



Interim Results for the 6 months to 31 October 2007

Highlights

AH Medical Properties plc, the specialist investor in Primary Care Infrastructure announces its Interim Results for the 6 months to 31 October 2007.

- Revenue up 107% £2.42m (2006: £1.17m)
- Revaluation gain of £1.25m underpinned by planning gain and rental growth
- Net Asset Value per share up 5% to 40p (30 April 2007: 38p) under IFRS - equivalent to 47p (30 April 2007: 45p) under UK GAAP
- Interim dividend 0.5p per share declared
- Refinance raises new funds and reduces ongoing cost of debt

Chairman Giles Weaver said:

“The Board believes the Company is well placed to continue both the expansion of the Company and the growth in shareholder value. Our funding is secured and continually available; our tenant risk is negligible with 94% of our rent coming either directly from Primary Care Trusts (PCTs) or from GPs who receive rent reimbursement from PCTs; and we have an average unexpired lease term of over 20 years.”

Chairman's Statement

Results

These interim results reflect the further steady progress made by the Company in growing its portfolio of Primary Care property assets and in enhancing asset values. Gross property assets have increased since 30 April 2007 by £9m to reach £93m as at 31 October 2007.

As these results are the first to be presented under IFRS, some analysis is required.

Rental income increased by 107% to £2.42m (2006: £1.17m) and the Company made a profit of £1.0m, after charging a refinancing cost of £522,000. The profit includes a contribution of £1.25m from the increase in the value of the Company's property assets as required under IFRS rules.

The balance sheet, which shows net assets of £25.5m (30 April 2007: £24.5m), is further affected by IFRS which requires that we now include a provision for deferred tax, which amounts to £4.78m. On this basis, the net asset value per share is 40p as at 31 October 2007, which represents an increase of 5% from an IFRS re-stated 38p per share as at 30 April 2007. Under UK GAAP the net asset value per share figures would have been 47p for 31 October 2007 as against 45p as at 30 April 2007. The board is considering the impact of the Company converting to REIT status which would have the effect of removing the contingent tax liability of £4.78m, by paying a one off charge of 2% of the gross assets upon conversion which as at 31 Oct 07 would have been approx. £1.9m. As a REIT, the Company would not be liable to pay corporation tax on qualifying earnings going forward.

Dividend

As a measure of the Board's confidence in the Company's outlook, we have decided to declare an interim dividend of 0.5p per share, payable on 28 January 2008 to shareholders on the register as at 28 December 2007.

Portfolio Progress

The portfolio grew with the practical completion of four new medical properties at Richmond Lock in Twickenham; Higham Ferrers in Northants; Beverley in Yorkshire; and 4 Old Steine Brighton, adjacent to the existing investment at 3 Old Steine. All four were designed and delivered by Ashley House plc. Two more are under construction and expected to reach practical completion before the next financial year end at 30 April 2008 and terms have been agreed on three further schemes due on site in early 2008. Property assets now total £93m, up from £84m as at 30 April 2007.

We are also bidding selectively for individual and portfolios of primary care property assets, where we believe such acquisitions represent good value and/or there may be redevelopment or reconfiguration potential to create value.

Refinance and Valuation

We announced in October the successful refinancing of most of the long term fixed debt which had been taken on from the acquisitions of Medical Properties Limited and Ashley House Investments Limited and from asset specific development finance for the construction of new properties. This £58.5m new facility from Norwich Union raised £14m of new money available for investment in other assets; consolidated some 30 individual loans; reduced the blended running interest rate by 0.2% to 5.76%; is fixed for 20 years; and is now interest only for 6 years, thereby benefiting the Company's cashflow. As a consequence the Directors see sufficient funding in place to acquire approximately a further £50m of assets, equivalent to the next 2 years' pipeline of projects identified by our asset manager, Ashley House plc.

As part of the refinancing, 33 of the properties in the portfolio were revalued by DTZ. Their October 2007 valuation produced an increase of £1.25m due partly to an uplift on land with planning consent acquired under option adjacent to the large health facility at Wantage in Berkshire and partly due to positive rent reviews.

Outlook

The recent revaluation gives us comfort that to date there is no evidence of a softening of values in this specialist sector. This is underpinned by the growth in our net asset value per share which, in common with other quoted property companies, now significantly exceeds the share price.

On 4 December 2007, we were pleased to announce the appointment of Ken Brown to the board as a non-executive director. For the past eight and a half years he has been Group Finance Director of Kenmore Property Group and brings wide experience to the board. He has been appointed chairman of the Audit Committee.

