

09

Specialist primary healthcare
infrastructure fund
2009 annual results presentation



Agenda

- Strategy
- Financial review
- Portfolio update
- Valuation analysis

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Chairman MedicX Adviser

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Strategy

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 • No development risk • High barriers to entry • Institutional asset class 	<ul style="list-style-type: none"> • Specialist investor, developer and manager of primary care infrastructure • 33 people across the UK • Originate, develop and manage the portfolio • Acquire from third parties and own development pipeline 	<ul style="list-style-type: none"> • Total dividend for the year 5.33 pence per share • Targeting progressive long term return

Strategy implementation

£97 million net equity raised since IPO November 2006

Includes £17.1 million since April 2009 at an average 70.4p per share

£125 million 5% fixed rate debt secured*

£100 million Aviva expiry December 2036

£25 million Deutsche Postbank expiry December 2014**

£196 million committed investment

50 properties

IPD Healthcare Index launched October 2009

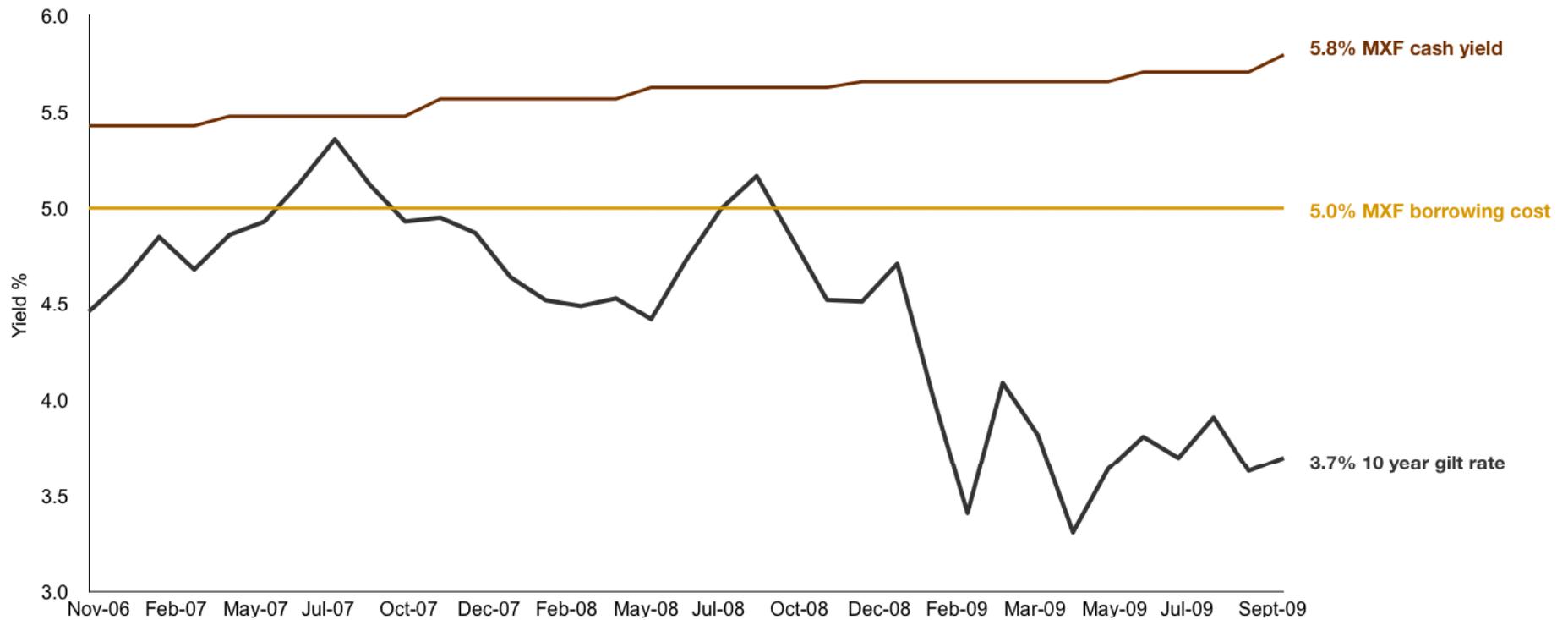
Strong pipeline of £129 million acquisition opportunities

Pace of investment subject to capital availability

*Facility being negotiated

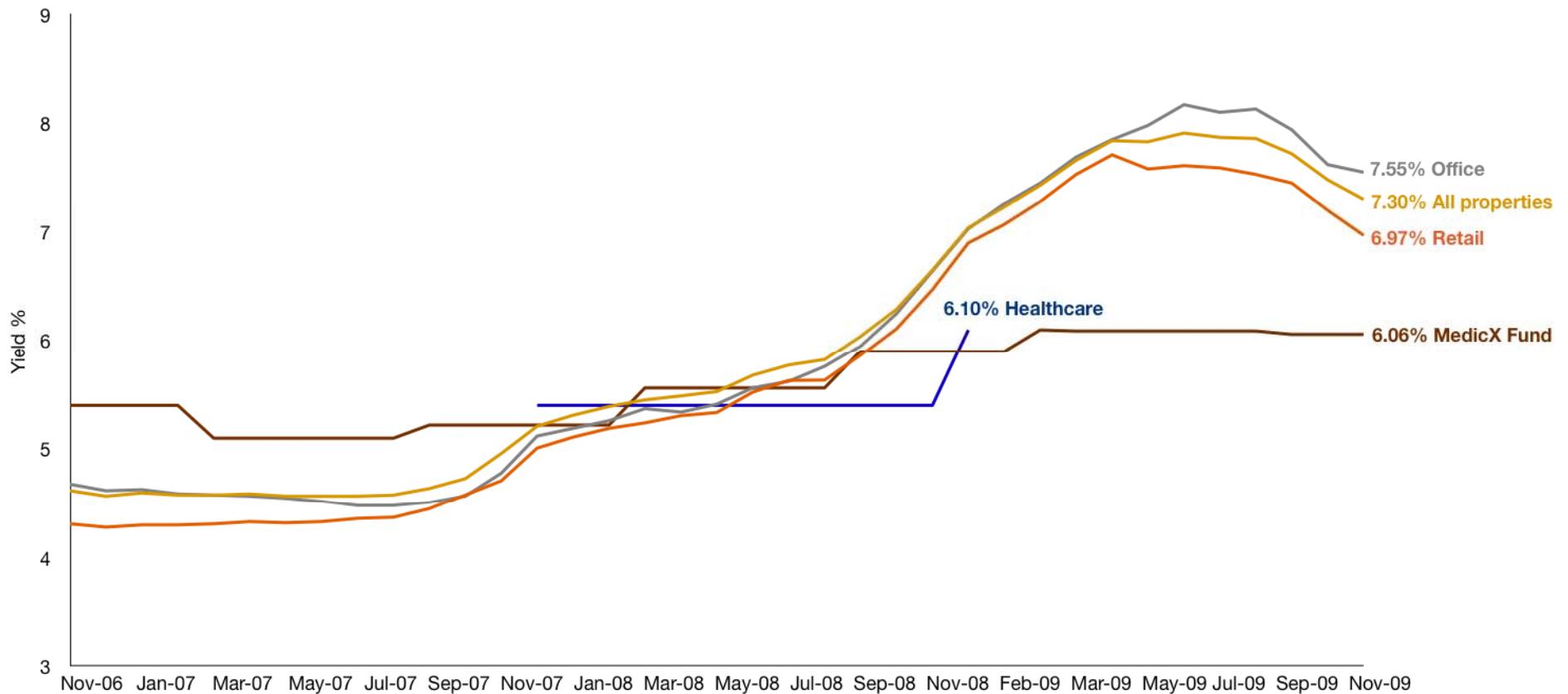
**Deutsche Postbank based on 5 year swap rates 07 December 2009

