

AH Medical Properties plc

2008 Interim Results

AH Medical Properties plc (“AHMP” or the “Company”), the Primary Care medical property investment company, today announces its interim results for the half year ended 31 October 2008.

Highlights include:

- Rental revenue up 18% to £2.86m (2007: £2.42m).
- Interim dividend maintained at 0.5p per share.
- New scheme at Carden Hill, Brighton completed during the period with a value of £3.9m.
- Following prudent write-down of £9.5m, the portfolio of completed investment properties stood at £83.6m.
- Forward pipeline of identified schemes expected to increase the portfolio value by some £50 million to lift the overall portfolio to in excess of £130 million.
- 95 % of rents paid directly or indirectly by NHS.
- Period end cash balance stands at £4.7m.
- Revenue profit before tax up to £384,000 (2007: £190,000 Loss).
- Financing secured for next 5 years.

Commenting on the results Chairman Giles Weaver said:

"The outlook for the wider commercial property market continues to suffer from negative sentiment and whilst values have been impaired, our specialist medical property sector appears to have held up better than others. Our portfolio continues to perform well with positive rent reviews and no voids, whilst the pipeline of future projects allows the company to grow in the near term. Our maintained dividend highlights our confidence in the business going forward."

## **Chairman's Statement**

### **Results & Dividend**

The results show the resilient nature of this portfolio of let specialist NHS led primary care buildings. Rental revenue before tax increased by 18% to £2.86m (2007: £2.42m) boosting the Company's revenue surplus for the period to £0.38m (2007: £0.19m loss). This represents earnings on revenue activities of 0.60p per share and the board therefore proposes to pay an interim dividend of 0.5p per share on 19 January 2009 to all shareholders on the register as at 5 January 2009.

The investment value of the properties, although more resilient than other sectors of the commercial property investment market, has suffered from the general widening of investment yields. We have taken a prudent view and, following advice from our property valuers DTZ, we have written down the values by some £9.5m. This unrealised revaluation has reduced the net asset value per share to 24.9p, whilst the adjusted net asset value per share, which ignores the deferred tax, is 28.1p per share and the fully provided tax net asset value is 27.2p per share.

### **Portfolio Progress**

During the 6 month period, we completed a further new scheme in Brighton at Carden Hill incorporating many energy saving features which has a value of £3.9m and have recently acquired from Sainsbury's a newly completed property in Manchester, producing net rent of £170,000 p.a., for £2.5m.

As at the half year the overall value of the portfolio was £83.6m following the unrealised impairment from the revaluation by DTZ. Upon completion of the pipeline of known schemes it is anticipated that the overall value should exceed £130m.

### **Finance**

In uncertain times such as these it is very encouraging to have the support of our financiers Norwich Union Commercial Finance who continue to offer funding for the new pipeline schemes. Our aggregate existing facilities are approx. £80m, comprising £58.5m fixed for a further 19 years at 5.76%, £8.5m fixed for 5 years at 5.65% and a further £9m to be drawn down before the end of December at an anticipated rate of 5% fixed for 5 years. None of the Company's borrowings are subject to loan to value covenants.

### **Outlook**

The outlook for the wider commercial property market continues to suffer from negative sentiment and whilst values have been impaired our specialist medical property sector appears to have held up better than others. Our portfolio continues to perform well with no voids and positive rent reviews whilst the pipeline of future projects allows the company, subject to the continued availability of funding, to grow in the near term.

Giles Weaver

Chairman

19 December 2008

## Independent Review report to AH Medical Properties plc

### **Introduction**

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 31 October 2008 which comprises the condensed consolidated interim income statement, condensed consolidated interim balance sheet, condensed consolidated interim statement of changes in equity, condensed consolidated interim cash flow statement and notes 1 to 6 . We have read the other information contained in the half yearly financial report which comprises only the Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The PLUS rules require that 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 for such accounts.

As disclosed in Note 2, the annual financial statements of the group are prepared in accordance with the basis of preparation.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

### **Scope of review**

We conducted our review in accordance with 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 of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 31 October 2008 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
OXFORD  
19 December 2008

