

For Immediate Release

2 July 2009

AH Medical Properties plc

Preliminary Consolidated Results for year ended 30 April 2009

AH Medical Properties plc (“AHMP” or the “Group”) the Primary Care medical property investment group today announces its preliminary results for the year ended 30 April 2009

HIGHLIGHTS:

Financial results

- Rental revenue up 17% to £6.0m (2008: £5.1m).
- Operating pre-tax profit up 60% to £0.8m (2008: £0.5m) excluding unrealised valuation losses on investment properties equivalent to 1.2p per share (2008: 0.9p).
- Final dividend increased 40% to 0.7p (2008: 0.5p) per share making 1.2p per share for the full year, up 20% (2008: 1.0p).
- Adjusted net asset value (ignoring deferred tax assets and liabilities) of £18.4m equivalent to 28.6p per share (2008: £27.4m; 42.5p per share).

Portfolio

- Valuation steady since October 2008 half year, no further write downs.
- Portfolio continues to show its strength with zero voids.
- 4.5% p.a. average rental growth during the year.
- 94% of revenues derived from NHS.
- 19 years average unexpired lease term.
- All debt fixed medium term and long term with no loan to value covenants.
- New debt facilities available to finance growth of current portfolio.

Chairman Giles Weaver commented:

“Despite challenging market conditions I am pleased to report further growth in both our revenues and operating profits. With over 94% of our rental income paid by the NHS, no voids and an average unexpired term on the leases standing at 19 years, we remain confident for the future success of the business.”

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Chairman's Statement

Results and Dividend

The results show continued progress in the portfolio with rental revenue increasing 17% in the year to £6.0m (2008: £5.1m) and pre-tax profit from revenue activities excluding non-recurring financing charges up 60% to £0.8m (2008: £0.5m). This equates to earnings from on-going rental activity of 1.20p per share (2008: 0.9p) and the Board is therefore pleased to increase the final dividend by 40% to 0.7p per share (2008: 0.5p) making a total dividend for the year of 1.2p per share, up 20% which is fully covered (2008: 1.0p). The dividend will be paid on 7 September 2009 to shareholders on the register as at 21 August 2009.

The capital values in our niche sector of primary care NHS occupied buildings have moved very little since the interim figures to 31 October 2008 and as a result there is no further decrease in valuation for the second half of the year following the significant write down of £9.5m at the half year. The Adjusted Net Asset Value per share (which ignores deferred tax) is therefore 28.6p as at 30 April 2009 (28.1p as at 31 October 2008; 42.5p as at 30 April 2008). The Net Asset Value per share (including deferred tax) is 25.6p per share as at 30 April 2009 (24.9p as at 31 October 2008; 39.5p as at 30 April 2009).

Portfolio and Valuation

During the year new schemes were acquired and completed in Manchester, Portsmouth and Brighton. The pipeline of new schemes is still healthy and three new schemes in Birmingham, Essex and Brighton are now in construction with terms agreed on a further six schemes, which are due to commence construction in the coming few weeks. Together with the value of existing completed assets, the pipeline once built out, will have a gross aggregate value in excess of £130m, assuming no further movement in valuation yields.

DTZ Debenham Tie Leung has recently revalued the current completed assets at a capital value of £88.7m as at 30 April 2009, compared to the capital value of £83.6m at 31 October 2008 after a write down of £9.5m. It appears that the secure long term nature of the income on our properties' leases has underpinned investor demand in this niche sector and that values have now stabilised, unlike the first half of our financial year when they fell in line with the wider commercial property market following the financial markets turmoil.

Positive rent reviews have contributed to the increase in annual rents such that the annualised rent roll as at June 2009 stands at £6.3m p.a. Furthermore, with 20% of the rents on fixed or RPI linked uplifts, there is continued growth inherent in the portfolio. The security of the income is underpinned by 94% of the rents being paid by the NHS with no voids and an average unexpired term on the leases standing at 19 years due to the nature of the portfolio being almost entirely new and purpose built.

Finance

The Group's debt is all fixed for the medium and long term, with the latest tranche of debt fixed at 4.87% for five years from December 2008. The weighted average cost of debt stands at 5.69% and the overall Group net debt to value stands at c. 80% although none of the loan facilities have loan to value covenants. The interest cover is currently 1.32 times and rising with rent reviews, against a loan covenant of 1.1 times. Our long term relationship with the key lender Norwich Union (Aviva) continues and new facilities have recently been offered for the next tranche of schemes.

Outlook

Despite values having fallen in the past year due to external factors, the Company's existing portfolio remains of high quality and will benefit from increasing rental income in years to come. The Group's trading results should be further enhanced by the acquisition of its current pipeline, which will be predominantly financed through an extension of debt facilities. The Board continues to examine ways of growing the Group beyond the current programme as it seeks to deliver on its long term objective of progressive returns to shareholders.

