



2014 interim results presentation
May 2014



Agenda

1. Introduction
2. Portfolio review
3. Key financials
4. NHS and primary care update
5. Investment opportunity



Introduction

Specialist primary healthcare infrastructure fund



MedicX Fund Objectives and overview



- ✘ Leading investor in modern purpose-built primary healthcare properties leased to doctors and the NHS generating government-funded long term secure cash flow
- ✘ FTSE All Share £294 million¹ market capitalisation
- ✘ Fund not a developer or operator
- ✘ External investment adviser
- ✘ Guernsey based investment company
- ✘ Objective of dividend and capital growth

¹As at 28 May 2014

MedicX Fund Highlights in the period



- ✘ Total shareholder return of 9.5% for the period¹
- ✘ 11.8% increase in EBITDA to £11.0 million² (2013: £9.9 million)
- ✘ Capital appreciation of the portfolio of £5.2 million less £0.4 million of purchasers costs incurred on acquisitions generating a revaluation gain for the six months of £4.8 million
- ✘ New committed investment and approved investments since 1 October 2013 of £43.8 million acquired at a cash yield of 6.25%
- ✘ £500.5 million committed investment in 134 primary healthcare properties an increase of 10% in the year (30 September 2013: £456.7 million, 121 properties)^{3,4}
- ✘ Strong pipeline of c.£100 million
- ✘ Successful fund raising in October 2013 was substantially over subscribed

¹Based on share price growth between 30 September 2013 and 31 March 2014 and dividends received during the period

²Excluding (as appropriate) revaluation gains £4.6m, performance fees £0.4m, finance costs £6.7m, and interest income £0.3m

³As at 28 May 2014

⁴Includes completed properties, properties under construction and committed investment

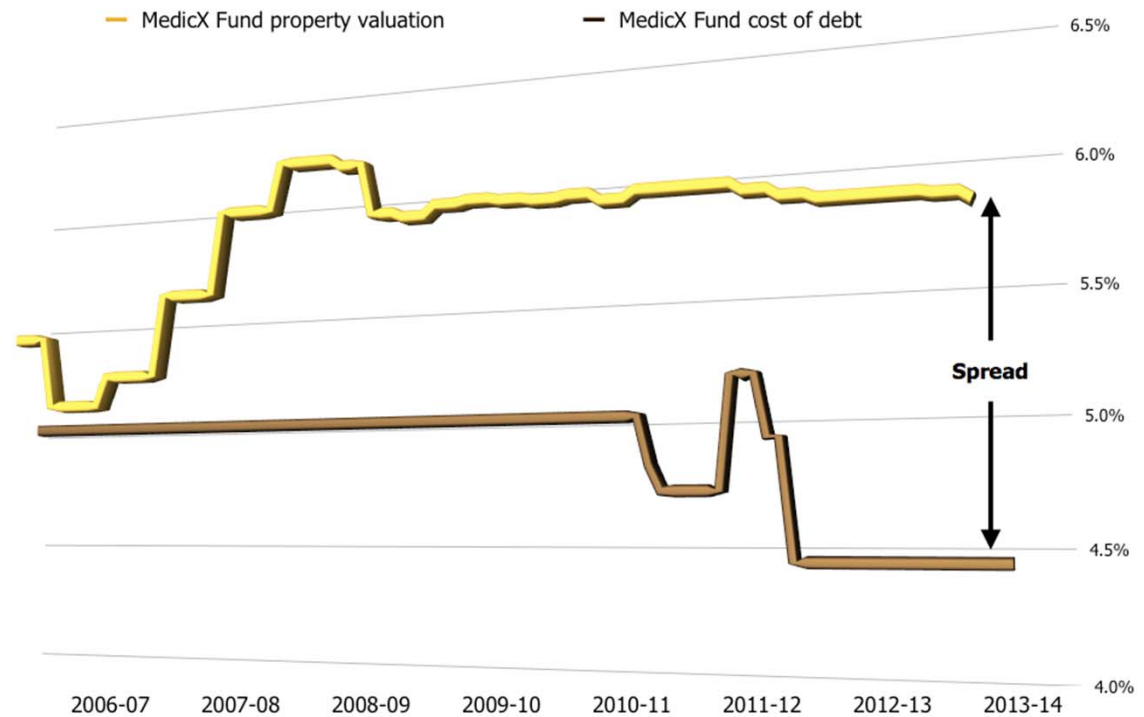
MedicX Fund

Robust financial position



- ✘ Committed investment **£500.5m¹**
- ✘ Property valuation yield **5.75%²**
- ✘ Adjusted NAV plus debt **68.6p²**
- ✘ Average lease term **16.2 years¹**
- ✘ Total drawn debt facilities **£275.8m²**
- ✘ Average cost of debt **4.45%¹**
- ✘ Average debt term **15.3 years²**
- ✘ Adjusted gearing **50.7%²**
- ✘ Average property age **6.5 years¹**

