For Immediate Release
28 October 2009

Eatonfield Group plc

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

Proposed Placing
and
Notice of General Meeting

Eatonfield Group plc, the Cheshire based commercial property developer and housebuilder, is pleased to announce that, subject to shareholder approval, it has raised £7.4 million (approximately £6.9 million net of expenses) through the placing of 147,220,000 New Ordinary Shares of 1 pence each for cash subscription at a price of 5 pence per New Ordinary Share with existing and new investors. The investors include Rob Lloyd, the Chief Executive Officer of the Group, who has agreed to make an investment in the Company by way of cash subscription in an amount of £800,000, to be funded by way of redemption of part of his loan account with EDL.

Rob Lloyd and his related party RLRL have also agreed to make a further investment in the Company and will be allotted 58,000,000 New Ordinary Shares at the Placing Price by way of the assignment to the Company by Rob Lloyd and RLRL of £2,900,000 in aggregate due to them from EDL and the subsequent capitalisation of that amount. Arrangements have also been made for Paul Williams (the Group's Executive Chairman), other senior employees of the Group and certain members of Rob Lloyd's family to participate in the Placing by way of the allotment to them of 2,600,000 New Ordinary Shares at the Placing Price in an aggregate amount of £130,000.

In total, therefore, it is proposed that 207,820,000 New Ordinary Shares will be issued pursuant to the Placing, representing 89.87 per cent. of the Enlarged Share Capital of the Group.

The net proceeds of the Placing will be used as follows:

- £3.85 million for working capital funding;
- £0.95 million to fund further development of the Corus Option Site, the Birkwood Site and, if acquired, the Paignton Site; and
- £2.1 million to reduce net debt.

The Company is to seek Shareholder approval of the Placing at a General Meeting to be convened for 11.00 a.m. on 19 November 2009 at the offices of Davenport Lyons, 30 Old Burlington Street, London, W1S 3NL.

Whilst Eatonfield has not been immune to the effects of the current economic crisis and current trading conditions remain difficult, the Group has made significant progress in respect of its flagship projects at the Corus Option Site and the Birkwood Site as well as with other sites across the current project portfolio. The Board believes, subject to completion of the Placing, that as and when stability and liquidity return to credit markets and the UK economy emerges from recession, the Group remains well-placed to benefit from an upturn in the UK property market.

Paul Williams, Eatonfield's Executive Chairman, commented:

"We are delighted with the response to this placing from both new and existing shareholders and believe this fully endorses the strength of our current asset base.

Despite intense financial pressure over the last 18 months we have made significant progress on our flagship projects as well as our other sites. By strengthening our balance sheet and creating additional working capital, Eatonfield is now well placed to benefit from a change in sentiment towards the UK property sector and to take advantage of opportunities that may arise."

Eatonfield Group plc

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A circular ("the Circular"), providing Shareholders with information about the background to and the reasons for the Placing and containing a notice of General Meeting, will be posted to Shareholders today and will shortly be made available on the Company's website (www.eatonfield.co.uk). Defined terms in this announcement are to have the same meaning as in the Circular, unless the context otherwise requires. The following information is extracted from the Circular.

Proposed Placing of New Ordinary Shares, Capital Reorganisation, increase of authorised share capital, Directors' authorities to allot shares and issue warrants, substantial property transactions and related party transactions and Notice of General Meeting

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1. Introduction

The Company today announces that, subject to Shareholder approval, it proposes to issue 207,820,000 New Ordinary Shares pursuant to the Placing. The Placing is conditional, *inter alia*, on the passing of the Resolutions at the General Meeting.

Of the Placing Shares, 147,220,000 New Ordinary Shares will be issued to Placees, including 16,000,000 New Ordinary Shares to Rob Lloyd, the Chief Executive Officer of the Group (who has agreed to make an investment in the Company by way of cash subscription in an amount of £800,000), raising approximately £6.9 million (net of expenses). Rob Lloyd's cash subscription will be funded by a redemption of £800,000 of his loan account with EDL. A further 58,000,000 New Ordinary Shares in the Placing will be issued to Rob Lloyd and his related parties who have agreed to make a further investment in the Company by capitalisation of loans owed by EDL to Rob Lloyd and RLRL and assigned to the Company in an amount of £2,900,000 as described in Section 3 below. Arrangements have also been made for certain senior employees of the Group as well as certain members of Rob Lloyd's family to participate in the Placing by way of the allotment of 2,600,000 New Ordinary Shares in an aggregate amount of £130,000 as described in Section 3 below.

In view of the requirement to seek authority from Shareholders, *inter alia*, to effect the Capital Reorganisation and allot the Placing Shares, a general meeting of the Company, will be held at the offices of Davenport Lyons, 30 Old Burlington Street, London, W1S 3NL at 11.00 a.m. on 19 November 2009. The General Meeting has been convened for the purpose of proposing the Resolutions described below which will, *inter alia*, enable the Placing to be completed.

