Trafalgar New Homes plc

Admission of Shares to trading on AIM

Nominated Adviser and Broker

Allenby
CAPITAL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take you are recommended to seek your own financial advice immediately from an independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom or, if not, from another appropriately authorised and independent financial adviser, who specialises in advising on the acquisition of shares and other securities. The whole of the text of this document should be read. Your attention is drawn in particular to the section entitled "Risk Factors" in Part II of this document.

This document should not be forwarded or sent in, into or from any Restricted Jurisdiction and persons outside the United Kingdom into whose possession this document may come, should inform themselves about and observe any applicable restrictions under the laws of the jurisdiction in which this document is received.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules, does not comprise a prospectus within the meaning of section 85 of FSMA and has not been prepared in accordance with the Prospectus Rules. This document has not therefore been approved by or filed with the Financial Conduct Authority for the purposes of the Prospectus Rules.

The issued Ordinary Shares are currently traded on the ISDX Growth Market. Application will be made for all of the Ordinary Shares of Trafalgar New Homes Public Limited Company (the "Company"), both issued and to be issued, to be admitted to trading on AIM, a market operated by the London Stock Exchange. Accordingly, the Ordinary Shares are expected to cease to be traded on the ISDX Growth Market at the close of business on 15 July 2013 and it is expected that admission of the Ordinary Shares to trading on AIM will become effective on 16 July 2013.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission to AIM in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not dealt in on any other recognised investment exchange other than the ISDX Growth Market and apart from the application for admission to AIM, no other such applications have been or will be made.

The Company, together with the Directors whose names are set out on page 4 of this document, accept responsibility both individually and collectively for the information contained in this document and the Directors accept full responsibility collectively and individually for the Company's compliance with the AIM Rules for Companies. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect its import.

TRAFALGAR NEW HOMES PUBLIC LIMITED COMPANY

(Incorporated and registered in England and Wales under the Companies Act 1985 with Registered Number 4340125)

Placing of 14,000,000 new Ordinary Shares at a price of 2p per share and admission of the entire issued share capital to trading on AIM

Nominated Adviser and Broker

Allenby CAPITAL

Allenby Capital, which is a member of the London Stock Exchange and is authorised and regulated by the Financial Conduct Authority, is acting as nominated adviser and broker exclusively for the Company in connection with the Placing and the Admission and is not acting for any other person and will not be responsible to any person other than the Company for providing the protections afforded to clients of Allenby Capital. In particular, the information contained in this document has been prepared solely for the purposes of the Placing and Admission and it is not intended to be relied on by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is owed to them. Allenby Capital's responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this document. Without limiting the statutory rights of any person to whom this document is issued no warranty, express or implied, is made by Allenby Capital as to any of the contents of this document for which the Directors and the Company are solely responsible. Allenby Capital has not authorised the contents of any part of this document and no liability whatsoever is accepted by Allenby Capital for the accuracy of the information and opinions contained in this document or for the omission of any material information from this document, for which it is not responsible.

This document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under the applicable securities legislation of any state of the United States of America or any province or territory of Canada, Australia, the Republic of South Africa or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exemptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan or to, or for the account or benefit of, US persons or any national, resident or citizen of the United States of America, Canada, Australia, the Republic of South Africa or Japan. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Forward-looking statements

This document includes "forward-looking statements" which include all statements other than statements of historical facts including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "plan", "project", "believes", "estimates", "aims", "intends", "can", "may", "expects", "forecasts", "anticipates", "would", "should", "could" or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Among the important factors that could cause the Company's actual results, performance or achievements to differ materially from those in forward-looking statements include factors in the section entitled "Risk Factors" and elsewhere in this document. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions in relation to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this document may not occur. Prospective investors should be aware that these statements are estimates, reflecting only the judgement of the Company's management and prospective investors should not therefore rely on any forward-looking statements.

The Ordinary Shares should be regarded as a highly speculative investment and an investment in Ordinary Shares should only be made by those with the necessary expertise to fully evaluate the investment. The Directors believe that the risk factors set out in Part II of this document should be considered carefully by investors before acquiring Ordinary Shares. Prospective investors are recommended to consult an independent financial adviser authorised under the FSMA, if they are in the United Kingdom or, if not, another appropriately authorised and independent financial adviser, who specialises in advising on the acquisition of shares and other securities. If any of the risks described in this document actually occurs, the Company may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, the market price of the Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	James Dubois	*Non-Executive Chairman*
	Christopher Charles Johnson	*Chief Executive*
	Alexander Daniel Johnson	*Executive Director*
	Norman Alec Charles Lott	*Non-Executive Director*
	all of:	
	Chequers Barn Chequers Hill Bough Beech Edenbridge Kent TN8 7PD	
Company Secretary	Andrew Moore	
Registered Office	Chequers Barn Chequers Hill Bough Beech Edenbridge Kent TN8 7PD	
Website address	www.trafalgar-new-homes.co.uk	
Nominated Adviser and Broker	Allenby Capital Limited 3 St. Helen's Place London EC3A 6AB	
Reporting accountants and auditors to the Company	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH	
Solicitors to the Company	Moorhead James LLP Kildare House 3 Dorset Rise London EC4Y 8EN	
Solicitors to Allenby Capital	Kaye Scholer LLP 140 Aldersgate Street London EC1A 4HY	
Financial Public Relations	Yellow Jersey PR Limited 76 Great Suffolk Street London SE1 0BL	
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA	

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this document:

"Admission"	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
"AIM"	the market of that name 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;
"Allenby Capital"	Allenby Capital Limited;
"Articles"	the articles of association of the Company from time to time;
"Board"	the board of directors of the Company from time to time;
"Corporate Governance Code"	the UK Corporate Governance Code;
"Combe Bank Homes"	Combe Bank Homes Limited , a company incorporated in England and Wales on 20 November 2006 and with company number 6003791;
"Companies Act"	the Companies Act 2006, as amended;
"Company" or "Trafalgar New Homes"	Trafalgar New Homes Public Limited Company, a company incorporated in England and Wales on 14 December 2001 and with company number 4340125;
"CREST"	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the paperless settlement of share transfers and the holding of shares in uncertificated form;
"CREST Regulations"	The Uncertificated Securities Regulations 2001 (S1 2001/3755), as amended;
"CVA"	the company voluntary arrangement approved by creditors and shareholders of the Company in November 2010, the details of which are summarised in paragraph 15 of Part VI of this document;
"Directors" or "Board"	the directors of the Company, whose names are set out on page 4 of this document;
"Enlarged Share Capital"	the issued share capital of the Company as enlarged by the Placing;
"FCA"	the United Kingdom Financial Conduct Authority;
"FSMA"	the Financial Services and Markets Act 2000, as amended, including any regulations made pursuant thereto;
"General Meeting"	the general meeting of the Company to be held on 15 July 2013 and any adjournments thereof;
"Group"	the Company and/or its subsidiaries;

"HMRC"	Her Majesty's Revenue and Customs;
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board;
"ISDX Growth Market"	the market of that name operated by ICAP Securities & Derivatives Exchange Limited;
"ISIN"	international security identification number;
"JCT"	Joint Contracts Tribunal;
"LABC"	Local Authority Building Council of England and Wales;
"London Stock Exchange"	London Stock Exchange plc;
"NHBC"	National House Building Council, the independent regulator and standards setter for the new homes industry;
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company;
"Placees"	subscribers of Placing Shares;
"Placing"	the conditional placing of the Placing Shares at the Placing Price with institutional and other investors pursuant to the Placing Agreement;
"Placing Agreement"	the conditional agreement dated 27 June 2013 between (1) the Company (2) the Directors and (3) Allenby Capital relating to the Placing, further details of which are set out in paragraph 10 of Part VI of this document;
"Placing Price"	2p per Placing Share;
"Placing Shares"	the 14,000,000 new Ordinary Shares of 1p each to be issued by the Company pursuant to the Placing;
"Resolutions"	the resolutions to be proposed at the General Meeting as set out in the notice of general meeting sent to Shareholders on 27 June 2013;
"Restricted Jurisdiction"	the United States of America, Canada, Australia, the Republic of South Africa and Japan;
"Shareholders"	holders of Ordinary Shares in the Company from time to time;
"Takeover Code"	the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers as updated from time to time;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"Warrant Agreement"	the conditional agreement dated 27 June 2013 between (1) the Company and (2) Allenby Capital relating to the issue to Allenby Capital of a warrant to subscribe for 4,567,504 Ordinary Shares at the Placing Price, further details of which are set out in paragraph 10 of Part VI below;
"£" and "p"	United Kingdom pounds sterling and pence, the lawful currency from time to time of the United Kingdom.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	27 June 2013
General Meeting	15 July 2013
Cancellation of trading on ISDX Growth Market*	Close of business on 15 July 2013
Admission effective and dealings in the Enlarged Share Capital commence on AIM*	16 July 2013
CREST accounts credited with Placing Shares (where applicable)*	16 July 2013
Despatch of definitive share certificates for Placing Shares being held in certificated form (where applicable)*	by 31 July 2013

*Assuming the Resolutions are passed at the General Meeting

ADMISSION AND PLACING STATISTICS

Number of Ordinary Shares in issue at the date of this document	214,375,190
Number of Placing Shares	14,000,000
Number of Ordinary Shares in issue on Admission	228,375,190
Placing Shares as a percentage of the Enlarged Share Capital	6.13 per cent.
Placing Price	2p
Market capitalisation of the Company at the Placing Price on Admission	£4.6 million
Gross proceeds of the Placing	£280,000
Estimated net proceeds of the Placing	£60,000
AIM symbol	TRAF
ISIN	GB00B0SP7491

PART I

INFORMATION ON THE COMPANY

1. Introduction

Trafalgar New Homes is the holding company of Combe Bank Homes, a successful residential property developer operating in the South East of England. The founders of Combe Bank Homes have a long track record of developing new and refurbished homes, principally in Kent. Combe Bank Homes was incorporated in 2006 and was acquired by Trafalgar New Homes on 11 November 2011. The Company is currently quoted on the ISDX Growth Market.

The Group's focus is on the acquisition of land for residential property development. The Group outsources all development activities, for example the obtaining of planning permission, design and construction, and uses fixed price build contracts. This enables the Group to control its development and overhead costs.

The Group focuses on the regions of Kent, Surrey, Sussex and the M25 ring south of London. The Group targets development sites of up to 20 homes, with sales prices typically ranging from £100,000 to £750,000 per unit, although larger projects are undertaken.

The Directors believe that the Group occupies a niche position in the current market, between local builders and developers and the larger house building companies. The Directors believe that the Group's relationships with its lenders enables it to secure competitive financing for its developments, allowing it to acquire and develop sites beyond the reach of smaller local builders and developers, but which are generally too small to be of serious interest to the larger property development companies. The Group also benefits from the experience and relationships of its management in its geographical market.

2. History

The Company was incorporated in December 2001 and is quoted on the ISDX Growth Market. The Company became the holding company of Combe Bank Homes following its acquisition in November 2011, when the business of Combe Bank Homes became the sole business of the Group. Prior to that the Company had operated as a property builder and developer but fell into financial difficulties in 2010 and it ceased operations. A subsequent administration process and CVA removed all outstanding liabilities and indebtedness of the Company and left the Company without a business, before its acquisition of Combe Bank Homes. Combe Bank Homes was founded by Christopher Johnson and Alexander Johnson in November 2006 to undertake residential property developments including new build, conversions and refurbishment.

3. The Business

Overview

The Group specialises in residential property development in Kent, Surrey, Sussex and the M25 ring south of London, although sites outside these areas would be considered. To date, all of the Group's developments have been in Kent. The Group focuses on relatively small and individual sites which the Directors consider are outside the resources of local builders and developers but which are generally too small to be of interest to the larger house building companies.

All sectors of the private housing market are catered for, including starter homes, apartments, studios, terraced and detached homes. The Group's developments primarily involve the construction of new homes, although refurbishment of existing property may be required as part of a new development or would be considered in exceptional circumstances. A typical development is of two to 20 homes ranging in size from two to five bedrooms and ranging in price from £100,000 to £750,000, although smaller and larger projects are undertaken if commercially viable.

The Group acquires land for development and then outsources the design, planning and construction process, almost exclusively on a fixed price basis. The purpose of this is to protect the Group from design and construction risks arising from cost overruns and delays. The Group recognises that the price paid for sites drives the profitability of each development, and it focuses on buying sites with a view to (a) achieving a 20 per cent. margin on gross development value, and (b) enhancing the planning status where possible. The Directors believe this strategy has contributed, and will continue to contribute, to the Group's success.

Land purchases and planning approval

The Group receives the majority of its referrals for new land purchases from either estate agents, land consultants, contacts in the house building/residential development industry or from personal contacts of the Directors. On receipt of a suitable opportunity, the site is researched and a financial assessment of its development prospects is undertaken to produce a site feasibility study, which estimates the likely build costs, based on the anticipated specification for the site, professional costs, contingency fees and revenue from sales. An acceptable land cost is then arrived at based on this estimate and a targeted 20 per cent. return on gross development value. A bid or offer for land is submitted on this basis. If a site is offered by an introducing agent at a figure which is above the calculated purchase price using this formula, then it is unlikely that a bid would be made for such a site. The Directors believe that it is essential to adhere to this discipline, as the level of profit that can be achieved on any particular development is largely determined by the land purchase price.

The Group will consider the acquisition of sites that have only conditional or limited planning consents where the Directors believe they present an opportunity to realise gains by enhancing the planning status. However, in most cases a site is purchased with the benefit at least of outline planning consent for residential development. The Group will then seek detailed consent for the development it wishes to proceed with or to change the existing detailed consent to a more advantageous consent after the purchase. The Group is also willing to consider "brownfield" sites as potential construction sites, provided they are in a residential location acceptable to the Group. Such sites would be acquired with a view to preparing them for residential construction, obtaining all the planning, environmental and other permissions necessary for development. The planning and consent process involves the appointment of third party professionals drawn from a list of preferred suppliers, including architects, architectural draughtsman, surveyors and environmental consultants.

The Group's record of securing full or improved planning permission for sites has led to the development of strong relationships with local estate and land agents, which facilitates a continuing supply of land purchase opportunities.

Financing

The funding for the acquisition and development of land and property has typically been provided in part through Combe Bank Homes' bankers who, subject to valuation, usually provide at least 60 per cent. of the value of land and at least 60 per cent. of the building cost. Historically, the balance of monies required has been financed through the Group's own resources and loans, primarily from Christopher Johnson. The Group has entered into the loan agreements with Christopher Johnson detailed in paragraph 10 of Part VI of this document for this reason.

House building

Once detailed planning permission has been secured and after reviewing market conditions for that particular type of development, design, site planning and construction work is contracted-out on a fixed price basis. The Group has long established relationships with a number of professionals for this purpose and builders are either NHBC registered or LABC registered contractors. Prices are negotiated with contractors on the basis of the experience of Christopher and Alexander Johnson, who are assisted by a quantity surveyor.

All build contracts entered into by the Group are industry standard JCT fixed price contracts which oblige the builder to meet an agreed construction programme. Generally, the Group expects a contractor to agree a twelve month build contract; some can be longer but usually no more than fifteen months from start to finish.

The Group pays its builders on a stage payment basis. This means that the Group generally pays the builder on a monthly basis for work done once the completion of work has been certified by an independent certifying surveyor appointed by the Group and its lenders. The Group can refuse to pay the builder for work done if it considers the builder is in default under the terms of its contract with the Group. On receipt of the surveyor's certificate, the Group submits a funding request to the lending bank for draw down of the stage payment, which is paid to the builder.

The Directors believe that the regularity of stage payments aids builders with their cashflow and leads to a competitive price for the build being agreed at the outset, thereby benefiting the Group. This, and the use of fixed price contracts, places the financial risk of cost overruns, poor workmanship, incomplete work or late completion on the builder. Furthermore, as the Group pays its builders in arrears, it is protected against the consequences of its builders becoming insolvent or ceasing business.

Marketing

On completion of the build work, the Group commences the marketing of its properties for sale, most of which is contracted through estate agents. This is to ensure that there is a swift and efficient marketing and sales programme in place. It also leads to continuing introductions to development land from the estate agents.

Properties are sold with either an NHBC or other equivalent purchaser's warranty.

4. Development Portfolio

In the financial year ended 31 March 2013, the Group sold 12 units and conditionally sold its subsidiary company, Combe Homes (Investments) Limited, which holds six rental flats in Maidstone, Kent (The Square).

