

7 May 2014



## Ashley House plc

### Year end trading update

Ashley House plc (“Ashley House” or the “Company”) the health and community care property partner provides the following update on trading following the Company’s year end.

#### Scheme Progress

In recent months, the Board has provided regular updates on the progress of six extra care schemes most likely to benefit our 2014 results. In our last update on 1 April 2014, we stated that whilst we remained ‘*confident that all six schemes will successfully close, we are no longer confident that, without compromising our commercial position in order to accelerate completions, they will do so before our financial year end*’. The Board can now confirm that progress continues to be made on all of the schemes. Disappointingly however progress has not advanced sufficiently on any of the schemes to a point which enables profit recognition in the year to 30 April 2014. We remain confident that all six schemes will close in the current financial year and therefore that under the current funding model the profits of these schemes will benefit our 2015 results.

All costs associated with these schemes to date have been fully expensed. The Board will continue to update the market on these and further schemes as they reach financial close in the coming months.

#### Pipeline

Our diversification into specialist housing is progressing well; the Company’s pipeline in the extra care area continues to grow. At the end of April 2014 the pipeline can be summarised as follows:

	ASHLEY HOUSE DIVISION				INFRACARE DIVISION				TOTAL	
	Extra Care		GP		Major Projects		LIFT		No. of Schemes	Scheme value to come
No. of Schemes	Scheme value to come	No. of Schemes	Scheme value to come	No. of Schemes	Scheme value to come	No. of Schemes	Scheme value to come			
On Site	1	£4.6m	-	-	-	-	1	£0.5m	2	£5.1m
Appointed	13	£74.5m	14	£37.5m	2	£4.0m	-	-	29	£116.0m
<b>TOTAL</b>	<b>14</b>	<b>£79.1m</b>	<b>14</b>	<b>£37.5m</b>	<b>2</b>	<b>£4.0m</b>	<b>1</b>	<b>£0.5m</b>	<b>31</b>	<b>£121.1m</b>

Note: ‘Scheme value to come’ represents the likely investment value of the schemes less any revenue already recognised. Not all the scheme value will flow to Company revenue as the Company will not always act as prime contractor.

## Net Debt

The Board is pleased to advise that net debt reduced year on year to £1.6m (2012: £2.7m). The Company continues to manage cash and working capital carefully.

<b>Net Debt</b>	<b>Unaudited</b>	Audited
	<b>30 April 2014</b>	30 April 2013
	<b>£000</b>	£000
Cash and cash equivalents	<b>98</b>	5
Overdraft	-	(1,418)
Facility managed by Rockpool	<b>(600)</b>	-
Scarborough loan /overdraft	<b>(1,049)</b>	(1,330)
	<b><u>(1,551)</u></b>	<u>(2,743)</u>

## Overhead Base

Despite significant reduction in overheads in the last couple of years, the Board can advise that after additional scrutiny and close management a further reduction of almost 10% was achieved in the year.

## Extra Care Fund

In the last trading update the Company advised that discussions had opened with a number of institutional funders to provide long term capital for the extra care schemes. Discussions are making good progress and are focused on putting agreements in place that will provide Ashley House with access to significant dedicated institutional funding. The funding will be supported by a jointly developed financial model which, along with standardised documentation, will enable future schemes to reach financial close with greater certainty and more quickly.

Jonathan Holmes, Chief Executive commented:

“Our move to establish a presence in the Extra Care market has been received positively within the industry as evidenced by our growing pipeline. Despite the fact that the delivery of the extra care pipeline is taking longer and is slightly more complex than anticipated, the Board is confident that the strategic decision to move into this new and growing market was the correct one. We have developed our proposition with real schemes and this will enable the business to return to profitability with the prospect of real and sustainable growth.”

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