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Application will be made for the Ordinary Shares in issue as at the date of this document and the Ordinary Shares to be issued pursuant to the Placing to be admitted to trading on AIM. It is expected that Admission will take place and that trading will commence on 20 May 2004. 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. Accordingly, 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. London Stock Exchange plc has not itself examined or approved the contents of this document.

This document which comprises an AIM admission document is drawn up in compliance with the AIM Rules and the POS Regulations although it does not constitute a prospectus pursuant to the POS Regulations. Accordingly, a copy of this document has not been, and will not be, delivered to the Registrar of Companies in England and Wales for registration under Rule 4(2) of the POS Regulations. This document does not constitute an offer to the public within the meaning of the POS Regulations or otherwise. The Placing Shares are not being made available to the public pursuant to the Placing.

The whole text of this document should be read carefully. Your attention is drawn to the section entitled “Risk Factors” set out in Part II of this document.

Oakdene Homes Plc

*(Incorporated and registered in England and Wales under the Companies Act 1985 (as amended)
with registered number 3608522)*

Placing of 4,545,455 Ordinary Shares at 110p per share and Admission to trading on AIM Nominated Adviser and Broker Seymour Pierce Limited

Share capital immediately following Admission

| <i>Authorised</i> | | | <i>Issued and fully paid</i> | |
|-------------------|---------------|----------------------------|------------------------------|---------------|
| <i>Amount</i> | <i>Number</i> | | <i>Amount</i> | <i>Number</i> |
| £250,000 | 25,000,000 | Ordinary Shares of 1p each | £162,797.41 | 16,279,741 |

The Directors, whose names appear on page 3 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (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 the import of such information.

The distribution of this document into jurisdictions other than the UK may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer, or the solicitation of an offer, to subscribe for any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Seymour Pierce Limited, which is regulated by The Financial Services Authority, is acting as Nominated Adviser and Broker exclusively for the Company in connection with the proposed Admission and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Seymour Pierce Limited, or for advising any other person in connection with the Placing. The responsibilities of Seymour Pierce Limited, as Nominated Adviser, are owed solely to the London Stock Exchange.

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DIRECTORS, SECRETARY AND ADVISERS

| | |
|--|--|
| Directors: | Philip Henry Peter Stephens (<i>Non-executive Chairman</i>) Carl Stephen Turpin (<i>Chief Executive</i>) Susan Jennifer Massingham (<i>Sales and Marketing Director</i>) John Norman Griggs (<i>Operations Director</i>) George Robert Boot (<i>Finance Director</i>) Timothy Michael Hearley (<i>Non-executive Director</i>) Alan Philip Clarke (<i>Non-executive Director</i>) |
| Registered Office: | Oakdene House 34 Bell Street Reigate Surrey RH2 7SL |
| Company Secretary: | George Robert Boot |
| Nominated Adviser and Broker: | Seymour Pierce Limited Bucklersbury House 3 Queen Victoria Street London EC4N 8EL |
| Solicitors to the Company: | Norton Rose Kempson House Camomile Street London EC3A 7AN |
| Auditors and Reporting Accountants: | UHY Hacker Young St Alphage House 2 Fore Street London EC2Y 5DH |
| Solicitors to the Nominated Adviser and Broker: | Memery Crystal 44 Southampton Buildings London WC2A 1AP |
| Registrars: | Capita IRG Bourne House 34 Beckenham Road Beckenham, Kent BR3 4TU |
| Financial Public Relations: | Binns & Co PR Ltd 9th Floor Citypoint 1 Ropemaker Street London EC2Y 9HT |

DEFINITIONS

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

| | |
|------------------------------|--|
| “Act” | the Companies Act 1985 (as amended) |
| “Admission” | admission of the entire issued share capital of the Company (including the Placing Shares) to trading on AIM becoming effective in accordance with the AIM Rules |
| “AIM” | a market operated and regulated by the London Stock Exchange |
| “AIM Rules” | the rules for AIM companies and their nominated advisers published by the London Stock Exchange from time to time |
| “Board” or “Directors” | the directors of the Company whose names are set out on page 3 of this document |
| “Company” or “Oakdene Homes” | Oakdene Homes Plc |
| “CREST” | the computerised settlement system to facilitate the transfer of title to or interests in securities in uncertificated form (as defined in the CREST Regulations) operated by CRESTCo Limited |
| “CREST Regulations” | the Uncertificated Securities Regulations 2001 (S.I. 2001 No.3755) |
| “Group” | the Company and its subsidiaries at the date of this document |
| “London Stock Exchange” | London Stock Exchange plc |
| “OFEX” | a market operated by OFEX plc and regulated by the Financial Services Authority, which allows trading in the shares of unlisted and unquoted companies in the UK, off exchange |
| “Ordinary Shares” | ordinary shares of 1p each in the Company |
| “Placing” | the conditional placing by Seymour Pierce of the Placing Shares at the Placing Price pursuant to the Placing Agreement |
| “Placing Agreement” | the conditional agreement dated 17 May 2004 between the Company (1), the Executive Directors (2) and Seymour Pierce (3) relating to the Placing, details of which are set out in paragraph 9.3 of Part IV of this document |
| “Placing Price” | 110p per Placing Share |
| “Placing Shares” | 4,545,455 new Ordinary Shares to be issued in connection with the Placing |
| “POS Regulations” | the Public Offers of Securities Regulations 1995, as amended |
| “Seymour Pierce” | Seymour Pierce Limited |
| “Shareholders” | holders of Ordinary Shares |
| “Share Option Schemes” | the Approved Scheme and the Unapproved Scheme, details of which are set out in paragraph 8 of Part IV of this document |
| “Trigrange” | Trigrange Limited |
| “UK” | the United Kingdom of Great Britain and Northern Ireland |

PLACING STATISTICS

| | |
|--|---------------|
| Placing Price | 110p |
| Number of Ordinary Shares in issue at the date of this document | 11,734,286 |
| Number of Placing Shares | 4,545,455 |
| Number of Ordinary Shares in issue immediately following the Placing | 16,279,741 |
| Placing Shares as a percentage of enlarged issued share capital | 27.9% |
| Estimated net proceeds of the Placing to be received by the Company | £4.5 million |
| Market capitalisation following the Placing at the Placing Price | £17.9 million |

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|---|-------------|
| Admission and commencement of dealings in the Ordinary Shares on AIM | 20 May 2004 |
| CREST member accounts credited | 20 May 2004 |
| Despatch of definitive share certificates in respect of new Ordinary Shares | 3 June 2004 |

KEY INFORMATION

The following information has been derived from, and should be read in conjunction with, the full text of this document. Investors should read the whole document and not just rely on the key information set out below. In particular, your attention is drawn to the section entitled “Risk Factors” in Part II of this document.

- Oakdene Homes is an established and successful residential property development company operating in the South East of England where there is a continuing demand for new homes.
- Oakdene’s homes are “Individual by Design”. Each site is specifically designed to reflect the character of the surrounding area and local demand.
- Oakdene Homes has increased profits every year since its incorporation in 1998 and doubled its pre-tax profit in each of the last three financial years.
- Oakdene Homes has a land bank sufficient for between two and three years of development (at current development levels).
- Oakdene Homes has a proven track record of achieving detailed planning consents and has consents sufficient to achieve its growth targets for more than two years.
- Oakdene Homes has a proven track record of making acquisitions.
- Oakdene Homes’s Directors have substantial shareholdings in the Company which are being retained.
- Oakdene Homes’s Directors have many years experience in the disciplines required to expand the Company.

PART I

INFORMATION ON OAKDENE HOMES PLC

INTRODUCTION

Oakdene Homes is a residential housebuilder founded in 1996, which specialises in building new homes and refurbishing residential property in the South East of England. Oakdene Homes has over 500 plots in its land bank in Surrey, Sussex, Kent and greater London boroughs. The Group's land bank comprises: plots for 181 new homes on land owned by the Group; plots for 5 new homes on land over which the Group has an unconditional contract to purchase; plots for 160 new homes on land over which the Group has conditional contracts or an option to purchase; plots for 97 new homes where the terms of conditional contracts have been agreed but contracts have not yet been exchanged; and 93 homes in its portfolio of existing properties intended for refurbishment and sale. Further details of the Group's land bank are set out in the "Current Trading" section below. The Group's developments include town houses, detached houses, flats, refurbishments and mews conversions.

Oakdene Homes obtained a trading facility on OFEX in August 2001 when it raised approximately £230,000 net of expenses. Since joining OFEX, Oakdene Homes has made one substantial acquisition, Trigrange, which it acquired for £9.5 million in October 2002.

Oakdene Homes now plans to withdraw from OFEX and move to AIM by way of a Placing. Certain Directors of Oakdene Homes have significant shareholdings in the Company and will continue to hold these shares for a period of at least one year after Admission. All new funds being raised are for the benefit of the Company.

In the year ended 31 December 2003 Oakdene Homes produced record levels of turnover and pre-tax profits of £11.97 million and £3.01 million respectively.

HISTORY

Oakdene Homes was founded by Carl Turpin, who holds a 37 per cent. interest in the share capital of the Company. The Company's policy has from incorporation been to retain profits in order to expand the business. The Company has increased profits every year since incorporation and doubled its pre-tax profit in each of the last 3 financial years.

In 2001 the Company obtained a trading facility on OFEX and at the same time raised approximately £230,000 net of expenses by way of a placing of Ordinary Shares.

Following the OFEX float the Company's first acquisition in October 2002 was Trigrange for £9.5 million funded partly by a bank loan and partly by the issue of loan notes to its vendors. Trigrange had invested in a substantial number of leasehold and freehold properties in need of modernisation and renovation therefore adding substantially to Oakdene Homes's land bank. The acquisition of Trigrange has significantly enhanced the Company's profits and the portfolio is to be replaced as opportunities arise.

THE BUSINESS

The Group comprises 5 companies of which Oakdene Homes and Trigrange are the main trading companies.

Oakdene Homes

Oakdene Homes specialises in residential development in Surrey, East and West Sussex, Kent and the greater London boroughs. Oakdene Homes has an experienced and successful management team. The Company has achieved substantial growth since incorporation, retaining profits each year to enable it to fund the construction of greater numbers of homes in the following year. Oakdene Homes seeks to acquire sites which meet six key appraisal criteria, being:

- Option or conditional contracts;
- Development of ten dwellings or more;

- In favoured locations;
- Good communication links;
- Realistic price; and
- Not less than a profit of 20 per cent. on gross sales value.

Site development is organised through a combination of both internal and external parties and is referred to as the “Project Cycle”. The “Project Cycle” is well established and is broadly divided between the ‘Land’; ‘Build’ and ‘Sales’ phases. The ‘Land’ phase incorporates feasibility, legal, planning, architecture, survey and structural engineering and the ‘Build’ phase incorporates demolition, construction and internal works.

The Company generally sources its own opportunities to purchase land for development. Carl Turpin is responsible for the purchase of land together with a highly experienced land buyer, Ian Fieldhouse. Susan Massingham is responsible for managing the sales and marketing and John Griggs and Paul Haines for managing the building of the properties. The legal process is outsourced to a number of solicitors. Planning, architecture and engineering were originally outsourced but since the acquisition of Ronald Fender Design and the employment of Michael Paul as engineer this is now carried out in-house. The remainder of the process is outsourced.

Land phase

Land is typically acquired in three ways: sourced by the Company’s officers; by personal introduction to the Company; or by introduction by agents and joint ventures. The majority of land is acquired as a result of sourcing by the Company’s officers; a limited amount is introduced by agents. The land acquisition process in most instances is by conditional contract on a subject to planning basis where a minimal deposit is paid until such time as planning permission is granted. The Company then has the option to exercise the conditional contract to acquire the land and construct the homes.

Build phase

The ‘Build Phase,’ is in all circumstances outsourced to third party contractors. This enables lower overheads and greater flexibility. The ‘Build’ tender process involves inviting construction contractors to submit cost quotes for individual projects on the basis of a fixed price and a fixed duration. Contractors are entirely responsible for the provision of labour and materials in line with the project specifications and are requested to provide a detailed analysis of their budgeted costs and timetable. The quotes are reviewed by the Board and contracts are signed on approval. The Company has good relationships with a number of contractors, but is not bound to any of them. All build projects are covered by a JCT Contract and Zurich 10 year insurance cover.

Sales phase

The Company appoints estate agents on each development allowing the use of the agents’ resources and payment is by results only. The Company produces its own brochures in-house and arranges for well appointed show homes as required. Each development is individually designed, creating a range of new home styles for each location reflecting the environment and the surrounding areas. The Company only takes reservations from qualified purchasers and all sales are recognised strictly on completion which eliminates trade debtors.

Trigrange

Trigrange’s principal activity is property development and renovation. Trigrange specialises in acquiring vacant or tenanted investment properties, mainly in the South East of England between Lancing and Saint Leonards, and letting those properties until such time as they fit into the renovation programme. At the time of acquisition the Trigrange portfolio consisted of around 240 properties on the south coast of England let on assured short hold tenancies. These properties are being refurbished for sale, on a phased basis. The refurbishment of each property is assessed individually and can take the form of external and/or internal decoration through to major refurbishment of a block of apartments including all new wiring, replacement of bathrooms and kitchens, with essentially only the façade being unchanged. In most instances the sales are leasehold and the freeholds have been retained by the Company. More than half of the properties in the

Trigrange portfolio have now been sold and the balance is expected to be renovated and sold in 2004 and 2005. As a result of the success of the disposal policy the Directors expect to repay the bank loan almost entirely by the end of this year. The Directors continue to look for further purchases or acquisitions to incorporate into the Trigrange portfolio and there are currently two substantial possibilities under negotiation, one in Brighton and the other in Eastbourne.

The success of Trigrange shows how Oakdene Homes can successfully integrate new acquisitions.

MARKET OVERVIEW AND COMPETITION

Oakdene Homes has considerable knowledge and experience in the South of England where the current UK housing shortage is centred. The planning system and limited land availability in the South of England is unlikely to change this scenario for a number of years to come. The shortage is increasing annually as a result of divorces, immigration and second home demand near to the south coast.

The Directors believe that interest rates will remain low for the foreseeable future. The substantial shortage of domestic dwellings in the South shows no sign of being satisfied, therefore the Directors expect the vibrant market to continue until supply and demand are more closely matched. The Directors believe that house price inflation is expected to settle over the next 2 or 3 years at single figure growth. This view is supported by the findings of the Barker Report which was published on 17 March 2004. Any mass release of land for development in the South East due to government initiatives is likely to be centred in one area. The development of any such land would take many years given delays within the planning process. Oakdene Homes does not expect to be affected as a result of this.

Oakdene Homes is not a volume housebuilder. The short lines of communication within the Company enable it to react quickly and decisively both in terms of land acquisition and to any events that take place in the other phases of the 'Project Cycle'. Oakdene Homes is most comfortable with developments of around 10-30 plots although recognising that with expansion, site sizes will increase over a period of time. Volume housebuilders are, of necessity, tied to their standard house types, standard fittings and almost standard site layouts. Oakdene Homes, however, prides itself on the individual design of each development so that it suits the local environment and the lifestyle expectations of the likely purchasers. As the Company sources its own land purchasing opportunities it is usual for negotiations to take place direct with the landowners on a one to one basis without involving a number of competitors.

