

## INTERIM HIGHLIGHTS

### FINANCIAL RESULTS

- Adjusted earnings of £0.7 million excluding revaluation losses and deferred tax equivalent to 0.9p per share (31 March 2008: loss £0.2 million; (0.2)p per share)
- Adjusted net asset value of £51.0 million equivalent to 64.0p per share<sup>1</sup> (30 September 2008: £56.0 million; 70.3p per share)
- Adjusted net asset value plus the estimated mark to market benefit of debt £60.9 million equivalent to 76.4p per share (30 September 2008: £69.9 million; 87.9p per share)
- Discounted cash flow net asset value of £79.3 million equivalent to 99.5p per share (30 September 2008: £85.5 million; 107.3p per share)
- Dividend of 2.665p per share<sup>2</sup>, an increase of 2.5% against the previous year's dividend compared with the decline in the Retail Price Index of 0.38% over the same period
- £100.0 million Norwich Union 5.0% fixed rate 30-year interest only loan fully committed
- Cash £15.2 million and net debt £85.8 million (60.4% adjusted gearing) before positive impact of equity raising

### PORTFOLIO

- 2.8% per annum increase from rent reviews agreed during the period
- £15.2 million of acquisitions agreed following period end at a cash yield of 6.21%
- £181.1 million of committed investment in 47 primary healthcare properties at a cash yield of 5.7%<sup>3,4</sup>
- Annualised rent roll now £10.6 million with no voids (30 September 2008: £9.6m)<sup>5</sup>
- 76% of rents subject to open market reviews, 16% to fixed uplifts of 3% per annum and 8% to RPI reviews

### CAPITAL INITIATIVES

- £15.0 million of equity raised in April 2009
- Additional debt and/or equity being considered to take advantage of attractive pipeline of opportunities
- New Investment Adviser fee with no base fees payable on gross assets between £150 million and £300 million

### INFORMATION ON MEDICX FUND LIMITED

MedicX Fund Limited ("MXF", the "Fund" or the "Company", or together with its subsidiaries, the "Group") the specialist primary care infrastructure 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 £181.1 million and a portfolio of 47 properties<sup>5</sup>.

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 31 people operating across the UK.

The Company's website address is [www.medicxfund.com](http://www.medicxfund.com)

1 As at 31 March 2009, adjusted to exclude goodwill and the impact of deferred tax not expected to crystallise

2 Ex dividend date 10 June 2009, Record date 12 June 2009, Payment date 10 July 2009

3 As at 28 May 2009; completed properties and properties under construction

4 Net rent divided by total acquisition price and costs; cash yield on gross rents 5.9%

5 As at 31 March 2009, completed and under construction properties, adjusted to include the two new acquisitions

## CHAIRMAN'S STATEMENT

I am pleased to present the third interim report of the Fund, on behalf of the Board.

### FINANCIAL RESULTS

For the six months to 31 March 2009, the Group made significant progress and achieved a profit, excluding the impact of revaluations and taxation, of £0.7 million, which equates to 0.9p per share. This represents a £0.9 million or 1.1p per share improvement from the same period in the prior financial year that is attributable to both rental income growth and cost savings within overheads.

The Group's net asset value adjusted to exclude goodwill and deferred taxation at 31 March 2009 was £51.0 million (30 September 2008: £56.0 million), equivalent to 64.0p per share<sup>1</sup> a decrease of 6.3p per share from 30 September 2008. The main impact upon the Fund's net asset value was the further downward movement in the property valuations.

The Fund's results reflect the property valuation carried out by King Sturge LLP, the Group's valuer, at 31 March 2009 with a net initial yield of 6.09%, a shift of approximately nineteen basis points from 30 September 2008. Valuations are stabilising with the 0.19% movement comparing to 0.35% movement in the previous six months and the net initial yield of 6.09% at the end of March 2009 is in line with the valuation at February 2009 reported in the Fund's recent placing and offer for subscription of new ordinary shares.

The adjusted net asset value plus the estimated mark to market benefit of debt is £60.9 million equivalent to 76.4p per share<sup>1</sup> (30 September 2008: £69.9 million; 87.9p per share).

In line with other infrastructure investors and given the Fund's long-term predictable cash flows it is appropriate to calculate a net asset value based upon discounted cash flows. This basis gives a net asset value of £79.3 million equivalent to 99.5p per share (30 September 2008: £85.5 million, 107.3p per share).

### FUNDING

On 8 April 2009, the Fund raised gross proceeds of £15.0 million by issuing 21,750,000 ordinary shares by means of a placing and offer for subscription to the market. The Ordinary Shares were issued at 69p per share, in line with the mid-market price and at a small premium to the adjusted net asset value. Against the background of the current economic climate, the Directors see this as a positive indication of the market's confidence in the Fund's investment objectives. The new equity financing provides the opportunity for the Fund to raise additional debt financing.

### INVESTMENTS

The Fund has capitalised on the equity raising proceeds by promptly agreeing to two forward funding arrangements with attractive cash yields of 6.21%. The new properties take the Fund's committed investment to £181.1 million over 47 properties, three of which are under construction at the time of this report.

