

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should seek your own advice from a stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.

If you receive this letter in any country or jurisdiction outside the United Kingdom you may not treat it as an invitation to elect to receive Scrip Shares (as defined below) unless such an invitation could lawfully be made to you without MedicX Fund Limited (the "Company") being required to comply with any registration or other legal requirements.

It is responsibility of any person resident outside the UK wishing to elect to receive Scrip Shares on each occasion that a Scrip Dividend Alternative is being offered by the Company, to be satisfied as to full observance of the laws of the relevant territory, including obtaining any government or other consents which may be required and observing any other formalities in such territories.

If you have sold or transferred all of your Ordinary Shares you should forward this letter and the accompanying documents to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was made.

MEDICX FUND LIMITED
Opportunity for Shareholders to accept the issue of shares in lieu of cash dividends
("Scrip Dividend Scheme")

LETTER REGARDING SEPTEMBER 2010 DIVIDEND

If you wish to receive dividends on your Ordinary Shares in cash in the usual way, you do not need to take any action and may disregard this letter.

MEDICX FUND LIMITED (THE "COMPANY")

(An authorised closed-ended investment company Incorporated in Guernsey with registered number 45397)

Registered office:

Regency Court, Gategny Esplanade, St Peter Port, Guernsey GY1 1WW

20 August 2010

To holders of Ordinary Shares

Dear Shareholder

SCRIP DIVIDEND ALTERNATIVE

On 12 August 2010 the Directors declared a quarterly interim dividend of 1.35 pence per Ordinary Share payable in September 2010 (the "**September 2010 Dividend**"). It is being proposed to offer those Shareholders registered on the register of members at close of business on 20 August 2010 (the "Record Date") the choice of receiving dividends in fully paid new Ordinary Shares of the Company instead of in cash (the "**Scrip Dividend Alternative**").

The Articles require that the Company gives notice to Shareholders of their rights to elect for an issue of shares in lieu of a proposed cash dividend, and to specify the procedures to be followed in order to make an election. This letter, the Scheme Document and the enclosed Mandate Form constitute such notice. Defined terms used in this letter bear the same meanings as in the Scheme Document. The Scheme Document is available from the Company's website www.medicxfund.com/investors. A hard copy is also enclosed for those shareholders who became members of the Company on or after 14 May 2010 and this should be kept in a safe place.

THE SCHEME

Scrip dividends enable shareholders to increase their holding in the Company in a simple, cost effective way and, in addition, certain shareholders may receive tax benefits by taking a Scrip Dividend Alternative. At the same time, the Company retains the cash in the business that would otherwise be paid out as a dividend. Scrip Shares issued pursuant to the Scheme will carry the same voting rights as existing Ordinary Shares and will rank equally with the existing Ordinary Shares. Shareholders should take advice as to any benefits that they may gain by taking shares in lieu of a proposed dividend.

Please refer to the Scheme Document which sets out the detailed terms and conditions of the Scrip Dividend Alternative. Your choices, and the process to be followed, will depend on whether you hold your Ordinary Shares in certificated form or uncertificated form (that is, in CREST). When considering what action to take, you are recommended to obtain appropriate professional advice.

The price at which the September 2010 Dividend will be converted into new Ordinary Shares (the Scrip Calculation Price) will be announced to the London Stock Exchange on 25 August 2010. This announcement will also appear on the Company's website www.medicxfund.com/investors. The Scrip Calculation Price is the average of the closing middle market quotations of an Ordinary Share, derived from the London Stock Exchange Daily Official List, for the five consecutive business days commencing on the Ex-dividend Date. The Scheme Document includes a worked example of how the number of Scrip Shares is calculated.

TAX CONSEQUENCES

The tax consequences for a Shareholder of electing to receive Scrip Shares instead of a cash dividend will depend on the personal circumstances of that Shareholder. A note detailing how Shareholders resident in the United Kingdom are likely to be treated for tax purposes if they make this election (the "**Tax Summary**") is set out in Appendix 2 and is also available from the Company's website, www.medicxfund.com/investors.

The Tax Summary is for information purposes only and, if you are in any doubt as to your tax position, or you are located outside the United Kingdom, you should consult your professional adviser before taking any action.

Please note that the Tax Summary represents the position at 24 August 2010 and the tax position may change after that date. Shareholders must accordingly keep themselves apprised of any changes to the tax position in the future.

ACTION REQUIRED BY SHAREHOLDERS

The Scrip Dividend Alternative is being offered in relation to the September 2010 Dividend. The timetable and some statistics for the September 2010 Dividend are set out in Appendix 1 to this letter (the "**Timetable**"). The Company's intention remains to make the Scrip Dividend Alternative available for the Company's quarterly dividends. **The terms and conditions set out in the Scheme Document (as amended from time to time) apply to this and all future Relevant Dividends.**

Shareholders holding shares in certificated form:

Holders of Ordinary Shares held in certificated form who wish to participate in the Scheme should ensure that they have read and understood the Scheme Document.