GROWTH STRATEGY

In its early years, the Company expanded as a result of retaining all profits and gearing up the equity capital with bank finance. In this way the Company was able to increase the number of homes built each year. In 2002 Oakdene Homes acquired Trigrange which has resulted in a substantial increase in the Company's profits and turnover therefore allowing an even more rapid rate of expansion.

Oakdene Homes intends to continue to expand in the future by way of increasing the number of homes built. It also intends to take advantage of any acquisition opportunities that may arise and which may lead to an increase in profitability and earnings per share. Oakdene Homes is also keen to develop sites through joint ventures or partnerships with owners of substantial development sites and is currently in the latter stages of negotiating one such opportunity. The Directors are well qualified to seek acquisition targets and joint ventures having in depth financial, City and construction experience. The Barker Report shows that the market is likely to remain strong for the foreseeable future.

CURRENT TRADING

The trading results for the Group for the 12 months ended 31 December 2003 show pre-tax profits and turnover more than doubled since the previous financial year. Turnover increased by 107 per cent. to £11.97 million (2002 £5.77 million), with pre-tax profits up by 109 per cent. to £3.01 million (2002 £1.44 million). The current year has started well, and fully in line with the Directors' expectations.

Oakdene Homes has a land bank of 536 homes or 2 to 3 years' supply (at current development levels) with developments at all stages of the 'Project Cycle'. The Group's land bank comprises: 40 new homes which

have been completed or are in the course of construction; plots for 123 new homes on land owned by the Group for which planning permission has been obtained but where construction has not yet started; plots for 18 new homes on land owned by the Group where planning permission applications are pending; plots for 5 new homes on land which the Group has unconditionally contracted to purchase and for which planning permission has been obtained; plots for 80 new homes on land over which the Group has conditional contracts to purchase where planning permission has not yet been obtained; plots for 20 new homes where the terms of a conditional contract have been agreed but the contract has not yet been exchanged and where planning permission has not yet been obtained; plots for 77 new homes where the terms of a conditional contract have been agreed but the contract has not yet been exchanged and plots for 80 new homes over which the Group has an option to purchase, both of which are subject to conditions to be satisfied by a third party which may or may not be fulfilled and in each case where planning permission has not yet been obtained; and 93 homes in its portfolio of existing properties intended for refurbishment and sale.

The Group currently has 15 working projects. Of these, 9 are developments of new homes by Oakdene Homes and 6 are refurbishment projects by Trigrange.

Oakdene Homes projects include the development of 180 new homes, typically 1-2 bedroom apartments, 2-3 bedroomed terraced houses and 3-4 bedroomed town houses. The majority have an estimated sales value per unit of £250,000. These homes are predominately based in Surrey, East and West Sussex and Kent and include:

- Alma Road, Reigate, Surrey – 2 bed apartments and luxury penthouse
- Pampisford Road, Croydon, Surrey – 3 bed town houses and detached houses
- King Henry's Drive, Lewes, East Sussex – 1 and 2 bed apartments and 3 bed town houses
- Augustfields, Brighton Road, Newhaven, East Sussex – apartments, terraced houses and detached houses
- Randalls Road, Leatherhead, Surrey – 1 and 2 bed apartments
- Love Lane, Mayfield, Kent – 3 bed houses and health centre
- High Street, Nutfield, Surrey – 2 bed apartments

Oakdene Homes considers its core market to be sites with sales values of less than £500,000 to keep below the upper stamp duty threshold.

Trigrange projects include the refurbishment of a number of large properties into 82 luxury apartments close to the sea and to the town centres of Brighton, St Leonards-on-Sea and Hastings.

PROSPECTS

The Directors believe there are excellent prospects for all of Oakdene Homes's areas of operation. Demand for new homes is expected to continue for the foreseeable future due primarily to land shortage, the lengthy planning process and the increasing requirement for smaller units. The Directors also believe that interest rates will remain low for the foreseeable future. Oakdene Homes has acquired a substantial number of new sites outright or by conditional contract in the last 12 months and continues to seek further opportunities. The new corporate headquarters in Reigate combined with the recruitment of new senior staff enables Oakdene Homes to move into its next phase of expansion, which is now well underway.

The Board is confident about the long term future of the Company. It believes that 2004 will be another landmark year in Oakdene Homes's progression.

DIRECTORS

Philip Stephens, aged 61, *Non-executive Chairman*

Philip was an investment banker in the City for 38 years until his retirement in 2002. He is currently non-executive chairman of Invesco Geared Opportunities Trust plc, a non-executive director of Business Post Group plc and Advent 2VCT plc and until recently was a non-executive director of Eurodis Electron Group plc. Prior to retirement, he was at stockbrokers Williams de Broë for four years as joint head of the corporate finance department and before that was head of UK corporate finance at securities house UBS from 1995, having joined that firm in 1989.

Carl Turpin, FCCA, aged 53, Chief Executive

Carl qualified as an accountant in 1976 and is a fellow of the Chartered Association of Certified Accountants. After a period in practice and the computer industry Carl joined Total Oil as a management accountant. He then formed his own accountancy practice which grew into three branches in Sutton, Sevenoaks and Crawley specialising in insolvency matters. From 1978 he engaged in various property developments, including joint venture developments in the South East of England and South London.

In 1984, Carl, together with a partner, founded Wiseoak Group Plc, which floated on the Unlisted Securities Market in 1989 by way of a reversal into Reliant Motors. He left the re-named Reliant Group Plc in 1991. He continued to develop property through several companies including Regent Corporation plc from which Carl, together with other members of management, bought the housebuilding division in 1996. This business was renamed Oakdene Homes Limited (now Onslow House Properties Limited). The other shareholders of Oakdene Homes Limited were bought out in 1998 and the company was subsequently acquired by Oakdene Homes.

John Griggs, BSc FRICS, aged 52, Operations Director

John qualified as a Chartered Surveyor in 1975. He holds a degree in Building Economics and is a Fellow of the Royal Institution of Chartered Surveyors and a Member of the Association for Project Management. From 1977 to 1992 he was a partner in the London surveying practice of Murdoch, Green and Partners, responsible for a full range of surveying and project management services for a large range of clients. John has also been a director of the Babtie Group, a multi disciplinary company providing all aspects of project management, and Regent Homes Development Plc, where he was construction director. He has considerable experience in the construction industry and successfully led the operations and construction division for a number of companies. John has been a Director of Oakdene Homes since 1998.

Susan Massingham, aged 50, Sales and Marketing Director

Susan has worked in the residential properties market for approximately twenty five years. Her career has spanned land acquisition, estate agency and new homes sales and marketing. For a number of years Susan worked as a regional land manager covering Kent, Surrey, Sussex and Hampshire, acquiring sites for a substantial number of homes. She was involved in all aspects of land acquisition from purchase through to work commencing on site. Her work within a national agency chain involved setting up a land and new homes division. Alongside the land department she successfully ran a sales team employed to sell large development sites for national developers. Susan joined Oakdene Homes in 1999 as Land and Sales Director, later becoming Sales and Marketing Director and is also responsible for the development of Trigrange.

Robert Boot, FCA, aged 54, Finance Director

Robert qualified as a Chartered Accountant in 1971. He has a wide-ranging commercial experience with particular experience in the construction industry. From 1990 to 1997 he was Chief Executive of the MDA Group Plc, a firm of international construction consultants. In 1998 he led the management buy-out of MDA's computer division. This became Radical Technology (since re-named HTTP Software Plc) which obtained an OFEX trading facility in 1999, and was bought out by MedicSight, Inc (formerly HTTP Technology, Inc) in 2000. Robert now runs his own management consultancy practice and is a director of a number of companies including St Helen's Capital Plc, a City based corporate finance boutique. He is a member of the Bank of England's Panel for South London. Robert joined Oakdene Homes as a non-executive Director in 2001. Robert became an Executive Director in 2003 and was appointed Company Secretary in 2004.

Philip Clarke FRICS, aged 52, Non-executive Director

Philip is a fellow of the Royal Institute of Chartered Surveyors. He is experienced in all aspects of commercial and residential property development having been a director of a number of leading companies including the Hunting Gate Group and Samuel Properties Limited.

In 1990, Philip set up a specialist consultancy business advising merchant banks and other lending institutions on how to deal with problems associated with non-performing property loans. In 1995, he

merged his business with H W Fisher & Company, a leading UK firm of Chartered Accountants, and established a niche property finance and consultancy business offering equity and mezzanine finance to housebuilders. He is managing director of Fisher Property Services Limited.

A qualified professional with over 20 years' experience in the property, development and investment field Philip was appointed a Non-executive Director in 2002 at the time of the acquisition of Trigrange.

Timothy Hearley, aged 62, *Non-executive Director*

Tim is currently an independent trustee to the Westbury plc Pension Fund and was formerly a non-executive director of Westbury plc, the housebuilder. He is also the chairman or director of and strategic investor in a number of unlisted companies, including Virgin Cars and Rolfe & Nolan Group plc, a supplier of global derivative systems, the latter of which floated in 1980 and then went private following a management buy-out in 2003. He has previously been a director of a number of successful quoted companies.

KEY MANAGEMENT

Paul Haines, ACIOB, aged 35, *Project Manager*

Paul is a member of the Chartered Institute of Building having gained a higher national diploma in building and surveying in 1990 at NVQ level 4 in Site Management through an accredited scheme run by the National House Building Council. He began his career at Sunley's in 1987 as trainee surveyor and progressed through the company to become a senior project manager. Paul experienced a number of different roles both in the offices and out on site before leaving Sunley's in December 2003. He joined Oakdene Homes in January 2004 as a project manager to look after the build department for all new and existing developments in the South East.

Ian Fieldhouse, BA(Hons), aged 36, *Land Manager*

Ian is a graduate of Manchester University and has worked for 13 years in the construction industry. He has spent 10 years within a land buying role in the housebuilding industry. The majority of this time has been spent with two of the largest house builders (Barratt and Wimpey Homes). His various roles in these companies covered the acquisition of residential land across South London, Surrey, Sussex, Kent and North Hampshire. Ian has been involved in the acquisition of over 100 sites across the South East and has worked at a senior level within these companies. His last role was at Kingsoak Southern Counties as land manager, where he reported to the managing director. He helped start the region and grew the company to some 200 units a year in 2 years. Ian joined Oakdene Homes in 2004 in the role of land manager.

Michael Paul, BSc, aged 48, *Group Engineer*

Michael has worked for a wide range of consulting engineers and house developers since obtaining a degree in civil engineering in 1976. This has included working on defence projects in the Middle East and a diversity of commercial and residential developments mainly in the south east of England. He was previously at Galliford Homes, Croudace, Ideal Homes and Kier. Michael joined Oakdene Homes as Group engineer in 2003.

Paul Dawson, BBS, aged 41, *Financial Controller/IT Manager*

Paul was born and educated in New Zealand. He began his career in the banking industry in New Zealand but left in 1984 to spend three years in the New Zealand Police Force. Paul then moved to England for overseas experience working in the Foreign Exchange arm of Republic National Bank of New York in the City of London. He returned to New Zealand in 1992 and worked for New Zealand Telecom as a 2Meg Provisioning Coordinator. In 1994 Paul commenced part-time studies and graduated from Auckland University of Technology in 2001 with a Bachelor of Business Studies Accounting and IT major. He returned to England where he completed accounting and business analyst contracts with various local authorities until being appointed as Oakdene Homes's financial controller in October 2002.

SHARE OPTION SCHEMES

The Company currently operates the Unapproved Scheme (summarised at paragraph 8 of Part IV of this document) for the benefit of employees of the Company. The Directors adopted the Approved Scheme on 26 March 2004, subject to Inland Revenue approval, in order to provide additional incentives to employees in the future.

Further details of the Share Option Schemes are set out in Part IV of this document.

DETAILS OF THE PLACING

The Company is proposing to raise approximately £4.5 million (net of expenses) by the placing of 4,545,455 Placing Shares with institutional and other investors at the Placing Price, representing approximately 28 per cent. of the issued share capital of the Company at Admission.

Seymour Pierce has agreed, pursuant to the Placing Agreement and conditional, amongst other things, on Admission, to use its reasonable endeavours to place the Placing Shares. The Placing is not underwritten.

Those members of the Board who own Ordinary Shares and a substantial shareholder have agreed, subject to certain limited exceptions, that they will not dispose of any interest in Ordinary Shares for a period of 12 months following Admission and for a further 12 months will be subject to an orderly marketing arrangement between themselves and Seymour Pierce.

Further details of the Placing Agreement are set out in paragraph 9.3 of Part IV of this document.

REASONS FOR THE PLACING AND ADMISSION TO AIM

- *Broaden the shareholder base of the Company*
The Company presently has around 50 shareholders who are mainly friends and family of the Directors. The Placing will enable the Company to increase its shareholder base with the inclusion of institutional and other investors.
- *Improve the liquidity and visibility of the Company*
The Board believes that Admission will increase the public profile of the Group amongst existing and potential customers and enable investors to share in any future success of the Group through increased liquidity.
- *Acquisition Consideration*
Admission will enable the Company to enter into negotiations with the vendors of private businesses or companies, to which the issue of publicly traded shares on AIM as consideration is attractive.
- *Incentives for Staff*
The ability to recruit, motivate, reward and retain directors and employees through the use of share options will be important to the Company's development, especially on the Company making any acquisition. The Directors consider that the ability to grant options over publicly traded shares on AIM is attractive to directors and employees.

USE OF PROCEEDS

The main limitation on Oakdene Homes's growth to date has been the availability of free capital which has primarily been funded by retained profits. The proceeds of the Placing will be used to fund the planned growth of the Group's business.

DIVIDEND POLICY

The Directors expect to declare a dividend payment of 1 pence per share for the interim period ending 30 June 2004 and a final dividend payment of 1 pence per share for the year ending 31 December 2004. The Company intends to pursue a progressive dividend policy having regard to the earnings, cash flow and general development of the business.

CORPORATE GOVERNANCE

The Directors intend, in so far as is practicable given the Company's size, to comply with the main provisions of the Combined Code on Corporate Governance. In line with the Combined Code, the running of the Board and the executive responsibility for the operation of the Company's business is separated, with Philip Stephens acting as Non-executive Chairman of the Board and Carl Turpin as Chief Executive.

The Directors have established an audit committee and a remuneration committee. The remuneration committee, consisting of Philip Stephens as chairman and the other Non-executive Directors plus Carl Turpin, will review the scale and structure of the Executive Directors' remuneration, including the grant of options under the Share Option Schemes and the terms of their employment. The audit committee, consisting of Philip Stephens as chairman and the other Non-executive Directors plus Robert Boot, has primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Company is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders.

The Directors intend to comply with Rule 19 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.

TAXATION

Information regarding taxation in relation to the Placing and Admission is set out in paragraph 10 of Part IV of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

SETTLEMENT AND DEALINGS

The Directors have applied for the Ordinary Shares and the Placing Shares to be admitted to trading on AIM and have taken the decision to withdraw the Company's Ordinary Shares from trading on OFEX. Application has been made for the Ordinary Shares (including the Placing Shares) to be admitted to trading on AIM. It is expected that Admission will take place and that dealings in the Ordinary Shares will commence on 20 May 2004.

