

The Medical Property Investment Fund Limited
Annual Report and Financial Statements 2004



Investing in the future of
primary health care property

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Highlights

46
Sites acquired

The Medical Property Investment Fund Limited is a support services company listed on the London Stock Exchange. The Company was launched in November 2003 and will have financial resources of circa £400m to invest in primary care.

£175m
Capital committed

This inaugural set of results is in respect of the period ending 31 December 2004.

4p
Total dividend

- + Good first year results with 46 sites acquired (a further 14 sites in solicitors' hands)¹
- + Over £175m of capital committed¹
- + Average net initial yield on capital committed circa 7%
- + Growing pipeline of acquisitions and developments
- + BHE acquisition fully integrated, more opportunities in LIFT² arising
- + Gross income of £7.6m with retained profit of £0.3m net of all launch and property acquisition expenses
- + Final dividend 2.67p³ making 4p in total

¹ As at 15 March 2005

² Local Improvement Finance Trusts ("LIFT") are part of the Government's aim to procure investment in primary care and community-based facilities and services.

³ Ex-dividend date 30 March 2005, Record date 1 April 2005, Payment date 11 April 2005



Chairman's Statement

This Report is published in respect of the period from incorporation of the business on 7 October 2003 to 31 December 2004. The Ordinary Shares were admitted to the Official List of the London Stock Exchange on 21 November 2003.

I am pleased to report an extremely satisfactory start for the Company since its flotation on the London Stock Exchange.

During the period, total income amounted to £7.6m producing a net profit after investment result of £2.2m. A dividend of 1.33p per Ordinary Share was declared at the interim stage. The Board has recommended a final dividend of 2.67p per Ordinary Share making a total of 4p per share which is in line with budget.

As at 15 March 2005, the Company had acquired or exchanged contracts on 46 sites and has a further 14 sites in solicitors' hands. On completion, the aggregate capital value of these investments will be approximately £120m. In addition, the Company has committed a further £55m to its own development projects including its LIFT investments and pharmacy commitments. On all capital committed to date, the average net initial yield on completion is estimated to be circa 7%.

The Company has pursued the strategy outlined at the time of flotation. Whilst the property investment market has continued to be very competitive we have been able to acquire existing primary health care properties and undertake sale and leaseback transactions at average yields consistent with our forecasts.

At the interim stage, we reported on the acquisition of 70% of British Health Enterprise ("BHE"), a specialist developer with expertise in LIFT developments, general primary care projects and the development of hospital main entrance retail malls.

BHE's interests in three LIFT companies together with other development initiatives being undertaken by the investment manager and third party developers is enabling the business to build up its own stock of developments where higher returns can be anticipated.

During the latter half of 2004, the Company set up its own pharmacy business, Healthcare Pharmacies Limited. This is in direct response to the increasing role of pharmacy as an integral part of the service provision within larger primary health care developments. We believe that a direct involvement in the way that pharmacies are operated within these establishments will facilitate innovation and enhance their operational performance and earnings potential.

Outlook

The NHS Plan will continue to create opportunities in the sector generally and we expect the commitment to improve the range of services and facilities within primary health care premises to be a key focus before and after the election.



LIFT areas are likely to continue to attract a significant share of the additional funding supporting new premises development and the Company will continue to explore ways of increasing its exposure to this part of the market.

The Company is well placed to meet its forecast returns. The second year of operation will see more management resources devoted to development activity particularly on larger schemes. At the same time, the Company will continue to invest in sale and leasebacks in order to increase its national foot-print and continue to pursue the generation of additional income from sites which have already been acquired.

Against this backdrop and on the assumption that NHS policy continues to be directed towards increasing resources in primary health care, I am confident that the progress made in the first year of operation will be sustained in the medium term.

Stockbroker

The Company has recently appointed Cenkos Securities as joint broker.

Dr Mark Jackson
Chairman

18 March 2005



Investment Manager's Report

The Company's investment objective is to achieve asset-backed earnings' growth from rental and other income streams through the acquisition and development of a modern portfolio of primary health care premises.

In the first period of operation the principal focus has been on establishing a regional infrastructure, creating market awareness and sourcing suitable acquisition opportunities. Deal sourcing to date has comprised investment purchases of completed rent producing properties, sale and leaseback transactions with GP practices and forward funding or purchase commitments on various development projects. During the latter half of 2004, we have increased our management resources focussed towards direct development activity and a number of land acquisitions have taken place or are in solicitors' hands which will enable us to build out our own development pipeline.

Financial Performance

The Company has been profitable in its inaugural year. It has fulfilled the dividend forecast made at the time of flotation and has fully absorbed all property acquisition costs incurred at the time of purchase. During this period, 50% of total income comprised bank and other interest income. In 2005, interest income will be replaced by increased revenue from rental receipts and forward funding arrangements arising from recent capital expenditure on new projects.

The Company intends to draw down a first tranche of debt during the third quarter of 2005. The terms of this facility are still being finalised through a competitive tender process involving four banks. The initial bank facility will be of the order of £100m and will be arranged on a short term basis with flexibility to allow for a full refinancing once the property portfolio increases towards £400m.

Rent reviews in primary health care property are generally on a three yearly cycle. Given the Company's national focus towards investment and its spread of activities among sale and leasebacks, development

projects and LIFT, the Company is building up an extensive database of rental evidence which will become increasingly useful in rent review negotiations. The Company has settled rent reviews on six properties during 2004 resulting in an overall uplift of 14.1% on the passing rent relating to those properties.

On all properties acquired as at 31 December 2004, the Company had a weighted income un-expired term of 19.7 years.

Strategic Initiatives

The acquisition of a 70% interest in the share capital of BHE was completed in August 2004 and we have been pleased with its performance to date. It has brought to the Group financial and operational involvement in three LIFT areas as well as development expertise in other primary health care projects and the niche area of developing hospital main entrance retail malls.

