

8 April 2008



CareCapital Group Plc
("CareCapital" or "the Group")

Unaudited Preliminary Results for the year ended 31 December 2007

CareCapital Group Plc, a developer and investor for the long term in healthcare related properties throughout the UK and in Germany, is pleased to announce its preliminary results for the year ended 31 December 2007.

Highlights

- Profit before tax ("PBT") of £1.65 million (2006: £1.46 million)
- Group rental income up 58% to £2.12 million (2006: £1.34 million)
- Portfolio value up 35% to £39.9 million (2006: £29.5 million)
- Net assets increased by 11.6% to £14.93 million (2006: £13.38 million)
- Adjusted diluted net asset value* ("NAV") per share increased by 5% to 22.3p (2006: 21.25p)
- Appointment as preferred developer on two projects in England and 3 projects in Wales. (50% partner in Wales)
- Acquisition of two German health centres completed for a combined consideration of €9.2 million
- Significant development pipeline in place

*adjusted diluted NAV per share – excludes deferred tax on property portfolio revaluation. Calculated on an equivalent basis for 2006.

Dr. Michael Sinclair, Chairman, commented:

"2007 has been a successful year for the Group with significant progress on a number of our development projects, further acquisitions and progressed developments in Germany and selection as preferred developer on two projects in England and three in Wales (as a 50% partner with Gaufron Healthcare in HPC Wales). This success has continued into 2008."

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CHAIRMAN'S STATEMENT

I am pleased to present the 2007 financial results for CareCapital Group plc and report on the Group's activities during the year.

2007 has been a successful year for the Group with significant progress on a number of our development projects, further acquisitions and progressed developments in Germany and selection as preferred developer on two projects in England and three in Wales (as a 50% partner with Gaufron Healthcare in HPC Wales). This success has continued into 2008.

As a consequence of this activity the value of the completed portfolio of medical office buildings increased by 35% from £29.5 million to £39.9 million; profits before tax on continuing operations increased to £1.65 million (2006: £1.46 million). Profits after tax were £1.48 million (2006: £0.68 million).

Independent revaluation reviews were conducted towards the end of the year on the portfolios in both the UK and Germany. As a consequence, there was a valuation surplus of £2.5 million. This surplus takes in to account the five rent reviews completed during 2007 which resulted in an average uplift in rents reviewed of 19.5%. Of course, there can be no guarantee that this level of increase will be sustained into the future.

We continue to progress our development pipeline in the UK with completion of the fit-out of our 1,200 sq m dental centre in Folkestone scheduled for April 2008 and a number of projects due to commence construction during 2008.

CareCapital is establishing itself as a significant participant in a European healthcare real estate market which is undergoing a fundamental transformation created by increasing institutional interest. The Group is exploiting these changes by building and investing in a high quality, low risk portfolio characterised by modern purpose built facilities. Development risk is managed by reaching agreements with tenants in advance of making capital commitments.

In Germany we completed the acquisition of two medical office buildings in Berlin and commenced construction on a 3,000 sq m project in Northern Bavaria. This is due for completion in December 2008. We have also completed the purchase of a development site in central Berlin and will commence construction in the summer of 2008 of a 3,600 sq m medical office building. Currently we have 88 tenants in our portfolio of 23 completed properties.

Whilst the majority of our development pipeline comes from referral and recommendation we continue to bid for competitively procured NHS projects. We have now been selected as preferred developer on six such projects with a capital value of £34 million. This means that the total value of projects now being progressed is £82 million. I believe this success stems from our track record of partnering our tenants and their sponsors for the long term, together with our experience of managing mixed economy, multi tenanted buildings.

As I have mentioned above our success rate, in 2007 and continuing into 2008, in securing preferred developer status in NHS competitive tenders has exceeded our expectations and the scale of these and other projects has grown significantly. This requires additional financing over and above that which was originally anticipated. Given the strength of the Groups' balance sheet, there are a number of options which we can pursue in order to raise the required equity element of this financing.

We are in advanced discussions with a number of interested institutional financing sources to supplement our senior debt and working capital facilities. This will enable the delivery of our development projects in line with current targets.

Finally, 2007 has been a year of considerable progress which has been due, in no small part, to the commitment and efforts of our team of experienced and skilled staff.

DR. MICHAEL J SINCLAIR
7 April 2008

CHIEF EXECUTIVE'S REPORT

Activities

The group's principal activities are the development of and investment in healthcare related properties, predominantly in the Primary Care Sector. These business activities are conducted throughout the UK and in Germany. Development projects and acquisitions are secured by direct negotiation and by bids submitted in competitive tendering processes. The Group is listed on the AIM Market of the London Stock Exchange.