## Condensed consolidated interim income statement

Note	Unaudited 6 months to 31 October 2008			Unaudited (restated*) 6 months to 31 October 2007			Audited Year to 30 April 2008		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Revenue	2,857	-	<b>2,857</b>	2,423	-	<b>2,423</b>	5,148	-	<b>5,148</b>
<b>Rental income</b>	<b>2,857</b>	-	<b>2,857</b>	<b>2,423</b>	-	<b>2,423</b>	<b>5,148</b>	-	<b>5,148</b>
Valuation (loss)/gain on property portfolio	-	(9,532)	<b>(9,532)</b>	-	1,254	<b>1,254</b>	-	(1,907)	<b>(1,907)</b>
<b>Valuation (loss)/gain on property portfolio</b>	<b>-</b>	<b>(9,532)</b>	<b>(9,532)</b>	<b>-</b>	<b>1,254</b>	<b>1,254</b>	<b>-</b>	<b>(1,907)</b>	<b>(1,907)</b>
<b>Administrative expenses</b>	<b>(505)</b>	-	<b>(505)</b>	<b>(545)</b>	-	<b>(545)</b>	<b>(1,178)</b>	-	<b>(1,178)</b>
Operating profit/loss before net financing costs	2,352	(9,532)	<b>(7,180)</b>	1,878	1,254	<b>3,132</b>	3,970	(1,907)	<b>2,063</b>
Exceptional finance expense	-	-	-	(522)	-	<b>(522)</b>	-	-	-
Finance income	153	-	<b>153</b>	63	-	<b>63</b>	345	-	<b>345</b>
Finance expense	(2,121)	-	<b>(2,121)</b>	(1,609)	-	<b>(1,609)</b>	(3,802)	-	<b>(3,802)</b>
<b>Net financing costs</b>	<b>(1,968)</b>	-	<b>(1,968)</b>	<b>(2,068)</b>	-	<b>(2,068)</b>	<b>(3,457)</b>	-	<b>(3,457)</b>
<b>Profit/(loss) before tax</b>	<b>384</b>	<b>(9,532)</b>	<b>(9,148)</b>	<b>(190)</b>	<b>1,254</b>	<b>1,064</b>	<b>513</b>	<b>(1,907)</b>	<b>(1,394)</b>
Income tax credit/(expense)	-	68	<b>68</b>	243	(173)	<b>70</b>	59	102	<b>161</b>
<b>Profit/(loss) for the period</b>	<b>384</b>	<b>(9,464)</b>	<b>(9,080)</b>	<b>53</b>	<b>1,081</b>	<b>1,134</b>	<b>572</b>	<b>(1,805)</b>	<b>(1,233)</b>
<b>Earnings/(loss) per share:</b>	<b>3</b>								
Basic earnings/(loss) per share (pence)	0.60	(14.70)	<b>(14.10)</b>	0.08	1.68	<b>1.76</b>	0.88	(2.79)	<b>(1.91)</b>
Diluted earnings/(loss) per share (pence)	0.60	(14.70)	<b>(14.10)</b>	0.08	1.61	<b>1.69</b>	0.88	(2.79)	<b>(1.91)</b>

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

\*restated for the comparative adjustment to deferred tax following the full technical review of the 2007 interim accounts in accordance with IAS 12 'Income tax'.

## Condensed consolidated interim balance sheet

		Unaudited 31 October 2008 £000	Unaudited (restated)* 31 October 2007 £000	Audited 30 April 2008 £000
	Note			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment properties	4	83,625	87,918	88,572
Assets under construction	4	2,488	4,968	4,972
Deferred tax asset		194	243	194
		<u>86,307</u>	<u>93,129</u>	<u>93,738</u>
<b>Current assets</b>				
Work in progress	4	1,955	-	1,875
Trade and other receivables		589	2,108	821
Cash and cash equivalents		4,679	12,784	7,669
		<u>7,223</u>	<u>14,892</u>	<u>10,365</u>
<b>Total assets</b>		<u><b>93,530</b></u>	<u><b>108,021</b></u>	<u><b>104,103</b></u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		<b>(3,504)</b>	(4,942)	(4,664)
		<u><b>(3,504)</b></u>	<u>(4,942)</u>	<u>(4,664)</u>
<b>Non-current liabilities</b>				
Long term debt		<b>(71,946)</b>	(72,759)	(71,889)
Deferred tax liabilities		<b>(2,053)</b>	(2,169)	(2,121)
<b>Total non-current liabilities</b>		<u><b>(73,999)</b></u>	<u>(74,928)</u>	<u>(74,010)</u>
<b>Total liabilities</b>		<u><b>(77,503)</b></u>	<u>(79,870)</u>	<u>(78,674)</u>
<b>Net assets</b>		<u><b>16,027</b></u>	<u>28,151</u>	<u>25,429</u>
<b>EQUITY</b>				
Called up share capital		6	6	6
Share premium account		18,579	18,579	18,579
Share based payment reserve		194	227	194
Retained earnings		<b>(2,752)</b>	9,339	6,650
<b>Total equity</b>		<u><b>16,027</b></u>	<u>28,151</u>	<u>25,429</u>
<b>Net asset value</b>	5			
<b>Basic net asset value per share (pence)</b>		<b>24.9</b>	43.7	39.5
<b>Adjusted net asset value per share (pence)</b>		<b>28.1</b>	47.1	42.8

