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Press Release

27 October 2015

Telford Homes Plc

(“Telford Homes” the “Company” or the “Group”)

Placing to raise £50 million

Highlights

- Placing arranged by Shore Capital and Peel Hunt to raise £50 million (before expenses) for the Group through the issue of 13,888,889 new Ordinary Shares at 360 pence per share
- London has a growing economy with an excellent transport network and yet suffers from a fundamental lack of supply of new homes at an affordable price, such that demand remains high from the Group’s typical customers
- Following the recent acquisition of the regeneration business of United House Developments for £23 million the Group has a substantial platform from which it can undertake further investment
- The Group has a number of opportunities to acquire new developments that require additional funds beyond those deployed for the acquisition
- The net proceeds will be invested in some of these development opportunities and are expected to be committed within one year and fully utilised within two years
- The Board believes that the Placing will enable the Group to target annual profit before tax exceeding £45 million from 2019 onwards and increasing towards £60 million thereafter
- The Placing is conditional on, *inter alia*, passing of certain Resolutions at a General Meeting to be held on 13 November 2015

Jon Di-Stefano, Chief Executive of Telford Homes, commented:

‘Telford Homes is experiencing strong demand for its homes in non-prime inner London and has a sector leading forward sold position of almost four times last year’s reported revenue. This is due in part to a fundamental lack of supply of new homes in London at an affordable price. The imbalance between supply and demand is not going away and the Group already has a substantial development pipeline to take advantage of this in the coming years. Despite that, there are more opportunities available in the Group’s typical locations. The proposed Placing will enable Telford Homes to take advantage of those opportunities and achieve enhanced longer term growth in its output of new homes and therefore in reported profits and dividends paid to shareholders.’

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Introduction

Telford Homes Plc (AIM:TEF), the London focused residential property developer is pleased to announce that it has conditionally raised £50 million, before expenses, by way of a Placing of

13,888,889 new Ordinary Shares at a price of 360 pence per share. The net proceeds of the Placing (expected to be approximately £48.3 million) will allow the Group to invest in new development opportunities. The Placing is conditional, amongst other things, upon Shareholders passing certain Resolutions at a General Meeting of the Company to be held at 10.00 a.m. on 13 November 2015. Accordingly, a circular (the “Circular”) will be sent to Shareholders tomorrow containing information in relation to the Placing and to convene the General Meeting. The Placing, which has been arranged by Shore Capital and Peel Hunt pursuant to the terms of the Placing Agreement, is also conditional upon Admission.

The Circular will be available on the Company's website at www.telfordhomes.london in due course.

Background to and reasons for the Placing

Telford Homes is an established residential property developer building new homes in non-prime inner London. The Group has a substantial development pipeline and the management team has the skills and experience to obtain planning consents despite a complex planning environment. The Group is responsible for the design and construction of multiple high quality developments and has sold apartments to a wide range of customers, taking pride in excellent levels of customer service.

The Group is focused on relatively affordable locations in London where the average price of an open market home is typically between £500 and £800 per square foot. At this price level demand from investors, tenants and owner occupiers continues to be strong and yet there are still not enough new homes being constructed. As announced on 14 October 2015, this continuing strong demand has been demonstrated by several successful sales launches in the last six months including, most recently, the Group's Stratosphere development, where the sale of the remaining 32 homes commenced on 8 October 2015 and by the end of the first day 18 reservations had been secured. The Group's forward sold position currently stands at over £685 million to be recognised across five financial years from the year to 31 March 2016 onwards.

Legal completions on forward sold homes are also being achieved in line with expectations. These completions are weighted towards the first half of the current financial year and, as a result, the Board anticipates that profit before tax for the six months to 30 September 2015 will more than double compared to the equivalent period last year (H1 2014: £9.4 million). Given the forward sold position, the Group remains well on track to meet profit expectations for the year to 31 March 2016 and beyond.