At the General Meeting, resolutions will be proposed to (i) sub-divide and convert each of the Existing Ordinary Shares into one New Ordinary Share and one Deferred Share; (ii) increase the authorised share capital of the Company from £3,000,000 to £6,000,000 by the creation of an additional 300,000,000 New Ordinary Shares; (iii) grant authority to the Directors to allot shares in the Company; (iv) approve the issue of the Warrants; (v) approve the variation of the RLRL Profit Sharing Agreement; (vi) ratify the Haycroft Farm Lease and related documents; and (vii) approve the RL Deed of Assignment and the RLRL Deed of Assignment.

2. Background to and Reasons for the Placing

2.1 Overview of current trading

In common with many companies in the property sector, Eatonfield has not been immune to the effects of the current economic crisis. Factors affecting the Group in the last 18 months include:

- demand for residential property being hit by falling house prices and a lack of available finance for potential purchasers as banks have restricted new lending;

- falling valuations and lower acceptable loan to value ratios reducing the ability of the Group to secure additional debt against its current property portfolio and fewer residential sales reducing available funding to service the Group's existing debt;

- a reduction in the level of demand for land from residential developers, reflecting the slump in the housing market; and

- a decline in the commercial property market, with the appetite of end-users to commit to new space much reduced in light of the recession.

Due to the significant pressure on Eatonfield's working capital since summer 2008, the Board's primary focus has been on net cash generation. In view of the anticipated downturn in the housing market, the Company decided in February 2008 to build no further new homes. The only residential development undertaken since that date has been:

- the completion in March 2009 of two blocks of apartments in Cardiff all of which have been sold;

- the completion in July 2009 of two blocks of apartments in Buckley, the first of which has been sold on a 75/25 shared equity basis, so that 75 per cent. of the title was acquired by the buyer and 25 per cent. was retained by the seller; the second block has recently been released for sale; and

- ongoing contractual work for a third party.

The majority of the Group's residential housing stock has been sold at reduced margins. As at 20 October 2009, Eatonfield only had 14 unsold residential units compared with 56 as at 1 July 2008. Other actions taken include:

- reducing headcount from 36 employees as at 30 June 2008 to 11 as at 20 October 2009; and

- reducing the remuneration levels of both Paul Williams (the Group's Executive Chairman) and Rob Lloyd as well as other senior employees of the Group.

In its most recent interim results for the six months ended 31 December 2008, the Group reported a trading loss of £3.06 million (2007: £2.01 million loss) and a pre-tax loss of £10.33 million (2007: £2.25 million profit) on turnover of £5.04 million (2007: £5.81 million), with net debt of £30.7 million as at 31 March 2009 (2008: £25.7 million). Trading conditions have remained difficult throughout 2009 to date. Net debt at 23 October 2009 stood at £29.5 million, comprising £27.3 million of project borrowings secured against individual sites and £2.15 million of overdraft borrowings as at 20 October 2009. The Group expects to report results for the year ended 30 June 2009 during December 2009.

Despite the difficult conditions, the Group has, as outlined below, made significant progress in respect of its flagship projects at the Corus Rail Site and the Birkwood Site as well as with other sites within its current project portfolio.

Corus Rail Site

EDL acquired the Corus Rail Site in October 2007 for £2.6 million. It comprises a 77 acre brownfield site with outline planning consent granted, subject to the execution of a Section 106 (Town & Country Planning Act 1990) agreement with Allerdale Borough Council ("Allerdale BC"), for a mix of commercial and residential development. The Corus Rail Site was independently valued at £17 million at 30 June 2009 compared with its 31 December 2008 balance sheet carrying value of £13.5 million.

Corus Option Site

In September 2009, EDL entered into a joint venture agreement with Port Derwent Developments (Workington) Limited ("Port Derwent") and others to acquire 50 per cent. of the issued share capital of Port Derwent which holds a beneficial interest in an option to purchase a further 265 acres ("Corus Option Site") lying to the north of the Corus Rail Site from Allerdale BC. A planning application to build an hotel has already been submitted and a further application is planned for a mixed-use scheme. If a planning application is submitted, EDL will, together with its joint venture partner, have the right to acquire this land at its value prior to the grant of planning permission.

The Birkwood Site

The Birkwood Site is an 83 acre site, acquired by EDL for £1.5 million in May 2008, with a resolution to grant planning permission subject to the execution of a Section 75 (Town and Country Planning (Scotland) Act 1997) agreement ("Section 75 Agreement") with South Lanarkshire Council for the conversion of the former hospital building, now Grade B listed, into a country house hotel and for the construction on the site of 165 residential units. There is also an overage agreement, pursuant to which further sums may be payable by EDL to the National Health Service. The Board estimates that the Birkwood Site has a gross development value of £50 million.

