THE UK'S MOST UPMARKET MAJOR HOMEBUILDER

RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

MONDAY 3 OCTOBER 2016

CALA GROUP

AGENDA

- Business and Market Overview — Alan Brown
- Financial Review — Graham Reid
- Summary and Outlook — Alan Brown
- Q&A

TRUELOVES GRANGE, INGATESTONE, ESSEX

2016 HIGHLIGHTS – ANOTHER RECORD YEAR

1,151
HOME SALES
(2015: 993)

£587.1M
REVENUE
(2015: 511.6M)

£60.1M
PROFIT BEFORE TAX*
(2015: £50.9M)

18.6%
ROCE
(2015: 18.4%)

14.3%
OPERATING MARGIN
(2015: 14.3%)

£5.5 BILLION
CONTRACTED LANDBANK
(2015: £5.2 billion)
Gross Development Value ("GDV")

7 YEARS
5 STAR HBF Customer Service Rating
(7th year running)

*before exceptional items and revaluations

OUR STRATEGY REMAINS ON TRACK

Scaling up 5 divisions in England and 3 divisions in Scotland

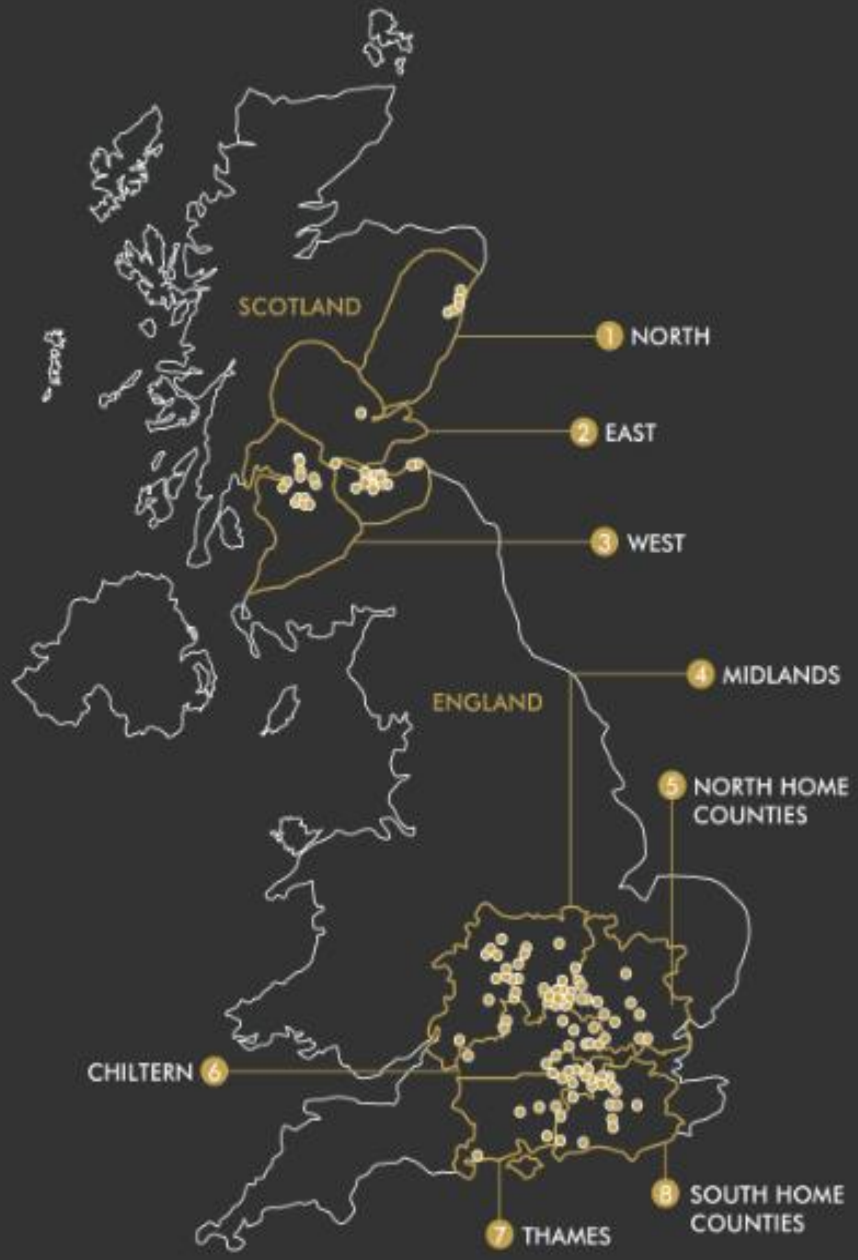
Increasing presence in affluent markets of South East of England

Maintaining high standards of customer service and health and safety

Continued focus on "premium, not luxury" market

OUR BUSINESS TODAY

- Supportive shareholders continue to provide the firepower to grow our business
- Continuing to scale up our 8 regional divisions
- 810 employees, up 13%
- Now operating from 80 sites throughout the country in the most affluent areas of the UK
- 5 star customer service rating from HBF for 7th year running
- Continued transition away from smaller sites towards focusing on larger developments



MARKET OVERVIEW

- Well documented London slowdown and subsequent ripple effect outwards
- Stamp duty reforms have impacted higher end of the market
- Aberdeen market remains challenging following oil price volatility

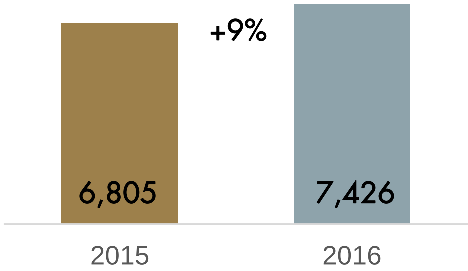
- Wider UK market remains characterised by robust demand and chronic undersupply
- Housing demand continues to be underpinned by supportive Government policy
- Good access to low cost mortgage finance
- Growing employment levels
- Land market remains attractive

