

17 November 2006

For immediate release

NOT FOR DISTRIBUTION IN THE UNITED STATES, CANADA, JAPAN, AUSTRALIA OR THE REPUBLIC OF IRELAND

EATONFIELD GROUP PLC

FIRST DAY OF DEALINGS ON AIM

Eatonfield Group plc (“Eatonfield” or “the Group”), the commercial and residential property developer with a focus on Wales and the North of England, is pleased to announce that trading in its ordinary shares on AIM is expected to commence at 8:00am today.

A placing of 12,000,000 shares at 125p each to institutional and private investors raised £10 million (before expenses) for the Group and £5 million (before expenses) from the sale of shares by Eatonfield’s founder and Group Chief Executive, Rob Lloyd. At the issue price of 125p per share, the market capitalisation of the company upon Admission will be £28.75 million.

Evolution Securities Limited is Nominated Adviser & Broker to the Company.

Eatonfield shares will trade under the EPIC code EFD.

In addition, the Group is pleased to announce that it has completed the acquisition, referred to in the Placing and Admission document dated 10 November 2006, of the 24-acre Bookham Technology industrial site at Paignton, Devon. Eatonfield is working closely with the Torbay Development Agency to produce a plan for the site to generate jobs and produce sustainable development.

Commenting today, Rob Lloyd, Group Chief Executive of Eatonfield, said:

“I am delighted with the response by investors to the flotation of Eatonfield and am pleased to welcome new shareholders to the Group. The funds raised will enable the Group to do more and larger developments, continuing our track record in successful brownfield developments and urban regeneration projects, and support our plans for expansion across the UK”.

For further information please contact:

Eatonfield Group plc	01352 757008
Rob Lloyd, Group Chief Executive	
Terry Carroll, Group Finance Director	
Kirsty Jennings, Marketing Manager	

Evolution Securities Ltd	
Joanne Lake/Angus Gladish	0113 243 1619

Buchanan Communications Ltd	
Eric Burns/Kelly-Ann Knight/ Alastair Watson	01943 883990

BACKGROUND INFORMATION

Introduction

Eatonfield Group is a commercial and residential property developer with a focus on Wales and the North of England. The Group operates from its head office in Mold, North Wales and a second office in Cardiff.

Founded by Rob Lloyd in 1998, the Group has expanded rapidly to become a leading regional property developer, as demonstrated by its track record of successful commercial and residential developments and its growing land bank.

The Group has strong dealflow in its regional markets and a clearly defined decision-making process to derive an optimal return against carefully analysed risk, giving the ability to move quickly and secure attractive deals. The Board's objective is to make Eatonfield Group a prominent and leading property development and investment business operating throughout the UK, building upon its sound base in Wales and the North of England.

History

Rob Lloyd established Eatonfield Holdings in 1998 as a commercial property development company.

The first development was a small shopping centre in Cardigan bought from its receiver. From this beginning, Eatonfield Holdings continued to acquire properties and land, often out of receivership or off-market, where there were opportunities to add value. In particular, the Rialto Shopping Centre in Liverpool and the Peblig Mill Industrial Estate in Caernarfon were key successful ventures.

Following reducing commercial rental yields, Eatonfield started to balance its exposure to the commercial property sector by adding residential property development to its activities in May 2005. In June 2005, the Group moved into new, larger head office premises in Mold and in December 2005, established its Cardiff office to take advantage of opportunities identified in that region.

In May 2006, in response to increasing demand driven by consumer awareness and Government incentives, Eatonfield launched its eco-friendly building strategy.

In June 2006, Eatonfield acquired Marrs Davies, an NHBC registered house builder, and a member of the Federation of Master Builders. This acquisition enabled Eatonfield to take developments from the land purchase stage through to completion of construction and gives greater certainty over cost, consistency of build quality and continuity of construction team supply.