Attractive yield differential



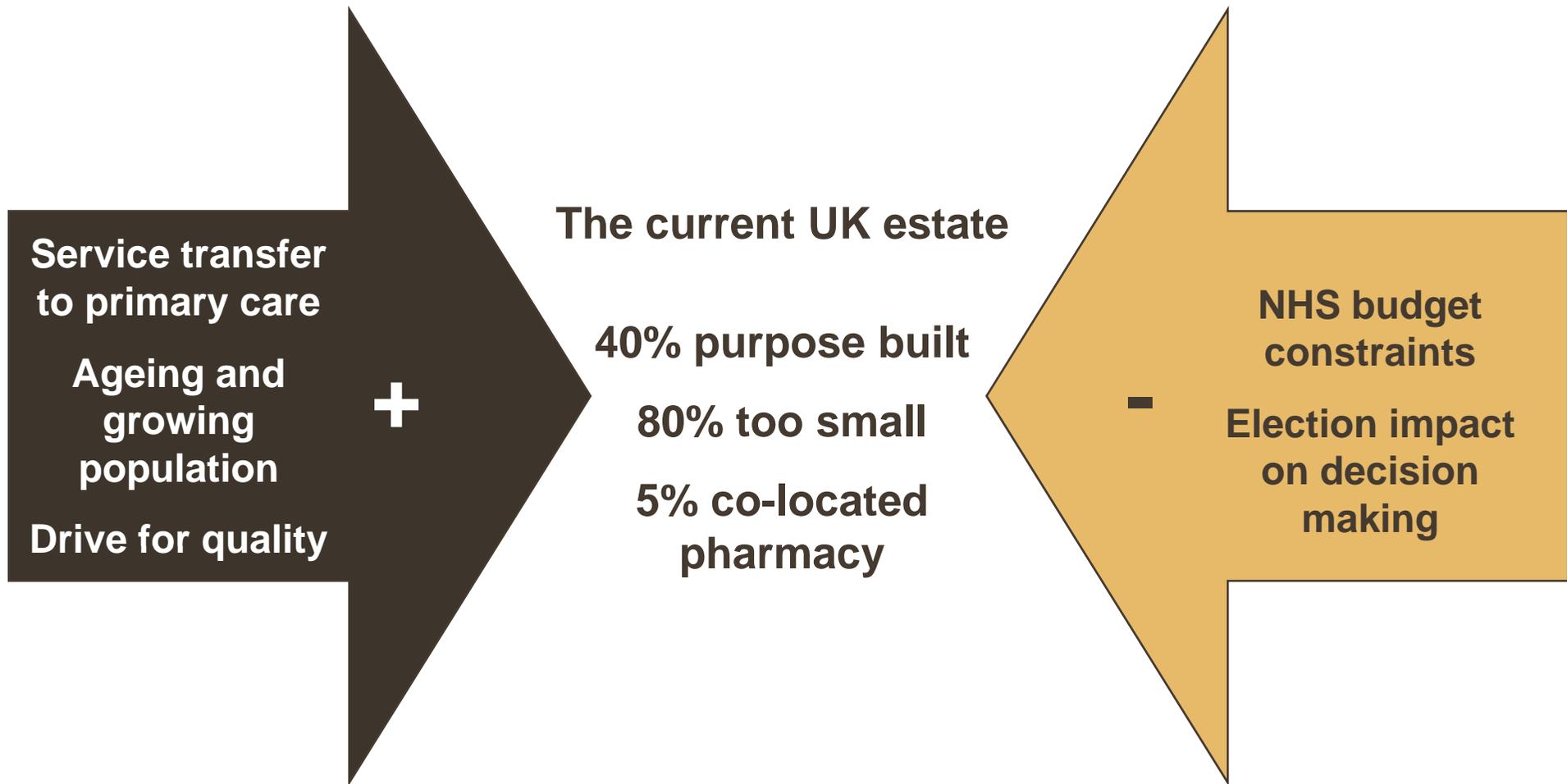
Source: MXF property valuations and Bank of England as at 30 September 2009

Lower property valuation volatility



Source: MXF property valuations as at 30 September 2009 and IPD net initial yield as at 30 November 2009