A largely positive market backdrop with some pockets of softness

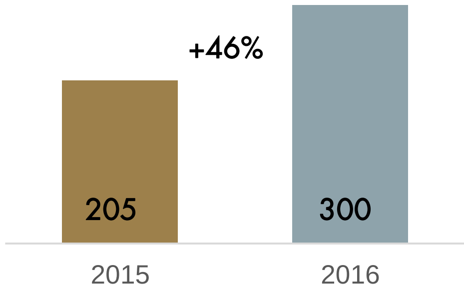
NO IMPACT FROM EU REFERENDUM

Figures: 25th June 2016 – 23rd Sept 2016 vs. *25th June 2015 – 23rd Sept 2015*

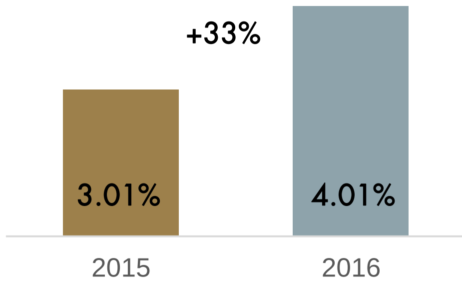
Total enquiries



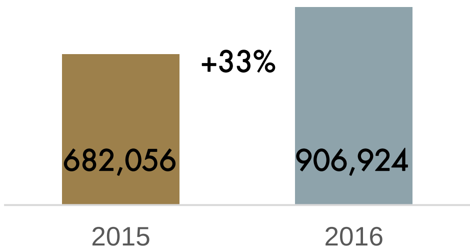
Net private reservations



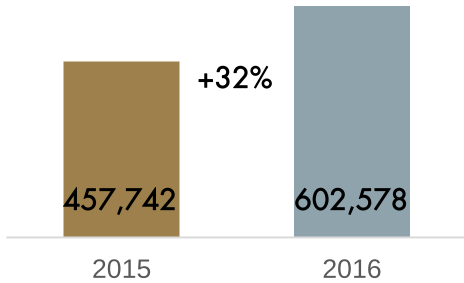
Enquiry-reservation conversion rate



Website sessions



Website users

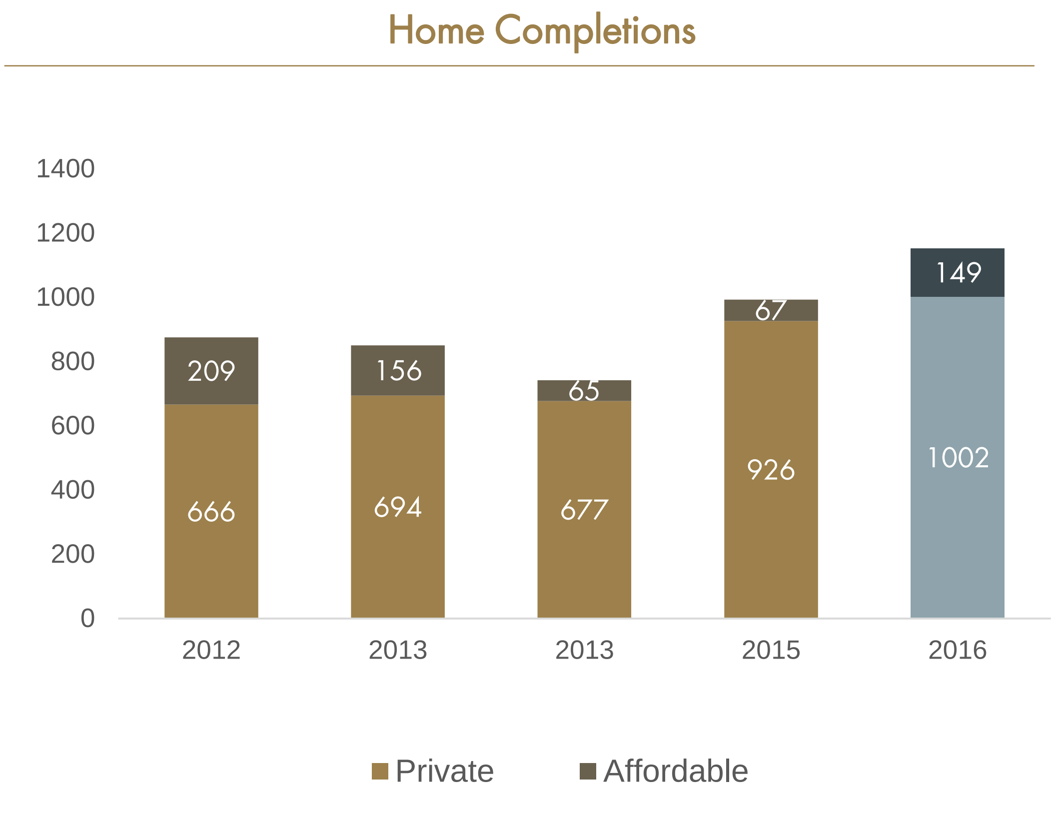


Strong trading momentum

GRAHAM REID, GROUP FINANCE DIRECTOR
FINANCIAL REVIEW

THORNTONHALL, SOUTH LANKARKSHIRE

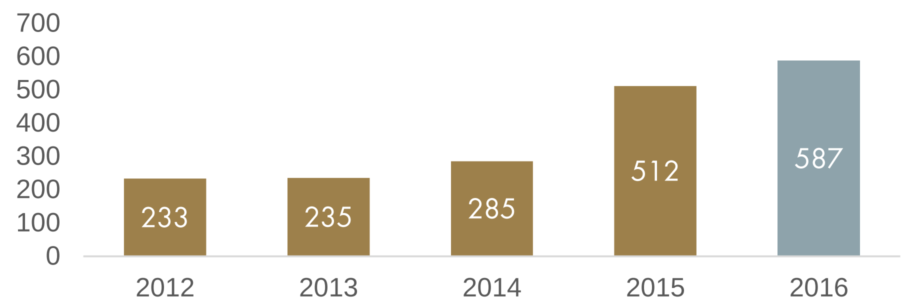
STRONG RISE IN PRIVATE HOME COMPLETIONS



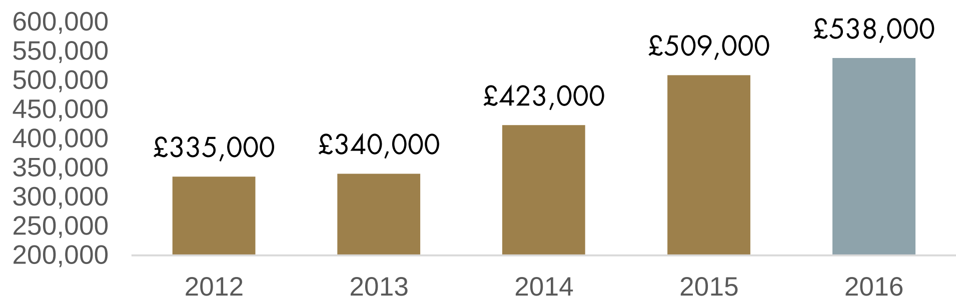
- 15% rise in home completions to 1,151 despite total number of sites contributing remaining broadly flat (2016: 80 versus 2015: 82)
- Continued transition away from smaller sites with ASP > £1.25m towards larger developments in line with growth strategy
- Affordable housing activity considerably higher than home completions indicate
- Help To Buy accounted for only 12% of private completions (2015: 9%)
- 53% of home completions located in England (2015: 47%)

RECORD REVENUE DRIVEN BY VOLUME AND ASP

Revenue (£m)



Private ASP



Revenue Analysis	2015 £m	2016 £m	+/- %
Private housing	469.7	538.3	+15