Commercial Developments

The following developments illustrate the diverse skills within the Group:

Canolfan Teifi Shopping Centre

The first development to be undertaken was the Canolfan Teifi shopping centre in Cardigan, bought from its receiver in August 1998. Within three months, half of the space within the centre had been let to a retail chain, BeWise, and following refurbishment and development by Eatonfield, the whole centre was fully let within twelve months. The development was subsequently sold in 2003 for £742,000.

Rialto Shopping Centre

In May 2001, the Rialto Shopping Centre in Liverpool was bought out of receivership. Planning permission for residential development was obtained on the land and previous planning breaches on the shopping centre were rectified. The three sites were sold separately within twelve months, the Rialto for £300,000 and the two plots of land for a total of £280,000.

Peblig Mill Industrial Estate

Peblig Mill Industrial Estate in Caernarfon was purchased off-market in March 2002. This was in need of investment and had only one tenant. The development was sold in March 2004 for £2 million, with the adjoining land being sold for a further £135,000 in April 2005.

Cardigan Regeneration Plan

Eatonfield became a significant property owner in and around the centre of Cardigan between 1998 and 2005. Working very closely with the Welsh Development Agency and Ceredigion County Council, land and buildings were purchased and a comprehensive regeneration plan for the centre of Cardigan was commissioned in consultation with the residents of Cardigan. The sites and plans were sold in November 2005 for £6.275 million.

Centura Foods Factory

The former Centura Foods Factory, a 231 acre site near Hartlepool, was purchased at the beginning of 2003. The site was divided into two lots and was sold later that year for £1.1 million for the factory and £108,000 for the farmland.

Dunslow Road and Cayton Low Road

Dunslow Road and Cayton Low Road are two industrial sites in Scarborough of 106,000 sq ft and 93,000 sq feet respectively. The sites were purchased in June 2005 and a leaseback to the vendor was arranged. Both sites were sold within one month for £3.83 million.

Residential Developments

In 2006, Eatonfield successfully designed, developed and completed on the sale of six residential properties on its first two sites, Cwrt Rhyd Galed, Mold and Langley Park in Wilmslow.

The Group currently has five sites for which planning permission to develop 23 units has been granted. The Group also has a further four sites, for which residential planning applications have been submitted. Upon planning permission being granted, it is intended that two of these sites will be sold on to other developers.

Eatonfield has also exchanged conditional contracts on a further six sites identified for residential development. These include a five acre greenfield site suitable for 53 residential units and a brownfield site earmarked for a further 50 homes.

In addition, Eatonfield has a strong pipeline of residential development opportunities comprising six sites representing 174 units and, on a joint venture basis, one site representing 80 units.

Eco-homes

Homeowners in the UK are rapidly becoming more environmentally aware and this is converging with the growth in energy costs to create a marked increase in interest in sustainability. The Government has created a rating system, the BRE EcoHomes system, against which residential property can be graded based on the use of sustainable construction

methods and design features which generate energy savings and reduce water consumption. In response to this, Eatonfield has developed an environmentally friendly housing specification.

Each residential property is designed in accordance with the BRE EcoHomes rating system, focusing on both energy efficiency and the use of sustainable construction materials. It is Eatonfield's intention to obtain BRE EcoHomes ratings for all its residential developments.

The Directors anticipate high demand from housebuyers, encouraged by Government incentives such as rate discounts for compliance with eco-regulations and the associated low fuel bills.

The Business Model

The Eatonfield business model is simple and successful, with a clear focus and established process shared by the entire team. Its aim is to optimise the overall return at a managed level of risk. Key elements include:

- *Proactive sourcing of high potential sites*
The business development team is pro-active in its search for the opportunities that will match its tightly defined criteria. The team has a broad range of contacts with agents and introducers and has also developed relationships with a range of stakeholders and suppliers, such as builders, retailers and bankers.
- *Speed of assessment and decision*
With a wide range of funders, the Group can act very quickly to make an offer and conclude a deal speedily. It also seeks advice from agents with regard to potential end users for commercial property and local selling prices for residential property.
- *Adding value*
Eatonfield is able to add value to properties in its portfolio by looking for opportunities in the legal status of the property, evaluating the implications of outstanding local authority conditions on the development proposals, completing thorough surveys that highlight both challenges and opportunities and identifying and assessing possible changes of use.
- *Exit strategy*
The Group has a wide range of contacts who are either in search of property themselves or are acting on behalf of their clients. Eatonfield has a clear idea, at the time of purchase, of the development opportunity for each particular site and who the likely type of buyer might be on exit. The aim is to achieve the target rate of return from a balanced portfolio of commercial and residential developments