The Board believes the Company is well placed to continue both the expansion of the Company and the growth in shareholder value. Our funding is secured; our tenant risk is negligible with 94% of our rent coming either directly from Primary Care Trusts (PCTs) or from GPs who receive rent reimbursement from PCTs; and we have an average unexpired lease term of over 20 years. With steady rental growth on our existing portfolio and a regular supply of new purpose built properties, the Board looks forward to the future with optimism.

Giles Weaver

Chairman

12th December 2007

Independent Review report to AH Medical Properties plc

Introduction

We have been instructed by AH Medical Properties plc ("the Company") to review the financial information for the six months ended 31 October 2007 which comprises the condensed consolidated interim income statement, condensed consolidated interim balance sheet, condensed consolidated interim statement of changes in equity and the condensed consolidated interim cash flow statement and the related notes 1 to 7 set out on pages 9 to 12. We have read the other information contained in the interim report which comprises only the Chairman's Statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information. Our responsibilities do not extend to any other information.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The interim report, including the financial information therein, is the responsibility of, and has been approved by the directors. The accounting policies and presentation applied to the interim figures are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable to such accounts

Review work performed

We conducted our review in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of control and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards of Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 October 2007.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
OXFORD
12 December 2007

Condensed consolidated interim income statement (unaudited)

| | Note | 6 months to 31 October 2007 | | | 6 months to 31 October 2006 | | | Year to 30 April 2007 | | |
|---|------|-----------------------------|--------------|----------------|-----------------------------|---------------|----------------|-----------------------|---------------|----------------|
| | | Revenue | Capital | Total £000 | Revenue | Capital | Total £000 | Revenue | Capital | Total £000 |
| Revenue | | 2,423 | - | 2,423 | 1,165 | - | 1,165 | 2,928 | - | 2,928 |
| Rental income | | <u>2,423</u> | - | 2,423 | <u>1,165</u> | - | 1,165 | <u>2,928</u> | - | 2,928 |
| Valuation gain on property portfolio | | - | 1,254 | 1,254 | - | 3,677 | 3,677 | - | 5,957 | 5,957 |
| Valuation gain on property portfolio | | <u>-</u> | <u>1,254</u> | 1,254 | <u>-</u> | <u>3,677</u> | 3,677 | <u>-</u> | <u>5,957</u> | 5,957 |
| Administrative expenses | | <u>(545)</u> | - | (545) | <u>(235)</u> | - | (235) | <u>(654)</u> | - | (654) |
| Operating profit before net financing costs | | <u>1,878</u> | <u>1,254</u> | 3,132 | <u>930</u> | <u>3,677</u> | 4,607 | <u>2,274</u> | <u>5,957</u> | 8,231 |
| Exceptional finance expense | 4 | (522) | - | (522) | - | - | - | - | - | - |
| Finance income | | 63 | - | 63 | 13 | - | 13 | 50 | - | 50 |
| Finance expense | | <u>(1,609)</u> | - | (1,609) | <u>(806)</u> | - | (806) | <u>(2,074)</u> | - | (2,074) |
| Net financing costs | | <u>(2,068)</u> | - | (2,068) | <u>(793)</u> | - | (793) | <u>(2,024)</u> | - | (2,024) |
| Profit/(loss) before tax | | <u>(190)</u> | <u>1,254</u> | 1,064 | <u>137</u> | <u>3,677</u> | 3,814 | <u>250</u> | <u>5,957</u> | 6,207 |
| Income tax expense | | 243 | (307) | (64) | (26) | (1,103) | (1,129) | - | (1,712) | (1,712) |
| Profit for the period | | <u>53</u> | <u>947</u> | 1,000 | <u>111</u> | <u>2,574</u> | 2,685 | <u>250</u> | <u>4,245</u> | 4,495 |
| Earnings per share: | 6 | | | | | | | | | |
| Basic earnings per share | | <u>0.08p</u> | <u>1.47p</u> | 1.55p | <u>0.49p</u> | <u>11.47p</u> | 11.96p | <u>0.84p</u> | <u>14.19p</u> | 15.03p |
| Diluted earnings per share | | <u>0.08p</u> | <u>1.41p</u> | 1.49p | <u>0.45p</u> | <u>10.54p</u> | 10.99p | <u>0.77p</u> | <u>13.12p</u> | 13.89p |

The additional information in the above format provides analysis of the revenue and capital items within the income statement

