



AH Medical Properties plc

Interim results for the 9 months to 31 January 2010

AH Medical Properties plc (PLUS: AHMP, the 'Group', or the 'Company'), the primary care property investment company, today announces its results for the 9 months to 31 January 2010.

- Adjusted Net Asset Value per share increased 68% to 45.9p (31 January 2009: 27.4p)
- Net Asset Value per share has increased 67% to 40.8p (31 January 2009: 24.4p)
- Rental revenue increased by 13.5% to £5.0 million (9 months to January 2009: £4.4 million)
- Revenue surplus increased by 120% to £0.83 million (9 months to January 2009: £0.38 million)
- Earnings per share from revenue activities increased by 62.5% to 1.3p per share (January 2009:0.8p)
- Loan to value at 31 January 2010 of 73% (31 January 2009: 82%).

Commenting on the results, Giles Weaver, Chairman of AH Medical Properties plc, said: "The performance of the portfolio has been extremely robust during one of the worst periods for commercial property and should benefit from increased investor appetite for the secure long term income from our high quality purpose built portfolio. The Board is confident in the future growth potential of the business."

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AH Medical Properties plc

Interim Accounts for the Nine Month Period to 31 January 2010

Chairman's Statement

At a key time for the Group and its shareholders, in order to ensure that all shareholders are informed of the most up to date position, the Board has decided to publish its audited results for the 9 month period ended 31 January 2010. These figures reflect the recent acquisition of the portfolio of properties from Sapphire Primary Care Developments as well as two other recent new additions. The strong growth in gross and net assets is a testament to both the strengthening valuations for our secure long term income as well as the management team's ability to deliver portfolio growth through both acquisition and via the strategic relationship with Ashley House plc. Crucially, there has been a significant improvement in the adjusted net asset value per share a key measure for such a property company to 45.9p. The trading earnings per share has also moved ahead to 1.3p for the 9 month period.

The valuation carried out by our portfolio valuers DTZ Debenham Tie Leung reflects a net initial yield across the portfolio of 5.81% which is some 50 basis points better than the low point for valuations reached in October 2008. At the current level, the yield is still some 60-80 basis points away from the high point where some transactions were undertaken by others in our sector in 2006/2007 and therefore this valuation is still some way from the previous market peak. The Directors believe that AHMP has performed very favourably in terms of NAV per share when compared with its direct peer companies and the wider commercial property market over both the medium and the shorter term.

Results

The portfolio value grew by 33% to £114.9m (Oct 09: £95.2m, Jan 09: £86.3m) whilst net assets per share grew by 67% to 40.8p (Oct 09: 32.6p, Jan 09: 24.4p) and adjusted net assets per share increased 68% to 45.9p per share (Oct 09: 37.5p, Jan 09: 27.4p). Rents increased by 13.5% to £5.0m (9 months to Jan 09: £4.4m), trading profit before tax increased 46% to £829k (9 months to Jan 09: £568k excluding non-recurring finance costs). The earnings from revenue activities of 1.3p per share grew 62.5% (9months to 31 Jan 09: 0.8p excluding non-recurring refinance costs).

Whilst there are no loan to value covenants in our debt facilities, the loan to value has decreased to 73% as at 31 January 2010 from 82% January 2009.

Corporate

As announced on 26 February 2010, whilst the Board has been working towards a listing on the Official List of the London Stock Exchange and conversion to REIT status however has additionally received an approach which may or may not lead to an offer for the Company. The Board will communicate with shareholders if an offer is forthcoming.

At present the Board is evaluating whether this approach is likely to lead to a bid at a sufficiently attractive level to reflect not only the value of the portfolio now but the growth potential from the pipeline of schemes available under the asset management agreement first look option with Ashley House plc.

The performance of the portfolio has been extremely robust during one of the worst periods for commercial property and should benefit from increased investor appetite for the secure long term income from the high quality purpose built portfolio. The Board is therefore confident in the future growth potential of the business.

Giles Weaver
Chairman
AH Medical Properties plc
23rd March 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AH MEDICAL PROPERTIES PLC

We have audited the consolidated financial information of AH Medical Properties Plc for the period ended 31 January 2010 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in the preparation of the consolidated financial information is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The purpose for which the consolidated financial information has been prepared is set out in the basis of preparation section of the principal accounting policies.

This report is made solely to the company's members, as a body. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of the consolidated financial information and for being satisfied that the consolidated financial information gives a true and fair view. Our responsibility is to audit the consolidated financial information in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE CONSOLIDATED FINANCIAL INFORMATION

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial information sufficient to give reasonable assurance that the consolidated financial information is free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the principal accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the consolidated financial information.