The Market Opportunity

The commercial property market

Demand for commercial property is rising at the fastest pace for over five years (RICS commercial property survey, 2 August 2006) with occupier and investor demand increasing for both office and industrial property. The market has been aided by a strengthening global economy, with rising export demand prompting manufacturers to take on more space and increase investment, and strengthening confidence in real estate. Institutional buyers remain the leading net investors with an increasing number of individual private investors.

September 2006 data from Savills Commercial Development PMI® survey also confirmed a robust expansion of total commercial development activity. The strongest upward growth trend was for private sector new build activity. The data also indicated that commercial

development growth was broadly based across the UK, but with the sharpest rise being outside London and the South-East.

According to Investment Property Databank (“IPD”), the total return on commercial property over the 12 months to the end of August 2006 was 21.3 per cent. This is compared to 16.8 per cent. total return by the FTSE All-Share Index and 1.7 per cent. total return by the 5 to 15 Year FTSE UK Gilts Index and is the strongest annual return achieved for at least four years.

The residential property market

The Directors believe that demand for residential property will remain strong due to the current and ongoing undersupply of houses in the UK. Demand for residential property is increasing due to new household formation driven by demographic trends, including increased life expectancy, a growing number of single adult households and increased net inward migration. Government research has identified a need for 4.3 million new homes to be created between 1996 and 2021 (Source: Review of Housing Supply, Kate Barker, March 2004). It is expected that demand for new housing will continue to outstrip supply.

The residential property market remains dominated by the major house builders. The largest ten house builders now produce 44 per cent. of the output by volume. However, tightening planning policy has meant that more complex skills are required to secure optimal planning permission and that the opportunities for a niche market developer, prepared to develop smaller and more difficult sites for family housing, can be greater.

Strategy

Eatonfield’s long term strategic intent is to become a prominent and leading property development and investment business operating throughout the UK. The Group’s strategy is to maintain its broad base across a variety of property sub-sectors, including commercial and residential. The Directors believe the broad spread of property activities gives the Group a resilience to a downturn in any one sub-sector and increases the Group’s ability to optimise the returns on its developments by pursuing mixed-use schemes.

The acquisition of Marrs Davies has provided an in-house construction capability and Eatonfield is extending this construction expertise into commercial property development in order to increase utilisation and profitability. Larger, more complex projects will continue to be outsourced to external construction businesses.

The Group’s focus is on organic growth of the core business. Only potential acquisitions that clearly relate to the core business will be considered, such as those that would increase the land bank or augment the development portfolio within tightly defined constraints.

Eatonfield’s strategy involves controlled expansion across the UK. Much of its current performance is driven by developments in Wales and the North of England. The recent opening of the Cardiff office is providing a base to extend the Group’s activities into the South and West of England.

Reasons for Admission and Use of Placing Proceeds

The Group has reached a stage in its development where the Directors consider that its strategic objectives can most readily be achieved as a publicly quoted company. The Board believes that a quotation on AIM will provide the Company with access to new sources of funds and provide a value for the Company’s shares which should facilitate the Group in achieving its growth ambitions. The Directors anticipate that Admission will provide a market in the Company’s shares which, in conjunction with the Share Option Schemes, should assist the Group in attracting, motivating and retaining employees of the appropriate calibre. The

Directors also believe that Admission will raise the profile of the Group generally and particularly within the property development sector which will enhance the credibility of Eatonfield in its dealings and negotiations with vendors, purchasers and funders.

