

29<sup>th</sup> December 2010

## **Ashley House plc (the “Company”)**

### **Property Funding and trading update**

The board of Ashley House plc, the health and social care infrastructure specialist (the ‘Company’), notes the announcements on the 10 December from its property partner, AH Medical Properties Plc (“AHMP”), and Assura Group Limited (“Assura”) that due diligence is in progress regarding a potential offer for AHMP from Assura.

The Board is aware that should the due diligence process lead to a duly accepted offer for AHMP from Assura, it will significantly improve the Company’s working capital position via the payment of both performance and design fees and, in Assura, provide it with a new, larger development partner securing the Company’s funding ability for the foreseeable future.

The Board is actively considering alternative arrangements to ensure the continued funding for its large pipeline of projects should an acquisition of AHMP not proceed.

The Company will report further when it is able to do so.

#### Trading update

As indicated in the Business Update released on 29 September, following July’s White Paper, the Company is undertaking a detailed review of the income it has accrued on all its schemes. Since July the Company has been generally encouraged by its partners’ response to impending structural change to the NHS, which has resulted in a number of requests to change the scope of schemes that have yet to reach site rather than to cancel them. On schemes that are affected, the Company is likely to see some of its accrued income paid and some carried forward to revised schemes. The Company has therefore taken the decision to make appropriate provisions, including a discount for the time value of money, where it believes affected schemes may be significantly delayed or reduced in scale. Total accrued income at 30 April 2010 was c. £16m and the Company is expecting to make a provision of around £5m against this sum within its interims. The balance reflects the amounts that the Company believes will convert into cash receipts either from interim payments for affected schemes or normal payments at Financial Close for unaffected schemes. Further income will be attributable to the revised schemes in due course.

Excluding this provision the underlying interim results are anticipated to be in line with the market’s expectations.

The Government published its legislative framework on 21 December 2010 following consultation on the White Paper and this contained no further surprises. The Board continues to believe that the changes announced in the White Paper will be positive for the Company in the medium term.

The figures for the six months to 31 October 2010 will be announced on 25 January 2011.



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