Affordable housing	17.9	42.9	+139
Land sales	24.0	5.9	-75
Total	511.6	587.1	+15

- Record revenues driven by strong increase in home completions and an increase in the Group's private ASP
- ASP increase due to change in product mix – highest of top 10 outside of London
- Land sales usually for land bank management, rather than a profit driver

OUTSTANDING SALES PERFORMANCE

Private reservations	2015	2016	+/- %
Net private reservations	768	1,113	+45
Active selling sites	37	46	+24
Sales per site per week	0.40	0.48	+20
Revenue per site per week	£216k	£254k	+18

Forward sales at 1 July	2015	2016	+/- %
Homes	206	303	+47
Value	£106.5m	£160.0m	+50
% carry forward	22%	30%	+8

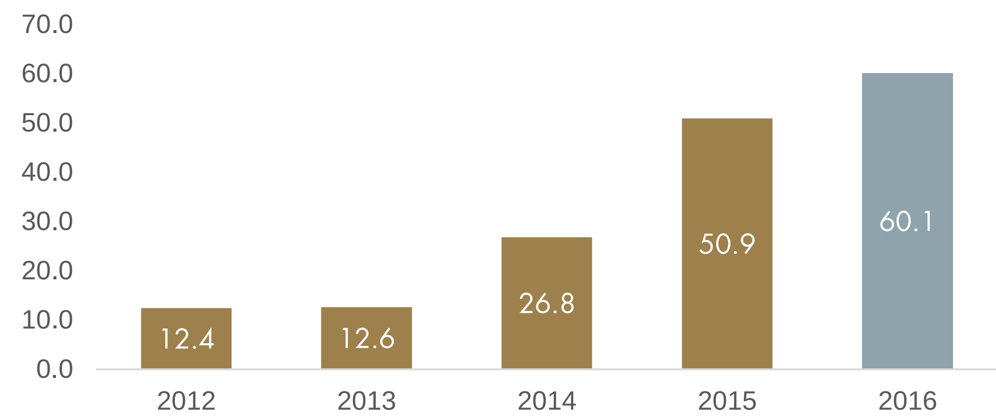
- Outstanding sales performance with net private reservations up 45%, driven by a greater number of sales outlets
- 0.48 sales per site per week, up 20% (2015: 0.40) doesn't tell the whole story.
- Revenue per site per week is industry leading
- Forward sales higher at 1 July 2016, private housing revenue forward sold up 50% compared with 1 July 2015

RECORD PROFITS FOR THE FOURTH SUCCESSIVE YEAR

	2015 £m	2016 £m	+/- %
Revenue	511.6	587.1	+15
Gross profit	113.4	123.8	+9
Net operating expenses	(40.4)	(40.1)	-1
Operating profit	73.0	83.7	+15
Finance costs	(22.1)	(23.5)	+6
Share of JV profit	-	(0.1)	+100
Profit before tax	50.9	60.1	+18