Development in primary care



Dividends paid since inception

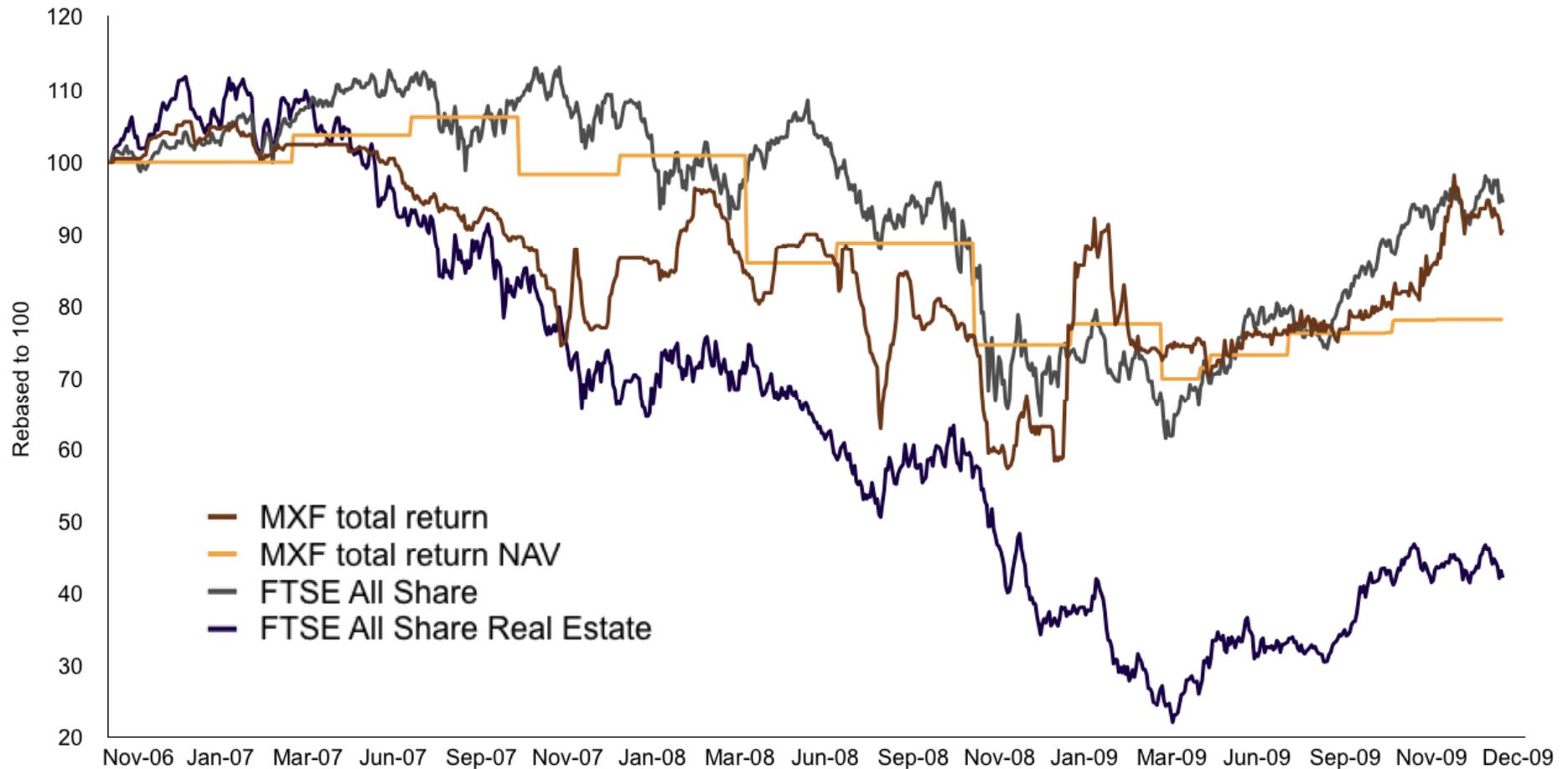
- Total dividends since listing 15.53 pence per share
- Increases above RPI

	Sept 07	Sept 08	Sept 09	To date
Dividend per share	5.00p	5.20p	5.33p	15.53p
Increase		4.0%	2.5%	6.6%
RPI annual increase*		3.8%	(0.4%)	3.4%

- Quarterly dividends paid from September 2009
- Intention to offer scrip dividends from June 2010 subject to AGM approval

*As at dividend announcement date

Index comparison



Source: Collins Stewart / DataStream as at 07 December 2009

Financial review

Key financials – income statement

	12 months to 30 Sept 09 £000	12 months to 30 Sept 08 £000	Change %
Rent receivable	8,804	7,467	17.9
Other income	633	769	(17.7)
Total income*	9,437	8,236	14.6
Investment advisory fee	2,226	2,269	(1.9)
Other fees & expenses	1,080	1,661	(35.0)
Total expenses*	3,306	3,930	(15.9)
EBITDA**	6,131	4,306	42.4
Finance income	348	1,906	(81.7)
Finance costs	5,096	5,077	0.3
Adjusted earnings**	1,383	1,135	21.9
Revaluation impact***	(2,211)	(17,888)	88.3
Adjusted earnings per share**	1.5p	1.4p	14.3