There are no material operational or financial issues to report regarding the portfolio properties, which continue to perform in line with our long-term objectives.

### DIVIDENDS

The Directors have approved an interim dividend of 2.665p per ordinary share, an increase of 2.5% against the previous year's dividend. The Retail Price Index declined by 0.38% over the same period. The annualised dividend represents a yield of 7.7% on the share price of 69.0p as at 31 March 2009. The dividend will be paid on 10 July 2009 to ordinary shareholders on the register as at 12 June 2009. The Fund will then commence paying quarterly dividends and expects to pay dividends of 1.3325p per ordinary share on the last business day of September 2009 and December 2009.

Dividend cover is around a third from earnings, excluding the impact of revaluations, and is expected to increase over time with the benefit of investment activity and rental growth. Dividends are not expected to be fully covered until the Fund has grown considerably further in size.

## CHAIRMAN'S STATEMENT

### EXTRAORDINARY GENERAL MEETING

At the extraordinary general meeting held on 22 April 2009, shareholders approved the adoption of new Memorandum and Articles of Incorporation reflecting changes to Guernsey law. Provisions were also introduced to give members rights of pre-emption in order to reflect the Company's policy and practice in this area. A resolution was also passed reserving authority for the Directors to issue Ordinary Shares for cash up to an amount representing 10% of the issued Ordinary Share capital on 22 April 2009 on a non-pre-emptive basis provided that such Ordinary Shares shall be allotted for cash at a price which is not less than the Company's adjusted net asset value at the time of the issue. This power expires immediately prior to the date of the annual general meeting of the Company to be held in 2010.

### RESIGNATION OF ALISON SIMPSON

In view of the drive to reduce the overhead cost base of the Company, the Board has considered carefully its composition. As a result, the Board has reduced to four directors with Alison Simpson retiring as a non-executive director on 13 February 2009. On behalf of the Board, I would like to thank Alison for her contribution to the development of the Company since its incorporation in August 2006.

### SHARE PRICE AND OUTLOOK

At the time of writing, the mid-market share price was 69.5p, a premium of 9% to the adjusted net asset value at 31 March 2009, a discount of 9% to the adjusted net asset value plus the estimated mark to market benefit of debt at 31 March 2009 and a discount of 30% to the discounted cash flow net asset value.

Since 30 September 2008, the share price has fallen 3% compared with a fall in the FTSE All Share Index of 9% and a fall in the FTSE 350 Real Estate Index of 45%.

With its high quality portfolio, pipeline of acquisition possibilities, along with funding opportunities, MedicX Fund is well placed to deliver on its long-term objectives of progressive returns to shareholders.

**David Staples, CHAIRMAN**

28 May 2009

## INVESTMENT ADVISER'S REPORT

### MARKET

The modernisation of primary care continues to be a core focus for the NHS with a drive for greater efficiency and the coordination of medical services within communities. This is likely to continue as all public sector budgets come under more scrutiny with an even greater focus on value for money.

The progress in developing the out of date buildings within the primary care estate remains slow as Primary Care Trusts develop their strategies at local level.

However, without these new facilities it will be difficult for them to achieve the desired modernisation and increased efficiency of primary care services. There is evidence there will be an increasing flow of new high quality buildings procured towards the end of 2009.

The difference in value between prime and secondary property has increased over recent months with investors seeking secure high quality income. The long-term secure cash flows as well as rental growth being delivered by the primary care sector have differentiated it from most other property classes over recent months and provided support for valuations. This specialist asset class remains attractive to investors.

There are initial signs that values for prime property have stabilised with yields now at attractive levels. However, there has been limited transactional evidence in the primary care sector with no distressed sales and most investors not prepared to sell at current levels. On the basis of current valuations the opportunity remains to acquire properties that provide quality cash flows at a historically high yield relative to gilt yields.

### FINANCIAL RESULTS

For the six months to 31 March 2009, the Group reports a profit, excluding the impact of revaluation losses and taxation, of £0.7 million. This represents a £0.9 million improvement from the same period in the prior financial year. For the six-month period, rental income grew by £0.8 million or by 24% to £4.3 million. Total income remained flat due to reduced finance income, from lower levels of cash on deposit as acquisitions were funded and more significantly the reduction in the average rate of interest on deposit from 6.34% last year to 2.96% this year. Expenses continued to experience the benefits of the recent

focus on overheads reducing by £0.8 million or 17% from the prior half-year period, to £4.2 million. Further growth in earnings is expected as rents increase to the annualised rent roll of £10.6 million and expenses continue to be managed carefully.

From 1 July 2009, International Administration (Guernsey) Limited, the administrator, has agreed to reduce its fees from £87,000 to £60,000 per annum, with certain duties being transferred to the Investment Adviser.

The Fund's net asset value, adjusted to exclude goodwill and deferred taxation, at 31 March 2009 was £51.0 million (30 September 2008: £56.0 million), equivalent to 64.0p per share' a decrease of 6.3p per share in the period. The main impact upon the Fund's net asset value was the further downward movement in the property valuations.