Property yield vs borrowing cost



¹As at 28 May 2014
²As at 31 March 2014

MedicX Fund Value drivers



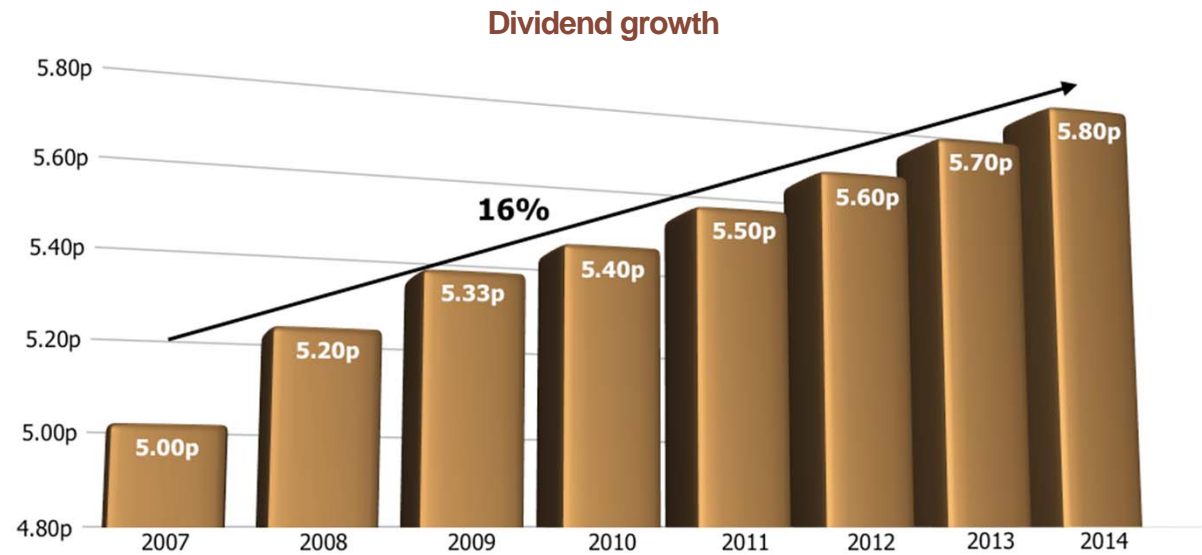
Investment quality	✓	£43.8 million of new property invested with 16.8 year average unexpired lease term
Financing capability	✓	Sector leading financing structure
Asset management	✓	11 active initiatives £1.4 million rent reviews agreed in the period with the equivalent of an average 2.1% per annum increase
Cost control and scale	✓	Fees continue to reduce with scale
Performance record	✓	10.0% per annum average total shareholder return over last five years
Transparency and clarity	✓	Low risk model is clearly understood by investors, building confidence and enhancing valuation
Dividend	✓	Dividend paid increased from 5.7p to 5.8p

Shareholding returns

Continuing to deliver consistent returns



	Dividends and share price growth
Mar 2014	9.5% ¹
Sept 2013	13.1% ²
Sept 2012	9.0%
Sept 2011	9.4%
Sept 2010	8.6%
Sept 2009	10.8%



✘ 10.0% per annum average total shareholder return over last five years¹

¹Share price at 31 March 2014 84.5p; Shareholder return 1 October 2008 to 31 March 2014
²As at 30 September 2013

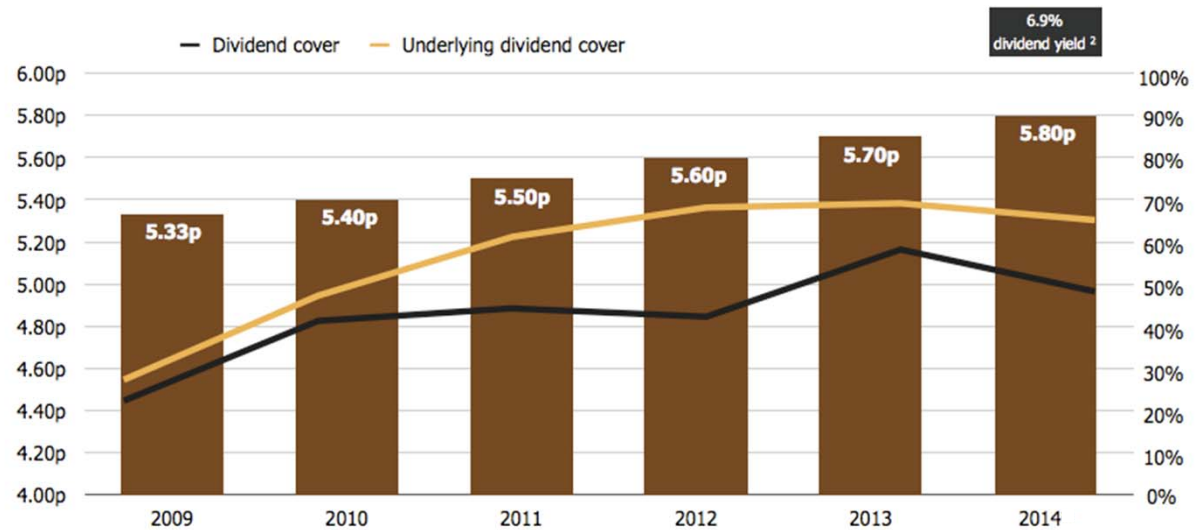
Dividends

Progressive dividend policy



- Underlying dividend cover is adjusted to reflect completion of the properties under construction
- On full investment of fund raising proceeds at 5.8% and 60% gearing, underlying dividend cover would be c.73%