A large portfolio of medical properties, owned by the General Practice Finance Corporation (GPFC), the principal lender in the sector, came to the market during the second half of 2004. This attracted considerable interest from a variety of prospective purchasers including ourselves. The eventual sale price was somewhat higher than our proposal which was pitched at a level which balanced the advantages of scale with the ability to achieve a satisfactory return on investment. The winning bid did however reinforce market evidence of the premiums that purchasers are prepared to pay for portfolios. We will continue to monitor the market for such opportunities whilst focussing the majority of our management resources on individual property purchases.



The Company has established a pharmacy subsidiary to take advantage of changes in the provision of primary health care. The delivery of a wider range of medical services has been facilitated by the new GP contract and improved premises infrastructure. In order to leverage operational efficiency within this new generation of medical buildings it is becoming increasingly important to promote the interaction between GPs, practice nursing staff and the provision of pharmacy and pharmacists' services. The recent relaxation of conditions controlling the grant of new pharmacy contracts is facilitating this change. As at 15 March 2005, Healthcare Pharmacies Limited had applied for a total of eight licences and more licence applications are expected as the Company's property portfolio expands.

The pharmacy initiative is the first example of how we intend to generate other earnings streams as our portfolio of primary health care developments gains critical mass. There are a large number of providers of medical services from both the private and public sector keen to co-locate in these developments. The shortage of available space within the current generation of modern medical facilities is currently their biggest constraint. As our development pipeline gathers momentum, we intend to pursue innovative and sustainable ways to accommodate other service providers.

Industry Trends

In April 2004, GPs signed up to their new contract known as nGMS. This was a further milestone in the evolution of the NHS Plan towards improved service delivery being undertaken within the primary health care market. During this period GP practices have

been adjusting to the new regime. We believe that many practices are only now becoming fully conversant with the implications and opportunities posed by the new contract. One of the most striking features of the new contract is that GPs are now financially incentivised to offer an increasing range of services. To do this they need modern, larger premises so that they can offer a wider range of services to patients.

At the same time GPs' appetite for owning premises is declining. Working practices are becoming more diverse, graduates are more reluctant to be saddled with property assets, older property-owning GPs want to retire and the profession generally is focussing more on service delivery. The inevitable consolidation of smaller GP practices into larger, more capital intensive new developments and the arrival of practice based commissioning are likely to accelerate these dynamics and increase the demand for new facilities.

Growth money funding continues to be a hot topic within the sector with Primary Care Trusts being restricted in the amount of funding available to support new premises' development. Whilst there have been a number of increases announced by Government during the period under review this continues to be patchy and in many cases can adversely affect the smooth delivery of new facilities. We believe the Company is well placed to tackle these issues as it has the financial resources to take a long term view and is not reliant on project specific bank debt funding.



Strategy and Outlook

The main focus over the next twelve months will be on allocating investment into five key areas: sale and leaseback transactions; investment purchases; forward funding development commitments; own developments and investment in LIFT companies. The relative mix between the categories is not fixed however it is our intention to allocate at least 50% of our gross assets towards developments and LIFT.

Our aim is to build on the position we have established in the market as the natural partner for GPs and PCTs alike as a long term owner and active asset manager of primary care premises. We anticipate an increased level of sale and leaseback activity during this year as more GP practices recognise the merits of forming a relationship with a partner committed to ongoing capital investment and development.

The Company is uniquely positioned to take an active role in the development of bigger projects or "one stop shops" where there is an opportunity to attract complementary medical providers and services alongside the GP practice. We will develop additional space on a 'risk' basis as we believe there is a substantial and unsatisfied group of users keen to gain representation in these establishments. We will also explore ways to accelerate the procurement of new premises. Looking ahead, we believe that the Company's active involvement in the development process will be a key driver of shareholder value and, as a result, more resources are being allocated to this part of the business.

The prime objective of delivering asset-backed income growth by building up the Company's portfolio of properties and development projects is on course. We continue to explore opportunities to grow other income streams from our expanding portfolio of medical premises and we are pleased with the progress of the Company so far:

Richard Burrell
Berrington Fund Management Limited
18 March 2005

Portfolio Listings as at 15 March 2005

13

South East and
South West

16

Midlands, North West
and Wales

17

North East, Yorks
and Scotland

South East and South West:

Cassidy Medical Centre, London SW6
The Graham Practice Medical Centre, London E12
Isidore Crown Medical Centre, London SE15
The Keat's Group Practice, London NW3
Kensington Park Health Centre, London W14
The Merritt Medical Centre, Chessington, Surrey
Mill Hill Surgery, London W3
Orchards Health Centre, Barking, Essex
Priory Road Health Clinic, Swindon, Wiltshire*
Queensbridge Group Practice, London E8
Rush Green Medical Centre, Romford, Essex
Weston Lane, Southampton, Hampshire*
Wideway Medical Centre, Mitcham, Surrey

Midlands, North West and Wales:

Allt Goch Medical Centre, Flint, Flintshire
Ashfields Primary Care Centre, Sandbach, Cheshire
Barnton Medical Centre, Northwich, Cheshire*
Benefits Agency Examination Clinic, Festival Park,
Stoke on Trent, Staffordshire
Denton Medical Practice, Denton, Manchester,
Lancashire
Dunwoody Way, Crewe, Cheshire*
Earnswood Medical Centre, Crewe, Cheshire
Elizabeth Street Surgery, Blackpool, Lancashire
Farndon Health Centre, Farndon, Cheshire
Green Bank Surgery, Warrington, Cheshire
Heartlands Hospital Retail Mall,
Birmingham, West Midlands*
Long Lane Surgery, Coalville, Leicester, Leicestershire
Ropewalks One, Liverpool, Merseyside*
Saint Hilary Brow Group Practice, Wallasey, Wirral
Thomas Walker Medical Centre, Peterborough
The Wand Medical Centre, Birmingham*

North East, Yorks and Scotland:

