

09

Specialist primary care
infrastructure fund
2009 interim results presentation



Agenda

- Strategy
- Financial review
- Portfolio update
- Valuation analysis

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CEO MedicX Adviser

Investment policy and objectives

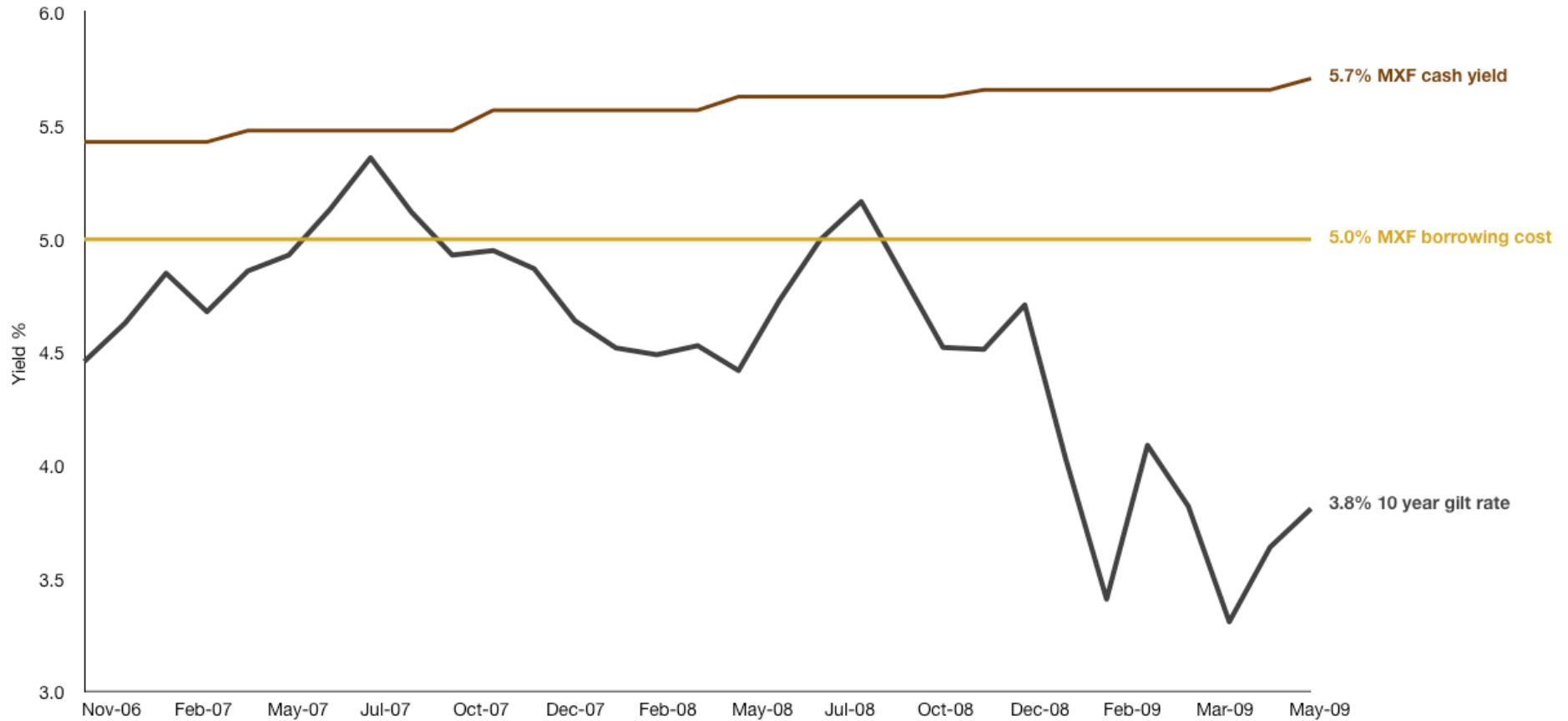
Primary care infrastructure	Investment adviser MedicX	Shareholder returns
<ul style="list-style-type: none">• Modern purpose-built properties• Long term secure cash flow• Government-funded counterparties• Low volatility• High barriers to entry• Institutional asset class	<ul style="list-style-type: none">• Specialist investor, developer and manager of primary care infrastructure• 31 people across the UK• Originate, develop and manage the portfolio	<ul style="list-style-type: none">• Current dividend yield 7.7%*• Quarterly dividend payments• Targeting progressive long term return