	Yield (%)
Dividend ¹	5.8p
Share price ²	84.5p
Yield on share price	6.9%



	Sept 2011 dividend	Mar 2012 dividend	Sept 2012 dividend	Mar 2013 dividend	Sept 2013 dividend	Mar 2014 dividend
Scrip take up	4%	9%	12%	10%	9%	22%

¹For the financial year ended 30 September 2014

²As at 31 March 2014; 2014 dividend cover and underlying dividend cover based on six months



Portfolio review

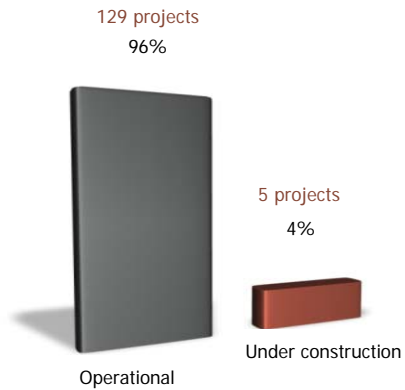
Specialist primary healthcare infrastructure fund



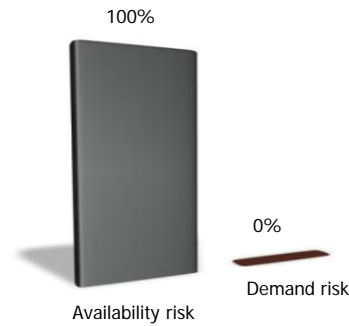
Portfolio of modern purpose built assets Portfolio review¹



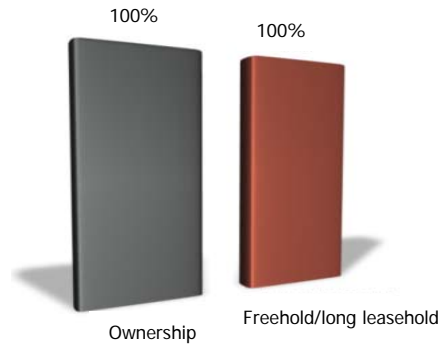
134 assets



Contractual certainty of income



Security of tenure



Portfolio geographical spread



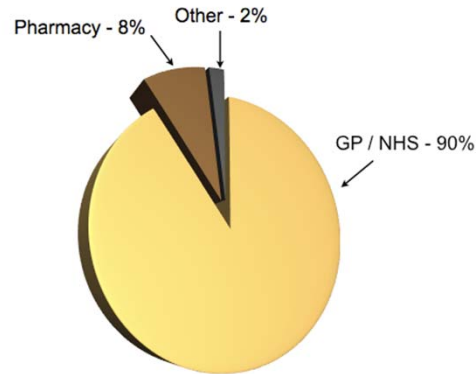
¹As at 28 May 2014

Portfolio of modern purpose built assets

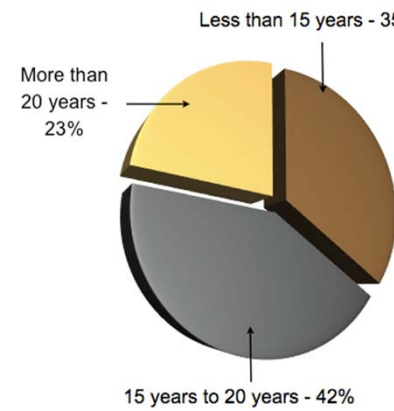
Portfolio review¹



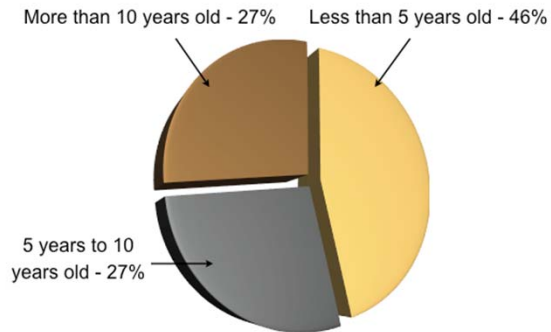
Security of income by tenant type



Security of income by lease expiry

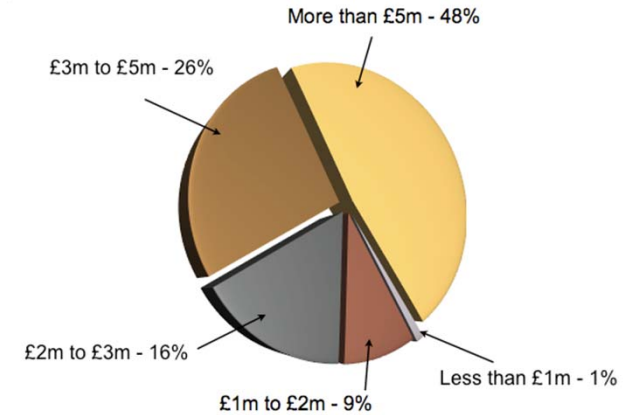


Modernity of assets



- Average unexpired lease term 16.2 years²
- Average age 6.5 years²
- Average value £3.7 million²

