

3 February 2020

Knights Group Holdings plc

("Knights", the "Company" or the "Group")

Acquisition of Croftons Solicitors LLP ("Croftons")

Knights bolsters real estate presence in Manchester

Knights Group Holdings plc, one of the UK's fastest growing legal and professional services businesses, today announces that it has acquired the entire issued share capital of Simon Leighton Limited, Arthur Chapman Limited and Bob Agnew Limited being the corporate shareholders of Croftons Solicitors LLP ("Croftons"), a specialist housing, regeneration and commercial real estate law firm in Manchester.

Acquisition rationale and background

This acquisition builds on the Company's presence in Manchester, in line with the Group's strategy to accelerate its organic growth through carefully targeted acquisitions which are a strong cultural fit and strengthen existing offices, add new geographies or complementary business services.

Established in the 1840s, Croftons has a strong reputation in the housing industry. The firm handles a broad spectrum of work but is well known as a trusted adviser to over 50 housing associations, which typically provide a stable and consistent stream of case work through the economic cycle. The acquisition sees 33 fee earners joining Knights and bolstering the strength of the Group's real estate offering.

In its unaudited accounts for the year ending 31 March 2019, Croftons achieved revenue of circa £2.8m with a corporatised PBT margin of circa 15%. Following integration, including the delivery of cost synergies, the Board expects Croftons to deliver an earnings enhancing PBT margin of circa 20% in the first full financial year post acquisition.

Terms of the acquisition

Under the terms of the acquisition, Knights will acquire the corporate owners of Croftons from their three existing shareholders ("the Sellers") on a debt free, cash free basis for a total consideration of up to £2.8m. This comprises of £1.4m in cash which is payable on completion and the issue of £0.7m in 163,086 new ordinary shares in Knights (the "Consideration Shares") to the Sellers, along with deferred cash consideration of up to £0.7m, to be paid in equal instalments on the first and second anniversary of completion, subject to certain conditions being met. The cash consideration will be satisfied from Knights' existing facilities.

Commenting on the acquisition, David Beech, CEO of Knights, said:

"We are pleased to announce the acquisition of Croftons today. The team is well regarded in the housing association sector, which typically brings recurring revenues from this highly defensive segment of the market. We previously set out a strong intent to expand in Manchester with our move to larger, modern premises in 2019 and look forward to welcoming Croftons to our growing team there."

Simon Leighton, Managing Partner of Croftons, added:

“We are excited to join Knights, a firm we see as a good home for Croftons in terms of culture and ambition. We bring particular expertise in the housing association sector and look forward to continuing to achieve our growth plans as part of a well-established and ambitious team.”

Ends

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

Enquiries

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Notes to Editors

Knights is a fast-growing, legal and professional services business, ranked within the UK top 100 largest law firms by revenue. Knights was one of the first law firms in the UK to move from the traditional partnership model to a corporate structure in 2012 and has since grown rapidly. Knights has specialists in all of the key areas of corporate and commercial law so that it can offer end-to-end support to businesses of all sizes and in all sectors. It is focussed on key UK markets outside London and currently operates from ten offices located in Birmingham, Cheltenham, Chester, Derby, Leicester, Manchester, Oxford, Stoke, Wilmslow York.