*As at 27 May 2009

Market update

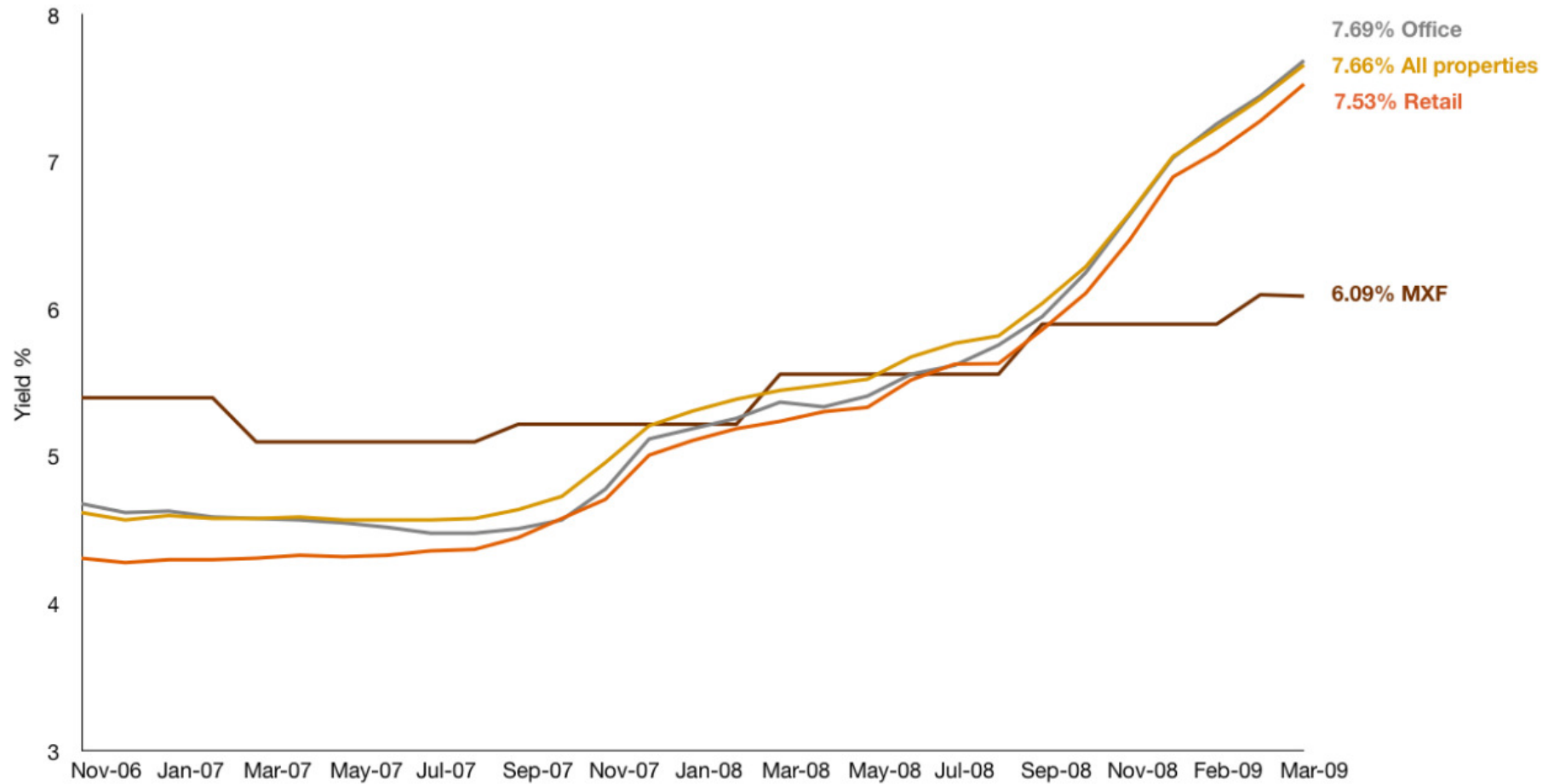
- Primary care remains cornerstone of NHS strategy
- No reduction in NHS budget but focus on efficiency and value for money
- Signs that prime property valuations are stabilising
- Security of income and rental growth make sector very attractive to investors
- Strong relative performance of primary care properties

Attractive yield differentials



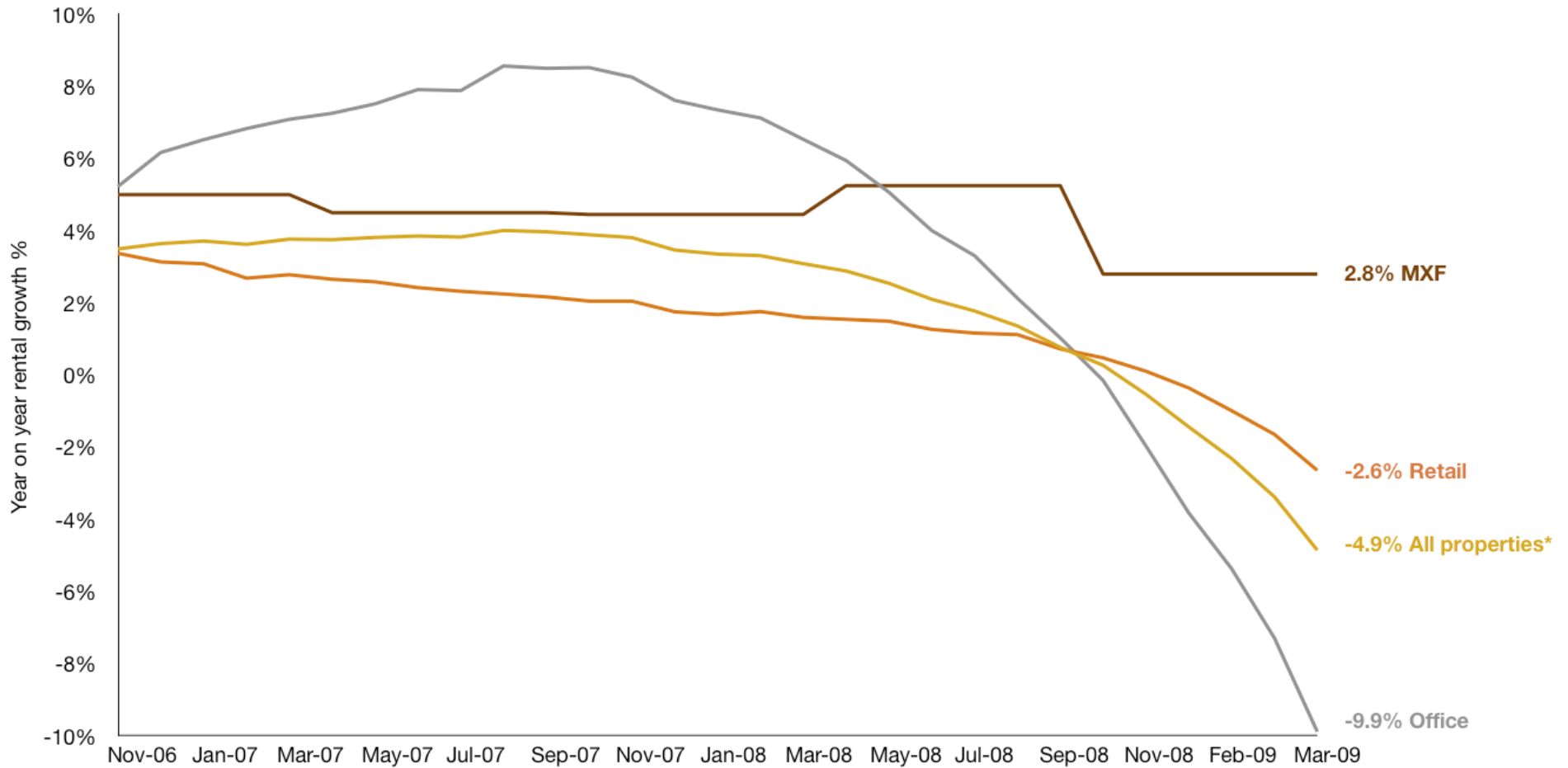
Source: MXF property valuations and Bank of England as at 27 May 2009