The commercial property market generally has continued to suffer from negative investor sentiment. This pessimism influenced the primary care property values as is demonstrated by the period end valuation carried out by the Fund's valuer, King Sturge LLP, which reflects a 0.19% movement out from a net initial yield of 5.90% as at 30 September 2008 to a net initial yield of 6.09%. However, this compares favourably with the IPD All Property Initial Yields that moved out 1.61% to 7.66%, as at March 2009, reflecting the long-term secure nature of the portfolio's income.

### CASH AND DEBT

As at 31 March 2009, the Fund had net debt of £85.8 million (30 September 2008: £77.0 million), which is 60.4% (30 September 2008: 54.9%) of gross assets excluding cash and goodwill. The debt service cover ratio was 206% versus a covenant of 140% and the loan to value was 66.8% against a covenant of 75%, which was first tested 30 April 2009.

The Group has a £100 million debt facility (the "NUCF Loan") provided by Norwich Union Commercial Finance, at a fixed annual rate of 5.0% on an interest only basis for 30 years. The final drawdown date under the NUCF Loan facility agreement was extended to 30 April 2009 to cover properties where development extended into 2009. Following payment of a £99,000 fee, all monies were drawn down at that date except

## INVESTMENT ADVISER'S REPORT

£2.4 million reserved for the funding of the completion of two properties at Lytham and Ossett.

Following the recent equity fund raising, it is estimated that the Fund currently has the capacity to borrow around a further £25 million whilst remaining within its 65% adjusted gearing target.

The mark to market benefit of the Group's fixed rate debt as at 31 March 2009 is estimated at £9.9 million or 12.4p per share, which has not been included in the adjusted net asset value<sup>1</sup>. The adjusted net asset value plus the estimated mark to market benefit of debt is therefore £60.9 million equivalent to 76.4p per share (30 September 2008: £69.9 million; 87.9p per share).

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. Following advice from the Company's lenders, the fixed interest rate payable on a similar dated loan as at 31 March 2009 would have been 1.7% over the gilt yield, equivalent in aggregate to approximately 5.7%. In order for the NUCF Loan to have a gross redemption yield equivalent to 5.7%, the fair value of the NUCF Loan as at 31 March 2009 would be £90.1 million (30 September 2008: £86.0 million).

### PORTFOLIO UPDATE

In November 2008, the Castlecroft development successfully completed construction on time and to budget, leaving the two properties under construction at Lytham and Ossett at the period end. Construction on Lytham completed in May 2009 and Ossett is due to complete in November 2009. Overall during the period, the portfolio remained at 45 properties with no disposals or acquisitions taking place.

After the period end, following the equity raising, the Fund has agreed to enter into two forward funding agreements with a combined investment of £15.2 million. The new developments are located in St Annes, £11.9 million, and Abergele, £3.3 million, both are already under construction and due to complete in October 2009 and December 2009 respectively. The St Annes development is particularly attractive given its 27-year lease with fixed 3.5% per annum uplifts over the lease.

Including the new investments, the Fund has committed investment of £181.1 million across 47 properties with an annualised rent roll of £10.6 million, and a cash yield on Fund acquisitions of 5.7%<sup>4</sup>.

The portfolio characteristics remain consistent with prior Fund reports, as at 31 March 2009. The properties had an average age of 3.9 years, a remaining lease length of 20 years and an average value of £2.9 million. Of the annualised rent roll, doctors and Primary Care Trusts/Local Health Boards pay 91%, pharmacies pay 6% and other parties pay 3%. The portfolio has no voids.

### ASSET MANAGEMENT

During the period from 1 October 2008 to 31 March 2009, rents of £0.8 million have been reviewed and the equivalent of a 2.8% per annum increase was achieved. Of these reviews, 3.5% per annum was achieved on RPI/open market reviews on £0.3 million of rents, and 2.5% per annum was achieved on fixed uplift reviews of £0.5 million of rents. These reviews compare favourably with the 4.6% reduction in the IPD All Property rents during the six-month period. Reviews of £1.8 million of passing rent are currently under negotiation.

Of the £10.6 million annualised rent roll, there is £8.1 million, 76%, subject to market review, £1.7 million, 16%, subject to fixed uplift reviews, of an average 3.0% per annum increase and £0.8 million, 8%, subject to RPI reviews.

The Investment Adviser identified asset management opportunities on a number of properties and during the period work began on the addition of a pharmacy to an existing property. This addition will generate additional rental income of £20,000 with an expected uplift in the property value of £0.2 million.

Enhancement of the service offering to existing tenants is underway with the introduction of a tenant website and information portal under the branding MedicX Manage. Early trials of the system proved very successful and the portal has been well received by tenants. The rollout of the portal will commence in June and continue over the remainder of the year.