The Placing Shares will be placed free of expenses and will rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends and other distributions declared, paid or made (after the date of allotment of the Placing Shares) on the ordinary share capital of the Company.

The existing Ordinary Shares are already admitted to CREST. Accordingly no further application for admission to CREST is required for the Placing Shares, all of which may be held and transferred by means of CREST. CREST is a paperless settlement procedure which allows securities to be evidenced without a certificate and transferred otherwise than by written instrument.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

Notwithstanding the election by Placees as to the form of delivery of the Placing Shares, no temporary documents of title will be issued. All documents or remittances sent by or to a Placee, or as it may direct, will be sent through the post at the Placee's risk.

It is expected that definitive share certificates will be despatched by first class post by 3 June 2004. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited on 20 May 2004.

PART II

RISK FACTORS

The Directors believe that an investment in the Ordinary Shares may be subject to a number of risks. Investors and proposed investors should consider carefully all the information set out in this document and the risks attaching to an investment in the Company including, in particular, the risks described below, before making any investment decision. The Directors consider the following risk factors to be the most significant for potential investors, but the risks listed do not necessarily comprise all those associated with an investment in the Company nor are they intended to be presented in any order of priority.

Future Revenues

The Company relies on its ability to secure planning permission and its ability to purchase appropriate land sites. Investors should not rely on period to period comparisons of revenue as an indicator of future performance as there is no guarantee that the Company will be as successful in these respects as it has been previously.

Liquidity of Ordinary Shares

The future success of AIM and liquidity in the market for the Ordinary Shares cannot be guaranteed. In particular, the market for Ordinary Shares may be, or may become, relatively illiquid and, therefore, the Ordinary Shares may be or may become difficult to sell. Admission to AIM does not imply that there will always be a liquid market for the Ordinary Shares.

Development Risk

The Company owns and develops properties in a limited geographical area. As such, the Company may be affected by general or local economic conditions, changes in supply of or demand for suitable properties and changes in interest rates and availability of funding.

Borrowing Facilities

The Company currently benefits from borrowing facilities to finance developments on terms advantageous to the Company relative to market conditions. There is no guarantee that such borrowing facilities will be available to the Company in the future.

Working Capital Requirements

Whilst the Directors have no current plans for raising additional capital after Admission, and are satisfied that the working capital available to the Group will, following Admission, be sufficient for its present requirements, that is for at least the next twelve months, it is likely that the Company will need to raise extra capital in the future for acquisitions or to exploit more fully its interests in its projects. There can be no guarantee that the Company will be able to raise such extra capital.

Retention of Key Employees

The Group's success will depend on its current and future executive management team. The loss of the service of key personnel could have an adverse effect upon the Group's future.

Key man insurance is in place on the lives of Carl Turpin, Susan Massingham and John Griggs for sums of £500,000, £250,000 and £250,000 respectively.

General

It may be difficult for an investor to sell his or her Ordinary Shares and he or she may receive less than the amount paid by him or her for them. The Ordinary Shares may not be suitable for short term investment. There is no present intention that the Ordinary Shares be admitted to the Official List. Investments in shares

traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. Investment in property development companies is speculative and the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets.

The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors in any doubt are advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

PART III

ACCOUNTANTS' REPORT ON OAKDENE HOMES PLC

The Directors
Oakdene Homes Plc
Oakdene House
34 Bell Street
Reigate
Surrey RH2 7SL

and

The Directors
Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London EC4N 8EL

17 May 2004

Dear Sirs,

OAKDENE HOMES PLC

1. INTRODUCTION

We report on the financial information of Oakdene Homes Plc (“Oakdene” or “the company”) and its subsidiaries (collectively referred to as the “Oakdene Group”) set out below. This financial information has been prepared for inclusion in the Admission Document dated 17 May 2004.

Basis of preparation

The financial information set out in this Part III is based on the audited consolidated financial statements of the Oakdene Group for the year ended 31 December 2003, the sixteen months ended 31 December 2002 and the year ended 31 August 2001 (“the financial statements”), and has been prepared on the basis set out in paragraph 2 below to which no adjustments were considered necessary.

Turpin Barker Armstrong audited the financial statements of the Oakdene Group for the three financial years ended 31 December 2003.

Responsibility

The financial statements are the responsibility of the Directors of Oakdene who approved their issue.

The Directors of Oakdene are responsible for the contents of the Admission Document dated 17 May 2004 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. 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 judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entities' circumstances, consistently applied and adequately disclosed.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 17 May 2004, a true and fair view of the state of the affairs of the Oakdene Group as at the dates stated and of its results, cash flows and recognised gains and losses for the financial years then ended.

Consent

We consent to the inclusion in the Admission Document dated 17 May 2004 of this report and accept responsibility for the report for the purposes equivalent to those of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. ACCOUNTING POLICIES

2.1. Accounting convention

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

2.2. Basis of consolidation

The group financial statements consolidate the accounts of Oakdene Homes Plc and all its subsidiary undertakings made up to 31 December each year; the group profit and loss account includes the results of all subsidiary undertakings for the period from the date of their acquisition to the date of their disposal.

Where the group has an investment in an entity which is sufficient to give the group a participating interest, and over which it is in a position to exercise significant influence, the entity is treated as an associated undertaking and is accounted for using the equity method of accounting. The group's interests in joint ventures are accounted for using the gross equity method of accounting.

2.3. Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets, the difference is treated as purchased goodwill and is capitalised and amortised through the profit and loss account over its estimated useful life of three years.

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking, the difference is treated as negative goodwill and is capitalised and amortised through the profit and loss account in the period over which the non-monetary assets acquired are recovered. In the case of stock, this is the period over which it is sold.

2.4. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

2.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the costs less residual value of each asset over its expected useful life, as follows:

| | |
|--------------------------------|--------------------------------------|
| Leasehold properties | Straight line over life of the lease |
| Plant and machinery | 15 per cent. Reducing balance |
| Office furniture and equipment | 25 per cent. Straight line |
| Motor vehicles | 25 per cent. Straight line |
| Computer equipment | 33 per cent. Reducing balance |

2.6. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

2.7. Stock and work in progress

Work in progress is valued at the lower of cost or fair value and net realisable value. Interest on sums borrowed that finance the specific work in progress projects is added to work in progress and written off to cost of sales as sales proceed.

2.8. Pensions

The pension costs charged in the financial statements represent the contribution payable by the group during the year.

2.9. Deferred taxation

Full provision is made for deferred taxation on all timing differences, which have arisen but which have not reversed at the balance sheet date.

2.10. Transactions between companies

Trading between subsidiary companies and Oakdene Homes Plc has been eliminated upon consolidation. Certain subsidiary companies acquired during the financial year ended 31 December 2002 were classed as related parties under FRS 8 to the date of acquisition.

3. CONSOLIDATED PROFIT AND LOSS ACCOUNTS

| | | <i>31 December</i> | <i>31 December</i> | <i>31 August</i> |
|---|-------------|--------------------|--------------------|------------------|
| | | <i>2003</i> | <i>2002</i> | <i>2001</i> |
| | <i>Note</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Turnover | 6.1 | <u>11,973</u> | <u>5,776</u> | <u>3,930</u> |
| Direct cost of sales | | (6,888) | (3,006) | (2,916) |
| Amortisation of fair value adjustment on work in progress | | (2,634) | (683) | – |
| Amortisation of negative goodwill | | <u>1,762</u> | <u>435</u> | <u>–</u> |
| Cost of sales | | <u>(7,760)</u> | <u>(3,254)</u> | <u>(2,916)</u> |
| Gross profit | | 4,213 | 2,522 | 1,014 |
| Distribution costs | | – | – | (25) |
| Administrative costs | | <u>(1,112)</u> | <u>(834)</u> | <u>(393)</u> |
| Operating profit | 6.2 | <u>3,101</u> | <u>1,688</u> | <u>596</u> |
| Interest receivable and similar income | 6.3 | 1 | – | – |
| Interest payable and similar charges | 6.4 | <u>(91)</u> | <u>(248)</u> | <u>(47)</u> |
| Profit on ordinary activities before taxation | | 3,011 | 1,440 | 549 |
| Tax on profit on ordinary activities | 6.8 | <u>(1,101)</u> | <u>(518)</u> | <u>(144)</u> |
| Profit on ordinary activities after taxation | | 1,910 | 922 | 405 |
| Dividends | 6.9 | <u>–</u> | <u>–</u> | <u>(105)</u> |
| Retained profit for financial year | 6.19 | <u>1,910</u> | <u>922</u> | <u>300</u> |
| Retained profit at start of year | | <u>1,402</u> | <u>480</u> | <u>180</u> |
| Retained profit at end of year | | <u>3,312</u> | <u>1,402</u> | <u>480</u> |
| Earnings per share: | | | | |
| The weighted average number of shares in issue | | 11,212,245 | 10,714,300 | 10,714,300 |
| Basic | | 17.0p | 8.5p | 2.8p |
| Diluted | | 15.0p | 7.8p | |

4. CONSOLIDATED BALANCE SHEETS

| | | <i>31 December</i> | <i>31 December</i> | <i>31 August</i> |
|---|-------------|--------------------|--------------------|------------------|
| | | <i>2003</i> | <i>2002</i> | <i>2001</i> |
| | <i>Note</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Fixed assets | | | | |
| Intangible assets | 6.10 | (2,344) | (3,983) | – |
| Tangible assets | 6.11 | 97 | 98 | 81 |
| | | <u>(2,247)</u> | <u>(3,885)</u> | <u>81</u> |
| Current assets | | | | |
| Stocks | 6.13 | 23,122 | 18,939 | 2,644 |
| Debtors | 6.14 | 641 | 2,366 | 522 |
| Cash at bank and in hand | | 383 | 394 | 628 |
| | | <u>24,146</u> | <u>21,699</u> | <u>3,794</u> |
| Creditors: amounts falling due within one year | 6.15 | <u>(16,977)</u> | <u>(14,596)</u> | <u>(3,080)</u> |
| Net current assets | | <u>7,169</u> | <u>7,103</u> | <u>714</u> |
| Total assets less current liabilities | | 4,922 | 3,218 | 795 |
| Creditors: amounts falling due within more than one year | 6.16 | <u>(1,015)</u> | <u>(1,520)</u> | <u>(19)</u> |
| Net assets | | <u>3,907</u> | <u>1,698</u> | <u>776</u> |
| Capital and reserves | | | | |
| Called up share capital | 6.17 | 116 | 107 | 107 |
| Share premium account | 6.18 | 479 | 189 | 189 |
| Profit and loss account | 6.19 | 3,312 | 1,402 | 480 |
| Equity shareholders' funds | 6.20 | <u>3,907</u> | <u>1,698</u> | <u>776</u> |

5. CONSOLIDATED CASHFLOW STATEMENTS

| | | <i>31 December</i> | <i>31 December</i> | <i>31 August</i> |
|--|-------------|--------------------|--------------------|------------------|
| | | <i>2003</i> | <i>2002</i> | <i>2001</i> |
| | <i>Note</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Net cash flow from operating activities | 6.23 | (1,595) | (2,366) | (414) |
| Returns on investment and servicing of finance | 6.24 | (91) | (248) | (47) |
| Taxation | 6.24 | (229) | (233) | – |
| Capital expenditure | 6.24 | (22) | 1 | (56) |
| Acquisitions and disposals | 6.24 | – | (2,864) | – |
| Equity dividends paid | | – | – | (105) |
| Financing | 6.24 | 2,625 | 4,462 | 1,282 |
| (Decrease)/increase in cash in the period | 6.26 | <u>688</u> | <u>(1,248)</u> | <u>660</u> |

6. NOTES TO THE FINANCIAL STATEMENTS

6.1 Turnover

Turnover represents the net invoiced amount of properties sold and services provided, and excludes Value Added Tax and other sales taxes.

The total turnover of the group has been derived from its principal activity wholly undertaken in the UK.

6.2 Operating profit

| | <i>31 December 2003 £'000</i> | <i>31 December 2002 £'000</i> | <i>31 August 2001 £'000</i> |
|--|---------------------------------------|---------------------------------------|-------------------------------------|
| Operating profit is stated after charging: | | | |
| Depreciation of tangible fixed assets | 23 | 16 | 17 |
| Amortisation of goodwill | 123 | 31 | – |
| Operating lease rentals | | | |
| – Land and buildings | 28 | 28 | 21 |
| Auditors' remuneration | 15 | 15 | 4 |
| Other remuneration paid to auditors | 25 | 15 | – |
| | <hr/> | <hr/> | <hr/> |
| And after crediting: | | | |
| Amortisation of negative goodwill | 1,762 | 435 | – |

Acquisitions

The group operating profit included the following relating to acquisitions:

| | | | |
|-------------------------------|-------|-------|-------|
| Turnover | – | 1,327 | – |
| Cost of sales | – | (895) | – |
| Amortisation of goodwill | – | 404 | – |
| Other administrative expenses | – | (21) | – |
| | <hr/> | <hr/> | <hr/> |
| | – | 815 | – |

6.3 Interest receivable

| | <i>31 December 2003 £'000</i> | <i>31 December 2002 £'000</i> | <i>31 August 2001 £'000</i> |
|---------------|---------------------------------------|---------------------------------------|-------------------------------------|
| Bank interest | 1 | – | – |

6.4 Interest payable

| | <i>31 December 2003 £'000</i> | <i>31 December 2002 £'000</i> | <i>31 August 2001 £'000</i> |
|------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
| On bank loans and overdrafts | 90 | 247 | 43 |
| Hire purchase interest | 1 | 1 | 4 |
| | <hr/> | <hr/> | <hr/> |
| | 91 | 248 | 47 |

6.5 Employees

The average numbers of employees (including directors) during the periods were:

| | <i>31 December 2003 Number</i> | <i>31 December 2002 Number</i> | <i>31 August 2001 Number</i> |
|-------------------------|--|--|--------------------------------------|
| Office | 8 | 8 | 6 |
| Employment costs | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Wages and salaries | 100 | 100 | 61 |
| Social security costs | 10 | 4 | 6 |
| Other pension costs | 4 | 2 | – |
| | <hr/> | <hr/> | <hr/> |
| | 114 | 106 | 67 |

6.6 Directors' emoluments

| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|
| Remuneration and other emoluments | <u>96</u> | <u>34</u> | <u>30</u> |
| Number of directors who exercised share options in the year (note 6.17) | <u>3</u> | <u>–</u> | <u>–</u> |

6.7 Pension costs

The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £4,000 (2002 – £2,000, 2001 – £Nil).

6.8 Taxation

Analysis of charge in period

| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|
| UK current year taxation | | | |
| UK Corporation tax | 1,101 | 507 | 156 |
| Adjustments in respect of prior periods | – | 11 | (12) |
| Total current year taxation | <u>1,101</u> | <u>518</u> | <u>144</u> |

Factors affecting tax charge for the year

The tax assessed for the year differs from the profit on ordinary activities assessed at the standard rate of corporation tax in the UK (30 per cent.). The differences are explained below:

| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|
| Profit on ordinary activities before taxation | <u>3,011</u> | <u>1,440</u> | <u>549</u> |
| Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK (30%) (2002 – 30%, 2001 – 29%) | 903 | 432 | 159 |
| Effects of: | | | |
| Expenses not deductible for tax purposes (primarily goodwill and fair value adjustment of amortisation) | 300 | 79 | – |
| Capital allowances for period in excess of depreciation | (1) | (5) | (3) |
| Utilisation of tax losses | (96) | – | – |
| Marginal tax rates | (5) | – | – |
| Adjustment in respect of prior periods | – | 12 | (12) |
| Current tax charge | <u>1,101</u> | <u>518</u> | <u>144</u> |

Factors that may affect future tax charges

There are no significant factors that may affect future tax charges.