Ashby Turn Primary Care Centre,
Scunthorpe, North Lincolnshire
Beechwood Medical Centre, Ovenden,
Halifax, West Yorkshire
Bonnyrigg Medical Centre, Bonnyrigg, Mid Lothian*
Church Walk Surgery, Metheringham, Lincolnshire
Craven Road Medical Centre, Leeds, West Yorkshire
Ling House Medical Centre, Keighley, West Yorkshire
Outwood Park Medical Centre, Outwood,
Wakefield, West Yorkshire
Major Oak Medical Practice, Edwinstowe,
Nottinghamshire
Middlestown Medical Centre, Middlestown,
Wakefield, West Yorkshire
North Ormesby Medical Village, North Ormesby,
Middlesbrough, Teesside*
Northgate Surgery, Pontefract, West Yorkshire
The Rossington Practice, Rossington,
Doncaster, South Yorkshire
Victoria Medical Centre, Barnsley, South Yorkshire
Walderslade Practice, Southgate, Hoyland,
South Yorkshire*
Waverley Medical Centre, Stranraer, Scotland
The Willows Medical Centre, Queensbury,
Bradford, West Yorkshire
York District General Hospital Retail Mall, York,
Yorkshire

* Currently under construction

Current Sites

46 sites as at 15 March 2005



- income producing sites
- sites in development

Sale & Leaseback



Saint Hilary Brow Group Practice

Wallasey, Wirral

A 4 GP practice operating from two separate premises on opposite sides of the road.

The Company purchased both properties and leased them back to the GPs while working with the GPs and the local PCT to identify a new site. The Company will then fund the development of new, purpose built, primary care premises and will release the GPs from their lease obligations on completion of the new development and sell the redundant premises for residential use.

Patient List:	5,500
Accommodation:	2,174 sq ft (202 sq m) detached house
	1,184 sq ft (110 sq m) converted shop unit



Cassidy Medical Centre

London, SW6

A 3 GP practice operating from a modern, purpose built, two storey medical centre in Fulham.

The Company purchased the property and leased it back to the GPs on a 20 year lease term. There is an opportunity to extend the property in order to provide additional surgery and pharmacy space.

Patient List:	7,000
Accommodation:	4,306 sq ft (400 sq m)

Investment Purchase

The Merritt Medical Centre

Chessington, Surrey

11 GPs from two local practices share brand new, purpose built premises which opened in September 2004. The Centre comprises consulting and treatment rooms and a minor surgery suite. The Company purchased the property and leases the premises to Kingston PCT who in turn sub-let to the GPs.

Patient List:	11,500
Accommodation:	11,786 sq ft (1,094 sq m)



Ashfields Primary Care Centre

Sandbach, Cheshire

A modern, two storey, one stop shop which replaced three outdated premises and accommodates 13 GPs and 46 primary care health and support professionals. The accommodation includes 13 consulting rooms, a pharmacy, physiotherapy unit and hydrotherapy pool and facilities for minor surgeries, nursing suite, audiology, dentistry and chiropody. The Company purchased the property in February 2004.

Patient List:	20,500
Accommodation:	30,000 sq ft (2,787 sq m)

Forward Funding



North Ormesby Medical Village

Middlesbrough, Teesside

The Company is forward funding the development of a single medical centre which will accommodate 22 GPs from five separate practices. It will also include PCT clinical space, a Children's Day Nursery, pharmacy, dentist, optician and retail providers. The development will consist of six different buildings and will be constructed in three phases over a period of circa 18 months.

Patient List:	35,000 (estimated list size on completion)
Accommodation:	66,000 sq ft (6,131 sq m)

Barton Medical Centre

Northwich, Cheshire

The Company is forward funding a new build medical centre to accommodate 6 GPs which is being developed by one of the Company's "preferred developers". The development will include surgery space let to the GPs, pharmacy and retail space let to the Co-op. Whilst the initial build is part single/part double storey, there may be extension opportunities in the future to build additional storeys.

Patient List:	7,290 (estimated list size on completion)
Accommodation:	13,917 sq ft (1,292 sq m)



Own Development



Farndon Health Centre

Farndon, Cheshire

4 GPs operate from a converted 1970s bungalow in an attractive commuter village. The Company purchased the property from the GPs and leased it back to the GPs on a 21 year lease term. The GPs are very eager to expand the premises and the Company will fund this expansion scheme.

Patient List:	3,900
Accommodation:	1,862 sq ft (172 sq m)

Bonnyrigg Medical Centre

Bonnyrigg, Mid Lothian

One of the UK's largest primary care centres which has recently been completed and will accommodate three local GP practices. The purpose built centre also provides a range of enhanced facilities from minor surgery to nutrition and dietetics.

The property was developed by the Company's specialist in-house primary care developer, British Health Enterprise (BHE) and is leased to Lothian Primary Care NHS Trust who in turn sub-let to the GPs.

Patient List:	25,000 (estimated list size)
Accommodation:	46,000 sq ft (4,273 sq m)



Directors' Profiles

Dr Mark Jackson – Chairman

Dr Mark Jackson (Chairman) qualified in medicine from Oxford University in 1980 and subsequently pursued a career in general medical practice with a period spent completing a doctorate in epidemiology. He co-founded Helphire plc in 1992 and became a full time Executive Director and Deputy Chief Executive in 1998. He became Chief Executive of Helphire plc in 2001.

Dr John Curran – Deputy Chairman

Dr John Curran is a medical practitioner (GP and dermatologist). He currently owns and operates Aesthetic Skin Clinics in the Channel Islands and Ireland. He is also Executive Chairman of Pharma-e Limited, a pharmacy company specialising in distributing medical products to doctors in the UK. He was formerly a Director of St Damiens Property Company Limited, a Channel Islands based medical property company, which was responsible for developing and leasing health centres for doctors in Guernsey. Throughout his medical career Dr Curran has been involved in medical finances, holding the post of Finance Partner and Management Partner for a large private medical group in the Channel Islands (1991 - 2000).

Graham Chase

Graham Chase is Chairman and Managing Director of Chase and Partners, Chartered Surveyors and Chartered Town Planners. He is Vice President of the Royal Institution of Chartered Surveyors, a Fellow of the Chartered Institute of Arbitrators and a Freeman of the City of London. He is a past President of the General Practice Division of RICS and the immediate Past Chairman of the RICS Commercial Property Faculty.