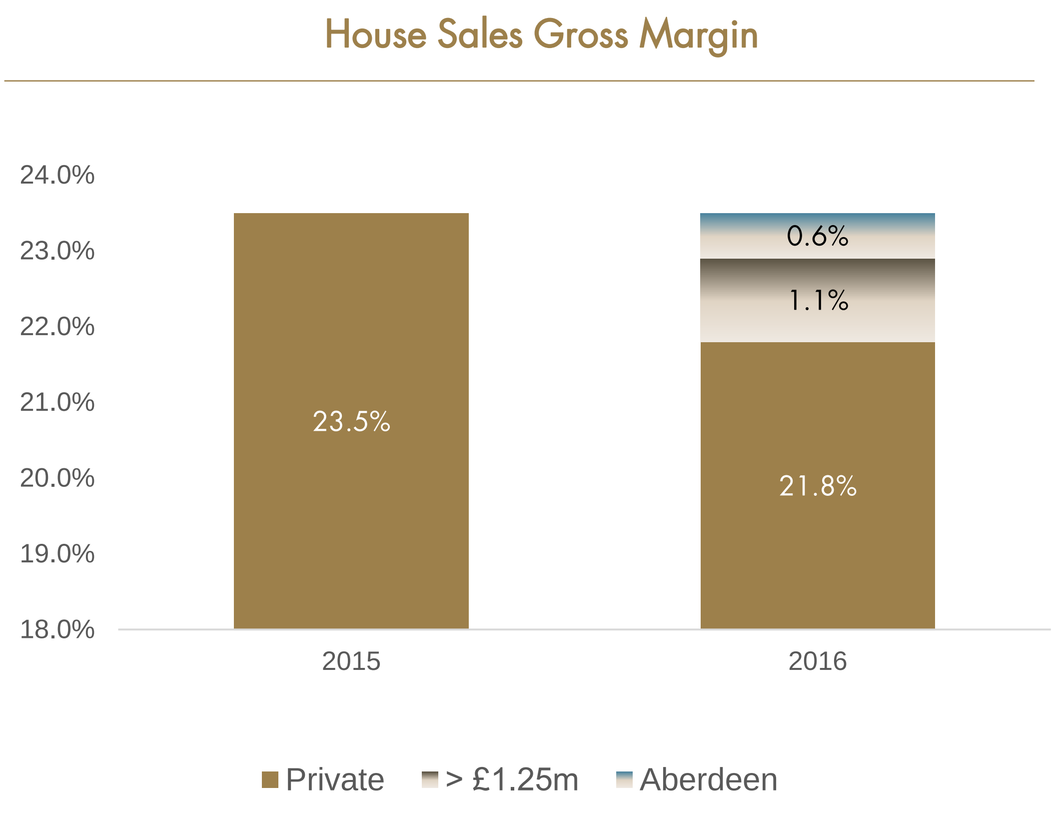
Before exceptional items and revaluation of financial instruments

Profit before tax (£m)



- Record operating profit of £83.7m, 15% higher than 2015
- Net operating expenses reflect natural scale of the business – future increases likely to be modest but performance pay could result in fluctuations
- Increase in finance costs reflects greater interest on shareholder loan notes and higher debt drawn during the year to fund growth
- No contribution from JVs. Only Donaldsons College, Edinburgh remaining which will deliver profit from 2019

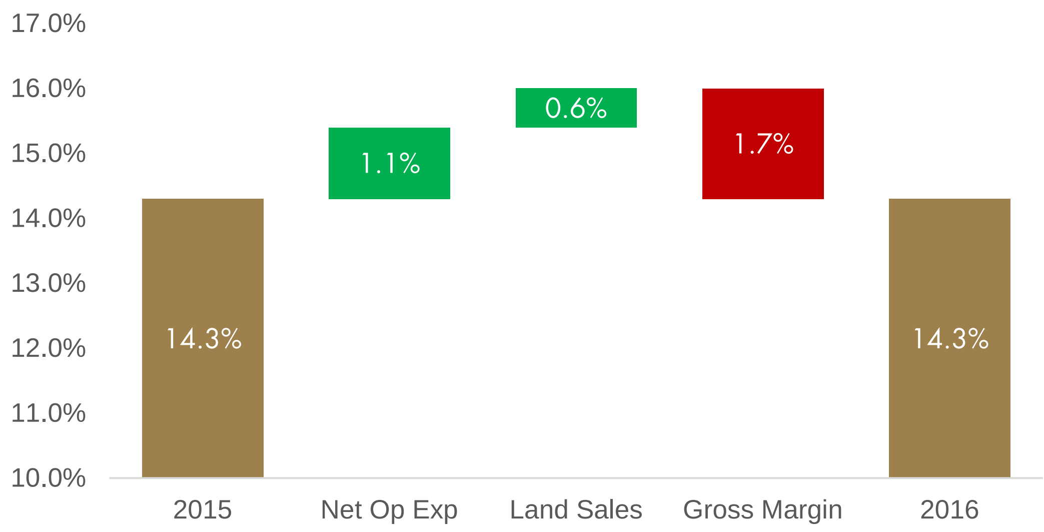
HOUSE SALES GROSS MARGIN



- Housing gross margin reduced to 21.8% (2015: 23.5%). Key market factors during FY16:
  - Market conditions and price falls in Aberdeen – 0.6% negative impact
  - Slowdown in demand and price falls for homes priced above £1.25 million due to changes to SDLT – 1.1% negative impact
- Higher proportion of affordable housing revenue also contributed to house sales gross margin dilution – 0.2% negative impact