The Group's land and property portfolio falls into three categories. The first consists of those properties which have been developed and which are being marketed or due to start marketing for sale to contribute to the Company's revenue for the current financial year ending 31 March 2014. These properties are:

- 67, 69 and 71 High Street, Edenbridge, Kent – of the 12 units involved, only three remain to be sold; and
- Oakhurst Park Gardens, Bank Lane, Hildenborough, Kent – a development of 12 three and four bedroom town houses in two blocks on a site of some four acres. The development is almost complete for marketing to commence in July 2013.

The second category consists of sites with planning permission which have been acquired and retained for development in the current financial year and next. Of these, the sites in Ticehurst (two houses), Tunbridge Wells (six apartments) and Sheerness (six houses) are planned to be completed and sold in the financial year ending 31 March 2015. The Group also owns 0.2 acres of land in Chatham, Kent, which it will either sell without development in the near future or may develop at a later date.

The third category consists of sites under option or where purchase terms have been agreed in principle. This currently includes a five acre site in Staplehurst, Kent (which is expected to comprise in excess of 50 homes and apartments in two phases) and a property in Chipstead, Kent (three houses). Subject to acquisition and planning permission, the development of these properties would take place during 2015 and on into 2016 and are expected to contribute to Group revenue for both the financial years ending 31 March 2015 and 2016.

In the financial year ending 31 March 2013, Christopher Johnson acquired four properties from the Group, following the approval of Shareholders obtained at a general meeting of the Company held on 27 February 2012 pursuant to section 190 of the Companies Act, and in January 2013 a pension scheme, of which Christopher Johnson and Alexander Johnson are beneficiaries, acquired a further property which transaction is proposed to be affirmed by a resolution of Shareholders at the forthcoming General Meeting. Further details of these transactions and other related party transactions are set out in paragraph 9 of Part VI of this document.

5. Market Overview

The residential property market in the UK has been depressed since the global financial crisis and has been severely constrained by the consequent lack of funding for mortgage applications. However, recent research indicates that the market is now showing signs of stability. The Office for National Statistics (ONS) estimates that in the 12 months to March 2013 house prices in the UK rose by 2.7 per cent., buoyed by larger rises in London and the South East. In addition, the Government has recently launched a number of initiatives, such as The National Planning Policy Framework, NewBuy, Help to Buy and the Bank of England's Funding for Lending, targeted at stimulating the market:

- **Help to Buy** – Help to Buy is a £5.4 billion package announced in the March 2013 budget designed to tackle long term problems in the housing market. It consists of two schemes, an "equity loan" where the government will lend a buyer up to 20 per cent. of the value of a new build property and a "mortgage guarantee" where lenders will be incentivised to make more mortgages available to people with small deposits.

  The "equity loan" scheme became effective from 1 April 2013 and is available for buyers with a minimum 5 per cent. deposit but only for new build homes with a value of up to £600,000. The loan is interest free for the first five years and from year six a fee of 1.75 per cent. is payable which rises annually by RPI inflation plus 1 per cent.

  The "mortgage guarantee" is available on either new build or existing properties and will be available from January 2014. The government is expected to provide further details on the scheme later in 2013.

- **The National Planning Policy Framework (NPPF)** – The NPPF was published by the Department for Communities and Local Government in March 2012 and was designed to speed up and simplify the planning approval process. In January 2013 the DCLG also launched the Red Tape Challenge which planned to cut red tape by removing or amending around 100 small housing and construction regulations and make sensible changes to regulatory burdens.

- **NewBuy** – NewBuy was launched by the Government in March 2012 and is aimed at first time buyers and those who already own a home who only have funds for a 5-10 per cent. deposit on the home they wish to buy. The lenders participating in the scheme provide a 90-95 per cent. loan-to-value mortgage for buyers meeting their qualifying criteria. It is available in England on all the properties offered by home builders participating in the scheme up to and including a sale price of £500,000.

- **Funding for Lending (FLS)** – The £80bn FLS was set up by the Bank of England in July 2012 to help provide cheaper loans and mortgages to both individuals and businesses. Banks and building societies have been given access to cheap money on the condition that they then lend this on at competitive rates.

The South East residential property market

According to a recent report by estate agents Savills, 10 years ago the UK's housing stock was worth an estimated £2.9 trillion and that within just five years, at the peak of the market, that figure had risen to £5.4 trillion. Today it is believed to stand at £5 trillion, of which the South East (excluding London) accounts for £767 billion.

The South East residential property market is forecast by Savills to have a five-year growth in market value from 2013 to 2017 of 19.5 per cent., second only to London at 21 per cent. In addition, the ONS projects that the number of households in the South East region will rise to 4.43 million by 2031, an increase of 980,000 against the position in 2006 and a rise of 28.4 per cent., with the projected changes indicating that the number of single person households is expected to be 1.61 million by 2026, overtaking the number of married couple households .

The Land Registry House price index forecast that the average annual house price in the UK for the 12 months to April 2013 rose by 0.7 per cent.. For the South East the average annual rise was 1.4 per cent, second only to London at 6.2 per cent..

In 2012, the suburban markets surrounding London were the only prime areas to see positive annual growth in house prices, despite values remaining flat over the final three months of the year. Here, prices have nearly recovered back to their 2007 peak values, remaining just 2.7 per cent. below.

A price increase of 0.5 per cent. was seen over the fourth quarter of 2012 in the "inner commuter" zone, with price growth focused around commuter hotspots such as Sevenoaks, Guildford and Chelmsford. For development, Sevenoaks was the top performing town (outside London) in 2012 by greenfield land price growth.

Savills forecasts that house prices in the "inner commute" and "outer commute" areas around London, in which the majority of the Group's developments lie, have now stabilised and will increase by 21.0 per cent. and 19.2 per cent. respectively over the five years to the end of 2017.

Competition

The Directors believe that the market in which the Group operates is highly fragmented, with many regular new entrants and other businesses withdrawing, usually linked to the cycle or prospects of the market. The Group's competitors include other local, regional and national housebuilders who, within the localities of the Group's sites, compete with the Group for the purchase of land and to sell units.

6. Directors and employees

The Group currently has four employees, including two executive Directors.

The Board consists of two executive Directors and two non-executive Directors as follows:

James Dubois FCA, aged 66, *Non-executive Chairman*

James Dubois is a Fellow of Institute of Chartered Accountants, qualifying in 1968. Since 1972 he has been in public practice and until September 2012 was Managing Partner of Body Dubois, Chartered Accountants and wealth creation specialists with clients including professional partnerships and divisions of multi-nationals. He remains a consultant for Body Dubois. James was on the board of The Royal Automobile Club for six years from May 2000, including serving as Chairman of the Finance and Audit Committee, and has since Chaired their Staff Pension Scheme Trustee Company. In December 2011 after over 20 years in the role he retired as a non-executive director of Swarovski UK Ltd, the UK distributor of Swarovski glass products. He was also Chairman of Honeygrove Group Plc, a residential AIM quoted housebuilder which was taken over by another AIM company. He is also non-executive director and adviser to various other businesses but specialises in property development and investment. In addition, he has conducted extensive consultancy assignments, and run coaching/mentoring groups for chief executives and business owners.

James Dubois is responsible for overseeing the finance and accounting functions of the Group. The Directors continue to monitor the requirements of the Group in this regard and will look to appoint a separate finance director in the future as necessary and depending, *inter alia*, on the Group's size and nature.

Christopher Charles Johnson, aged 66, *Chief Executive*

Christopher Johnson is a non-practicing qualified solicitor with many years' experience in the property industry. Whilst in private practice between 1970 and 1985 he specialised in residential development and property. From 1985 he has been continuously involved in residential development occupying a number of senior positions in public and private companies. He has also been a board member of various quoted house building companies during his career. In the 1990s he established his own residential property development company, Propan Homes plc, which was floated on the PLUS Market (now ISDX Growth Market) and subsequently on the AIM Market in 2001. The company was sold through a public offer for approximately £9.4 million in 2004. He then set up another house building company which was sold for £2.8 million in December 2006 and subsequently established Combe Bank Homes.

Alexander Daniel Johnson, aged 40, *Executive Director*

Alexander Johnson managed an estate agency until 2002 when he joined his father, Christopher Johnson, in residential property development, initially as sales director. Since then he has been a board member of various property development companies including Combe Bank Homes where he is responsible for project management, building and sales.

Norman Alec Charles Lott, aged 57, *Non-Executive Director*

Norman Lott qualified as a chartered accountant in 1980 with Ernst & Whinney and joined Peat Marwick Mitchell & Company in their Hong Kong office in 1981. From 1984 onwards he has held a number of senior financial positions in commerce and industry and has subsequently had 14 years' experience of working in various part-time finance director and non-executive director roles for a number of public companies.

7. Summary financial information, current trading, prospects and future strategy

The historic trading results of the Group for the two financial years ended on 30 November 2010, the 16 month period ended on 31 March 2012 and the six month period ended 30 September 2012, are set out in Parts III and IV of this document and are summarised below:

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*	*Six months ended 30 September 2012 (unaudited) £'000*
Revenue	1,392	327	2,346	660
(Loss)/profit before and after taxation	(293)	(903)	209	(102)

The Directors' estimate of profit before taxation for the Group for the year ended 31 March 2013 is set out in Part V of this document. In the absence of unforeseen circumstances and on the basis set out in Part V of this document, the Directors have estimated that the profit before taxation of the Group for the year ended 31 March 2013 was not less than £575,000. For the 12 months ended 31 March 2013, the Group sold 12 units in Dover (The Engineer), Edenbridge (High Street) and Hildenborough (Lodge at Oakhurst Park Gardens). In addition, the Group conditionally sold its subsidiary company, Combe Homes (Investments) Limited, which holds six rental flats in Maidstone (The Square).

Since 31 March 2013, at Edenbridge (High Street) a further two units have been sold with two more under offer, leaving only the cottage to be sold where marketing has just commenced. At the Oakhurst Park Gardens development of 12 homes, marketing is due to start in July. With the expected contributions to revenue from these developments in the current financial year, subject to no unforeseen circumstances and sufficient distributable reserves being available, the Company aims to pay a final dividend for the year to 31 March 2014. Further details on the Company's dividend policy are set out in section 16 below.

The Group owns a further four sites and has agreements to purchase two other sites, as set out in section 4 above. The development of five of these is planned to start in 2014 and to continue on into 2016, with expected contributions to revenue in both the financial years ending 31 March 2015 and 2016.

The Directors are optimistic about future prospects for the Group following signs of a gradual improvement in the residential property market, helped by various stimuli provided by the Government to encourage buyers into the market. The Directors believe that the Group's focus on southeast England and relatively small developments, being those which they consider are outside the resources of local house builders and generally too small to be of interest to the larger house building companies, puts the Group in a strong position to take advantage of an improvement in the sector.

The Directors intend to pursue a strategy for growth through organic development and by making strategic acquisitions within the building services and property development related sectors.

8. The Placing

The Placing is expected to raise £60,000 (net of expenses) for the Company. The Directors intend to utilise the net proceeds of the Placing for working capital purposes.

Allenby Capital has conditionally placed as agent of the Company under the terms of the Placing Agreement 14,000,000 new Ordinary Shares with investors at the Placing Price, representing 6.13 per cent. of the Enlarged Share Capital, to raise £280,000 before expenses. The Placing is conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting and Admission taking place by 8.00am on 16 July 2013 (or such later date, being not later than 8.00am on 31 July 2013, as the Company and Allenby Capital may agree). Although the Placing is not being underwritten by Allenby Capital, it has agreed to subscribe for 2,500,000 new Ordinary Shares pursuant to the Placing. At the Placing Price, the Company will have a market capitalisation of approximately £4.6 million on Admission.

The Placing Shares when issued and fully paid will rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive all dividends and other distributions declared made or paid after the date of issue.

Further details of the Placing Agreement between the Company, the Directors and Allenby Capital are set out in paragraph 10 of Part VI of this document.

As part of the arrangements for the Placing and Admission, the Company has entered into the Warrant Agreement with Allenby Capital, pursuant to which the Company has agreed conditionally upon Admission to issue Allenby Capital a warrant to subscribe for a total of 4,567,504 new Ordinary Shares at the Placing Price at any time during the period ending on the fifth anniversary of Admission. Further details of the Warrant Agreement are set out in paragraph 10 of Part VI of this document.

James Dubois and Norman Lott, non-executive Directors of the Company, have undertaken to subscribe for Placing Shares representing £30,000 and £10,000 respectively in the Placing.

9. Admission to AIM

An application will be made to London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. Subject to the passing of the Resolutions at the General Meeting, it is expected that Admission will become effective and dealings in the Ordinary Shares on AIM will commence on 16 July 2013.

The existing Ordinary Shares are currently traded on the ISDX Growth Market. As part of the arrangements for Admission, the Company intends to cancel the admission of the Ordinary Shares to the ISDX Growth Market. It is expected that such cancellation will become effective at the close of business on 15 July 2013, subject to the passing of the Resolutions at the General Meeting.

10. Reasons for Admission

The Directors believe that the Group has reached a stage in its development where it will benefit from the admission of the Ordinary Shares to trading on AIM and, as well as facilitating the Placing, that this will:

- raise the Group's profile and enhance the Group's standing with existing and future business partners and customers;
- allow the Group to access equity capital in order to accelerate organic growth;
- improve trading liquidity in the Ordinary Shares;
- incentivise and retain existing and future key personnel; and
- enable the Group to use its quoted Ordinary Shares as a form of currency for selective acquisitions.

11. General Meeting

The General Meeting is being called to propose a number of matters to Shareholders, primarily in connection with the Placing and Admission and the Company's proposal to cancel its admission to trading on the ISDX Growth Market. At the General Meeting, to be held on 15 July 2013, the following Resolutions will be proposed:

Resolution 1 – grant of general authority to allot shares (including the Placing Shares)

Resolution 2 – grant of authority to allot shares for cash (including the Placing Shares), dis-applying statutory pre-emption rights

Resolution 3 – re-appointment of Christopher Johnson as a Director (as required by the existing Articles)

Resolution 4 – re-appointment of James Dubois as a Director (as required by the existing Articles)

Resolution 5 – re-appointment of Norman Lott as a Director (as required by the existing Articles)

Resolution 6 – to adopt new Articles

Resolution 7 – to change the name of the Company from Trafalgar New Homes Public Limited Company to Trafalgar New Homes plc

Resolution 8 – to terminate the relationship agreement, further details of which are set out in paragraph 10(c) of Part VI of this document.

Resolution 9 – to affirm the disposal of the shop at 67 High Street, Edenbridge, Kent to the Combe Bank Homes Pension Fund (of which Christopher Johnson and Alexander Johnson are beneficiaries), further details of which are set out in paragraph 9(i) of Part VI of this document.

Whilst the Placing, and therefore Admission, is conditional on the passing of the Resolutions by Shareholders, an irrevocable undertaking has been given by Christopher Johnson, who holds 186,815,803 Ordinary Shares representing 87.14 per cent. of the issued share capital of the Company, to vote in favour of Resolutions 1, 2 and 4 to 7 and therefore representing a majority of the votes required. Christopher Johnson will abstain from voting on Resolutions 3, 8 and 9 due to his interest in the subject matter of each such Resolution.

12. Settlement and CREST

The Ordinary Shares will be eligible for CREST settlement. Accordingly, following Admission settlement of transactions in Ordinary Shares may take place within the CREST system if a Shareholder so wishes.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

13. Lock-in and orderly market arrangements

At Admission, the Directors will hold or be interested in, directly and indirectly, an aggregate of 188,817,671 Ordinary Shares, representing approximately 82.7 per cent. of the Enlarged Share Capital of the Company. The Directors have each agreed, for the period of one year following Admission not to dispose of his interest in such Ordinary Shares or in any other Ordinary Shares acquired during such period, except in certain restricted circumstances. In addition, they have each agreed that for an additional 12 month period following the first anniversary of Admission they will not dispose of any Ordinary Shares in which they are interested or become interested during such period except by way of sale in accordance with orderly market principles through the Company's broker or with the prior written consent of the Company and the Company's broker.

Details of these lock-in and orderly market arrangements are set out in paragraph 10(k) of Part VI of this document.

14. Corporate governance

The Corporate Governance Code, which was published in September 2012, applies only to companies on the Official List and not to companies admitted to AIM. However, the Directors recognise the importance of sound corporate governance and intend that the Group will comply with the provisions of the Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA Code"), as published by the Quoted Companies Alliance, insofar as they are appropriate given the Company's size, nature and stage of development. As the Company grows, the Directors intend that it should develop policies and procedures which reflect the Corporate Governance Code, so far as it is practicable taking into account the size and nature of the Company.