The Paignton Site

Following an agreement whereby EDL sold the Paignton Site to Modus Paignton Limited ("MPL"), EDL entered into a profit sharing agreement with MPL on 1 June 2007 in respect of profits derived from the Paignton Site. The proposals for the site comprise residential, commercial and food retail developments and a planning application is expected to be lodged at the beginning of 2010. End users identified include student accommodation, current tenants on the site and one of the big four supermarkets, which has already expressed interest in the food retail proposals. The eight acre food retail site has an estimated value of £27 million with planning permission. The Directors estimate the remainder of the site has a value of a further £7 million.

MPL entered into administration on 30 June 2009 and EDL is currently negotiating with the administrators to acquire the Paignton Site, subject to contract, for £10.1 million.

Residential land bank

In addition to the residential elements of the sites set out above, Eatonfield's residential land bank also comprises nine sites located across Wales totalling 32.7 acres, with outline or detailed planning consent granted on all these sites.

2.2 Future Prospects

The Company intends to concentrate on achieving planning permission in the short term on the Corus Option Site and, if acquired, the Paignton Site. It also intends to sell the Corus Rail Site and the Birkwood Site with the benefit of planning permission in order to further reduce debt and raise capital for new opportunities. Whilst the Group has substantially exited its previous residential house building activities, it plans to start building 47 new affordable homes for registered social landlords in West Wales in the near future and is applying for preferred developer status with the Homes and Communities Agency with a view to building more new affordable homes.

Whilst current market conditions remain difficult, the Board believes, subject to completion of the Placing, that as and when stability and liquidity returns to credit markets and the UK economy emerges from recession, the Group remains well-placed to benefit from an upturn in the UK property market, particularly given its current project portfolio and the associated future potential value.

2.3 Reasons for the Placing and use of proceeds

In light of the significant depletion of the Group's net assets over the last 18 months, Eatonfield is seeking to strengthen its balance sheet by raising a net amount of approximately £6.9 million through the Placing, with £3.85 million to be used for working capital funding, £0.95 million specifically to fund further development of the Corus Option Site, the Birkwood Site and, if acquired, the Paignton Site and £2.1 million to reduce net debt.

Subject to the Company raising a minimum of £5.5 million (net) pursuant to the Placing, RBS has agreed to (i) maintain the Group's overdraft facility limit at £900,000 (with the facility repayable on demand in the usual way) and to extend the review date to 30 September 2010; and (ii) extend the date of repayment of certain of its term loan facilities to 30 September 2010. AIB has also agreed, subject to the Company raising a minimum of £5.5 million (net), to (i) maintain the Company's overdraft facility at £1.05 million and extend its review date to 31 October 2010; and (ii) extend the repayment dates on three of the Company's four term loan facilities to 31 October 2010 provided that the term loans over either the Group's site at Driffield or site at Pen-y-Bont site is repaid in full by 28 February 2010. On this basis, the Directors are of the view that the Group would have sufficient working capital to develop further the major assets in its portfolio and enhance net asset value without the need for further asset disposals over the next 12 months. Completion of the Placing should also improve the Group's access to bank funding.

If the Placing, however, does not proceed, RBS and AIB will not agree to extend the review dates on the Group's overdraft facilities, with the next review dates being 30 November 2009 for both the AIB and RBS overdraft facilities. The implications of the Placing not proceeding are considered further in Section 11 below.

3. Details of the Placing

Under the Placing, 147,220,000 New Ordinary Shares have been conditionally placed with Placees, including Rob Lloyd. Rob Lloyd and his related parties, certain members of his family, Paul Williams, Keith Mather (a director of EDL) and two senior employees of the Group will, as detailed below, be allotted a further 60,600,000 New Ordinary Shares pursuant to the Placing. This will be by way of the assignment to the Company by Rob Lloyd and RLRL of amounts due to each of them from EDL (a wholly owned subsidiary of the Company) in consideration of loan accounts in the same respective amounts being created between the Company and each of Rob Lloyd and RLRL and the subsequent capitalisation of each of those loan accounts into New Ordinary Shares at the Placing Price on the basis set out below.

Subject to obtaining Shareholders' consent at the General Meeting, Rob Lloyd will therefore enter into a deed of assignment with the Company ("RL Deed of Assignment") pursuant to which Rob Lloyd will assign the benefit of £1.63 million of his loan account with EDL to the Company for £1.63 million consideration. The Company will then, on Rob Lloyd's direction, capitalise the consideration due to Rob Lloyd and will issue 32,600,000 New Ordinary Shares to Rob Lloyd at the Placing Price. Rob Lloyd has directed the Company that New Ordinary Shares arising on the capitalisation of the balance of the loan be allotted as to 500,000 to each of Paul Williams and Keith Mather, 200,000 New Ordinary Shares in aggregate to the two senior employees, 400,000 New Ordinary Shares to Rob Lloyd's wife and 1,400,000 New Ordinary Shares to other family members of Rob Lloyd, in each case at the Placing Price. Therefore, the loan account between the Company and EDL will be increased by an amount equal to the loans assigned to the Company.