Fred Porter

Fred Porter qualified as a dental surgeon in 1967 and pursued a career in dentistry from 1968 to 1998. He co-founded Helphire plc in 1992 and was involved in its development from its beginning to a full listing on the London Stock Exchange in 1997. He served as a Non Executive Director of Helphire plc from 1992 to 1999. Since retiring in 1999 and leaving the UK to live abroad, he has helped to build Signature Group, a substantial property development business in Portugal.

Colin Vibert

Colin Vibert is a banker who has 40 years experience in the finance industry, primarily in Jersey, and is an Associate of the Chartered Institute of Bankers. From 1980 to 1999 he was a Senior Officer of BankAmerica Trust Company (Jersey) Limited, the last 18 months as Chief Executive. The business of BankAmerica Trust Company (Jersey) Limited was acquired by UBS AG in March 1999 and he became head of the combined UBS Jersey trust operation until his retirement in October 2000. Included in his trustee's duties were the management and administration of international mutual funds and substantial real estate portfolios.

Management and Administration

Directors:

Dr Mark Jackson
Dr John Curran
Graham Chase
Fred Porter
Colin Vibert

Investment Committee:

Richard Burrell
Peter Dickson
Andrew Darke
Peter Hadley
Heather Lewis
Tim Meggitt
Andrew Motley
Richard Taylor

Registered Office:

East Wing
Trafalgar Court
Admiral Park
St. Peter Port
Guernsey
Channel Islands
GY1 6HJ

Investment Manager:

Berrington Fund Management Limited
East Wing
Trafalgar Court
Admiral Park
St. Peter Port
Guernsey
Channel Islands
GY1 6HJ

Property Manager:

Barlows Asset Management Limited
Chepstow House
Dee Hills Park
Chester
CH3 5AR

Administrator and Secretary:

Mourant Guernsey Limited
East Wing
Trafalgar Court
Admiral Park
St. Peter Port
Guernsey
Channel Islands
GY1 6HJ

Auditors:

Ernst & Young LLP
14 New Street
St. Peter Port
Guernsey
Channel Islands
GY1 4AF

Independent Property Valuer:

FPD Savills Commercial Limited
20 Grosvenor Hill
London
W1K 3HQ

Bankers:

Barings (Guernsey) Limited
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
GY1 3DA

Legal Advisers:

Addleshaw Goddard
100 Barbirolli Square
Manchester
M2 3AB

Stockbroker:

Collins Stewart Limited
88 Wood Street
London
EC2V 7QR

Report of the Directors

The Directors of The Medical Property Investment Fund Limited (“the Company”) and its subsidiaries (together “the Group”) are pleased to submit the Audited Consolidated Financial Statements of the Group for the period from 7 October 2003 to 31 December 2004.

Investment Policy

The primary investment objective of the Group is to achieve income and capital growth primarily from a portfolio of medical centres situated in the United Kingdom and related primary care services.

Listing

The Ordinary Shares of the Company were admitted to the Official List of the London Stock Exchange on 21 November 2003.

Results

The results for the period are shown in the Consolidated Statement of Operations on page 15.

Dividend

During the period the Company has declared and paid the following interim dividend and declared the following final dividend to its Ordinary Shareholders:

Dividend	Date Declared	Rate
Interim	13 September 2004	1.33p
Final	18 March 2005	2.67p

Directors' and Other Interests

None of the Directors or persons connected with them held any shares at 31 December 2004.

None of the Directors had a service contract with the Company during the period.

As at 31 December 2004, Berrington Fund Management Limited was interested in 147,000 Ordinary Shares.

Corporate Governance

As a Guernsey incorporated company, the Company is not required to comply with the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance (the “Combined Code”). However, the Directors place a high degree of importance on ensuring that high standards of Corporate Governance are maintained.

Going Concern

The Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements as, after due consideration, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future.

Substantial Shareholdings

At 1 March 2005, Directors were aware that the following shareholders owned 3% or more of the issued Ordinary Shares of the Company:

	Number of Ordinary Shares	% of Ordinary Shares
The Bank of New York (Nominees) Limited	4,645,970	3.26
BNY (OCS) Nominees Limited	6,776,810	4.76
HSBC Global Custody Nominee (UK) Limited	4,300,000	3.02
Morstan Nominees Limited	13,930,000	9.78
Nortrust Nominees Limited	9,350,000	6.57
Nutraco Nominees Limited	4,355,000	3.06
State Street Nominees Limited	14,118,649	9.91
Vidacos Nominees Limited	32,596,674	22.89

Directors' Responsibilities

The Directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period and are in accordance with applicable laws. In preparing those financial statements the Directors are required to:-

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 1994. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Report of the Directors and other information included in the Annual Report is prepared in accordance with applicable company law. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Status for Taxation

The Income Tax Authority in Guernsey has granted the Company exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and the income of the Company may be distributed or accumulated without deduction of Guernsey income tax. Exemption under the above mentioned Ordinance entails payment by the Company of an Annual Fee of £600.

The property subsidiary is subject to United Kingdom tax on income arising on investment properties, after deduction of their debt financing costs and allowable expenses. The UK trading subsidiaries are subject to UK corporation tax on their profits.

Auditors

Ernst & Young LLP have indicated their willingness to continue in office.

Dr Mark Jackson
Chairman

Graham Chase
Director

18 March 2005

Independent Auditors' Report

We have audited the Group's financial statements for the period ended 31 December 2004 which comprise the Consolidated Statement of Operations, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 64 of the Companies (Guernsey) Law, 1994. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the financial statements in accordance with Guernsey law as described in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements, which have been prepared in accordance with International Financial Reporting Standards, give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law, 1994. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by the Listing Rules regarding Directors' transactions with the Group is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Highlights, Chairman's Statement, Investment Manager's Report, Directors' Profiles, Management and Administration and Report of the Directors. We consider the implications for our Report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies (Guernsey) Law, 1994.