## INVESTMENT ADVISER'S REPORT

### DISCOUNTED CASH FLOW VALUATION OF ASSETS AND DEBT

The Investment Adviser on the Fund's behalf has independently carried out a discounted cash flow valuation of the Group assets and associated debt equivalent to 99.5p per Ordinary Share as at 31 March 2009. This is a reduction of 7.8p per share from 30 September 2008 and is mostly attributable to a more conservative assumption of 2.5% per annum growth individual property rents, 5.0p per share, and a reduction in residual values assumed by the Fund, 2.4p per share.

The basis of preparation is similar to that calculated by infrastructure funds. The values of each investment are derived from the present value of the property's expected future cash flows, after allowing for debt and taxation, using reasonable assumptions and forecasts based on the predominant lease at each property. The total of the present values of each property and associated debt cash flows so calculated is then aggregated with the surplus cash position of the Company.

The discount rates used are 7% for completed and occupied properties and 8% for properties under construction. The discounted cash flows assume an average 2.5% per annum increase in individual property rents at their respective review dates, residual values based upon capital growth at 1% per annum from current valuation until the expiry of leases, (when the properties are notionally sold), and also assuming the current level of borrowings. The weighted average discount rate, 7.13%, reflects the high proportion of completed and occupied properties in the portfolio.

Adjusted for the April 2009 equity raising and the two post period end acquisitions the discounted cash flow net asset value is 91.6p per share.

### INVESTMENT ADVISER FEES

In conjunction with the equity raising, the Investment Adviser has agreed to vary its fee calculation and no advisory base fee will be payable on gross assets between £150 million and £300 million. The Investment Adviser will be entitled to a performance fee equal to 15% of the amount by which the total shareholder return exceeds an 8% per annum compound hurdle rate calculated from the 69.0p issue price, subject to a high watermark and a cap on investment adviser fees of 1.5% of gross assets, excluding cash, in any year.

### PIPELINE AND INVESTMENT OPPORTUNITY

MedicX Fund has access to a property pipeline of £125 million. Of this pipeline, £95 million is MedicX Group's own pipeline of projects. The Investment Adviser continues to establish and maintain relationships with other developers in the sector to ensure the Fund has access to high quality developments in the future.

**Keith Maddin, CHAIRMAN**

**Mike Adams, MANAGING DIRECTOR**

MedicX Adviser Ltd

- 1 Adjusted to exclude goodwill and the impact of deferred tax not expected to crystallise
- 2 Ex dividend date 10 June 2009, Record date 12 June 2009, Payment date 10 July 2009
- 3 As at 28 May 2009; completed properties and properties under construction
- 4 Net rent divided by total acquisition price and costs; cash yield on gross rents 5.9%
- 5 March 2009 IPD



## COMPANY INFORMATION

### DIRECTORS

David Staples (Chairman)  
(appointed director 1 October 2008)  
(appointed chairman 1 November 2008)  
Jorge Tavares (Chairman)  
(resigned 31 October 2008)  
Christopher Bennett  
John Hearle  
Shelagh Mason  
Alison Simpson  
(resigned 13 February 2009)

### REGISTERED OFFICE

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Guernsey  
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### INVESTMENT ADVISER

MedicX Adviser Ltd  
5 Godalming Business Centre  
Woolsack Way  
Godalming  
Surrey  
GU7 1XW

### ADMINISTRATOR AND SECRETARY

International Administration  
(Guernsey) Limited  
PO Box 282  
Regency Court  
Gategny Esplanade  
St Peter Port  
Guernsey  
GY1 3RH

### SPONSOR, FINANCIAL ADVISER AND STOCKBROKER

Collins Stewart Europe Limited  
(appointed 16 January 2009)  
50 Wood Street  
London  
EC2V 7QR

### AUDITORS

PKF (UK) LLP  
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Surrey  
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### TAX ADVISERS

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### SOLICITORS

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### GUERNSEY ADVOCATES

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### PROPERTY VALUER

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### REGISTRAR

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### BANKERS

Barclays Private Clients International Limited  
Guernsey International Banking Centre  
Le Marchant House  
Le Truchot  
Guernsey  
GY1 3BE



## PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties in relation to financial instruments are set out in MedicX Fund Limited's annual report and financial statements for the year ended 30 September 2008 and remain the same for the half-yearly financial report to 31 March 2009 and the remainder of the year to 30 September 2009. The financial instrument risks and uncertainties can be summarised as follows:

- Credit risk – the risk that a counterparty fails to meet its financial obligations
- Interest rate risk – the risk of adverse interest rate fluctuations
- Liquidity risk – the risk that funding is withdrawn from the business

Other risk factors relating to the Company are considered below; further details of which are set out in the recent prospectus dated 20 March 2009, which is available from the offices of Collins Stewart Europe Limited, the Fund's broker:

- Future deterioration in the property market could have an adverse effect on the value of properties
- Property investments are relatively illiquid; disposals could take longer than may be commercially desirable
- The Directors intend to secure further borrowing. Facilities may not be available at acceptable levels or terms

More information on the principal risks and how they are mitigated can be found on page 34 of the annual report and financial statements for the year ended 30 September 2008, which can be accessed online on our corporate website, [www.medicxfund.com](http://www.medicxfund.com).

