

**Eatonfield Group plc
(AIM:EFD)**

Cardigan joint venture with Modus Properties Ltd

Following its sale of the Bookham Technology site in Paignton to Modus Paignton Ltd (a subsidiary of Modus Properties Ltd), Eatonfield Group plc, the commercial property developer and house builder, is pleased to announce that its subsidiary Eatonfield Developments Ltd has entered into a joint venture agreement with Modus Properties to acquire two adjacent sites for development in Cardigan.

Rob Lloyd, Group Chief Executive of Eatonfield said: "We have known Modus for some time and worked with them in the past. Their track record of town centre development complements our own regeneration experience. We are also contracted to work with them to develop the Paignton site. We look forward to working together on these opportunities for the next few years."

Brendan Flood, Chairman of Modus Properties Ltd said: "We have known Rob Lloyd for several years and have watched the evolving success of Eatonfield. Developments such as Paignton and Cardigan complement our 15 year track record of successful urban regeneration."

Trading update

Further to the Paignton sale, Eatonfield also announces the sale of its 20 acre development site at Ystalfera on 25 June for £4.7m. This includes two redundant factories and is yet another example of Eatonfield's ability to drive the value out of brownfield sites. In this case, a major house builder will develop the site to meet local affordable housing needs and also build 'nursery' business units.

Terry Carroll, Group Finance Director said: "Part of Eatonfield's strategy will continue to be building more balance and choice into its business going forward. We continue to adapt our portfolio to the changing circumstances. Selling these two sites reduces our absolute exposure to a tightening commercial market. To counterbalance these strategic sales and secure our future performance, we are transferring more sites into our residential land bank. We continue to believe that an adjustment to more realistic commercial yield levels would be healthy and bring us even more opportunities to generate value.

2007/8 will see rapid growth in our house building division, Eatonfield Homes and we remain confident of meeting City expectations for 2006/7 and beyond."

Chairman, Sir Leslie Young said: "Eatonfield's past success has in part been created through regeneration, including a sensitivity to local needs and interests. Following our Strategic Review in February, this will remain a strong theme over the next 5 years. The Ystalfera deal again demonstrates that capability. The Paignton and Cardigan projects show the value of those skills in the wider market. We are comfortable working with selected parties who share our vision and bring complementary experience to the table "

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 the ability to successfully identify and acquire sites which may require change of use or which, due to their current size or usage, do not present obvious development potential.

In May 2006, Eatonfield launched its eco-friendly building strategy. Eatonfield's Eco-homes are 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. Some of their environmentally friendly features include highly insulated floors, walls and roofs; ground source heat pumps to provide hot water and heating and comfort cooling systems.