OPINION ON CONSOLIDATED FINANCIAL INFORMATION

In our opinion the consolidated financial information:

- gives a true and fair view of the state of the group's affairs as at 31 January 2010 and of its profit for the period then ended; and
- have been properly prepared in accordance with IFRS as adopted by the European Union.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Oxford

Consolidated statement of comprehensive income

Historical Financial information for the nine months ended 31 January 2010

	Note	9 months to 31 January 2010			9 months to 31 January 2009 <i>(unaudited)</i>		
		£000 Revenue	£000 Capital	£000 Total	£000 Revenue	£000 Capital	£000 Total
Revenue		5,049	-	5,049	4,448	-	4,448
Valuation surplus/(deficit) on investment properties		-	12,232	12,232	-	(9,480)	(9,480)
Administrative expenses		(945)	(905)	(1,850)	(835)	-	(835)
Operating profit/(loss)		4,104	11,327	15,431	3,613	(9,480)	(5,867)
Finance income		3	-	3	185	-	185
Non-recurring finance costs		-	-	-	(191)	-	(191)
Finance costs		(3,278)	-	(3,278)	(3,230)	-	(3,230)
Profit/(loss) before tax		829	11,327	12,156	377	(9,480)	(9,103)
Income tax expense		-	(1,398)	(1,398)	-	36	36
Profit/(loss) after tax and total comprehensive income and expense for the period attributable to shareholders		829	9,929	10,758	377	(9,444)	(9,067)
Basic earnings/(loss) per share	3	1.3p	15.2p	16.5p	0.6p	(14.7)p	(14.1)p
Diluted earnings/(loss) per share	3	1.2p	15.1p	16.2p	0.6p	(14.7)p	(14.1)p

Consolidated balance sheet

	At 31 January 2010	At 31 January 2009 <i>(unaudited)</i>
Note	£000	£000
Non-current assets		
Investment property	4 114,885	86,274
Assets under construction	4 7,992	3,550
Deferred tax asset	109	194
	<u>122,986</u>	<u>90,018</u>
Current assets		
Work in progress	2,428	1,875
Trade and other receivables	1,030	728
Cash and cash equivalents	2,445	7,661
	<u>5,903</u>	<u>10,264</u>
Current liabilities		
Trade and other payables	<u>(6,323)</u>	<u>(2,509)</u>
Net current (liabilities) / assets	<u>(420)</u>	<u>7,755</u>
Total assets less current liabilities	122,566	97,773
Non-current liabilities		
Borrowings	(92,309)	(79,970)
Deferred tax liabilities	(3,483)	(2,085)
Net assets	<u>26,774</u>	<u>15,718</u>
Equity		
Called up share capital	7	6
Share premium account	18,579	18,579
Share based payment reserve	109	194
Retained earnings	<u>8,079</u>	<u>(3,061)</u>
Total equity	<u>26,774</u>	<u>15,718</u>
Net asset value:		
Basic net asset value per share	40.8p	24.4p
* Adjusted net asset value per share	45.9p	27.4p

* 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 2009	6	18,579	109	(2,221)	16,473
Issue of share capital	1	-	-	-	1
Dividends paid	-	-	-	(458)	(458)
Transactions with owners	7	18,579	109	(2,679)	16,016
Profit for the period	-	-	-	10,758	10,758
Total comprehensive income for the period	-	-	-	10,758	10,758
At 31 January 2010	7	18,579	109	8,079	26,774

	Share capital (<i>unaudited</i>) £000	Share premium (<i>unaudited</i>) £000	Share based payment reserve (<i>unaudited</i>) £000	Retained earnings (<i>unaudited</i>) £000	Total (<i>unaudited</i>) £000
At 30 April 2008	6	18,579	194	6,650	25,429
Dividends paid	-	-	-	(644)	(644)
Transactions with owners	6	18,579	194	6,006	24,785
Loss for the period	-	-	-	(9,067)	(9,067)
Total comprehensive income for the period	-	-	-	(9,067)	(9,067)
At 31 January 2009	6	18,579	194	(3,061)	15,718

Consolidated cash flow statement

	9 months to 31 January 2010 £000	9 months to 31 January 2009 <i>(unaudited)</i> £000
Profit/(loss) before tax	12,156	(9,103)
Adjustments for:		
Net valuation (surplus)/deficit on property	(12,232)	9,480
Finance expense	3,278	3,230
Interest income	(3)	(185)
Operating cash flows before movements in working capital	<u>3,199</u>	<u>3,422</u>
(Increase)/decrease in trade and other receivables	(536)	93
Increase/(decrease) in trade and other payables	2,364	(2,155)
Cash generated by operations	<u>5,027</u>	<u>1,360</u>
Interest paid	(3,607)	(3,230)
Net cash used in operating activities	<u>1,420</u>	<u>(1,870)</u>
Investing activities		
Interest received	3	185
Purchase of investment property & work in progress	(6,100)	(5,760)
Purchase of subsidiaries not classified as business combinations	(12,650)	-
Net cash used in investing activities	<u>(18,747)</u>	<u>(5,575)</u>
Financing activities		
Repayment of borrowings	(371)	(819)
Proceeds from long-term borrowings	13,898	8,900
Issue of share capital	1	-
Dividend paid	(458)	(644)
Net cash from financing activities	<u>13,070</u>	<u>7,437</u>
Net decrease in cash and cash equivalents	(4,257)	(8)
Cash and cash equivalents at beginning of period	6,702	7,669
Cash and cash equivalents at end of period	<u>2,445</u>	<u>7,661</u>

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

AH Medical Properties plc and subsidiaries' 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.