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that, to the best of their knowledge, the half-yearly financial report has been prepared in accordance with the IAS 34 'Interim Financial Reporting' as adopted by the European Union, and gives a true and fair view of the assets, liabilities, financial position and loss of the Group. The half-yearly financial report includes a fair review of the information required by:

- DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year, and
- DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so

The condensed consolidated interim financial information, in addition to the paper version, will be published on the Company's website, [www.medicxfund.com](http://www.medicxfund.com). The maintenance and integrity of the MedicX Fund website is the responsibility of the Directors.

By order of the Board:

**David Staples**, DIRECTOR

**Shelagh Mason**, DIRECTOR

28 May 2009

## INDEPENDENT REVIEW REPORT

to MedicX Fund Limited

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2009 which comprises the condensed consolidated income statement, balance sheet, cash flow statement and statement of changes in equity as at 31 March 2009 and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements. This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

### DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

### OUR RESPONSIBILITY

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

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries,

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PKF (UK) LLP

Guildford

28 May 2009

## CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2009

	Notes	Six months ended 31 March 2009 £'000	Restated six months ended 31 March 2008 £'000
<b>Income</b>			
Rent receivable		4,254	3,442
Finance income		293	1,221
Other income		361	247
<b>Total income</b>		<b>4,908</b>	<b>4,910</b>
<b>Valuation and impairment adjustments</b>			
Net valuation losses on investment properties	6	(3,084)	(7,637)
Impairment of properties under construction	6	(600)	(856)
<b>Total valuation and impairment adjustments</b>		<b>(3,684)</b>	<b>(8,493)</b>
<b>Expenses</b>			
Investment advisory fee		1,069	1,138
Property management fee		142	104
Direct property expenses		91	105
Administrative fees		53	244
Audit fees		45	50
Professional fees		96	122
Directors' fees		83	76
Other expenses		71	639
Finance costs		2,537	2,556
<b>Total expenses</b>		<b>4,187</b>	<b>5,034</b>
<b>Loss before tax</b>		<b>(2,963)</b>	<b>(8,617)</b>
Taxation	4	(58)	1,188
<b>Loss after taxation</b>		<b>(3,021)</b>	<b>(7,429)</b>
<b>Earnings per ordinary share<sup>1</sup></b>			
Basic and diluted	5	(3.8)p	(9.3)p

<sup>1</sup> Included in Note 5 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.

The financial statements should be read in conjunction with the accompanying notes.

## CONSOLIDATED BALANCE SHEET

For the six months ended 31 March 2009

	Notes	31 March 2009 £'000	30 September 2008 £'000
<b>Non-current assets</b>			
Goodwill		7,698	7,698
Investment properties	6	126,642	126,937
Properties under construction	6	13,321	10,220
<b>Total non-current assets</b>		<b>147,661</b>	<b>144,855</b>
<b>Current assets</b>			
Trade and other receivables		2,119	3,048
Cash and cash equivalents		15,204	24,061
<b>Total current assets</b>		<b>17,323</b>	<b>27,109</b>
<b>Total assets</b>		<b>164,984</b>	<b>171,964</b>
<b>Current liabilities</b>			
Trade and other payables		5,330	7,234
<b>Non-current liabilities</b>			
Long-term loan	7	101,003	101,046
Deferred tax provision	4	6,854	6,796
<b>Total non-current liabilities</b>		<b>107,857</b>	<b>107,842</b>
<b>Total liabilities</b>		<b>113,187</b>	<b>115,076</b>
<b>Net assets</b>		<b>51,797</b>	<b>56,888</b>
<b>Equity</b>			
Share capital		–	–
Share premium		1,585	1,585
Distributable reserves		68,553	70,623
Retained earnings		(18,341)	(15,320)
<b>Total equity</b>		<b>51,797</b>	<b>56,888</b>
<b>Net asset value per ordinary share</b>			
Basic and diluted	5	65.1p	71.4p

The financial statements were approved and authorised for issue by the Board of Directors on 28 May 2009 and were signed on its behalf by

David Staples  
Director

Shelagh Mason  
Director

The financial statements should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2009

	Notes	Share Premium £'000	Distributable Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 October 2007		1,585	74,684	514	76,783
Loss attributable to equity holders		-	-	(7,429)	(7,429)
Dividend paid	12	-	(1,991)	-	(1,991)
<b>Balance at 31 March 2008</b>		<b>1,585</b>	<b>72,693</b>	<b>(6,915)</b>	<b>67,363</b>
Balance at 1 October 2008		1,585	70,623	(15,320)	56,888
Loss attributable to equity holders		-	-	(3,021)	(3,021)
Dividend paid	12	-	(2,070)	-	(2,070)
<b>Balance at 31 March 2009</b>		<b>1,585</b>	<b>68,553</b>	<b>(18,341)</b>	<b>51,797</b>

The financial statements should be read in conjunction with the accompanying notes.

## CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 March 2009

	Notes	Period ended 31 March 2009 £'000	Period ended 31 March 2008 £'000
<b>Operating activities</b>			
Loss before taxation		(2,963)	(8,617)
Adjustments for:			
Net valuation losses on investment property		3,684	8,493
Financial income receivable		(293)	(1,221)
Finance costs payable and similar charges		2,537	2,556
Cash generated from operations		2,965	1,211
Decrease in trade and other receivables		1,002	138
(Decrease)/increase in trade and other payables		(1,911)	538
Goodwill adjustment		–	(158)
Interest paid		(2,530)	(2,567)
Interest received		220	1,230
Tax paid		–	(52)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(254)</b>	<b>340</b>
<b>Investing activities</b>			
Acquisitions net of cash acquired	8	–	(218)
Expenditure on investment properties	6	(6,490)	(12,507)
Proceeds from disposal of investment properties		–	2,108
<b>Net cash outflow from investing activities</b>		<b>(6,490)</b>	<b>(10,617)</b>
<b>Financing activities</b>			
Bank loans repaid		(43)	–
Net proceeds of long-term borrowings		–	(9)
Dividend paid		(2,070)	(1,991)
<b>Net cash outflow from financing activities</b>		<b>(2,113)</b>	<b>(2,000)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(8,857)</b>	<b>(12,277)</b>
<b>Cash and cash equivalents at 1 October 2008/2007</b>		<b>24,061</b>	<b>48,825</b>
<b>Cash and cash equivalents at 31 March 2009/2008</b>	8	<b>15,204</b>	<b>36,548</b>

The financial statements should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 March 2009

### 1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in Guernsey. The address of its registered office is Regency Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 1WW.

The Company is listed on the London Stock Exchange.

The condensed consolidated interim financial information does not constitute the statutory financial statements of the Group within the meaning of section 245 of The Companies (Guernsey) Law, 2008. The Board of Directors approved the statutory financial statements for the year ended 30 September 2008 on 8 December 2008. The report of the auditors on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 263 of The Companies (Guernsey) Law, 2008.

The condensed consolidated interim financial information will be published on the Company's website, [www.medicxfund.com](http://www.medicxfund.com). The maintenance and integrity of the MedicX Fund website is the responsibility of the Directors.

The condensed consolidated interim financial information for the six months ended 31 March 2009 has been reviewed, not audited, and was approved and authorised for issue by the Board of Directors on 28 May 2009.

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.

### 2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 31 March 2009 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 September 2008, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

#### Change of comparative amounts

The Directors have also taken the opportunity to re-present the Income Statement to better reflect the nature of the Group's income and expenditure. As a consequence comparative amounts have been re-presented, but the results reported in the previous period have not been altered.

### 3. ACCOUNTING POLICIES

The accounting policies and presentation of figures applied are consistent with those of the annual financial statements for the year ended 30 September 2008, as described in those annual financial statements.

Taxes on profits in interim periods are accrued using the tax rate that would be applicable to expected total annual profits.



## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 March 2009

### 4. TAXATION

	PERIOD ENDED 31 MARCH 2009 £'000	PERIOD ENDED 31 MARCH 2008 £'000
<b>Current Tax</b>		
Corporate tax charge for the period	–	52
<b>Deferred Tax</b>		
On fair value loss for the period	58	(1,240)
<b>Total income tax charge/(credit) in the income statement</b>	<b>58</b>	<b>(1,188)</b>

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 these companies continue to remain eligible for the exemption. The Guernsey companies are subject to United Kingdom income tax on United Kingdom 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 current tax charge to the notional tax charge applying the Schedule A income tax rate of 20% (2008: 22%) is set out below. The tax rate applied is the Directors' best estimate of the effective tax rate expected for the full financial year:

	PERIOD ENDED 31 MARCH 2009 £'000	PERIOD ENDED 31 MARCH 2008 £'000
Loss before tax	(2,963)	(8,617)
UK income tax at 20% (2008: 22%)	(593)	(1,896)
Net revaluation losses not taxable	737	1,868
Losses/(profits) not taxable	14	(250)
Losses utilised	(158)	–
Losses arising not relievable against current tax	–	278
Taxation in respect of prior periods	–	52
<b>Current taxation</b>	<b>–</b>	<b>52</b>

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 March 2009

Deferred tax liability/(asset) in respect of:

	FAIR VALUE GAIN ON ACQUISITION £'000	FAIR VALUE GAINS POST ACQUISITION £'000	ACCELERATED CAPITAL ALLOWANCES £'000	UNRELIEVED MANAGEMENT EXPENSES £'000	TOTAL £'000
<b>At 1 October 2007 (as restated)</b>	8,904	585	379	(186)	9,682
(Released)/provided in year	(1,961)	(585)	949	(1,289)	(2,886)
<b>At 30 September 2008</b>	6,943	–	1,328	(1,475)	6,796
(Released)/provided in period	(140)	–	156	42	58
<b>At 31 March 2009</b>	6,803	–	1,484	(1,433)	6,854

As required by IAS 12 'Income taxes', full provision has been made for the temporary 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 deferred tax attributable to the fair value gain on the Group's investment property portfolio 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 previously made, the Group's earnings for the period would be £nil lower (2008: £585,000 higher).