Lower property valuation volatility



Source: MXF property valuations and IPD net initial yield as at 31 March 2009

Year on year rental growth



Source: MXF annualised rent reviews and IPD year on year movements as at 31 March 2009

*IPD All property rent movement for six months to 31 March 2009 -4.6%

Financial review

Highlights

	Period ended 31 Mar 09 Pence per share	Year ended to 30 Sept 08 Pence per share
Adjusted NAV*	64.0	70.3
Adjusted NAV* incl. debt mark to market	76.4	87.9
Discounted cash flow NAV	99.5	107.3
	Period ended 31 Mar 09 Pence per share	Period ended 31 Mar 08 Pence per share
Adjusted earnings* - Excluding revaluation losses	0.9	(0.2)
Dividend - Increase 2.5% versus RPI (0.4)%	2.665	2.6

*Adjusted to exclude goodwill and deferred tax not expected to crystallise and based on 79,621,215 shares

Key financials - income statement

	6 months to 31 Mar 09 £000	6 months to 31 Mar 08 £000	Change %
Rent receivable/other income	4,615	3,689	25
Finance income	293	1,221	(76)
Total income	4,908	4,910	0
Investment advisory fee	1,069	1,138	(6)
Other fees & expenses	581	1,340	(57)
Finance costs	2,537	2,556	(1)
Total expenses	4,187	5,034	(17)
Operating profit*	721	(124)	n/a
Revaluation impact**	(3,684)	(8,493)	(57)

*Adjusted to exclude revaluation impact and deferred tax not expected to crystallise

**Revaluation gain/loss and impairment provision

Key financials - balance sheet

	At 31 Mar 09 £000
Gross assets excl cash*	142,082
Debt	101,047
Cash	15,204
Net debt	85,843
Adjusted NAV*	50,953

	At 31 Mar 09 £000	Restrictions/ covenants
Adjusted gearing*	60.4%	65%
DSCR	2.06	1.40
LTV	66.8%	75%

*Adjusted to exclude goodwill and deferred tax not expected to crystallise

Fund raising balance sheet impact

- £14.5m net equity raised April 2009
- £100m 5% fixed rate 30 year interest only loan
- Additional £25m debt headroom

