Ashley House plc (the “Company”)

Trading update

Ashley House plc (“Ashley House” or the “Company”) the health and community care property partner is pleased to provide a trading update following its year end at the end of April.

Since the Company’s most recent update at the beginning of March, advising that the Scarborough scheme had reached financial close, the Board is delighted to report that the Company has achieved financial close on three further schemes, one in each of Ashley House, Morgan Ashley and F1 Modular. Financial close is the point at which the scheme is legally committed and where income can start to be recognised as the scheme proceeds to the construction phase.

In Ashley House, contracts have been signed with the care provider HSN Care in Peterborough. This will provide specialist residential accommodation for twelve disabled young adults with complex needs. The modular component of the development is to be built by the Company’s subsidiary, F1 Modular with the work already underway in the factory.

Morgan Ashley

Morgan Ashley is delighted that its scheme in Ryde, Isle of Wight has reached financial close. This is the first scheme to close by Morgan Ashley, the Joint Venture with Morgan Sindall which was established less than six months ago. The Ryde scheme comprises 75 extra care apartments with communal areas providing much needed accommodation for older local residents with care needs, together with 27 affordable bungalows. The scheme will be operated by Southern Housing and owned and financed by Funding Affordable Homes. The scheme is part funded by a grant from Homes England.

Morgan Ashley continues to push forward on further schemes and expects a care home in Yorkshire to be the next scheme to reach financial close in the coming weeks.

F1 Modular (“F1M”)

Whilst the Company’s modular subsidiary made a loss in its first full year under the control of Ashley House, the Company is delighted to advise that it has recently signed contracts for the delivery of a 40 apartment extra care facility in Aberdare for
the Housing Association Linc Cymru. This contract will provide activity in the factory for more than six months. F1M is also currently delivering classrooms under the Education and Skills Funding Agency (“ESFA”) framework along with other smaller projects including work for retailers. The pipeline has increased significantly with work being undertaken on a growing number of upcoming schemes including a 148 bedroom hotel. This provides the Board with confidence for a positive performance for F1M for the year to 30 April 2019.

Outturn for the year

The Company is pleased to advise that it expects profit before tax for the year to 30 April 2018 to be in line with market expectations. This profit will include the write back of an impairment previously recorded against the carrying value of a loan receivable from an associated company. The performance of that business has improved in recent months enabling it to commence repayments earlier and more quickly than had been previously expected. The Board’s expectation is now that the loan will be fully repaid during the coming financial year. The results also include the entries required in accounting for the Joint Venture transaction with Morgan Sindall.

Net debt

The Company’s draft unaudited net debt position at the end of April 2018 is significantly improved on that shown at the end of October 2017. In that time the ‘Other’ related party loans have been repaid and the loans from Invescare and Lloyds Bank on the Scarborough land have been reduced. The Company confirms that the deferred consideration from Morgan Sindall under the Company’s Joint Venture agreement has been received in full.

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 30 April 2018</th>
<th>Unaudited 31 October 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in bank</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Loan on Scarborough land</td>
<td>(336)</td>
<td>(432)</td>
</tr>
<tr>
<td>Loan - Invescare</td>
<td>(1,295)</td>
<td>(1,560)</td>
</tr>
<tr>
<td>Loan - Other</td>
<td>-</td>
<td>(700)</td>
</tr>
<tr>
<td>Loan F1M</td>
<td>(109)</td>
<td>(109)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(1,493)</strong></td>
<td><strong>(3,621)</strong></td>
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Antony Walters, Chief Executive commented, “We are delighted to have made substantial progress in the last few months with four schemes reaching financial close with a total gross development value of £36m and the cash position improving such that the Company has been able to significantly reduce debt. The Board is
delighted that the year end result will, as forecast, show a considerable improvement in the Company’s fortunes since the half year and we look forward to the new year with confidence."

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

Enquiries:
Ashley House plc
Antony Walters
Jonathan Holmes
James Hathaway

01628 600 340

WH Ireland
(Nominated Adviser and broker to Ashley House plc)
Adrian Hadden
James Sinclair-Ford

0207 220 1666