Giles Weaver
Chairman

1 July 2009

CONSOLIDATED INCOME STATEMENT

	Note	Year to 30 April 2009			Year to 30 April 2008		
		£000 Revenue	£000 Capital	£000 Total	£000 Revenue	£000 Capital	£000 Total
Revenue		6,040	-	6,040	5,148	-	5,148
Valuation losses on investment properties		-	(9,024)	(9,024)	-	(1,907)	(1,907)
Administrative expenses		(1,136)	-	(1,136)	(1,178)	-	(1,178)
Operating profit/(loss)		4,904	(9,024)	(4,120)	3,970	(1,907)	2,063
Finance income		217	-	217	345	-	345
Non-recurring finance costs		(191)	-	(191)	-	-	-
Finance costs		(4,169)	-	(4,169)	(3,802)	-	(3,802)
Profit/(loss) before tax		761	(9,024)	(8,263)	513	(1,907)	(1,394)
Income tax income	4	-	36	36	59	102	161
Profit/(loss) after tax	5	761	(8,988)	(8,227)	572	(1,805)	(1,233)
Basic and diluted earnings/(loss) per share	5	1.2p	(14.0)p	(12.8)p	0.9p	(2.8)p	(1.9)p

All of the activities of the group are classed as continuing.

CONSOLIDATED BALANCE SHEET

	Note	Group 2009 £000	Group 2008 £000
Non-current assets			
Investment property	2	88,700	88,572
Assets under construction	2	2,914	4,972
Deferred tax asset	3	109	194
		<u>91,723</u>	<u>93,738</u>
Current assets			
Work in progress		2,373	1,875
Trade and other receivables		500	821
Cash and cash equivalents		6,702	7,669
		<u>9,575</u>	<u>10,365</u>
Current liabilities			
Trade and other payables		<u>(3,731)</u>	<u>(4,664)</u>
Net current assets		<u>5,844</u>	<u>5,701</u>
Total assets less current liabilities		97,567	99,439
Non-current liabilities			
Long term debt		(79,009)	(71,889)
Deferred tax liabilities	3	(2,085)	(2,121)
Net assets		<u>16,473</u>	<u>25,429</u>
Equity			
Called up share capital		6	6
Share premium account		18,579	18,579
Share based payment reserve		109	194
Retained earnings		(2,221)	6,650
Total equity		<u>16,473</u>	<u>25,429</u>
Net asset value:			
Basic net asset value per share		25.6p	39.5p
* Adjusted net asset value per share		28.6p	42.5p

* This shows the effect of removing the deferred tax assets and liabilities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium £000	Share based payment reserve £000	Retained earnings £000	Total £000
At 30 April 2008	6	18,579	194	6,650	25,429
Loss for the year	-	-	-	(8,227)	(8,227)
Deferred tax asset	-	-	(85)	-	(85)
Dividends paid	-	-	-	(644)	(644)
At 30 April 2009	6	18,579	109	(2,221)	16,473

	Share capital £000	Share premium £000	Share based payment reserve £000	Retained earnings £000	Total £000
At 30 April 2007	6	18,579	227	8,205	27,017
Loss for the year	-	-	-	(1,233)	(1,233)
Dividends paid	-	-	-	(322)	(322)
Deferred tax	-	-	(33)	-	(33)
At 30 April 2008	6	18,579	194	6,650	25,429

CONSOLIDATED CASHFLOW STATEMENT

	2009	2008
	£000	£000
Loss before tax	(8,263)	(1,394)
Adjustments for:		
Net valuation loss on property	9,024	1,907
Finance expense	4,360	3,802
Interest income	(217)	(345)
Operating cash flows before movements in working capital	4,904	3,970
Decrease in trade and other receivables	321	935
Increase/(decrease) in trade and other payables	654	82
Cash generated by operations	5,879	4,987
Interest paid	(4,662)	(4,337)
Income taxes paid	-	(35)
Net cash from operating activities	1,217	615
Investing activities		
Interest received	217	364
Purchase of investment property & work in progress	(9,211)	(13,741)
Purchase of joint venture	-	(545)
Net cash used in investing activities	(8,994)	(13,922)
Financing activities		
Repayment of borrowings	(116)	(462)
Proceeds from long-term borrowings	7,570	17,437
Dividend paid	(644)	(322)
Net cash from financing activities	6,810	16,653
Net (decrease)/increase in cash and cash equivalents	(967)	3,346
Cash and cash equivalents at beginning of the year	7,669	4,323
Cash and cash equivalents at the end of the year	6,702	7,669

The accompanying accounting policies and notes form an integral part of these financial statements.

1. BASIS OF PREPARATION

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The preliminary announcement has been prepared in accordance with applicable standards as stated in the financial statements for the year ended 30 April 2008.