*Adjusted to exclude finance income and finance costs

**Adjusted to exclude performance fee, goodwill and deferred tax not expected to crystallise

***Revaluation gain/loss and impairment provision

Key financials – balance sheet

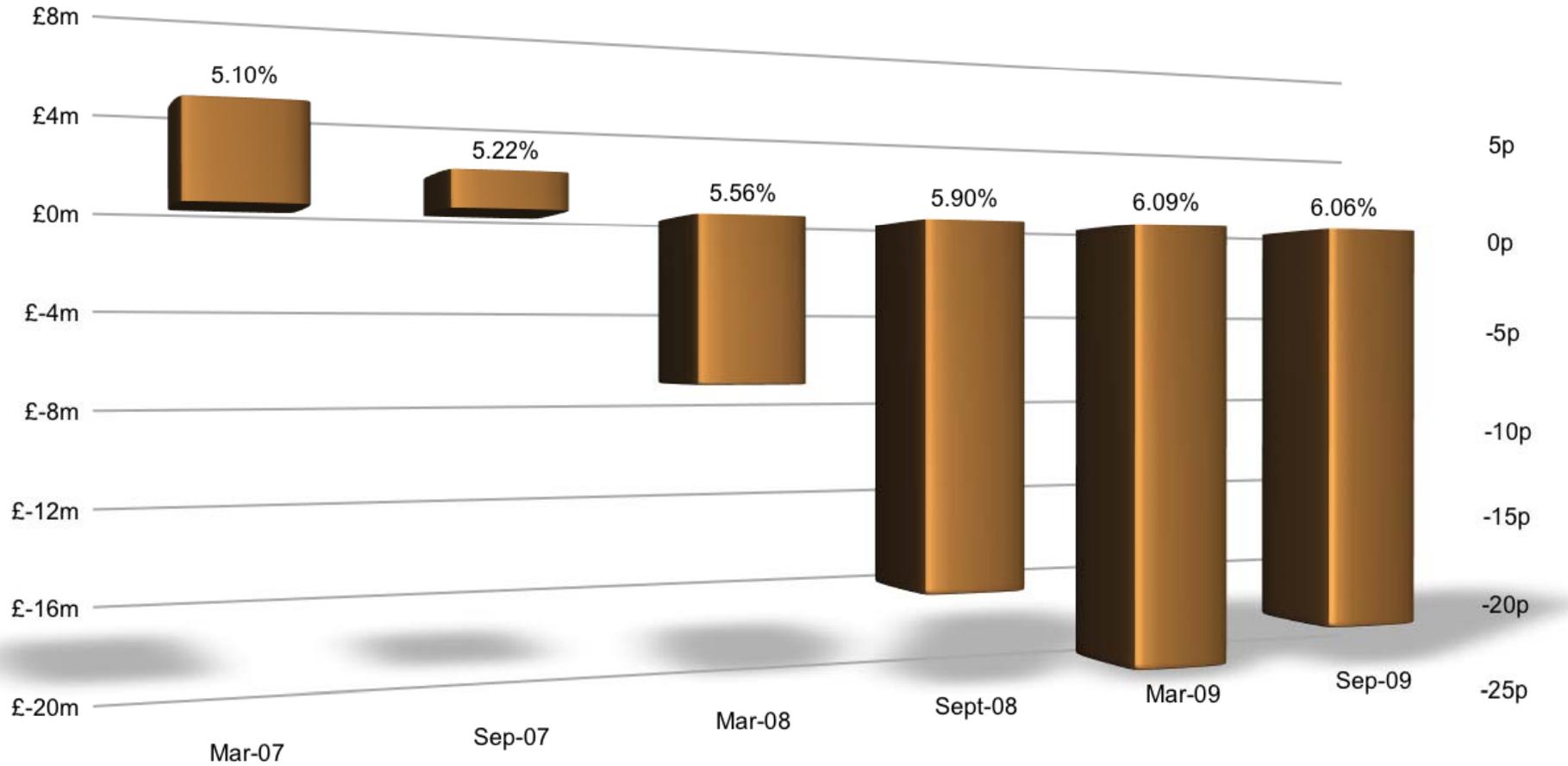
	At 30 Sept 09	
	£000	Pence per share
Gross assets excl cash*	172,371	164.9
Debt	100,901	96.5
Cash	7,172	6.9
Net debt	93,729	89.7
Adjusted NAV*	64,839	62.0
Adjusted NAV plus debt benefit*	75,829	72.6

	At 30 Sept 09	Restrictions/ covenants
Adjusted gearing*	56.9%	65%
Debt service interest cover**	193%	140%
Loan to value**	67.7%	75%

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

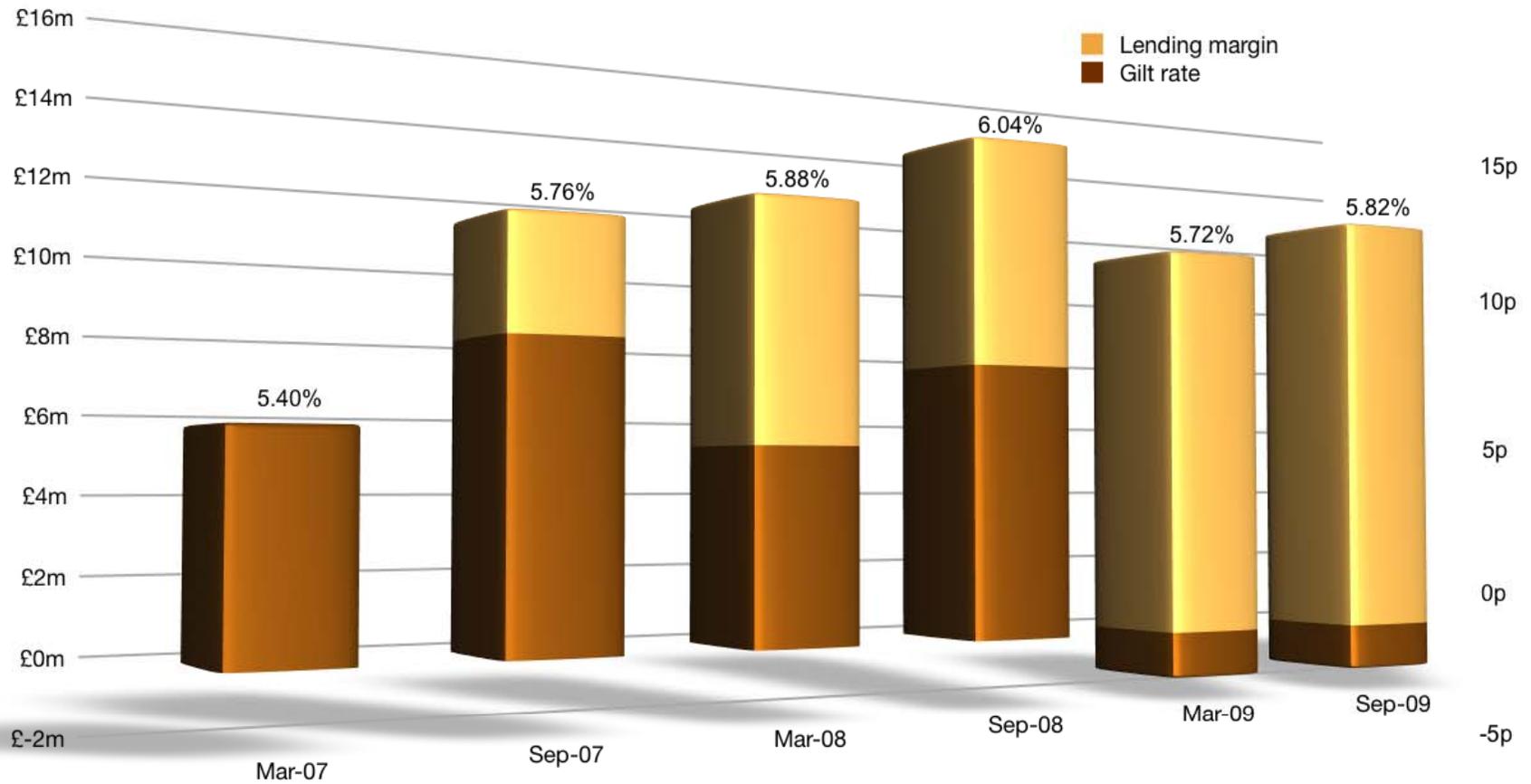
** Relate to £100 million Aviva loan only