In September 2015 the Group enhanced its development pipeline through the acquisition of the regeneration business of United House Developments. The developments that were acquired in this transaction are all in the Group's core area and have the potential to add some £500 million of revenue to the Group's existing £1 billion development pipeline. The acquisition was funded from existing cash resources and helps the Group secure an enhanced longer term strategic development pipeline stretching over the next eight years to 2024. The development pipeline in total represents more than eight times revenue reported for the year to 31 March 2015. The Group believes that it now has a substantial platform from which it can undertake further investment. In addition, the Group has a number of opportunities to acquire new developments that will require additional funds beyond those deployed for the acquisition.

London has a growing economy with an excellent transport network and yet suffers from a fundamental lack of supply of new homes at an affordable price. Demand remains high from all of the Group's typical customers such that the Board continues to be very confident in investing further in the development pipeline. Due to these market dynamics and the number of opportunities available, the Company has conditionally raised approximately £50 million (before commissions and expenses) pursuant to the Placing. The net proceeds of the Placing are expected to be committed within one year and fully utilised within two years and will be initially focused on driving sustained profit growth without reducing short term debt requirements such that gearing will increase in the short term as previously anticipated. Given its strong forward sold position, the Group will invest the placing funds to target annual profit before tax exceeding £45 million from 2019 onwards. Beyond 2019 the Board expects to use recycled equity to manage future debt requirements and therefore reduce longer term gearing whilst still maintaining controlled growth towards a profit before tax figure of £60 million.

Dividend policy

The Group currently has a policy of paying one third of earnings to Shareholders through the payment of dividends. As a result of the long term nature of the developments the Group focuses on, the Placing is expected to cause an initial dilution of earnings but will enhance net asset value per share. As a result, the Board intends to increase its dividend payments above one third of earnings in the short term to offset this initial dilution in earnings.

The Placing

The Company has conditionally raised, in aggregate, £50 million (before commissions and expenses) through the issue of the Placing Shares at the Placing Price. The Placing Shares will represent approximately 18.6 per cent of the Company's enlarged share capital immediately following Admission. The Placing Price represents a discount of approximately 12.2 per cent to the closing middle market price on 26 October 2015, being the last practicable date prior to the announcement of the Placing. The Placing Shares will rank in full for all dividends with a record date on or after the date of Admission and otherwise equally with the existing Ordinary Shares from the date of Admission. It is expected that the Placing Shares will be admitted to trading on AIM on 16 November 2015. The Placing (which is not underwritten) is conditional, amongst other things, upon:

- the approval of certain Resolutions at the General Meeting;
- the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- Admission.

in each case by no later than 8.00 a.m. on 16 November 2015 (or such time and date as the Company, Shore Capital and Peel Hunt may agree, being not later than 5.00 p.m. on 30 November 2015).

The Placing Agreement

Pursuant to the terms of the Placing Agreement, Shore Capital Stockbrokers and Peel Hunt, as agents for the Company, have agreed conditionally to use their respective reasonable endeavours to place the Placing Shares at the Placing Price.

The Placing Agreement contains certain warranties from the Company and the Directors in favour of Shore Capital Stockbrokers, Shore Capital and Corporate and Peel Hunt in relation to, amongst other things, the accuracy of the information contained in this document and certain other matters relating to the Company and its business. In addition, the Company and the Directors have agreed to indemnify Shore Capital Stockbrokers, Shore Capital and Corporate and/or Peel Hunt in relation to certain liabilities either of them may incur in respect of the Placing. Each of Shore Capital Stockbrokers, Shore Capital and Corporate and Peel Hunt has the right to terminate the Placing Agreement in certain circumstances prior to Admission, including without limitation, for an event of force majeure or in the event of a material breach of the warranties set out in the Placing Agreement.

Admission and dealings

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission to AIM will become effective and that dealings will commence on 16 November 2015. Admission is subject to the passing of certain Resolutions at the General Meeting and to the Placing Agreement becoming unconditional in all respects (save only for Admission) and not being terminated in accordance with its terms. The Placing Shares will, when issued, be credited as fully paid and rank pari passu with the existing Ordinary Shares in the capital of the Company including the right to receive all future dividends and distributions declared, made or paid.

General Meeting

A notice convening the General Meeting to be held at Telford House, Queensgate, Britannia Road, Waltham Cross, Hertfordshire EN8 7TF at 10.00 a.m. on 13 November 2015 will be set out at the end of the Circular.