	Post fund raising
Cash	£29.7m
Net debt	£71.3m
Adjusted gearing	50.2%

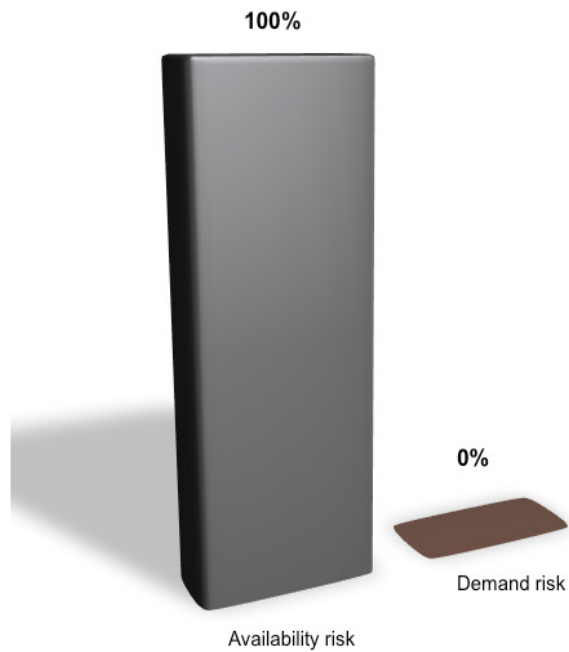
Portfolio

MedicX Fund portfolio

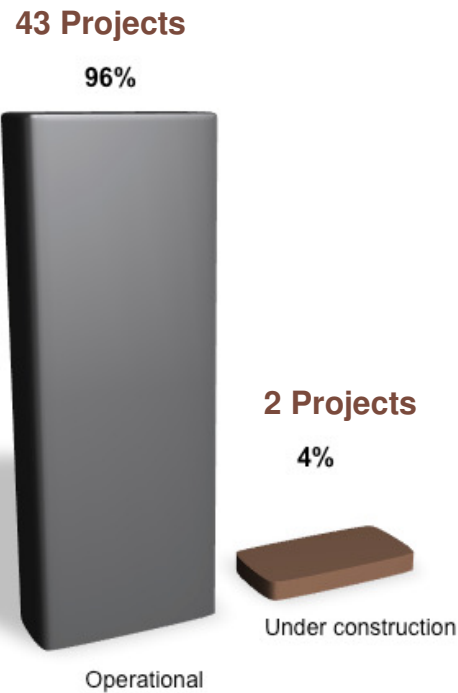


Portfolio review*

Contractual certainty of income



Asset status



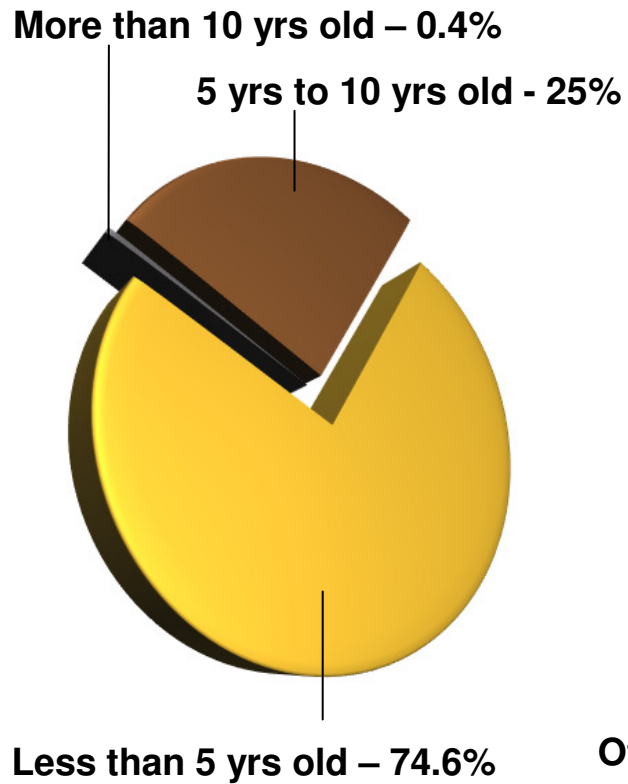
Security of tenure



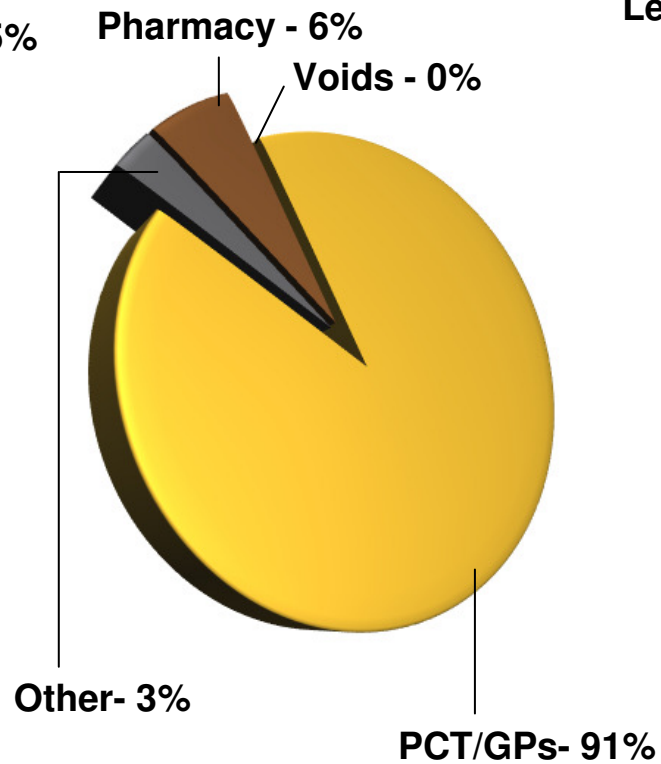
*As at 31 March 2009

Portfolio review*

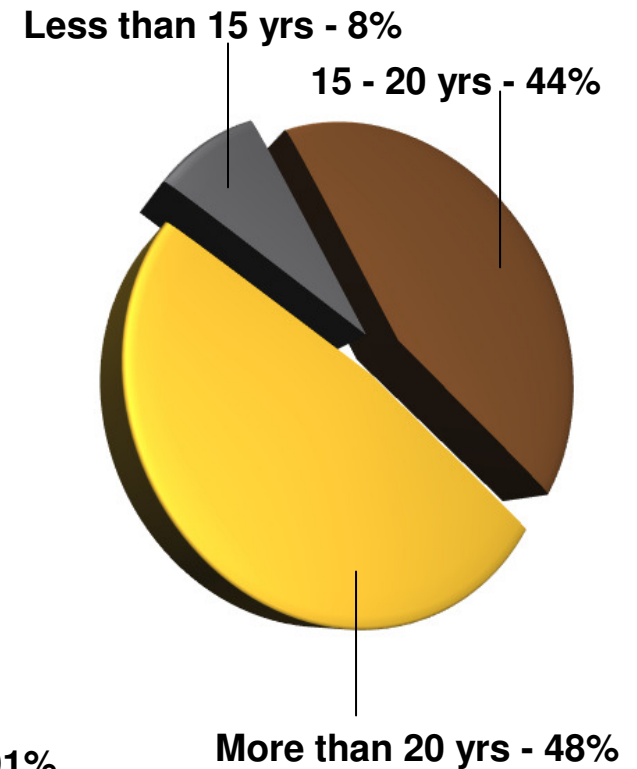
Modernity of assets



Security of income by tenant type



Security of income by lease expiry



*As at 31 March 2009; based on rents

Portfolio update

- Lytham property development successfully completed on time on budget (£13m)
- One property continuing under construction (£8m)
- Two new acquisitions post April fund raising:
 - St Annes (£12m) and Abergele (£3m)
- £181m of committed investment in 47 properties

Acquisition update



St Annes

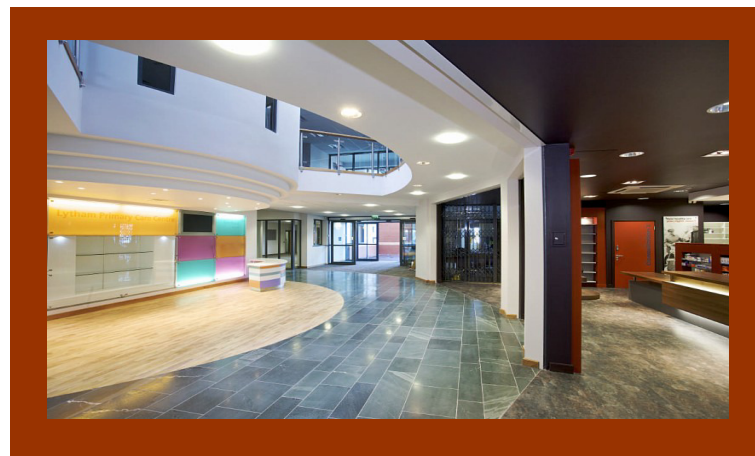
Cost: £11.9m
Review Terms: 3 yearly 3.5% p.a fixed uplifts
Lease Length: 27 years