Impact of property revaluations*



*Cumulative impact of property revaluation gain/loss and impairment provision compared to November 2006 valuation based on 104,521,215 shares

Debt mark to market*



*Compared to 5% all in fixed rate £100 million 30 year interest only loan and based on 104,521,215 shares

Updated debt financing

	Aviva facility	Deutsche Postbank facility
Amount	£100 million	£25.5 million
Expiry	December 2036	December 2014
Margin	0.9%	2.0%
Interest rate	5.0%	5.0%*
Hedging activities	N/A	Swap
Loan to value drawdown	65%	65%
Repayment terms	Interest only	Amortises 1% per annum
Interest cover covenant	140%	140%
Loan to value covenant**	75%	70%

*Based on 5 year swap rate 07 December 2009

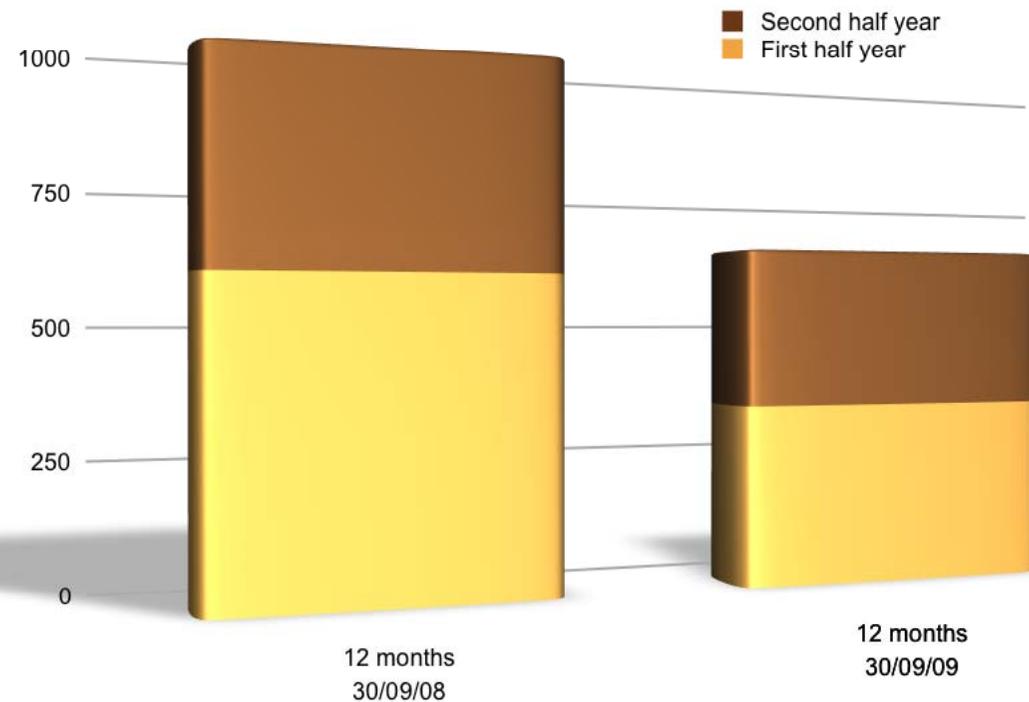
**Tested after years 2 and 4 for Deutsche Postbank

Fund overheads*

Achieved target to reduce overheads to £650,000

43% reduction in overheads even after costs of new initiatives e.g. Edison research, IPD Healthcare Index and Internal Audit

Costs will continue to be managed prudently



*Other fees and expenses, excluding direct property costs, property management fee and write off

Investment Adviser fees

- October 2007

No fees charged on cash

- April 2009

Advisory base fee cut significantly

- April 2008

Fund accounting taken over at no cost

£0.2 million saving per annum

Base fee as percentage of gross assets excluding cash	
Up to £150 million	1.5%
From £150 million to £300 million	0%
Above £300 million	0.75%