Ernst & Young LLP
Guernsey, Channel Islands

18 March 2005

Consolidated Statement of Operations

For the period from 7 October 2003 to 31 December 2004

	Notes	7/10/2003 to 31/12/2004 £
Income		
Rent receivable		3,399,736
Fees receivable		358,488
Bank and other interest		3,829,875
Total Income		7,588,099
Expenses		
Interest payable and similar charges	5	43,448
Investment Manager's fees	3(i)	2,958,265
Salaries	2	409,520
Legal and professional fees		189,893
Property management expenses		186,546
Audit fees		35,000
Tax and accountancy fees		22,560
Administration fee	3(ii)	113,453
Directors' fees	4	243,287
Insurance		37,686
Advertising, PR & marketing		260,420
Other expenses		409,168
Depreciation		350
Bank charges		9,503
Total Expenses		4,919,099
Net Profit before Investment Result		2,669,000
Unrealised loss on revaluation of properties		(508,027)
Minority interests		69,703
Net Profit before Taxation		2,230,676
Taxation	7	–
Net Profit for the Period		2,230,676
Dividend	6	(1,893,971)
Retained Profit		336,705
Basic and Diluted Profit per Ordinary Share	8	1.58p

All items in the above statement are derived from continuing operations. The accompanying notes on pages 20 to 30 form an integral part of the financial statements.

Consolidated Balance Sheet

as at 31 December 2004

	Notes	31/12/2004 £
Non-current Assets		
Property	10	51,739,136
Investments	11	4,232
Goodwill	12	5,867,768
Tangible fixed assets	13	20,078
		57,631,214
Current Assets		
Cash and cash equivalents	15	66,650,944
Debtors	16	4,615,396
Development work in progress		10,071,702
		81,338,042
Total Assets		138,969,256
Current Liabilities		
Creditors	17	2,222,416
Total Liabilities		2,222,416
Net Assets		136,746,840
Represented by:		
Capital and Reserves		
Share capital	18	14,240,385
Share premium	19	122,239,453
Reserves	20	336,705
		136,816,543
Minority interests		(69,703)
Total Equity		136,746,840
Net Asset Value per Ordinary Share	21	96.03p

The financial statements on pages 15 to 30 were approved at a meeting of the Board of Directors held on 18 March 2005 and signed on its behalf by:

Dr Mark Jackson, Chairman

Graham Chase, Director

The accompanying notes on pages 20 to 30 form an integral part of the financial statements.

Company Balance Sheet

as at 31 December 2004

	Notes	31/12/2004 £
Non-current Assets		
Property	10	–
Investments in subsidiary companies	9 & 11	15,696,868
Loans	14	53,299,452
		68,996,320
Current Assets		
Cash and cash equivalents	15	66,340,103
Debtors	16	1,515,910
		67,856,013
Total Assets		136,852,333
Current Liabilities		
Creditors	17	105,493
Total Liabilities		105,493
Net Assets		136,746,840
Represented by:		
Capital and Reserves		
Share capital	18	14,240,385
Share premium	19	122,239,453
Reserves	20	267,002
Total Equity		136,746,840

The financial statements on pages 15 to 30 were approved at a meeting of the Board of Directors held on 18 March 2005 and signed on its behalf by:

Dr Mark Jackson, Chairman

Graham Chase, Director

The accompanying notes on pages 20 to 30 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the period from 7 October 2003 to 31 December 2004

	7/10/2003 to 31/12/2004 £
Retained profit	336,705
Minority interest	(69,703)
Issue of Ordinary Shares, net of issue costs	136,479,838
Equity at 31 December	136,746,840

The accompanying notes on pages 20 to 30 form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the period from 7 October 2003 to 31 December 2004

	Note	7/10/2003 to 31/12/2004 £
Operating Activities		
Rent received		3,285,877
Fees received		358,488
Bank and other interest received		3,829,875
Expenses paid		(5,240,581)
Interest paid and similar charges		(43,448)
Net cash inflow from operating activities	22	2,190,211
Investing Activities		
Purchase of property		(53,228,913)
Purchase of investments		(4,232)
Purchase of fixed assets		(20,428)
Acquisition of subsidiary, net of cash acquired		(5,867,768)
Cost of development work in progress		(10,071,702)
Short term loan to associated company		(932,091)
Net cash outflow from investing activities		(70,125,134)
Financing Activities		
Issue of Ordinary Shares		142,500,000
Issue costs paid on issuance of Ordinary Shares		(6,020,162)
Dividend paid		(1,893,971)
Net cash inflow from financing activities		134,585,867
Increase in cash and cash equivalents		66,650,944
Cash and cash equivalents at 7 October 2003		–
Cash and cash equivalents at 31 December 2004		66,650,944

The accompanying notes on pages 20 to 30 form an integral part of the financial statements.

Notes to the Financial Statements

For the period from 7 October 2003 to 31 December 2004

1. Operations

The Medical Property Investment Fund Limited is a closed-ended investment company incorporated in Guernsey whose investment objective is to achieve capital growth and rising rental income from the ownership and development of a diversified portfolio of primary health care properties and the provision of related services.

2. Principal Accounting Policies

Basis of Preparation

The financial statements of the Group have been prepared in conformity with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee and applicable legal and regulatory requirements of Guernsey Law, and reflect the following policies:

Convention

The financial statements have been prepared on a going concern basis under the Historical Cost Convention except for the measurement at fair value of investment properties.

Basis of Consolidation

The Group financial statements consolidate the financial statements of The Medical Property Investment Fund Limited and its subsidiary undertakings drawn up to 31 December 2004.

Segmental Reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being primary care investment and development business and related services. The Group invests in primary health care properties and developments situated in the United Kingdom.

Income

Interest and fees receivable are included in the financial statements on an accruals basis. Rental income is included in the financial statements on an accruals basis and is shown gross of any UK income tax.

Expenses

All expenses are accounted for on an accruals basis.

Salaries

The Company has no employees. Salary costs relate to the Group's subsidiary, BHE Management Services Limited, which has nine employees. The latter company does not have a pension scheme.