As a result of RLRL, a company connected to Rob Lloyd, agreeing to forego certain elements of profit sharing arrangements contained in the RLRL Profit Sharing Agreement for a consideration of £1.4 million (payable by EDL to RLRL), a loan account of the same amount will be created between EDL and RLRL. Subject to obtaining Shareholders' consent at the General Meeting, RLRL will enter into a deed of assignment with the Company ("RLRL Deed of Assignment") pursuant to which RLRL will assign the benefit of the £1.4 million loan account with EDL to the Company for £1.4 million consideration. The Company will then, on RLRL's direction, capitalise the consideration due to RLRL and will issue 28,000,000 New Ordinary Shares to RLRL at the Placing Price. As a result, the loan account between the Company and EDL will be increased by the same amount.

Therefore, in total, 207,820,000 New Ordinary Shares are proposed to be issued, subject to Shareholder approval, pursuant to the Placing (representing 89.87 per cent. of the Enlarged Share Capital).

Assuming that the market price of a New Ordinary Share, immediately after completion of the Capital Reorganisation remains the same as the market price of an Existing Ordinary Share, immediately prior to completion of the Capital Reorganisation, the Placing Price of 5 pence per Placing Share represents a 56.5 per cent. discount to the Closing Price of 11.5 pence per Ordinary Share on 27 October 2009 (being the latest practicable date before the announcement of the Placing).

The Directors have given a great deal of thought as to how to structure the proposed equity fundraising, having regard to a number of factors including current market conditions, the level of the Company's share price and the size of the issue and level of expenses associated with it. After consideration of these factors, the Directors have concluded that the Placing is the most suitable option available to the Company and its Shareholders. The Placing is not a rights issue or open offer and the New Ordinary Shares to be issued will not be offered to Shareholders on a pre-emptive basis. Your Board believes that the additional cost and timing implications of such an issue or offer would not be in the best interests of the Company. The Placing Price of 5 pence per Placing Share has been calculated following a period of marketing of the Placing and taking into account a number of factors, including, *inter alia*, the level of demand for the Placing Shares. The Placees, with whom the Placing Shares have been placed, include both certain existing and new institutional shareholders.

The net proceeds of the Placing will strengthen the Company's balance sheet and provide additional working capital resources and in the future enable it to realise the profit potential from its major projects and capitalise upon market conditions and related investment opportunities.

Rob Lloyd is currently interested in 46.98 per cent. of the Existing Ordinary Shares. Rob Lloyd has entered into a binding commitment to subscribe for 16,000,000 Placing Shares for cash, which will be funded by a redemption of £800,000 of his loan account with EDL. As a result of this subscription, the loan account between Rob Lloyd and EDL will be reduced by £800,000 and the intragroup debt owed by EDL to the Company will increase by the same amount.

In addition, both Rob Lloyd and RLRL will be issued respectively with 32,600,000 and 28,000,000 New Ordinary Shares on the capitalisation by the Company of Rob Lloyd's and RLRL's loan accounts created on the assignment of their respective loans due to them from EDL as described above.

As set out above, Rob Lloyd has directed the Company to apply part of the loan account created between the Company and himself which arises as a result of the assignment of the benefit of his loan account with EDL to the Company in paying up 500,000 Placing Shares for each of Paul Williams and Keith Mather and a further 1,600,000 Placing Shares to two other senior employees and other members of Rob Lloyd's family who are not related parties for the purposes of the AIM Rules. Following completion of the

Placing, Paul Williams will hold 500,000 New Ordinary Shares, representing approximately 0.22 per cent. of the Enlarged Share Capital.

It is therefore proposed that, following the various assignments described above, Rob Lloyd and his related parties will subscribe for a net total of 74,000,000 Placing Shares. Following completion of the Placing, Rob Lloyd and his related parties will hold in total 85,000,000 New Ordinary Shares, representing approximately 36.76 per cent. of the Enlarged Share Capital.

The Company and the Placing Agents have entered into the Placing Agreement which, *inter alia,* contains warranties and indemnities in favour of the Placing Agents given by the Company. The liability of the Company under such warranties and indemnities is unlimited. In accordance with the terms of the Placing Agreement, the Placing Agents agreed to use their reasonable endeavours to place the Placing Shares at the Placing Price with institutional and other investors. The Placing Agreement confers on the Placing Agents the right, *inter alia*, to terminate their obligations prior to Admission in the event of a material breach of warranty or undertaking and/or certain "force majeure" events relating to the occurrence of adverse market conditions.

The Placing Shares will rank *pari passu* with the New Ordinary Shares then in issue, including the right to all dividends and other distributions declared, paid or made after their date of issue.