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. The Company holds Board meetings at least four times each financial year and at other times as and when required.

The Company has established properly constituted audit and remuneration committees of the Board with formally delegated duties and responsibilities.

The audit committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The audit committee will meet not less than four times in each financial year and will have unrestricted access to the Group's auditors. Members of the audit committee are James Dubois, who will act as chairman of the committee, and Norman Lott.

The remuneration committee will review the performance of the executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. It will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration committee will meet as and when necessary to assess the suitability of candidates proposed for appointment by the Board. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code. Members of the remuneration committee are Norman Lott, who will act as chairman of the committee, and James Dubois.

15. Share dealing code

The Directors will comply with Rule 21 of the AIM Rules relating to Directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Company's applicable employees as well. In that connection, a share dealing code appropriate to an AIM quoted company has been adopted by the Company.

16. Dividend policy

The Directors believe that the Company will continue to have the potential to be cash generative in the future and recognise the importance of dividend income to Shareholders. Having regard to the requirement for capital expenditure to achieve the strategic objectives of the Group, the Directors intend to pursue a progressive dividend policy that will take account of the Company's profitability, underlying growth and availability of cash and distributable reserves, while maintaining an appropriate level of dividend cover of at least four times the Group's earnings. The Directors believe that sufficient distributable reserves will be available for dividends in the near future and subject to that, the Company aims to pay a maiden final dividend for the financial year ending 31 March 2014.

The Directors may amend the dividend policy of the Company from time to time and the above statement regarding the dividend policy should not be construed as any form of profit or dividend forecast.

17. Controlling Shareholder and Takeover Code

The Takeover Code governs, *inter alia*, transactions which may result in a change of control of a public company to which the Takeover Code applies. Under Rule 9 of the Takeover Code any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested or in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company but not more than 50 per cent. of such voting rights, a general offer will normally be required if any further interest in shares is acquired which increases the percentage of shares carrying voting rights in which he together with persons acting in concert with him, are interested.

Rule 9 of the Takeover Code further provides, among other things, that where any person who, together with persons acting in concert with him holds over 50 per cent. of the voting rights of a company, acquires any further shares carrying voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares, though Rule 9 of the Takeover Code would remain applicable to individual members of the concert party who would not be able to increase their percentage interests in the voting rights of such company through or between Rule 9 thresholds without complying with the requirements of Rule 9 or first obtaining a waiver from the Panel on Takeovers and Mergers.

Shareholders should be aware that following the Placing and Admission, Christopher Johnson will be interested in 186,815,803 Ordinary Shares, representing approximately 81.8 per cent. of the Enlarged Share capital. As Mr Johnson will hold Ordinary Shares conferring more than 50 per cent. of the total voting rights of the Company, he will be able to increase his interest in Ordinary Shares without incurring an obligation under Rule 9 of the Takeover Code to make a general offer.

Mr Johnson has entered into an agreement with the Company and Allenby Capital whereby he has undertaken, and has agreed to procure (so far as he is able by the exercise of all such voting rights and other powers of control to which he may be entitled) that, for so long as he (either alone or together with his associates or any party with whom he is acting in concert) is interested in Ordinary Shares carrying 30 per cent. or more of the Company's voting share capital and the Ordinary Shares are traded on a recognised investment exchange, *inter alia*, that: (i) the business of the Company is carried on independently of him and his associates under the direction and supervision of the Board; (ii) all transactions and dealings between him and his associates, on the one hand, and the Company, on the other, will be effected on arm's length commercial terms; and (iii) he will not vote (as a director) on any matters in which he or any of his associates are interested.

18. Taxation

The attention of investors is drawn to the information regarding taxation which is set out at paragraph 13 of Part VI of this document. That information is, however, intended only as a general guide to the current tax position under UK taxation law for certain types of investor. Investors who are in any doubt as to their tax position, or who are subject to tax in jurisdictions other than the UK, are strongly advised to consult their professional advisers.

19. Risk Factors and additional information

Your attention is drawn to the information included in Parts II to VI of this document. In particular, you are advised to carefully consider the risk factors contained in Part II.

PART II

RISK FACTORS

The attention of prospective investors is drawn to the fact that an investment in Ordinary Shares may not be suitable for all such investors and will involve a variety of risks which, if they occur, may have a materially adverse effect on the Company's business or financial condition, results or future operations. In such case, the market price of the Ordinary Shares could decline and an investor might lose all or part of his or her investment.

In addition to the information set out in this document, the following risk factors should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company and they are not set out in any particular order of priority.

Additionally, there may be further risks of which the Directors are not aware or believe to be immaterial which may, in the future, adversely affect the Company's business and the market price of the Ordinary Shares. In particular, the Company's performance might be affected by changes in market and economic conditions and in legal, regulatory and tax requirements.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Any prospective investor who is in any doubt as to any action he should take, should consult with an independent financial adviser authorised under the FSMA, if the investor is in the United Kingdom or, if not, another appropriately authorised independent financial adviser, who specialises in advising on the acquisition of shares and other securities.

RISK FACTORS RELATING TO THE BUSINESS AND OPERATIONS OF THE GROUP

Reliance on key personnel

The Group's future success is substantially dependent on the continued services and performance of its executive Directors and its ability to attract and retain suitably skilled and experienced personnel. While Trafalgar New Homes has entered into service agreements with each of its Directors (excluding non-executive directors), the retention of their services cannot be guaranteed. The loss of the services of any of the Directors could have a material adverse effect upon the Group's business and results of operations. Finding and hiring any such replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results. However, through their own personal contacts, the Directors believe they have access to sufficient management resources if required.

Regulatory risks in the house building market

The Group is required to comply with substantial regulations, administrative requirements and policies which relate to, among other matters, planning, developing, building, land use, fire, health and safety, environment, employment, bribery, competition and money laundering. Changes in relevant law, regulations or policies, or the interpretation thereof, or delays in such interpretations being delivered, may give rise to substantial compliance, remediation and/or other costs, and could prohibit or severely restrict development and house building in certain locations and/or make a proposed development financially unviable.

Access to capital and reliance on existing banking facilities

The Group has historically and currently finances its operations principally from its cash flows from operating activities and borrowings from its preferred lenders. The Group may in the future be required to seek additional funding through additional bank borrowings or potentially the issue of debt or equity securities, for the future expansion and development of the business in the longer term. No assurance can be given as to the availability of such additional funding at the relevant time or, even if available, whether it would be available to the Group on acceptable terms. If the Group is not successful in obtaining further funding (should it be required to finance its future investments), this may constrain the Group's ability to grow by limiting further land acquisitions and investments in new development projects which could have a material adverse impact on the Group's operating results, business prospects and financial condition.

A number of the Group's planned developments have been financed via facilities which have expired, but not yet been called in by the lender due to the relationship between the Directors and the preferred lenders. Whilst the Directors believe these lenders will continue to remain supportive of the Group's existing projects, there can be no guarantee that the existing expired facilities will not be called in by the lenders. Should any of the facilities be called in by the lenders and if the Company wasn't able to refinance them, this could have a material adverse affect on the relevant development project and the financial position of the Group.

Saleability of assets

The net realisable value of land owned by the Group may decline after purchase by the Group. The valuation of property is inherently subjective due to the individual nature of each property. Factors such as changes in regulatory requirements and applicable laws (including in relation to building and environmental regulations, taxation and planning), political conditions, the condition of financial markets, the financial condition of customers, potentially adverse tax consequences, and interest and inflation rate fluctuations all mean that valuations are subject to uncertainty. Moreover, all valuations, including the Group's estimated gross development value ("**GDV**") relating to its planned developments, are made on the basis of assumptions (such as assumed sale price, number of units within the assumed development and the split between open market and affordable housing units, and the obtaining of planning so as to achieve the development then proposed by the Group) which may prove inaccurate and there is no assurance that the Group's valuations of land in its financial statements, or the estimated GDV as it relates to the Group's short-term land bank and its proposed developments, will reflect the actual sale prices achieved of either the land itself or any developments built thereon.

Should the Group not obtain planning consent on acceptable terms, or at all, for land purchased unconditionally without planning consent, the net realisable value of that land may be less than the carrying value, resulting in the requirement to write down the value of the land in its financial statements.

Competitive marketplace

The Group's competitors include other local, regional and national housebuilders who, within the localities of the Group's sites, compete with the Group for the purchase of land and to sell units. These competitors may have greater sales volumes and financial resources and lower costs of funds. If competition in house building was to result in difficulty in acquiring suitable land at acceptable prices or the need for increased selling incentives, this could lower sales and ultimately lower profit margins or financial returns. Furthermore, there is a risk in an increasingly competitive sales environment that the Group may fail to sell units as quickly as anticipated at the expected price. Any or all of these factors could have a material adverse impact on the Group's operating results, business prospects and financial condition.

Costs of materials and labour

House building is subject to supply risks related to the availability and cost of materials and labour. Increased costs or shortages of skilled labour and/or timber framing, concrete, steel and other building materials could cause increases in construction costs and construction delays. Whilst the Group enters into fixed price contracts with is contractors, any increase in the costs of materials and labour could lead to an increase in the price of future contracts with its constructors. If the Group is unable to pass on any increase in costs to the Group's customers, or renegotiate improved terms with contractors, the Group's margins may reduce, which could accordingly have an adverse impact on the Group's operating results, business prospects and financial condition.

Potential litigation

In the course of the Group's house building activities, the Group is potentially exposed to significant litigation, including, but not limited to, breach of contract, contractual disputes and also defective title or property misdescription. Significant litigation may adversely affect the Group's operating results, business prospects and financial condition or cause the Group significant reputational harm. While the Group maintains commercial insurance in an amount it believes is appropriate against risks commonly insured against in the industry, there can be no guarantee that all such risks are covered by insurance or that the Group will be able to obtain the levels of cover desired by the Group on acceptable terms in the future. In addition, even with such insurance in place, the risk remains that the Group may incur liabilities to purchasers of its developments and other third parties which exceed the limits of such insurance cover or are not covered by it. Should such a situation arise, it may have a material adverse impact on the Group's operating results, business prospects and financial condition.

Severe weather conditions

The occurrence of severe weather conditions can delay new home completions and increase costs. Severe weather conditions can also cause a reduction in the availability of materials in affected areas. Whilst the Group attempts to ensure that the majority of this risk is absorbed by its contractors, the delay in completions as a result of severe weather conditions may have a material adverse impact on the Group's operating results, business prospects and financial condition.

RISKS RELATING TO THE MARKET

Housing market conditions

The Group's business is dependent upon the overall condition of the UK residential housing market especially in Kent. From September 2007 to June 2009 UK house prices and completion volumes decreased by 20 per cent. and 50 per cent., respectively. Whilst volumes have recovered from their lows, they remain below their peak. Average UK house prices have also partially recovered and have been broadly flat since the beginning of 2010.

There is, and has been for over two years now, relative stability in the market in which the Group operates. Should this change, the Group could experience lower sales volumes and/or decreases in sales prices. Long-term demand for new homes is directly related to population growth and the rate of new household formation. These trends have, in the past, contributed to an increase in home ownership and demand for new homes in the UK, but there is no guarantee that they will continue nor that any future recovery in consumer confidence or improvement in credit availability would result in a recovery of home prices and sales volumes to levels experienced in the past or at all.

The current UK residential housing market could be adversely impacted by, among other things:

- increased interest rates;
- further restrictions on the availability of credit;
- rising unemployment;
- inflation and declining real incomes;
- changes in government regulation or policy, including planning and environmental regulations, resulting in reduced residential property demand as a result of higher housing or energy costs;
- increases in tax rates (including VAT and stamp duty); and
- geopolitical uncertainty.

Any or all of these factors could further decrease demand for new homes, reduce sales prices and have a material adverse impact on the Group's operating results, business prospects and financial condition.

Macroeconomic risk

The Group is impacted by the macroeconomic conditions in the UK which are in turn influenced by the macroeconomic conditions in Europe and the global economy. The recent financial and political crises in the eurozone, attempts by the UK government to reduce the deficit and the uncertain global economic conditions all created an adverse macroeconomic climate in the UK which negatively affected the UK housebuilding industry and the Group. Further adverse changes in the macroeconomic climate, such as the breakup of the eurozone, the prospect of a referendum on the UK's participation in the EU or a decline in economic results in the UK, could have an additional adverse impact on the macroeconomic environment. Notwithstanding these conditions, the UK housebuilding industry has recently experienced a period of relative stability after the adverse effects experienced from September 2007 to June 2009. If, however, the macroeconomic conditions in the UK, the eurozone or globally worsen this could have a material adverse impact on the Group's operating results, business prospects and financial condition.

Availability and cost of mortgages

The latest figures from the Bank of England show that approximately three quarters of house purchases in the UK are facilitated through mortgage lending. Since the second half of 2007, mortgage credit has been restricted, particularly at higher loan to value ratios, due to a number of factors including: the exit of a large number of mortgage providers from the market, the significant reduction in the number of available mortgage products, cautious surveyors' valuations on properties (which reduces the value of the mortgage that can be obtained on a given property) and many lenders requiring increased levels of financial qualification and greater deposits, whilst lending lower multiples of income and lower loan to value multiples. Although in recent months mortgage credit conditions have improved, the availability of mortgage credit continues to constrain the growth in volumes and sales price terms of the Group and the wider UK house building industry.

Even if potential homebuyers do not themselves need financing, adverse changes in interest rates and mortgage availability could make it harder for them to sell their existing homes to other potential buyers who need mortgage financing, thereby constraining their ability to purchase a new home. A decrease in the availability of and higher costs of mortgage financing in the future could have a material adverse impact on the Group's operating results, business prospects and financial condition.

Moreover, mortgage lenders have reduced the periods of their mortgage offer commitments, typically lasting between three and six months, thereby limiting the ability of buyers to contract to purchase homes prior to the completion of construction of the homes. As buyers cannot purchase homes as far in advance, the Group must start construction before it has achieved sales thereby increasing its working capital requirements and its exposure to economic downturns. If the Group does not manage its build stock appropriately for this situation, then the Group could experience a longer period between the expenditure of construction costs and the receipt of revenues from the sale of the units on the property. Any of the factors discussed above could have a material adverse impact on the Group's operating results, business prospects and financial condition.

Availability of land

Procurement of land on which to build new homes is essential for the continuation and future performance of the Group's business. Purchasing land at the right time and price and investing in the most appropriate geographical locations are fundamental to the Group's strategy.

Increased demand for land from the Group's competitors as the market recovers, particularly in the Kent area, may lead to increases in the price of procuring land. A reduction in the size of the Group's land bank or its quality may adversely affect the number and saleability of new homes the Group is able to build. An inability to identify suitable land, obstacles within the purchasing process, the failure to manage land purchases so that they meet the demands of the business or increases in the costs of such purchases could have a material adverse impact on the Group's operating results, business prospects and financial condition.

Illiquidity of the Property Market

The property market is affected by many factors. These include investor/buyer supply and demand, that are beyond the Group's control. The Group cannot predict whether it will be able to develop and/or sell its properties and land for the price or on the terms set by it, or whether the price or other terms offered by a prospective purchaser would be acceptable to it. Nor can the Group predict the length of time needed to find a willing purchaser and to complete the sale of a property.

Construction and Development Risks

The Group intends to develop real estate, which will subject it to the general risks associated with construction and development projects. The Group's development and construction activities may involve the following risks:

- the Group may be unable to proceed with the development of properties because it cannot obtain development financing on favourable terms;
- the Group may be unable to obtain, or face delays in obtaining required land-use, building occupancy and other governmental and local authority permits and authorizations, which could result in increased costs and could require the Group to abandon its activities entirely with respect to a project;
- the growth of the Group's business is dependent upon the ability of the Group to acquire good development sites at competitive prices. There can be no assurance that the Group will be able to identify land suitable for development or, if it does identify such land, that such land will be available at a price that is acceptable to the Group or that will facilitate the profitable development of the land by the Group;
- the Group may face significant competition for land from other property developers or other purchasers of potential development sites. Competition for land may lead to the prices of land being driven up and this would have an adverse effect upon the Group's business;

Any negative change in one or more of the factors listed above could adversely affect the business, financial condition and results of operations of the Group.

