

## **PRESS RELEASE**

Ashley House plc (“the Company”) is pleased to announce that its majority owned joint venture business, F1 Modular Limited (“F1M”), has completed the acquisition of the operation of its former modular off-site construction partner. Concurrently, Ashley House has increased its ownership of F1M to 76%, to fulfil the Company’s existing pipeline and to create new opportunities and choice of construction methodology for its developments.

### **F1 Modular Limited (“F1M”)**

F1M was set up as a platform for the design and delivery of projects using off-site construction and for the past year has provided a specialist route to market for Ashley House to win and deliver schemes, benefitting from off-site modular construction. F1M has now acquired plant, equipment and other assets together with an experienced workforce. It is also entering into a new lease on the 80,000 square foot factory on an eight acre site in Newtown, Powys. F1M will now control its own operations from its mid-Wales base, designing and constructing community buildings such as housing, student accommodation, fire stations, school classrooms, leisure facilities and hotels, as well as retail units and kiosks.

A primary purpose of F1M is to provide significant levels of affordable housing to the public sector, through agreements with Local Authorities and Registered Providers to meet housing shortages. F1M is the only modular contractor to hold a place on Local Government’s LHC National Framework NH1 for housing, and in addition is currently bidding to deliver mixed developments including private accommodation. Current housing contracts in manufacture include housing for a Local Authority and specialist accommodation units for a Welsh Council. Both contracts will be rapidly deployed for occupation.

F1M’s short term pipeline includes a flow of work with an innovative retail developer delivering ready built retail pods for installation in a matter of hours. F1M is seeking to build on its manufacturing track record by furthering its reach into the education sector, specifically targeting schools, sporting/leisure facilities and student accommodation. Modular construction is well suited to operational environments by minimising disruption and accelerating programme.

### **Ashley House**

The synergies with Ashley House are compelling. For the last few years Ashley House has diversified its business, expanding its proposition from primary healthcare and GP surgeries, to encapsulate this knowledge into supported living environments through Extra Care and other complementary sub-

sectors, such as care/dementia homes and community centres. Utilising off-site construction through the F1M business, Ashley House's scope of delivery activity can be further widened. Providing an integrated and accelerated delivery approach, involving a modular solution, was a key factor in Ashley House's recent bid win in York of a 70-bedroom Care Home. This scheme is expected to start on-site during Ashley House's next financial year.

Much of Ashley House's existing pipeline is capable of being built through modular methodologies, and in the future Ashley House will offer its clients the choice of off-site and traditional build methods for its schemes.

### **The Product Offering**

F1M provides a full turnkey solution to its clients. Each project is uniquely designed and meets clients' technical specifications, optimising the use of light-weight steel and timber fabrication. Buildings are delivered to site volumetrically benefitting from industry quality and environmental standards (ISO9001, ISO14001) including options to achieve BREEAM Excellent and EPC ratings of A+. All products meet or exceed 2016 Building Regulations and come with a choice of recognised construction warranties. Housing products are fully mortgageable, approved by the Council of Mortgage Lenders.

A typical house is a 'two up two down' set up consisting of two modules (one for each floor). Each house or flat leaves the factory fully finished internally with factory fitted external finishes available as an option. Internally the modules are delivered with all electrics and plumbing completed and tested, wall, floor and ceiling finishes, lighting, heating, internal and external doors, windows, kitchens and bathrooms installed ready for occupation and built to client specification. In line with Ashley House's environmental impact targets, homes are designed to be high quality and to minimise maintenance and ongoing costs for residents by including energy efficient technology and materials. The houses achieve Building Regulations 2015 L1A Elemental values as standard and Zero Carbon and Scottish Gold Standards as an option.



F1M's factory capacity is currently running at 250 modules per annum, with one shift and one line per day. Given the expanding pipeline, capacity and efficiency is expected to be increased by creating more production lines, by increasing the number of daily shifts and ultimately creating new regional assembly factories gearing up in line with orders over time.

Unlike other modular manufacturers, F1M fully integrates groundworks and other site works undertaken by external contractors, wrapped or guaranteed by Ashley House to provide certainty to clients. F1M's project management expertise allows each module to be transported to site (generally one module per transporter) and then bolted together, roofed, clad and services connected on-site integrating smoothly with on-site works.

Standard modular solutions use timber or light steel frames and Structurally Insulated Panels (SIPs), which together give structural strength and high environmental performance. F1M has developed a range of hybrid solutions to ensure that an engineered solution can be provided for every individual project requirement by using in-house CAD capability, supplemented by external architects as required. The factory enjoys an established local supply chain, employs an experienced skilled and semi-skilled workforce, including administrative staff and management team.



### **Market potential**

“Modern Methods of Construction” or “Off-site Construction” is poised to play an increasing role in the UK building and development industry. The shortage of housing in the UK is widely documented. Around 250,000 houses are required annually, which at an average cost of £120,000 gives a market size of £30bn per annum. Recent announcements by Government and other organisations, such as the major housebuilders, show an increasing understanding that modular construction is a key part of the various strategies to combat the housing shortage. In last month's White Paper, 'Fixing Our Broken Housing Market', the Prime Minister stated in her foreword: “We will diversify the housing

market, opening it up to smaller builders and those who embrace innovative and efficient methods". The Homes and Communities Agency has now been tasked with stimulating this sector via a £2bn fund. The education sector and Education Funding Agency similarly has significant requirements for new schools and classrooms and an increasing track record of using off-site construction solutions. Speed of delivery, higher quality, environmental benefits and energy efficiencies are all key drivers of this increased appetite.

Antony Walters, Chief Executive of Ashley House plc and Chairman of F1M commented: "This is a key opportunity for Ashley House to broaden its scope of activity and exploit new opportunities in the housing, care, education, leisure and related markets. We have identified a significant market demand for off-site construction solutions and the need to create a new range of products that complement those reliant on Government for funding. We look forward to working with our new colleagues at F1 Modular and building a socially sustainable business by integrating development and modular construction."



### **About Ashley House plc**

Ashley House is a leading Extra Care Housing and Health Property Partner working with providers and commissioners in the public, private and community sectors. The Company has 25 years of experience in providing innovative approaches in the resourcing, funding, design and development of flexible and efficient social and community health, care and supported living environments.

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