6.9 Dividends

| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
|------------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| Dividends on equity shares: | | | |
| Ordinary shares – interim paid | – | – | 105 |

6.10 Intangible fixed assets

| | <i>Negative Goodwill</i> £'000 | <i>Goodwill</i> £'000 | <i>Total</i> £'000 |
|-----------------------|-----------------------------------|--------------------------|-----------------------|
| Cost | | | |
| At 31 August 2001 | – | – | – |
| Additions | (4,747) | 360 | (4,387) |
| At 31 December 2002 | (4,747) | 360 | (4,387) |
| Additions | – | – | – |
| At 31 December 2003 | (4,747) | 360 | (4,387) |
| Amortisation | | | |
| At 31 August 2001 | – | – | – |
| Charge for period | 435 | (31) | 404 |
| At 31 December 2002 | 435 | (31) | 404 |
| Charge for period | 1,762 | (123) | 1,639 |
| At 31 December 2003 | 2,197 | (154) | 2,043 |
| Net book value | | | |
| At 31 December 2003 | (2,550) | 206 | (2,344) |
| At 31 December 2002 | (4,312) | 329 | (3,983) |

6.11 Tangible fixed assets

| | <i>Short leasehold property £'000</i> | <i>Plant and machinery £'000</i> | <i>Fixtures, fittings & equipment £'000</i> | <i>Motor vehicles £'000</i> | <i>Computer equipment £'000</i> | <i>Total £'000</i> |
|-----------------------|---|--|---|-------------------------------------|---|------------------------|
| Cost | | | | | | |
| At 1 September 2000 | – | 6 | – | 36 | – | 42 |
| Additions | 35 | 21 | – | 8 | – | 64 |
| At 31 August 2001 | 35 | 27 | – | 44 | – | 106 |
| On acquisition | – | 5 | – | – | – | 5 |
| Additions | 3 | 2 | 21 | 24 | 9 | 59 |
| Disposals | – | – | – | (44) | – | (44) |
| At 31 December 2002 | 38 | 34 | 21 | 24 | 9 | 126 |
| Additions | – | 3 | – | – | 19 | 22 |
| At 31 December 2003 | 38 | 37 | 21 | 24 | 28 | 148 |
| Depreciation | | | | | | |
| At 1 September 2000 | – | 2 | – | 6 | – | 8 |
| Charge for the period | 2 | 6 | – | 9 | – | 17 |
| At 31 August 2001 | 2 | 8 | – | 15 | – | 25 |
| On acquisition | – | 2 | – | – | – | 2 |
| On disposals | – | – | – | (15) | – | (15) |
| Charge for period | 2 | 7 | 4 | 1 | 2 | 16 |
| At 31 December 2002 | 4 | 17 | 4 | 1 | 2 | 28 |
| Charge for the period | 2 | 5 | 3 | 6 | 7 | 23 |
| At 31 December 2003 | 6 | 22 | 7 | 7 | 9 | 51 |
| Net book value | | | | | | |
| At 31 December 2003 | 32 | 15 | 14 | 17 | 19 | 97 |
| At 31 December 2002 | 34 | 17 | 17 | 23 | 7 | 98 |
| At 31 August 2001 | 33 | 19 | – | 29 | – | 81 |

Included in the above are assets held under finance leases or hire purchase contracts as follows:

| Asset description | <i>31 December 2003</i> | | <i>31 December 2002</i> | | <i>31 August 2001</i> | |
|--------------------------|-------------------------------------|--|-------------------------------------|--|-------------------------------------|--|
| | <i>Net book value £'000</i> | <i>Depreciation charge £'000</i> | <i>Net book value £'000</i> | <i>Depreciation charge £'000</i> | <i>Net book value £'000</i> | <i>Depreciation charge £'000</i> |
| Plant and machinery | 5 | 1 | 5 | 1 | – | – |
| Motor vehicles | 17 | 6 | 23 | 1 | 31 | 13 |
| | <u>22</u> | <u>7</u> | <u>28</u> | <u>2</u> | <u>31</u> | <u>13</u> |

6.12 Holdings of 20 per cent. or more

The company holds 20 per cent. or more of the nominal value of the share capital of the following companies:

| <i>Company</i> | <i>Principal business</i> | <i>Holding</i> | <i>Proportion held</i> |
|---------------------------------|---------------------------|-----------------|------------------------|
| Trigrange Limited | Property developers | Ordinary shares | 100% |
| Onslow House Properties Limited | Property developers | Ordinary shares | 100% |
| Oakdene Investments Limited | Property developers | Ordinary shares | 100% |

All of these companies are incorporated in the United Kingdom.

Companies consolidated during the reporting period ended 31 December 2002

On 3 October 2002, the company purchased the whole of the issued capital of Trigrange Limited for an initial consideration of £3,486,000 plus acquisition costs of £228,000. The vendors of Trigrange Limited were the Decker family who were, and remain, substantial shareholders in Oakdene.

Trigrange Limited has been accounted for under the acquisition method of accounting. The assets and liabilities of Trigrange Limited which were acquired are set out below.

| | <i>Book value</i> | <i>Revaluation</i> | <i>Fair value</i> |
|---|-------------------|--------------------|-------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Current assets | | | |
| Stock | 5,212 | 8,428 | 13,640 |
| Debtors | 969 | – | 969 |
| | <u>6,181</u> | <u>8,428</u> | <u>14,609</u> |
| Current Liabilities | | | |
| Creditors | (685) | – | (685) |
| Bank overdrafts | (1,064) | – | (1,064) |
| Loans and finance leases | (4,399) | – | (4,399) |
| | <u>(6,148)</u> | <u>–</u> | <u>(6,148)</u> |
| Net assets | <u>33</u> | <u>8,428</u> | <u>8,461</u> |
| Negative goodwill arising on acquisitions | | | <u>(4,747)</u> |
| Consideration (including acquisition costs) | | | <u>3,714</u> |

6.12 Holdings of 20 per cent. or more (continued)

Onslow House Properties Limited and Oakdene Investments Limited were accounted for under the acquisition method of accounting. John Griggs and Carl Turpin were directors of Onslow House Properties Limited at the time of the acquisition of that company by Oakdene, and continue to hold those offices. The vendors of Oakdene Investments Limited were Carl Turpin and John Griggs; Carl Turpin, Susan Massingham and John Griggs were directors of Oakdene Investments Limited at the time of acquisition of that company and continue to hold those offices. The assets and liabilities of the two companies are set out below in aggregate:

| | <i>Book value</i> £'000 | <i>Revaluation</i> £'000 | <i>Fair value</i> £'000 |
|---|----------------------------|-----------------------------|----------------------------|
| Fixed assets | 2 | – | 2 |
| Current assets | | | |
| Stock | 20 | 10 | 30 |
| Cash at bank | 5 | – | 5 |
| | 25 | 10 | 35 |
| Current liabilities | | | |
| Creditors | (306) | – | (306) |
| Net current liabilities | (281) | 10 | (271) |
| Net liabilities | (279) | 10 | (269) |
| Positive goodwill arising on acquisitions | | | 360 |
| Consideration | | | 91 |

The aggregate assets and liabilities acquired, and the aggregate consideration expended in the acquisitions of Trigrange Limited, Onslow House Properties Limited and Oakdene Investments Limited are summarised as follows:

| | |
|----------------------------|--------------|
| Net assets acquired | <i>£'000</i> |
| Tangible fixed assets | 2 |
| Stocks | 13,670 |
| Debtors | 969 |
| Cash at bank and in hand | 5 |
| Creditors | (841) |
| Corporation tax | (150) |
| Bank overdrafts | (1,064) |
| Loans and finance leases | (4,399) |
| | 8,192 |
| Goodwill | (4,387) |
| | 3,805 |
| Satisfied by | |
| Cash | 1,805 |
| Loan notes (note 6.16) | 2,000 |
| | 3,805 |

6.13 Stocks

| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
|------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| Work in progress | 23,122 | 18,939 | 2,644 |

6.14 Debtors

| | <i>31 December</i> | <i>31 December</i> | <i>31 August</i> |
|--------------------------------|--------------------|--------------------|------------------|
| | <i>2003</i> | <i>2002</i> | <i>2001</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Other debtors | 641 | 2,172 | 521 |
| Prepayments and accrued income | – | 194 | 1 |
| | <u>641</u> | <u>2,366</u> | <u>522</u> |

Included in other debtors is an amount of £300,000 (2002 – £296,000, 2001 – £296,000) owed by Hilsan Limited. This relates to a long term option to purchase the Walton & Hersham Football Club ground and to redevelop it for residential housing. The directors are confident that planning permission will be obtained in due course.

6.15 Creditors: amounts falling due within one year

| | <i>31 December</i> | <i>31 December</i> | <i>31 August</i> |
|---|--------------------|--------------------|------------------|
| | <i>2003</i> | <i>2002</i> | <i>2001</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Bank overdraft | 316 | 1,105 | – |
| Bank loan | 12,116 | 10,386 | 1,494 |
| Loan notes (note 6.16) | 1,600 | 500 | – |
| Net obligations under finance leases and hire purchase contracts | 5 | 5 | 6 |
| Trade creditors | 471 | 539 | 296 |
| Corporation tax | 1,529 | 657 | 221 |
| Other taxes and social security costs | 8 | 4 | 2 |
| Directors' accounts (note 6.22) | 599 | 1,062 | 214 |
| Other creditors | 239 | 279 | 755 |
| Accruals and deferred income | 94 | 149 | 92 |
| | <u>16,977</u> | <u>14,596</u> | <u>3,080</u> |

The bank overdraft and loans are secured by a fixed charge over the group's work in progress and by way of a fixed and floating charge over all other assets. Mr C S Turpin has given a personal guarantee as additional security for the bank loans limited to £1,500,000.

6.16 Creditors: amounts falling due after more than one year

| | <i>31 December 2003 £'000</i> | <i>31 December 2002 £'000</i> | <i>31 August 2001 £'000</i> |
|---|---------------------------------------|---------------------------------------|-------------------------------------|
| Loan notes | 1,000 | 1,500 | – |
| Net obligations under finance leases and hire purchase contracts | <u>15</u> | <u>20</u> | <u>19</u> |
| | <u>1,015</u> | <u>1,520</u> | <u>19</u> |

| | <i>31 December 2003 £'000</i> | <i>31 December 2002 £'000</i> | <i>31 August 2001 £'000</i> |
|--------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|
| Loan notes | | | |
| Repayable within one year | 1,600 | 500 | – |
| Repayable between one and five years | <u>1,000</u> | <u>1,500</u> | <u>–</u> |
| | <u>2,600</u> | <u>2,000</u> | <u>–</u> |

| | <i>31 December 2003 £'000</i> | <i>31 December 2002 £'000</i> | <i>31 August 2001 £'000</i> |
|---|---------------------------------------|---------------------------------------|-------------------------------------|
| Net obligations under finance leases and hire purchase contracts | | | |
| Repayable within one year | 5 | 5 | 6 |
| Repayable between one and five years | <u>15</u> | <u>20</u> | <u>19</u> |
| | <u>20</u> | <u>25</u> | <u>25</u> |

6.17 Share capital

| | <i>31 December 2003 £'000</i> | <i>31 December 2002 £'000</i> | <i>31 August 2001 £'000</i> |
|---|---------------------------------------|---------------------------------------|-------------------------------------|
| Authorised equity | | | |
| 25,000,000 Ordinary Shares of 1p each | <u>250</u> | <u>250</u> | <u>250</u> |
| Allotted, called up and fully paid equity | | | |
| 11,569,286 (2002 & 2001 10,714,286) Ordinary shares of 1p each | <u>116</u> | <u>107</u> | <u>107</u> |

During the year ended 31 December 2003 the following directors exercised options over ordinary shares of 1p each at 35p per share:

| | |
|------------------|---------|
| Mr C S Turpin | 500,000 |
| Mr J Griggs | 105,000 |
| Mrs S Massingham | 250,000 |

Mr C S Turpin, Mrs S Massingham, Mr J Griggs and Mr G R Boot have options to subscribe for 500,000, 250,000, 105,000, and 200,000 ordinary shares respectively, at a price of 43.5p per share exercisable up to May 2008. Mr J Griggs has options to subscribe for 145,000 ordinary shares at a price of 35p per share exercisable up to July 2006.

6.18 Share premium account

| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
|--------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| At the beginning of the period | 189 | 189 | – |
| Premium on share issue | 290 | – | 189 |
| At the end of the period | <u>479</u> | <u>189</u> | <u>189</u> |

6.19 Profit and loss account

| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
|--------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| At the beginning of the period | 1,402 | 480 | 180 |
| Retained profit for the period | 1,910 | 922 | 300 |
| At the end of the period | <u>3,312</u> | <u>1,402</u> | <u>480</u> |

6.20 Reconciliation of movements in shareholders' funds

| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
|--------------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| Profit for the period | 1,910 | 922 | 405 |
| Dividends | – | – | (105) |
| | <u>1,910</u> | <u>922</u> | <u>300</u> |
| Net proceeds of equity share issue | 299 | – | 276 |
| Net additions to shareholders' funds | 2,209 | 922 | 576 |
| Opening shareholders' funds | 1,698 | 776 | 200 |
| Closing shareholders' funds | <u>3,907</u> | <u>1,698</u> | <u>776</u> |

6.21 Financial commitments

As at 31 December 2003 the group had annual commitments under non-cancellable operating leases as follows.

| | <i>Land and buildings</i> | | |
|------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
| Expiry date: | | | |
| After five years | <u>179</u> | <u>23</u> | <u>23</u> |

6.22 Related party transactions

| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|
| Amounts owed to directors | | | |
| C S Turpin | 554 | 960 | 36 |
| J Griggs | 46 | 75 | 10 |
| S Massingham | – | 26 | 10 |
| G R Boot | 10 | – | – |
| | <hr/> | <hr/> | <hr/> |
| Consultancy fees paid to directors in the period | | | |
| C S Turpin | 147 | 128 | – |
| J Griggs | 65 | 84 | 7 |
| S Massingham | 93 | 84 | 23 |
| G R Boot | 15 | 10 | – |
| A P Clarke | 6 | – | – |
| | <hr/> | <hr/> | <hr/> |

Mr C S Turpin has given a personal guarantee as additional security for the bank loan limited to £1,500,000. During the year ended 31 December 2003, two properties were sold to two members of Mr C S Turpin's immediate family for £105,000 and £155,000 respectively.