Issue Costs

The share issue costs incurred amounted to £6,020,162 and have been written off in full against the share premium account.

Investments in Subsidiary Companies

The investments in subsidiary companies are included in the Company Balance Sheet at cost less any provisions for diminution in value.

Goodwill

Goodwill arising on acquisition is accounted for being the difference between the cost of acquisition and the fair value of the assets acquired. It is then subject to annual review for any impairment.

Property – Freehold

Freehold properties are initially recognised at cost, being the fair value of consideration given, including transaction costs associated with the property.

Property – Freehold (continued)

After initial recognition, freehold properties are measured at fair value, with unrealised gains and losses recognised in the Consolidated Statement of Operations. Fair value is based upon the open market valuations of the properties as provided by FPD Savills Commercial Limited, a firm of independent chartered surveyors, as at the balance sheet date.

Property – Long Leasehold

IAS 40 (2003-revised) has been adopted early. As a result, long leasehold properties have been accounted for as freehold properties and, after initial recognition at cost, are measured at fair value (on the same basis as freehold properties above).

Tangible Fixed Assets

Tangible fixed assets are depreciated over their expected useful lives which are:

- Fixtures & Fittings – four years.

Investments

Investments are initially recognised at cost, being the fair value of the consideration paid, including transaction costs associated with the investment. After initial recognition, investments are carried at the Group's share in the net asset value of the investment.

Loans to Subsidiary Companies

The unsecured subordinated loan that has been granted to MPIF Holdings Limited at various times during the accounting period, has been accounted for as an originated loan under IFRS. This loan, and other loans to subsidiary companies, have been accounted for on an amortised cost basis with intercompany interest being recognised under the effective interest rate method. The loans are reviewed regularly for impairment.

Development Work in Progress

Development work in progress, including capitalised interest where applicable, is carried at cost or, if lower, market value. No interest was capitalised in the period.

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.

3. Material Agreements

- (i) Under the terms of an appointment made by the Board on 18 November 2003, Berrington Fund Management Limited ("BFML") was appointed as Investment Manager to the Company. With effect from 21 November 2003 the Investment Manager is paid an aggregate annual management fee of 2.0% of the net asset value of the Company payable monthly in arrears. In addition, BFML is entitled to receive a performance fee in respect of the period from Admission to 31 December 2008 of 18% of the amount by which the market value per share exceeds on 31 December 2008 the Placing Price (compounded annually at 12% per annum) and, thereafter, 18% of the amount by which the market value per share exceeds the higher of (1) the Placing Price (compounded annually at 12% per annum) or (2) the highest previous market value per share as stated in the Prospectus.

The Investment Management Agreement is terminable by the Company on 12 months' notice, such notice to be given on or after the fourth anniversary of the Investment Manager's Agreement.

The Investment Manager has delegated the management of the investment properties to Barlows Asset Management Limited.

Notes to the Financial Statements (continued)

For the period from 7 October 2003 to 31 December 2004

3. Material Agreements (continued)

(ii) Under the terms of an Administration Agreement dated 18 November 2003, the Company appointed Guernsey International Fund Managers Limited ("GIFM") as Administrator, Secretary and Registrar of the Company. This agreement was terminated with effect from 27 April 2004.

The Company entered into an Administration Agreement dated 26 April 2004 with Mourant Guernsey Limited ("Mourant") under which Mourant agreed to provide services to the Company as Administrator and Secretary to the Company. Mourant is entitled to an annual fee of £85,000 per annum, such fees being invoiced monthly in arrears.

4. Directors' Fees

	7/10/2003 to 31/12/2004 £
During the period each of the Directors was entitled to the following fees:	
M. Jackson (Chairman)	121,643
J. Curran (Deputy Chairman)	48,657
G. Chase	24,329
F. Porter	24,329
C. Vibert	24,329
	243,287

5. Interest Payable and Similar Charges

	7/10/2003 to 31/12/2004
Bank and other interest payable	43,448
	43,448

6. Dividends Paid and Payable on Ordinary Shares

	No. of Ordinary Shares	Rate pence	7/10/2003 to 31/12/2004 £
Interim dividend paid 15 October 2004	142,403,847	1.33	1,893,971
Dividends paid		1.33	1,893,971

A final dividend of 2.67 pence per Ordinary Share was declared on 18 March 2005.

7. Taxation

The Company and its Guernsey registered subsidiary, MPIF Holdings Limited, have obtained exempt company status in Guernsey under the terms of the 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 in Guernsey. Each 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.

MPIF Holdings Limited is subject to United Kingdom income tax on income arising on the investment properties, after deduction of its debt financing costs, allowable expenses and capital allowances.

The Company's UK subsidiaries are subject to United Kingdom corporation tax on their profits less losses.

8. Basic and Diluted Profit per Ordinary Share

The basic and diluted profit per Ordinary Share is based on the net profit for the period of £2,230,676 and on 140,909,564 Ordinary Shares, being the weighted average number of Ordinary Shares in issue throughout the period since 21 November 2003, when the shares were admitted to the Official List of the London Stock Exchange.

9. Investments in Subsidiary Companies

The Company owns the whole of the issued Ordinary Share capital of MPIF Holdings Limited, specially formed to act as the property investment holding company for the Group, which is incorporated and registered in Guernsey. MPIF Holdings Limited owns the whole of the issued Ordinary Share capital of BHE (Heartlands) Limited (property investment company – registered in England), BHE (Bonnyrigg) Limited and BHE (Wand) Limited, both of which are dormant and registered in England.

MPIF Holdings Limited also owns the whole of the issued Ordinary Share capital of MPF Pharmacies Limited, specially formed to act as the pharmacy investment holding company for the Group, which is incorporated and registered in Guernsey. MPF Pharmacies Limited own the whole of the issued Ordinary Share capital of Healthcare Pharmacies Limited which is registered in England and will, in due course, carry out its pharmacy trade in the United Kingdom.