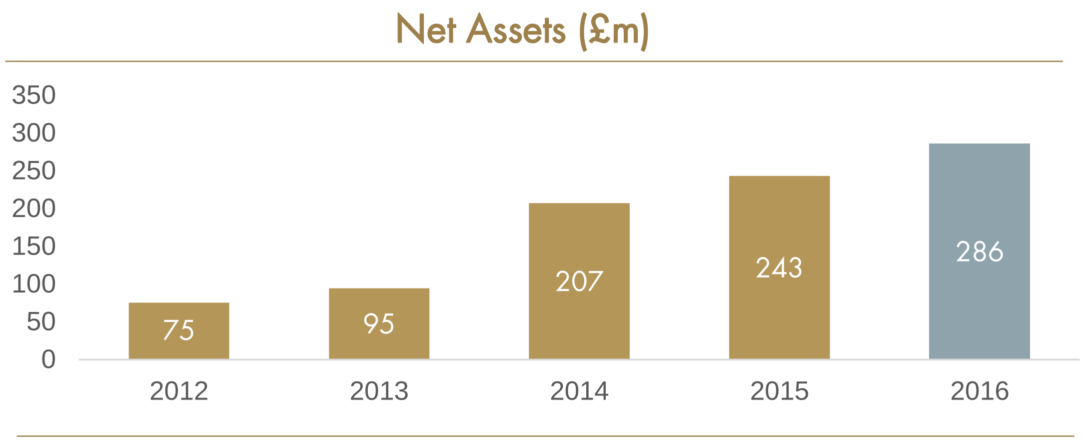
OPERATING MARGIN

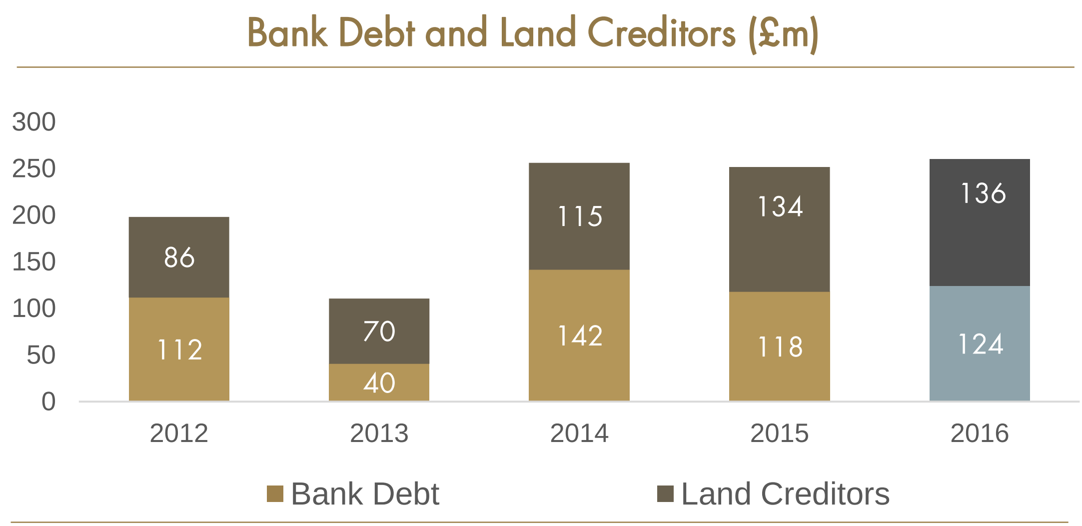
Operating Margin Bridge



- Operating margin maintained at record level of 14.3%
- Good progress made with reducing the ratio of net operating expenses to revenue, which fell from 7.9% last year to 6.8% in 2016
- Continued progress in 2016 towards reaching operational efficiency despite adverse headwinds in certain markets

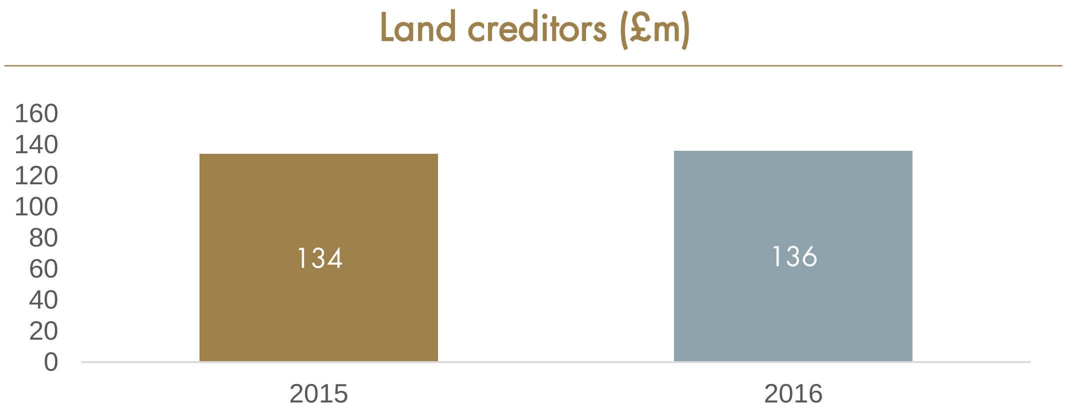
ANOTHER YEAR OF RECORD NET ASSETS AND LOWER GEARING