In order to facilitate the issue of the Placing Shares at the Placing Price, it is proposed that each of the Existing Ordinary Shares be sub-divided and converted into one New Ordinary Share and one Deferred Share. This will result in there being 23,414,775 New Ordinary Shares and 23,414,775 Deferred Shares in issue immediately following the Capital Reorganisation but before the Placing.

It is also necessary for the Company to obtain Shareholder approval at the General Meeting for an increase in the authorised share capital of the Company and to grant the Directors authority to allot shares as the existing authority will not cover the issue of all of the New Ordinary Shares to be issued pursuant to the Placing. The Placing is therefore conditional on, among other things, the Resolutions being passed at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 20 November 2009, the date on which dealings in the Placing Shares are expected to commence (or such later date as the parties agree but no later than 8.00 a.m. on 14 December 2009).

4. Details of the Capital Reorganisation

The Placing has been undertaken at 5 pence per Placing Share which is less than the 10 pence nominal value of each Existing Ordinary Share. Under CA 2006, shares cannot be issued at less than nominal value. The Placing is therefore conditional, *inter alia*, on the completion of the Capital Reorganisation which will result in the nominal value of each New Ordinary Share being 1 penny. If Resolution 1 is passed at the General Meeting, each Existing Ordinary Share will be subdivided into one New Ordinary Share and one Deferred Share and each authorised but unissued Existing Ordinary Share will be divided into 10 New Ordinary Shares but a Shareholder's proportionate interest in the Company's issued ordinary share capital (before the Placing) will remain unchanged. Each New Ordinary Share will have the same rights (including voting and dividend rights and rights on a return of capital) as each Existing Ordinary Share had prior to the Capital Reorganisation. Certificates for Existing Ordinary Shares will remain valid for the same number of New Ordinary Shares arising on the Capital Reorganisation and no new certificates will be issued nor will CREST accounts be credited in respect of the New Ordinary Shares arising as a result of the Capital Reorganisation. The Company will issue new share certificates (and, where relevant, credit CREST accounts) in respect of the New Ordinary Shares issued pursuant to the Placing only.

The Deferred Shares, created on the Capital Reorganisation becoming effective, will have no voting or dividend rights and, on a return of capital, will have the right to receive the amount paid up thereon only after the holders of the New Ordinary Shares have received, in aggregate, the amount paid up thereon, together with the sum of £10,000,000 per New Ordinary Share.

No share certificates will be issued in respect of the Deferred Shares, nor will CREST accounts of Shareholders be credited in respect of any entitlement to Deferred Shares, nor will they be admitted to trading on AIM or any other investment exchange. There are no immediate plans for the Company to purchase or to cancel the Deferred Shares although the Directors propose to keep the situation under review.

The effect of the Capital Reorganisation will mean that each New Ordinary Share will have a nominal value of 1 penny and the number of shares admitted to trading on AIM will remain the same. Consequently, the market price of a New Ordinary Share immediately after completion of the Capital Reorganisation should be the same as the market price of an Existing Ordinary Share immediately prior to the Capital Reorganisation (having no regard to the Placing).

5. Related Party Transactions

Rob Lloyd, who holds 11,000,000 Existing Ordinary Shares (representing 46.98 per cent. of the Existing Ordinary Shares), will be maintaining a substantial shareholding in the Company by way of a significant further investment under the Placing. £800,000 of his subscription will be satisfied in cash which will be funded by a redemption of his loan account with EDL. Following the assignment to the Company of loans due to Rob Lloyd and RLRL in the sums of £1.63 million and £1.4 million respectively, both Rob Lloyd and RLRL will be issued with 32,600,000 and 28,000,000 New Ordinary Shares respectively on the capitalisation by the Company of Rob Lloyd's and RLRL's loan accounts created on the assignment of their respective loans as described above.

RLRL entered into a secured loan agreement with EDL on 1 October 2008 ("Secured Loan Agreement"). As part of this Secured Loan Agreement, EDL and RLRL entered into the RLRL Profit Sharing Agreement. On 16 September 2009, EDL, RLRL and Rob Lloyd entered into a deed of variation amending the terms of the RLRL Profit Sharing Agreement ("Deed of Variation"). The Deed of Variation provides that RLRL's entitlement to profits from an increase in value of the Corus Rail Site, the Birkwood Site and in respect of the profit sharing agreement entered into between Jenard Ystalyfera Limited and EDL are removed from the RLRL Profit Sharing Agreement. RLRL will, however, remain entitled to certain profits in respect of the Paignton Site.

As part of the transaction described above, EDL, RLRL and Rob Lloyd also entered into a supplemental deed to the Deed of Variation on 6 October 2009 ("Supplemental Deed") whereby in consideration of RLRL and Rob Lloyd entering into the Deed of Variation, a compensation payment of £1.4 million will be payable to RLRL on the basis of the satisfactory review by the Board of a report prepared by PKF for the Company, which addresses the fair value of the compensation payment and subject to the approval of the Shareholders in General Meeting. The £1.4 million payment will then be left on a loan account between EDL and RLRL and assigned to the Company on the basis set out above.