The Company also owns 70% of the issued Ordinary Share capital of BHE Holdings Limited and its subsidiaries, Development Support Partnership Limited and BHE (York) Limited, both of which are dormant, and BHE Management Services Limited. BHE Holdings Limited and BHE Management Services Limited, all of which are registered in England, both undertake property development, health planning and related consultancy services.

10. Property

Properties are stated at fair value, which has been determined based on valuations performed by FPD Savills Commercial Limited as at 31 December 2004, on the basis of open market value, supported by market evidence, in accordance with International Valuation Standards.

	31/12/2004 £
Group	
At 7 October 2003	–
Additions at cost	52,247,163
Unrealised loss on revaluation	(508,027)
At 31 December 2004	51,739,136

	31/12/2004 £
Company	
At 7 October 2003	–
Additions at cost	32,040,262
Disposals	(32,040,262)
At 31 December 2004	–

During the period, the Group has complied with Sections 21.27 (f) to 21.27 (i) of the FSA Listing Rules.

Notes to the Financial Statements (continued)

For the period from 7 October 2003 to 31 December 2004

11. Investments

The Group has the following investments:

Name of Company	Shares held by the Group	% held	Place of Incorporation	Business Activity
Infracare (Midlands) Limited	5 Ordinary Shares of £1	5% (with an option to increase to 40% for nominal consideration)	England	Dormant (formed to invest in the Dudley South LIFT Company)
GB Consortium (No. 1) Limited	4,200 Ordinary Shares of £1	40% held by BHE (Holdings) Limited which is 70% owned by the Company	England	Holds 60% of the share capital in both Barnet, Enfield and Haringey, and Liverpool and Sefton LIFT Companies
GB Consortium (No. 2) Limited	27 Ordinary Shares of £1	45% held by BHE (Holdings) Limited which is 70% owned by the Company	England	Holds 60% of the share capital in the Coventry LIFT Company

The Company has the following investments in subsidiaries:

	31/12/2004 £
Company	
Investment in MPIF Holdings Limited	12,000,000
Investment in BHE Holdings Limited	6,670,771
Provision for diminution in value of subsidiaries	(2,973,903)
	15,696,868

12. Goodwill

On 30 July 2004 the Company acquired 70% of the share capital of BHE Holdings Limited, and 100% of the share capital of BHE (Bonnyrigg) Limited and BHE (Heartlands) Limited for a consideration of £4m in cash plus 2,403,847 Ordinary Shares in the Company with a value of £2,500,000.

The net assets of the group acquired were £Nil.

The goodwill arising and at the period end is as follows:

	31/12/2004 £
Group	
Purchase consideration	6,500,000
Stamp duty, legal fees and other costs of acquisition	170,771
Total cost	6,670,771
Net assets acquired	–
Revaluation at date of acquisition	803,003
Goodwill arising and at 31 December 2004	5,867,768

13. Tangible Fixed Assets

	31/12/2004 Fixtures & Fittings £
Group	
Cost	
At date of acquisition and at 31 December 2004	37,896
Depreciation	
At date of acquisition	17,468
Depreciation for the period	350
At 31 December 2004	17,818
Net book value at 31 December 2004	20,078

Notes to the Financial Statements (continued)

For the period from 7 October 2003 to 31 December 2004

14. Loans

	31/12/2004 £
Company	
MPIF Holdings Limited (i)	48,355,860
BHE Holdings Limited (ii)	250,000
BHE (Heartlands) Limited (iii)	3,424,675
BHE (Bonnyrigg) Limited (iii)	1,032,032
MPF Pharmacies Limited (iii)	216,560
GB Consortium (No. 1) Limited (iii)	20,325
	53,299,452

(i) These comprise unsecured subordinated loans issued in support of property acquisitions. The loans are repayable on 31 December 2013 and interest is charged at the fixed rate for that period plus a margin of 3%.

(ii) The loan is unsecured, repayable upon demand and carries interest at 8% per annum.

(iii) These loans are unsecured, non interest bearing and repayable upon demand.

15. Cash and Cash Equivalents

Cash balances include £635,000 held to the bank's order as security for letters of credit issued by the bank to the debt funders for the three Local Improvement Finance Trusts (LIFT Companies) to which the Group has pledged funding upon practical completion of the medical centres under development.

16. Debtors

	31/12/2004 £
Group	
VAT recoverable	873,584
Other debtors	934,796
Short-term loan to Infracare (Midlands) Limited*	932,091
Rent receivable	893,175
Property purchase deposits	981,750
	4,615,396

*The unsecured loan from MPIF Holdings Limited to Infracare (Midlands) Limited carries interest at 12% and is repayable upon financial close of the Dudley South LIFT.

	31/12/2004 £
Company	
Due from MPIF Holdings Limited	1,479,132
Prepayments	36,778
	1,515,910

17. Creditors

	31/12/2004 £
Group	
Trade creditors	954,745
Other creditors	488,355
Rents received in advance	779,316
	2,222,416
Company	
Trade creditors	6,357
Other creditors	99,136
	105,493

18. Share Capital

	£	
Authorised		
200,000,000 Ordinary Shares of 10p each		20,000,000
20,000,000 Preference Shares of 10p each		2,000,000
		22,000,000
	Number of Shares	Share Capital £
Ordinary Shares issued and fully paid		
142,403,847 Ordinary Shares of 10p each	142,403,847	14,240,385
Total share capital	142,403,847	14,240,385

The Company has yet to issue any Preference Shares.

Voting Rights

Ordinary shareholders are entitled to vote at all general meetings. Preference shareholders are entitled to receive notice of and speak at any general meeting of the Company but they can only vote on any resolution relating to the Preference Shares.

Dividends

The preference shareholders are entitled to, in priority to the holders of any other class of share, a fixed cumulative preferential cash dividend at the rate of 6p per Preference Share per annum.

The ordinary shareholders are entitled to the balance of revenue made available for distribution by the Company.

Notes to the Financial Statements (continued)

For the period from 7 October 2003 to 31 December 2004

18. Share Capital (continued)

Conversion

Each preference shareholder may convert part of his shareholding into fully paid Ordinary Shares at the rate of one Ordinary Share for each Preference Share held, in the manner and basis set out in the articles.