Amended performance fee 15% over 8% TSR from 69.0p

Compounding of 8% hurdle rate adjusted upwards from high watermark

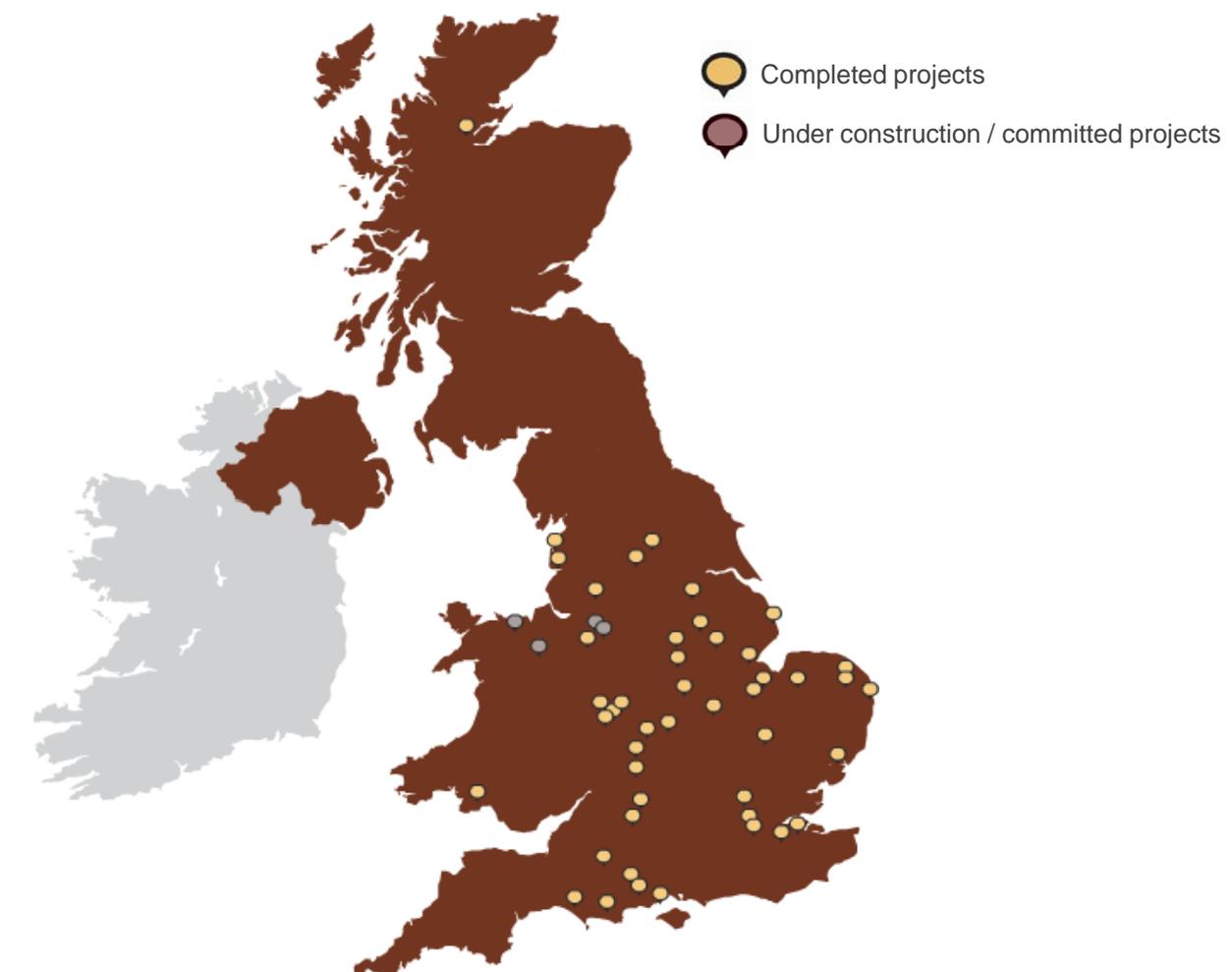
Base fee and performance fee paid cannot exceed 1.5%; excess cash carried forward

For 08 April 2009 to 30 September 2009 12.0% TSR, 24.3% annualised

- £0.1 million payable now
- £0.8 million carried forward

Portfolio update

Portfolio geographically spread*



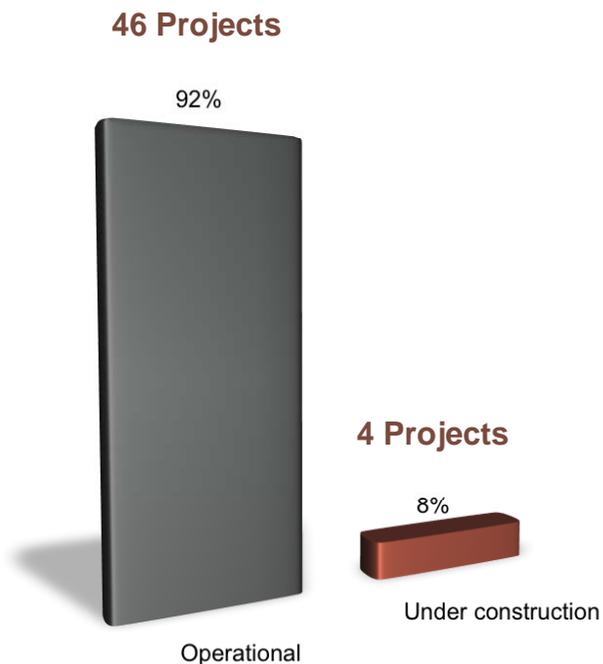
*£196.3 million committed investment in 50 primary healthcare premises