Value per property



¹As at 31 March 2014; includes completed value of properties under construction

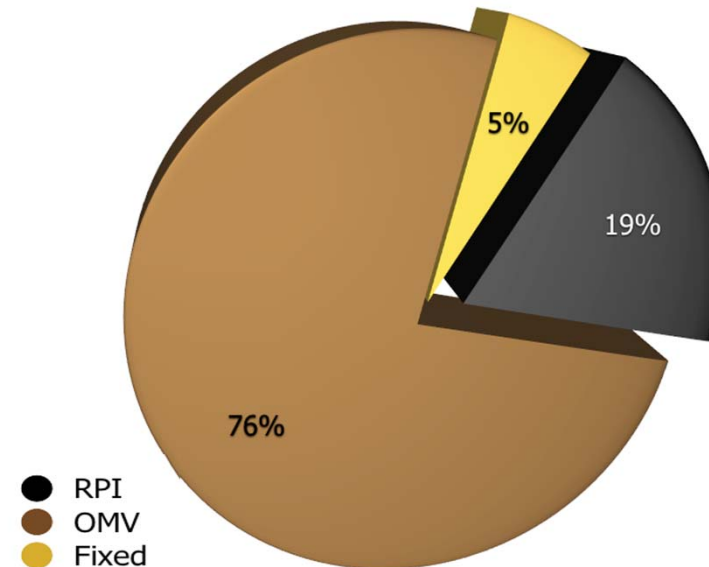
²As at 28 May 2014; includes completed value of properties under construction

Portfolio of modern purpose built assets Rental growth¹



- ✘ Total rent roll £31.6 million
 - ✘ £30.0 million completed
 - ✘ £1.6 million under construction
- ✘ £12.3 million passing rents currently under negotiation
- ✘ £1.4 million rent reviews agreed during the period²
- ✘ Equivalent to 2.1% per annum increase achieved
 - ✘ 0.9% open market reviews
 - ✘ 3.4% RPI and fixed uplifts
 - ✘ 3.2% fixed uplifts
- ✘ Continued pressure on open market reviews

Rent review profile



¹As at 28 May 2014

²Period from 1 October 2013 to 31 March 2014

Rent reviews by period¹

Consistent rental growth over time



	Year to Sept 07	Year to Sept 08	Year to Sept 09	Year to Sept 10	Year to Sept 11	Year to Sept 12	Year to Sept 13	Period to Mar 14
Passing rents agreed	£1,814,809	£1,134,357	£2,952,193	£2,223,484	£2,774,546	£3,256,373	£1,513,568	£622,241
Annualised increase	3.1%	2.4%	1.8%	2.7%	2.3%	2.3%	2.9% ²	3.0% ³
- Open market reviews	3.0%	1.8%	1.8%	2.7%	1.7%	1.0%	2.4%	-
- RPI	3.8%	3.9%	1.4%	2.6%	4.6%	3.4%	3.4%	3.4%
- Fixed uplifts	n/a	2.5%	2.5%	n/a	2.5%	2.5%	-	2.5%

¹Based on review date falling due in the year ending 30 September

²Excludes 100% fixed uplift on a small nominal rent which if included increases the overall achieved to 3.7%

³Excludes 10% fixed uplift on a small nominal rent which if included increases the overall achieved to 3.1%

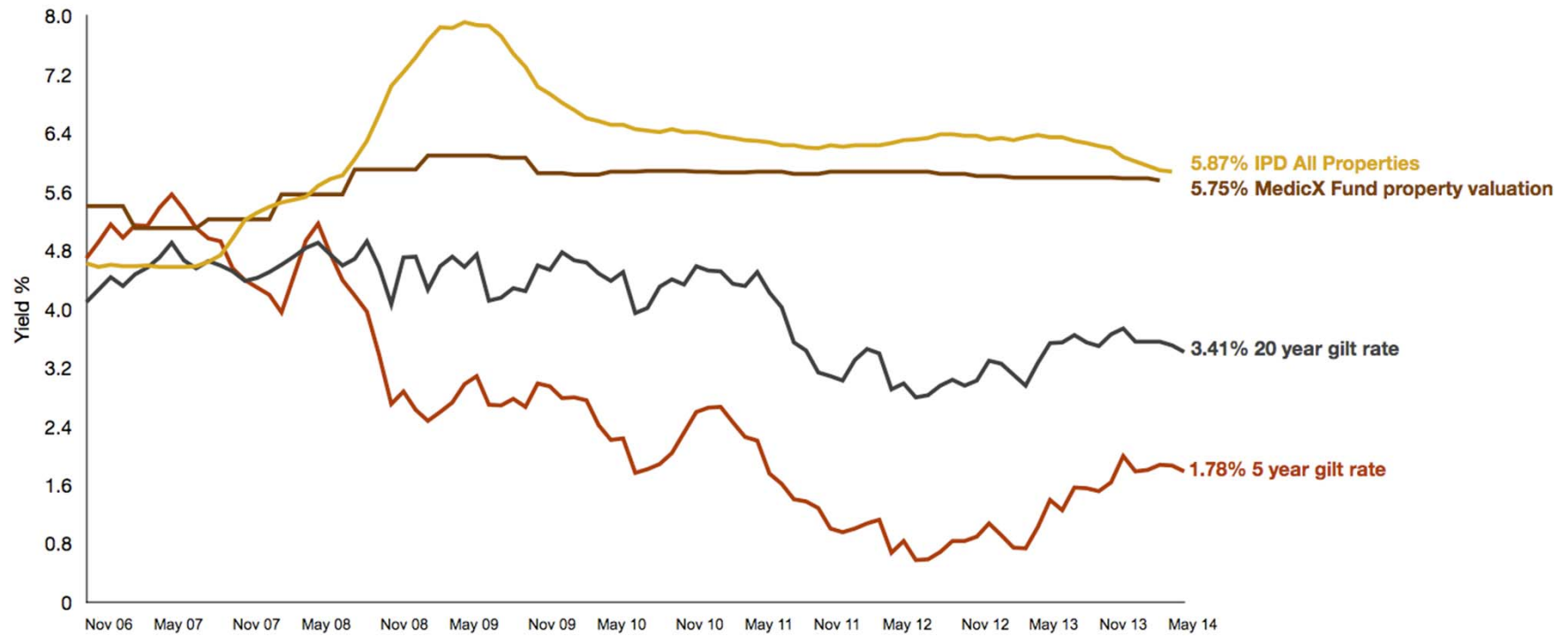
Acquisitions since October 2013
 Total investment of £43.8 million in 13 properties