The Group's financial information consolidates the results, asset and liabilities of the company and its subsidiaries.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Group's financial information, except for the adoption of IAS 1 Presentation of financial statements (Revised 2007), IFRS 8 operating segments and Improvements to IFRSs. These are explained further below. The format adopted in the financial information has been amended from previously published financial statements to ensure compliance with IAS 1 and IFRS 8.

2. BASIS OF PREPARATION

The financial information has been prepared on the going concern basis, under the historical cost convention, except for the revaluation of investment property assets, which are carried at fair value.

The Board regularly review the Group's resources to ensure they are sufficient to continue trading for the foreseeable future. It is therefore considered appropriate to use the going concern basis to compile the financial information.

The Group has long term fixed committed debt and no overdraft facility. Operating cash flow is positive with a healthy running surplus. With £2.4m cash at bank at 31 January 2010 and further debt commitments to fund future investments, the Board has a high degree of comfort as to the Group's ability to continue to operate.

The financial information is presented in pounds sterling because that is the functional currency of the parent and the presentational currency of the Group.

The adoption of IAS 1 (Revised 2007) does not affect the financial position or profits of the Group but gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. IAS 1 (Revised 2007) affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". IAS 1 (Revised 2007) also requires presentation of a comparative balance sheet as at the beginning of the first comparative period, in some circumstances.

The adoption of IFRS 8 has not changed the segments that are disclosed in the financial information as the segmental information previously disclosed complies with IFRS 8. Under IFRS 8 the accounting policy for identifying segments is now based on the internal management reporting information that is regularly reviewed by the chief operating decision maker.

The adoption of Improvements to IFRSs (effective 1 January 2009) requires the entity to include investment properties under construction at fair value. Due to the arms length transaction basis for acquisition from the principle supplier, Ashley House plc, the directors consider that investment properties under construction are held at fair value and, as a result, the adoption of this improvement has not had a material effect on the financial statements. Any fair value movements between the purchase date of investment properties under construction and the period end date are considered to be negligible due to the short time frame in which properties are completed. The standard has been applied prospectively for the current financial period but, given the above, would have no material effect had it been applied retrospectively.

3. EARNINGS/(LOSS) PER ORDINARY SHARE

The calculation of the basic earnings/ (loss) per share is based on the profit/ (loss) attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. The options and warrants are considered anti-dilutive for 2009 as they would decrease the loss per share.

	9 months to 31 January 2010			9 months to 31 January 2009 (<i>unaudited</i>)		
	Profit £000	Weighted average number of shares	Per share amount pence	Loss £000	Weighted average number of shares	Per share amount pence
Basic earnings/(loss) per share						
Profit/(loss) attributable to ordinary shareholders	10,758	65,240,240	16.4	(9,067)	64,406,544	(14.1)
Dilutive effect of securities						
Options		945,384	(0.2)	-	-	-
Warrants		179,125	(0.0)	-	-	-
Diluted earnings/(loss) per share	<u>10,758</u>	<u>666,364,749</u>	<u>16.2</u>	<u>(9,067)</u>	<u>64,406,544</u>	<u>(14.1)</u>

4. NON-CURRENT TANGIBLE ASSETS

	Investment properties £000	Assets under construction £000
Valuation and net book amount		
At 1 May 2009	88,700	2,914
Additions	12,720	6,318
Transfers from Assets in the course of Construction	1,233	(1,233)
Disposals	-	(7)
Surplus on revaluation	12,232	-
At 31 January 2010	<u>114,885</u>	<u>7,992</u>
	Investment properties (<i>unaudited</i>) £000	Assets under construction (<i>unaudited</i>) £000
Valuation and net book amount		
At 1 May 2008	88,572	4,972
Additions	2,663	3,097
Transfers	4,519	(4,519)
Deficit on revaluation	(9,480)	-
At 31 January 2009	<u>86,274</u>	<u>3,550</u>

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 January 2010 by DTZ Debenham Tie Leung, in accordance with accounting policies.

5. DIVIDENDS

Subsequent to the 30 April 2009 year end but prior to the approval of the financial information, the Directors recommended the payment of a final dividend of 0.7 pence per share, totalling £451,000. This was paid on 7 September 2009. No dividends have been proposed in connection with the 31 January 2010 period end; however an interim dividend relating to the 6 months to 31 October 2009 of 0.75 pence per share was paid on 5 February 2010.