Potential Environmental Liability

Under UK and local laws, ordinances and/or regulations, an owner of real property may be liable for the cost of removal or remediation of certain hazardous or toxic substances on or in any such property. Such laws may impose liability without regard to whether the owner knew of, or was responsible for, the existence of any such substances. The owner's liability as to any property is generally not limited under such laws and could exceed the value of the property. The presence of such substances and/or the failure to remediate contamination properly from such substances may adversely affect the owner's ability to sell the property or to borrow funds using such property as collateral. This, in turn, could have an adverse effect on the Group's financial position.

Planning Permission

The Group's developments require planning consents to be granted by the relevant planning authority. Securing planning permission on favourable terms and conditions is key to the Group's ability to realise value on its developments and therefore the value of the Group's land bank is dependent on the Group achieving planning permission for the proposed development on favourable terms. The majority of the Group's acquisitions are made with at least outline consent for development. In certain instances further planning consents are required in order for a particular project to become commercially viable. There can be no certainty that any given application (or broadly equivalent proposal) will result in full planning consent or that a planning consent, if granted, will not be on unduly onerous terms and thereby financially unviable to develop.

RISKS RELATING TO THE ORDINARY SHARES

Investment in AIM securities and liquidity of the Company's Shares

An investment in companies whose shares are traded on AIM is perceived to involve a higher degree of risk and be less liquid than an investment in companies whose shares are listed on the Official List. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than the Official List. The future success of AIM and liquidity in the market for Ordinary Shares cannot be guaranteed. In particular, the market for Ordinary Shares may become or may be relatively illiquid and therefore, such Ordinary Shares may be or may become difficult to sell.

The market for the Ordinary Shares following Admission may be highly volatile and subject to wide fluctuations in response to a variety of factors which could lead to losses for Shareholders. These potential factors include amongst others: any additions or departures of key personnel, litigation and press, newspaper and/or other media reports.

Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up, that the market price of the Ordinary Shares may go down as well as up and that the market price of the

Ordinary Shares may not reflect the underlying value of the Company. Investors may, therefore, realise less than or lose all of their investment.

Market in the Ordinary Shares

The share price of publically quoted companies can be highly volatile and shareholdings illiquid. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Company and its operations and others to the AIM market in general including, but not limited to, variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions or legislative changes in the Company's sector. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares. The trading of the Ordinary Shares on AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares and there is no guarantee that an active market will develop or be sustained after Admission. It may be more difficult for an investor to realise his investment in the Company than in a company whose shares are quoted on the Official List.

Dilution of shareholders' interest as a result of additional equity fundraising

The Company may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the business, new developments relating to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

Dividends

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject in the case of a final dividend to the approval of the Shareholders and, in the case of an interim dividend to the decision of the Directors, and will depend upon, among other things, the Company's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

RISKS RELATING TO THE LAWS AND REGULATIONS

Impact of Law and Governmental Regulation

Government authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, environmental protection and safety and other matters. The Group must comply with current and future UK regulations relating to planning, land use and development standards (including building regulations). The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Group's assets.

The investment detailed in this document may not be suitable for all of its recipients and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under the FSMA if they are in the United Kingdom or, if not, to consult another appropriately authorised and independent financial adviser who specialises in advising on investments of the kind described in this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

PART III

ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

27 June 2013

The Directors
Trafalgar New Homes Public Limited Company
Chequers Barn
Chequers Hill
Bough Beech
Edenbridge
Kent TN8 7PD
United Kingdom

The Directors
Allenby Capital Limited
3 St. Helen's Place
London
EC3A 6AB

Dear Sirs

Introduction

We report on the financial information of Trafalgar New Homes Public Limited Company (the "Company") and its subsidiaries (the "Group"). This financial information has been prepared for inclusion in Part III of the AIM Admission Document dated 27 June 2013 of the Company (the "Admission Document"), on the basis of the accounting policies set out in note 3 to the financial information. This report is required by paragraph (a) of Schedule Two to the AIM Rules for Companies (the "AIM Rules") and is given for the purposes of complying with the AIM Rules and for no other purpose.

Responsibilities

The directors of the Company (the "Directors") are responsible for preparing the financial information on the basis of preparation set out in note 1(c) to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of Opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the underlying financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the date stated and of the results, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 1(c) to the financial information and has been prepared in accordance with IFRS and has been prepared in a form that is consistent with the accounting policies adopted by the Company.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully

Crowe Clark Whitehill LLP
Chartered Accountants

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The consolidated statement of comprehensive income of the Group for each of the two years ended 30 November 2009 and 2010 and the 16-month period ended 31 March 2012 is set out below:

	Note	*Year ended 30 November 2009 £'000*	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Revenue		1,392	327	2,346
Cost of sales		(1,480)	(1,104)	(1,700)
Gross (loss)/profit		(88)	(777)	646
Administrative expenses		(191)	(157)	(251)
Underlying operating (loss)/profit*		(279)	(934)	395
Costs of acquisition		–	–	(30)
Deemed cost of listing	7	–	–	(261)
Operating (loss)/profit		(279)	(934)	104
(Loss)/profit before interest		(279)	(934)	104
Other interest receivable and similar income	5	36	93	138
Interest payable and similar charges	6	(50)	(62)	(33)
(Loss)/profit before taxation	7	(293)	(903)	209
Tax payable on (loss)/profit on ordinary activities	9	–	–	–
(Loss)/profit after taxation for the period		(293)	(903)	209
Total comprehensive income for the period		(293)	(903)	209
(Loss)/profit attributable to:				
Equity holders of the parent		(293)	(903)	209
Total comprehensive income for the period attributable to:				
Equity holders of the parent		(293)	(903)	209
(Loss)/profit per Ordinary Share				
Basic	10	(0.15)p	(0.47)p	0.10p
Diluted	10	(0.15)p	(0.47)p	0.10p

*Operating profit before non-recurring items, costs of acquisition and deemed cost of listing

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position of the Group for each of the two years ended 30 November 2009 and 2010 and the 16-month period ended 31 March 2012 is set out below:

	Note	*Year ended 30 November 2009 £'000*	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Non-current assets				
Tangible fixed assets	11	1	1	2
		1	1	2
Current assets				
Inventory	12	6,309	6,935	6,558
Trade and other receivables	13	60	54	110
Cash at bank and in hand	14	338	272	553
		6,707	7,261	7,221
Total assets		6,708	7,262	7,223
Creditors: amounts falling due within one year				
Trade and other payables	15	(29)	(24)	(169)
Borrowings	16	–	(1,069)	(1,011)
		(29)	(1,093)	(1,180)
Net current assets		6,678	6,168	6,041
Non-current liabilities				
Borrowings	16	(7,649)	(7,942)	(7,420)
Net liabilities		(970)	(1,773)	(1,377)
Capital and reserves				
Called up share capital	17	88	88	2,144
Share premium account	18	194	194	961
Reverse acquisition reserve		(282)	(182)	(2,818)
Profit & loss account		(970)	(1,873)	(1,664)
Equity – attributable to the owners of the parent		(970)	(1,773)	(1,377)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The consolidated statement of changes in equity of the Group for each of the two years ended 30 November 2009 and 2010 and the 16-month period ended 31 March 2012 is set out below:

	Share capital £'000	*Share premium £'000*	*Reverse acquisition reserve £'000*	*Profits/ (losses) £'000*	*Total equity £'000*
At 1 December 2008	88	194	(282)	(677)	(677)
Loss for the year	–	–	–	(293)	(293)
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(293)	(293)
At 30 November 2009	88	194	(282)	(970)	(970)
Loss for the year	–	–	–	(903)	(903)
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	–	–	(903)	(903)
Reverse acquisition adjustment	–	–	100	–	100
At 30 November 2010	88	194	(182)	(1,873)	(1,773)
Profit for period	–	–	–	209	209
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	–	–	–	209	209
Issue of shares	2,056	787	–	–	2,843
Share issue costs	–	(20)	–	–	(20)
Reverse acquisition adjustment	–	–	(2,636)	–	(2,636)
At 31 March 2012	2,144	961	(2,818)	(1,664)	(1,377)

Share capital represents the nominal value of the issued share capital of 1p per share.

Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses of the share issue.

The reverse acquisition reserve relates to the reverse acquisition between the Company and Combe Bank Homes on 11 November 2011.

CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows for the Group for each of the two years ended 30 November 2009 and 2010 and the 16 month period ended 31 March 2012 is set out below:

	Note	*Year ended 30 November 2009 £'000*	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Cash flow from operating activities				
Operating (loss)/profit before interest	9	(279)	(934)	104
Depreciation charges	11	–	–	1
(Increase)/decrease in stocks	12	665	(625)	377
Decrease/(increase) in debtors	13	(3)	6	(56)
(Decrease)/increase in creditors	14	(22)	(5)	90
Deemed cost of listing	–	–	261	
Other income	5	36	93	138
Interest paid	6	(50)	(62)	(33)
Net cash (outflow)/inflow from operating activities		347	(1,527)	882
Investing activities				
Purchase of tangible fixed assets	11	(1)	–	(2)
Net cash used in investing activities		(1)	–	(2)
Financing activities				
Issues of shares		–	100	–
Share issue costs		–	–	(20)
Loan repayments in year (net)		(489)	810	(567)
Amount introduced/(withdrawn) by Directors		35	551	(12)
Net cash inflow/(outflow) from financing		(454)	1,461	(599)
(Decrease)/increase in cash and cash equivalents in the period		(108)	(66)	281
Cash and cash equivalents at the beginning of the period		446	338	272
Cash and cash equivalents at the end of the period		338	272	553

1. General information

(a) ***The Company***

The principal operating company within the Group is Combe Bank Homes Limited ("Combe Bank Homes") which is a private company limited by shares and incorporated under the Companies Act 2006. These companies are domiciled in the UK and the registered office and principal place of business are as follows:

Registered office and principal place of business:	Chequers Barn Bough Beech Edenbridge Kent TN8 7PD

(b) ***Principal activities***

The principal activity of the Company is that of a holding company.

The principal activity of the principal subsidiary undertaking, Combe Bank Homes, is that of home building and property development

(c) ***Basis of preparation***

The Group financial information has been prepared in accordance with IFRS and interpretations adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. This financial information is presented in pounds sterling ("£") and rounded to the nearest thousand unless otherwise stated.

The financial information has been prepared under the historical cost basis, as modified by valuing financial assets and financial liabilities at fair value through the statement of comprehensive income. The principal accounting policies adopted are set out below.

2. Standards, amendments and interpretations to published standards not yet effective

The following standards and interpretations, some of which have not been endorsed by the European Union, which have not been applied in this financial information but were in issue but not yet effective are as follows:

IFRS 9 – Financial Instruments;
IFRS 10 – Consolidated Financial Statements;
IFRS 11 – Joint Arrangements;
IFRS 12 – Disclosure of Interests in Other Entities;
IFRS 13 – Fair Value Measurement;
IAS 1 (amended) – Presentation of Items of Other Comprehensive Income;
IAS 12 (amended) – Deferred Tax: recovery of underlying assets;
IAS 19 (revised) – Employee Benefits;
IAS 27 (revised) – Separate Financial Statements;
IAS 28 (revised) – Investments in Associates and Joint Ventures; and
IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine.

The Directors do not anticipate that the adoption of these standards and interpretations in future periods will have a material impact on the financial information of the Group when the relevant standards and interpretations come into effect.

3. Summary of significant accounting policies

(a) ***Critical accounting estimates and judgments***

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group financial information are disclosed below.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the present circumstances.

The Directors consider that the share for share exchange between the Company and Combe Bank Homes to be a reverse acquisition, as Combe Bank Homes is considered the acquirer. Further details of the basis of consolidation and how the Directors developed the most appropriate accounting policy is outlined in the basis of consolidation within the accounting policies. The difference between the consideration shares transferred in the business combination and the fair value of the net assets acquired has been charged to the statement of comprehensive income as a deemed cost of listing.

As at 31 March 2012, the Group had inventory amounting to £6,558,000 (2010: £6,935,000, 2009: £6,309,000). The Directors assess the net realisable value of inventories under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales based on prevailing market conditions and valuations performed by external valuers. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates. If the estimate changed by 1 per cent., cost of sales would increase/decrease by £66,000 (2010: £69,000, 2009: 63,000). During the period under review, the Directors reduced the carrying value of inventory by £779,000 in relation to property at one of the Group's development sites.

(b) ***Basis of consolidation***

The consolidated financial information incorporates the financial information of the Company and its subsidiaries.

On 11 November 2011, the Company became the legal holding company of Combe Bank Homes and its subsidiaries via a share for share exchange.

This transaction is deemed outside the scope of IFRS 3 (Revised 2008) and not considered a business combination as the Directors made a judgement that, prior to the transaction, the Company was not a business under the definition of IFRS 3 Appendix A and that the application guidance in IFRS 3.B7- B12 due to the Company being a shell company that had no processes or capability for outputs (IFRS 3.B7).

On this basis, the Directors have developed an accounting policy for this transaction, applying the principles set out in IAS 8.10-12, in that the policy adopted is:

- relevant to the users of the financial information;
- more representative of the financial position, performance and cash flows of the Group;
- reflects the economic substance of the transaction, not merely the legal form; and
- free from bias, prudent and complete in all material aspects.

The accounting policy adopted by the Directors applies the principles of IFRS 3 in identifying the accounting acquirer and the presentation of the consolidated financial information of the legal parent (the Company) as a continuation of the accounting acquirer's financial information (Combe Bank Homes). This policy reflects the commercial substance of this transaction as follows:

- the original shareholders of the subsidiary undertakings are the most significant shareholders post initial public offering, owning 90 per cent. of the issued share capital; and
- the cash consideration paid as part of the initial public offering returned equity to the original shareholders of the legal subsidiary undertaking and as a consequence diluted their shareholding to 10 per cent.

Accordingly, the following accounting treatment and terminology has been applied in respect of the reverse acquisition:

- the asset and liabilities of the legal subsidiary, Combe Bank Homes, are recognised and measured in the Group financial information at the pre-combination carrying amounts, without reinstatement to fair value;
- the retained earnings and other equity balances recognised in the financial information reflect the retained earnings and other equity balances of Combe Bank Homes and its subsidiaries immediately before the business combination, and the results of the period from 1 December 2010 to the date of the business combination are those of Combe Bank Homes and its subsidiaries. However, the equity structure appearing in the financial information reflects the equity structure of the legal parent, including the equity instruments issued under the share for share exchange to effect the business combination;
- comparative numbers presented in the financial information are those reported in the financial information of the legal subsidiary, Combe Bank Homes, for each of the years ended 30 November 2010 and 30 November 2009;
- the cost of the combination has been determined from the perspective of Combe Bank Homes. The fair value of the shares in Combe Bank Homes has been determined from the admission price of the Company's shares on re-admission to trading on PLUS (now the ISDX Growth Market) of 1 pence per share. The value of the consideration shares was £1,868,000. The fair value of the notional number of equity instruments that the legal subsidiary would have had to have issued to the legal parent to give the owners of the legal parent the same percentage ownership in the combined entity is 10 per cent. of the market value of the shares after issues, being £207,000. The difference between the notional consideration paid by the Company for Combe Bank Homes and the Company net liabilities acquired of £54,000 has been charged to the consolidated statement of comprehensive income as a deemed cost of listing amounting to £261,000 with a corresponding entry to the reverse acquisition reserve.

The Company had no significant assets nor significant other liabilities or contingent liabilities of its own at the time that the share for share exchange took effect.

Transaction costs of equity transactions relating to the issue and re-admission of the Company's shares to the ISDX Growth Market are accounted for as a deduction from equity where they relate to the issue of new shares and listing costs are charged to the income statement as an exceptional item within administrative expenses.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying the shareholding of more than half of the voting rights. Where necessary, adjustments have been made to the financial information of subsidiaries, associates and joint ventures to bring the accounting policies used and accounting periods into line with those of the Group. Intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial information.

The results of subsidiaries acquired during the period are included from the effective date of acquisition, being the date on which the Group obtains control. They are deconsolidated on the date that control ceases.

Business combinations, other than noted above, are accounted for under the acquisition method. Any excess of the purchase price of the business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. This fair value includes any contingent consideration. Acquisition-related costs are expensed as incurred.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The excess of consideration over the fair value of the assets and liabilities acquired is recorded as goodwill. If the consideration is less than the fair value of the assets and liabilities acquired, the difference is recognised directly in the statement of comprehensive income.