Acquisition	Developer	Investment £m	Properties
Lunn portfolio	Lunn	24.6	9
Buckley	HPC	7.6	1
Cardonald	Safeway	3.2	1
Ynyshir	MedicX	1.6	1
Peterborough	GPI	6.7	1



MedicX Fund Property valuation yields stable¹



¹MedicX Fund property valuation as at 31 March 2014, IPD data as at 30 April 2014 and Gilt rate data as at 28 May 2014



Key financials

Specialist primary healthcare infrastructure fund



Key financials Income statement



	6 months to 31 Mar 2014 £000	'Restated' 6 months to 31 Mar 2013 £000	Change
Rent receivable	13,415	11,603	16%
Other income ¹	436	589	(26)%
Total income	13,851	12,192	14%
Direct property costs ²	718	449	60%
Investment advisory fee	1,593	1,412	13%
Overheads	497	457	9%
Total expenses	2,808	2,318	21%
EBITDA	11,043	9,874	12%
Finance income	301	74	307%
Finance costs	6,636	5,676	17%
Adjusted earnings³	4,708	4,272	10%
Valuation gain	4,810	787	511%
Adjusted earnings including valuation gain	9,518	5,059	88%

¹Including loss on disposal of property

²Including property management fees

³Adjusted to exclude revaluation gain, deferred taxation, performance fees, fair value adjustments for financial instruments and exceptional costs

Key financials

Balance sheet



	As at 31 Mar 2014 £000	As at 31 Mar 2014 Pence per share
Gross assets excluding cash	490,851	141.6
Debt	274,265	80.0
Cash	25,573	7.5
Net debt	248,692	72.6
Adjusted NAV ¹	221,808	64.7
Adjusted NAV plus debt MtM ¹	235,034	68.6
DCF	318,997	93.1

	As at 31 Mar 2014	Restrictions / covenants
Adjusted gearing ¹	51%	75%
Aviva debt service interest cover ²	203%	140%
Aviva loan to value ²	62%	75%
GE Capital debt service interest cover ³	381%	140%
GE Capital loan to value ³	62.5%	70%

¹Adjusted to exclude goodwill, deferred tax not expected to crystallise, financial derivatives and the excess of the fair value to the reset cost of the Aviva PMPI loans

²Relate to £100 million Aviva loan only

³Relate to £31.2 million GE Capital loan only

Key financials

Debt funding



- ✘ Average all-in fixed rate of debt of 4.45% and an average unexpired term of 15.3¹ years, close to unexpired lease term of the investment properties
- ✘ In addition, there is a £25 million revolving loan facility with the Royal Bank of Scotland Plc which at current rates is expected to cost 3%
- ✘ Discussions underway for new debt facility at attractive rates

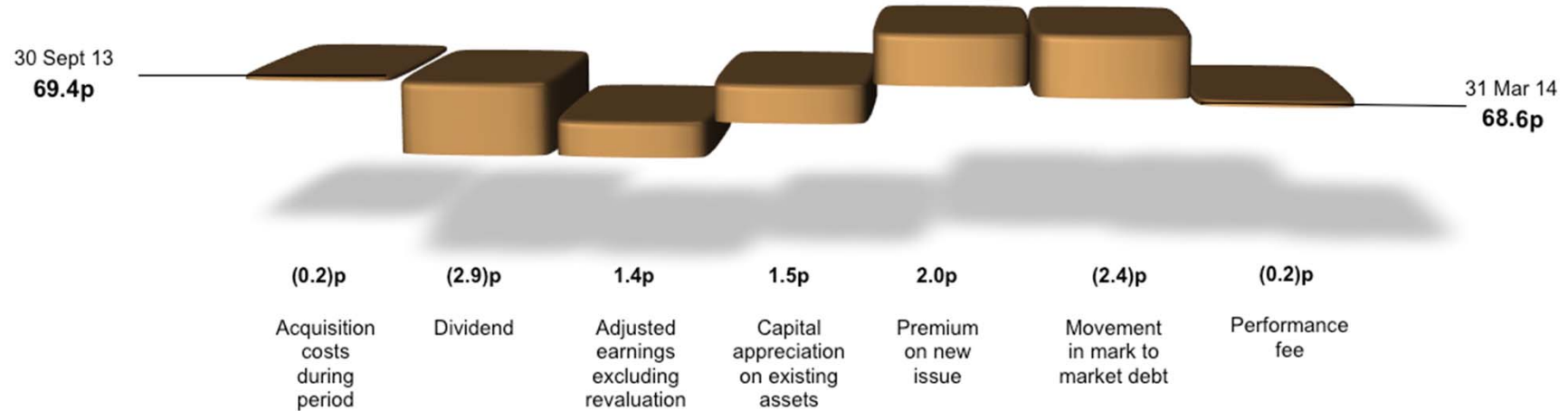
	Aviva £100m facility	GE Capital facility	Aviva £50m facility	Acquired Aviva facilities - PMPI	Acquired Aviva facilities - GPG
Facility size	£100 million	£31.2 million	£50 million	£62.5 million	£34.6 million
Committed	December 2006	December 2009	February 2012	July 2012	May 2013
Drawn	£100 million	£31.2 million	£50 million	£62.5 million	£31.3 million
Expiry	December 2036	April 2015	February 2032	February 2027 ²	November 2032 ²
Interest rate (incl. margin)	5.01%	2.75%	4.37%	4.45%	4.47%
Hedging activities	n/a	Swap	n/a	n/a	n/a
Loan to value draw down	65%	62.5%	65%	n/a	n/a
Repayment terms	Interest only	Interest only	Amortises from year 11 to £30 million at year 20	Amortising	Amortising
Interest cover covenant	140%	140%	110%	104% ²	103%
Loan to value covenant	75%	70% Tested after years two and four	75%	n/a	n/a