The Group's revenues are derived from rents receivable on its investment properties, the income from the provision of facilities management services and development margin.

During 2007 the Group completed the acquisition of a 2,850 sq m medical office building in Konigs Wusterhausen, a south eastern suburb of Berlin and a 2,865 sq m medical office building in Neukoln, central Berlin. At 31 December 2007 the number of fully let investment properties in Germany was three (2006: one) totalling 10,215 sq m (2006: 4,500 sq m) with 68 tenants (2006: 33 tenants). The tenants are predominantly medical practitioners but also include dentists, dental laboratories, pharmacies and other medical retailers.

Property Portfolio

At 31 December 2007 the Group had 23 long term investment properties accommodating 88 Tenants (2006: 21 properties, 53 Tenants); these properties are valued at £39.9 million (2006: £29.5 million). The UK properties were subject to an external desktop review and update of the valuation carried out in 2006 and the German portfolio was independently valued in November 2007.

Developments

At 31 December 2007 the Group was progressing 13 projects in the UK (2006: 7 projects) and 4 projects in Germany (2006: 2 projects). The estimated value of the current development programme on completion is £87 million (2006: £43.4 million).

Included in this programme is the dental centre in Folkestone scheduled for completion in April 2008 and the development of a medical office building in Marktredwitz, Northern Bavaria, due to be completed before the end of 2008, together with the six projects where the Group is preferred developer as reported in the Chairman's Statement. It is anticipated the current development programme will be completed by end 2010. In addition there are a number of pipeline projects in both the UK and Germany.

Disposals

As previously reported the property in Southampton providing patient hotel services was sold in April 2007 for £1.65 million against its book value of £1.5 million.

Occupation of Property Portfolio

The occupation of the Group's properties by tenant category is as follows:

Medical Practitioners	73%
NHS Authorities	5%
Pharmacies	5%
Dental	8%
Others	9%

Tenants by annual rents

The table below sets out the annual rents receivable by tenant category:

Medical Practitioners	74%
NHS Authorities	6%
Pharmacies	6%
Dental	7%
Others	7%

Rental levels

The tables below show the average rentals receivable per square metre by tenant category in the UK and in Germany:

UK

	Average £/sq m
Medical Practitioners	156
NHS Authorities	164
Pharmacies	246
Dental	157

Germany

Medical practitioners	100
Pharmacies	116
Dental	102
Others	96

Security of Income by lease term certain

Analysis of rental income by lease term certain:

10 years and over	100%
10-15 years	83%
15-20 years	76%
20-25 years	32%

Rent Reviews

5 rent reviews were completed during 2007 resulting in an uplift in rents receivable of £55,731. This represented an increase of 19.53% of the rents reviewed. (2006: increase £46,011; 14.84%).

The future rent review pattern is as follows;

0-1 year	23%
1-2 years	20%
3-4 years	23%
4-5 years	12%
Over 5 years	22%

Development financing

The Group increased its long term borrowings by £6.65 million during the year to 31 December 2007 (2006: £1.64 million). Debt financing in respect of development projects is sourced from a panel of banks and financial institutions on a project by project basis. Interest rate risk is mitigated through the use of hedging instruments and long term fixed rate borrowing.

PAUL STACEY
7 April 2008

CareCapital Group Plc

Consolidated Income Statement for the year ended 31 December 2007

	Notes	<u>Unaudited</u> <u>2007</u> £	<u>Audited</u> <u>2006</u> £
Continuing operations			
Revenue		2,115,026	1,335,733
Cost of sales		(162,806)	(34,747)
Gross profit		1,952,220	1,286,920
Administrative expenses		(1,845,788)	(1,891,647)
Other operating income		126,180	-
Net surplus on revaluation of investment properties		2,507,319	3,528,023
Operating profit before exceptional items		2,739,931	2,923,296
Exceptional costs of AIM listing		-	(589,574)
Operating profit after exceptional items		2,739,931	2,333,722
Finance income		257,872	186,608
Finance costs		(1,351,164)	(1,088,898)
Change in fair value of financial instruments		7,239	29,081
Net finance costs		(1,086,053)	(873,209)
Profit before tax		1,653,878	1,460,513
Taxation		(144,290)	(1,029,967)
Profit on ordinary activities after taxation		1,509,588	430,546
Discontinued operations			
(Loss) / profit from discontinued operations		(27,965)	247,277
Profit for the period			
- attributable to equity shareholders		1,353,187	677,823
- attributable to minority interest		128,436	-
		1,481,623	677,823
Earnings per ordinary share			
Basic		1.76p	0.93p
- continued operations	2	1.76p	0.59p
- discontinued operations	2	-	0.34p
Diluted		1.72p	0.92p
- continuing operations	2	1.72p	0.58p
- discontinued operations	2	-	0.34p
Weighted average number of shares (000')	2	76,754	73,544

