

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

1 February 2019

Springfield Properties plc
("Springfield" or the "Group")

Acquisition of Walker Group for a net consideration of up to £31.0 million
Notification of Results

Springfield Properties (AIM: SPR), a leading housebuilder in Scotland offering private and affordable housing, is pleased to announce that it has completed the acquisition of the entire issued share capital of Walker Holdings (Scotland) Limited (trading as Walker Group) ("Walker"), a Livingston-based housebuilder focused on private housing in Edinburgh's commuter belt, for a net consideration of up to £31.0 million ("Acquisition"). The net consideration of the Acquisition is to be funded from Springfield's existing cash balances and borrowing facilities with Bank of Scotland.

Acquisition highlights

- Expands land bank and sales presence to the popular, high-growth commuter belt surrounding Edinburgh
- Earnings enhancing by low double-digit in the current financial year
- Supports and enhances existing forecasts and visibility of future years

Acquisition terms

- Under the terms of the Acquisition, the Group has paid an initial net consideration of £21.0 million in cash
- The remaining consideration of up to £10.0 million will be payable as follows:
 - £4.0 million on receipt of planning consent at a site at Carloverock, Tranent to be satisfied wholly in cash
 - £2.0 million on receipt of detailed planning consent on all of the sites at Carloverock, Tranent to be satisfied wholly in cash
 - Approximately £4.0 million (subject to finalisation of accounts) in general deferred consideration, payable in equal amounts on the first and second anniversary of the completion of the Acquisition. Springfield has the option to satisfy this either in cash or shares in Springfield Properties plc
- The Group will acquire £41.4 million of cash in Walker, as part of the gross consideration of £72.4 million

Walker Group

Walker is a high-quality family housebuilder primarily targeting the two to five bedroom private home market in desirable locations within the Edinburgh commuter belt. Headquartered in Livingston, Walker is well-positioned to access the core markets of Midlothian as well as East and West Lothian – areas that have recently seen the highest rate of price growth in Scotland.

Walker's developments generally comprise between 50 and 200 homes and the company also has the capability to deliver cost-effective larger, multi-phased schemes. Walker is currently developing five active sites with a gross development value ("GDV") of £100 million and has five further sites in the pipeline with a GDV of over £300 million.

Background to and rationale for the Acquisition

The Acquisition is in line with Springfield's stated strategy of expanding its land bank and sales presence. The Acquisition utilises and exceeds the Group's budget for its current financial year for land purchases and therefore supports and enhances the Group's existing forecasts and visibility for future years. Walker has a highly complementary land bank and sales presence, located in the popular commuter belt surrounding Edinburgh. The Directors believe that the Acquisition will complement last year's acquisition of Dawn Homes, which gave Springfield access to land and a sales presence in Glasgow's commuter belt.

Further, Walker does not currently build affordable housing whereas development of its current land bank will require at least 346 affordable homes to be built, which represents an opportunity for Springfield's Affordable Housing division.

In addition, the Walker business, brand and culture are an excellent fit with Springfield. Both companies strongly promote an ethos of looking after customers and building quality homes. Walker follows a similar strategy to Springfield where it uses its respected position in the local land market to secure sites and utilises its extensive in-house skills and experience to bring future development schemes through the planning system efficiently.

The Enlarged Group

The Group will retain Walker's premises in Livingston, all of the company's 50 staff and the well-known Walker brand. Peter Matthews, Springfield's Managing Director for Central Scotland (Private Housing), will take over the responsibility of running the Walker business.

Following the Acquisition, the Group is currently operating on a total of 43 active sites.

The addition of the Walker land bank provides greater visibility over the Group's projections for the next three financial years and the Acquisition is expected to enhance earnings from the current financial year.

Sandy Adam, Executive Chairman of Springfield, said: "We are very pleased to have completed this acquisition and welcome Walker Group's employees and customers to Springfield. Walker Group has a reputation for building excellent homes in great locations. The ethos among employees and the quality and location of the land bank are a great fit for Springfield.

"The acquisition has enabled us to diversify our land bank with sites at various stages of planning and development in East Central Scotland, where we have been looking to strengthen our foothold. We are pleased to have efficiently delivered a large proportion of our land-buying plans for the wider Edinburgh area, adding 10 sites to our land bank in one deal rather than with multiple individual deals. Walker's active sites bring an immediate sales presence in new locations and the sites in the pipeline further strengthen our land bank and enhance our quality of earnings.

"The acquisition of Walker supports Springfield's growth aspirations with land and skilled employees. It enables us to deliver housing more widely across Scotland at a time when supply continues to fall well short of demand and average house price growth in Scotland is ahead of the rest of the UK. Interest rates are low, mortgage availability is good, barriers to new entrants are high and Springfield is well positioned to benefit."

Innes Smith, CEO of Springfield, said: "The positive experience we have had with the acquisition and integration of Dawn Homes last year makes us confident that an established company with great people, product and reputation like Walker will be a further positive addition to our group. This bulk addition to our land bank also gives us very good visibility in our three-year projections. Last year we strengthened our management structure with investment in four high calibre MDs responsible for

distinct geographic areas. Peter Matthews, MD of Springfield Central Scotland, will take charge at Walker, adding to the Springfield developments for which he is already responsible. We look forward to working with the Walker team and continuing to grow our business.”

Enquiries

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Further Information

Walker Group Financial Information

In the year to 30 September 2018, Walker sold 146 homes. The company generated revenue of £42.0 million, gross profit of £14.3 million, operating profit of £10.1 million and profit before tax of £10.4 million.

In the three years to 30 September 2018, Walker had an adjusted average gross margin of 33.7%. As at 31 January 2019, Walker had net assets of approximately £72.4 million, including £11.9 million for the site at Carlaverock, Tranent (which had historically been impaired), £41.4 million of cash, which was purchased by Springfield as part of the gross consideration of £72.4 million, and zero debt.

Land Bank

Walker has a land bank GDV of £413 million equating to 9 years of development at current rates of activity. The Walker land bank, which consists of 1,358 plots 39% of which have planning. Walker currently operates on five active sites and has five future sites in its land bank, and 93% of its sites are owned.

As at 31 May 2018, Springfield’s land bank had a GDV of £2.4 billion equating to 15 years of activity at current sales rates. The total Springfield land bank consisted of 12,476 plots (39.5% with planning) and the Group operated on 41 active sites.

Notice of Results

Springfield will provide further details on its performance in its interim results announcement to be issued on 26 February 2019.