Abergele

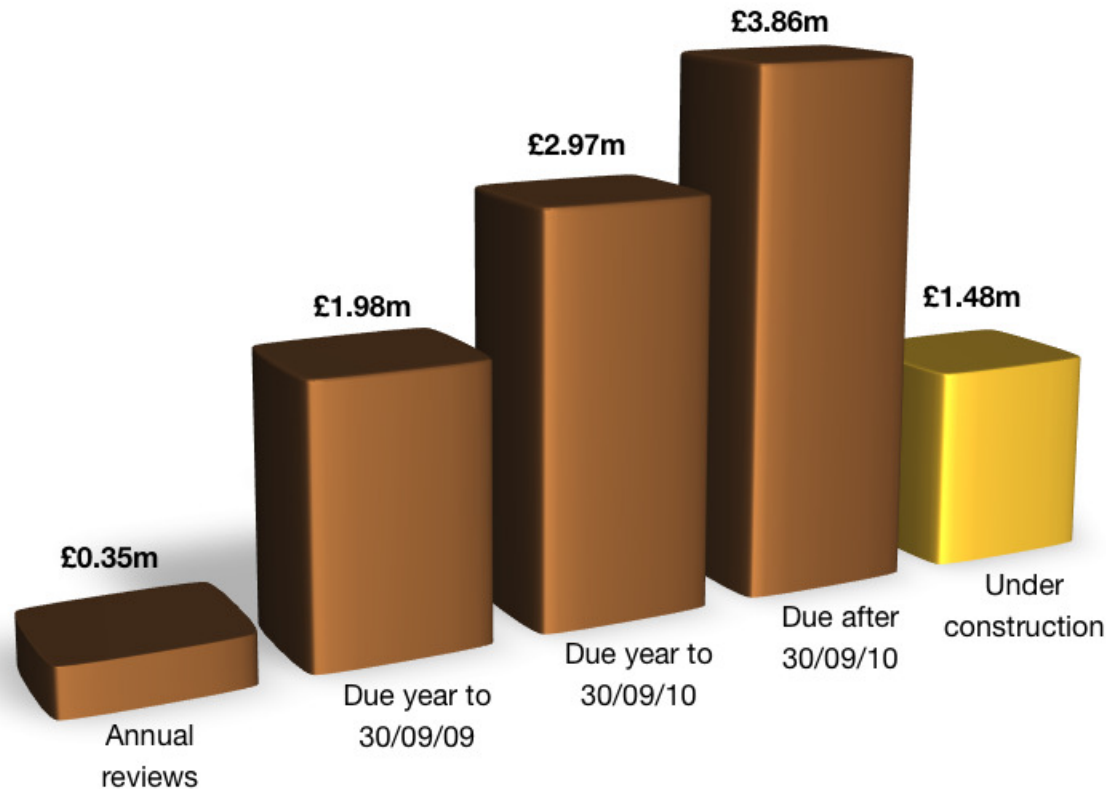
Cost: £3.3m
Review Terms: 3 yearly open market reviews
Lease Length: 20 years

Completion of Lytham



Rent review profile

£10.6m annualised current rent falling due for review by year*



- £1.8m passing rents currently under negotiation
- 3.5% per annum achieved during period excluding 2.5% fixed uplift reviews
- Portfolio now includes 16% fixed reviews at 3.0% per annum and 7% RPI reviews

*As at 31 March 2009, adjusted to include St Annes and Abergele and completion of Lytham

Valuation analysis

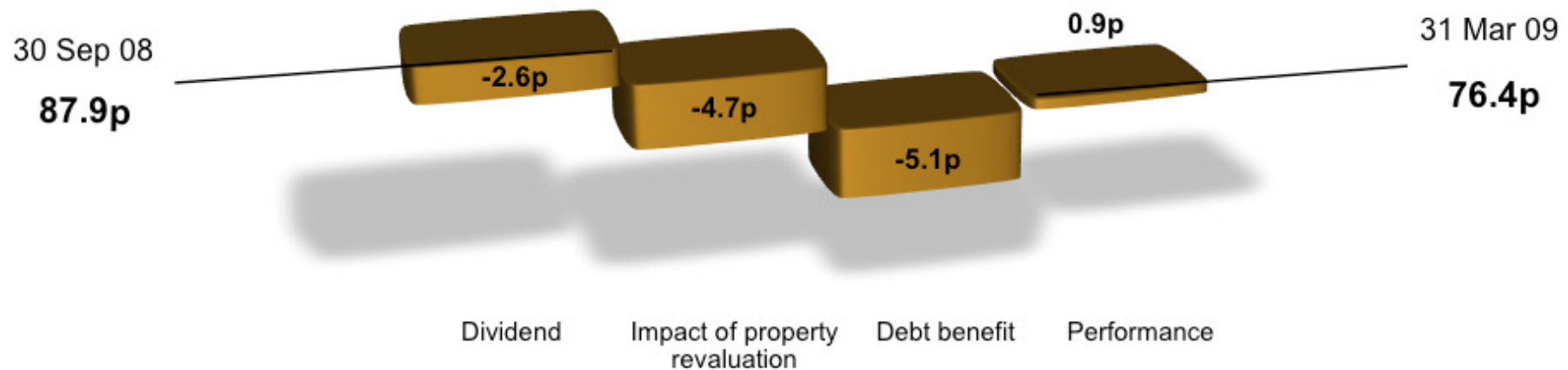
NAV analysis

	NAV	NAV p per share
Market capitalisation*	£70.5m	69.5p
Adjusted NAV**	£51.0m	64.0p
Adjusted NAV plus debt**	£60.8m	76.4p
DCF NAV	£79.3m	99.5p
Weighted discount rate	7.13%	
Risk premium to 10 year gilt	3.32%	