Subject to obtaining Shareholders' consent, Rob Lloyd will enter into the RL Deed of Assignment pursuant to which Rob Lloyd will assign to the Company the benefit of £1.63 million of his loan account with EDL for a consideration of £1.63 million. The Company will then capitalise the consideration due to Rob Lloyd by issuing in aggregate 32,600,000 New Ordinary Shares to him, his related parties, certain other members of his family, Paul Williams, Keith Mather and two other senior employees of the Group. RLRL will also, subject to obtaining Shareholders' consent, enter into the RLRL Deed of Assignment pursuant to which RLRL will assign to the Company the benefit of its loan account with EDL for a consideration of £1.4 million, with the resultant intragroup debt owed by EDL to the Company increasing by the same amount. The Company will then capitalise the consideration due to RLRL by issuing 28,000,000 New Ordinary Shares to RLRL.

The Deed of Variation, the Supplemental Deed, the RL Deed of Assignment and the RLRL Deed of Assignment described above together amount to a substantial property transaction for the purposes of Section 190 of the CA 2006 and must therefore be approved (and in the case of the Deed of Variation, ratified) by the Shareholders voting at the General Meeting.

The subscription for Placing Shares by Rob Lloyd and RLRL, a company connected with Rob Lloyd, and the entering into of the Deed of Variation, the Supplemental Deed, the

RL Deed of Assignment and the RLRL Deed of Assignment constitute, due to the size of these transactions, related party transactions under the AIM Rules. Where a Company whose shares are quoted on AIM enters into a transaction with a related party, AIM Rule 13 requires the Directors (with the exception of any Director involved in the transaction as a related party) to consider, having consulted with the Company's nominated adviser, whether the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

Accordingly, as the only independent Director, Paul Williams considers, having consulted with Evolution, nominated adviser to the Company and having reviewed the report prepared by PKF, that the terms of these transactions relating to Rob Lloyd and RLRL are fair and reasonable insofar as Shareholders are concerned. Rob Lloyd has not taken part in the Board's consideration of the terms of the Deed of Variation, the Supplemental Deed, the RL Deed of Assignment and the RLRL Deed of Assignment or his or RLRL's subscription for Placing Shares in the light of his interest in these transactions.

6. Board Composition

The Board currently comprises Rob Lloyd as Chief Executive Officer and Paul Williams as Executive Chairman. Whilst the Company does not currently have any non-executive directors, the Board considers the principles of good corporate governance, including those set out in the corporate governance guidelines for AIM Companies published by the Quoted Companies Alliance, to be of paramount importance. The Board will seek to appoint two non-executive directors as soon as practicable following completion of the Placing.

7. Option Plans

Given the significant changes to the Group that have taken place and which are likely to continue following completion of the Placing, it is considered key to the long-term interests of all Shareholders that the Group's senior management and employees remain appropriately incentivised. The Board therefore intends to continue to make awards under the existing Approved Scheme and to establish a more tax efficient joint share ownership plan so that the Group's ability to motivate and retain its employees is enhanced and its objective of establishing a viable long term business is fulfilled.

The incentivisation arrangements will be long term in nature and capable of delivering rewards on the achievement of challenging share price targets. It should also be noted that Paul Williams has not taken and will not take part in the consideration of any awards that may be made to him in his role as Executive Chairman. Such awards will be separately considered by Rob Lloyd in conjunction with Evolution as nominated adviser to the Company.

8. The Haycroft Lease

As set out in the circular to Shareholders dated 11 September 2009, The Royal Bank of Scotland plc, through National Westminster Bank plc agreed to make available to the Group a new term loan facility of £2.2m ("RBS Loan") in order to fund EDL's acquisition of Haycroft Farm from Rob Lloyd. Haycroft Farm is occupied in part by the Group. The purchase of Haycroft Farm was conditional upon the approval of Shareholders, which was given at a general meeting of the Company held on 28 September 2009 ("September GM"). Having taken advice on the most tax efficient structure for the acquisition of Haycroft Farm, on 7 October 2009, Rob Lloyd and EDL Nominee LLP, as bare trustee for EDL, entered into the Haycroft Farm Lease and the RBS Loan was completed. Rob Lloyd is interested in 99 per cent. of the capital and profit share of EDL Nominee LLP.

As the September GM approved a sale of Haycroft Farm to EDL rather than the grant of a 999 year lease to EDL Nominee LLP, for the sake of good order a Resolution will be proposed at the General Meeting to ratify the Haycroft Farm Lease and related documents.