The impact of the revaluation movement on deferred tax is reduced compared with the prior year due to a decline in the indexation allowance available as a tax deduction against capital assets, which largely offsets the impact of the revaluation during the period. The reduction in indexation allowance is attributable to the fall in the Retail Prices Index to which its calculation is linked.

### 5. EARNINGS AND NET ASSET VALUE PER ORDINARY SHARE

The basic and diluted earnings per ordinary share are based on the loss for the period of £3,021,000 (2008: £7,429,000 loss) and on 79,621,215 (2008: 79,621,215) ordinary shares being the weighted average aggregate of ordinary shares in issue at the balance sheet date. The weighted average number is calculated over the period from 1 October 2008 to the balance sheet date. This gives rise to a basic and diluted earnings per share of (3.8) pence per share (2008: (9.3) 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 £51,797,000 (2008: £56,888,000) and on 79,621,215 (2008: 79,621,215) 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 65.1 pence per share (2008: 71.4 pence per share).

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 March 2009

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.

	PERIOD ENDED 31 MARCH 2009	PERIOD ENDED 31 MARCH 2008
Adjusted basic and diluted earnings per ordinary share	(3.7)p	(10.9)p
	31 MARCH 2009	30 SEPTEMBER 2008
Adjusted basic and diluted net asset value per ordinary share	64.0p	70.3p

The adjusted earnings per ordinary share is based on the loss for the period of £3,021,000 (2008: £7,429,000 loss), adjusted for the impact of the deferred tax charge for the period of £58,000 (2008: £1,240,000 credited). This gives an adjusted loss figure of (£2,963,000) (2008: £8,669,000 loss) and on 79,621,215 (2008: 79,621,215) ordinary shares being the weighted average number of ordinary shares in issue for the period.

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 £51,797,000 (2008: £56,888,000) as adjusted for deferred tax of £6,854,000 (2008: £6,796,000) and goodwill of £7,698,000 (2008: £7,698,000). This gives an adjusted net assets figure of £50,953,000 (2008: £55,986,000) and on 79,621,215 (2008: 79,621,215) ordinary shares, being the aggregate of ordinary shares in issue at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 March 2009

### 6. 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, investment properties are measured at fair value, which has been determined based on valuations performed by King Sturge LLP as at 31 March 2009. In accordance with industry standards, the valuation is net of purchaser costs which are approximately 5.75% of purchase price.

	COMPLETED INVESTMENT PROPERTIES £'000	PROPERTIES UNDER CONSTRUCTION £'000	TOTAL £'000
Fair value/cost 1 October 2007	112,325	19,569	131,894
Additions	45	26,537	26,582
Adjustment to base cost	(413)	–	(413)
Disposals at valuation	(1,337)	(2,196)	(3,533)
Transfer to completed properties	31,481	(31,481)	–
Fair value revaluation	(15,164)	–	(15,164)
Impairment	–	(2,209)	(2,209)
<b>Fair value/cost 30 September 2008</b>	<b>126,937</b>	<b>10,220</b>	<b>137,157</b>
Additions	23	6,467	6,490
Transfer to completed properties	2,766	(2,766)	–
Fair value revaluation	(3,084)	–	(3,084)
Provision for impairment	–	(600)	(600)
<b>At 31 March 2009</b>	<b>126,642</b>	<b>13,321</b>	<b>139,923</b>

The investment properties are security for the long-term loan as disclosed in note 7.

Of the completed investment properties £25,750,000 (2008: £26,550,000) are long-leasehold properties.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 March 2009

### 7. LONG-TERM LOAN

	31 MARCH 2009 £'000	30 SEPTEMBER 2008 £'000
<b>£100 million facility</b>		
Amount drawn down in period	100,000	100,000
Loan issue costs	(271)	(245)
Amortisation of loan issue costs	8	4
	<hr/> 99,737	<hr/> 99,759
Mortgage due after one year	1,266	1,287
	<hr/> 101,003	<hr/> 101,046

Included in the above are amounts falling due as follows:

	31 MARCH 2009 £'000	30 SEPTEMBER 2008 £'000
Due within one year	44	44
Between one and two years	47	47
Between two and five years	161	160
Over five years	100,795	100,839
	<hr/> 101,047	<hr/> 101,090

Creditors include amounts not wholly repayable within five years as follows:

	31 MARCH 2009 £'000	30 SEPTEMBER 2008 £'000
Repayable by instalments	100,795	100,839

Under the terms of the loan facilities, further charges are 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 31 March 2009 was £99,737,000 (2008: 99,759,000).