- If you have become a Shareholder since 14 May 2010 and wish to elect for the Scrip Dividend Alternative please find enclosed your personalised Mandate Form to complete and sign. Other Shareholders can obtain Mandate Forms from Capita Registrars. In order to be valid, Mandate Forms must be received by Capita Registrars by not later than 5.00 p.m. (London time) on the date which is 15 business days before the Relevant Dividend Payment Date, for the election to participate in the Scheme to be eligible for that Relevant Dividend. **Accordingly, the Mandate Delivery Deadline for the September 2010 Dividend is 5.00 p.m. on 9 September 2010.**
- Mandate Forms will thereafter remain valid for all Relevant Dividends where a Scrip Dividend Alternative is offered, until cancelled. Therefore, if you have previously completed a Mandate Form but no longer wish to receive a Scrip Dividend you should write to Capita Registrars (at the address on page 5 of this letter) by no later than 5.00 p.m. on the Mandate Delivery Deadline for the Relevant Dividend to inform them that you wish to revoke your election and to receive a cash dividend. A notification will take effect once received and processed by Capita Registrars.
- Mandate Forms will only be accepted in relation to an entire holding of Ordinary Shares. Partial elections are not permitted.
- If you do not wish to receive a Scrip Dividend Alternative and have not previously completed a Mandate Form no further action is required and you will receive a cash dividend in respect of the September 2010 Dividend in the usual way.

Shareholders holding shares in uncertificated form in CREST:

Holders of Ordinary Shares held in uncertificated form (that is, in CREST) who wish to participate in the Scheme should ensure that they have read and understood the Scheme Document.

- If you wish to receive a Scrip Dividend Alternative you will need to make a specific election by means of the CREST election procedure. Such elections are required for each application of the Scheme in relation to each Relevant Dividend. The CREST election must be made by no later than 5.00 p.m. on 9 September 2010 in relation to the September 2010 Dividend. You should contact your CREST sponsor who will be able to take appropriate action on your behalf.
- The Company will permit partial elections including where a Shareholder who holds his shares through CREST is acting on behalf of more than one beneficial holder (i.e. where such Shareholder is acting as a nominee holder).
- If you do not wish to receive a Scrip Dividend Alternative no further action is required. You will receive a cash dividend in respect of the September 2010 Dividend in the usual way.

BUYING ADDITIONAL ORDINARY SHARES AFTER MAKING AN ELECTION TO PARTICIPATE IN THE SCHEME

If a shareholder buys Ordinary Shares prior to the Ex-dividend Date for a Relevant Dividend, that shareholder may be entitled to the Scrip Dividend Alternative on those Ordinary Shares and in these circumstances they are advised to contact the stockbroker or other agent through whom the purchase is made without delay so as to ensure that the purchased shares are registered promptly in their name.

Any additional Ordinary Shares which a shareholder buys, and which are registered in their name prior to the Record Date for any Relevant Dividend to which they are entitled, will be covered by any valid election that they have made in relation to that Relevant Dividend and accordingly they will receive Scrip Shares, instead of cash dividends, in respect of their entire holding of Ordinary Shares.

SELLING PART OF A SHAREHOLDING AFTER MAKING AN ELECTION TO PARTICIPATE IN THE SCHEME

If a Shareholder sells any of their Ordinary Shares prior to the Ex-dividend Date for any Relevant Dividend, they may not be entitled to the Relevant Dividend on those Ordinary Shares and they are advised to contact their stockbroker or other agent through whom the sale was effected without delay as there may be a claim for the cash amount of the Relevant Dividend by the purchaser.

If a Shareholder sells part of their shareholding prior to the Record Date for a Relevant Dividend and such sale is registered in the Company's Register of Shareholders prior to the applicable Record Date, any valid election that they have made to participate in the Scheme in relation to the Relevant Dividend will apply only to such Shareholder's remaining Ordinary Shares.

FURTHER INFORMATION

Application will be made for the Scrip Shares to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange's main market for listed securities. Subject to both admissions, the Scrip Shares will be issued and new share certificates posted to shareholders holding shares in certificated form. Shareholders holding shares in CREST will have their CREST accounts credited directly.

Shareholders should note that there is no guarantee that the Company will apply the Scheme to any particular future dividend. When a dividend is announced, the Company will also advise whether the Scheme is to apply to that dividend and, if so, the relevant details and timetable for that application of the Scheme.

The Company will continue to notify Shareholders on its website (and by way of a Regulatory Information Service) each time a Relevant Dividend is proposed. This will include (inter alia) in respect of such Relevant Dividend, the timetable, the Mandate Delivery Deadline, the Ex-dividend Date, the Record Date, the Relevant Dividend Payment Date and the Scrip Calculation Price. Further information on these is set out in the Scheme Document.

Information on the Scrip Dividend Scheme is available on the Company's website: www.medicxfund.com/investors. If you have any questions about the procedure for participation, please contact Capita Registrars between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except Bank Holidays) by telephone on 0871 664 0321 from within the UK (calls cost 10 pence per minute (including VAT) plus your service provider's network extras). Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

Alternatively, you can write to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or email ssd@capitaregistrars.com. Please note that Capita Registrars will not be able to give advice on the merits of making an election to participate in the Scheme nor to provide legal, financial, tax or investment advice.