(c) ***Revenue and other income***

Revenue represents the amounts receivable from the sale of properties during the year and other income directly associated with property development. Revenue from the sale of properties is recognised when the amounts of revenue and cost can be measured reliably, the significant risks and rewards of ownership have been transferred to the buyer, neither continuing managerial involvement nor effective control of the property is retained and it is probable that the economic benefits associated with the sale will flow to the Group. In the majority of cases, properties are treated as sold and profits are recognised when contracts are exchanged and the building work is physically complete.

(d) ***Functional and foreign currencies***

(i) *Functional and presentation currency*

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial information is presented in £, which is the Company's functional and the Group's presentation currency.

(e) ***Operating (loss)/profit***

Operating (loss)/profit is stated before interest and tax.

(f) ***Financial instruments***

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual priorities of the instrument.

(g) ***Property, plant and equipment***

Tangible fixed assets are stated at cost, net of depreciation and any provision for improvement. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

Fixtures, fittings and equipment – 25 per cent. on reducing balance

(h) ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bring the inventories to their present location and condition. Interest of sums borrowed that finance specific projects is added to cost. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(i) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and deposits held at call with banks.

(j) ***Trade and other receivables***

Trade and other receivables are initially measured at fair value and are subsequently reassessed at the end of each accounting period.

(k) ***Financial liabilities and equity***

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(l) ***Trade payables***

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

(m) ***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use of sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they relate.

(n) ***Equity instruments***

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Shares issued are held at their fair value.

(o) ***Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted, by the balance sheet date.

(p) ***Deferred tax***

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement as it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

(q) ***Share capital***

Ordinary share capital is classified as equity. Interim ordinary dividends are recognised when paid and final ordinary dividends are recognised as a liability in the period in which they are approved.

(r) ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(s) ***Commitments and contingencies***

Commitments and contingent liabilities are disclosed in the financial information. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial information but disclosed when an inflow of economic benefits is virtually certain.

(t) ***Events after the balance sheet date***

Post period-end events that provide additional information about a Group company's position at the balance sheet date and are adjusting events are reflected in the financial information. Post period-end events that are not adjusting events are disclosed in the notes when material.

4. Segment analysis

For the purpose of IFRS 8, the chief operating decision maker takes the form of the Directors. The Directors opinion of the business of the Group is as follows.

The principal activity of the Group was property development.

Based on the above considerations, there is considered to be one reportable segment. The internal and external reporting is on a consolidated basis with transactions between Group companies eliminated on consolidation. Therefore the financial information of the single segment is the same as that set out in the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position and the consolidated statement of cashflows.

Geographical segments

Revenue, regarding the Group's geographical segments, for each of the two years ended 30 November 2010 and the 16-month period ended 31 March 2012 is set out below:

Year ended 30 November 2009	*United Kingdom £'000*	*Total £'000*
Property development – sales	1,392	1,392
	1,392	1,392

Year ended 30 November 2010	*United Kingdom £'000*	*Total £'000*
Property development – sales	327	327
	327	327

Period ended 31 March 2012	*United Kingdom £'000*	*Total £'000*
Property development – sales	2,346	2,346
	2,346	2,346

5. Other interest receivable and similar income

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Bank interest receivable	2	–	–
Rental Income	34	93	138
	36	93	138

6. Interest payable and similar charges

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Bank charges	–	–	4
Interest on bank loans	–	5	29
Interest on other loans	50	57	–
	50	62	33

7. (Loss)/profit before taxation

The Group's (loss)/profit for the period is stated after charging the following:

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Deemed cost of listing (i)	–	–	261
Costs of acquisition	–	–	30
Depreciation of tangible fixed assets	–	–	1
Auditor's remuneration:			
Fees payable to the auditor for the audit of the Company's annual accounts	3	3	10
Fees payable to the auditor for the audit of the annual accounts of subsidiary undertakings	–	–	2

Amounts payable to Crowe Clark Whitehill LLP and its related entities in respect of audit and non-audit services are disclosed in the table above.

(i) The difference between the notional consideration transferred in the business combination of £207,000 and the fair value of net liabilities acquired of £54,000, £261,000 has been consequently charged to the consolidated statement of comprehensive income.

8. Employees and Directors' remuneration

Staff costs during the period were as follows:

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Directors remuneration	39	14	24
Wages and salaries	73	68	81
Social security costs	11	7	10
Other pension costs	18	18	26
	141	107	141

The average number of employees of the Company during the period was:

	Year ended 30 November 2009 Number	*Year ended 30 November 2010 Number*	*16 month period ended 31 March 2012 Number*
Directors and management	5	4	4

Key management are the group's directors. Remuneration in respect of key management was as follows:

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Short-term employee benefits:			
Emoluments for qualifying services			
– Christopher Johnson	12	7	14
– Alexander Johnson	27	7	10
	39	14	24

There are retirement benefits accruing to Christopher Johnson for whom a company contribution was paid during the period of £25,500. (2010: £18,000, 2009: £18,000).

9. Taxation

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Current tax	–	–	–
Tax charge/(credit)	–	–	–
(Loss)/profit on ordinary activities before tax	(293)	(903)	209
Based on profit for the period:			
Tax at 26.3% (2010: 26.3%, 2009: 26.3%)	(77)	(237)	55
Effect of:			
Losses not utilised	77	237	(55)
Tax charge for the period	–	–	–

10. (Loss)/profit per ordinary share

The calculation of (loss)/profit per ordinary share is based on the following (losses)/profits and number of shares:

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
(Loss)/profit for the period	(293)	(903)	209
Weighted average number of shares for basic (loss)/profit per share	193,617,671	193,617,671	200,396,679
Weighted average number of shares for diluted (loss)/profit per share	193,617,671	193,617,671	200,396,679
(Loss)/profit per ordinary share:			
Basic	(0.15)p	(0.47)p	0.10p
Diluted	(0.15)p	(0.47)p	0.10p

11. Property, plant and equipment

	Fixtures and fittings £'000
Cost	
At 1 December 2008	–
Additions	1
At 30 November 2009	1
Additions	–
At 30 November 2010	1
Additions	2
At 31 March 2012	3
Depreciation	
At 1 December 2008	–
Charge for the period	–
At 30 November 2009	–
Charge for the period	–
At 30 November 2010	–
Charge for the period	(1)
At 31 March 2012	(1)
Net book value at 30 November 2009	1
Net book value at 30 November 2010	1
Net book value at 31 March 2012	2

12. Inventory

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Work in progress	6,309	6,935	6,558

13. Trade and other receivables

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Other receivables	42	42	80
Other taxes	6	4	28
Prepayments	12	8	2
	60	54	110

There are no receivables that are past due but not impaired at the period end, and receivables relate only to customers with no recent history of default.

14. Cash at bank and in hand

All of the Group's cash and cash equivalents at 31 March 2012 and 30 November 2010 are in sterling and held at floating interest rates.

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Cash and cash equivalents	338	272	553

The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

15. Trade and other payables

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Trade creditors	15	10	69
Accruals	8	8	53
Tax	4	4	5
Other creditors	2	2	42
	29	24	169

16. Borrowings

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
Director's loans	4,040	4,591	4,579
Other loans	330	480	480
Bank loans	3,279	3,940	3,372
	7,649	9,011	8,431

Director's loans

The Director's loans bear interest at 5 per cent. per annum and are repayable as follows:

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
In more than five years	4,040	4,591	4,579
	4,040	4,591	4,579
Less amount due for settlement within 12 months (included in current liabilities)	–	–	–
Amount due for settlement after 12 months	4,040	4,591	4,579

Other loans

Included in other loans, all bearing interest at between 10 per cent. and 15 per cent. per annum, is the sum of £300,000 (2010: £300,000, 2009: £300,000) advanced by the DFM Pension Scheme of which Mr J Dubois is the principal beneficiary.

The other loans are repayable as follows:

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
In the third to fifth years inclusive	30	180	180
In more than five years	300	300	300
	330	480	480
Less amount due for settlement within 12 months (included in current liabilities)	–	–	–
Amount due for settlement after 12 months	330	480	480

Bank loans

The bank borrowings are repayable as follows:

	Year ended 30 November 2009 £'000	*Year ended 30 November 2010 £'000*	*16 month period ended 31 March 2012 £'000*
On demand or within one year	–	1,069	1,011
In the second year	408	396	1,727
In the third to fifth years inclusive	2,871	2,475	634
	3,279	3,940	3,372
Less amount due for settlement within 12 months (included in current liabilities)	–	(1,069)	(1,011)
Amount due for settlement after 12 months	3,279	2,871	2,361

The weighted average interest rates paid on the bank loans was 5.1 per cent. (2010: 5.1 per cent., 2009: 5.1 per cent.).

17. Share capital

Authorised share capital

	Year ended 30 November 2009 Number	Year ended 30 November 2010 Number	16 month period ended 31 March 2012 Number
Ordinary shares of 1p each	193,617,671	193,617,671	214,375,200

Issued, allotted and fully paid

	Year ended 30 November 2009 £'000	Year ended 30 November 2010 £'000	16 month period ended 31 March 2012 £'000
Ordinary shares of 1p each	88	88	2,144

On 11 November, 2011, the Company acquired the entire share capital of Combe Bank Homes for the sum of £2,324,000 satisfied by the issue of 186,817,671 new Ordinary Shares of 1p per share.

18. Share premium account

	Year ended 30 November 2009 £'000	Year ended 30 November 2010 £'000	16 month period ended 31 March 2012 £'000
Balance brought forward	194	194	194
Premium on issue of new Ordinary Shares	–	–	787
Share issue costs	–	–	(20)
Balance carried forward	194	194	961

19. Related party transactions

Christopher Johnson holds 87.15 per cent. of the total issued share capital of the Company.

On 9 February 2012, the Directors agreed to sell four completed properties (comprising eight homes) at three development sites to Christopher Johnson for an aggregate consideration of £1,090,000. The properties concerned were let pending sale. The Directors believed that a sale of the properties on the open market in the current economic climate would realise a significant loss against cost. The book value of the properties was £1,129,301 at the date of sale.

In September 2009, the Directors agreed to sell a completed residential property to Christopher Johnson for a consideration of £210,000. The Directors believed that a sale of the property on the open market in the then current economic climate would realise a significant loss against cost. The book value of the property was £235,000 at the date of sale.

The following working capital loans have been provided by the Directors:

	Year ended 30 November 2009 £'000	Year ended 30 November 2010 £'000	16 month period ended 31 March 2012 £'000
Christopher Johnson	4,040	4,591	4,579
James Dubois	300	300	300

Christopher Johnson's loan is interest-free and James Dubois' loan, which is from his pension fund of which he is the sole beneficiary, is at 15 per cent. per annum interest.

20. Financial instruments

The Group's financial assets are divided as cash and cash equivalents. The Group's financial liabilities are divided as Directors loans, bank loans and other loans.

Loans, cash and cash equivalents and receivables held at amortised cost

	Year ended 30 November 2009 £'000	Year ended 30 November 2010 £'000	16 month period ended 31 March 2012 £'000
Financial assets			
Cash and cash equivalents	338	272	553

Borrowings and trade payables held at amortised cost

	Year ended 30 November 2009 £'000	Year ended 30 November 2010 £'000	16 month period ended 31 March 2012 £'000
Financial liabilities			
Borrowings – Directors' loans	4,040	4,591	4,579
Borrowings – bank loans	3,279	3,940	3,372
Borrowings – other loans	330	480	480
Total	7,649	9,011	8,431

The Directors have overall responsibility for the determination of the Group's risk management objectives and policies and it sets policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Capital risk management

The Directors consider the Group's capital to comprise its share capital and share premium. The Directors' capital management objectives are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial information.

Foreign currency risk

The Group has minimal exposure to the differing types of foreign currency risk. It has no foreign currency denominated monetary assets or liabilities and does not make sales or purchases from overseas countries.

Interest rate risk

The Group is sensitive to changes in interest rates principally on the loans from banks. The loans from the Directors are interest free.

The impact of a 100 basis point increase in interest rates would result in additional interest cost for the period of £33,302 (2010: £38,901, 2009: £36,000).

Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group.

Liquidity risk management

This is the risk of the Group not being able to continue to operate as a going concern.

The Directors have, after careful consideration of the factors set out above, concluded that it is appropriate to adopt the going concern basis for the preparation of the financial information and the financial information do not include any adjustments that would result if the going concern basis was not appropriate.

Derivative financial instruments

The Group does not currently use derivative financial instruments as hedging is not considered necessary. Should the Group identify a requirement for the future use of such financial instruments, a comprehensive set of policies and systems as approved by the Directors will be implemented.

In accordance with IAS 39, “Financial instruments: recognition and measurement”, the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet specific requirements set out in the standard. No material embedded derivatives have been identified.

21. Nature of financial information

The financial information presented above does not constitute statutory accounts for the Company and the Group within the meaning of Section 434, Companies Act 2006, for each of the years ended 30 November 2009 and 30 November 2010 and the 16-month period ended 31 March 2012.

PART IV

CONSOLIDATED UNAUDITED INTERIM RESULTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The following information has been extracted from the unaudited interim results of the Group for the six months ended 30 September 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	*6 month period ended 30 September (Unaudited) 2012 £'000*	*6 month period ended 30 September (Unaudited) 2011 £'000*	*16 month period ended 31 March (Audited) 2012 £'000*
Revenue		660	948	2,346
Cost of sales		(678)	(711)	(1,700)
Gross (loss)/profit		(18)	237	646
Administrative expenses		(120)	(81)	(252)
Underlying operating (loss)/profit*		(138)	156	394
Costs of acquisition		–	–	(29)
Deemed cost of listing		–	–	(262)
Operating (loss)/profit		(138)	156	103
Other interest receivable and similar income		36	52	138
Finance costs		–	–	(33)
(Loss)/profit before taxation		(102)	208	208
Tax payable on profit on ordinary activities	4	–	–	–
(Loss)/profit after taxation for the period		(102)	208	208
Other comprehensive income				–
Total comprehensive income for the period		(102)	208	208
Profit/(loss) attributable to:				
Equity holders of the parent		(102)	208	208
Total comprehensive income for the period attributable to:				
Equity holders of the parent		(102)	208	208
(LOSS)/PROFIT PER ORDINARY SHARE;				
Basic/Diluted	5	(0.05)p	0.1p	0.1p

*Operating profit before non-recurring items, costs of acquisition and deemed cost of listing

All results in the current and preceding financial period derive from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	Note	30 September (Unaudited) 2012 £'000	31 March (Audited) 2012 £'000
Non-current assets			
Tangible fixed assets		1	2
		1	2
Current assets			
Inventory		6,995	6,558
Trade and other receivables		84	110
Cash at bank and in hand		203	553
		7,282	7,221
Total assets		7,283	7,223
Creditors: amounts falling due within one year			
Trade and other payables		(121)	(169)
Borrowings		(3,992)	(1,011)
Net current assets		3,170	6,043
Non-current liabilities			
Borrowings		(4,650)	(7,421)
Net liabilities		(1,480)	(1,378)
Capital and reserves			
Called up share capital	6	2,144	2,144
Share premium account		961	961
Reverse acquisition reserve		(2,818)	(2,818)
Profit & loss account		(1,767)	(1,665)
Equity – attributable to the owners of the parent		(1,480)	(1,378)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 September 2012

	Share capital £'000	*Share premium £'000*	*Reverse acquisition reserve £'000*	*Retained profits/ (losses) £'000*	*Total equity £'000*
At 1 April 2012	2,144	961	(2,818)	(1,665)	(1,378)
Profit for period	–	–	–	(102)	(102)
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(102)	(102)
Issue of shares	–	–	–	–	–
Share issue costs	–	–	–	–	–
At 30 September 2012	2,144	961	(2,818)	(1,767)	(1,480)

For the purpose of preparing the consolidated financial statement of the Group, the share capital represents the nominal value of the issued share capital of 1p per share. Share premium represents the excess over nominal value of the fair value consideration received for equity shares net of expenses of the share issue.