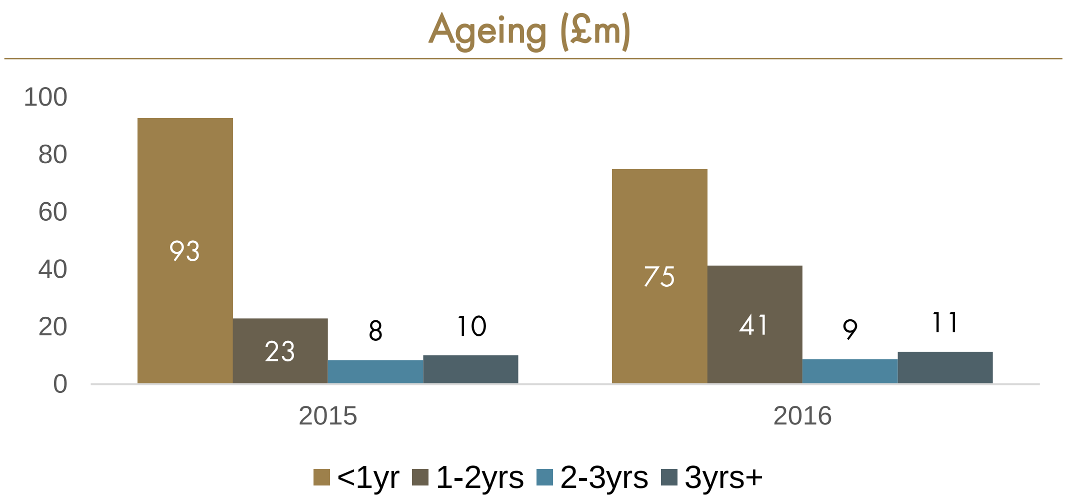




- 18% increase in net assets to a record £286.1m
- £273m committed banking facilities, step down to £200m and expire March 2019
- Slight increase in bank debt driven by interest payments and the investment required to deliver CALA's expansion plans marginally exceeding income generated in the year
- Gearing reduced to 29.7% from 32.4% last year despite a small increase in net bank debt
- Gearing is 62.4% if land creditors are included (2015: 69.3%)

BALANCE SHEET - LAND CREDITORS





- Land creditors a strong feature of the current land market and broadly maintained at last year's level
- £54m (40%) of land creditors relates to commitments on sites not yet acquired or in development (2015: £46m)
- Ageing analysis shows land creditor payment profile extended, reflecting larger sites being acquired
- Land expenditure including settlement of land creditors in 2016 was £196m (2015: £227m)

BALANCE SHEET - STOCK ANALYSIS

	2015 £m	2016 £m	+/- %
Land	438.9	485.0	+11
Less : Land creditors	(134.0)	(136.2)	+2
Net land	304.9	348.8	+14
Work in progress	149.5	181.4	+21
Part exchange	16.6	41.6	+151
Net stock	471.0	571.8	+21

- Significant investment in land, particularly larger sites, to support growth strategy
- Higher WIP also due to increased scale
- Large rise in part exchange stock:
  - Partly due to increased scale of the business
  - At 30 June 2016, 51% of part exchange stock was reserved for onward sale - at 23 September this had increased to 88%

IMPROVING ROCE DESPITE INVESTMENT PHASE

	2015 £m	2016 £m	+/- %
Fixed assets	3.2	2.8	-13
Debtors	37.3	29.4	-21
Net stock	471.0	571.8	+21
Creditors	(97.3)	(118.3)	+22
Capital employed	414.2	485.7	+17

Excludes intangible assets and deferred tax asset

ROCE	18.4%	18.6%	+0.2

- ROCE up from 18.4% in 2015 to 18.6% in 2016
- Small improvement but held back by the combination of a higher carrying investment in new sites delivering in future years and higher part exchange stock at 30 June 2016
- Housing gross margin reduction also acted as a brake on ROCE performance

LAND ACTIVITY

New land contracted in last 12 months

2015

GDV - £953m

Sites - 56
Plots – 2,434

2016

GDV - £1,000m

Sites - 30
Plots – 2,683

- Availability of land progressively improved during the period
- Land activity in line with growth strategy to transition towards larger developments as the Group continues to scale up the size of the business
- Average number of homes per site on new land contracted more than doubled to 89 (2015: 43)
- More sites acquired unconditionally with outline planning permission to provide greater certainty on delivery timing
- Maintained disciplined approach to land purchasing – exceeded gross margin hurdle of 24% set from 1 July 2015

LAND ACTIVITY

- Continue to focus on securing land in premium locations where demographics are suited to our homes
- Over 55% of land acquired during the period located in principal growth area of south east England
- Acquired land with planning permission or secured a first-time planning permission on 34 sites for 3,078 homes with an estimated GDV of £1 billion (2015: 2,853 homes with a GDV of £1.1 billion)
- Land consented has average selling price of £336,000 including affordable housing

