

Legal & General to pick new home for £1.2bn housebuilder Cala this week

Legal & General, the FTSE-100 insurance and asset management giant, will this week pick a new home for Cala Group, its housebuilding subsidiary.

Sky News has learnt that Sixth Street, the US-based investor, has emerged as the frontrunner to buy Cala, which ranks among Britain's ten biggest housebuilders.

Sixth Street has teamed up with Patron Capital Partners – Cala's former owner – and is expected to own the larger share of the company if their offer is successful.

An industry source said this weekend that a takeover of Cala was likely to value it at between £1.2bn and £1.3bn – a higher price than previous estimates.

They cautioned, however, that L&G and its advisers at Rothschild remained in discussion with Persimmon, the FTSE-100 housebuilder, and were still hopeful of eliciting a higher offer from it.

An announcement from L&G is likely during the course of this week.

Antonio Simoes, the former Santander and HSBC executive who recently took over at L&G, has confirmed that Cala had been earmarked for sale.

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He outlined the move alongside a number of measures aimed at simplifying the company.

The conclusion of the Cala auction comes amid a flurry of corporate activity in the housebuilding sector.

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Bellway recently abandoned a bid for Crest Nicholson, while Barratt Developments is completing a £2.5bn deal to acquire rival Redrow.

L&G and Rothschild declined to comment, while Sixth Street has been contacted for comment.