¹As at 31 March 2014

²Based on the major facility acquired

Key financials

Adjusted NAV plus debt benefit



¹Adjusted to exclude goodwill, the impact of deferred tax not expected to crystallise, financial derivatives, and the post year-end impact of resetting debt interest costs



NHS and primary care update

Specialist primary healthcare infrastructure fund



NHS and primary care update

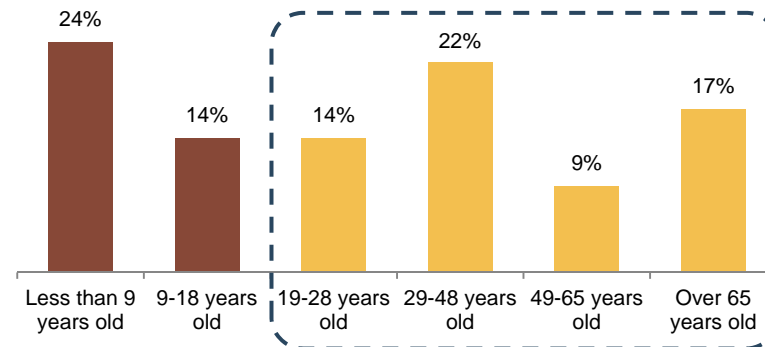
Primary care in need of additional and upgraded infrastructure



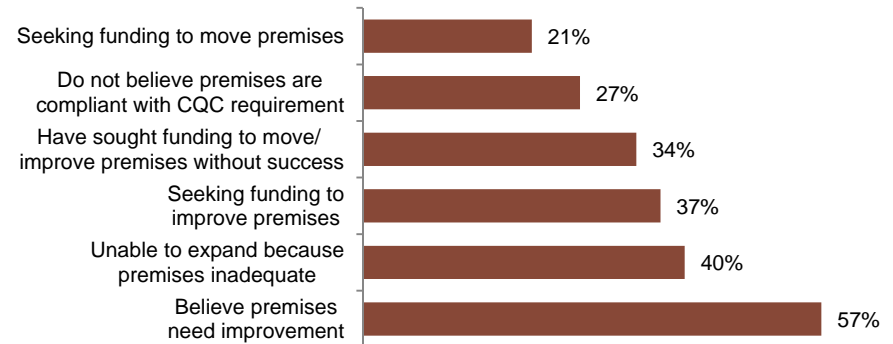
- ✂ Capitalised value of rent at GP estate over £10.5 billion¹
- ✂ 40,395 GPs in 10,265 surgeries
- ✂ 15% increase in the last five years to 300m consultations a year²
- ✂ Gatekeepers to the NHS
- ✂ Increasing health budget control through the new NHS
- ✂ 12% of GP surgeries believe they will be closed by end of 2015³

Existing assets deemed not-fit-for purpose

Primary care estate age, 2012/13⁴



Survey of GP partners regarding GP premises, 2012⁴



¹NHS Statistics Authority Report October 2013

²Laing & Buisson Primary Care and Out of Hospital Services Report 2011/12

³GP Magazine article April 2014

⁴Deloitte Market Sector Report



Investment opportunity

Specialist primary healthcare infrastructure fund



Pipeline¹
Pipeline of new opportunities



- ✘ Investment Adviser with proprietary market access and deal flow
- ✘ Forward funding framework with developers MedicX Property and GPI
- ✘ Strong pipeline of c.£100 million potential acquisitions when fully developed including £25 million in legals
- ✘ Circa £7 million rent roll
- ✘ 33 properties including 22 from MedicX Property and GPI
- ✘ Further completed property acquisition opportunities under review

