

MedicX Fund Limited

("MedicX Fund", "the Fund" or "the Company")

Results for period to 30 September 2007

MedicX Fund Limited (LSE: MXF, LSE: MXFC), the specialist investor in modern purpose-built primary healthcare properties in the United Kingdom, today announces its results for the first full period of operation ended 30 September 2007.

Highlights

- £147.8m of committed investment in 44 primary healthcare properties at a cash yield of 5.5%^{1,2}
- Ahead of schedule and on track to invest £200m by mid-2008
- Annualised rent roll of £8.3m²
- £125m pipeline of new opportunities²
- £21.5m new equity raised in June 2007 in the form of C Shares, total equity raised £77.7m
- Conversion of C shares to ordinary shares on 12 December 2007 at the ratio of one ordinary share for each C share
- Adjusted earnings of £1.1m equivalent to 1.7p per share^{3,5}
- Dividend of 2.5p per share⁴ (equivalent to 2.5p per C share), total dividend for the period 5.0p per share in line with target
- Net debt £52.4m (39% adjusted gearing³)
- £100m debt facility secured at a fixed rate of 5.0% for a 30 year term
- Adjusted net asset value of £77.2m equivalent to 96.9p per share^{3,5}
- Mark to market benefit of debt estimated at £8.5m or 10.7p per share and excluded from adjusted net asset value⁵
- Discounted cash flow net asset value of £87.5m equivalent to 109.9p per share⁵

1 Net rent divided by total acquisition price and costs; cash yield on gross rents 5.7%

2 As at 10 December 2007

3 Adjusted to exclude goodwill and the impact of deferred tax not expected to crystallise

4 Ex dividend date 19 December 2007, Record date 21 December 2007, Payment date 11 January 2008

5 After conversion of C shares to ordinary shares

Commenting on the results Jorge Tavares, chairman, said "the MedicX Fund has continued to build on the successful foundations reported in the interim results. Our committed investment now stands at £147.8 million and we are on track to invest £200 million by mid-2008. More importantly, the MedicX Fund has invested in a portfolio of modern purpose-built primary healthcare properties leased to Primary Care Trusts and GPs that are expected to serve the long term primary care needs of communities. The quality of these premises and this income stream has been demonstrated through the long term debt funding that has been secured on very attractive terms.

The individual property valuations carried out by DTZ Debenham Tie Leung and adopted in the adjusted net asset value reflect a softening of asset prices in line with the general commercial property market. The Board continues to monitor the investment market carefully and only makes selective acquisitions that are in line with the MedicX Fund's investment strategy.

The MedicX Fund's market capitalisation has been impacted by association with the general property market which contrasts with the widespread level of interest in infrastructure assets. The Board believes that the MedicX Fund has many of the same attributes as the quoted infrastructure funds with long term cash flows from credit-worthy counterparties. For this reason we have also included within the annual results a calculation of the net asset value based upon discounted cash flows, the methodology adopted by such funds. Given the MedicX Fund's investment strategy of delivering to shareholders a secure long term income we believe this is also a useful measure for shareholders."

Contacts for the Investment Adviser on behalf of the Board:

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Information on MedicX Fund Limited

MedicX Fund Limited ("MXF" or the "Company", or together with its subsidiaries, the "Group") the specialist investor in modern purpose-built primary healthcare properties in the United Kingdom, listed on the London Stock Exchange in November 2006. It has committed investment of £147.8 million and a portfolio of 44 properties.

The Company paid an interim dividend of 2.5p per ordinary share and will pay a further dividend of 2.5p per ordinary share to give a total dividend for ordinary shareholders of 5.0p per share in line with its target. The Company is targeting a progressive long term return.

The Investment Adviser to the Company is MedicX Adviser Ltd, which is authorised and regulated by the Financial Services Authority, and is a subsidiary of the MedicX Group. The MedicX Group is a specialist investor, developer and manager of primary healthcare properties with a team of 30 operating across 4 offices.

The Company's website address is www.medicxfund.com

Chairman's statement

Having recently re-joined the Board, I am pleased to report, on behalf of the Board, that the MedicX Fund has continued to build on the successful foundations reported in the interim results.

Financial results

For the period to 30 September 2007, the Group reports adjusted earnings of £1.1 million, equivalent to 1.7p per share^{3,5}. The Group's adjusted net asset value at 30 September was £77.2 million, equivalent to 96.9p per share^{3,5}.

The adjusted net asset value of 96.9p per share represents underlying performance enhancement of 8.3p per share, based upon a 100p per share issue price, 2.5p per share equity fund raising costs, 1.8p per share interim dividend payment (pro-rata across ordinary and C shares) and 7.1p per share acquisition costs⁵.

The mark to market benefit of the Group's fixed rate debt as at 30 September 2007 is estimated at £8.5 million or 10.7p per share which has not been included in the adjusted net asset value⁵.

The net asset value calculated based upon a discounted cash flow analysis of the Group's investments as at 30 September 2007 is 109.9p per share⁵.

C share conversion

The Directors announced on 1 October that more than 75% of the assets attributable to the C shares had been committed in accordance with the Company's investment policy and that, pursuant to the Company's Articles of Association, the Calculation Time for the conversion of C Shares into Ordinary Shares was 30 September 2007. Today I can confirm that the Conversion Time will be 12 December 2007 and the Conversion Ratio will be 1.0000 ordinary shares for each C share held.

Distributions

The Directors have approved a further dividend of 2.5p per ordinary share (equivalent to 2.5p per C share) bringing the total dividend for the year for ordinary shareholders to 5p per share. This is in line with the target announced at the time of the Initial Public Offering. The dividend will be paid on 11 January 2008 to ordinary shareholders on the register as at 21 December 2007.

Valuation

The individual property valuations carried out by DTZ Debenham Tie Leung Limited and adopted in the adjusted net asset value reflect a softening of asset prices of around a quarter of one per cent in yield terms.