9. Dividends

Eatonfield does not currently pay dividends nor does it expect to do so in the immediate future. The Board will, however, periodically review its dividend policy, with a view to resuming dividend payments as and when the Company has sufficient distributable reserves and it is appropriate to do so.

10. General Meeting

The notice convening the General Meeting of the Company to be held at the offices of Davenport Lyons, 30 Old Burlington Street, London W1S 3NL on 19 November 2009 at 11.00 a.m. together with the Form of Proxy for use at the General Meeting is enclosed with the Circular. The purpose of this meeting is to seek Shareholders' approval of the Resolutions set out in the notice of the General Meeting.

11. Importance of the vote

If Shareholders do not approve the Resolutions necessary to implement the Placing at the General Meeting or the Placing does not proceed for some other reason, due to the likely shortfall in funding, it is possible that the Group would be required to cease trading shortly thereafter and enter into administration. Accordingly, it is extremely important that Shareholders vote in favour of the Resolutions so that the Placing can proceed.

12. Admission

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the New Ordinary Shares will commence at 8.00 a.m. on 20 November 2009.

13. Recommendation

The Directors believe that the Resolutions to be proposed at the General Meeting are in the best interests of the Company and Shareholders as a whole and unanimously recommend that you vote in favour of them as Rob Lloyd intends to do in respect of his own beneficial holdings of Existing Ordinary Shares, totalling 11,000,000 Existing Ordinary Shares, representing 46.98 per cent. of the issued share capital of the Company as at the date of this announcement.

14. Placing statistics

Placing Price	5 pence
Number of Existing Ordinary Shares in issue on the date of this announcement	23,414,775
Number of New Ordinary Shares in issue following the Capital Reorganisation but before the Placing	23,414,775
Number of Deferred Shares in issue following the Capital Reorganisation	23,414,775
Number of New Ordinary Shares to be issued pursuant to the Placing	207,820,000
Percentage of the Enlarged Share Capital represented by the Placing Shares	89.87 per cent.
Estimated net proceeds of the Placing (after expenses)	£6.9 million (1)
Estimated expenses of the Placing	£0.5 million (2)

(1) Of the Placing Shares, 147,220,000 New Ordinary Shares will be subscribed by Placees for cash, including 16,000,000 New Ordinary Shares by Rob Lloyd, the Chief Executive Officer of the Group. A further 58,000,000 New Ordinary Shares in the Placing will also be issued to Rob Lloyd and his related parties pursuant to the arrangements described in Section 3 above;

(2) Estimated expenses of the Placing only includes those expenses to be paid in cash by the Company.

15. Expected timetable of principal events

Each of the times and dates in the table below is indicative only and may be subject to change.

Publication of the Circular	28 October 2009
Latest time and date for receipt of Forms of Proxy for use at the General Meeting	11.00 a.m. on 17 November 2009
Latest time and date for receipt of electronic proxy appointments via the CREST system	11.00 a.m. on 17 November 2009
General Meeting	11.00 a.m. on 19 November 2009
Record Date for Capital Reorganisation	19 November 2009
Capital Reorganisation effective	by 5.00 p.m. on 19 November 2009
Expected Admission of the New Ordinary Shares to trading on AIM and Placing Shares credited to CREST stock accounts	8.00 a.m. on 20 November 2009
Despatch of definitive share certificates for Placing Shares in certificated form	by 27 November 2009

16. Definitions

"Admission"	admission of the New Ordinary Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
"AIB"	AIB (UK) plc;
"AIM"	the market known as AIM operated by the London Stock Exchange;
"AIM Rules"	the rules applicable to companies whose securities are traded on AIM and their advisers, as published by the London Stock Exchange from time to time;

"Approved Scheme"	The Eatonfield Group approved share option scheme adopted by the Board on 20 October 2006;
"Birkwood Site"	the 83 acre former National Health Service hospital at Birkwood, Lesmahagow, Glasgow, acquired by EDL in May 2008;
"Broker Warrants"	the warrants to be issued to Orbis and Evolution pursuant to the terms of the Placing Agreement, further details of which are set out in paragraph 5.13 of Part III of the Circular;
"CA 2006"	Companies Act 2006;
"Capital Reorganisation"	the reorganisation of the Company's share capital into New Ordinary Shares and Deferred Shares;
"Closing Price"	the closing middle market price for an Existing Ordinary Share as derived from the daily official list of the London Stock Exchange;
"Company" or **"Eatonfield"**	Eatonfield Group plc, a company incorporated in England and Wales under the Companies Act 1985 with registered number 5801082, having its registered office at Haycroft Farm, Peckforton Hall Lane, Spurstow, Tarporley, Cheshire CW6 9TF;
"Corus Rail Site"	the 77 acre former Corus rail track site in Workington, Cumbria acquired by EDL in November 2007;
"Deferred Shares"	the issued deferred shares of 9 pence each in the capital of the Company resulting, along with the New Ordinary Shares, from the Capital Reorganisation;
"Directors" or "Board"	the directors of the Company named on page 3 of the Circular;
"EDL"	Eatonfield Developments Limited, a company incorporated in England and Wales under the Companies Act 1985 with registered number 3529785, having its registered office at Haycroft Farm, Peckforton Hall Lane, Spurstow, Tarporley, Cheshire CW6 9TF, a wholly-owned subsidiary of the Company;
"Enlarged Share Capital"	the issued ordinary share capital of the Company following completion of the Placing, comprising the New Ordinary Shares and the Placing Shares;