\*restated for the comparative adjustment to deferred tax following the full technical review of the 2007 interim accounts in accordance with IAS 12 'Income tax'

## Condensed consolidated interim statement of changes in equity

	Called up share capital £000	Share premium account £000	Share-based payment reserve	Retained earnings £000	Total £000
<b>Balance at 30 April 2007 (audited)</b>	<b>6</b>	<b>18,579</b>	<b>227</b>	<b>8,205</b>	<b>27,017</b>
<b>Changes in equity for first half of 2007</b>					
Profit for the period	-	-	-	1,134	1,134
<b>Total recognised income and expense for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,134</b>	<b>1,134</b>
<b>Balance at 31 October 2007 (unaudited)</b>	<b>6</b>	<b>18,579</b>	<b>227</b>	<b>9,339</b>	<b>28,151</b>
<b>Balance at 30 April 2007 (audited)</b>	<b>6</b>	<b>18,579</b>	<b>227</b>	<b>8,205</b>	<b>27,017</b>
<b>Changes in equity for the year</b>					
Loss for the period	-	-	-	(1,233)	(1,233)
Dividends paid	-	-	-	(322)	(322)
Deferred tax	-	-	(33)	-	(33)
<b>Total recognised income and expense for the period</b>	<b>-</b>	<b>-</b>	<b>(33)</b>	<b>(1,555)</b>	<b>(1,588)</b>
<b>Balance at 30 April 2008 (audited)</b>	<b>6</b>	<b>18,579</b>	<b>194</b>	<b>6,650</b>	<b>25,429</b>
<b>Balance at 30 April 2008 (audited)</b>	<b>6</b>	<b>18,579</b>	<b>194</b>	<b>6,650</b>	<b>25,429</b>
<b>Changes in equity for first half of 2008</b>					
Loss for the period	-	-	-	(9,080)	(9,080)
Dividends paid	-	-	-	(322)	(322)
<b>Total recognised income and expense for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,402)</b>	<b>(9,402)</b>
<b>Balance at 31 October 2008 (unaudited)</b>	<b>6</b>	<b>18,579</b>	<b>194</b>	<b>(2,752)</b>	<b>16,027</b>

## Condensed consolidated interim cash flow statement

	<b>Unaudited 6 months to 31 October 2008 £000</b>	Unaudited 6 months to 31 October 2007 £000	Audited Year to 30 April 2008 £000
<b>Cash flows from operating activities</b>			
(Loss)/profit before taxation	<b>(9,148)</b>	1,064	(1,394)
Adjustments for:			
Net valuation loss/(gain) on property	<b>9,532</b>	(1,254)	1,907
Interest paid	<b>2,121</b>	1,609	3,802
Interest received	<b>(153)</b>	(63)	(345)
(Increase)/decrease in trade and other receivables	<b>299</b>	(257)	935
(Increase) in work in progress	<b>(80)</b>	-	-
Increase/(decrease) in trade and other payables	<b>285</b>	(661)	82
Cash generated from operations	<b>2,856</b>	438	4,987
Interest paid	<b>(2,096)</b>	(1,609)	(4,337)
Income taxes paid	-	46	(35)
<b>Net cash from/(used in) operating activities</b>	<b>760</b>	(1,125)	615
<b>Cash flows from investing activities</b>			
Purchase of investment property	<b>(3,504)</b>	(7,527)	(13,741)
Purchase of joint venture	-	-	(545)
Interest received	<b>153</b>	63	364
<b>Net cash used in investing activities</b>	<b>(3,351)</b>	(7,464)	(13,922)
<b>Cash flows from financing activities</b>			
Proceeds from issue of redeemable share capital	-	50	-
Repayment of borrowings	<b>(77)</b>	-	(462)
Proceeds from long-term borrowings	-	17,000	17,437
Dividend paid	<b>(322)</b>	-	(322)
<b>Net cash (used)/from in financing activities</b>	<b>(399)</b>	17,050	16,653
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,990)</b>	8,461	3,346
<b>Cash and cash equivalents at beginning of period</b>	<b>7,669</b>	4,323	4,323
<b>Cash and cash equivalents at end of period</b>	<b>4,679</b>	12,784	7,669

# Notes to the condensed consolidated interim financial statements

## 1 Nature of operations and general information

The principal activity of AH Medical Properties plc and its subsidiaries (the "Group") 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 SL1 7LW.