Transactions between companies

Trading between subsidiary companies and Oakdene Homes Plc has been eliminated upon consolidation. Transactions with the other related parties are noted as follows:

Net amounts owed by/(to):

| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| Brasted Estates Plc | (21) | – | 4 |
| Dockford Limited | (11) | 31 | 173 |
| Hilsan Limited | 294 | 296 | 228 |
| Oakdene Investments Limited | – | – | 55 |
| Trigrange Limited | – | – | (775) |
| | <hr/> | <hr/> | <hr/> |

Mr C S Turpin is a director of Brasted Estates Plc, Hilsan Limited and Dockford Limited. Mrs S Massingham is a director of Brasted Estates Plc and Dockford Limited. Mr J N Griggs is a director of Brasted Estates Plc and Hilsan Limited.

During the year ended 31 December 2003 sales of £2,146,000 were made at arms length prices to Scarlet Estates Limited, a company of which Mr C S Turpin and Mrs S Massingham are shareholders and directors.

During the year ended 31 December 2003 the company paid rent of £28,000 (2002 – £28,000, 2001 – £Nil) to Brasted Estates Plc.

6.23 Reconciliation of operating profit to operating cash flows

| | <i>31 December</i> | <i>31 December</i> | <i>31 August</i> |
|--|--------------------|--------------------|------------------|
| | <i>2003</i> | <i>2002</i> | <i>2001</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Operating profit | 3,101 | 1,688 | 596 |
| Depreciation | 23 | 16 | 17 |
| Amortisation | (1,639) | (404) | – |
| Increase in stocks | (4,183) | (2,624) | (1,802) |
| Increase in debtors | 1,724 | (1,502) | (132) |
| Increase in creditors | (621) | 460 | 907 |
| Net cash outflow from operating activities | <u>(1,595)</u> | <u>(2,366)</u> | <u>(414)</u> |

6.24 Gross cash flows

| | <i>31 December</i> | <i>31 December</i> | <i>31 August</i> |
|--|--------------------|--------------------|------------------|
| | <i>2003</i> | <i>2002</i> | <i>2001</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Returns on investments and servicing of finance | | | |
| Interest received | – | – | – |
| Interest paid | (91) | (248) | (47) |
| | <u>(91)</u> | <u>(248)</u> | <u>(47)</u> |
| Taxation | | | |
| Corporation tax paid | (229) | (233) | – |
| | <u>(229)</u> | <u>(233)</u> | <u>–</u> |
| Capital expenditure and financial investment | | | |
| Payments to acquire tangible fixed assets | (22) | (27) | (56) |
| Sales of tangible fixed assets | – | 28 | – |
| | <u>(22)</u> | <u>1</u> | <u>(56)</u> |
| Acquisitions and disposals | | | |
| Payments on acquisition of group interests | – | (1,805) | – |
| Net overdraft acquired with group interests | – | (1,059) | – |
| | <u>–</u> | <u>(2,864)</u> | <u>–</u> |
| Financing | | | |
| Issue of ordinary share capital | 299 | – | 276 |
| Debt due within one year | – | – | – |
| New secured loans | 11,015 | 10,821 | 1,015 |
| Repayment of secured loan | (8,684) | (6,328) | – |
| Capital element of finance lease contracts | (5) | (31) | (9) |
| | <u>2,625</u> | <u>4,462</u> | <u>1,282</u> |

6.25 Reconciliation of net cash flows to movements in net debt

| | <i>31 December</i> 2003 £'000 | <i>31 December</i> 2002 £'000 | <i>31 August</i> 2001 £'000 |
|--|-------------------------------------|-------------------------------------|-----------------------------------|
| (Decrease)/increase in cash in the period | 688 | (1,248) | 660 |
| Cash inflow from increase in debts and lease financing | (2,326) | (4,462) | (1,005) |
| Change in net funds resulting from cash flows | (1,638) | (5,710) | (345) |
| Loans and finance leases acquired with subsidiary | – | (4,399) | – |
| Loan notes issued to finance purchase of subsidiary | – | (2,000) | – |
| New finance leases | – | (31) | (9) |
| Movement in net debt in the period | (1,638) | (12,140) | (354) |
| Opening net debt | (13,032) | (892) | (538) |
| Closing net debt | <u>(14,670)</u> | <u>(13,032)</u> | <u>(892)</u> |

6.26 Analysis of changes in net funds

| | <i>1 September</i> 2000 £'000 | <i>Cashflow</i> £'000 | <i>Acquisition</i> £'000 | <i>Other non-cash</i> £'000 | <i>31 August</i> 2001 £'000 |
|--------------------------|-------------------------------------|--------------------------|-----------------------------|--------------------------------|-----------------------------------|
| Cash at bank and in hand | – | 628 | | | 628 |
| Overdraft | (32) | 32 | | | – |
| | <u>(32)</u> | <u>660</u> | | | <u>628</u> |
| Debt due within one year | (1,494) | – | – | – | (1,494) |
| Debt due after one year | – | – | – | – | – |
| Finance leases | (24) | – | – | (2) | (26) |
| | <u>(1,518)</u> | <u>–</u> | <u>–</u> | <u>(2)</u> | <u>(1,520)</u> |
| Net funds | <u>(1,550)</u> | <u>660</u> | <u>–</u> | <u>(2)</u> | <u>(892)</u> |

| | <i>1 September</i> 2001 £'000 | <i>Cashflow</i> £'000 | <i>Acquisition</i> £'000 | <i>Other non-cash</i> £'000 | <i>31 December</i> 2002 £'000 |
|--------------------------|-------------------------------------|--------------------------|-----------------------------|--------------------------------|-------------------------------------|
| Cash at bank and in hand | 628 | (233) | | | 395 |
| Overdraft | – | (1,015) | | | (1,015) |
| | <u>628</u> | <u>(1,248)</u> | | | <u>(620)</u> |
| Debt due within one year | (1,494) | (4,493) | (4,399) | (500) | (10,886) |
| Debt due after one year | – | – | – | (1,500) | (1,500) |
| Finance leases | (26) | 31 | – | (31) | (26) |
| | <u>(1,520)</u> | <u>(4,462)</u> | <u>(4,399)</u> | <u>(2,031)</u> | <u>(12,412)</u> |
| Net funds | <u>(892)</u> | <u>(5,710)</u> | <u>(4,399)</u> | <u>(2,031)</u> | <u>(13,032)</u> |

6.26 Analysis of changes in net funds (continued)

| | <i>1 January</i> | <i>Cashflow</i> | <i>Acquisition</i> | <i>Other 31 December</i> | |
|--------------------------|------------------|-----------------|--------------------|--------------------------|-----------------|
| | <i>2003</i> | <i>£'000</i> | <i>£'000</i> | <i>non-cash</i> | <i>2003</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Cash at bank and in hand | 395 | (11) | | | 384 |
| Overdraft | (1,015) | 698 | | | (317) |
| | <u>(620)</u> | <u>687</u> | | | <u>67</u> |
| Debt due within one year | (10,886) | (2,830) | – | – | (13,716) |
| Debt due after one year | (1,500) | 500 | – | – | (1,000) |
| Finance leases | (26) | 5 | – | – | (21) |
| | <u>(12,412)</u> | <u>(2,325)</u> | <u>–</u> | <u>–</u> | <u>(14,737)</u> |
| Net funds | <u>(13,032)</u> | <u>(1,638)</u> | <u>–</u> | <u>–</u> | <u>(14,670)</u> |

Yours faithfully

UHY Hacker Young

PART IV

ADDITIONAL INFORMATION

1. The Company and its subsidiaries

- 1.1 The Company was incorporated with the name Stonechip Limited in England and Wales on 3 August 1998 under the Act as a private company limited by shares with registered number 3608522. The Company changed its name to Onslow House Properties Limited on 12 August 1998. On 26 January 2001, the Company was re-registered as a public limited company and changed its name to Onslow House Properties Public Limited Company. On 6 July 2001 the Company changed its name to Oakdene Homes Plc. The liability of the members of the Company is limited.
- 1.2 The principal activities of the Company are as described in Part I of this document. Save as disclosed in Part I of this document, there are no exceptional factors which have influenced the Company's activities.
- 1.3 The Company has the following subsidiaries, all of which are wholly owned and are incorporated in England and Wales. The registered office of each is Oakdene House, 34 Bell Street, Reigate, Surrey RH2 7SL.

| <i>Name</i> | <i>Date of incorporation</i> | <i>Authorised share capital</i> | <i>Issued share capital</i> | <i>Nature of business</i> |
|---------------------------------|------------------------------|--|-----------------------------------|---------------------------------|
| Trigrange Limited | 10 August 1977 | £200 divided into 200 ordinary shares of £1 each | 200 ordinary shares of £1 each | Landlord and property developer |
| Onslow House Properties Limited | 16 February 1994 | £500,000 divided into 250,000 ordinary shares of £1 each and 250,000 redeemable preference shares of £1 each | 50,000 ordinary shares of £1 each | Housebuilder |
| Oakdene Investments Limited | 30 June 1998 | £100,000 divided into 100,000 ordinary shares of £1 each | 51,000 ordinary shares of £1 each | Housebuilder |
| Hilsan Limited | 28 April 1998 | £20,000 divided into 20,000 ordinary shares of £1 each | 20,000 ordinary shares of £1 each | Property developer |

2. Share Capital

- 2.1 On incorporation, the authorised share capital of the Company was £10,000 divided into 10,000 shares of £1 each, of which two were issued for cash at par to the subscribers to its memorandum of association. Since incorporation, the following changes to the Company's share capital have occurred:
- 2.1.1 on 30 June 1999, the authorised share capital of the Company was increased to £50,000 divided into 50,000 ordinary shares of £1 each and 19,998 ordinary shares of £1 each were issued for cash at par;
- 2.1.2 on 11 January 2001, the authorised share capital of the Company was increased to £250,000 divided into 250,000 ordinary shares of £1 each, 30,000 ordinary shares of £1 each were issued for cash at par and on 12 January 2001 50,000 ordinary shares of £1 each were issued for cash at par;
- 2.1.3 on 25 June 2001, each of the ordinary shares of £1 each in the Company was re-classified and divided into 100 ordinary shares of 1p each;
- 2.1.4 on 6 August 2001, the Company obtained a trading facility on OFEX and 714,286 Ordinary Shares were issued at a price of 35p each;
- 2.1.5 on 30 May 2003, 855,000 Ordinary Shares were issued pursuant to the exercise of share options granted under the Unapproved Scheme summarised at 8.2 below; and

2.1.6 on 6 May 2004, 165,000 Ordinary Shares were issued to Ronald Fender in consideration for the acquisition by the Company of the architectural practice of Ronald Fender Designs.

2.2 The authorised and issued share capital of the Company as at the date of this document is as follows:

| <i>Authorised</i> | | | <i>Issued</i> | |
|-------------------|---------------|----------------------------|---------------|---------------|
| <i>Number</i> | <i>Amount</i> | | <i>Number</i> | <i>Amount</i> |
| 25,000,000 | £250,000 | Ordinary Shares of 1p each | 11,734,286 | £117,342.86 |

2.3 The authorised and issued share capital of the Company, as it is expected to be immediately following Admission will be as follows:

| <i>Authorised</i> | | | <i>Issued</i> | |
|-------------------|---------------|----------------------------|---------------|---------------|
| <i>Number</i> | <i>Amount</i> | | <i>Number</i> | <i>Amount</i> |
| 25,000,000 | £250,000 | Ordinary Shares of 1p each | 16,279,741 | £162,279.41 |

2.4 By special resolutions of the Company passed at the Company's annual general meeting held on 22 April 2004, it was resolved that:

2.4.1 the Directors be generally and unconditionally authorised, in accordance with section 80 of the Act to allot relevant securities (as defined in section 80(2) of the Act) up to an aggregate nominal amount of £134,307.14 (representing the current authorised but unissued share capital of the Company as at the date of the resolution), such authority to expire on the earlier of 21 April 2009 or the conclusion of the annual general meeting of the Company in 2009; and

2.4.2 the Directors be empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) pursuant to the authority conferred by the resolution referred to at paragraph 2.4.1 above, as if section 89(1) of the Act did not apply to such allotment, up to an aggregate nominal amount of £134,307.14 (representing the current authorised but unissued share capital of the Company as at the date of the resolution), such power to expire on the earlier of 21 April 2009 or the conclusion of the annual general meeting of the Company in 2009.

2.5 Save as disclosed in the foregoing sub-paragraphs of this paragraph 2 and in paragraph 5 below:

2.5.1 no share or loan capital of the Company, or of any other company in the Group, is under option or has been agreed, conditionally or unconditionally, to be put under option; and

2.5.2 other than in connection with the Placing or upon the exercise of options granted pursuant to the Share Option Schemes there is no present intention to issue any of the authorised but unissued share capital of the Company.

2.6 The Placing Shares will be issued credited as fully paid up and free from all liens, charges, encumbrances and other third party rights and will rank in full for all dividends and other distributions declared, paid or made by the Company after Admission.

3. Memorandum and Articles of Association

3.1 Clause 4 of the Memorandum of Association of the Company provides that its principal object is to carry on business as a general commercial company. The objects of the Company are set out in full in clause 4 of its Memorandum of Association which is available for inspection as described in paragraph 15 below.

3.2 The Articles of Association of the Company, which were adopted on 22 April 2004, include provisions to the following effect:

3.2.1 Voting rights

(a) Subject to any special terms as to voting on which any shares may have been issued or may from time to time be held, at a general meeting of the Company every member who is

present in person (including any corporation present by its duly authorised representative) shall on a show of hands have one vote and every member present in person or by proxy shall on a poll have one vote for each share of which he is a holder. The Directors may accept the appointment of a proxy contained in an electronic communication subject to such terms and conditions as the Directors may determine. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

- (b) Unless the Directors otherwise determine, no member is entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a member in respect of any share held by him unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) have been paid to the Company or if he, or any other person appearing to be interested in such shares, has been issued with a notice pursuant to section 212 of the Act (requiring disclosure of interests in shares) and has failed in relation to any such shares to give the Company the information required by such notice within 14 days.

3.2.2 *Dividends*

- (a) Subject to the provisions of the Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Directors.
- (b) Subject to the provisions of the Act, the Directors may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Directors to be justified by the profits of the Company available for distribution.
- (c) Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. All dividends unclaimed for a period of 12 years after having been declared or become due for payment shall (if the Directors so resolve) be forfeited and shall cease to remain owing by the Company.
- (d) The Directors may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- (e) The Directors may also, with the prior authority of an ordinary resolution of the Company and subject to such conditions as the Directors may determine, offer to holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of the whole (or some part, to be determined by the Directors) of any dividend specified by the ordinary resolution.
- (f) Unless the Directors otherwise determine, the payment of any dividend or other money that would otherwise be payable in respect of Ordinary Shares will be withheld if such shares represent at least 0.25 per cent. of their class and the holder, or any other person appearing to be interested in those shares, has been duly served with a notice under section 212 of the Act and has failed to supply the information required by such notice within 14 days. Furthermore such a holder shall not be entitled to elect to receive Ordinary Shares instead of a dividend.

3.2.3 *Distribution of assets on a winding-up*

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company and may, for that purpose, value any assets and

determine how the division shall be carried out as between the members or vest the whole or any part of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine, but no member shall be compelled to accept any assets on which there is a liability.