"Evolution"	Evolution Securities Limited, for AIM purposes nominated adviser and Joint Broker to the Company;
"Existing Ordinary Shares"	the 23,414,775 ordinary shares of 10 pence each in issue at the date of this announcement;
"Form of Proxy"	the form of proxy for use by Shareholders at the General Meeting which accompanies the Circular;
"General Meeting"	the general meeting of the Company convened for 11.00 a.m. on 19 November 2009, or any reconvened meeting following any adjournment thereof, notice of which is set out in the Notice of General Meeting;
"Group"	the Company and its subsidiaries;
"Haycroft Farm"	Haycroft Farm, Peckforton Hall Lane, Spurstow, Tarporley, Cheshire CW6 9TF;
"Haycroft Farm Lease"	the 999 year lease in respect of Haycroft Farm entered into on 7 October 2009 between (1) Rob Lloyd and (2) EDL Nominee LLP, further details of which are set out in paragraph 5.10 of Part III of the Circular;
"Joint Brokers"	Evolution and Orbis and 'Joint Broker' shall mean either of them;
"London Stock Exchange"	London Stock Exchange plc;
"New Ordinary Shares"	the ordinary shares of 1 penny each in the share capital of the Company arising (along with the Deferred Shares) from the Capital Reorganisation or created upon the passing of Resolution 1 to be proposed at the General Meeting;
"Notice of General Meeting"	the notice of the General Meeting which is set out at the end of the Circular;
"Orbis"	Orbis Equity Partners Limited;
"Paignton Site"	the 24 acre former Bookham Technology Park in Paignton, Devon;
"Placees"	the institutional and other investors (including Rob Lloyd with regard to his £800,000 cash contribution only) who have conditionally agreed to subscribe for Placing Shares;

"Placing"	the conditional placing of 207,820,000 New Ordinary Shares at the Placing Price for which Admission to trading on AIM is expected to be effective by 8.00 am on 20 November 2009;
"PKF"	PKF (UK) LLP;
"Placing Agents"	Orbis and Evolution;
"Placing Agreement"	the placing agreement between the Company and the Placing Agents;
"Placing Price"	5 pence per New Ordinary Share;
"Placing Shares"	the 207,820,000 New Ordinary Shares which have been conditionally placed pursuant to the Placing;
"Port Derwent Warrants"	warrants to be issued subject, inter alia, to Shareholders' approval, by the Company to Leslie Charles Allen-Vercoe and Paul Marcus Anthony Brett pursuant to a joint venture agreement between the Company and Port Derwent Developments (Workington) Limited, further details of which are set out in paragraph 5.7 of Part III of the Circular;
"RBS"	The Royal Bank of Scotland plc;
"RBS Warrants"	warrants to be issued subject to Shareholders' approval, to West Register pursuant to a £550,000 term loan agreement between RBS (as agent for National Westminster Bank Plc), EDL and Eatonfield (excluding the warrants over 800,000 Existing Ordinary Shares already issued to West Register), further details of which are set out in paragraph 5.5 of Part III of the Circular;
"Resolutions"	the ordinary and special resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting and reference to a Resolution is to the relevant resolution set out in the Notice of General Meeting;
"RLRL"	Rob Lloyd Racing Limited, a company incorporated in England and Wales under the Companies Act 1985 with registered number 04425170, having its registered office at Haycroft Farm, Peckforton Hall Lane, Spurstow, Tarporley, Cheshire CW6 9TF, a company connected with Rob Lloyd;

"RL Deed of Assignment"	the deed of assignment to be entered into between Rob Lloyd and the Company, further details of which are set out in paragraph 5.17 of Part III of the Circular;
"RLRL Deed of Assignment"	The deed of assignment to be entered into between RLRL and the Company, further details of which are set out in paragraph 5.18 of Part III of the Circular;
"RLRL Profit Sharing Agreement"	the profit sharing agreement entered into between EDL, RLRL and Rob Lloyd on 1 October 2008, further details of which are set out in paragraph 5.2 of Part III of the Circular, which was approved by Shareholders on 24 October 2008;
"Shareholders"	holders of Existing Ordinary Shares;
"Shares"	ordinary shares of 10 pence each in the capital of the Company;
"Warrants"	the Port Derwent Warrants, the RBS Warrants and the Broker Warrants; and
"West Register"	West Register (Investments) Limited.