The Investment Adviser has produced a fair market valuation of the Group's investments as at 30 September 2007 based upon a discounted cash flow analysis. The Directors have satisfied themselves on the valuation methodology and the discount rates used. The net asset value at 30 September 2007 calculated on this basis is 109.9p per share⁵.

Gearing

As at 30 September 2007, the Group had net debt of £52.4million (31 March 07: £60.3 million) equating to 39% of the adjusted gross asset value³ excluding cash reported on a consolidated basis and under International Financial Reporting Standards. The group has capacity within existing facilities of £33.8 million and the Investment Adviser is in the process of securing additional loan facilities up to the Group's gearing target of 65% loan to gross asset value. It is expected that these will be concluded and announced early in 2008.

Portfolio development

The Group has committed investment of £147.8 million across 44 properties and is on track to invest £200 million by mid-2008. The portfolio of properties continues to perform in line with our long term objectives and there are no material operational or financial issues to report.

Outlook

Whilst the global credit crisis has affected many sectors, it has not had a significant impact on the primary healthcare property market. The demand for modern purpose-built primary healthcare properties remains high.

Moving forward we remain positive in our ability to acquire new properties which meet our investment criteria.

The Board is concerned that the Company's share price has traded at a discount to net asset value since July in line with other quoted property funds. The Board is working with the Investment Adviser and its newly appointed broker to improve this position. The MedicX Fund's market capitalisation has been impacted by association with the general property market which contrasts with the widespread level of interest in infrastructure assets. The Board believes that the MedicX Fund has many of the same attributes as the quoted infrastructure funds with long term cash flows with credit-worthy counterparties. For this reason we have also included within the annual results a calculation of the net asset value based upon discounted cash flows, the method adopted by such funds. Given the MedicX Fund's investment strategy of delivering to shareholders a secure long term income we believe this is also a useful measure for shareholders.

In the current economic climate, the Group's portfolio of primary healthcare properties, with public sector backed revenue streams, continues to deliver an attractive, low risk yield. The dividend is consistent with our stated policy presented at the time of the Initial Public Offering.

Jorge Tavares
Chairman
10 December 2007

Report of the Investment Adviser

Market

The NHS continues to drive for a modernisation of primary care properties, with a particular focus on new larger multi-service medical centres or polyclinics, a strategy reinforced in Lord Darzi's NHS Next Stage Review Interim Report issued in October.

As anticipated in our interim report signs of easing of funding blockages have been seen in certain areas of the United Kingdom following the recent reorganisation of the Primary Care Trusts, as the enlarged Primary Care Trusts conclude their assessment of their estate priorities. We expect to see an improvement in the flow of new opportunities as this easing takes effect nationally.

Inflationary concerns and the rise in the interest base rate earlier in the year put pressure on the wider commercial property market, and led to a downgrading of property valuations and property share prices generally. The market is now placing greater value on the larger modern healthcare properties; this is very much consistent with the investment policy for MedicX Fund.

With public sector backed income and long term security of tenant, we continue to see primary healthcare properties as an asset class distinct from general commercial property, with characteristics closer to a gilt-based investment or infrastructure asset. Both the ordinary and C share prices have suffered by association with general commercial property stocks and the ordinary shares trade at a significant discount to net asset value at the date of this report whereas infrastructure funds are trading broadly in line with their net asset values.

Portfolio update

The MedicX Fund has committed investment at today's date of £147.8 million at a cash yield of 5.5%¹. This is ahead of schedule and on target to meet the current objective of £200 million invested by mid-2008. The annualised rent roll of the portfolio properties is £8.3 million².

As at 30 September 2007, the portfolio properties had an average age of 3.2 years, remaining lease length of 19.8 years and value of £3.4 million. Of the rents payable 93% are from doctors and Primary Care Trusts/Local Health Boards, 5% from pharmacies and 2% from other parties.

Two properties under development, at Withymoor and Bridport, were completed during the period and the construction of two further properties, at Wollaton and Evesham have completed since 30 September 2007. Since the year end, forward funding arrangements have been entered into for construction of two properties at Gosberton and Castlecroft for a total investment of £4.9m.

For the period to 30 September fifteen rent reviews were completed, adding £144,000 to the rent roll, representing average increases in rent (as a percentage of passing rent) of 14.8% equating to 4.8% per annum. Reviews outstanding at 30 September relate to £990,000 of passing rent. Asset management opportunities have also been identified in respect of a number of the properties in the portfolio.

MedicX Adviser has recently agreed a facilities management contract with Gleeds to offer support for both landlord and tenant repairs and maintenance obligations. The additional services offered to GPs and Primary Care Trusts has been well received by tenants and should help ensure that the quality of the assets is maintained. MedicX Adviser has also, where possible, pooled insurance arrangements across properties and realised insurance savings.

Pipeline and investment opportunity

MedicX Fund has forward funding agreements in place with Primary Asset Ltd, the development arm of the MedicX Group, and with primary care developers Oakapple and Medcentres providing the MedicX Fund with a continuing pipeline of opportunities. In addition, the Investment Adviser has established relationships with a number of other developers in the sector that are providing a pipeline of opportunities for the MedicX Fund.

The Investment Adviser has access to a pipeline, subject to contract, which is estimated to be worth approximately £125 million in value when fully developed, including MedicX Group's own pipeline of projects with a value of approximately £85 million².

Valuation

The individual property valuations carried out by DTZ Debenham Tie Leung Limited and adopted in the adjusted net asset value reflect a softening of asset prices of around a quarter of one per cent in yield terms to a net initial yield of 5.22%. The net valuation gain reported on the profit and loss account is £2.1 million compared with the gain of £4.1 million reported in the interim report.

This yield is attractive when compared to sub 4.6% Retail/Office⁶ yields, particularly given the long term secure income, typical 3 yearly effective upward only rent reviews and lack of voids in the MedicX Fund portfolio.

The Investment Adviser, on the Company's behalf, has separately carried out a fair market valuation of the Group's investments as at 30 September 2007. The valuation has been prepared in a similar way to other quoted infrastructure funds using a discounted cash flow analysis.