The 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 were approved for issue by the Board of Directors on 18 December 2008.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 447 of the Companies Act 2005. The Group's statutory financial statements for the year ended 30 April 2008, prepared under IFRS, 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 Basis of preparation

These interim condensed consolidated financial statements are for the six months ended 31 October 2008. They have been prepared following the recognition and measurement principles of IFRS. 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 2008.

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

This interim financial information has been prepared by applying the same IFRS-compliant accounting policies as will be applied in the 30 April 2009 year end financial statements. These are not anticipated to be materially different from the accounting policies in the year to 30 April 2008 which are published on the group's website, [www.ashleyhouseplc.com](http://www.ashleyhouseplc.com).

## 3 Earnings/(loss) per share

The calculation of the basic earnings/(loss) 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/(loss) 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/(loss) and weighted average number of shares used in the calculations are set out below.

**6 months to 31 October 2008**

	<b>Earnings £000</b>	<b>Weighted average number of shares</b>	<b>Per share amount Pence</b>
Loss after tax	(9,080)		
Earnings attributable to ordinary shareholders			
Weighted average number of shares (used for basic earnings per share)		64,406,544	
Basic and diluted loss per share			(14.10)

**Year to 30 April 2008**

	<b>Earnings £000</b>	<b>Weighted average number of shares</b>	<b>Per share amount Pence</b>
Loss after tax	(1,233)		
Earnings attributable to ordinary shareholders			
Weighted average number of shares (used for basic earnings per share)		64,406,544	
Basic and diluted loss per share			(1.91)

**6 months to 31 October 2007**

	<b>Earnings £000</b>	<b>Weighted average number of shares</b>	<b>Per share amount Pence</b>
Profit after tax	1,134		
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		2,607,625	
Diluted weighted average number of shares (used for diluted earnings per share)		67,014,169	
Basic earnings per share			1.76
Diluted earnings per share			1.69

## 4 Tangible assets

	<b>Investment properties £000</b>	<b>Assets under construction £000</b>	<b>Work in progress £000</b>
<b>Cost/valuation and net book amount</b>			
At 30 April 2008	88,572	4,972	1,875
Additions	-	2,123	-
Additions in respect of jointly controlled entity	-	-	58
Transfers	4,585	(4,607)	22
Deficit on revaluation	(9,532)	-	-
<b>At 31 October 2008</b>	<b>83,625</b>	<b>2,488</b>	<b>1,955</b>

	Investment properties £000	Assets under construction £000	Work in progress £000
<b>Cost/valuation and net book amount</b>			
At 30 April 2007	78,505	5,600	-
Additions	769	10,577	-
Additions in respect of jointly controlled entity	-	-	1,875
Transfers	11,205	(11,205)	-
Deficit on revaluation	(1,907)	-	-
<b>At 30 April 2008</b>	<b><u>88,572</u></b>	<b><u>4,972</u></b>	<b><u>1,875</u></b>

	Investment properties £000	Assets under construction £000	Work in progress £000
<b>Cost/valuation and net book amount</b>			
At 30 April 2007	78,505	5,600	-
Additions	-	7,527	-
Additions in respect of jointly controlled entity	-	-	-
Transfers	8,159	(8,159)	-
Gain on revaluation	1,254	-	-
<b>At 31 October 2007</b>	<b><u>87,918</u></b>	<b><u>4,968</u></b>	<b><u>-</u></b>

## 5 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 2008 £000	31 October 2007 £000	30 April 2008 £000
<b>Net assets per balance sheet</b>	<b>16,027</b>	28,151	25,429
Add – deferred tax provision	<u>2,053</u>	<u>2,169</u>	<u>2,121</u>
<b>Adjusted net assets</b>	<b><u>18,080</u></b>	<b><u>30,320</u></b>	<b><u>27,550</u></b>
	<b>No of shares</b>	No of shares	No of shares
Ordinary shares	<b>64,406,544</b>	64,406,544	64,406,544
<b>Net asset value per share (pence)</b>	<b>24.9</b>	43.7	39.5
<b>Adjusted net asset value per share (pence)</b>	<b>28.1</b>	47.1	42.8

## 6 Dividends

A final dividend of 0.5p per share was paid by AH Medical Properties plc to its equity shareholders during the first six months of the year to April 2009 (first six months of 2008: £nil).