The reverse acquisition reserve relates to the reverse acquisition between Trafalgar New Homes Public Limited Company and Combe Bank Homes Limited on 11 November 2011.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 September 2012

	6 month period ended 30 September 2012 (Unaudited) £'000	*6 month period ended 30 September 2011 (Unaudited) £'000*	*16 month period ended 31 March 2012 (Audited) £'000*
Cash flow from operating activities			
Operating (loss)/profit	(138)	156	103
Depreciation charges	–	–	1
(Increase)/decrease in stocks	(437)	142	377
(Decrease)/increase in debtors	26	(21)	(56)
(Decrease)/increase in creditors	(47)	33	89
Deemed cost of listing	–	–	261
Other income	36	52	138
Interest paid	–	–	(33)
Net cash (outflow)/inflow from operating activities	(560)	362	882
Investing activities			
Purchase of tangible fixed assets	–	–	(2)
Net cash used in investing activities	–	–	(2)
Financing activities			
Issues of shares	–	–	–
Net new loans/loan repayments in period	210	(385)	(567)
Share issue costs	–	–	(20)
Amount introduced/(withdrawn) by directors	–	–	(12)
Net cash flow from financing	210	(385)	(599)
(Decrease)/increase in cash and cash equivalents in the period	(350)	(23)	281
Cash and cash equivalents at the beginning of the period	553	714	272
Cash and cash equivalents at the end of the period	203	691	553

NOTES TO THE FINANCIAL INFORMATION

For the period ended 30 September 2012

1. GENERAL INFORMATION

This financial information is for Trafalgar New Homes Public Limited Company ("the Company") and its subsidiary undertakings. The Company is incorporated in England and Wales.

2. BASIS OF PREPARATION

The interim consolidated financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The interim financial information incorporates the results for the group for the six month period from 1 April 2012 to 30 September 2012. The results for the sixteen month period ended 31 March 2012 have been extracted from the statutory financial statements for the Company for the period ended 31 March 2012. The interim financial information should be read in conjunction with the audited financial statements for the group for the sixteen month period ended 31 March 2012.

The same accounting policies, presentation and methods of computation have been followed in these unaudited interim financial statements as those which were applied in the preparation of the group's annual financial statements for the year ended 31 March 2012.

The interim consolidated financial information incorporates the financial statements of Trafalgar New Homes Plc and its subsidiaries.

On 11 November 2011, the Company plc became the legal holding company of Combe Bank Homes Limited and its subsidiaries via a share for share exchange.

That transaction was deemed outside the scope of IFRS 3 (Revised 2008) and not considered a business combination because the directors have made a judgement that prior to the transaction, the Company was not a business under the definition of IFRS 3 Appendix A and the application guidance in IFRS 3.B7- B12 due to the Company being a shell company that had no processes or capability for outputs (IFRS 3.B7).

The accounting policy adopted by the directors applied the principles of IFRS 3 in identifying the accounting acquirer and the presentation of the consolidated financial statements of the legal parent (the Company) as a continuation of the accounting acquirer's financial statements (Combe Bank Homes Limited).

Accordingly, the following accounting treatment and terminology were applied in respect of the reverse acquisition:

- the assets and liabilities of the legal subsidiary Combe Bank Homes Limited were recognised and measured in the Group financial statements at the pre-combination carrying amounts, without reinstatement to fair value;
- the retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances of Combe Bank Homes Limited immediately before the business combination, and the results of the period from 1 December 2010 to the date of the business combination are those of Combe Bank Homes Limited.

  However, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent, including the equity instruments issued under the share for share exchange to effect the business combination; and
- comparative figures presented in the interim financial statements are those reported in the financial statements of the legal subsidiary, Combe Bank Homes Limited, for the period ended 30 September 2011.

The interim financial information for the six months ended 30 September 2012 was approved by the directors on 27 November 2012.

3. SEGMENTAL REPORTING

For the purpose of IFRS 8, the chief operating decision maker ("CODM") takes the form of the Board of Directors. The Directors' opinion of the business of the group is that the principal activity of the Group was property development and there is considered to be one reportable segment, that of property development carried on in the UK. The internal and external reporting is on a consolidated basis with transactions between group companies eliminated on consolidation. Therefore the financial information of the single segment is the same as that set out in the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position and cashflows.

4. TAXATION

	6 month period ended 30 September 2012 (Unaudited) £'000	*6 month period ended 30 September 2011 (Unaudited) £'000*	*16 month period ended 31 March 2012 (Audited) £'000*
Current tax	–	–	–
Tax charge/(credit)	–	–	-
(Loss)/profit on ordinary activities before tax	(102)	208	208
Based on profit for the period:			
Tax at 26.0% (2011: 24.0%; 31 March 2012:26.3%)	27	(50)	(55)
Effect of:			
Losses (not utilised)/utilised	(27)	50	55
Tax charge for the period	–	-	–

5. (LOSS)/PROFIT PER ORDINARY SHARE

The calculation of profit/(loss) per ordinary share is based on the following profits/(losses) and number of shares:

	6 month period ended 30 September 2012 (Unaudited) £'000	*6 month period ended 30 September 2011 (Unaudited) £'000*	*16 month period ended 31 March 2012 (Audited) £'000*
(Loss)/profit for the period	(102)	208	208
Weighted average number of shares for basic profit/(loss) per share	200,396,679	200,396,679	200,396,679
Weighted average number of shares for diluted profit/(loss) per share	200,396,679	200,396,679	200,396,679
PROFIT/(LOSS) PER ORDINARY SHARE;			
Basic	(0.05)p	0.1p	0.1p
Diluted	(0.05)p	0.1p	0.1p

6. SHARE CAPITAL

Authorised Share Capital

	30 September 2012 Number	*31 March 2012 Number*
Ordinary shares of 1p each	214,375,200	214,375,200

Issued, allotted and fully paid

	30 September 2012 £'000	*31 March 2012 £'000*
Ordinary shares of 1p each	2,144	2,144

On 11 November, 2011, the Company acquired the entire share capital of Combe Bank Homes Limited for the sum of £2,323,524 satisfied by the issue of 186,817,671 New Ordinary Shares of 1p per share.

There were no share issues in the six month period ended 30 September 2012.

PART V

PROFIT ESTIMATE FOR THE YEAR ENDED 31 MARCH 2013

Profit Estimate

The Directors have estimated that the profit before taxation of the Group for the year ended 31 March 2013 was not less than £575,000 (the "Profit Estimate"). The Directors, who are solely responsible for the Profit Estimate, have made the Profit Estimate after due and careful enquiry and Allenby Capital has confirmed to the Company that it has satisfied itself that the Profit Estimate has been made after due and careful enquiry.

Basis of preparation

The Profit Estimate takes into account:

- the unaudited interim financial statements of the Group for the six month period ended 30 September 2012 issued by the Company on 27 November 2012; and
- unaudited management accounts of the Group for the six month period ended 31 March 2013.

The Profit Estimate has been prepared on a basis consistent with the accounting policies of the Group as set out in the financial information on the Group in Part III of this document and on a basis comparable with the financial information on the Group set out therein.

For the purposes of the Profit Estimate, "profit before taxation" is defined as earnings before tax as reported under IFRS, not including the impact of any items which might be reported as exceptional items.

The Profit Estimate has not been audited. The actual results reported, therefore, may be affected by revisions required to accounting estimates due to changes in circumstances, the impact of unforeseen events and the correction of errors in the interim financial results and unaudited management account or of different judgements made by the Directors at the time of reporting the audited results for the year ended 31 March 2013 including, without limitation, changes in the Directors' assessment of impairment of assets (either tangible or intangible) and expenses and costs properly related to the Placing and Admission.

PART VI

ADDITIONAL INFORMATION

1. Incorporation and status of the Company

(a) The Company was incorporated in England on 14 December 2001 with registered number 4340125 as a public limited company under the name Trafalgar New Homes Public Limited Company. A resolution will be proposed at the General Meeting to change the name of the Company to Trafalgar New Homes plc.

(b) The principal legislation under which the Company operates is the Companies Act and regulations made thereunder.

(c) The liability of members is limited to the amount, if any, unpaid on the shares respectively held by them.

(d) The Company is domiciled in England and Wales. The Company's registered office and its principal place of business is at Chequers Barn, Chequers Hill, Bough Beech, Edenbridge, Kent TN8 7PD. The Company's telephone number is 01732 700000.

(e) The principal activity of the Company is to act as the holding company of the Group, whose principal activities are residential property development. There are no exceptional factors which have influenced the Company's activities.

(f) The Company has no administrative management or supervising bodies other than the Board, its remuneration committee and audit committee.

(g) The accounting reference date of the Company is 31 March.

2. Subsidiary undertakings

(a) The Company has the following wholly owned subsidiary undertakings, both of which are incorporated in England:

Name	*Principal activity*	*Issued share capital*
Combe Bank Homes Limited	property development	£100,000
Trafalgar Distributions Limited	non-trading	£1

(b) Combe Bank Homes has the following wholly owned subsidiary undertakings, both of which are incorporated in England:

Name	*Principal activity*	*Issued share capital*
Combe Bank (Oakhurst) Limited	property development	£100
Combe Homes (Investments) Limited*	property investment	£100

* A conditional agreement has been entered into for the sale of this company, as described in paragraph 10 below.

(c) The registered office of each of the above companies is at Chequers Barn, Chequers Hill, Bough Beech, Edenbridge, Kent TN8 7PD, save for Trafalgar Distributions Limited whose registered office is at 3 Caroline Court, 13 Caroline Street, St Pauls Square, Birmingham B3 1TR.

(d) Save as disclosed in paragraphs 2 (a) and (b) above, there are no undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

3. Share capital of the Company

(a) The following is a summary of the changes to the issued share capital of the Company since 1 April 2009:

(i) on 8 August 2011, 7,353,517 Ordinary Shares were allotted credited as fully paid to certain creditors under the terms of the CVA and 2,646,483 ordinary shares of 1p each were allotted credited as fully paid to Trafalgar Distributions Limited as nominee for the claims of other creditors under the CVA;

(ii) on 8 August 2011, 2,000,000 Ordinary Shares were allotted credited as fully paid to Central Corporate Finance LLP, in satisfaction of fees for work done in relation to the CVA;

(iii) on 11 November 2011, 6,800,000 Ordinary Shares were allotted credited as fully paid up at 1.2p per share to SVS Securities plc, in satisfaction of professional advisory fees; and

(iv) on 11 November 2011, 186,817,671 Ordinary Shares were allotted credited as fully paid up in consideration for the acquisition of the entire issued share capital of Combe Bank Homes.

(b) Subject to and conditional upon the passing of the Resolutions at the General Meeting and Admission taking place at 8.00am on 16 July 2013 (or such later date as the Company and Allenby Capital may agree, being not later than 5.00pm on 31 July 2013):

(i) 14,000,000 Ordinary Shares will be allotted for cash to Placees at the Placing Price; and

(ii) rights to subscribe for up to 4,567,504 Ordinary Shares will be conferred upon Allenby Capital pursuant to the Warrant Agreement.

(c) The issued fully paid share capital of the Company as at the date of this document, and as it is expected to be immediately following Admission, is as follows:

	£	*Number*
As at the date of this document	2,143,751.90	214,375,190
Immediately following Admission	2,283,751.90	228,375,190

(d) Trafalgar Distributions Limited holds 2,646,484 Ordinary Shares as nominee for the claims of creditors under the CVA, further details of which are set out in paragraph 15 below.

(e) Resolutions will be proposed at the General Meeting:

(i) adopting new Articles;

(ii) giving general authority to the Directors in accordance with section 551 of the Companies Act to exercise the powers of the Company to allot shares in the Company or right to subscribe for shares in the Company up to an aggregate nominal amount of £1,328,000, such authority to expire on the conclusion of the annual general meeting of the Company to be held in 2014 or, if earlier the date which is 15 months after the date of passing the resolution; and

(iii) empowering the Directors pursuant to section 570 of the Companies Act to allot equity securities for cash pursuant to the authority described in paragraph 3(e)(ii) above as if section 561 of the Companies Act did not apply to such allotment, such power being limited to (aa) the allotment of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to the holders of equity securities in proportion to their holdings of such securities (subject to such exclusions or other arrangements as the Directors may deem necessary to deal with fractional entitlements or other legal or practical problems arising under the laws of any territory or the requirements of any regulatory body or stock exchange, or otherwise howsoever), and (bb) the allotment of equity securities up to an aggregate nominal value of £185,676 pursuant to the Placing and for the purposes of the Warrant Agreement and (cc) the allotment of equity securities (otherwise than aforementioned) up to an aggregate nominal value of £342,500 (representing approximately 15 per cent. of the Enlarged Share Capital), such power being expressed to expire on the conclusion of the next annual general meeting of the Company to be held in 2014 or, if earlier, the date which is 15 months after the date of the passing of the resolution.

(f) Save for the allotments referred to in paragraph 3(a) above, since 1 April 2009 no capital of the Company has been allotted for cash or for a consideration other than cash and save for the Placing and pursuant to the Warrant Agreement, no share capital of the Company is now proposed to be issued to any person either for cash or a consideration other than cash.

(g) Save for the Warrant Agreement, no capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

(h) The Ordinary Shares will, on Admission, rank *pari passu* in all respects, including the right to receive all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

(i) The Ordinary Shares are in registered form and capable of being held in uncertificated form. None of the Ordinary Shares are being marketed or made available in whole or in part to the public in conjunction with the application for Admission other than pursuant to the Placing. Pursuant to the Placing 14,000,000 Placing Shares will be issued. The issued share capital of the Company will be increased by 6.53 per cent. resulting in an immediate dilution to existing shareholders of 6.13 per cent. The Ordinary Shares to be issued pursuant to the Placing are being issued at a price of 2p per share, representing a premium of 1p over the nominal value of 1p each. The expected issue date is 15 July 2013.

(j) There is no class of shares in the capital of the Company other than Ordinary Shares.

(k) Save as disclosed in paragraph 10 below, no commissions, discounts or brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share capital.

(l) The provisions of section 561 of the Companies Act (to the extent not dis-applied by the resolution referred to in paragraph 3 (e) above and any future disapplication) confer rights of pre-emption on the Shareholders in respect of any allotment of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme.

4. Memorandum & Articles of Association

The main objects of the Company, which are set out in the Memorandum of Association, are to act as merchants and to do any business that can advantageously be carried on.

The new Articles proposed to be adopted pursuant to the Resolutions to be proposed at the General Meeting will contain, *inter alia*, provisions to the following effect:

(a) *Meetings of members*

Annual general meetings must be held within six months following the Company' accounting reference date at such time and place as may be determined by the Directors. Annual general meetings are called on 21 days notice in writing, exclusive of the day of which it is served or deemed to be served and of the day on which the meeting is to be held, and is to be given to all members on the register at the close of business on a day determined by the Company, such day being not more than 21 days before the day that the notice of meeting is sent. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote thereat agree. The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting.

General meetings may be called whenever the Directors think fit or when one has been requisitioned in accordance with the Companies Act. General meetings are called on 14 days notice in writing exclusive of the day on which it is served or deemed to be served and the day on which it is to be held. A general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, consent. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

(b) *Voting rights*

Subject to paragraph (g) below, and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

(c) *Alteration of capital*

The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the Companies Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Companies Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

(d) *Variation of rights*

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

(e) *Transfer of shares*

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to paragraph (g) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

(f) *Dividends and other distributions*

The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.

Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph (g) below, all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.

All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the Directors so resolve be forfeited and shall revert to the Company.

(g) *Restrictions on shares*

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the Companies Act and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than by an arm's length sale.

(h) *Directors*

Save as provided in the Articles, a director shall not vote as a director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal in which he has any interest which conflicts or which may conflict with the interests of the Company. He will not be counted in the quorum present at the meeting, and if he does vote, his vote shall not be counted.

A director shall however, (in the absence of any other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

(i) any contract arrangement or proposal in which he has an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest, or where the interest arises only through interests in shares or debentures or other securities of the Company;

(ii) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(iii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iv) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;

(v) any matters involving or relating to any other company in which he or any person connected with him is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent., or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);

(vi) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

(vii) the purchase and/or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors;

(viii) the giving of indemnities in favour of directors;

(ix) the funding of expenditure by any director (a) in defending criminal, civil or regulatory proceedings or actions against him; or (b) in connection with an application to the court for relief;

(x) any contract, arrangement or proposal in respect of which the interest has been authorised by the Company.

The directors may, subject to the Articles, authorise a director to be involved in a situation in which he is or may have an interest which conflicts or may conflict with the interests of the Company, provided that the director shall not vote in connection with the authorisation, and the authorisation may be given subject to such terms and conditions as are thought fit.

Fees may be paid out of the funds of the Company to directors who are not managing or executive directors at such rates as the Directors may from time to time determine provided that such fees do not in the aggregate exceed the sum of £150,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.

Any director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the Directors or any committee authorised by the Directors may determine.

The Directors (including alternate Directors) shall be entitled to be paid out of the funds of the Company all their reasonable travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.