The discount rates used for valuing the projects in the portfolio are 7% for completed and occupied properties and 8% for properties under construction. These represent 2.5% - 3.5% risk premiums to an assumed 4.5% long term gilt rate. The weighted average is 7.22%.

The discounted cash flows assume an average 3% per annum increase in individual property rents at their respective review dates, residual values based upon capital growth at 1% per annum until the expiry of leases and 65% gearing.

The Group's portfolio was valued on this discounted cash flow basis as at 30 September 2007 at £87.5 million or 109.9p per ordinary share⁵.

Investment Adviser developments

In November 2007, MedicX Adviser obtained authorisation from the Financial Services Authority to expand upon the property advisory services provided to the MedicX Fund to include the following regulated activities: promotion, provision of fund management and

corporate investment advice. As a result of these changes MedicX Adviser is now referred to as the Investment Adviser.

MedicX Group as a whole has continued its expansion and has further increased its staff numbers to 30 employees, and has recently opened an office in Edinburgh to supplement those in Godalming, Nottingham and Warrington.

In order to reduce any cash drag the Investment Adviser has agreed to exclude cash from the calculation of gross assets for fee purposes.

We remain optimistic about the attractions of the sector and the prospects for the MedicX Fund. The intention of the MedicX Group is to acquire £0.5 million of MedicX Fund shares post the announcement of the MedicX Fund's annual results.

Keith Maddin Chairman
Mike Adams Managing Director
MedicX Adviser Ltd

1 Net rent divided by the total acquisition price and costs; cash yield on gross rents 5.7%

2 As at 10 December 2007

3 Adjusted to exclude goodwill and the impact of deferred tax not expected to crystallise

4 Ex dividend date 19 December 2007, Record date 21 December 2007, Payment date 11 January 2008

5 After conversion of C shares to ordinary shares

6 October 2007 IPD

Consolidated Income Statement
For the period from 25 August 2006 to 30 September 2007

	Notes	£'000
Income		
Rent receivable	2	4,747
Finance income	2	2,280
Net valuation gains on investment properties	9	2,061
Other income		236
Total income		9,324
Expenses		
Property advisory fee	20	1,996
Property management fee	20	137
Direct property expenses		82
Administrative fees	20	231
Audit fees	4	98
Professional fees		146
Directors' fees	3	147
Other expenses		602
Finance costs	5	4,246
Provision for impairment of properties under construction	9	540
Total expenses		8,225
Profit before tax		1,099
Taxation	6	585
Profit after taxation		514
Earnings per ordinary share		
Normal and diluted	7	1.1p
Earnings per C share		
Normal and diluted	7	(0.1)p

1. All items in the above statement are derived from continuing operations. The accompanying notes form an integral part of the preliminary announcement, and the preliminary announcement does not constitute the statutory accounts.

2. Included in Note 7 is an adjusted earnings per share calculation that adjusts for the impact of deferred tax which, based on the expected manner of realisation of the carrying amount of investment properties, is unlikely to crystallise.

3. There were no material transactions between the date of incorporation, 25 August 2006, and 2 November 2006, the date on which the Company's ordinary shares were listed on the London Stock Exchange.

**Consolidated Balance Sheet
as at 30 September 2007**

	Notes	£'000
Non-current assets		
Goodwill	8	5,953
Investment properties	9	112,325
Properties under construction	9	19,569
Total non-current assets		<u>137,847</u>
Current assets		
Trade and other receivables	10	2,983
Cash and cash equivalents	17	48,825
Total current assets		<u>51,808</u>
Total assets		<u>189,655</u>
Current liabilities		
Trade and other payables	11	6,704
Non-current liabilities		
Long-term loan	12	99,816
Deferred tax provision	6	6,352
Total non-current liabilities		<u>106,168</u>
Total liabilities		<u>112,872</u>
Net assets		<u>76,783</u>
Equity		
Share capital	13	-
Share premium	14	1,585
Distributable reserves	15	74,684
Retained earnings		514
Total equity		<u>76,783</u>
Net asset value per share		
Ordinary - Normal and diluted	7	96.3p
C – Normal and diluted	7	96.8p

The preliminary announcement was approved by the board of directors on 7 December 2007

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity
for the period from 25 August 2006 to 30 September 2007

	Share Premium £'000	Distributable Reserve £'000	Retained Earnings £'000	Total £'000
Proceeds on issue of shares	79,710	-	-	79,710
Share issue costs	(2,005)	-	-	(2,005)
Transfer from share premium	(76,120)	76,120	-	-
Profit attributable to equity holders for the period	-	-	514	514
Dividend paid	-	(1,436)	-	(1,436)
Balance at 30 September 2007	1,585	74,684	514	76,783

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement
for the period from 25 August 2006 to 30 September 2007

	Notes	£'000
Operating activities		
Profit before taxation		1,099
Adjustments for:		
Net valuation gains on investment property		(1,521)
Financial income received		(2,280)
Finance costs paid and similar charges		4,246
		<u>1,544</u>
Increase in trade and other receivables		(1,214)
Increase in trade and other payables		2,809
Interest paid		(3,189)
Interest received		2,268
Net cash inflow from operating activities		<u>2,218</u>
Investing activities		
Acquisitions net of cash acquired	17	(11,981)
Purchase of investment properties		(38,082)
Net cash outflow from investing activities		<u>(50,063)</u>
Financing activities		
Net proceeds from issue of share capital		76,116
Bank loans repaid on acquisition		(37,849)
Other loan repaid on acquisition		(41,363)
Net proceeds of long term borrowings		101,202
Dividends paid		(1,436)
Net cash inflow from financing activities		<u>96,670</u>
Increase in cash and cash equivalents		<u>48,825</u>
Cash and cash equivalents at 30 September 2007	17	<u><u>48,825</u></u>

The accompanying notes form an integral part of the financial statements.