CareCapital Group Plc

Consolidated Balance Sheet as at 31 December 2007

	Notes	<u>Unaudited</u> <u>2007</u> £	<u>Audited</u> <u>2006</u> £
Non - current assets			
Intangible assets		1,950,075	1,751,959
Investment properties		39,931,316	29,517,118
Development properties		2,888,297	504,916
Leasehold improvements		89,315	-
Plant and equipment		56,467	28,156
		44,915,470	31,802,149
Current assets			
Trade and other receivables		546,145	567,160
Cash and cash equivalents		118,680	2,321,933
		664,825	2,889,093
Non current assets classified as held for sale		-	1,500,000
Total assets		45,580,295	36,191,242
Current liabilities			
Trade and other payables		(790,472)	(1,091,623)
Tax liabilities		-	(292)
Borrowings, including finance leases		(2,393,676)	(340,878)
Derivative financial instruments		(92,256)	(99,495)
		(3,276,404)	(1,532,288)
Non - current liabilities			
Borrowings, including finance leases		(24,745,982)	(18,329,421)
Deferred tax provision		(2,627,615)	(2,249,127)
		(27,373,597)	(20,578,548)
Liabilities directly associated with non current assets held for sale		-	(702,735)
Total liabilities		(30,650,001)	(22,813,571)
Net assets		14,930,294	13,377,671
Equity			
Share capital	4	767,541	767,541
Reverse acquisition reserve		11,038,204	11,038,204
Share option reserve		209,332	143,055
Share premium account		1,397,500	1,397,500
Profit and Loss account		1,388,611	31,371
Equity shareholders' interest		14,801,188	13,377,671
Minority Interest		129,106	-
Total equity		14,930,294	13,377,671

CareCapital Group Plc

Consolidated statement of changes in equity

	<u>Total</u>	<u>Share</u>	<u>Share</u>	<u>Share</u>	<u>Reverse</u>	<u>Accumulated</u>	<u>Minority</u>
	<u>£</u>	<u>Capital</u>	<u>Premium</u>	<u>options</u>	<u>Acquisition</u>	<u>(Loss) / profit</u>	<u>Interest</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>Reserve</u>	<u>Reserve</u>	<u>£</u>	<u>£</u>
Balance at 1 January 2006	11,162,666	706,958	-	63,956	11,038,204	(646,452)	-
Profit for the year	677,823	-	-	-	-	677,823	-
Total recognised income and expenditure	11,840,489	706,958	-	63,956	11,038,204	31,371	-
Issue of share capital (net)	1,447,500	50,000	1,397,500	-	-	-	-
Cost of acquisition	10,583	10,583	-	-	-	-	-
Share based payment							
- employee services	59,099	-	-	59,099	-	-	-
- services received	20,000	-	-	20,000	-	-	-
Balance at 31 December 2006	13,377,671	767,541	1,397,500	143,055	11,038,204	31,371	-
Balance at 1 January 2007	13,377,671	767,541	1,397,500	143,055	11,038,204	31,371	-
Exchange rate movement	4,503	-	-	-	-	4,053	450
Profit for the year	1,481,623	-	-	-	-	1,353,187	128,436
Total recognised income and expenditure	14,863,797	767,541	1,397,500	143,055	11,038,204	13,886,611	128,886
Share based payment							
- employee services	66,277	-	-	66,277	-	-	-
Minority interest in subsidiary	220	-	-	-	-	-	220
Balance at 31 December 2007	14,930,294	767,541	1,397,500	209,332	11,038,204	1,388,611	129,106