¹As at 28 May 2014

Investment opportunity Conclusion



- ✘ Strong pipeline of c.£100 million potential acquisitions when fully developed
- ✘ Earnings enhanced as MedicX Fund grows
- ✘ Management well placed to take advantage of opportunities
- ✘ Attractive total return proposition and track record
 - ✘ 6.9% dividend yield at 84.0 pence per share
 - ✘ 10.0% p.a. average total shareholder return over last five years¹

¹Share price growth plus dividends paid. 2008/09 10.8%, 2009/10 8.6%, 2010/11 9.4%, 2011/12 9.0%, 2012/13 13.1% and 1 Oct 13 to 31 Mar 14 9.5%



Appendices

Specialist primary healthcare infrastructure fund



MedicX
Fund



Rental growth prospects

Supply and demand in primary care



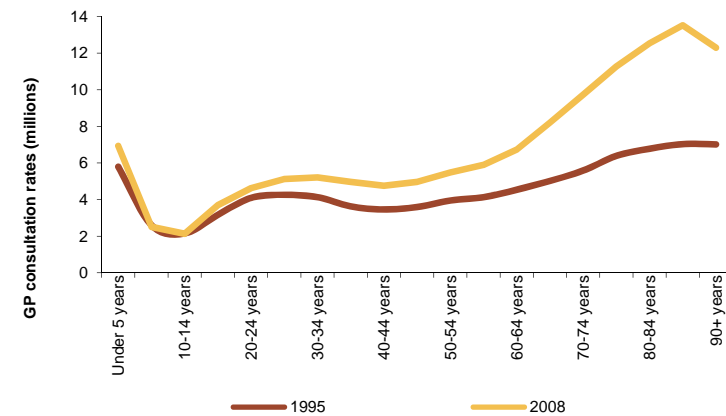
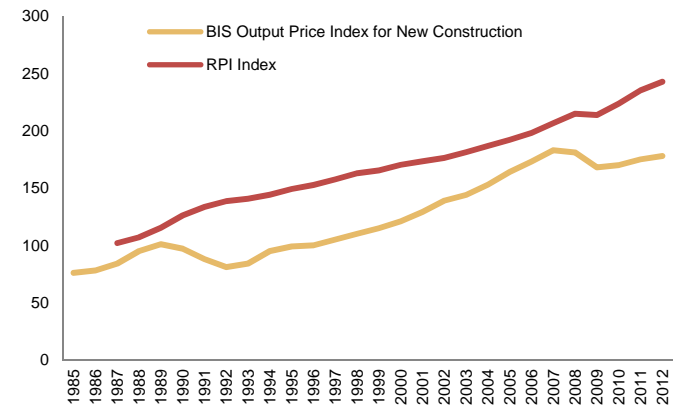
Rental growth driven by construction costs and new build rental evidence

Construction costs¹

- ✘ Economic activity now increasing
- ✘ The BIS Output Price Index for All Work (2010): all Construction 2nd Quarter 2013 increased by 0.8% on the previous quarter and by 2.9% year-on-year
- ✘ The BIS Output Price Index for New Construction (2010): all New Construction for 2nd Quarter 2013 increased by 0.6% on the previous quarter and by 2.9% year-on-year

Demand

- ✘ Increasing pressure for new premises due to low activity for past three years
- ✘ 60% of GPs work from unsuitable premises
- ✘ Commissioners are likely to buy more services at a local level
- ✘ Clinical Commissioning Groups now established and making decisions
- ✘ Over 85's to double from 1.4 million to 2.8 million by 2033²



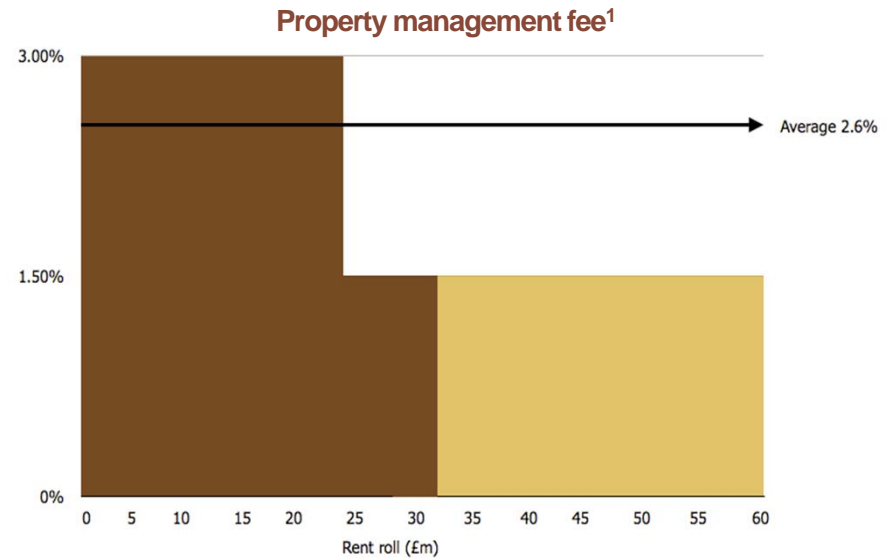
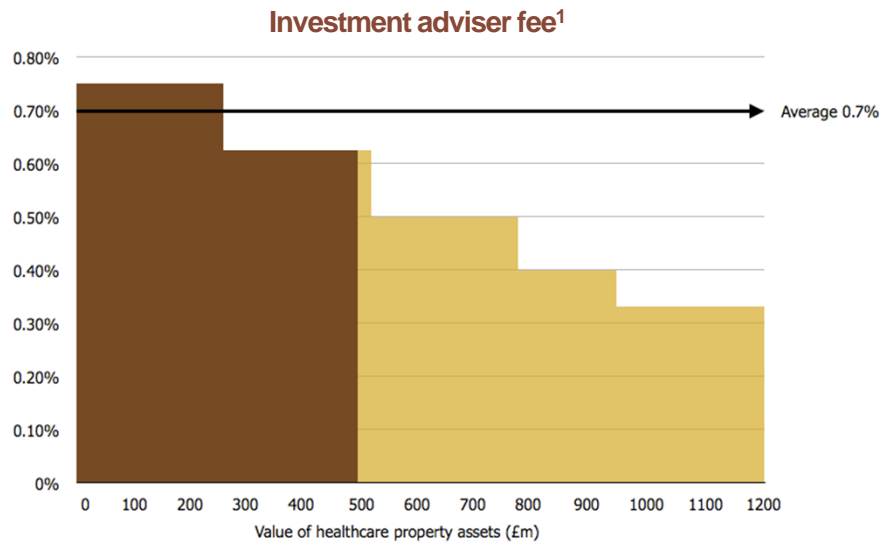
¹Source: Department for Business, Innovation and Skills (BIS) website, data extracted 27 September 2013