MedicX Fund Limited

Notes to the financial statements for the period from 25 August 2006 to 30 September 2007

1. Business and objective

MedicX Fund Limited was incorporated in Guernsey on 25 August 2006 and commenced trading on 2 November 2006 on listing on the London Stock Exchange. No transactions took place between the date of incorporation and the date of listing.

MedicX Fund Limited ("the Company") and its subsidiaries (together "the Group") have been established for the purpose of investing in primary healthcare properties in the United Kingdom. The Group's investment objective is to achieve rising rental income and capital growth from the ownership of a portfolio of mainly modern, purpose-built, primary healthcare properties. The Group is self-managed and receives investment and property advice, and management services from MedicX Adviser Ltd, a member of the MedicX Group, an independent group of companies which is a specialist developer of, investor in, and manager of primary healthcare properties.

The Company's investment policy is to acquire primary healthcare properties in the United Kingdom, some of which may have potential for enhancement, which will be sourced in the market by MedicX Adviser Ltd, including properties forming part of the MedicX Group's own pipeline of development and investment opportunities.

2. Principal accounting policies

Basis of preparation and statement of compliance

The financial statements of the Group have been prepared in conformity with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and applicable legal and regulatory requirements of Guernsey Law. The financial statements have been prepared on a going concern basis. The principal accounting policies are set out below.

Impact of revision to International Financial Reporting Standards

In preparing these financial statements, the Board have chosen not to early adopt any revisions to International Financial Reporting Standards.

Those standards which have been revised or introduced and that are relevant to the activities of the Group are IAS 1 Presentation of financial statements and IFRS 7 Financial Instrument: Disclosures, which replaces IAS 30 and IAS 32. Both of these revisions deal with disclosures and presentation of financial statements and will not have an impact on the Group's equity.

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRS)

		Effective date
IFRS 7	Financial Instruments: Disclosures	1 January 2007
IFRS 8	Operating Segments	1 January 2009
IAS 1	Amendment – Presentation of Financial Statements: Capital Disclosure	1 January 2007

MedicX Fund Limited

Notes to the financial statements for the period from 25 August 2006 to 30 September 2007

International Financial Reporting Interpretations Committee

IFRIC 10	Interim Financial Reporting and Impairment	1 November 2006
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the period of initial application.

Basis of consolidation

The Group financial statements consolidate the financial statements of MedicX Fund Limited and entities controlled by the Company (its subsidiary undertakings) made up to 30 September 2007. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to benefit from its activities. The results of subsidiaries acquired during the period are included in the consolidated income statement from the effective date of acquisition. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired company, plus any costs directly attributable to the business combination. The acquired companies' assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date. The details of the companies acquired and how they have been treated are dealt with in Note 16.

Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment in primary healthcare properties in the United Kingdom.

Revenue recognition

Rental income exclusive of any value added taxes is included in the financial statements on an accruals basis and is shown gross of any UK income tax. Finance income and fees receivable are included in the financial statements on an accruals basis.

Expenses

All expenses are accounted for on an accruals basis.

Employees

The Company has no employees.

Taxation

The tax liability represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period.

Deferred tax is the tax which may become payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

MedicX Fund Limited

Notes to the financial statements for the period from 25 August 2006 to 30 September 2007

Goodwill

Goodwill arising on acquisition is accounted for as the difference between the fair value of the consideration given and the fair value of the Group share of identifiable net assets of the subsidiary acquired. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill arising on acquisition has an indefinite useful life and is subject to annual review for any impairment. Goodwill is allocated to the appropriate cash generating unit. The recoverable amount is the higher of the fair value less the costs to sell and the value in use.

Investment properties

The Group's completed properties are held for long-term investment. Freehold properties are initially recognised at cost, being fair value of consideration given including transaction costs associated with the property. After initial recognition, freehold properties are measured at fair value, with unrealised gains and losses recognised in the consolidated income statement. Both the base costs and valuations take account of integral core fixtures and fittings. Fair value is based upon the open market valuations of the properties as provided by DTZ Debenham Tie Leung, a firm of independent chartered surveyors, as at the balance sheet date.

Long leasehold properties are accounted for as freehold properties and, after initial recognition at cost, are measured at fair value (on the same basis as freehold properties above).

Properties under construction

Freehold properties under construction are valued at cost until such time as a certificate of practical completion has been issued from which date they are treated as Investment Properties as set out above. At each balance sheet date an assessment is made of whether provision is required to reflect any impairment in the value of development work in progress. Any impairment is taken to the consolidated income statement. This assessment is based on whether the costs to date plus estimated future costs to completion exceed an independent valuer's estimate of the value of the property following completion. Costs of financing development are capitalised and included in the cost of development. During the period there were no material borrowing costs on development work in progress and none were capitalised.

Derivative financial instruments and hedging activities

The Group has no derivative financial instruments.

Cash and cash equivalents

Cash on hand and deposits in banks are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits, and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in banks.

Trade and other receivables

Trade and other receivables are measured at initial recognition at their invoiced value inclusive of any value added taxes that may be applicable. Provision is made for any doubtful debts which are not deemed recoverable.

Trade and other payables

Trade and other payables are recognised and carried at their invoiced value inclusive of any value added taxes that may be applicable.

Bank loans and borrowings

All bank loans and borrowings are initially recognised at cost, being fair value of the consideration received, less issue costs where applicable. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement.

MedicX Fund Limited

Notes to the financial statements for the period from 25 August 2006 to 30 September 2007

Finance costs

Borrowing costs are taken to the consolidated income statement in the period to which they relate on an accruals basis.

Use of estimates

In the process of applying the Company's accounting policies described above, management is required to make certain judgements and estimates to arrive at fair carrying value for its assets and liabilities. Significant areas requiring management's judgement include the fair value of the assets and liabilities of subsidiaries acquired and the assessment of the fair value of development work in progress described above. The valuations are performed by a firm of independent chartered surveyors applying current Appraisal and Valuation Standards of The Royal Institution of Chartered Surveyors.