Condensed consolidated interim balance sheet

| | Unaudited 31 October 2007 £000 | Unaudited 31 October 2006 £000 | Unaudited 30 April 2007 £000 |
|---|---|---|---------------------------------------|
| Note | | | |
| ASSETS | | | |
| Non-current assets | | | |
| Investment properties | 92,886 | 53,200 | 84,105 |
| Deferred tax asset | 243 | - | - |
| | <u>93,129</u> | <u>53,200</u> | <u>84,105</u> |
| Current assets | | | |
| Trade and other receivables | 2,108 | 1,049 | 1,826 |
| Cash and cash equivalents | 12,784 | 568 | 4,323 |
| | <u>14,892</u> | <u>1,617</u> | <u>6,149</u> |
| Total assets | <u><u>108,021</u></u> | <u><u>54,817</u></u> | <u><u>90,254</u></u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | (4,942) | (4,382) | (6,269) |
| | <u>(4,942)</u> | <u>(4,382)</u> | <u>(6,269)</u> |
| Non-current liabilities | | | |
| Long term borrowing | (72,759) | (40,259) | (54,972) |
| Provision for deferred tax | (4,784) | (1,852) | (4,477) |
| Total non-current liabilities | <u>(77,543)</u> | <u>(42,111)</u> | <u>(59,449)</u> |
| Total liabilities | <u>(82,485)</u> | <u>(46,493)</u> | <u>(65,718)</u> |
| Net assets | <u><u>25,536</u></u> | <u><u>8,324</u></u> | <u><u>24,536</u></u> |
| EQUITY | | | |
| Share capital | 6 | 2 | 6 |
| Share premium account | 18,579 | 2,165 | 18,579 |
| Retained earnings | 6,951 | 6,157 | 5,951 |
| Total equity | <u><u>25,536</u></u> | <u><u>8,324</u></u> | <u><u>24,536</u></u> |
| Net asset value | 7 | | |
| Basic net asset value per share | 40p | 35p | 38p |
| Adjusted net asset value per share | 47p | 43p | 45p |

Condensed consolidated interim statement of changes in equity (unaudited)

| | Share capital £000 | Share premium account £000 | Retained earnings £000 | Total £000 |
|--|--------------------------|----------------------------------|------------------------------|---------------|
| Balance at 30 April 2006 | 2 | 2,165 | 3,472 | 5,639 |
| Changes in equity for first half of 2006 | | | | |
| Profit for the period | - | - | 2,685 | 2,685 |
| Total recognised income and expense for the period | - | - | 2,685 | 2,685 |
| Balance at 31 October 2006 | 2 | 2,165 | 6,157 | 8,324 |
| Balance at 30 April 2006 | 2 | 2,165 | 3,472 | 5,639 |
| Changes in equity for the year | | | | |
| Profit for the period | - | - | 4,495 | 4,495 |
| Impairment of theoretical goodwill arising on acquisition (Note 2) | - | - | (2,016) | (2,016) |
| Total recognised income and expense for the period | - | - | 2,479 | 2,479 |
| Issue of share capital | 4 | 16,414 | - | 16,418 |
| Balance at 30 April 2007 | 6 | 18,579 | 5,951 | 24,536 |
| Balance at 30 April 2007 | 6 | 18,579 | 5,951 | 24,536 |
| Changes in equity for first half of 2007 | | | | |
| Profit for the period | - | - | 1,000 | 1,000 |
| Total recognised income and expense for the period | - | - | 1,000 | 1,000 |
| Balance at 31 October 2007 | 6 | 18,579 | 6,951 | 25,536 |

Condensed consolidated interim cash flow statement

| | Unaudited 6 months to 31 October 2007 £000 | Unaudited 6 months to 31 October 2006 £000 | Unaudited Year to 30 April 2007 £000 |
|---|--|--|--|
| Cash flows from operating activities | | | |
| Profit after taxation | 1,000 | 2,685 | 4,495 |
| Adjustments for: | | | |
| Net valuation gain on property | (1,254) | (3,677) | (5,957) |
| Finance expense | 1,546 | 793 | 2,024 |
| Taxation expense recognised in income statement | 64 | 1,129 | 1,712 |
| (Increase)/decrease in trade and other receivables | (257) | 865 | 508 |
| Increase/(decrease) in trade and other payables | (661) | (613) | 528 |
| Cash generated from operations | 463 | 1,182 | 3,310 |
| Interest paid | (1,546) | (769) | (2,503) |
| Income taxes paid | 46 | - | (166) |
| Net cash (used in)/from operating activities | (1,062) | 413 | 641 |
| Cash flows from investing activities | | | |
| Purchase of property | (7,527) | (8,037) | (16,623) |
| Purchase of subsidiary | - | - | (4,190) |
| Net cash from purchase of subsidiary | - | - | 148 |
| Interest received | - | - | 52 |
| Net cash used in investing activities | (7,527) | (8,037) | (20,613) |
| Cash flows from financing activities | | | |
| Proceeds from issue of share capital | 50 | - | 13,816 |
| Proceeds from long-term borrowings | 17,000 | 7,790 | 10,532 |
| Expenses paid in connection with shares | - | - | (455) |
| Net cash used in financing activities | 17,050 | 7,790 | 23,893 |
| Net increase in cash and cash equivalents | 8,461 | 166 | 3,921 |
| Cash and cash equivalents at beginning of period | 4,323 | 402 | 402 |
| Cash and cash equivalents at end of period | 12,784 | 568 | 4,323 |

Notes to the condensed consolidated interim financial statements

1 Nature of operations and general information

AH Medical Properties plc and subsidiaries' ('the Group') principal activity is property investment in the United Kingdom.