SCOTLAND*

SOUTHERN ENGLAND*

* Some sites on long term options or still awaiting planning permission

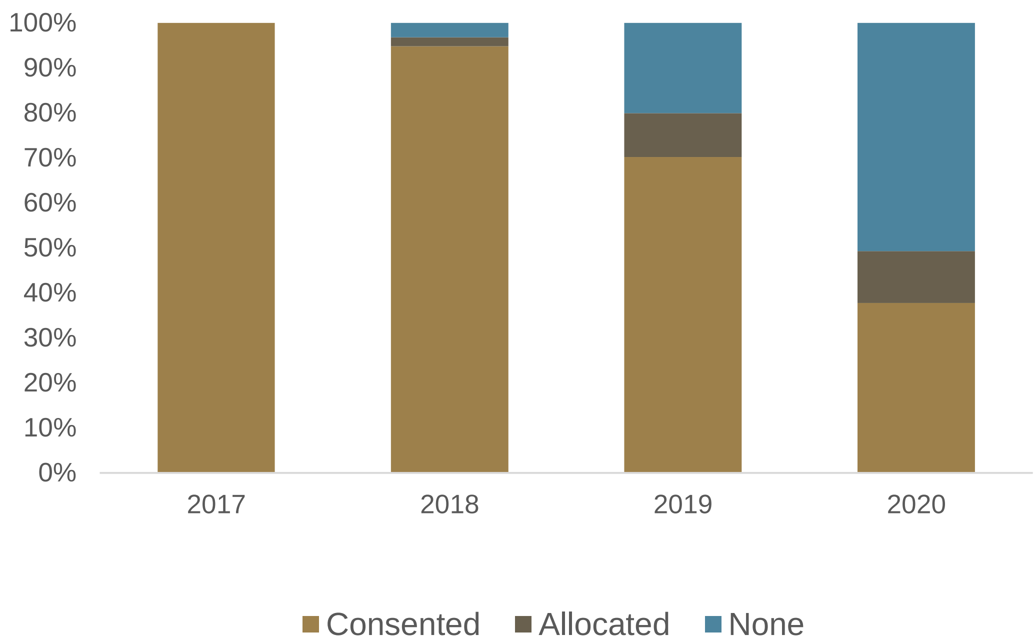
STRONG LAND BANK

- Owned / contracted landbank, at 30 June 2016 comprised 15,399 plots with a potential GDV of £5.5 billion and an ASP of £356,000 (private and affordable) = 9.4 years output based on 2016 revenue
- 72% of GDV in the owned / contracted landbank has a planning consent
- Contracted landbank payment status:
    - 30% paid (2.8 years)
    - 12% land creditor (1.1 years)
    - 58% uncommitted (5.5 years)

Owned / Contracted landbank	Plots	GDV £m	ASP £000s	Land %	Years
Consented	10,889	3,979	365	22.1	6.8
Allocated	2,086	677	325	14.6	1.2
Other	2,424	833	343	22.2	1.4
Total at 30 June 2016	15,399	5,489	356	21.2	9.4
Total at 30 June 2015	14,236	5,203	365	19.8	10.2

STRATEGIC GROWTH PLAN DELIVERY

Planning Status of Gross Profit



- At 30 June 2016, 88% of the projected gross profit to be delivered through our business plan in the next 4 years is already owned, contracted or deal terms are agreed and in solicitors' hands
- 76% has a planning consent or has been identified for residential development in local plans
- Not all sites in the contracted landbank are in the 4-year business plan
- Strategic sites not included

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STRATEGIC LAND

- The strategic landbank at 30 June 2016 comprised 11,223 plots with a potential GDV of £3.3 billion and an ASP of £296,000 (private and affordable)
- During the year 5 new strategic sites were contracted comprising 342 plots
- 63% of home completions in 2016 were either pulled through from the strategic landbank or converted from conditional contracts on a 'subject-to-planning' basis - down from 72% a year ago due to reduction in the timing risk associated with CALA's future development pipeline
- During the year 150 plots from the strategic landbank secured a planning status for the first time
- 42% of homes consented during the year were on sites previously in the strategic landbank

Strategic landbank	Plots	GDV £m	ASP £000s	Land %
Total at 30 June 2016	11,223	3,327	296	17.0
Total at 30 June 2015	11,227	3,364	300	15.7

SUMMARY AND OUTLOOK

FOXHILLS, BARNT GREEN, WORCESTERSHIRE

GROWTH PLANS

Scaling up 5 divisions in England and 3 divisions in Scotland

Infrastructure in place to deliver capacity of 2,000 – 2,500 homes

Increasing presence in affluent markets of South East England

AND TARGETS

Revenue of c£1 billion by 2020

Operating efficiency optimised from 2018

ACHIEVING ANNUAL REVENUE OF £1 BILLION BY 2020

- Structure of 8 regional businesses provides a natural scale of 2,000 – 2,500 homes annually
- Expected to deliver revenue of c £1 billion per annum by 2020
- 88% of land required to hit volume targets already under CALA's control and 76% has a planning status
- South and South East is a strong growth driver for the group

PARKLANDS, READING, BERKSHIRE

PASTURES WOOD, CRAWLEY DOWN, WEST SUSSEX

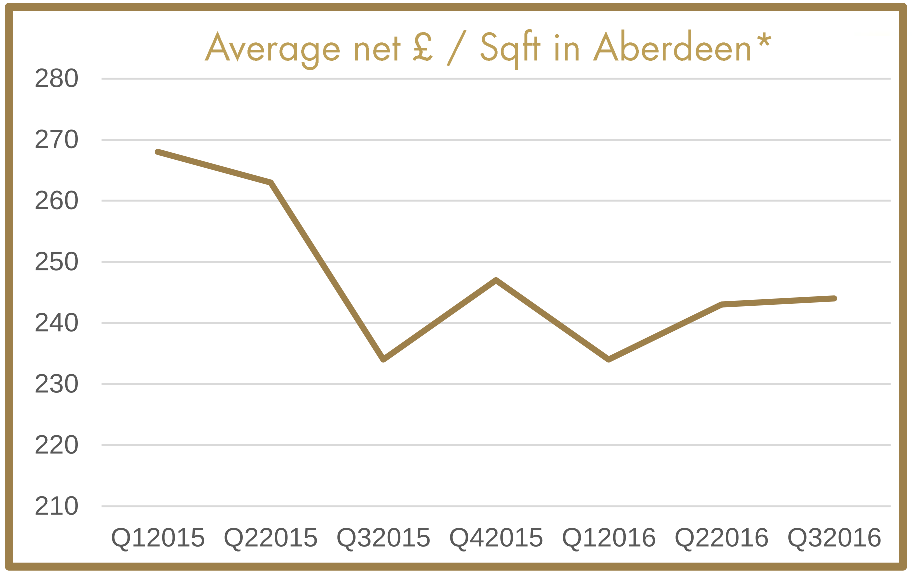
ABERDEEN

Market

- Challenging market conditions in Aberdeen on the back of falling employment in the region due to enduring oil price weakness
- Price falls in Aberdeen over the last 18 months of c15%
- Market stabilisation in the last 4 - 6 months
- Land values have fallen significantly