3. Directors' fees

	£'000
During the period each of the Directors received the following fees:	
J M S Tavares	25
S Mason	32
C Bennett	30
A Simpson	30
J Hearle	30
	<u>147</u>

4. Audit fees

The amount disclosed in the consolidated income statement relates to an accrual for audit fees for the period ending on 30 September 2007, payable to PKF (Guernsey) Limited.

Non-audit fees paid to PKF (UK) LLP, a fellow member of PKF International, include the following amounts:

	£'000
Completing financial due diligence on the acquisition of subsidiaries and included in the cost of purchase	92
For acting as reporting accountants in respect of the initial listing and set off against share premium	50
For acting as reporting accountants in respect of the C Share issue and included in other debtors and prepayments	55
For acting as auditors for the non-statutory audit in respect of the C Share issue and included in other debtors and prepayments	47
Other professional services including tax advice	26
	<u>270</u>

MedicX Fund Limited

Notes to the financial statements for the period from 25 August 2006 to 30 September 2007

5. Finance costs

	£'000
Interest payable on long- term loan	<u>4,246</u>

6. Taxation

	£'000
Current Tax	
Corporate tax charge for the period	-
Deferred Tax	
On fair value movement for the period	<u>585</u>
Total income tax charged in the income statement	<u>585</u>

The Board have estimated that for the period under review the Group does not have any profits chargeable to tax in jurisdictions outside Guernsey.

The Company and its Guernsey registered subsidiaries, MedicX Properties I Limited and MedicX Properties V Limited, have obtained exempt company status in Guernsey under the terms of Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that they are exempt from Guernsey taxation on income arising outside Guernsey and on bank interest receivable. Each Guernsey company is, therefore, only liable to a fixed fee of £600 per annum. The Directors intend to conduct the Group's affairs such that it continues to remain eligible for exemption. Guernsey companies are taxable on UK net rental income. During the period no tax arose in respect of the income of any of the Guernsey companies. The Company's UK subsidiaries, MedicX Properties II Ltd, MedicX Properties III Ltd, MedicX Properties IV Ltd, MedicX (Verwood) Ltd and MedicX (Istead Rise) Ltd are subject to United Kingdom corporation tax on their profits less losses.

A reconciliation of the income tax charge applicable to the results from ordinary activities at the statutory income tax rate to income tax expense at the Group's effective income tax rate is set out below. The Group's main revenue stream is rental income and therefore the rate of 22% for schedule A income tax has been used.

	£'000
Profit before tax	<u>1,099</u>
UK income tax at 22%	242
Net revaluation gains not taxable	(221)
Income not taxable	(200)
Losses arising not relievable against current tax	<u>179</u>
Current taxation	<u>-</u>

The calculation of the Group's tax charge necessarily involves a degree of estimation in respect of certain items whose tax treatment cannot be finally determined until a formal resolution has been reached with the relevant tax authorities.

MedicX Fund Limited

Notes to the financial statements for the period from 25 August 2006 to 30 September 2007

Deferred taxation provision

	£'000
Deferred tax is provided as follows:	
Balance on acquisition	193
On fair value gain arising on acquisition	5,574
On movement in period	585
Total deferred tax provision per the balance sheet	<u>6,352</u>

All deferred tax relates to the fair value gains on the Group's investment property portfolio.

As required by IAS 12, full provision has been made for the temporary timing differences arising on the fair value gain of investment properties held by UK resident companies that have passed through the Group's consolidated income statement. In the opinion of the Directors, this provision is only required to ensure compliance with IAS 12. It is the Directors' view that the liability represented by the deferred tax provision is unlikely to crystallise as, in common with practice in the sector, the Group would sell the company that holds the property portfolio rather than sell an individual property. Had the provision not been made, the Group's earnings for the period would be £585,000 higher.

7. Earnings and net asset value per ordinary share

The basic and diluted earnings per ordinary share are based on the profit for the period attributable to ordinary shares of £539,000 and on 47,431,316 ordinary shares being the weighted average aggregate of ordinary shares in issue calculated over the period from incorporation on 25 August 2006 to the balance sheet date. This gives rise to a basic and diluted earnings per share of 1.1 pence per share.

The basic and diluted earnings per C share are based on the loss for the period attributable to C shareholders of £24,000 and on 22,160,500 shares being the weighted average aggregate of C shares in issue calculated over the period from issue on 4 June to the balance sheet date. This gives rise to a basic and diluted loss per share of (0.1) pence per share.

The basic and diluted net asset value per ordinary share are based on the net asset position at the balance sheet date attributable to ordinary shares of £55,338,000 and on 57,460,715 ordinary shares being the aggregate of ordinary shares in issue at the balance sheet date. This gives rise to a basic and diluted net asset value per share of 96.3 pence per share.

The basic and diluted net asset value per C share are based on the net asset position at the balance sheet date attributable to the C shares of £21,445,000 and on 22,160,500 shares being the aggregate of C shares in issue at the balance sheet date. This gives a basic and diluted net asset value per share of 96.8 pence per share.

Adjusted earnings per share and net asset value per share

The Directors believe that the following adjusted earnings per share and net asset value per share are more meaningful key performance indicators for the Group.

Adjusted basic and diluted earnings per ordinary share	1.9p
Adjusted net asset value per ordinary share - basic and diluted	97.0p
Adjusted basic and diluted earnings per C share	(0.0)p
Adjusted net asset value per C share - basic and diluted	96.9p

The adjusted earnings per ordinary share is based on the profit for the period attributable to ordinary shares of £539,000, adjusted for the impact of the deferred tax charge attributable to ordinary shares

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for the period of £563,000, giving an adjusted earnings figure of £1,102,000 and on 57,289,028 ordinary shares being the weighted average number of ordinary shares in issue in the period from commencement of operations on 2 November 2006 to the balance sheet date.

The adjusted net asset value per ordinary share is based on the net asset position attributable to ordinary shares at the balance sheet date of £55,338,000 as adjusted for deferred tax of £6,109,000 and goodwill of £5,732,000, giving an adjusted net assets figure of £55,715,000 and on 57,460,715 ordinary shares, being the aggregate of ordinary shares in issue at the balance sheet date.