Yours sincerely

David Staples
Chairman

APPENDIX 1

EXPECTED TIMETABLE OF EVENTS – SEPTEMBER 2010 DIVIDEND

DATE (2010)	DAY OF THE WEEK	EVENT
12 August	Thursday	Announcement of September 2010 Dividend
18 August	Wednesday	Ex-dividend Date
20 August	Friday	Record Date
24 August	Tuesday	Announcement and posting of this letter and Mandate Forms
25 August	Wednesday	Scrip Calculation Price announced
5.00 p.m. on 9 September	Thursday	<p>Mandate Delivery Deadline, namely the last date for Capita to receive either (i) Mandate Forms from Shareholders holding certificated shares electing to participate in the Scheme; or (ii) letters revoking existing Mandate Forms</p> <p>Last date for Shareholders holding uncertificated shares in CREST to elect to participate in the Scheme</p>
28 September	Tuesday	Announcement of the number of Scrip Shares to be issued pursuant to the Scheme
30 September	Wednesday	Dividend Payment Date
		Scrip Shares issued and dealings in Scrip Shares commence (and CREST accounts are credited)
w/c 4 October	Monday	Share certificates with respect to Scrip Shares despatched to certificated Shareholders and Scrip Statements delivered to all Shareholders

NOTES:

1. These times and dates are indicative only. If any of the above times and/or dates change, the revised time and/or dates will be notified to Shareholders by announcement through the Regulatory Information Service of the London Stock Exchange.
2. All references in this document to time are to London times unless otherwise stated.

3. As at the date of this letter, the authorised share capital of the Company consists of an unlimited number of Ordinary Shares of no par value.

SHARE PRICE CALCULATION AND POSSIBLE NUMBER OF NEW SHARES TO BE ISSUED IN RESPECT OF THE SEPTEMBER 2010 DIVIDEND

The Scrip Calculation Price for any Relevant Dividend will be the average of the closing middle market quotations for the Company's Ordinary Shares for the five business days commencing on the Ex-dividend Date in relation to the Relevant Dividend as derived from the Daily Official List of the London Stock Exchange.

The Scrip Calculation Price in respect of each Relevant Dividend will be announced by the Company to the London Stock Exchange and detailed on the Company's website: www.medicxfund.com/investors

Based on an illustrative Scrip Calculation Price of 71.75p, being the share price on 20 August 2010 (the last practicable date before the publication of this letter), if all eligible Shareholders were to elect to take up their full entitlement to new shares under the Scheme in respect of the September 2010 Dividend, approximately 2.6 million new Ordinary Shares would be issued, representing an increase of 1.88% in the issued share capital of the Company (excluding treasury shares) as at 20 August 2010. The total cost of the September 2010 Dividend if paid wholly in cash would be approximately £1.9 million.

APPENDIX 2

UK TAXATION GUIDELINES

The following is a general summary of the UK tax consequences of electing to receive Scrip Shares under the Scrip Dividend Alternative instead of the cash dividend and is based on current UK law and HMRC practice as at the date of this document (which are subject to changes possibly with retrospective effect) and applies only to Shareholders who hold their shares as an investment. In particular, the following does not address the position of certain classes of Shareholders, such as dealers in securities.

An election to receive Scrip Shares will be a matter for individual decision by each Shareholder and will depend upon their circumstances as will the precise tax consequences of such an election. The summary set out below is not exhaustive and (except where otherwise indicated) only relates to the position of UK-resident Shareholders who are the beneficial owners of their shares. Investors should consult their own professional tax advisors, however, in relation to the tax consequences of electing to receive Scrip Shares.

Shareholders who are in any doubt as to what action to take or who are subject to tax in a jurisdiction other than the UK should consult an independent professional advisor.

1. **UK Taxation of chargeable gains**

On the basis of case law, UK-resident Shareholders should not receive any income liable to UK income tax or corporation tax to the extent that they elect to receive Scrip Shares instead of the cash dividend. Nor should they make any disposal for chargeable gains tax purposes at the time the Scrip Shares are allotted. Instead the Scrip Shares and the original registered holding of Ordinary Shares (the "**Original Holding**") should be treated as a single holding acquired at the time of the Original Holding. There will be no allowable expenditure for chargeable gains tax purposes arising in respect of the Scrip Shares and the allowable expenditure arising in respect of the Original Holding will be apportioned across the Original Holding and the Scrip Shares. A disposal for chargeable gains tax purposes will only arise at the time the Shareholder subsequently disposes of the Scrip Shares or the Original Holding (a "**Subsequent Disposal**").

UK-resident individual Shareholders may be subject to capital gains tax in respect of chargeable gains arising on a Subsequent Disposal depending on their individual circumstances.

UK-resident corporate Shareholders may be subject to corporation tax in respect of chargeable gains arising on a Subsequent Disposal depending on their individual circumstances.

UK-resident exempt funds will not be liable to tax on chargeable gains arising upon a Subsequent Disposal of investments held for the purposes of the fund.

2. **Stamp duty and stamp duty reserve tax**

No stamp duty or stamp duty reserve tax will be payable on the allotment and issue of Scrip Shares pursuant to the Scrip Dividend Scheme.