2. NON-CURRENT TANGIBLE ASSETS

	Investment properties £000	Assets under construction £000
Cost/valuation and net book amount		
At 30 April 2008	88,572	4,972
Additions	2,649	4,445
Transfers	6,503	(6,503)
Deficit on revaluation	(9,024)	-
At 30 April 2009	88,700	2,914
	Investment properties £000	Assets under construction £000
Cost/valuation and net book amount		
At 30 April 2007	78,505	5,600
Additions	769	10,577
Transfers	11,205	(11,205)
Deficit on revaluation	(1,907)	-
At 30 April 2008	88,572	4,972

All of the investment properties were income generating during the period.

A valuation of the investment properties, which were all held by the Group at that time, was performed in April 2009 by the DTZ Debenham Tie Leung, in accordance with accounting policies.

In accordance with IAS 40, the carrying value of investment properties is the fair value of the property as determined by DTZ Debenham Tie Leung. The valuation has been conducted by them as external valuers and has been prepared as at 30 April 2009, in accordance with the Appraisal & Valuation Standards of the Royal Institute of Chartered Surveyors, on the basis of market value. This value has been incorporated into the financial statements.

The independent valuation of all the property assets includes assumptions regarding income expectations and yields that investors would expect to achieve on those assets over time. Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of property against other asset classes, could lead to a reappraisal of the assumptions used to arrive at current valuations. In adverse conditions, this appraisal can lead to a reduction in property values and a loss in net asset value.

The amount of finance costs capitalised by the Group was £176,000 (2008: £133,000) during the period, which related to interest cost incurred during construction. The aggregate amount of finance costs included in investment properties and assets under construction at 30 April 2009 was £1,003,000 (2008: £827,000).

The Group's future minimum operating lease receivables are as follows:

	2009 £000	2008 £000
Less than one year	6,365	5,547
Between one and five years	25,320	22,305
Five years or more	89,664	81,570
	121,349	109,422

3. DEFERRED TAXATION

The movement on the deferred tax liability is as shown below:

	2009	2008
	£000	£000
As at 1 May	(1,927)	(1,996)
Credited to income	36	102
Charged to equity	(85)	(33)
As at 30 April	<u>(1,976)</u>	<u>(1,927)</u>

Deferred tax assets and liabilities have been calculated using the expected future tax rate of 28% (2008: 28%). Any changes in the future would affect these amounts proportionately.

The movements in deferred tax assets and liabilities during the period are shown below.

Deferred tax liabilities	Investment properties and accumulated losses £000
As at 1 May 2008	(2,121)
Credited to income	36
As at 30 April 2009	<u>(2,085)</u>
Deferred tax assets	Share based payments £000
As at 1 May 2008	194
Share options taken directly to equity	(85)
As at 30 April 2009	<u>109</u>
Net deferred tax liability	
As at 30 April 2009	<u>(1,976)</u>
As at 30 April 2008	<u>(1,927)</u>

As at 30 April 2009 there were losses available to offset against future profits of approximately £6.8m (2008: £5.2m). The deferred tax asset of £1.9m has been recognised in arriving at the deferred tax liability in the balance sheet, this has been offset against the deferred tax liability on investment properties as the group has the right and expects to realise these at the same time.

4. TAX ON LOSS

	2009	2008
	£000	£000
Loss before tax	(8,263)	(1,394)
Loss multiplied by standard rate of corporation tax in the UK of 28% (2008: 20%)	(2,314)	(279)
Income not taxable	(66)	(132)
Expenses not deductible	2,527	381
Utilisation of losses	(474)	(79)
Losses carried forward	901	550
Excess of capital allowances over depreciation	(574)	(441)
Adjustment in respect of prior periods	-	(59)
Movement in deferred taxation on investment properties and losses	(36)	(102)
Tax credit for period	(36)	(161)
Comprising:		
	2009	2008
	£000	£000
Current income tax	-	(59)
Deferred tax asset resulting from origination and reversal of capital allowances	1,902	-
Deferred tax resulting from the origination and reversal of temporary differences	(1,938)	(102)
	(36)	(161)

5. LOSS PER ORDINARY SHARE

The calculation of the basic earnings per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The options and warrants are considered anti-dilutive as they would decrease the loss per share.

	2009			2008		
	Loss	Weighted	Per share	Loss	Weighted	Per share
	£000	average	amount	£000	average	amount
		number of	pence		number of	pence
		shares			shares	
Basic loss per share						
Loss attributable to ordinary shareholders	(8,227)	64,406,544	(12.77)	(1,233)	64,406,544	(1.91)
Dilutive effect of securities						
Options	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Diluted loss per share	(8,227)	64,406,544	(12.77)	(1,233)	64,406,544	(1.91)

6 PUBLICATION OF NON-STATUTORY ACCOUNTS

The above does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. It is an extract from the full accounts for the year ended 30 April 2009 on which the auditor has expressed an unqualified opinion. The accounts will be posted to shareholders and subsequently filed at Companies House.