AH Medical Properties plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of AH Medical Properties plc's registered office, which is also its principal place of business, is The Priory, Stomp Road, Burnham, Buckinghamshire.

AH Medical Properties' consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

These consolidated condensed interim financial statements have been approved for issue by the Board of Directors on 13 December 2007.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 30 April 2007, prepared under UK GAAP, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 237(2) of the Companies Act 1985.

2 Summary of significant accounting policies

This interim financial information has been prepared by applying the IFRS-compliant accounting policies published on the group's website, www.ashleyhouseplc.com

3 Basis of preparation

These interim condensed consolidated financial statements are for the six months ended 31 October 2007. They have been prepared following the recognition and measurement principles of IFRS, because they are part of the period covered by the Group's first IFRS financial statements for the year ending 30 April 2008. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 April 2007.

These financial statements have been prepared on the going concern basis, under the historical cost convention, except for the revaluation of investment property assets.

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 30 April 2008 or are expected to be adopted and effective at 30 April 2008, our first annual reporting date at which we are required to use IFRS accounting standards as adopted by the EU.

AH Medical Properties plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 30 April 2007. The date of transition to IFRS was 1 May 2006. The comparative figures in respect of 2007 have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules published on the group's website.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

4 Exceptional finance expense

The £522,000 represents the one off net cost of breaking existing fixed loan arrangements.

5 Share issue

During the period to 31 October 2007 no shares were issued. (31 October 2006 1,400,232 shares were issued at a par, year to 30 April 2007 42,037,137 shares were issued at a premium of £16,869,000 in total). There are 50,000 redeemable £1 shares in issue to Ashley House plc. These shares have no voting rights and accordingly are treated as a liability.

6 Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

6 months to 31 October 2007

| | Earnings £000 | Weighted average number of shares | Per share amount Pence |
|---|--------------------------|--|---------------------------------------|
| Profit after tax | <u>1,000</u> | | |
| Earnings attributable to ordinary shareholders | | | |
| Weighted average number of shares (used for basic earnings per share) | | 64,406,544 | |
| Dilutive effect of options and warrants | | <u>2,607,625</u> | |
| Diluted weighted average number of shares (used for diluted earnings per share) | | 67,014,169 | |
| Basic earnings per share | | | <u>1.55p</u> |
| Diluted earnings per share | | | <u>1.49p</u> |

6 months to 31 October 2006

| | Earnings £000 | Weighted average number of shares | Per share amount Pence |
|---|--------------------------|--|---------------------------------------|
| Profit after tax | <u>2,685</u> | | |
| Earnings attributable to ordinary shareholders | | | |
| Weighted average number of shares (used for basic earnings per share) | | 22,443,098 | |
| Dilutive effect of options and warrants | | <u>1,984,371</u> | |
| Diluted weighted average number of shares (used for diluted earnings per share) | | 24,175,595 | |
| Basic earnings per share | | | <u>11.96p</u> |
| Diluted earnings per share | | | <u>10.99p</u> |

7 Net asset value

The calculation of net asset value per share is based on the net assets at the balance sheet date divided by the number of shares in issue at that date

| | 31 October 2007 £000 | 31 October 2006 £000 | 30 April 2007 £000 |
|---|-------------------------|-------------------------|-----------------------|
| Net assets per balance sheet | 25,536 | 8,324 | 24,536 |
| Add – deferred tax provision | <u>4,784</u> | <u>1,852</u> | <u>4,477</u> |
| Adjusted net assets | <u>30,320</u> | <u>10,176</u> | <u>29,013</u> |
| | No of shares | No of shares | No of shares |
| Ordinary shares | 64,406,544 | 23,764,136 | 64,406,544 |
| Net asset value per share | 40p | 35p | 38p |
| Adjusted net asset value per share | 47p | 43p | 45p |

8 Dividends

No dividends were paid by AH Medical Properties plc to its equity shareholders during the first six months of the year to April 2008 (first six months of 2006: £ nil; 2007: £ nil). The directors have declared an interim dividend of 0.5p per share payable on 28 January 2008 to shareholders on the register as at 28 December 2007.