3.2.4 *Transfer of shares*

- (a) Every member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in any form approved by the Directors. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder until the transferee's name is entered in the register of members.
- (b) The Directors may, in their absolute discretion and without giving any reason, refuse to register any transfer of a share or renunciation of a renounceable letter of allotment unless:
 - (i) it is in respect of a share which is fully paid up;
 - (ii) it is in respect of only one class of shares;
 - (iii) it is in favour of a single transferee or not more than four joint transferees;
 - (iv) it is duly stamped (if so required); and
 - (v) it is delivered for registration to the registered office for the time being of the Company or such other place as the Directors may from time to time determine, accompanied (except in the case of a transfer by a recognised person (as defined in the Articles) where a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so;

provided that the Directors shall not refuse to register any transfer of partly paid shares which are listed on the grounds they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

- (c) Unless the Directors otherwise determine, a transfer of shares will not be registered if the transferor or any other person appearing to be interested in the transferor's shares has been duly served with a notice under section 212 of the Act, has failed to supply the information required by such notice within 14 days and the shares in respect of which such notice has been served represent at least 0.25 per cent. of their class, unless the member is not himself in default as regards supplying the information required and proves to the satisfaction of the Directors that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised stock exchange or a sale to an unconnected party.

3.2.5 *Variation of rights*

- (a) If at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any share or class of shares in the Company may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class. The quorum at any such meeting shall be not less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the

issued shares of the class in question and at an adjourned meeting not less than one person holding shares of the class in question or his proxy.

- (b) Subject to the terms of issue of or rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by the reduction of the capital paid up on such shares or by the purchase or redemption by the Company of its own shares in accordance with the provisions of the Act and the Articles.

3.2.6 *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and uncalled capital and, subject to the provisions of the Act, to create and issue debenture and other loan stock and debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the borrowings of the Company, and shall exercise all voting and other rights and powers of control exercisable by the Company in relation to its subsidiary undertakings, so as to procure (as far as it can in relation to its subsidiary undertakings) that the aggregate principal amount outstanding in respect of moneys borrowed by the Company Group does not at any time, without the previous sanction of an ordinary resolution of the Company, exceed five times the adjusted total of capital and reserves.

3.2.7 *Changes in capital*

Subject to the provisions of the Act, the Company in general meeting may from time to time by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled and sub-divide all or any of its shares into shares of smaller amount. The Company may also, subject to the provisions of the Act and to any rights for the time being attached to any shares, purchase its own shares and, by special resolution, reduce its share capital or any capital redemption reserve or any share premium account in any way.

3.2.8 *Issue of shares*

Subject to the provisions of the Act and to any special rights for the time being attached to any shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Directors may determine, and any share may be issued which is, or is liable to be, redeemed at the option of the Company or the holder in accordance with the Articles. Subject to the Act and to any relevant authority of the Company in general meeting required by the provisions of the Act, the unissued shares at the date of adoption of the Articles and any shares created thereafter shall be at the disposal of the Directors.

3.2.9 *Remuneration of Directors*

- (a) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Directors may from time to time determine. Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Directors may determine or, in default of such determination, equally.
- (b) The Directors are entitled to be repaid all travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

- (c) The salary or remuneration of any Director appointed to hold any employment or executive office may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Directors, and may be in addition to or in lieu of any fee payable to him for his services as Director.

3.2.10 *Pensions and gratuities for Directors*

The Directors may exercise all the powers of the Company to provide and maintain pensions, other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities for persons who are or were directors of any company in the Company Group and their relatives or dependants.

3.2.11 *Directors' interests in contracts*

Subject to the provisions of the Act and provided that his interest is disclosed at a meeting of the Directors in accordance with the Articles, a Director, notwithstanding his office, may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested, may hold any other office or place of profit under the Company (except that of auditor of the Company or a subsidiary of the Company) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Directors may arrange, and may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested and shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal. No such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

3.2.12 *Restrictions on Directors' voting*

- (a) Save as provided in the Articles, a Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors or of a committee of the Directors concerning any contract, arrangement, transaction or any other proposal whatsoever to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him within the meaning of section 346 of the Act) is to his knowledge a material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company, unless the resolution concerns any of the following matters:
 - (i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
 - (ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (iv) any proposal concerning any other body corporate in which he (together with persons connected with him) does not to his knowledge have an interest (as the term is used in Part VI of the Act) in one per cent. or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of such body corporate;

- (v) any proposal relating to 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; or
 - (vi) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors.
- (b) A Director shall not vote or be counted in the quorum on any resolution of the Directors or committee of the Directors concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

3.2.13 *Number of Directors*

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors shall be no more than 18 or less than two.

3.2.14 *Directors' appointment and retirement by rotation*

- (a) Directors may be appointed by the Company by ordinary resolution or by the Directors. If appointed by the Directors, a Director holds office only until the next annual general meeting and shall not be taken into account in determining the number of Directors who are to retire by rotation. A director shall not be required to hold any shares in the Company.
- (b) At each annual general meeting of the Company one-third of the Directors who are subject to retirement by rotation or if their number is not three or a multiple of three, the number nearest to but not exceeding one-third will retire by rotation and be eligible for re-election. There shall also be required to retire by rotation any Director who at an annual general meeting of the Company shall have then been a Director at the preceding two annual general meetings and was not otherwise required to retire. Subject to the Act and to the Articles, the Directors to retire will, first, be any Director who wishes to retire and not offer himself for re-election and secondly, will be those who have been longest in office since their last appointment or re-appointment, but as between those who have been in office an equal length of time, those to retire shall (unless they otherwise agree) be determined by lot.

3.2.15 *Untraced shareholders*

Subject to the Articles, the Company may sell any shares in the Company registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Directors. The proceeds will not carry interest.

3.2.16 *Non-United Kingdom shareholders*

There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to the Ordinary Shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent.

4. Directors of the Company

- 4.1 The Directors, their functions within the Company and brief biographies, are set out in Part I of this document.
- 4.2 During the five years immediately prior to the date of this document, the Directors have held or currently hold the following directorships and/or are or were partners of the following partnerships:

| <i>Director</i> | <i>Current directorships/partnerships</i> | <i>Former directorships/partnerships in previous five years</i> |
|------------------|---|---|
| Carl Turpin | Trigrange Limited Scarlet Estates Limited Tayman Limited (in liquidation) Branford Limited (in liquidation) Delter Limited (in liquidation) Onslow House Properties Limited Hilsan Limited Oakdene Investments Limited Oakdene Homes Plc Dockford Limited Allgrain Limited Rayfair Limited (in liquidation) Brasted Estates Plc | Regent Homes Developments Plc (dissolved) Palace Place Holdings Limited (dissolved) Konrad Roberts Plc (dissolved) Palace Place (Barnes) Limited (dissolved) Rice Trailers of Leicester Limited (dissolved) Waysdon Plc (dissolved) Wisancrest Limited (dissolved) Imaran Limited (dissolved) Oakdene House Properties Limited (dissolved) Sealton Limited Fairland Investments Limited Clokes Brasserie & Emporium Limited Beechchase Limited Accentureport Limited Yellowrise Limited Westside House Management Company Limited St. Cecilia's Close Management Company Limited De Walden Mews Management Company Limited |
| Robert Boot | Myhome Services Limited Global-mix Limited Oakdene Homes Plc St Helen's Finance Limited St Helen's Capital Plc Myhome Systems Limited Robert Boot & Co Myhome International Plc Enterprise Britain Limited | Yourcalls Limited (dissolved) HTTP Software Plc Haley Somerset Consulting Limited VSA Resources Limited Haley Somerset Holdings Limited STG Holdings Plc Haley Somerset International Limited |
| John Griggs | Rayfair Limited (in liquidation) Tayman Limited (in liquidation) Onslow House Properties Limited Oakdene Investments Limited Oakdene Homes Plc Brasted Estates Plc Hilsan Limited Trigrange Limited | Wisancrest Limited (dissolved) Oakdene House Properties Limited (dissolved) Fairland Investments Limited Hoffleman Limited Yellowrise Limited De Walden Mews Management Company Limited |
| Susan Massingham | Trigrange Limited Allgrain Limited Oakdene Investments Limited Dockford Limited Oakdene Homes Plc Beechchase Limited Scarlet Estates Limited | Brasted Estates Plc |

| <i>Director</i> | <i>Current directorships/partnerships</i> | <i>Former directorships/partnerships in previous five years</i> |
|-----------------|--|---|
| Philip Clarke | Hollybush Estates Limited Fisher Property Services Limited Samuel Properties Limited Webb Estate Limited Good Harvest Homes Limited Wentbridge Developments Limited Darkfield Limited Good Harvest Homes (Great Glen) Limited Good Harvest Homes (Lodsworth) Limited Good Harvest Homes (Clapham) Limited Good Harvest Homes (Southern 2) Limited Good Harvest Homes (Claremont) Limited Good Harvest Homes (Northwest) Limited Good Harvest Homes (Southern) Limited Good Harvest Homes (Ockham) Limited Good Harvest Homes (Wimbledon) Limited Good Harvest Homes (Camberley) Limited Oakdene Homes Plc Acre 820 Limited Philip Clarke Associates Limited Watersfield Developments (Southern) Limited | HBH Property Company Limited Indigo@Latitude Limited Watersfield Building Services Limited |
| Philip Stephens | Advent 2 VCT Plc Invesco Geared opportunities Trust Plc Oakdene Homes Plc Business Post Group plc | Sterling Financial Print Limited Eurodis Electron plc G.T. Japan Investment Trust Plc |
| Timothy Hearley | Vail Corporation Limited Coventry Hood Limited Securitex Investments Limited Nyne Limited Green Cone Limited Nyne Managers Limited Virgin Cars Limited Virgin Bikes Limited C 4 Group Limited Oakdene Homes Plc Binns & Co PR Ltd Creative Sports Cars Limited Vail Corporate Services Limited Virgin Cars (UK) Limited | Verulam Nominees Limited (dissolved) Integral Composites Limited (administration order) Hampton Mouldings Limited (administrative receiver) Hampton Mouldings Group Limited (dissolved) Manta Plastics Limited Aldersgates Engineering Plastics Limited General Celluloid Company Limited Gencel Group Plc Gencel Cyroma Limited Gencel Manta Limited Cyroma Plastics Limited Azlec Tooling Limited Valcast Holdings Limited James Brown (Kettering) Limited |

| <i>Director</i> | <i>Current directorships/partnerships</i> | <i>Former directorships/partnerships in previous five years</i> |
|-----------------|---|--|
| Timothy Hearley | | Valcast Engineering Limited Valcast Products Limited Moorepay Group Plc The Hay Group Holdings Limited Eaglepath Limited Polk St Albans Limited Marlborough Software Limited Gencel Aldersgate Limited IPS Manufacturing Technologies Plc Rolfe & Nolan Plc Bessa Lincoln College, Oxford PLC Bessa Lincoln College, Oxford II PLC Bessa Lincoln College, Oxford III PLC Bessa Lincoln College, Oxford IV PLC Integral Plastics Group Plc TUP Group Limited Epinet Communications Plc (in liquidation) CHI Pensions Fund Trustees Limited Dalmet Limited Kestrel Injection Moulders Limited Integral Composites Group Limited SME Capital Limited Hamlet Information Services Limited |

4.3 Further Information

- 4.3.1 Carl Turpin was a director of Regent Corporation Plc and a number of its subsidiaries until 31 January 1996, including Regent Homes Developments Plc (which went into liquidation on 10 July 1996) and Rayfair Limited (which went into liquidation on 26 June 1996). John Griggs was also a director of Regent Homes Developments Plc and Rayfair Limited until 31 May 1996.
- 4.3.2 Carl Turpin was a director of Reliant Group plc and its subsidiaries which went into administrative receivership in October 1990 with total liabilities 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 Act and dissolved on 16 March 1999. As a result of personal guarantees given by Carl Turpin in respect of certain obligations of Reliant Group plc being called on, Carl Turpin entered into the individual voluntary arrangement referred to in paragraph 4.3.5 below.
- 4.3.3 Carl Turpin is a director of:
- (a) Branford Limited, a joint venture company which owned one property and which had an LPA receiver appointed on 17 April 1998 due to a disagreement between the owners of the company. The property has now been sold but the company remains in existence;
 - (b) Delter Limited, a joint venture company which owned one property and which had an LPA receiver appointed on 28 September 1998. The LPA receiver administers the collection of rent from the property. The only creditors of Delter Limited are Carl Turpin and a third party. In due course the LPA receiver is expected to sell the property and return any surplus funds to Delter Limited; and

- (c) Tayman Limited, a joint venture company which owned one property and which was placed into creditors' voluntary liquidation on 23 October 2001 due to a disagreement between the owners of the company. The only creditors of Tayman Limited were Carl Turpin and a third party, both of whom agreed to write off the amounts owed to them by the company. John Griggs is also a director of Tayman Limited.

4.3.4 Carl Turpin was a director of:

- (a) Palace Place Holdings Limited and Palace Place (Barnes) Limited until 13 October 1998. These companies were placed into creditors' voluntary liquidation on 13 October 1998 due to a disagreement between the directors of the companies. All creditors have been paid in full;
- (b) Konrad Roberts Plc until 29 October 1998. This company was placed into creditors' voluntary liquidation on 29 October 1998. All creditors have been paid in full;
- (c) Waysdon Plc until 28 August 1999. This company was placed into creditors' voluntary liquidation in October 1998 and dissolved on 28 August 1999;
- (d) Bear Necessities Limited until 1995. This company was placed into compulsory liquidation on 7 July 1995 and dissolved on 28 April 1998;
- (e) Grantmena Limited until 31 January 1996. This company was placed into compulsory liquidation on 5 November 1996 and dissolved on 11 February 1998. John Griggs was also a director of this company until 30 April 1996; and
- (f) Rupert Properties Limited until 1993. This company was placed into creditors' voluntary liquidation on 20 April 1993 and dissolved on 19 April 1995. All creditors have been paid in full.

4.3.5 Carl Turpin entered into an individual voluntary arrangement in 1991 which was completed on 31 March 1998. As a result of entering into this individual voluntary arrangement Carl Turpin was admonished by the Association of Chartered Certified Accountants with no penalty or fines.

4.3.6 Timothy Hearley was a director of:

- (a) Adroit Systems Limited, a software company in which he also was an investor, until 11 April 1994. The company was placed into creditors' voluntary liquidation on 20 April 1994. The main creditors of this company were Timothy Hearley and a third party. The company has no outstanding liabilities; and
- (b) Hampton Mouldings Limited, a subsidiary of Integral Composites Group Limited in which he was also an investor, until 21 February 2002. Hampton Mouldings Limited was placed into administrative receivership on 26 February 2002. The company has no outstanding liabilities.