CALA

- FY16 volume targets in the region met due to strong sales performance
- CALA profitable in the region in FY16
- Aberdeen is CALA's smallest operational region and set up to meet inherent cyclicality of the regional market
- Almost 100% strategic land with OMV deals



* = Two CALA sites in Aberdeen open throughout 2015/16

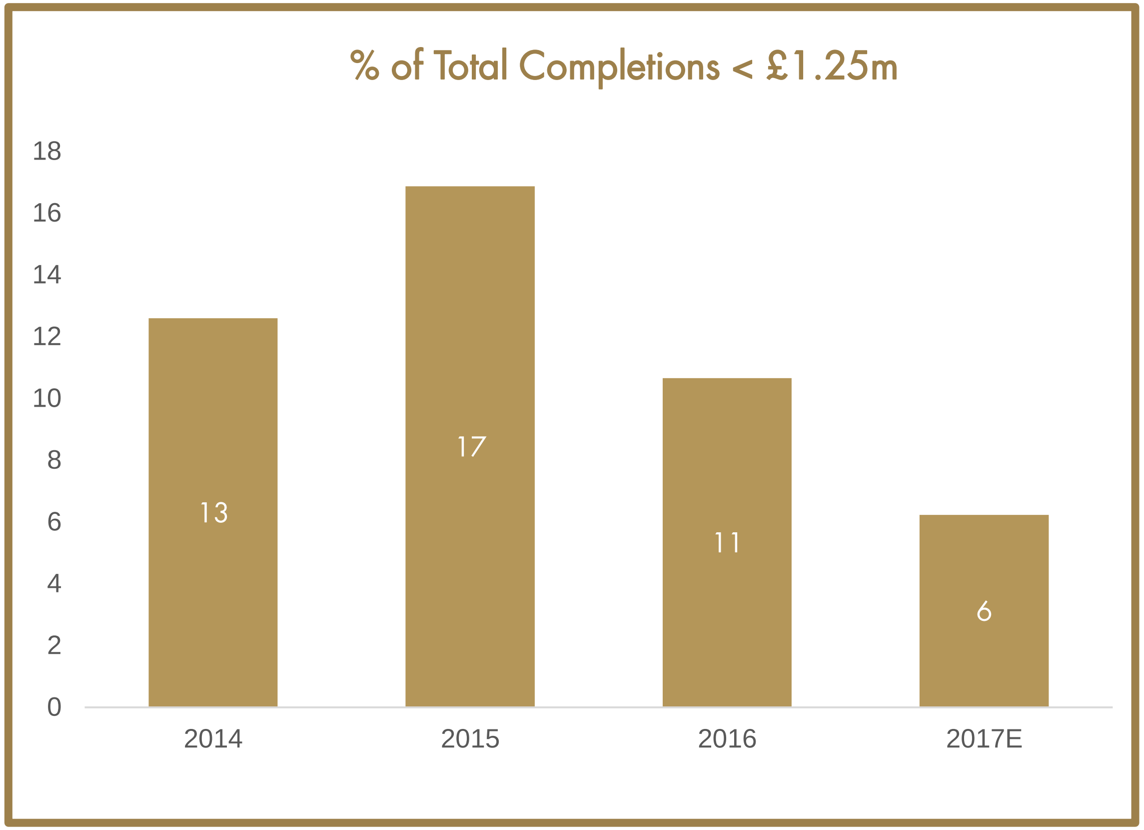
HOMES VALUED AT £1.25M+

Market

- Recent changes to Stamp Duty Land Tax in England have impacted demand for houses priced over £1.25m

CALA

- Growth strategy launched in 2013 to increase site size and develop sites where selling prices <£2.0m
- Transition out of smaller sites with higher value homes within £1.25m+ price bracket began in 2014 following Banner acquisition
- CALA ASP set to reduce from record level in 2016 as transition away from £1.25m market continues (see graph)



PROGRESS TOWARDS OPERATIONAL EFFICIENCY

- Reduction in overheads v turnover ratio from 7.9% to 6.8% over the year – target ratio of under 6%
- Ongoing business improvements
    - Introduction of a new house type range 'Light & Space'
    - Standard specification established
    - Extension of Group procurement activity will achieve considerable cost savings over time
    - CALA's design ethos - Design Code established in the year
- Further operating margin improvements to come from better absorption of overheads through increased scale - little requirement for more overhead to support growth


SHEPHERD'S FOLD, MICKLETON, GLOUCESTERSHIRE


BRUNSWICK ROAD, EDINBURGH


WILLOW CLOSE, WELWYN, HERTFORDSHIRE

CURRENT TRADING

- Solid trading during the first 13 weeks following the EU referendum despite uncertainty
- Sales per site per week of 0.50 between 25 June and 23 September – ahead of the same period last year. Net private reservations 46% higher than the same period last year
- Sales prices stable and cancellation rates reduced during the same period
- Almost 50% sold for FY17
- Continue to closely monitor market conditions following EU referendum result

FIVE KEY TAKE AWAYS

Record year across key financial metrics, despite challenges in specific markets

Focus on delivering strategic plan to reach operational efficiency from 2018

Infrastructure, product and people in place to deliver c£1bn revenues by 2020

Significant investment in landbank, particularly in Southern England, will drive future growth

Business improvement projects to keep driving higher margins

Q&A


BROOKWOOD FARM, WOKING, SURREY