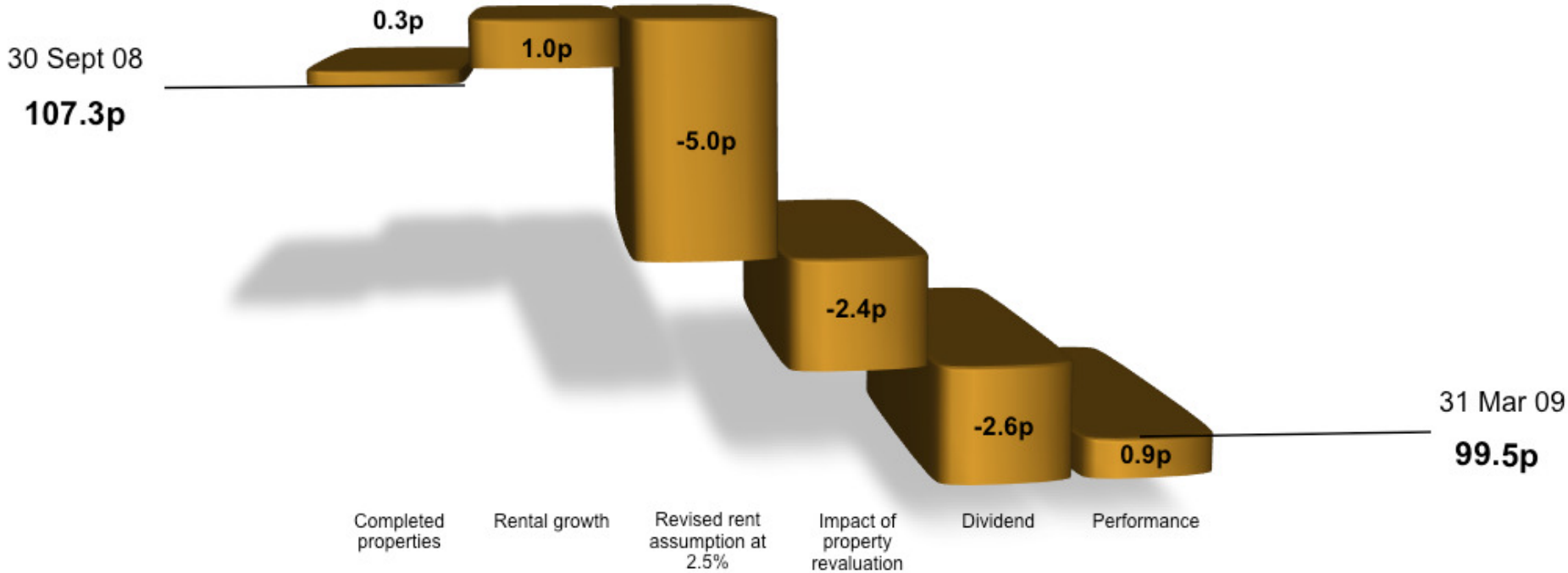
*As at 27 May 2009

**Adjusted to exclude goodwill and deferred tax not expected to crystallise

Adjusted NAV plus debt benefit



DCF NAV per share



DCF NAV sensitivities – discount rate

NAV p per share	Completed					
		6.0%	6.5%	7.0%	7.5%	8.0%
Under construction	6.0%	113p	108p	103p	98p	94p
	7.0%	111p	106p	101p	96p	92p
	8.0%	110p	104p	100p	95p	91p
	9.0%	109p	103p	98p	94p	90p
	10.0%	107p	102p	97p	93p	89p

DCF sensitivities – rental and capital value increases p.a.

NAV p per share	Rental*					
Capital		0.5%	1.5%	2.5%	3.5%	4.5%
	-1.0%	64p	72p	82p	92p	103p
	0.0%	73p	81p	90p	100p	112p
	1.0%	82p	90p	100p	110p	121p
	2.0%	93p	101p	110p	121p	132p
	3.0%	106p	114p	123p	133p	144p

*DCF conservatively reduced to 2.5% per annum rent increase

DCF NAV sensitivity

31 March 2009

NAV p per share	99.5p	69.5p*
Weighted discount rate	7.13%	10.77%
Rental growth per annum	2.50%	(1.33)%
Capital appreciation per annum	1.00%	(2.87)%

DCF post fund raising and new acquisitions

NAV p per share	91.6p
Weighted discount rate	7.28%

*MXF share price as at 27 May 2009

Summary and outlook

- Attractive asset class with long term secure growing income
- Matched with low cost fixed rate debt
- Positive £15m non-dilutive equity raising post period end
- Strong pipeline and funding opportunities
- Dividend yield 7.7% and 9% discount to Adjusted NAV* incl. debt mark to market and 30% discount to DCF NAV

*As at 27 May 2009

Appendix

Quality of primary care estate in England and Wales

- Too small 80%
- Purpose built 40%
- Adapted residential building/shop 50%
- Co-located pharmacy/social services 5%