Portfolio review*

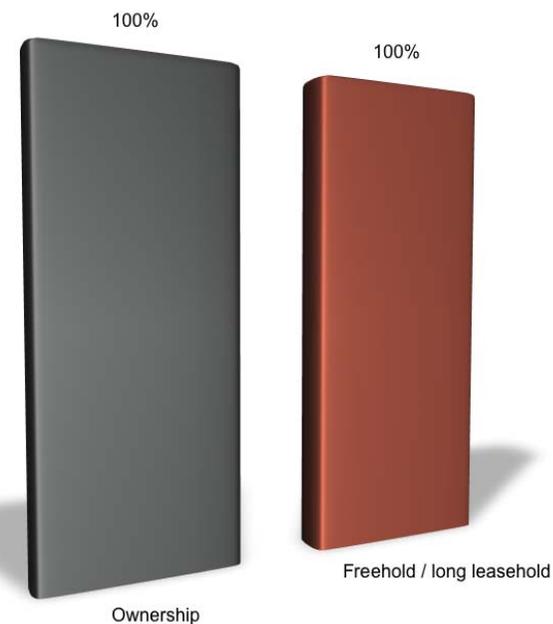
Contractual certainty of income



Asset status



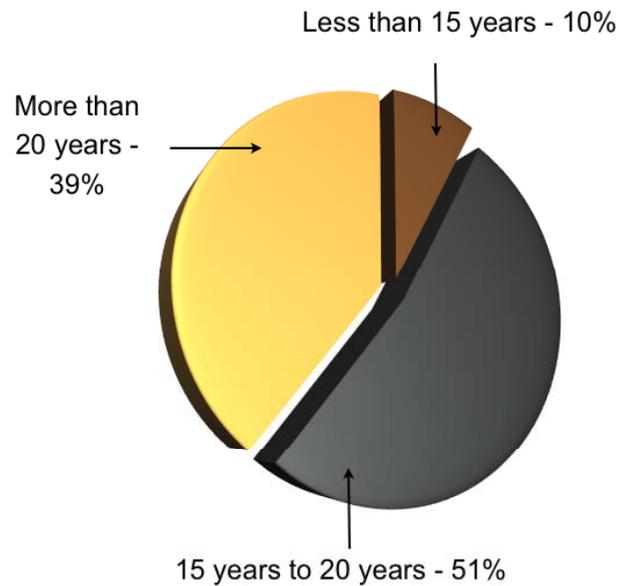
Security of tenure



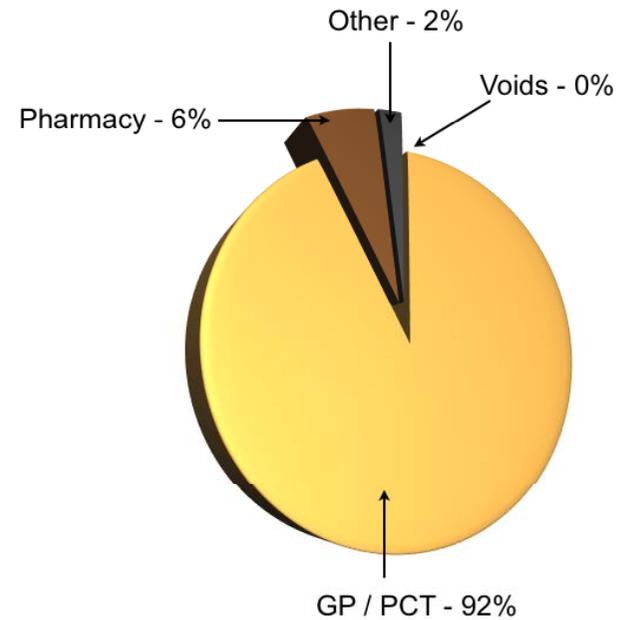
*As at 07 December 2009; based on rents on completed properties under-construction and committed investment

Portfolio review*

Security of income by lease expiry



Security of income by tenant type

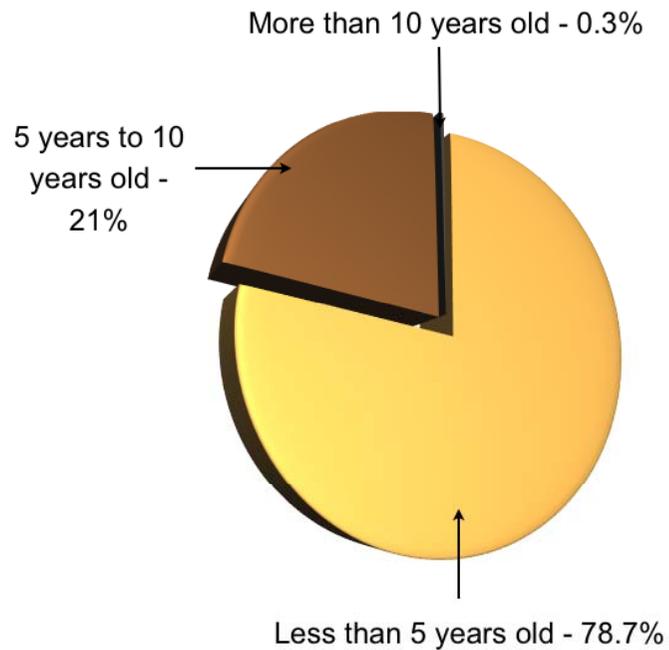


Average unexpired lease term 19.0 years*

*As at 07 December 2009; based on rents on completed properties under-construction and committed investment

