FOR IMMEDIATE RELEASE
26 September 2008

Eatonfield Group plc ("Eatonfield" or "the Group")
(AIM:EFD)

Trading update and funding requirement

The board of Eatonfield announces that due to the very difficult conditions in the property sector, although still substantially profitable, the Group's profit before tax for the year ended 30 June 2008 will be below market expectations. The lower than expected profit before tax anticipates the effect of an impairment review currently being conducted on the Group's trading assets.

Eatonfield has achieved a significant uplift in the valuation of its two key investment property assets. Progress towards obtaining planning permission on the ex Corus Rail site in Workington and Birkwood, Lanarkshire, is going to schedule. Planning applications on both properties are being submitted this month and grant of planning expected to be received by March 2009. The regeneration of the Workington site is a key priority for the local authority and, as with Birkwood, the board is confident of the ultimate success of these projects both for Eatonfield and the local communities.

The Group currently has assets independently valued at approximately £53 million and borrowings totalling approximately £33.5 million, based upon the most recent asset valuations and taking no account of potential uplifts which may arise from planning permissions currently being sought across a number of sites including Corus and Birkwood.

The Group has been in discussions regarding raising further finance against the value of the Corus site. This currently has a loan against it of some £4.2 million representing approximately 32% of the most recent valuation completed as at the 30th June 2008. Eatonfield has been unable to increase the level of borrowings against this asset which has resulted in the Group's current available cash being less than the board had originally anticipated.

Eatonfield has been working with the support of its two main debt providers to secure funding for the Group and agreement has been reached to extend the Group's overdraft facilities for a further 12 months, until September 2009. As part of this agreement, Rob Lloyd, Chief Executive, has increased his personal guarantee of the Group's debt to £1 million and will be paid a fee of £95,000 by the Group.

However, a short term funding requirement remains. Therefore, having explored alternatives and in the absence of any other available source of funding, Eatonfield has agreed terms with Rob Lloyd whereby he will make a loan of £750,000 in return for a profit-sharing arrangement on the Corus and Birkwood sites, the terms of which will be presented to shareholders for their approval prior to becoming effective. The board believes this cash injection will take the Group through to the point where the Corus site can be refinanced with the benefit of planning permission.

The balance of Eatonfield's funding comprises a number of loans secured on individual properties from its six lenders, the majority of which do not mature until after the end of the current financial year.

The board remains wholly focussed on cash generation and is pleased to announce legal completion of the sale of a parcel of land at Greenfield, Holywell on 22 September 2008 for £2 million, producing cash of £520,000 for the Group after repayment of debt.

In recognition of the difficult trading conditions, which the board expects to continue well into 2009, a number of cost reduction initiatives are underway, including the closure of certain leased satellite office facilities, the sale or lease of the Group's freehold head office and a number of redundancies. Measures now being implemented in addition to those already taken will reduce the Group's fixed overheads by approximately £500,000 (or 25%) per annum.

A letter providing details of the proposed loan and profit sharing arrangements and convening an extraordinary general meeting to approve the terms of such will be posted to shareholders in due course.

For further information, please contact:

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Notes to Editors:

About Eatonfield Group plc

Eatonfield's key strengths lie in its property management knowledge and expertise and its ability to successfully identify and acquire sites at an advantageous price which require change of use or which, due to their current size or usage, do not present obvious development potential.