



24 July 2015

Ashley House plc

Update

Ashley House plc (“Ashley House” or the “Company”) the health and community care property partner provides an update to the market.

Extra Care schemes

The Company is delighted to announce its first 60 apartment Extra Care scheme in Grimsby has been completed and handed over to the client, a Registered Provider. All apartments are in the process of being let, with a substantial waiting list existing. Initial feedback is extremely positive. A factsheet is available on our website: www.ashleyhouseplc.com. The Company has also started work on the next two projects in Essex with a growing pipeline behind it. With long term funding, these two schemes will generate revenues of c. £21m.

Funding update

As previously advised the Board views the securing of long term funding for its Extra Care pipeline as crucial for the business. The Company is pleased to report that it is currently considering offers for long term equity funding for its Extra Care schemes from well respected investors. The initial agreement with M&G Investment Management Limited to fund £100m of senior debt is established and is now supplemented by an offer, subject to completion of due diligence, for development finance from National Westminster Bank plc. Due Diligence is expected to conclude in the next two months and the Board will at that point announce the details. Strong funding of the pipeline will substantially complete the repositioning of the Company’s strategic focus on Extra Care.

LIFT investment

The Company has received a proposal from a significant, well-funded business to acquire its interest in the NHS LIFT Joint Ventures (together the “LIFT investment”). The proposal would bring the Company a cash receipt and importantly allow us to continue to work within LIFT as a service provider for the acquiring entity, delivering core Ashley House services. Whilst the cash element of the offer is considerably lower than the book value, the directors consider the overall package to be attractive. A completed deal would provide a cash inflow at an important juncture in the Company’s drive to fund its growing Extra Care pipeline. Notwithstanding being a post balance sheet event, this will entail a significant (non cash) write down in the value of the LIFT investment in the annual accounts for the year to 30 April 2015. There is no certainty that this proposal will ultimately result in a sale of the LIFT investment but it is a proposition that the Board will explore further.

Preliminary announcement

Given the developments above and in line with last year, the Company expects to announce its preliminary results for the year to 30 April 2015 in September along with updates on both of the above.

Social Housing rentals

Ashley House has reviewed the provisions in the recent Budget regarding social housing rents. The Government has now briefed that Supported Housing, which includes the Company’s Extra Care schemes, is expected to be exempt from the new rules and will continue to benefit from the previously announced index linked rent regime. This will protect value and investors’ confidence in our Extra Care schemes. It also reflects the reality that schemes such as ours save Government money whilst providing better living environments.

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