The proceeds will be used mainly for the non-debt element of funding: the acquisition and development of sites in general; the acquisition and development costs of the growing residential development portfolio and ongoing and future working capital requirements.

The Board

Directors

Rob Lloyd – Group Chief Executive, aged 42 years

Rob completed his education at Rydal School in 1981. He has since been a property trader and developer throughout his career and has built up an acknowledged reputation in the property market. Rob's first role was as a commercial assistant at Wilsons of Witney (now Wilsons Commercial) until March 1984. He then worked as office negotiator for Grimley and Son (now GVA Grimleys) until March 1986 and then for National Car Parks Limited as a surveyor in its estates department. In March 1988, he joined Enterprise Development Limited, part of the David McLean group of companies, as a commercial director, leaving in 1989 to carry out property consultancy projects until 1997 when he joined UK Land (Manchester) Limited, where he became managing director. Rob founded the Group in 1998 and is responsible for determining the strategic direction of the business and leading the business development team.

Terry Carroll BSc Hons, FCA, FCIB, FCT – Group Finance Director, aged 57 years

Terry graduated in business studies from Bradford Business School in 1970 before qualifying as a Chartered Accountant, Banker and Treasurer. During 15 years in the financial services industry, he has held board responsibility for strategic planning, finance, treasury and risk. Previously treasurer of Halifax Building Society, he was later finance director and acting chief executive of National & Provincial Building Society (now part of Abbey plc). Since then, he has been chief executive or finance director of a number of unquoted service businesses and has undertaken a range of other interim management and consultancy assignments in a variety of sectors. During his career, Terry has led privatisation and flotation projects and been involved with mergers and acquisitions and corporate turnarounds. A successful author and regular contributor to financial journals, his writing includes *The Role of the Finance Director*, *The Risk Factor* and other books and articles on corporate finance, derivatives and asset/liability management. Terry is responsible for all financial aspects of Eatonfield's operations.

Suki Kalirai B.Sc. (Hons), ARCS – Non-executive Director, aged 47 years

Suki graduated with a degree in chemistry from Imperial College, London, in 1980. He then spent three years with Unilever and two years with Guinness Great Britain, following which he spent eight years with Coca-Cola International, in a variety of marketing and general management roles, rising to become European operational planning director and director of European marketing. He joined Forte & Le Meridien Hotels as world-wide marketing director then became chairman of Serve Health and Beauty Ltd, where he established Re-aqua, now the largest independent operator of day spa and beauty salons in the UK, employing over 250 people across more than 25 sites. In 1999 Suki acted as a consultant for QXL plc, advising the board on roll-outs across Europe and for OneSwoop.com as interim chief operating officer leading a \$50 million fund raising to establish and launch the Company where he subsequently became a non-executive director until 2001. He is currently chairman and a director of the Spa Business Association and a non-executive director of the Hair and Beauty Industry Authority.

Sir Leslie Young BSc, Econ, PhD (Honorary) – Non-executive Chairman, aged 81 years

A graduate of London University with a degree in economics, Sir Leslie was chairman and managing director of J. Bibby and Sons plc from 1968 to 1985. He was a main board director of National Westminster Bank from 1979 to 1989, and a director of the Bank of England from 1984 to 1988. Sir Leslie was a director of Granada Television. He was appointed by the Government as the inaugural chairman of the Merseyside Development Corporation from 1980 to 1984; chairman of the British Waterways Board from 1984 to 1997; and chairman of National Museums and Galleries on Merseyside from 1986 to 1995. Sir Leslie received a CBE decoration in 1979 and a Knighthood in the 1984 Queen's birthday honours, both in recognition of his public service. He has also been awarded an honorary Ph.D. in law by Liverpool University. More recently, Sir Leslie was chairman of Enterprise plc, the support services company, until its reverse takeover of a private company in 2002. He currently retains one other non-executive directorship of an unquoted textiles wholesaler.

Terms used in this announcement have the same meanings as the defined terms which appear in the Company's Placing & Admission Document dated 10 November 2006.

-ENDS-