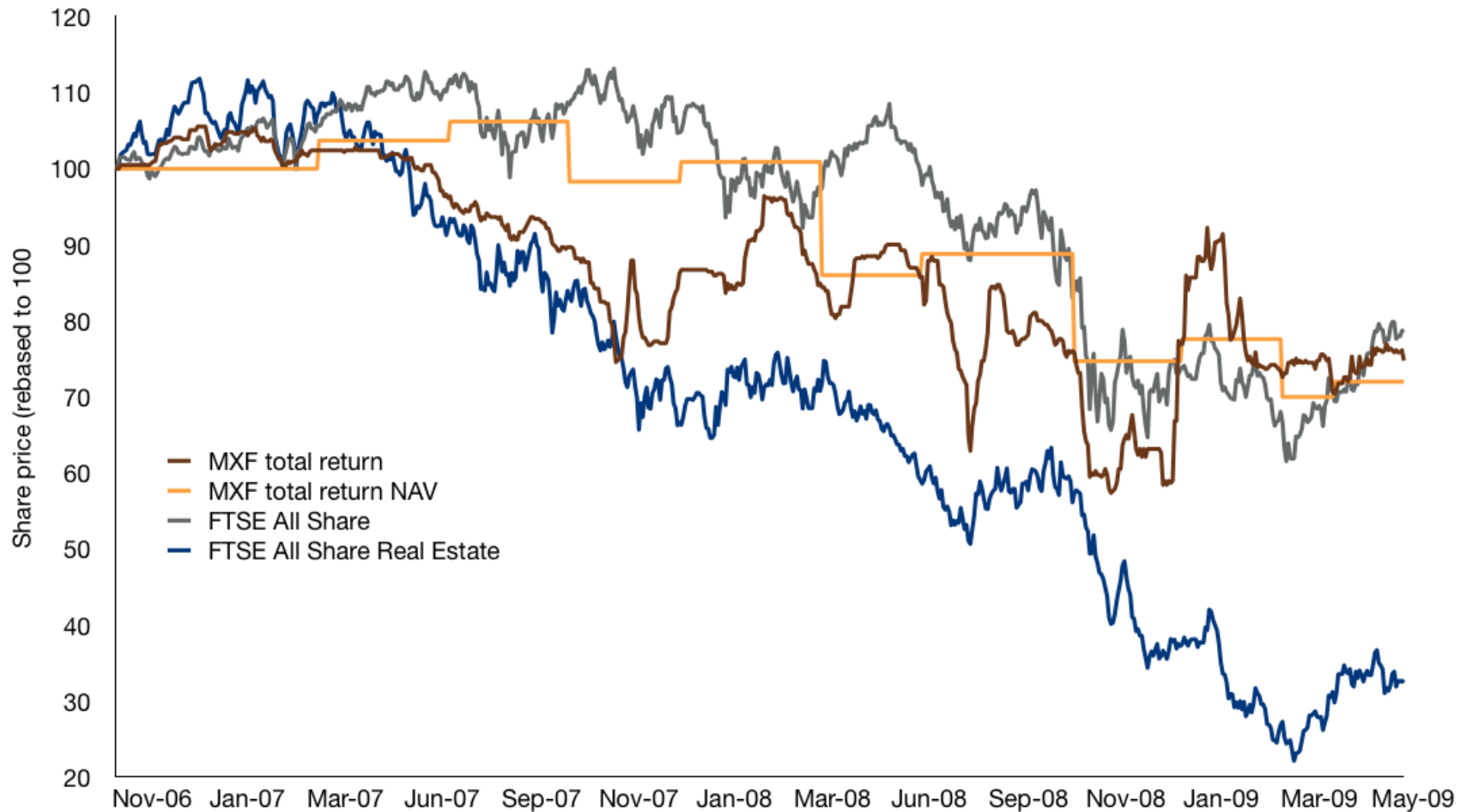
Source: Department of Health 2008

General medical services in England statistics

	2007	1995	Change
• Number of practices	8,261	9,188	-10.1%
• Single-handed practices	1,154	2,919	-60.5%
• Number of GPs	33,364	27,645	+20.7%
• Women	42%	30%	+12.0%
• Aged 60 and over	9.0%	6.3%	+2.7%
• Contracted (GMS)	21,780*	26,829	-18.8%
• Salaried (PMS)	13,180*	0	n/a

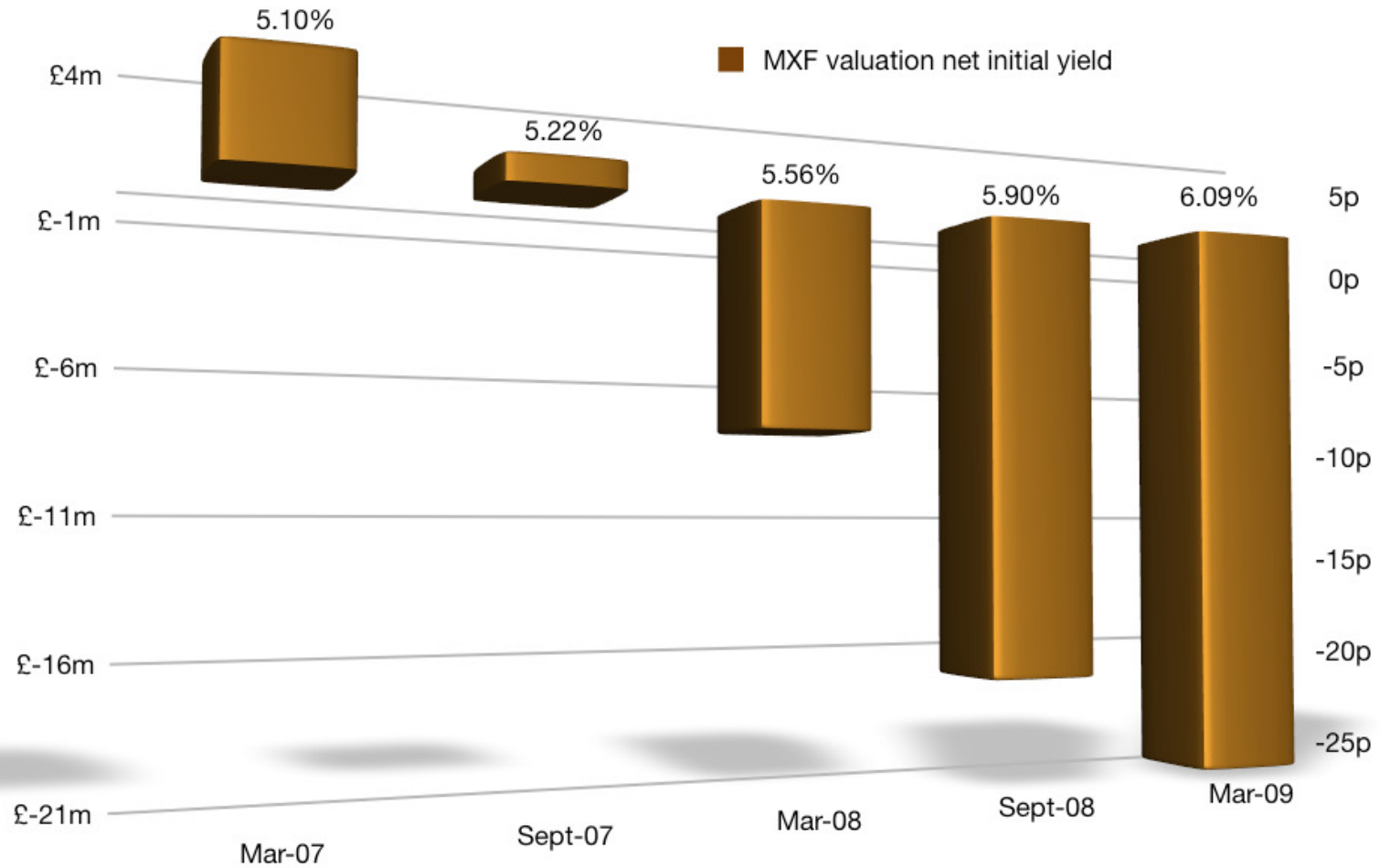
Source: Department of Health 2008 - *Data only available for 2006

