

**BRAIME GROUP PLC**

("Braime" or the "Company" and with its subsidiaries the "Group")

**Chain Cell Project Update**

Further to our year end announcement, we have now received a quotation for our chain cell project from our contractors for £1.6m, and anticipate additional surveying, legal, architectural and project management fees of £0.3m (a total of £1.9m). The cost of the project has increased from our estimate of £850,000 at the year-end. This is in part due to inflation on construction materials but a significant reason for the increase is that we are taking the opportunity, forced on us by the need to fully demolish and reconstruct this area, to also more than double the area available for the production of 4B Chain, a growth area of the business, create a new mezzanine area for additional storage and achieve other operating efficiencies. The plans to enhance the area, which are capital in nature, did not form part of the original repair costs of the external walls and account for £870,000 of the costs.

We are in discussions with our bankers HSBC, and have secured their agreement in principle to borrow in the short term, £1.5m of development loan to fund the construction (with the balance being paid from existing cash resources) at an interest of 2.75% above base rate. We expect to convert all or most of this to a five-year term loan when the construction is completed. We therefore consider there is adequate funding for the project, which is expected to take around fifty weeks to complete. Further updates will be provided in due course.

For further information please contact:

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