Placing statistics

Placing Price	360p
Number of Ordinary Shares in issue prior to the Placing	60,647,500
Number of Placing Shares being placed on behalf of the Company	13,888,889
Estimated proceeds receivable by the Company, before expenses	£50,000,000
Number of Ordinary Shares in issue following the Placing	74,536,389
Number of Placing Shares as a percentage of the enlarged issued share capital	18.6 per cent

Expected timetable of events

Dispatch of the Circular to Shareholders	28 October 2015
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 11 November 2015
Time and date of General Meeting	10.00 a.m. on 13 November 2015
Admission and dealings in the Placing Shares expected to commence on AIM	8.00 a.m. on 16 November 2015
Expected date for CREST stock accounts to be credited for the Placing Shares in uncertificated form	16 November 2015

**If any of the details contained in the above expected timetable should change the revised times and dates will be notified to Shareholders by means of an announcement through the Regulatory Information Service. All events listed in the above timetable following the General Meeting are conditional on the passing of certain Resolutions at the General Meeting.*

Definitions

The following definitions apply throughout this announcement unless the context otherwise requires:

Act	the Companies Act 2006 (as amended)
Admission	admission of the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
AIM	the AIM market operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies published by the London Stock Exchange as amended from time to time
AIM Rules for Nominated Advisers	the AIM Rules for Nominated Advisers published by the London Stock Exchange as amended from time to time
Articles	the articles of association of the Company from time to time
certificated form or in certificated form	an ordinary share recorded on a company's share register as being held in certificated form (namely, not in CREST)
Company or Telford	Telford Homes Plc, a company registered in England and Wales with registered number

4118370

CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in those regulations)
Directors or Board	the directors of the Company or any duly authorised committee thereof
Form of Proxy	the form of proxy which accompanies this document for use in connection with the General Meeting
General Meeting	the general meeting of the Company to be held at Telford House, Queensgate, Britannia Road, Waltham Cross, Hertfordshire EN8 7TF at 10.00 a.m. on 13 November 2015 (or any adjournment thereof)
Group	the Company and its subsidiaries
London Stock Exchange	London Stock Exchange plc
Notice of General Meeting	the notice convening the General Meeting which will be set out at the end of the Circular
Ordinary Shares	the ordinary shares of 10 pence each in the capital of the Company
Peel Hunt	Peel Hunt LLP
Placing	the conditional placing of the Placing Shares by Shore Capital Stockbrokers and Peel Hunt, as agents on behalf of the Company, pursuant to the Placing Agreement
Placing Agreement	the conditional agreement dated 27 October 2015 and made between the Company, the Directors, Shore Capital and Corporate, Shore Capital Stockbrokers and Peel Hunt in relation to the Placing
Placing Price	360 pence per Placing Share, being the price at which each Placing Share is to be issued under the Placing
Placing Shares	the 13,888,889 new Ordinary Shares to be issued pursuant to the Placing
Resolutions	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting

Shareholders	holders of Ordinary Shares from time to time
Shore Capital	Shore Capital Stockbrokers and/or Shore Capital and Corporate, as the context permits
Shore Capital and Corporate	Shore Capital and Corporate Limited
Shore Capital Stockbrokers	Shore Capital Stockbrokers Limited
uncertificated form or in uncertificated form	an ordinary share recorded on a company's share register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 2001, may be transferred by means of CREST

Disclaimer

Shore Capital and Corporate Limited, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as Nominated Adviser exclusively for the Company in connection with the Placing and Admission and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this announcement or any matter, transaction or arrangement referred to herein. The responsibilities of Shore Capital and Corporate Limited as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person.

Shore Capital Stockbrokers Limited, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as Joint Bookrunner and Joint Broker exclusively for the Company in connection with the Placing and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this announcement or any matter, transaction or arrangement referred to herein.

Peel Hunt LLP which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as Joint Bookrunner and Joint Broker exclusively for the Company in connection with the Placing and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this announcement or any matter, transaction or arrangement referred to herein.

This announcement has been issued by the Company and is the sole responsibility of the Company. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Shore Capital or Peel Hunt or by any of its affiliates or agents as to, or in relation to, the accuracy or completeness of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.