

27 September 2010

Business Update

Dividend update

The Board of Ashley House plc, the primary care infrastructure specialist, has decided ahead of its AGM today that it is prudent to withdraw the resolution to approve the final dividend payment due on 29 October. However, the Company intends to declare and pay a special interim dividend at the earliest opportunity.

This decision is the result of the lack of conclusion on a second bid approach in recent months for the company's property partner AH Medical Properties plc (AHMP). Release of fees and confirmation of available funding for the construction of four schemes which AHMP has an option to purchase under the Asset Management Agreement had been expected by the end of October. Together with current cash of £800k this would have increased the Company's cash balances to a level more than sufficient to cover the dividend requirement of £1.7m. The Board hopes that the AHMP bid situation will be resolved shortly and is confident that new funding arrangements for Ashley House schemes will be in place soon; however with no certainty on payment dates it would be imprudent to commit to a dividend payment date at this point in time.

The Board will provide an update on the special dividend payment as soon as it is able to do so.

Scheme progress

The Company is pleased to announce that 2 LIFT schemes with a Design and Build value of c. £8m in East London have achieved financial close. These schemes in Tower Hamlets and Hackney have been much delayed but their move to close is reassuring in the light of the current public sector spending environment.

Including these 2 schemes, the Company now has 9 schemes in the construction phase with a design and build value of just over £30m. This is the highest value in on site schemes the Company has ever recorded with a significant number of further projects set to move into the construction phase in the second half.

Outlook

The Company's operational performance this year is expected to be in line with management's expectations, based on the levels of current activity and the pipeline of schemes set to move to site in the second half of the year.

The White Paper, Equity and Excellence: Liberating the NHS, published on 12 July was more radical than expected in transferring healthcare commissioning to GPs and announcing the abolition of PCTs by 2013. Whilst this may well be of long term benefit to Ashley House given our strength in the GP market, it will inevitably mean the current slow pace in approving schemes continues. There was no reference in the White Paper to healthcare estates or to LIFT, where the company has a leading presence. We continue to monitor the debate in Government on how to make best use of the healthcare estate and are contributing wherever possible.

In the light of the White Paper the Company is currently analysing the potential impact on its Public sector partners and assessing any possible consequences for the carrying values of its relevant assets.



Jonathan Holmes, CEO commented: 'Despite the challenges arising from the changing healthcare landscape and from uncertainties surrounding the future ownership of our property partner AH Medical Properties affecting our short term ability to fund new schemes, we are delivering positive operational performance and remain confident about the long term prospects of the sector and our business'.

ENDS

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