4.3.7 Save as disclosed above, none of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) ever been declared bankrupt or been the subject of an individual voluntary arrangement;
- (c) ever been a director of a company which while he was a director or within 12 months of his ceasing to be a director had a receiver appointed or entered into compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or with any class of its creditors;
- (d) ever been a partner within a partnership which while he was a partner or within 12 months of his ceasing to be a partner entered into compulsory liquidation, administration or a partnership voluntary arrangement;

- (e) owned any asset which has been placed in receivership or been a partner in a partnership whose assets have been placed in receivership while he was a partner or within the 12 months preceding such event; or
- (f) been the subject of any public criticism by statutory or regulatory authorities (including recognised professional bodies) nor has any of them ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

4.3.8 The business address of each of the Directors is Oakdene House, 34 Bell Street, Reigate, Surrey RH2 7SL.

5. Directors' shareholdings and other interests

5.1 As at the date of this document, the interests of the Directors in the share capital of the Company which (i) have been notified to the Company pursuant to section 324 or 328 of the Act, or which (ii) are required to be entered in the register of directors maintained under the provisions of section 325 of the Act, or which are interests of a person connected (within the meaning of section 346 of the Act) with a Director which would, if the connected person were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to or could with reasonable diligence be ascertained by that Director, were as follows, along with those interests immediately following Admission:

| <i>Director</i> | <i>Immediately prior to Admission</i> | | <i>Immediately after Admission</i> | |
|-------------------------------|---------------------------------------|--|------------------------------------|--|
| | <i>Ordinary Shares</i> | <i>Percentage of issued ordinary share capital</i> | <i>Ordinary Shares</i> | <i>Percentage of issued ordinary share capital</i> |
| Carl Turpin ⁽ⁱ⁾ | 4,340,000 | 36.99% | 4,340,000 | 26.66% |
| Robert Boot | – | – | – | – |
| John Griggs | 1,605,000 | 13.68% | 1,605,000 | 9.86% |
| Susan Massingham | 1,750,000 | 14.91% | 1,750,000 | 10.75% |
| Philip Clarke ⁽ⁱⁱ⁾ | 3,000 | 0.03% | 21,200 | 0.13% |
| Philip Stephens | – | – | 32,000 | 0.19% |
| Timothy Hearley | – | – | 11,364 | 0.06% |

(i) 80,000 Ordinary Shares are registered in the name of Carl Turpin's son, Oscar Kristian Turpin.

(ii) 3,000 Ordinary Shares are registered in the name of Philip Clarke's wife, Annette Jane Clarke.

5.2 At the date of this document the Directors have the following options over Ordinary Shares:

| <i>Name</i> | <i>No of underlying Ordinary Shares</i> | <i>Date of Grant</i> | <i>Exercise Price (pence)</i> | <i>Date from which exercisable</i> | <i>Expiry Date</i> |
|------------------|---|----------------------|-------------------------------|------------------------------------|--------------------|
| Carl Turpin | 500,000 | 30 May 2003 | 43.5 | 30 May 2005 | 30 May 2008 |
| Susan Massingham | 250,000 | 30 May 2003 | 43.5 | 30 May 2005 | 30 May 2008 |
| John Griggs | 145,000 | 12 July 2001 | 35 | 12 July 2003 | 12 July 2006 |
| | 105,000 | 30 May 2003 | 43.5 | 30 May 2005 | 30 May 2008 |
| Robert Boot | 200,000 | 30 May 2003 | 43.5 | 30 May 2005 | 30 May 2008 |

5.3 All the above interests are or will be beneficial.

5.4 On 6 May 2004, the Company granted options over 100,000 Ordinary Shares to each of Paul Haines and Ian Fieldhouse at an exercise price of 95p per share under the Unapproved Scheme. The options will be exercisable for a period of three years from 6 May 2006 in accordance with the terms of the Unapproved Scheme.

- 5.5 Insofar as it is known to the Company, as at the date of this document, the following persons (other than Directors) are interested, or will immediately after Admission be interested, directly or indirectly, in 3 per cent., or more of the issued ordinary share capital:

| <i>Shareholder</i> | <i>Immediately prior to Admission</i> | | <i>Immediately after Admission</i> | |
|---------------------|---------------------------------------|--|------------------------------------|--|
| | <i>Ordinary Shares</i> | <i>Percentage of issued ordinary share capital</i> | <i>Ordinary Shares</i> | <i>Percentage of issued ordinary share capital</i> |
| Paul Martin Decker* | 3,000,000 | 25.57% | 3,000,000 | 18.43% |

* Following his death in September 2002, the Ordinary Shares registered in the name of Paul Martin Decker are expected to be transferred to the sole beneficiary of his estate, being his wife, Marlene Doreen Decker. Until such time as a formal transfer is made, the Ordinary Shares referred to above remain registered in the name of Paul Decker.

- 5.6 Save as disclosed above, none of the Directors is aware of any person or persons who are or, following the Placing will or are likely to be, directly or indirectly, jointly or severally, able to exercise control over the Company.

6. Directors' service contracts and letters of appointment

- 6.1 Service contracts have been entered into between the Company and the Executive Directors, all of which are summarised below and are dated 14 May 2004:

6.1.1 *Carl Turpin*

Carl Turpin has a service contract with the Company which provides for him to act as the Chief Executive of the Company at a salary of £150,000 per annum. The agreement is stated to continue without limit in time subject to it being terminable by either the Company or Carl Turpin giving not less than 12 months' notice in writing at any time.

6.1.2 *Susan Massingham*

Susan Massingham has a service contract with the Company which provides for her to act as the Sales and Marketing Director of the Company at a salary of £100,000 per annum. The agreement is stated to continue without limit in time subject to it being terminable by either the Company or Susan Massingham giving not less than 6 months' notice in writing at any time.

6.1.3 *Robert Boot*

Robert Boot has a service contract with the Company which provides for him to act as the Finance Director of the Company at a salary of £60,000 per annum. Robert Boot works for three days per week and such additional hours as may be required. The contract is stated to continue without limit in time subject to it being terminable by either the Company or Robert Boot giving not less than 6 months' notice in writing at any time.

6.1.4 *John Griggs*

John Griggs has a service contract with the Company which provides for him to act as the Operations Director at a salary of £100,000 per annum. The agreement is stated to continue without limit in time subject to it being terminable by either the Company or John Griggs giving not less than 6 months' notice in writing at any time.

The Executive Directors are entitled to participate in the Company's pension scheme, and such life assurance, permanent health insurance and medical expenses insurance schemes as the Company shall from time to time maintain.

- 6.2 Letters of appointment have been entered into between the Company and the Non-executive Directors, all of which are summarised below:

6.2.1 *Philip Stephens*

Philip Stephens has a letter of appointment which provides for him to act as Non-executive Chairman of the Company for a fee of £35,000 per annum. The appointment began on 1 February 2004 and will continue for a period of 3 years unless terminated in various circumstances, *inter alia*, by the Company or Philip Stephens giving not less than 3 months' notice in writing at any time.

6.2.2 *Timothy Hearley*

Timothy Hearley has a letter of appointment which provides for him to act as Non-executive Director of the Company for a fee of £20,000 per annum. The appointment began on 1 March 2004 and will continue for a period of 3 years unless terminated in various circumstances, *inter alia*, by the Company or Timothy Hearley giving not less than 3 months' notice in writing at any time.

6.2.3 *Philip Clarke*

Philip Clarke has a letter of appointment which provides for him to act as Non-executive Director of the Company for a fee of £500 in respect of each meeting of the Directors he attends. The appointment began on 1 October 2002 and will continue for a period of 3 years unless terminated in various circumstances, *inter alia*, by the Company or Philip Clarke giving not less than 3 months' notice in writing at any time.

- 6.3 The aggregate remuneration (including salaries, fees, pension contributions, bonus payments consultancy fees and benefits in kind) granted to the Directors by the Company for the year ended 31 December 2003 amounted to £421,207. It is estimated that for the year ended 31 December 2004, the remuneration of the Directors will be approximately £550,000.
- 6.4 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.
- 6.5 There are no existing or proposed service agreements between any of the Directors and any member of the Group which are not terminable within one year without payment of compensation (other than statutory compensation).

7. Directors' interests in transactions

- 7.1 Carl Turpin and Susan Massingham are directors of and shareholders in Scarlet Estates Limited, which acquired properties from the Company on an arm's length basis on 30 May 2003. The consideration paid by Scarlet Estates Limited was £2,145,853. The disposals by the Company were approved by the shareholders at an extraordinary general meeting of the Company held on 30 May 2003.
- 7.2 On 22 December 2003, the Company entered into a 10 year lease of the Company's premises, at Oakdene House, 34 Bell Street, Reigate, Surrey RH2 7SL with Cooper Estates Limited. The rent paid under the lease is £179,000 per year. On 23 December 2003, the freehold interest in the premises, together with the benefit of the lease, was acquired by Brasted Estates Plc, a company wholly owned by Carl Turpin and of which he and John Griggs are directors. For the purposes of section 320 of the Act relating to substantial property transactions it has been assumed that both arrangements are parts of the same transaction, and these arrangements were ratified by Shareholders at the annual general meeting of the Company held on 22 April 2004.
- 7.3 The Company owes £553,621 to Carl Turpin. The bulk of this amount relates to two loans for two development projects provided to Carl by third parties. On 19 April 2004, Carl Turpin entered into an agreement with the Company setting out the terms of this loan which provided that any outstanding monies are to be repaid by the Company within 60 business days of a request by Carl and that interest was to be charged at a rate to be agreed by the parties. As at the date of this document, no interest is payable by the Company.

- 7.4 The entire issued share capital of Onslow House Properties Limited (formerly Oakdene Homes Limited) was acquired by Oakdene from Rosegate Associates Ltd on 6 July 2001 for £40,000. At the time of the transfer, John Griggs and Carl Turpin were (and remain) directors of Onslow House Properties Limited.
- 7.5 On 4 October 2002 Oakdene Homes acquired the 35,700 ordinary shares which it did not previously own in Oakdene Investments Limited from Carl Turpin and John Griggs for £35,700. At the time of the transfer, Carl Turpin, Susan Massingham and John Griggs were (and remain) directors of Oakdene Investments Limited.
- 7.6 Prior to 22 March 2004, Hilsan Limited was a company 50 per cent. owned by Carl Turpin and 50 per cent. owned by Trigrange on trust for MMD (Properties) Limited, a company owned by the vendor of Trigrange. Hilsan owns an option to acquire certain land. Prior to 22 March 2004, the Company lent Hilsan Limited an amount of £293,813, on the basis of an undocumented agreement that the Company could acquire the entire issued share capital of Hilsan for minimal consideration in return for waiving the loan. On 22 March 2004, the Company acquired the entire issued share capital of Hilsan for £20 and the loan was waived by the Company.
- 7.7 Details of the personal guarantees given by the Directors in respect of obligations of the Company are as follows:
- 7.7.1 Carl Turpin has provided the vendors of Trigrange with a personal guarantee for the due and punctual payment of the loan notes issued to the vendors at the time of the acquisition, as summarised at paragraph 9.6 below.
- 7.7.2 Carl Turpin has provided HSBC Bank plc with a guarantee of up to £1,500,000 in respect of the Company's obligations under various loans advanced to the Company by HSBC for the purpose of land and property development.
- 7.7.3 Carl Turpin has provided Heritable Bank with a guarantee of up to £1,000,000 in respect of the Company's obligations under a loan advanced to the Company by Heritable for the purposes of land and property development in Purley, Surrey.
- 7.7.4 Carl Turpin, Susan Massingham and John Griggs have provided HSBC Bank plc with a guarantee of up to £250,000 on a joint and several basis in respect of the Company's obligations under various loans advanced to the Company by HSBC for the purposes of land and property development.
- 7.8 Save as disclosed above no Director has or has had any interest, direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected in the current or immediately preceding financial year or during an earlier period and which remains in any respect outstanding or unperformed.

8. Share Option Schemes

8.1 The Oakdene Homes 2004 Approved Share Option Scheme (the "Approved Scheme")

8.1.1 Introduction

The Directors approved and adopted the Approved Scheme at a meeting of the Directors held on 26 March 2004, subject to Inland Revenue approval under Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003. The Approved Scheme has been submitted to the Inland Revenue for such approval which remains pending. Options granted under the Approved Scheme have favourable tax and National Insurance contribution treatment for the optionholder and the employing company. Once established, the Approved Scheme will be administered by the Oakdene Homes remuneration committee.

8.1.2 *Eligibility*

Participation in the Approved Scheme is restricted to employees and full-time Directors of Oakdene Homes or any participating subsidiary. A Director is considered “full-time” if he is required to devote at least 25 hours per week to his duties. Participants will be selected by the remuneration committee at its absolute discretion.

8.1.3 *Grant of options*

Options may generally only be granted in the period of six weeks commencing on the day following:

- (a) the Approved Scheme or any amendment thereto being approved by the Inland Revenue;
- (b) an announcement by Oakdene Homes of its results for any period, or the issue by Oakdene Homes of a prospectus or similar document; or
- (c) the coming into effect of any amendments to the legislation relating to approved share option schemes.

Options may also be granted outside the above periods in exceptional circumstances if the Board so decides. No option may be granted more than 10 years after the date of Inland Revenue approval.

No payment is required for the grant of an option.

8.1.4 *Exercise price*

The exercise price of an option shall not be less than the market value of an ordinary share on the date of grant, as agreed with the Inland Revenue.

8.1.5 *Individual limit*

No individual may hold approved options with an aggregate exercise price in excess of £30,000 (or such other limit set by the legislation).

8.1.6 *Performance conditions*

The exercise of an option granted under the Approved Scheme may be conditional upon the achievement of objective performance conditions set at the date of grant. In the event that an option is exercised before the end of the period over which performance is measured (see paragraph 8.1.7 below), the number of Ordinary Shares which may be received on exercise of the option may be adjusted.

8.1.7 *Exercise of options*

The exercise of an option granted under the Approved Scheme must generally take place between the third and tenth anniversaries of the date of grant. However, earlier exercise is permitted if an optionholder dies or ceases to be employed in the Group by reason of injury, disability, redundancy or retirement, or as a result of the sale of the business or subsidiary by which the optionholder is employed. If an optionholder ceases employment for any other reason, his option will lapse unless the remuneration committee in its absolute discretion decides otherwise.

The rules of the Approved Scheme also allow early exercise in the event of a takeover, reconstruction or winding-up of Oakdene Homes. Alternatively, options may, by agreement with the acquiring company, be rolled over into equivalent options over shares in the acquiring company.

No option may be exercised more than 10 years after its date of grant.

8.1.8 *Voting, dividend and other rights*

Until an option is exercised, optionholders will have no voting or dividend rights in respect of the shares under option.

In the event of a reorganisation of Oakdene Homes's share capital, the number of Ordinary Shares comprised in an option and the exercise price may be varied, subject to Inland Revenue approval, in such manner as the Oakdene Homes remuneration committee thinks fit.

Ordinary Shares allotted under the Approved Scheme will rank *pari passu* with the existing Ordinary Shares with the exception of rights attaching by reference to a record date prior to the allotment date. Application will be made to the London Stock Exchange for such shares to be admitted to trading on AIM.

Options are non-transferable and non-pensionable.

8.1.9 *Amendments*

The Approved Scheme may generally be amended by the Oakdene Homes remuneration committee, as appropriate. However, amendments which adversely affect optionholders' existing rights in any material respect will require optionholder approval and key amendments to the Approved Scheme will require Inland Revenue consents.

8.1.10 *Overall limits*

Not more than 10 per cent. of Oakdene Homes's issued share capital may be placed under option under the Approved Scheme and the Unapproved Scheme (see below) in any ten-year period. For these purposes, options granted under the Unapproved Scheme prior to Admission, options which have lapsed and options over Ordinary Shares which are already in issue are to be disregarded.

