

Press Release

20 November 2009

Ashley House to acquire Sapphire Primary Care Developments from Lloydspharmacy.

Ashley House plc (“Ashley House” or “the Company”) has today announced that it has reached agreement with Admenta Holdings Ltd (“Lloydspharmacy”), the parent company of Lloydspharmacy one of the UK’s largest community pharmacy operators, to buy the business and assets of its subsidiary business Sapphire Primary Care Developments Ltd (“SPCD”) for a total consideration of £6.8m plus the value of work in progress (less a net asset adjustment). Under the terms of the Acquisition, Lloydspharmacy will become a significant shareholder in Ashley House with approximately 10% of the enlarged equity.

Sapphire Primary Care Developments was established by Lloydspharmacy some 9 years ago as a developer of Primary Care premises and has been a competitor to Ashley House in the third party developer market. Its focus was naturally on opportunities where a significant on site pharmacy was available. Traditionally SPCD has sold the completed assets to property investment companies and the pharmacies have been operated by Lloydspharmacy. SPCD also became a minority investor in NHS LIFT and has shareholdings in 6 NHS LIFT companies which give it the opportunity to invest in new primary and community care facilities procured via NHS LIFT. This year SPCD was named Property Developer of the Year at the HealthInvestor Awards.

Immediately prior to the acquisition of SPCD by Ashley House. AH Medical Properties plc (“AHMP”) acquired 4 properties (held on special purpose vehicles) valued at £11.8m from SPCD. Ashley House owns 6.7% of AHMP and acts as its asset manager.

Highlights

- The business and assets of SPCD consist of 13 personnel (including offices in Scotland and Coventry), a current pipeline of around 18 schemes, minority interests in 6 LIFTCos and approx. £1.3m in cash.
- Of the 6 LIFTCo minority interests 3 are in Infracare LIFT Companies in Bristol, Oxford and Dudley and are already part owned by Ashley House and 3 are in GB Consortium in Coventry, Liverpool and Barnet Enfield & Haringey.
- Total consideration is £6.8m payable as to:
 - £4.45m in new Ashley House shares
 - £0.35m in cash

- Deferred cash consideration of £2 million payable to Lloydspharmacy as pipeline projects reach completion
- A new joint venture on new pharmacies will be set up whereby Ashley House gets a 25% interest in all pharmacies delivered from its pipeline which will be set up and run by Lloydspharmacy.
- Lloydspharmacy will hold approximately 10% of the share capital in Ashley House and these shares are the subject of a lock in agreement for 12 months followed by orderly market obligations. Andrew Willetts, Lloydspharmacy FD will join the Ashley House board as a non-executive director.
- Ashley House has also conditionally placed 2,387,000 new shares for cash under existing authorities in a placing underwritten by the company's nominated adviser and broker Numis Securities Ltd ("Numis") at 75p per share. The proceeds of £1.8m will be used for working capital as the business continues its growth with this acquisition. The placing is conditional upon (amongst other things), the placing agreement between the company and Numis becoming unconditional and not being terminated and the admission of the placing shares to AIM. It is expected that admission will take place, and dealings in the placing shares will commence on 26 November 2009.

Commenting on the Acquisition Jonathan Holmes, Chief Executive of Ashley House said:

"This is a very attractive deal for both Ashley House and Lloydspharmacy, playing to each of our strengths. The deal boosts our already significant pipeline of projects while providing us with a long term partner in our new pharmacy joint venture. I would also like to welcome Andrew Willetts to our Board, I am sure that his experience and contacts in the provision of healthcare, support and services will prove invaluable as we take the business forward."

Commenting on the Acquisition Richard Smith, Managing Director at Lloydspharmacy said:

"This deal allows Lloydspharmacy to realise the value generated by the business. It also allows us to free up significant working capital through the sale of completed health centre developments currently held on the balance sheet.

"Moving forward, having a strategic partnership with such a highly respected developer in the market will provide excellent pharmacy opportunities for Lloydspharmacy while allowing us to concentrate on our core business of providing 'healthcare for life' to our customers."

Enquiries:

Ashley House plc

Tel: 01628 600340

Jonathan Holmes, Chief Executive

Bruce Walker, Finance Director

Lloydspharmacy

Tel: 024 7643 2192

Richard Smith, Managing Director

Andrew Willetts, Finance Director

Citigate Dewe Rogerson

Tel: 020 7638 9571

Sarah Gestetner / Ged Brumby

Numis Securities (NOMAD and broker to Ashley House)

Tel: 020 7260 1000

David Poutney / Oliver Cardigan

Information on Ashley House plc

Ashley House plc was established in 1991 and specialises in the design, construction and management of primary and social care infrastructure. The pipeline of projects is substantial and includes new GP surgeries for partnerships with rent reimbursed by the PCT through to major community hospital projects delivered through NHS LIFT.

Ashley House is a major participant in NHS LIFT with interests in 7 of the 47 NHS LIFT companies which are public private partnerships where the private sector partners with local PCT and the Dept of Health (via Community Health Partnerships) to deliver health and social care facilities. Through Odyssey Healthcare, Ashley House is also one of only 7 private sector participants in Express LIFT, a new Dept of Health initiative to set up more LIFT PPPs for the c. 75 PCTs

Ashley House is the asset manager of AH Medical Properties plc, a separate property investment company which owns a portfolio primary care assets with a gross value of over £100m.

About Lloydspharmacy

Lloydspharmacy has approximately 1700 pharmacies across the UK. These are based predominantly in community and health centre locations. The company employs over 17,000 staff and dispenses over 145 million prescription items annually.

Lloydspharmacy, which is a community pharmacy, has primary care at the heart of its business. This is why it has launched a range of products aimed at improving community health such as affordable blood pressure monitors and allergy relievers, as well as a suite of convenient professional health check services including free blood pressure and diabetes testing, and cholesterol and heart checks in the comfort of a private consultation room.

Lloydspharmacy is the trading name of Lloydspharmacy Ltd, a wholly owned subsidiary of Celesio AG based in Stuttgart. Celesio is a leading international company which covers the spectrum of pharmaceutical trade and pharmaceutical-related services.

The group is active in 28 countries and employs around 41,500 people in its three divisions Patient and Consumer Solutions, Pharmacy Solutions and Manufacturer Solutions. Over 2,300 of Celesio's own pharmacies, as part of Patient and Consumer Solutions, serve over 550,000 customers in seven countries every day.

In its wholesale activities, which are part of Pharmacy Solutions, around 120 wholesale branches deliver to over 35,000 pharmacies in twelve European countries – day in, day out. In the Manufacturer Solutions division, Celesio offers pharmaceutical manufacturers logistics and distribution solutions and supports them in sales and marketing.

Some key facts about Lloydspharmacy:

- In 2008 Lloydspharmacy had turnover of £1.7 billion
- Prescription processing is up 9% to 145.4 million
- Over 1.25 million free Type 2 diabetes screening tests and 1.5 million blood pressure tests completed to date
- 18,700 Cholesterol and Heart Check tests conducted to date
- Lloydspharmacy offers more private consultation areas than any other pharmacy – currently they are available in 95% of Lloydspharmacy pharmacies (1,630)