Index comparison



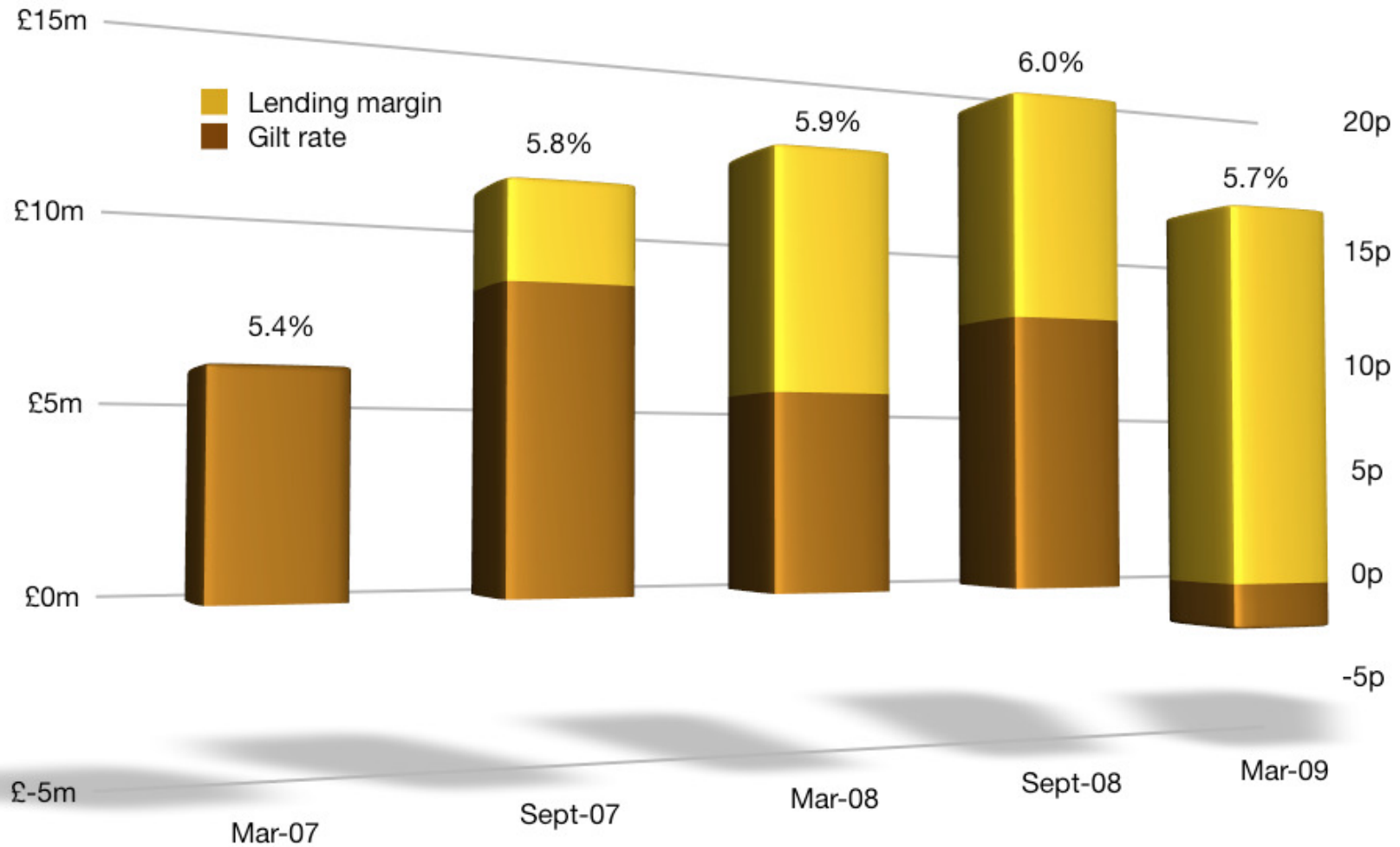
Source: UBS/Datastream as at 27 May 2009

Impact of property revaluations*



*Cumulative impact of property revaluation gain/loss and impairment provision based on 79,621,215 shares

Debt mark to market*



*Compared to 5% all in fixed rate £100 million 30 year interest only loan and based on 79,621,215 shares

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