CareCapital Group Plc

Consolidated cash flow statement for the year ended 31 December 2007

	<u>Unaudited</u> <u>2007</u> £	<u>Audited</u> <u>2006</u> £
Cash flows from operating activities		
Profit after taxation	1,481,623	677,823
Adjustments:		
Taxation	144,290	1,029,967
Change in fair value of financial instruments	(7,239)	(29,091)
Finance costs	1,351,164	1,088,898
Finance income	(257,872)	(186,608)
Unrealised net revaluation gains on investment properties	(2,507,319)	(3,528,023)
Profit on sale of property	(126,180)	-
Depreciation	33,709	33,005
Write off of development costs incurred	15,456	40,261
Share based payments	66,277	79,099
Cash flows from operations before changes in working capital	193,909	(789,530)
Change in inventories	-	1,200
Change in trade and other receivables	13,325	(187,829)
Change in trade and other payables	(281,429)	405,544
Cash generated / (used) from operations	(74,195)	(570,615)
Interest paid	(1,338,024)	(1,088,898)
Cash flows from operating activities	(1,412,219)	(1,664,642)
Cash flows from investing activities		
Purchase of intangible assets	(198,116)	-
Purchase of investment property	(7,349,714)	(6,058,524)
Sale of non current asset held for sale	1,626,180	-
Capital expenditure on development properties	(2,398,837)	(481,960)
Purchase of leasehold improvements	(96,305)	-
Purchase of plant and equipment	(55,470)	(14,293)
Sale of plant and equipment	440	-
Interest received	59,564	186,608
Cash flows from investing activities	(8,412,258)	(6,368,169)
Cash flows from financing activities		
New mortgage loans raised	6,519,028	5,129,723
Repayment of loans	(403,651)	(312,664)
Repayment of finance leases	(8,041)	(18,434)
Repayment of loan on non current asset held for sale	(468,539)	-
Repayment of investor's loan	-	(2,857,092)
Proceeds on issue of new shares	-	1,458,083
Cash flows from financing activities	5,638,797	3,399,616
Net decrease in cash and cash equivalents	(4,185,680)	(4,633,195)
Cash and cash equivalents at 1 January	2,321,933	6,955,128
Cash and cash equivalents at 31 December	(1,863,747)	2,321,933

NOTES:

1. Principal accounting policies

a) Accounting convention and basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis modified to include certain assets at fair value.

The Directors have considered the Company's future cash flow requirements and are in advanced discussions with a number of interested institutional financing sources. Taking into consideration progress on these financing options, the accounts are produced on a going concern basis.

A summary of the group accounting policies is set out below, together, where relevant, with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

(b) Basis of consolidation

The consolidated financial information includes financial information in respect of the company and its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Goodwill

Goodwill arising on acquisition of group undertakings is carried as an intangible asset at cost less accumulated impairment losses. An impairment review is carried out annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

(d) Investment properties

Investment properties are properties owned or leased by the group which are held for long term rental income and capital appreciation. Investment property is initially recognised at cost and revalued at the balance sheet date to fair value as determined by the directors. In arriving at their assessment, the directors take advice from professionally qualified external valuers to determine open market value.

Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise. Depreciation is not provided in respect of investment properties.

(e) Development properties

Land and properties under development are initially recognised at cost. Cost includes external interest on development loans, directly attributable outgoings and development margin representing the recovery of attributable internal costs. Internal costs include direct costs of staff engaged in activities which contribute towards the development of assets, and an overhead recovery rate in respect of relevant overhead costs other than staff costs. No recovery is recognised until a project has progressed to a stage where its conclusion is considered to have a high degree of certainty. Development margin is attributed according to the time booking records of the directly relevant staff. All bid costs are written off to the income statement.

Upon completion, development properties to be held for long term rental income and capital appreciation are transferred to investment property.

(f) Revenue recognition

Revenue consists of the gross rental income and service charges received on investment properties. Rental income is calculated on an accruals basis and recognised in the accounting period to which it relates. Additional rental amounts occurring as a result of rent reviews are not recognised until agreed in writing with tenants.

(g) Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the group's financial performance.

(h) Income taxes

The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed.

Deferred tax is provided using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. It is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset only when they relate to taxes levied by the same authority, with a legal right to set off and when the group intends to settle them on a net basis.

(i) Pensions

The group operates a defined contribution pension scheme. Contributions payable to the schemes are recognised as an expense in the income statement as incurred.

(j) Foreign currencies

The assets and liabilities of foreign entities are translated into sterling at the rate of exchange ruling at the balance sheet date and their income statements and cash flows are translated at the average rate for the period. Exchange differences arising are transferred to reserves as a separate component of equity.