8.2 The Oakdene Homes 2001 Unapproved Executive Share Option Scheme (the "Unapproved Scheme")

8.2.1 *Introduction*

The Unapproved Scheme was adopted on 11 July 2001 and does not enjoy Inland Revenue approval. Save as set out below, the provisions of the Approved Scheme and the Unapproved Scheme are in all material respects the same except that all references in relation to the Approved Scheme to Inland Revenue approval will not apply to the Unapproved Scheme.

8.2.2 *Eligibility*

Options under the Unapproved Scheme may be granted, at the discretion of the Oakdene Homes remuneration committee, to any Director or any employee who is required to devote at least 20 hours per week to his duties.

8.2.3 *Individual limit*

There is no individual limit under the Unapproved Scheme.

8.2.4 *Exercise of options*

When an option granted under the Unapproved Scheme is exercised, the employing company will account through the PAYE system for any income tax and National Insurance contributions due on the option gain. Participants will be required to enter into arrangements to meet this liability before options may be exercised.

8.2.5 *Amendments*

Amendments to the material advantage of existing or future optionholders may not be made to the Unapproved Scheme without the prior shareholder approval.

9. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group within two years immediately preceding the date of this document and are, or may be, material to the Group:

9.1 *Nominated Adviser Agreement*

A nominated adviser agreement dated 17 May 2004 between the Company (1), the Directors (2) and Seymour Pierce (3) pursuant to which the Company has appointed Seymour Pierce to act as Nominated Adviser to the Company for the purposes of the AIM Rules. The Company has agreed to pay Seymour Pierce a fee of £20,000 per annum for its services as Nominated Adviser under the agreement, together with all reasonable expenses and VAT. The agreement contains certain undertakings given by the Company and the Directors and indemnities given by the Company in respect of, amongst other things, compliance with all applicable laws and regulations. The agreement continues until terminated by either party giving the other three months' written notice expiring at any time after the date falling twelve months from the date of the agreement.

9.2 *Broker Agreement*

A broker agreement dated 17 May 2004 between the Company (1), the Directors (2) and Seymour Pierce (3) pursuant to which the Company has appointed Seymour Pierce to act as Broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Seymour Pierce a fee of £15,000 per annum for its services as Broker under the agreement together with all reasonable expenses and VAT. The agreement contains certain undertakings given by the Company and the Directors and indemnities given by the Company in respect of, amongst other things, compliance with all applicable laws and regulations. The agreement continues until terminated by either party giving the other three months' written notice expiring at any time after the date falling twelve months from the date of the agreement.

9.3 *Placing Agreement*

9.3.1 An agreement (the "Placing Agreement") dated 17 May 2004 between Seymour Pierce (1), the Company (2) and the Directors (3) pursuant to which, conditional upon, amongst other things, Admission, Seymour Pierce has agreed to use reasonable endeavours to procure places for the Placing Shares proposed to be issued by the Company at the Placing Price. The Placing is not being underwritten.

9.3.2 The Placing Agreement contains indemnities and warranties from the Company and the Directors in favour of Seymour Pierce. Seymour Pierce may terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be untrue or incorrect in any material respect. Under the Placing Agreement the Company has agreed to pay to Seymour Pierce a corporate finance fee of £150,000 plus commission of 4 per cent. of the funds introduced by Seymour Pierce pursuant to the Placing, together with all costs and expenses and VAT thereon, where appropriate.

9.4 *Lock-in Agreement*

By a lock-in agreement dated 17 May 2004 between Carl Turpin, Susan Massingham, John Griggs, Marlene Doreen Decker in her capacity as joint executor of Paul Decker's estate and sole beneficiary of the Ordinary Shares registered in the name of Paul Decker (together, the "Covenantors") (1), Seymour Pierce (2) and the Company (3) ("the Lock-in Agreement"), the Covenantors have undertaken that they will not dispose of their Ordinary Shares for a period of 12 months from Admission, save in certain limited circumstances, and then for a further 12 months will only dispose of Ordinary Shares through Seymour Pierce Limited, being the Company's broker.

9.5 *Ronald Fender Designs*

On 31 March 2004 the Company signed heads of terms with Ronald Fender, owner of architectural practice Ronald Fender Designs ("RFD"), in respect of the acquisition by the Company of RFD's staff, trading name (RF Design) and intellectual property rights. The consideration for the acquisition was the issue to Ronald Fender of 165,000 Ordinary Shares which took place on 6 May 2004. RFD was independently valued in accordance with sections 103 and 108 of the Act on 14 April 2004.

9.6 *Agreement for the acquisition of Trigrange*

On 4 October 2002 the Company entered into an agreement with Marlene Doreen Decker, Nicola Lisa Downing and Tina Loretta Smithers (the "Vendors") to purchase the entire issued share capital of

Trigrange. The consideration for the purchase was £3,389,225 which was satisfied by the payment of £1,389,225 in cash and by the grant to the Vendors of four loan notes of £500,000 each (see paragraph 9.7). The agreement provided for deferred consideration to be paid by the Company to the Vendors in the event of the purchase by Oakdene Homes (or any member of the Group) of several additional properties within two years of completion of the acquisition of Trigrange, including a site in Newhaven. All but one of these properties were subsequently acquired by Oakdene Homes and by a supplemental agreement dated 12 December 2003 between the Vendors and the Company, the Company agreed to pay the deferred consideration to the Vendors, which was satisfied by a cash payment of £500,000 and the issue to the Vendors of a further loan note of £1,100,000. Loan notes with an aggregate value of £3,100,000 have therefore been issued by Oakdene Homes to the Vendors, of which notes totalling £2,600,000 remain outstanding. The Company is required to repay loan notes to the value of £1,600,000 this year.

9.7 *Loan notes granted on acquisition of Trigrange*

On 4 October 2002, as part of the consideration for the acquisition of Trigrange, the Company issued four loan note instruments to the value of £500,000 each. The loan notes are repayable after the expiry of 12, 24, 36 and 48 months after the date of the notes respectively. Three of these notes remain outstanding in full. The loan notes become immediately repayable should the Company or any Group Company fail to discharge on the due date any indebtedness in excess of £500,000 or any such indebtedness becomes due and payable prior to the specified maturity date. Interest is payable on the loan notes at a rate of 5 per cent. per annum on each anniversary of the date of issue. No interest has yet been paid by the Company and the Company has an undocumented agreement with the Vendors that interest will be deferred and paid on maturity of the loan notes. Carl Turpin has given a guarantee for the due and punctual payment of the loan notes by the Company.

9.8 *Facility agreement for the acquisition of Trigrange*

On 3 October 2002 the Company entered into a facility agreement with HSBC Bank plc for the purpose of funding the acquisition of Trigrange. The principal amount of the facility was £7,500,000. The repayment of the loan requires that, on the disposal of any of the properties acquired under the agreement to purchase Trigrange, HSBC receives 70 per cent. of the higher of the gross proceeds or the valuation of the property carried out on the acquisition.

10. Taxation

The statements below are based on current UK tax law and what is understood to be current Inland Revenue published practice. They are intended as a general guide only, for Shareholders who are resident and ordinarily resident in the UK for UK tax purposes (except insofar as express reference is made to the treatment of non-UK residents) and who hold their Ordinary Shares as investments and not as trading stock and who are the beneficial owners of those Ordinary Shares. Certain categories of Shareholder may be subject to special rules and this summary does not apply to such Shareholders. Shareholders who are in any doubt about their tax position, or who are resident, or otherwise subject to taxation, in a jurisdiction outside the UK, should consult their own professional advisers.

10.1 *Dividends*

10.1.1 The Company will not be required to withhold tax at source from dividend payments it makes.

10.1.2 Individual Shareholders resident in the UK for tax purposes should generally be entitled to a tax credit in respect of any dividend paid by the Company which they can offset against their total income tax liability in respect of that dividend. The amount of the tax credit is one-ninth of the amount of the net cash dividend. The amount of the dividend received by such an individual Shareholder and the associated tax credit are both included in calculating the Shareholder's income for UK tax purposes. The dividend (including the associated tax credit) will be treated as the top slice of the Shareholder's income.

10.1.3 Generally, a UK resident individual Shareholder who is not liable to income tax in respect of the aggregate of the dividend and the tax credit will not be entitled to reclaim any part of the tax

credit. The rate of income tax on dividends is the Schedule F ordinary rate of 10 per cent. for lower and basic rate taxpayers. The tax credit will discharge in full the income tax liability of an individual Shareholder who is not liable to income tax at a rate greater than the basic rate. Higher rate taxpayers will be liable to tax on the aggregate of such dividends and their related tax credits at the Schedule F upper rate of 32.5 per cent., so that an individual Shareholder who is a higher rate taxpayer will generally have a liability, after taking account of the tax credit, equal to 25 per cent. of the net cash dividend.

10.1.4 The trustees of certain trusts may also have further tax to pay on dividends.

10.1.5 UK pension funds will not be entitled to reclaim any tax credit attaching to any dividend paid by the Company.

10.1.6 A UK resident corporate Shareholder will not normally be liable to corporation tax in respect of any dividend received. Such corporate Shareholders will not be able to claim repayment of tax credits attaching to such dividends.

10.2 *Dividends – non-UK resident shareholders*

Shareholders who are not resident in the UK for tax purposes will not be liable to UK tax in respect of dividends received from the Company. Shareholders who are not resident in the UK for tax purposes should consult their own tax advisers concerning their tax liabilities on dividends received, whether they are entitled to claim any part of the tax credit and, if they are so entitled, the procedure for doing so.

10.3 Stamp duty and stamp duty reserve tax

10.3.1 Stamp duty and stamp duty reserve tax (“SDRT”) treatment will be as follows:

- (a) in relation to the Placing Shares, no liability to stamp duty or SDRT will arise on their issue or on the issue of definitive share certificates by the Company (provided that the Placing Shares are not issued to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or issuing depository receipts);
- (b) the transfer of Ordinary Shares outside the CREST system will generally be liable to stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount or value of the consideration given (rounded up to the nearest multiple of £5). Stamp duty is normally the liability of the purchaser or transferee of the Ordinary Shares. An agreement to transfer Ordinary Shares will generally be subject to SDRT at 0.5 per cent. of the agreed consideration. If, however, within the period of six years of the date of the agreement or, in the case of a conditional agreement, the date on which it becomes unconditional, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be repaid or cancelled. SDRT is normally the liability of the purchaser or transferee of the Ordinary Shares;
- (c) no stamp duty or SDRT will arise on a transfer of Ordinary Shares into CREST for conversion into uncertified form, unless such transfer is made for a consideration in money or money’s worth, in which case a liability to stamp duty or SDRT will arise, usually at the rate set out in 10.3.1(b) above;
- (d) a transfer of Ordinary Shares effected on a paperless basis within CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT from the purchaser of the Ordinary Shares on relevant transactions settled within the system; and
- (e) where Ordinary Shares are issued or transferred: (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depository receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at a rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the

value of the Ordinary Shares or, in the case of an issue to such persons, the issue price of the Ordinary Shares.

Special rules apply to certain categories of person including intermediaries, market makers, brokers and dealers, and persons connected with depositary arrangements and clearance services.

10.4 *Capital gains*

10.4.1 A disposal of Ordinary Shares by a Shareholder who is either resident or, in the case of an individual, ordinarily resident, for tax purposes in the UK, or a Shareholder is an entity that is not UK tax resident but carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such branch, agency or permanent establishment may, depending on the Shareholder's circumstances and subject to any available exemptions or relief, give rise to a chargeable gain or allowable loss for the purposes of the UK taxation of chargeable gains.

10.4.2 Any person who is in any doubt as to his tax position or who is resident, or otherwise subject to taxation, in a jurisdiction other than the UK, should consult his professional adviser.

11. Litigation

There are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) against, or being brought by, the Company or any member of the Group which are having or may have a significant effect on the Company's financial position.

12. Working Capital

In the opinion of the Directors, having made due and careful enquiry taking account of the estimated net proceeds to the Company of the Placing, the working capital available to the Group is sufficient for the Group's present requirements, that is for at least the next 12 months from the date of Admission.

13. Consents

13.1 UHY Hacker Young has given and has not withdrawn its written consent to the inclusion in this document of its name, report and references to it in the form and context in which they appear.

13.2 Seymour Pierce has given and not withdrawn its written consent to the inclusion in this document of its name and the references to it in the form and context in which they appear.

14. General

14.1 Save as disclosed in this document no person (other than professional advisers named in this document and trade suppliers) has:

14.1.1 received, directly or indirectly, from the Company within the 12 months preceding the application for Admission; or

14.1.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

- (a) fees totalling £10,000 or more;
- (b) securities in the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
- (c) any other benefit with the value of £10,000 or more at the date of Admission.

- 14.2 The estimated amount of the expenses of the Placing which are all payable by the Company is £500,000 (excluding VAT) out of which Seymour Pierce will receive a commission of approximately £200,000 in respect of the Placing.
- 14.3 There is no minimum amount which, in the opinion of the Directors, must be raised in the Placing in order to provide the sums required to be provided in respect of the matters specified in paragraph 21(a) of Part IV of Schedule 1 to the POS Regulations.
- 14.4 Save as disclosed in this document there has been no significant change in the financial or trading position of the Group since 31 December 2003, the date to which the last audited consolidated financial statements of the Group (as set out in Part III of this document) were prepared.
- 14.5 The net proceeds of the Placing, assuming full subscription, are estimated at £4.5 million for the Company.
- 14.6 The Placing Price is 110p of which 109p represents a premium over the nominal value of 1p per Ordinary Share.
- 14.7 The auditors of the Company are UHY Hacker Young. The Company's previous auditors, Turpin Barker and Armstrong, have audited the financial statements of the Company for the financial years ended 31 August 2001, 31 December 2002 and 31 December 2003 in accordance with UK auditing standards and have made reports under section 235 of the Act in respect of each set of statutory accounts and each such report was unqualified and did not contain a statement under section 237(2) or (3) of the Act.
- 14.8 The financial information contained in this document does not amount to statutory accounts within the meaning of section 240 of the Act. Full audited consolidated accounts have been delivered to the Registrar of Companies for the Company for the period as at and ended 31 December 2003.

15. Documents Available for Inspection

Copies of this document will be available to the public free of charge from the registered office of the Company and from the offices of Seymour Pierce Limited, at Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL during normal business hours on any week day, Saturdays and public holidays excepted, from the date of this document until the date one month following Admission. Copies of the following documents will be available for inspection at the offices of Seymour Pierce Limited, at Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL for the same period:

- 15.1 the Memorandum and Articles of Association of the Company;
- 15.2 the audited financial statements of the Company and its subsidiaries for each of the periods ended 31 August 2001, 31 December 2002 and 31 December 2003;
- 15.3 the Directors' service agreements and letters of appointment as referred to in paragraph 6 above;
- 15.4 the material contracts referred to in paragraph 9 above;
- 15.5 the rules of the Share Option Schemes referred to in paragraph 8 above;
- 15.6 the consent letters referred to in paragraph 13 above; and
- 15.7 the report from UHY Hacker Young set out in Part III of this document.

17 May 2004