Capital

If not converted, the Preference Shares may be redeemed by the Company subject to notice periods set out in the articles.

The ordinary and preference shareholders are entitled to all capital pari passu once the preference shareholders have received their dividend entitlement.

19. Share Premium

	31/12/2004 £
Proceeds arising on issue of Ordinary Shares	128,259,615
Allocation of issue costs	(6,020,162)
Share premium at 31 December 2004	122,239,453

20. Reserves

	Profit and Loss Reserves 31/12/2004 £
Group	
Retained profit	336,705
Reserves at 31 December 2004	336,705
Company	
Retained profit	267,002
Reserves at 31 December 2004	267,002

21. Net Asset Value per Ordinary Share

The net asset value per Ordinary Share is based on the net assets attributable to the ordinary shareholders of £136,746,840 and on 142,403,847 Ordinary Shares in issue at the balance sheet date.

22. Note to the Consolidated Cash Flow Statement

	7/10/2003 to 31/12/2004 £
Reconciliation of net profit before investment result to net cash outflow from operating activities:	
Net profit before investment result	2,669,000
Adjustment for non-cash items:	
Depreciation	350
(Increase) in debtors	(2,701,555)
Increase in creditors	2,222,416
Net cash inflow from operating activities	2,190,211

23. 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 Group has not entered into any derivative transactions during the period under review.

The main risks arising from the Group's financial instruments and properties are market price risk, credit risk, liquidity risk and interest rate 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 will reflect the actual sales price even where a sale occurs shortly after the valuation date.

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 costs thereof, the costs of maintenance and insurance, and increased operating costs.

The Directors monitor market value by having independent valuations carried out quarterly by FPD Savills Commercial Limited.

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.

Notes to the Financial Statements (continued)

For the period from 7 October 2003 to 31 December 2004

23. Financial Instruments and Properties (continued)

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 Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash deposits and, once debt is being utilised, long-term debt obligations. The Group's policy will be to manage its interest cost using fixed rate debt in due course.

The interest rate profile of the Group at 31 December 2004 is as follows:

	Total £	Variable rate £	Assets on which no interest is received £	Weighted average interest rate per annum %
Assets				
Properties	51,739,136	–	51,739,136	–
Fixed assets	20,078	–	20,078	–
Goodwill	5,867,768	–	5,867,768	–
Investments	4,232	–	4,232	–
Non-current assets	57,631,214	–	57,631,214	–
Cash and cash equivalents	66,650,944	66,650,944	–	4.6
Debtors	4,615,396	–	4,615,396	–
Development work in progress	10,071,702	–	10,071,702	–
Total assets as per Balance Sheet	138,969,256	66,650,944	72,318,312	–
			Total £	Liabilities on which no interest is paid £
Liabilities				
Creditors			2,222,416	2,222,416
Total liabilities as per Balance Sheet			2,222,416	2,222,416

24. Commitments

At the period end the Group had commitments to invest a further £15,616,000 in its portfolio of investment property.

The Company has given guarantees in favour of the General Practice Finance Corporation (GPFC) amounting to £635,000 to secure future LIFT investments by the Group.

25. Related Parties

The Company was charged investment manager's fees totalling £2,958,265 by Berrington Fund Management Limited, none of which was outstanding at the balance sheet date. At the period end Berrington Fund Management Limited had an interest in 147,000 Ordinary Shares in the Company.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE MEDICAL PROPERTY INVESTMENT FUND LIMITED (THE "COMPANY") WILL BE HELD AT LA FREGATE HOTEL, LES COTILS, ST. PETER PORT, GUERNSEY ON 13 MAY 2005.

Agenda

1. **Chairman**
To elect a Chairman of the Meeting.
2. **Annual Report and Audited Financial Statements**
To approve and adopt the Annual Report and Financial Statements of the Company for the period ended 31 December 2004.
3. **Auditors**
To re-appoint Ernst & Young LLP as Auditors to the Company and to authorise the Directors to determine the Auditors' remuneration.
4. **Directors' Remuneration**
To authorise and agree the remuneration of the Directors.
5. **Any Other Business**

By Order of the Board

For and on behalf of
Mourant Guernsey Limited
Secretary

A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote in his stead.
A proxy need not also be a Member.

Form of Proxy

I/We, being a Member of The Medical Property Investment Fund Limited hereby

appoint _____

of _____

or failing him, the Chairman of the Meeting as our proxy to attend and to vote on our behalf and if necessary demand a poll at the Annual General Meeting of the Company to be held at La Fregate Hotel, Les Cotils, St. Peter Port, Guernsey, Channel Islands on 13 May 2005 at 11.30 a.m. and at any adjournment thereof.

Please indicate with an 'X' in the appropriate box how you wish your vote to be cast in respect of the Resolution. If you do not insert an 'X' in the appropriate box your Proxy will vote or abstain at his discretion.

Resolution	For	Against
1. To approve and adopt the Annual Report and Financial Statements of the Company for the period ended 31 December 2004.		
2. To re-appoint Ernst & Young LLP as Auditors of the Company until the next Ordinary General Meeting.		
3. To authorise the Directors to determine the Auditors' remuneration.		
4. To authorise and agree the remuneration of Directors.		

Authorised Signatory _____ Date _____ 2005

Notes

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. If it is desired to appoint some other person or persons as proxy or proxies the name(s) of the Proxy or Proxies desired must be inserted in the space provided and the alteration should be initialled.
4. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers (other than a power to appoint a proxy) as that corporation could exercise if it were an individual Member of the Company.
5. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of that power or authority shall be deposited at the Office not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.



Medical Property Fund is a trading name used by representatives of Berrington Fund Management LLP and/or Berrington Fund Management Limited, which is the investment manager to The Medical Property Investment Fund Limited. Berrington Fund Management LLP is Authorised and regulated by the Financial Services Authority.

If you would like more information, please call **0845 458 0869** or contact Berrington Fund Management at your nearest office:

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