For Immediate Release **12 October 2016**

Telford Homes Plc

('Telford Homes' or the 'Group')

Trading Update

Telford Homes Plc (AIM:TEF), the residential property developer focused on non-prime London, is pleased to provide the following update on trading ahead of its interim results for the six months ended 30 September 2016 ('H1 2017' or the 'period'), which will be released on Wednesday, 30 November 2016.

Highlights

- Long term imbalance between the supply of homes and the demand for somewhere to live in non-prime areas of London underpins future prospects for Telford Homes
- Strong forward sold position now exceeding £650 million of revenue to be recognised from the year to 31 March 2017 onwards
- Increasing sales activity in respect of residual availability over the last six weeks
- Next significant sales launch will be City North, N4 in November 2016 where a £110 million loan facility was recently signed with LaSalle Residential Finance Fund
- Second PRS sale to M&G Real Estate announced in May 2016 and a third transaction has also recently progressed to detailed discussions with a prospective purchaser
- Increasing number of land opportunities being appraised with some sites now the subject of more detailed negotiations
- The Board remains confident in the longer term housing market in non-prime London and has not adjusted the Group's growth targets since the outcome of the EU vote
- H1 2017 profits in line with expectations and lower than last year due only to the timing of development completions with a substantially higher proportion of profits expected in H2 2017
- Interim dividend to increase in accordance with anticipated full year profit growth
- Secured 95 per cent of the open market homes anticipated to complete in the year to 31 March 2017 and 87 per cent of the gross profit expected in the year
- Expectations for the full year to 31 March 2017 and further into the future remain unchanged and on track to deliver significant growth over the next three years

Current trading

Telford Homes continues to hold a positive view of both the current and future housing market in non-prime areas of London due to the significant imbalance between the supply of homes and demand for somewhere to live. This imbalance underpins the future prospects for the business and as a result the Board has not revised the Group's growth targets following the outcome of the EU vote. There is a housing crisis in London with many more homes needed and the Group expects to play an increasing role in delivering those homes.

The Group started the current financial year with a substantial forward sold position that has subsequently been enhanced to exceed £650 million of revenue to be recognised from the year to 31 March 2017 onwards. As a result the existing development pipeline has been significantly de-risked putting the Group in a strong position.

In terms of the current market environment the Group is pleased to report that it has experienced increased sales activity in respect of residual availability across a number of developments. Since the start of September greater interest levels and more visitors to the central sales centre have resulted in an increased number of reservations. Particularly pleasing is that this has included the sale of three of the remaining penthouses at Horizons, E14 where the average price is over £1 million and is therefore well in excess of our usual price point. The average anticipated price of open market homes in the Group's future pipeline is £517,000.

The Group's next significant launch will be City North in Finsbury Park, a joint development with The Business Design Centre in Islington, which is planned for November 2016. This development is now underway and the Group recently announced the successful signing of a £110 million loan facility with LaSalle Residential Investment Fund, which will fund this exciting scheme of 355 homes, 140,000 square feet of commercial and leisure space and a new entrance to the underground station. As with previous developments, the Group expects that the product and location will be attractive to a range of buyers both at the launch and thereafter.

PRS (Private Rented Sector) or 'build to rent' remains a significant focus for the Group following the sale of The Pavilions, N1 to a subsidiary of L&Q and Carmen Street, E14 to M&G Real Estate. Following these two development sales Telford Homes has recently progressed to detailed discussions on a third transaction with a prospective purchaser. There has been a noticeable increase in institutional interest in PRS investments which complements the Group's desire to extend its involvement in the sector and to benefit from stronger returns on equity and lower gearing as a result.

Telford Homes has a strong and accelerated development pipeline as a result of the purchase of the regeneration business of United House in September 2015. The Group has resources to add to that pipeline due to the £50 million equity placing in 2015 and has been able to take a selective approach to prospective acquisitions. An increasing number of opportunities are being appraised with some sites now the subject of more detailed negotiations.

Interim results and outlook

The Group's reported profits in any given period are driven by the number of open market completions achieved and there were far fewer of these in H1 2017 than H1 2016. This is purely down to development timings which are all on track and in accordance with the original programmes but do not always fall equally across the year. Completions of individual properties are proceeding exactly as planned with no unexpected delays.

As a result of the weighting of completions across the year pre-tax profit for H1 2017 will be lower than last year but entirely in line with expectations. The interim dividend is proposed to increase in line with the anticipated full year profit growth and will not be affected by weighting between the two half year periods. To date Telford Homes has secured 95 per cent of the open market homes anticipated to complete in the year to 31 March 2017 and 87 per cent of the gross profit expected in the year. The Board's expectations for the full year to 31 March 2017 and further into the future remain unchanged and the Group is on track to deliver significant growth in both output and profits over the next three years.

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

"We have seen a robust market place in recent weeks, with encouraging sales activity and increasing interest from institutional investors. We are very pleased with the progress of our move into delivering schemes for the 'build to rent' sector and I am delighted that we are progressing discussions on a third transaction to add to the sales already achieved to L&Q and M&G Real Estate."

"The Group has made strong progress in the last six months and remains positive about the long term prospects for the housing market in non-prime areas of London. The imbalance between the supply of homes and the need for somewhere to live is not diminishing and this underpins our plans to continue to grow Telford Homes over the next few years."

- Ends -

For further information:

Please visit our new and improved corporate website via www.telfordhomes.london and you can also follow us on twitter @telfordhomes.

Telford Homes Plc

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