²Source: Age UK Later Life in the United Kingdom Report, August 2013

Investment adviser and property management fee structure Further reductions



- ✘ Lower investment adviser and property management fees
 - ✘ Fees on healthcare property assets only rather than gross assets (excluding cash)
 - ✘ Reduced investment adviser fee of 0.33% above £1 billion gross assets
 - ✘ Property management fees reduced from 3% to 1.5% above £25 million
- ✘ Incremental fees reduced further as portfolio grows



¹As at 31 March 2014, based on committed investment of £493.8 million in 133 properties with a £31.2 million rent roll

Key financials

DCF NAV sensitivity¹



	DCF	Share price
Pence per share	93.1p	84.5p
Weighted discount rate	7.0%	8.0%
Risk premium to 20 year gilt rate	3.5%	n/a
Rental growth per annum	2.5%	1.0%
Capital appreciation per annum	1.0%	(0.1)%

	DCF reconciliation
Adjusted NAV plus debt benefit	68.6p
Purchasers costs at 5.80%	+8.3p
Implied yield shift to 5.17% ²	+16.2p
DCF NAV	93.1p

¹As at 31 March 2014

²Implied yield shift as at 31 March 2014 is to 5.17% assuming debt benefit of 3.9p

Key financials DCF NAV sensitivities¹



Discount rate

NAV pence per share	Completed					
Under construction	%	6.0	6.5	7.0	7.5	8.0
	6.0	104	99	94	90	86
	7.0	103	98	94	89	85
	8.0	103	98	93	89	85
	9.0	102	97	93	88	84
	10.0	102	97	92	88	84

Rental and capital value increases per annum

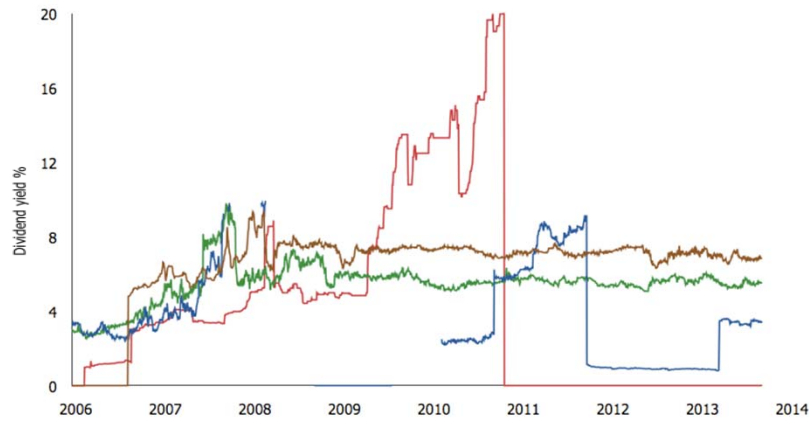
NAV pence per share	Rental					
Capital	%	0.5	1.5	2.5	3.5	4.5
	-1.0	67	72	78	85	92
	0.0	74	79	85	92	99
	1.0	82	87	93	100	107
	2.0	91	96	102	109	116
	3.0	101	106	112	119	126

¹As at 31 March 2014

MedicX Fund performance Sector comparison¹



Dividend yield



Share price total return



- MedicX Fund (External investment adviser and investor)
- Assura Group (Internally managed, investor and developer)
- Primary Health Properties (External investment adviser and investor)
- Ashley House (Internally managed and developer)

¹As at 28 May 2014 – Canaccord Genuity / DataStream

✘ **David Staples, Chairman**

Guernsey based quoted Fund Director (FCA, CTA)

✘ **Christopher Bennett, Director**

Jersey based Real Estate Financier and quoted Fund Director (MRICS)

✘ **John Hearle, Director**

Chairman and Head of Healthcare Division of Aitchison Raffety (FRICS)

✘ **Shelagh Mason, Director**

Guernsey based Commercial Property Lawyer and quoted Fund Director

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May 2014