Any director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of director and, subject to section 188 of the Companies Act, on such terms as to remuneration and otherwise as the Board may determine. No shareholding qualification is required by a director. Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two nor more than eight. At each annual general meeting, any director who was not elected or re-elected at either of the two preceding annual general meetings shall retire by rotation.

(i) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future (including uncalled capital) and, subject to section 551 of the Companies Act, to issue debenture stock or any other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

(j) *Return of capital*

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets pro rata to the amount paid up or deemed to be paid up on their shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company. The liquidator is empowered without connection to set such value as he deems fair upon any one or more classes of property and to determine how such division is to be carried out as between different classes of members. A liquidator may also with the sanction of a special resolution, vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

(k) *Pre-emption rights*

There are no rights of pre-emption under the articles of association of the Company in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

5. Squeeze-out and sell-out rules relating to the Ordinary Shares

(a) *Squeeze-out*

Under the Companies Act, an offeror in respect of a takeover offer for the Company has the right to buy out minority shareholders once he has acquired (or contracted conditionally to acquire) 90 per cent. of the Ordinary Shares to which the offer relates within four months of making his offer. The offeror would exercise such right by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, he would execute a transfer of the outstanding shares in his favour and pay the consideration to the Company, which would hold the consideration on trust for such minority Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

(b) *Sell-out*

The Companies Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by the offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had contracted to acquire at least 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6. Directors' and others' interests

(a) The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) and the interests of connected persons of a Director within the meaning of sections 252 to 254 of the Companies Act in the issued share capital of the Company as at the date of this document and as they are expected to be immediately following Admission are as follows:

	At the date of this document			*On Admission*	
Director	*Ordinary Shares*	*%*	*Placing Shares*	*Ordinary Shares*	*%*
James Dubois	–	–	1,500,000	1,500,000	0.66
Christopher Johnson	186,815,803	87.14	–	186,815,803	81.80
Alexander Johnson	1,868	0.001	–	1,868	0.001
Norman Lott	–	–	500,000	500,000	0.22

(b) Save as disclosed above, no Director has any interest in the share capital or loan capital of the Company or any of its subsidiaries nor does any person connected with the Directors (within the meaning of sections 252 to 254 of the Companies Act) have any such interests, whether beneficial or non-beneficial.

(c) None of the Directors or any members of their immediate families nor any persons connected with them within that meaning of sections 252 to 254 of the Companies Act is interested in any related financial product (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for difference or a fixed odds bet.

(d) Save for the Directors' interests disclosed in paragraph 6(a) above, and for the interests set out below, the Company is not aware of any person who at the date of this document holds and on Admission will hold, directly or indirectly, interests (within the meaning of Part 22 of the Companies Act) in Ordinary Shares amounting to 3 per cent. or more of the then issued share capital to which voting rights are attached:

Shareholder	At the date of this document Ordinary Shares	%	On Admission Ordinary Shares	%
SVS Securities plc	6,801,868	3.17	6,801,868	2.92

(e) The voting rights of Shareholders in respect of the shareholdings disclosed in paragraphs 6(a) and (d) above do not differ from the voting rights attaching to the shareholdings of other Shareholders.

(f) As set out in paragraph 6(a) above, Christopher Johnson holds 87.14 per cent. of the issued ordinary share capital of the Company and exercises or could exercise control over the Company. Christopher Johnson has entered into a relationship agreement, as described in paragraph 10(l) below to ensure that the business of the Group is carried on independently of him and his associates.

(g) The Directors are not aware of any arrangements in place or under negotiation the operation of which may, at a subsequent date result in a change of control of the Company.

(h) Allenby Capital has agreed to subscribe for 2,500,000 Placing Shares as part of the Placing. Allenby Capital has also been granted a warrant to subscribe for 4,567,504 new Ordinary Shares pursuant to the Warrant Agreement. If this warrant is exercised in full and there were no additional further issues of new Ordinary Shares then Allenby Capital would be interested in 7,067,504 Ordinary Shares (representing 3.03 per cent. of the issued share capital as enlarged by the exercise of the warrant). In addition, certain employees of Allenby Capital have subscribed for Ordinary Shares in the Placing.

7. Directors' service contracts

(a) Christopher Johnson has agreed to act as Chief Executive of the Company under a service agreement with the Company dated 27 June 2013 for an initial period of one year and thereafter, subject to termination upon six months' notice by either party. The agreement provides for an annual salary of £60,000 and pension contributions of £18,000 per year.

(b) Alexander Johnson has agreed to act as an executive director under a service agreement with the Company dated 27 June 2013 for an initial period of one year and thereafter, subject to termination upon six months' notice by either party. The agreement provides for an annual salary of £60,000.

(c) James Dubois has agreed to act as non-executive Director and Chairman of the Company under a letter of appointment dated 27 June 2013, for an initial period of one year, continuing thereafter subject to termination upon at least three months' notice, at an initial fee of £30,000 per annum.

(d) Norman Lott has agreed to act as non-executive Director of the Company under a letter of appointment dated 27 June 2013, for an initial period of one year, continuing thereafter subject to termination upon at least three months' notice, at an initial fee of £10,000 per annum.

(e) Save as disclosed above, there are no existing or proposed service agreements between any Director and the Company or any of its subsidiaries which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

(f) The aggregate amount of remuneration (including any contingent or deferred compensation) payable and benefits in kind granted to Directors was £56,000 for the financial year ended 31 March 2013 and is estimated to be £178,000 for the current financial period ending 31 March 2014 under the arrangements in force at the date of this document.

(g) The Directors must be re-appointed by shareholders in general meeting at least every three years. Alexander Johnson was last appointed in September 2012 and the other Directors are to be proposed for re-appointment at the forthcoming General Meeting.

8. Additional information on the Directors

(a) In addition to their directorships of the Company, the Directors are or have been directors and/or partners of the following companies or partnerships within the five years prior to the date of this document:

Director	*Current*	*Past*
Christopher Johnson	Avenue Direct Limited Combe Bank Homes Limited Combe Homes (Investments) Limited Combe Bank (Oakhurst) Limited International Fly Fishing Investments Limited Period Homes Limited Weald Water Enterprises Ltd	Branford Limited Castello Services Limited Chequer Homes Limited Kolaco Limited
Alexander Johnson	Combe Bank Homes Limited Combe Homes (Investments) Limited Dreamblade Limited Meade Court Edenbridge Management Company Limited Period Homes Limited	Castello Services Limited Ravenscourt Management Company Limited
James Dubois	Burlingway Limited Circa London Limited DFM Nominees Limited First Professional Services Limited IFS Fire & Security Limited Ivylink Management Limited Preoptica Limited Surrey Satro Limited Sutton Hard Court Club (1928) Limited The Family Business Unit (Surrey) Limited The Royal Automobile Club Pension Trustees Limited	Body Dubois Limited Body Dubois Associates LLP Clairville York Limited CM Delta Limited Swarovski UK Limited
Norman Lott	African Land Limited Capital Mining Limited Medilink Global (UK) Limited Nordic Panarama plc (in liquidation) Papa Entertainment plc Percipience Analytics Limited Regen Biotech Limited Regen Therapeutics Limited Roli Books (UK) Limited Sciencom Limited	Alexander David Investments plc Capital Mining Limited Guildford Clinical Pharmacology Unit Limited Regen Shellco Limited Shelfco 100 Limited

(b) Christopher Johnson:

(i) was a director of Reliant Group plc which went into administrative receivership in October 1990 at which time the total liabilities of the company were in excess of £7 million. The company was then subject to a creditors petition for winding up and the said order was made on 6 February 1991. The company was struck off under section 652 of the Companies Act 1985 and dissolved on 16 March 1999. As a result of personal guarantees given by Mr Johnson in respect of certain obligations of Reliant Group plc being called on, Christopher Johnson entered into the individual voluntary arrangement referred to below.

(ii) entered into an individual voluntary arrangement ("**IVA**") under the Insolvency Act 1986 with his personal creditors in 1992. This liability was as a result of him being called on for personal, joint and several guarantees for a total sum of £13,971,373.74. This arrangement was to continue in operation for five years but the duration of the arrangement was subsequently extended. Following a meeting of creditors held on 21 January 1998, contributions of £75,000 were paid into the IVA towards a full and final distribution which sum was in addition to the payments made into the IVA over the period in which it was in operation. Notice was given by the supervisor on 31 March 1998 that the IVA had been fully implemented in line with modifications approved by the creditors.

(iii) was a director of Cheyton Developments Limited, when, as sole creditor of the company, he applied for a creditors' voluntary liquidation in December 1991 with the total liabilities of the company amounting to £86,781; the company was then dissolved in May 1993.

(iv) was a director of Waysdon plc, which was subject to a creditors voluntary liquidation on 13 October 1998 with £4,400 outstanding to creditors and was dissolved in August 1999.

(v) was a director of Branford Limited whose one asset was the subject of a Law of Property Act ("**LPA**") receivership and sold and the Company was dissolved in March 1993.

(vi) was a director of Delter Limited. In October 2001 the company was subject to a LPA receivership involving the administration and collection of rents, with £108,685 outstanding to creditors.

(vii) was deputy chairman of Regent Corporation plc until his resignation on 31 January 1996. The consolidated accounts of that company for the year ended 31 March 1996 contained a disclaimer in respect of the group financial statements by BDO Stoy Hayward on the basis that proper accounting records in certain subsidiaries had not been kept and that the auditors had been unable to receive all the information and explanations considered necessary. An Administration Order was made on 8 July 1997 and the company subsequently conducted a corporate voluntary arrangement. The administration order was discharged on 8 January 1999.

(c) James Dubois:

(i) entered into an IVA in 1990 in relation to personal guarantee liabilities in relation to bank loans for property transactions. The arrangement required Mr Dubois to make a payment of 11.92 pence in the pound in respect of personal debts amounting to £1,330,883. This arrangement was satisfactorily completed and Mr Dubois was released from the IVA in 1993. Throughout this period he continued to run his accountancy practice regulated by the Institute of Chartered Accountants in England and Wales.

(ii) was a director of the following companies which were principally special purpose vehicles formed for specific property development projects, and which were dissolved while he was a director:

- Horse Gard Limited when it was subject to a creditors voluntary liquidation on 17 March 1997 with £132 liabilities outstanding and it was dissolved in March 1997.
- CAD Options Limited when an administrative receiver was appointed on 30 January 1998 with £111,750.93 due to creditors; the company was dissolved in December 2000.
- Cityfair Limited when it was subject to a creditors voluntary liquidation in December 1991; an administrative receiver was appointed on 16 February 1993 with £1,017,821.00 due to creditors and was dissolved in May 1994.
- Rudolf Properties Limited when it went into creditors voluntary liquidation in December 1991; an administrative receiver was appointed on 27 January 1993 with £114,080.00 due to creditor and the company was dissolved on 27 April 1993.
- Droyvale Limited when it was subject to a creditors voluntary liquidation in December 1991; an administrative receiver was appointed on 24 February 1994 with £430,848.00 due to creditors; the company was dissolved on 24 May 1994.
- Handeck Limited when an administrative receiver was appointed on 18 January 1993 with £12,028.00 due to creditors; the company was dissolved on 18 April 1993.
- Firstplan Limited when an administrative receiver was appointed on 16 March 1993 with £197,536.00 due to creditors; the company was dissolved on 16 June 1993.

- Bloom Properties Limited, which was dissolved on 3 September 1991 and as a result losses were incurred, predominantly by loan capital investors.
- Numerknight Limited, which was dissolved on 3 September 1991 and as a result losses were incurred, predominantly by loan capital investors.
- Fallow Properties Limited, which was dissolved on 9 June 1992 and as a result losses were incurred, predominantly by loan capital investors.

(d) Norman Lott was appointed as a director of Tiger Books International plc on 25 May 1994 and resigned on 14 October 1998. That company went into administration on 17 May 1999 and was subsequently dissolved on 12 January 2005.

(e) Save as disclosed in paragraphs 8(a) to (d) above, none of the Directors has:

(i) any unspent convictions in relation to indictable offences;

(ii) had any bankruptcy order made against him or entered into any individual voluntary arrangement;

(iii) been a director of any company which has been placed in receivership, compulsory liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or with any class of its creditors while he was a director of that company or within 12 months after he ceased to be a director of that company;

(iv) been a partner of any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement while he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

(v) been the owner of any assets or a partner in any partnership which has been placed in receivership while he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

(vi) been publicly criticised and/or sanctioned by any statutory or regulatory authority (including recognised professional bodies); or

(vii) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

(f) There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director.

(g) Save as disclosed in paragraph 9 below in relation to (i) Christopher Johnson; and (ii) the interest of Christopher Johnson and James Dubois in purchases from the Group by a third party, in arms' length transactions, of four properties during the year ended 31 March 2013 and one property subsequently for an aggregate consideration of £1,152,500, which interests arise out of the provision of an indirect loan of £275,000 in connection with those purchases, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.

(h) Save as disclosed in paragraph 9 below, no Director has any interest in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Group and no contract or arrangement exists in which any Director is materially interested and which is significant in relation to the business of the Group.

(i) There are no potential conflicts of interest between any duties the Directors have to the Company and their private interests and/or other duties.

9. Related party disclosures

The Group is a party to, or has entered into, the following related party transactions since 1 April 2009:

(a) during the years ended 31 March 2010 and 31 March 2012, fees totalling £10,375 were paid and, as set out in paragraph 3(a)(iii) above, 6,800,000 Ordinary Shares of 1p each were issued to SVS Securities plc, a company controlled by K Virk, who was a significant shareholder in the Company during that period, in satisfaction of professional fees;

(b) during the years ended 31 March 2010 and 31 March 2012, fees totalling £36,554 were charged by Central Corporate Finance LLP, of which A Moore is a member and who was then a director of the Company, in relation to directors fees and, as set out in paragraph 3(a)(ii) above, 2,000,000 Ordinary Shares of 1p each were issued to Central Corporate Finance LLP in satisfaction of fees for work done in relation to the CVA;

(c) during the years ended 31 March 2010 and 31 March 2012, fees totalling £206,640 were charged by R McKendrik who was then a director of the Company, by way of directors fees, consultancy fees and loan arrangement fees;

(d) loans from Christopher Johnson which currently amount to £4,565,409, comprising £2,614,136 loaned to Combe Bank Homes Limited, £1,411,000 loaned to Combe Bank (Oakhurst) Limited and £530,016 loaned to Combe Homes (Investments) Limited. Details of the loan agreements are set out in paragraph 10 below;

(e) a loan from the DFM Pension Scheme, of which James Dubois is the beneficiary, in the amount of £300,000. Details of the loan agreement are set out in paragraph 10(e) below;

(f) as set out in paragraph 14(a) below, the Group's head office is held under a 10 year lease from 7 April 2008 granted by, *inter alia*, Christopher Johnson and Alexander Johnson as trustees of the Combe Bank Homes pension scheme, of which they are both beneficiaries;

(g) as set out in paragraph 10(d) below, Christopher Johnson acquired certain properties from the Group under an agreement entered into on 9 February 2012;

(h) on 11 September 2009, Christopher Johnson acquired a property from the Group at Tunnel Road, Tunbridge Wells for a cash consideration of £210,000;

(i) the Combe Bank Homes pension scheme (of which Christopher Johnson and Alexander Johnson are beneficiaries) acquired a shop at 67 High Street, Edenbridge, Kent from the Group on 15 January 2013 for a cash consideration of £100,000. A Resolution is to be proposed at the forthcoming General Meeting, affirming the transaction; and

(j) the transaction referred to in paragraph 8(g)(ii) above.

10. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and its subsidiaries during the two years preceding the date of this document and are or may be material:

(a) an administration asset/liability agreement dated 8 August 2011 between the Company, Jane Walker of Errington Walker and Trafalgar Distributions Limited, pursuant to the Company's administration process as further detailed in paragraph 15 below. Under the agreement, the Company agreed to sell and Trafalgar Distributions Limited agreed to purchase whatever right, title and interest (if any) that the Company had in certain assets. Pursuant to the agreement, Trafalgar Distributions Limited further agreed to take on all liabilities of the Company and to purchase the assets subject to any third party interest including any purported distraint to other liens in respect of the same;

(b) an agreement dated 13 October 2011 between the Company (1) and Christopher Johnson and Alexander Johnson (2), whereby the Company agreed, conditionally on approval by its shareholders, to acquire the entire issued share capital of Combe Bank Homes for a consideration satisfied by the issue of 186,817,671 new Ordinary Shares of 1p each;

(c) a relationship agreement dated 13 October 2011 between Christopher Johnson (1), the Company (2) and SVS Securities plc (3) ("SVS") under which Mr Johnson undertook, *inter alia*, to procure that the Company is able to carry on its business independently of the interests of Mr Johnson and his associates, having regard to the interests of Shareholders as a whole rather than for the benefit of any particular Shareholder or group of Shareholders in the Company. This agreement is proposed to be terminated at the forthcoming General Meeting and replaced with that set out in paragraph 10(l) below;

(d) an agreement in principle dated 9 February 2012 between Combe Bank Homes and Christopher Johnson, whereby Christopher Johnson agreed, conditional upon the approval of shareholders of the

Company in general meeting, to purchase four properties from Combe Bank Homes for a cash consideration of £1,090,000. The purchase of those properties was completed in May 2012;

(e) a loan agreement dated 20 March 2012 between the DFM Pension Scheme (1) and Combe Bank Homes (2) whereby £300,000 was loaned to Combe Bank Homes from 30 April 2012 until 30 April 2017. The loan carries interest at 15 per cent. per year, payable quarterly in arrears. The agreement provides that the loan is secured by a personal guarantee from Christopher Johnson. By a variation agreement dated 3 June 2013, it was agreed that the interest rate reduced to 12 per cent. per year with effect from 1 April 2013;

(f) a conditional share sale agreement dated 28 March 2013 between Combe Bank Homes and A Jukes, whereby Mr Jukes agreed to purchase the entire issued share capital of Combe Homes (Investments) Limited for a cash consideration of £200,000. The agreement is conditional upon the approval of Coutts Bank to the change of control of the company;

(g) an agreement dated 23 May 2013 between the Company (1) and Allenby Capital (2) whereby the Company has appointed Allenby Capital to act as corporate adviser and broker to the Company for the purposes of the ISDX Growth Market until Admission, provided that if Admission does not occur before 30 September 2013 then either party may terminate the agreement on one month's notice at any time;

(h) a loan agreement dated 27 June 2013 between Combe Bank Homes (Oakhurst) Limited (1) and Christopher Johnson (2), whereby Christopher Johnson agreed to loan the amount of £1,421,255 to that company for the acquisition and development of properties at Oakhurst Lodge and Oakhurst Manor. The loan is repayable (after the repayment of bank loans made in relation to those properties) out of the net proceeds of sale of those properties, and carries interest at the rate of 5 per cent. per year with effect from 1 April 2013;

(i) a loan agreement dated 27 June 2013 between Combe Bank Homes (1) and Christopher Johnson (2), whereby Christopher Johnson agreed to loan the amount of £2,614,136 to that company for working capital purposes. The loan is repayable (after the repayment of any bank loans to which it may be subordinated) on or before 31 March 2015, and carries interest at the rate of 5 per cent. per year with effect from 1 April 2013;

(j) a placing agreement dated 27 June 2013 between Allenby Capital (1), the Directors (2) and the Company (3), pursuant to which Allenby Capital has conditionally agreed to use its reasonable endeavours as agent of the Company to procure placees to subscribe for the Placing Shares at the Placing Price. The agreement is conditional, *inter alia*, upon the passing of the Resolutions at the General Meeting and Admission taking place by 8.00am 16 July 2013 or such later date as Allenby Capital and the Company may agree but in any event not later than 5.00pm, 31 July 2013. The Company will pay to Allenby a fee of £90,000 and a commission of 5 per cent. on the aggregate value of the Placing Shares at the Placing Price, together with all costs and expenses and VAT thereon where appropriate. The agreement additionally provides for the Company to pay all expenses of and incidental to the Placing and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the Placing, including printing, advertising and distribution charges, the fees of the registrars and the fees payable to the London Stock Exchange.

    The agreement contains certain warranties given by the Company and the Directors in favour of Allenby Capital as to *inter alia*, the accuracy of information contained in this document and an indemnity from the Company in favour of Allenby Capital, its affiliates, any directors, officers and members in respect of any claims, losses or liabilities they may incur as a result of the performance of the obligations of Allenby Capital under the Placing Agreement or otherwise in connection with the Placing. The agreement also contains certain indemnities relating to taxation.

    Allenby Capital may terminate the Placing Agreement in specified circumstances at any time prior to Admission, principally in the event of a breach of the Placing Agreement or of any of the warranties contained in it or where any event has taken place or arisen, rendering the warranties untrue or misleading, or where any change in national or international, financial, monetary, economic, political or market conditions is, or will be in the opinion of Allenby Capital, materially prejudicial to the successful outcome of the Placing;

(k) lock-in agreements dated 27 June 2013 between each of the Directors (1), the Company (2) and Allenby Capital (3) whereby each of the Directors has agreed not to dispose of any interest in any Ordinary Shares in which he is interested or becomes interested, during the period of 12 months following Admission, subject to certain exceptions, and further that during the subsequent period of 12 months they will not dispose of any Ordinary Shares in which they are interested or become interested during such period (subject to certain exceptions) otherwise than by way of sale through Allenby Capital and subject to such terms as Allenby Capital may require to ensure an orderly market.

(l) a relationship agreement dated 27 June 2013 between the Company (1), Christopher Johnson (2) and Allenby Capital (3) whereby Christopher Johnson has undertaken to procure (so far as he is able by the exercise of all such voting rights and other powers of control to which he may be entitled) that, for so long as he (either alone or together with his Associates or any party with whom he is acting in concert) is interested in Ordinary Shares carrying 30 per cent. or more of the Company's voting share capital and the Ordinary Shares are traded on a recognised investment exchange, *inter alia*, that: (i) the business of the Company is carried on independently of him and his associates under the direction and supervision of the Board; (ii) all transactions and dealings between him and his associates, on the one hand, and the Company, on the other, will be effected on arm's length commercial terms; and (iii) he will not vote as a director on any matters in which he or any of his associates has any interest.

(m) a nominated adviser and broker agreement dated 27 June 2013 between the Company (1), the Directors (2) and Allenby (3) pursuant to which the Company has appointed Allenby Capital to act as nominated adviser and broker to the Company for a minimum period of one year commencing on the date of Admission and thereafter is terminable on three months' notice by either party. The Company has agreed to pay to Allenby a fee of £35,000 per annum; and

(n) a warrant agreement dated 27 June 2013 between the Company and Allenby Capital under which the Company, conditional upon Admission, issues to Allenby Capital a warrant to subscribe for 4,567,504 Ordinary Shares, representing approximately 2 per cent. of the issued share capital of the Company on Admission, at 2p per share, exercisable at any time, in whole or in part, up to the fifth anniversary of Admission. The warrant will be capable of transfer by Allenby Capital.

11. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Group during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Group.

12. Working capital

The Directors are of the opinion that, having made due and careful enquiry, taking into account the net proceeds of the Placing, the working capital available to the Group is sufficient for its present requirements, that is for at least twelve months from the date of Admission.

13. Taxation

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of HMRC and may not apply to certain classes of Shareholders, such as dealers in securities, insurance companies and collective investment schemes. They relate only to persons who are the absolute beneficial owners of Ordinary Shares, are resident and/or (if individuals) ordinarily resident in the UK for tax purposes (except where stated otherwise) and who hold Ordinary Shares as investments. The tax position of any UK resident tax exempt entity, or an individual who is not UK domiciled, is not dealt with below and specific advice should be sought.

This summary relates only to certain limited aspects of the taxation treatment of owners of Ordinary Shares and should not be relied upon as constituting legal advice. Any person who is in any doubt as to his tax position, or who is subject to tax in any jurisdiction other than the UK, should consult his professional advisers immediately. In addition, the tax position of any Shareholder who, together with connected persons, holds at least 10 per cent. of the Ordinary Shares of the Company is not dealt with below and specific advice should be sought.

(a) *Tax on chargeable gains*

A disposal of Ordinary Shares by any Shareholder who is (at any time in the relevant UK tax year) resident and/or, in the case of an individual, ordinarily resident in the UK, may give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains (subject to any available exemptions or reliefs). Special rules may apply to tax gains on disposals made by individuals at a time when they are temporarily neither resident nor ordinarily resident in the UK.

Any chargeable gain (or allowable loss) will be calculated by reference to the consideration received for the disposal of the Ordinary Shares, less the allowable cost to the Shareholder of acquiring such Ordinary Shares. For a Shareholder within the charge to UK corporation tax, an indexation allowance (calculated by reference to the UK retail prices index) in respect of the acquisition cost of the Ordinary Shares should be available to reduce the amount of any chargeable gain realised on a subsequent disposal.

(b) *Dividends*

Dividends received on the Ordinary Shares by a Shareholder subject to UK corporation tax will generally be exempt from UK corporation tax, subject to certain specific anti-avoidance rules.

Dividends received on the Ordinary Shares by an individual Shareholder who is resident and/or ordinarily resident in the UK carry an associated notional tax credit of one-ninth of the cash dividend. Such individuals will be liable to UK income tax on the aggregate of the dividend and the associated tax credit at either the ordinary rate of 10 per cent., the higher rate of 32.5 per cent. or the additional rate of 37.5 per cent. Effectively, those liable to tax at the higher or additional rates will have an additional tax liability (after taking into account the tax credit) of 25 per cent. and 30.6 per cent. respectively.

(c) *Stamp duty and stamp duty reserve tax ("***SDRT***")*

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

Ordinary Shares held in Certificated Form

No stamp duty or SDRT should be payable on the issue of Placing Shares.

No charge to stamp duty will arise on relation to the transfer of Ordinary Shares held in certificated form, provided that all instruments relating to the transfer are executed and retained outside the UK and do not relate to matters or actions performed in the UK. However any instrument effecting or evidencing a transfer of Ordinary Shares held in certificated form, whether executed in the UK or offshore, may not (except in criminal proceedings) be given in evidence or be available for any purpose whatsoever in the UK unless duly stamped. The rate of stamp duty is 0.5 per cent. on the value of the consideration for the relevant transfer, rounded up to the next multiple of £5. Interest on the stamp duty will accrue from 30 days after the date the instrument was executed.

No charge to SDRT will arise in respect of an agreement to transfer Ordinary Shares held in certificated form, provided such shares are not registered in any register kept in the UK by or on behalf of the Company.

14. Property

(a) The Company's principal establishment is its head office at Chequers Barn, Chequers Hill, Bough Beech, Edenbridge, Kent TN8 7PD comprising approximately 400 square feet of office space held under a 10 year lease from 7 April 2008 granted by Christopher Johnson and Alexander Johnson as trustees of the Combe Bank Homes pension scheme and the trustees of the ROI Projects Limited Pension Fund at a rent of £7,518 per year.

(b) The Group's development property portfolio comprises:

(i) Oakhurst Park Gardens, Hildenborough, Kent, being a residential development of 12 new homes on approximately 4 acres;

(ii) the three units at 67, 69, and 71 High Street, Edenbridge, Kent, being a residential development of approximately 0.5 acre, developed as apartments, a studio and a refurbished cottage;

(iii) Land forming part of Norman Wood Court, Unity Street, Sheerness and on Wellesley Road, Sheerness, being residential development land of approximately 0.2 acres, on which six houses are proposed to be constructed;

(iv) Land at Chalk Pit Hill, Chatham, Kent, being residential development land of approximately 0.2 acres (with permission for construction of three houses) which will either be sold without further development or will be developed in the future;

(v) Land adjoining the Bell Hotel, High Street, Ticehurst, East Sussex, being residential development land of approximately 0.2 acres on which a pair of semi-detached houses are proposed to be constructed;

(vi) The Square, Square Hill Road, Maidstone, Kent, being a completed development of six apartments which are let out on assured shorthold tenancy agreements. This property is held in Combe Homes (Investments) Limited, which the Group has conditionally sold, as described in paragraph 10 above; and

(vii) Land at Burnside, Sandhurst Road, Tunbridge Wells, being residential development land of approximately 1 acre on which six apartments are to be constructed.

(c) As far as the Directors are aware, there are no environmental issues affecting the use of the Group's tangible fixed assets. Environmental reports are obtained when properties are acquired.

15. CVA

(a) An administrator to the Company was appointed in August 2010, when the previous business of the Company encountered financial difficulties. In November 2010 a CVA proposal was approved by shareholders of the Company and by creditors of the Company under which, *inter alia*:

(i) the Company agreed to issue 10,000,000 Ordinary Shares of 1p each to Trafalgar Distributions Limited to hold as nominee for preferential and unsecured creditors; and

(ii) the assets and liabilities of the Company would be hived down to Trafalgar Distributions Limited upon the CVA becoming unconditional.

(b) The hive down of assets and liabilities and issue of Ordinary Shares of 1p each by the Company were carried out in August 2011, and on 25 August 2011 the administration came to an end automatically.

(c) The terms of the CVA bind all persons who were creditors (but not secured creditors) at the time the CVA was approved, whether or not they voted in favour of the CVA Proposal, or received notice of the CVA, or made a claim by the final proving date. All claims by creditors are limited to their pro rata proportion of the 10,000,000 shares and any other assets (net of liabilities) transferred to Trafalgar Distributions Limited by the Company. Any assets acquired by the Company following the CVA approval date are expressly stated to be excluded from the CVA arrangement.

Although a final proving date for creditors was set, the date was not, at the time, advertised in the London Gazette. A final proving date of 19 June 2013 was advertised in the London Gazette on 6 June 2013 for any unsecured creditors of the Company (at the time the CVA was approved) who had not proved their debts (including any creditors not previously identified) to make claims under the terms of the CVA. No creditors (including any creditors not previously identified) have come forwards making claims under the CVA, following advertisement of the final proving date.

Under the Insolvency Act 1986, creditors who were not previously aware of the meeting to approve the CVA have a period of 28 days from 6 June 2013 to apply to court if they consider their interests have been unfairly prejudiced or that there has been a material irregularity at or in relation to the meeting. The court may suspend or revoke a voluntary arrangement or direct that a revised proposal be considered. The Company is not aware of any grounds on which any such claims could be made.

16. General

(a) Save as disclosed in section 7 of Part I and in Part V of this document, there has been no significant change in the financial or trading position of the Group since 30 September 2012, the date to which the last unaudited interim results of the Group were prepared.

(b) Crowe Clark Whitehill LLP has given and has not withdrawn its written consent to the issue of this document with the inclusion in this document of its report and references thereto and to its name in the form and context in which they appear.

(c) Allenby Capital Limited, which is regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.

(d) The expenses of and incidental to the Placing, are estimated to amount to approximately £221,000 (excluding VAT), and will be payable by the Company.

(e) There are no investments being made by the Company or to be made in the future in respect of which firm commitments have been made.

(f) There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.

(g) There are no arrangements under which future dividends are waived or agreed to be waived.

(h) The annual accounts of the Company have been audited in accordance with national law for the years ended 31 March 2010 and 31 March 2011 by Rochesters Audit Services Limited, Chartered Accountants, of No 3 Caroline Court, 13 Caroline Street, St Pauls Square, Birmingham B3 1TR, and for the year ended 31 March 2012 by Crowe Clark Whitehill LLP of St Brides House, 10 Salisbury Square, London EC2M 8EH.

(i) The financial information set out in this document does not constitute statutory accounts of the Company within the meaning of section 434 of the Companies Act. Statutory accounts have been delivered to the registrar of companies for the periods ended 31 March 2010, 2011 and 2012. Auditors' reports in respect of each statutory accounts of the Company have been made under section 495 of the Companies Act and each such report was an unqualified report and did not contain any statement under section 498(2) or (3) of the Companies Act, save that for the years ended 31 March 2010 and 2011, due to limitations on the availability of audit evidence for the period that the Company was in administration, the auditors were unable to form an opinion as to whether the financial statements (i) gave a true and fair view of the state of affairs and its profit and loss, (ii) had been properly prepared in accordance with UK GAAP, and (iii) had been prepared in accordance with the requirements of the Companies Act.

(j) As from Admission, the Ordinary Shares will only be traded on AIM.

(k) The Company's registrar and paying agent for the payment of dividends is Neville Registrars Limited, 18 Laurel Lane, Halesowen B63 3DA.

(l) Except for fees payable to the professional advisers whose names are set out on page 4 of this document, the subscriptions for Ordinary Shares pursuant to the Placing, the Warrant Agreement set out in paragraph 10(n) above and payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.

(m) The statistics under the heading "Market Overview" in section 5 of Part I have been sourced from:

(i) ONS House Price Index, January 2013;

(ii) Savills Residential Property focus Q1 2013;

(iii) ONS Portrait of the South East, Regional Trends 43 2010/2011.

Dated: 27 June 2013

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