Transactions in currencies other than the group's functional currency are recorded at the exchange rate prevailing at the transaction dates. Foreign exchange gains and losses resulting from settlement of these transactions and from retranslation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	<u>2007</u>	<u>2006</u>
Profit attributable to equity holders of the Company (£)	<u>1,353,187</u>	<u>677,823</u>
Weighted average number of ordinary shares in issue (thousands)	<u>76,754</u>	<u>73,197</u>
Earnings per share (pence per share)	<u>1.76</u>	<u>0.93</u>
- Continuing operations	<u>1.76</u>	<u>0.59</u>
- Discontinued operations	<u>-</u>	<u>0.34</u>

Diluted earnings per share

The Company has one category of dilutive potential ordinary shares - share options. A calculation is undertaken to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. It is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<u>2007</u>	<u>2006</u>
Profit attributable to equity holders of the Company (£)	<u>1,353,187</u>	677,823
Weighted average number of ordinary shares in issue (thousands)	<u>76,754</u>	73,197
Adjustment for share options (thousands)	<u>2,129</u>	347
Weighted average number of ordinary shares for diluted earnings (thousands)	<u>78,883</u>	73,544
Diluted Earnings per share (pence per share)	<u>1.72</u>	0.92
- Continuing operations	<u>1.72</u>	0.58
- Discontinued operations	-	0.34

Adjusted earnings per share

Adjusted earnings per share have been calculated to exclude the unrealised gain on revaluation of investment properties and fair value movement on derivative financial instruments.

	<u>2007</u>	<u>2006</u>
Profit attributable to equity holders of the Company (£)	<u>1,353,187</u>	677,823
Less gain on revaluation of investment properties	<u>(2,357,542)</u>	(3,528,023)
Add deferred tax in respect of investment properties	<u>123,931</u>	1,058,407
Add fair value movement on derivative financial instruments	<u>7,239</u>	29,081
Less deferred tax in respect of derivative financial instruments	<u>(4,014)</u>	(8,724)
Loss used for calculation of adjusted earnings per share	<u>(877,199)</u>	(1,812,150)
Adjusted earnings per share	<u>(1.14)</u>	(2.46)

No adjusted, diluted earnings per share is calculated because the Group made losses after the above adjustments.

3. Net asset value

	<u>2007</u>	<u>2006</u>
Net assets per share (basic) (pence per share)	<u>19.5</u>	17.4
Net assets per share (diluted) (pence per share)	<u>18.9</u>	16.7

4. Share capital

	<u>2007</u>	<u>2006</u>
Authorised:	<u>£</u>	<u>£</u>
500,000,000 ordinary shares of 1p each	<u>5,000,000</u>	5,000,000
Issued and fully paid:		
76,754,096 ordinary shares of 1p each	<u>767,541</u>	767,541

Options to subscribe for Ordinary Shares of 0.1p each

On 1 December 2004, seven employees of CareCapital Ltd were granted options to subscribe for an aggregate of 630,000 ordinary shares of £1 each in CareCapital Ltd at a subscription price of £1 per share. On 31 July 2006 option replacement deeds were entered into such that the seven employees surrendered their options in exchange for the grant of options to subscribe for an aggregate of 4,271,436 new Ordinary 0.1p shares in the Company at a subscription price of 15 pence per share. These options vest in four tranches as follows: On 1 December 2004 1,017,009 options, on 1 December 2005 1,067,859 options, on 1 December 2006 1,067,859 options and on 1 December 2007 1,118,709 options.

These options are exercisable at any time between 1 December 2007 and 1 December 2014. As these options were granted after 7 November 2002 they are accounted for in accordance with IFRS 2. On 31 July 2006, the Company's brokers, Daniel Stewart & Co, were granted, conditional on admission, the right to subscribe for up to 767,540 new ordinary shares, being 1% of the share capital, at 30 pence per share. In accordance with IFRS 2, this represents a share based payment for services provided, and has been accounted for accordingly.

On 13 September 2007, 6 employees of CareCapital Ltd were granted options to subscribe for an aggregate of 2,700,000 ordinary shares of £1 each in the Company at a subscription price of 29 pence per share. These options vest in three tranches of 900,000 shares on 13 September 2008, 2009 and 2010.

5.

This preliminary announcement, which has been agreed with the auditors, was approved by the Board on 7 April 2008. It does not constitute the Company's statutory accounts, which will be sent to the shareholders shortly.

The auditors' report on the full financial statements for the year ended 31 December 2007 has yet to be signed. However the auditors anticipate issuing, in due course, an unqualified audit opinion thereon. The statutory accounts for the year ended 31 December 2006 received an unqualified auditors' report and have been filed with the Registrar of Companies.