The adjusted earnings per C share is based on the loss for the period attributable to C shares of £24,000 adjusted for the impact of deferred tax charge for the period attributable to the C shares of £22,000 giving an adjusted loss figure of £2,000 and on 22,160,500 C shares, being the weighted average number of C shares in issue in the period from issue to the balance sheet date.

The adjusted net asset value per C share is based on the net asset position at the balance sheet date attributable to the C shares of £21,445,000 as adjusted for deferred tax of £243,000 and goodwill of £221,000, giving an adjusted net assets figure of £21,467,000 and on 22,160,500 shares being the aggregate of C shares in issue at the balance sheet date.

In common with practice in the sector, the Group would sell the UK company or companies that hold the properties rather than sell an individual property. Consequently, it is the Directors' view that the liability represented by the deferred tax provision is unlikely to crystallise.

8. Goodwill

	£'000
Arising on acquisitions	5,953
Carrying amount at 30 September 2007	<u>5,953</u>

The goodwill arose on the acquisition of MedicX Properties III Ltd, MedicX Properties IV Ltd and MedicX (Istead Rise) Ltd. The Board have reviewed the carrying value of goodwill and they do not consider that there has been an impairment in its carrying value.

9. Investment properties

Investment properties are initially recognised at cost, being fair value of consideration given including transaction costs associated with the property. After initial recognition, freehold properties are measured at fair value, which has been determined based on valuations performed by DTZ Debenham Tie Leung as at 30 September 2007, on the basis of open market value, supported by market evidence, in accordance with International Valuation Standards. In accordance with industry standards, the valuation is net of purchaser costs which are approximately 5.75% of purchase price.

Included in properties under construction is a property at cost of £2,101,000 which is subject to an agreement whereby the Group have the right to require the vendor or third party to re-purchase the property at cost in the event that a project development contract is not entered into within eighteen months of the acquisition date. Under the same agreement the other parties to the agreement have the right to require the Group to sell the property to them at cost if, after one year and before eighteen months of the agreement date, no project development agreement has been entered into.

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Notes to the financial statements for the period from 25 August 2006 to 30 September 2007

	Completed investment properties £'000	Properties under construction £'000	Total £'000
Acquisitions at cost/fair value	94,414	35,959	130,373
Transfer to completed properties	15,850	(15,850)	-
Fair value revaluation	2,061	-	2,061
Impairment	-	(540)	(540)
	112,325	19,569	131,894

The investment properties are security for the long-term loan as disclosed in note 12.

10. Trade and other receivables

	£'000
Rent receivable	535
Other debtors and prepayments	1,403
VAT recoverable	1,045
	2,983

Included in other debtors and prepayments is £50,000 due from MedicX Adviser Limited.

11. Trade and other payables

	£'000
Bank loans	1,387
Trade creditors	978
Deferred rental income	1,402
Interest payable and similar charges	1,057
Accruals	1,166
Other creditors	714
	6,704

The bank loan is secured on one investment property and has a remaining term of 11 years. It is expected that the loan will be repaid within one year from the balance sheet date.

12. Long-term loan

	£'000
Amount drawn down in period	100,000
Loan issue costs	(185)
Amortisation of loan issue costs	1
	99,816

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The Company's subsidiary, MedicX Properties I Limited, took out a loan facility agreement for £100,000,000 with The General Practice Finance Corporation Limited ("GPFC") at a fixed rate of 5.008% on an interest only basis which was fully drawn down on 1 December 2006, with the cash held on deposit to meet future investment requirements. This loan was due for repayment in its entirety on 1 December 2036. GPFC is now trading as Norwich Union Commercial Finance.

On 20 September 2007 the loan was refinanced and replaced by loans to MedicX Properties I Limited; £30,000,000, MedicX Properties II Ltd; £33,000,000, MedicX Properties III Ltd; £9,000,000 and MedicX Properties IV Ltd; £28,000,000 with the same terms and conditions.

Under the terms of the loans, further charges will be incurred when amounts are taken off deposit and utilised for investment purposes. The charges for these withdrawals depend on the quantum of the withdrawal and will be recognised as and when withdrawals are made, and are added to the loan issue costs.

The value of the loan on an amortised cost basis at 30 September 2007 was £99,816,000.

The Company does not mark to market its £100 million fixed interest debt in its financial statements. A mark to market calculation gives an indication of the benefit or cost to the Company of the fixed rate debt given the prevailing cost of debt over the remaining life of the debt. An approximate mark to market calculation has been undertaken following advice, by taking the increase in the underlying 2032 gilt rate from the last business day of the financial period (28 September 2007) and calculating the present value of the difference in the two rates over the term of the loan and discounting the cash flows at the prevailing LIBOR rate. The approximate mark to market benefit to the Company is £8,546,000.

During the year, the Group's bank borrowings were subject to the following financial covenants:

- (i) monies released from deposit must not exceed 65% of the property value charged;
- (ii) the net loan amount must not exceed 75% of the market value of mortgaged property; and
- (iii) long term rental income from the properties charged must cover 140% of projected finance costs.

The Group has been in compliance with the financial covenants throughout the period since issue.

The loan is secured on the Group's investment properties.

As at 30 September 2007 the Group had £33.8 million on deposit secured against the loan.

13. Share capital

	Number of shares	Share Capital £'000
Authorised		
Ordinary shares of no par value	Unlimited	-
Issued and fully paid		
Ordinary shares of no par value	57,460,715	-
C shares of no par value	22,160,500	-

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Notes to the financial statements for the period from 25 August 2006 to 30 September 2007

The Company issued 2 ordinary shares for £1 each on incorporation on 25 August 2006 and a further 55,960,713 ordinary shares for £1 each on 2 November 2006 pursuant to an offering and listing on the London Stock Exchange. A further 1,500,000 shares were issued on 26 February 2007 for a fair value of £1,588,750 in connection with the purchase of subsidiaries.