The Group 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 Group of the fixed rate debt given the prevailing cost of debt over the remaining life of the debt. Following advice from the Company's lenders the fixed interest rate payable on a similar dated loan as at 31 March 2009 would have been 1.7% over the gilt yield for the same duration equivalent in aggregate to approximately 5.72%. This gives a mark to market benefit of the fixed rate debt of £9,874,000 (30 September 2008: £16,335,000), equivalent to 12.4p per Ordinary Share. At the same date, the Adjusted NAV reflecting the fixed rate debt at its fair value was equivalent to £60.9 million or 76.4p per Ordinary Share.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 March 2009

The Group's bank borrowings are subject to the following financial covenants:

- (i) long-term rental income from the properties charged must cover 140% of projected finance costs;
- (ii) the net loan amount must not exceed 75% of the market value of mortgaged property (to be first tested 30 April 2009).

The Group has been in compliance with the financial covenants throughout the period. At 31 March 2009, the debt service coverage ratio was 206% against a covenant of 140%.

The loan is secured on the Group's investment properties. As at 31 March 2009, the Group had £9.2 million (2008: £12.4 million) on deposit secured against the loan.

The mortgage was taken out by the subsidiary MedicX (Verwood) Limited and is secured on that company's investment property. Interest on the mortgage is charged at 6.25%.

### 8. CASH FLOW NOTES

	PERIOD ENDED 31 MARCH 2009 £'000	PERIOD ENDED 31 MARCH 2008 £'000
<b>Acquisition of subsidiaries</b>		
Cash	–	218
Total purchase price	–	218
<b>Net cost of acquisition</b>	–	218

	PERIOD ENDED 31 MARCH 2009 £'000	YEAR ENDED 31 SEPTEMBER 2008 £'000
<b>Cash and cash equivalents</b>		
Cash in hand and balances with banks	15,204	24,061

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.

### 9. 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 issue in that period (£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.

The C shares converted to ordinary shares on 12 December 2007 and on conversion had the same rights as ordinary shares.

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 March 2009

### 10. COMMITMENTS

At 31 March 2009 the Group had commitments of £6.1 million (30 September 2008: £12.4 million) to complete properties under construction.

### 11. MATERIAL CONTRACTS AND RELATED PARTY TRANSACTIONS

#### Investment Adviser

Fees payable under an agreement with the Investment Adviser in the period to 31 March 2009 were (i) 1.5% per annum on gross assets by way of an investment advisory fee; (ii) a property management fee of 3% per annum 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.

In conjunction with the equity raising the Investment Adviser from 8 April 2009 agreed to vary its fee basis and no advisory fee will be payable on gross assets between £150 million and £300 million. The Investment Adviser will be entitled to a performance fee equal to 15% of the amount by which the Total Shareholder Return exceeds an 8% per annum compound hurdle rate calculated from the Issue Price, subject to a high watermark.

During the period, the agreements with the Investment Adviser gave rise to £1,211,000 (2008: £1,242,000) of fees, of which £3,000 (2008: £572,000) remained outstanding at the end of the period, as follows:

	PERIOD ENDED 31 MARCH 2009 £'000	PERIOD ENDED 31 MARCH 2008 £'000
<b>Expensed to the consolidated income statement:</b>		
Investment advisory fee	1,069	1,138
Property management fees	142	104
<b>Total Fees</b>	<b>1,211</b>	<b>1,242</b>

#### Administration and company secretarial agreements

From 1 April 2008, each Group company entered into separate administration agreements with International Administration (Guernsey) Limited for the provision of administrative services for fees totalling £87,500 (2008: £58,000) for the provision of corporate secretarial services to all Group companies plus fees at time spent rates for other administrative services.

During the period, the agreements with International Administration (Guernsey) Limited gave rise to the following fees, of which £6,000 (2008: £nil) remained outstanding at the period end:

	PERIOD ENDED 31 MARCH 2009 £'000	PERIOD ENDED 31 MARCH 2008 £'000
Administrative fees	53	244

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 March 2009

### Other transactions

During the period, fees of £3,000 (2008: £nil) were paid to Aitchison Raffety Limited. John Hearle is Group Chairman of Aitchison Raffety Limited. At the period end £nil (2008: £nil) was outstanding for these amounts.

During the period, property development costs of £4,473,000 were paid to Primary Asset Limited, a member of the same group of companies as MedicX Adviser Limited. At the period end £nil (2008: £nil) was outstanding for these amounts.

### 12. DIVIDENDS

	PERIOD ENDED 31 MARCH 2009 £'000	PERIOD ENDED 31 MARCH 2008 £'000
Dividends declared during the period	£2,070	£1,991
Dividend per share	2.6p	2.5p
Dividend declared after the period end	£2,702	£2,070
Dividend per share	2.665p	2.6p

The record date for the dividend is 12 June 2009 and the payment date is 10 July 2009.

### 13. POST BALANCE SHEET EVENTS

On 2 April 2009, MedicX Fund issued 21,750,000 ordinary shares, via a placing and an open offer, at 69p per share. Net proceeds raised from the issue were £14,508,000.

Subsequent to the fund raising, in May 2009 the Group entered into a commitment of £3,265,000 to acquire a property at Abergele. This project will be subject to a forward funding agreement.

In May 2009, the Group had agreed terms for but not exchanged contracts for the acquisition of a property at St Annes for £11,670,000.