partners and advisors, Patron is unparalleled as an originator or financial and operating investor and partner.

BWB Consulting provided Environmental due diligence to Patron Capital and Legal & General along with DLA Piper providing legal advice. Financial advisors included KPMG, Macfarlanes, PwC and Rothschild.

Alan Brown, Chief Executive of CALA said: “Today’s investment represents a significant step forward for CALA and we are now poised for the next phase of our growth. By selecting Patron, one of the leading European real estate private equity houses, and Legal & General, to support the Group in the next stage of our development, we have secured the backing of two highly respected

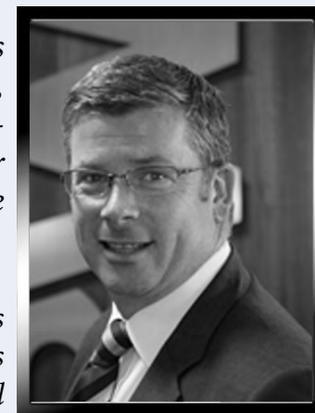
investors who both share our vision for the business. I am also delighted that CALA’s excellent relationship with Lloyds Banking Group will be continuing and look forward to their ongoing support as we deliver the next phase of CALA’s growth strategy.”

Commenting on the investment, Keith Breslauer, Managing Director of Patron said: “This significant transaction for Patron highlights our confidence in CALA, its growth potential and the Group’s competitive position in the UK house building sector, which is one of the key areas of focus for the economy due to its ability to create jobs and fuel economic growth.”

Mark Prentice, Area Director East of Scotland for Lloyds Commercial Mid Markets, said: “Lloyds Banking Group has a long standing relationship with CALA and this new growth strategy will significantly strengthen CALA’s balance sheet and put the business in a strong position to benefit from the more stable housing market.”

## Key Parties On The Transaction

*Environmental Consultants to Patron/Legal & General, BWB Consulting, Tim Lovridge, Executive Director and Head of Due Diligence Services commented:*



*“BWB was delighted to act as Environmental Consultants to Patron Capital and Legal & General and to support the team with focussed and straight-forward environmental risk advice that enabled the transaction to complete to tight timescales. BWB is an emerging provider in the Property and M&A Due Diligence market focussed on providing detailed environmental advice in a plain and simple way to enable our clients to understand the risks associated with their deals.”*

*The BWB team can be contacted on +44 (0) 115 924 1100 or by email at [duediligence@bwbconsulting.com](mailto:duediligence@bwbconsulting.com)*