On 4 June 2007 22,160,500 C shares were issued for £1 each.

The C shares are convertible into Ordinary Shares in accordance with the terms set out in the Placing and Offer Document of May 2007. They do not carry the right to attend or vote at any general meeting of the company except in respect of certain specific circumstances as set out in the C share Placing and Offer document.

14. Share premium

	£'000
At 25 August 2006	-
Proceeds arising on issue of Ordinary Shares on 2 November 2006	55,961
Proceeds arising on issue of Ordinary Shares on 26 February 2007	1,589
Proceeds arising on issue of C shares on 4 June 2007	22,160
Allocation of issue costs	(2,005)
Transfer to distributable reserve (note 15)	<u>(76,120)</u>
Share premium at 30 September 2007	<u>1,585</u>

15. Distributable reserve

The Company applied to the Royal Court in Guernsey on 8 November 2006 to transfer its entire share premium account on that date (£54,651,000) to a distributable reserve and this was approved on 10 November 2006. On 20 July 2007 the company applied to the Royal Court of Guernsey to transfer the amount standing to the credit of the share premium account attributable to the C shares (£21,469,000) to a distributable reserve. Approval was granted on 3 August 2007. The distributable reserve is freely distributable with no restrictions having been applied by the Court.

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16. Acquisition of subsidiaries

	MedicX Properties II Ltd		MedicX Properties III Ltd		MedicX Properties IV Ltd		MedicX (Istead Rise) Ltd		Total	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Net assets acquired										
Investment properties	32,936	32,936	9,412	12,405	16,760	26,937	1,385	2,100	60,493	74,378
Properties under construction	7,653	7,653	-	-	4,989	10,790	-	-	12,642	18,443
Trade and other receivables	20	20	245	245	867	754	55	55	1,187	1,074
Cash and cash equivalents	1,196	1,196	87	87	1,797	1,797	-	-	3,080	3,080
Trade and other payables	(814)	(814)	(209)	(209)	(398)	(398)	(43)	(43)	(1,464)	(1,464)
Current tax liabilities	368	368	(59)	(59)	203	203	-	-	512	512
Bank loans and other loans	(41,359)	(41,359)	(7,559)	(7,559)	(28,880)	(28,880)	(1,410)	(1,410)	(79,208)	(79,208)
Deferred tax liabilities	-	-	(32)	(863)	(160)	(4,682)	-	(221)	(192)	(5,766)
	-	-	1,885	4,047	(4,822)	6,521	(13)	481	(2,950)	11,049
Goodwill	-	-	-	876	-	4,856	-	221	-	5,953
Total consideration	-	-	4,923	4,923	11,377	11,377	702	702	17,002	17,002
Satisfied by:										
Cash	-	-	-	3,515	-	9,833	-	702	-	14,050
Directly attributable costs	-	-	-	363	-	1,000	-	-	-	1,363
Issue of shares	-	-	-	1,045	-	544	-	-	-	1,589
	-	-	-	4,923	-	11,377	-	702	-	17,002
Number of shares issued	-	-	1,000	1,000	500	500	-	-	-	1,500
Net cash outflow arising on acquisition										
Cash consideration	-	-	-	(3,515)	-	(9,833)	-	(702)	-	(14,050)
Cash and cash equivalents acquired	1,196	1,196	87	87	1,797	1,797	-	-	3,080	3,080
	1,196	1,196	(3,428)	(3,428)	(8,036)	(8,036)	(702)	(702)	(10,970)	(10,970)
Date of acquisition	2/11/06		4/12/06		22/12/06		24/07/07			
Rental income for period	883		220		418		23			
Profit before tax attributable to acquired company excluding intra group charges	805		171		398		2			

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MedicX Properties II Ltd was acquired for £2. The above acquisitions are property investment companies and are wholly owned. MedicX (Istead Rise) Ltd is a wholly owned subsidiary of MedicX Properties V Limited.

It is not practicable to determine the revenue and profit or loss which would have arisen from MedicX Properties III Ltd and MedicX Properties IV Ltd if they had been purchased on the commencement of operations on 2 November 2006.

In addition to the above, the Company has two further wholly owned subsidiaries, MedicX Properties I Limited and MedicX Properties V Limited which are also property investment companies and have been owned since incorporation on 11 September 2006 and 21 December 2006 respectively. MedicX (Verwood) Ltd is a subsidiary of MedicX Properties IV Ltd and was acquired at the same time.

17. Cash flow notes

Acquisition of subsidiaries	MedicX Properties II Ltd £'000	MedicX Properties III Ltd £'000	MedicX Properties IV Ltd £'000	MedicX (Istead Rise) Ltd £'000	Total £'000
Cash	1,196	87	1,797	-	3,080
Trade and other receivables	20	245	754	55	1,074
Goodwill	-	876	4,856	221	5,953
Investment properties	32,936	12,405	26,937	2,100	74,378
Properties in the course of construction	7,653	-	10,790	-	18,443
Trade and other payables	(446)	(1,131)	(4,877)	(264)	(6,718)
Bank and other loans	(41,359)	(7,559)	(28,880)	(1,410)	(79,208)
Total purchase price	-	4,923	11,377	702	17,002
Less					
Shares issued as part of consideration	-	1,045	544	-	(1,589)
Cash acquired	1,196	87	1,797	-	(3,080)
Acquisition costs accrued not yet paid	-	-	352	-	(352)
Net cost of acquisition	(1,196)	3,791	8,684	702	11,981

Cash and cash equivalents

Cash in hand and balances with banks

48,825

Cash and cash equivalents comprise cash held by the group and short term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Major non cash transactions

Shares were issued as part of the consideration for the acquisition of MedicX Properties III Ltd and MedicX Properties IV Ltd, details of which are included in note 13.

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Notes to the financial statements for the period from 25 August 2006 to 30 September 2007

18 Dividends

An interim dividend of £1,436,000 representing 2.5 pence per share was declared on 24 May 2007 and paid during the period.

The Directors have approved a dividend of 2.5 pence per ordinary share.

19. Financial instruments and properties

The Group holds cash and liquid resources as well as having debtors and creditors that arise directly from its operations.

The main risks arising from the Group's financial instruments and properties are market price risk, credit risk, liquidity risk and interest risk. The Board regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Market price risk

The Group's exposure to market price risk is comprised mainly of movements in the value of the Group's investment in property. Property and property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty. There is no assurance that the estimates resulting from the valuation process would reflect the actual sales price even where sale occurs shortly after the valuation date however there is no intention to sell any of the properties at the date of the report.

Rental income and the market value for properties are generally affected by overall conditions in the local economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises. Furthermore, movements in interest rates may also affect the cost of financing for real estate companies.

Both rental income and property values may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of the bankruptcy or the insolvency of tenants or otherwise, the periodic need to renovate, repair and release space and the cost thereof, the costs of maintenance and insurance, and increased operating costs.

The Directors monitor market value by having independent valuations carried out six monthly by DTZ Debenham Tie Leung.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. In the event of a default by an occupational tenant, the Group will suffer a rental income shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. The default risk is considered low due to the nature of Primary Care Trust funding for GP practices.

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Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. Investments in property are relatively illiquid however the Group has tried to mitigate this risk by investing in desirable properties which are well let to General Practitioners and Primary Care Trusts.

Interest rate risk

The interest rate profile of the Group at 30 September 2007 was as follows:

	Total £'000	Fixed rate £'000	Variable rate £'000	Assets on which no interest is received £'000	Weighted average interest rate per annum %
Financial assets					
Goodwill	5,953	-	-	5,953	-
Properties	112,325	-	-	112,325	-
Properties under construction	19,569	-	-	19,569	-
Debtors	2,983	-	-	2,983	-
Cash and cash equivalents	48,825	-	48,825	-	5.7%
Total assets as per balance sheet	189,655	-	48,825	140,830	-
Financial liabilities					
Bank loans	101,203	101,203	-	-	5.0%
Creditors	5,317	-	-	5,317	-
Deferred tax provision	6,352	-	-	6,352	-
Total liabilities as per balance sheet	112,872	101,203	-	11,669	-

19. Commitments

At 30 September 2007 the Group had commitments of £9.4 million to complete properties under construction.

20. Material contracts and related party transactions

Investment Adviser

MedicX Adviser Ltd is appointed to provide property advice under the terms of an agreement dated 17 October 2006 and amended on 2 May 2007. Fees payable under this agreement are (i) 1.5% per annum on gross assets by way of property advisory fee; (ii) a property management fee of 3%

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of gross rental income; (iii) a corporate transaction fee of 1% of the gross asset value of any property owning subsidiary company acquired; and (iv) a performance fee of 15% of the amount by which the return to shareholders in terms of share price growth plus cumulative dividends paid exceeds the initial offer price compounded annually by 10% in each accounting period.

During the period MedicX Adviser Ltd also received £24,000 for providing administrative services to MedicX Properties II Ltd, MedicX Properties III Ltd and MedicX Properties IV Ltd.

During the period, the agreements with MedicX Adviser gave rise to £2,693,000 of fees, of which £600,000 remained outstanding at the end of the period, as follows:

	£'000
Expensed to the consolidated income statement:	
Property advisory fee	1,996
Property management fees	137
Administrative fees	24
Added to cost of acquisition of properties:	
Corporate fees for purchase of subsidiaries	536
Total Fees	<u>2,693</u>

Administration agreements

International Administration (Guernsey) Limited, the Company's administrator and company secretary, was entitled during the period to receive a fee of £55,000 per annum for carrying out administrative services for the Company under the terms of an agreement dated 17 October 2006; a further £25,000 per annum under an agreement of the same date for the provision of administrative services to MedicX Properties I Limited, and £15,000 per annum under an agreement dated 12 March 2007 with MedicX Properties V Limited. Alison Simpson is a director of the administrator.

During the period, the agreements with International Administration (Guernsey) Limited gave rise to the following fees:

	£'000
Administrative fees	<u>207</u>

From 1 April 2007, each Group company entered into a separate administration agreement with International Administration (Guernsey) Limited for the provision of administrative services for fees totalling £58,000 for the provision of corporate secretarial services to all Group companies plus fees at time spent rates for other administrative services.

A further fee of £10,000 arose in respect of work performed by the administrator in connection with the C share issue. This has been deducted from share premium.

Other transactions

During the period fees of £2,000 were paid to Aitchison Raffety Limited. John Hearle is Group Chairman of Aitchison Raffety Limited.

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21. Post balance sheets events

Since 30 September 2007, the Group has entered into forward funding agreements in respect of three new properties at an aggregate amount of £4.9 million.

On 12 December 2007 the C shares will be converted to Ordinary shares at a conversion ratio of 1.0000 based on a calculation date of 30 September 2007.

22. Subsidiary companies

The following were the companies in the group at 30 September 2007:

Name	Country of incorporation	Principal activity	Ownership percentage	Type of share held
MedicX Properties I Ltd	Guernsey	Acquisition of properties	100%	Ordinary
MedicX Properties II Ltd	England & Wales	Acquisition of properties	100%	Ordinary
MedicX Properties III Ltd	England & Wales	Acquisition of properties	100%	Ordinary
MedicX Properties IV Ltd	England & Wales	Acquisition of properties	100%	Ordinary
MedicX Properties V Ltd	Guernsey	Acquisition of properties	100%	Ordinary
MedicX (Verwood) Ltd*	England & Wales	Acquisition of properties	100%	Ordinary
MedicX (Istead Rise) Ltd*	England & Wales	Acquisition of properties	100%	Ordinary

*Held indirectly

23. Operating leases

At 30 September 2007 the Group had entered into leases in respect of investment properties for the following annual rental income:

Expiry	£'000
Within one year	10
Between one and five years	-
After more than five years	<u>6,351</u>