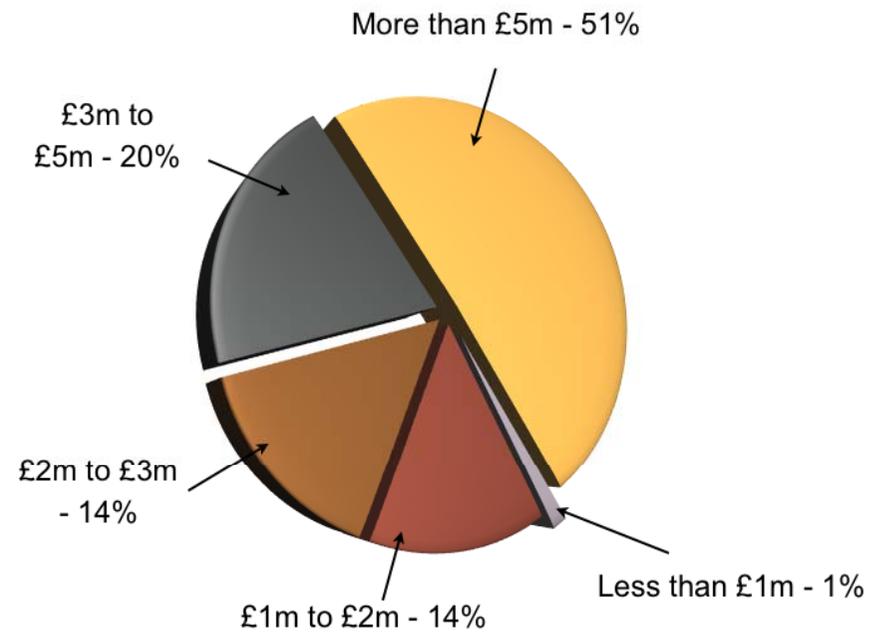
Portfolio review*

Modernity of assets



Average property age 3.4 years*

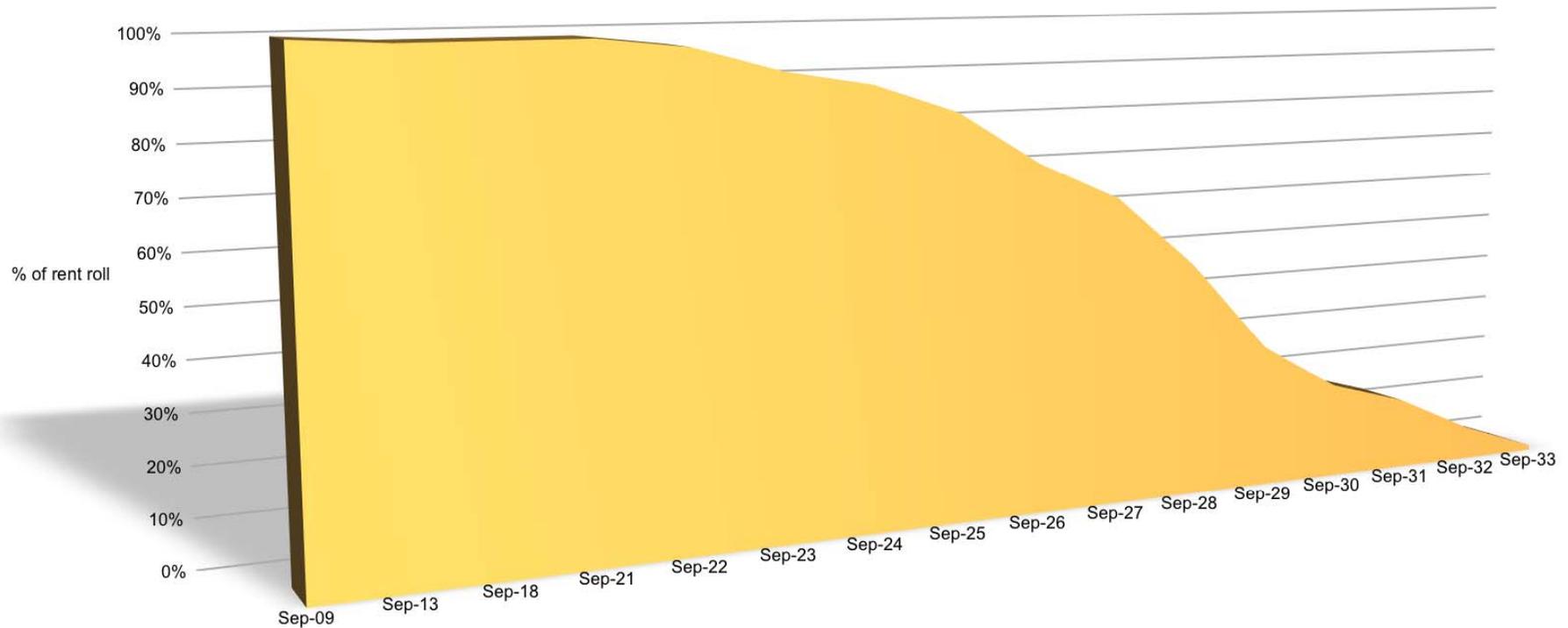
Value per property



Average property value £3.5 million*

*As at 07 December 2009; based on rents on completed properties under-construction and committed investment

Lease expiry*



*As at 07 December 2009; based on rents on completed properties under-construction and committed investment

Rental uplifts

£1.1 million rent reviews agreed during year

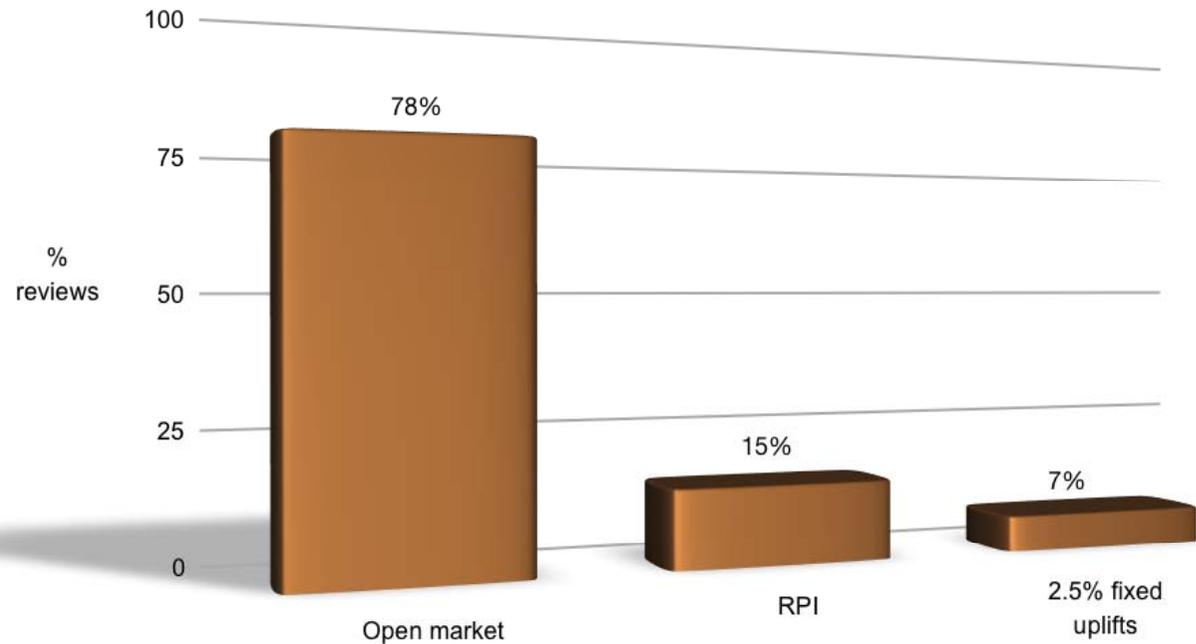
Equivalent to 2.4% per annum increase achieved

3.1% open market reviews

2.5% fixed uplifts

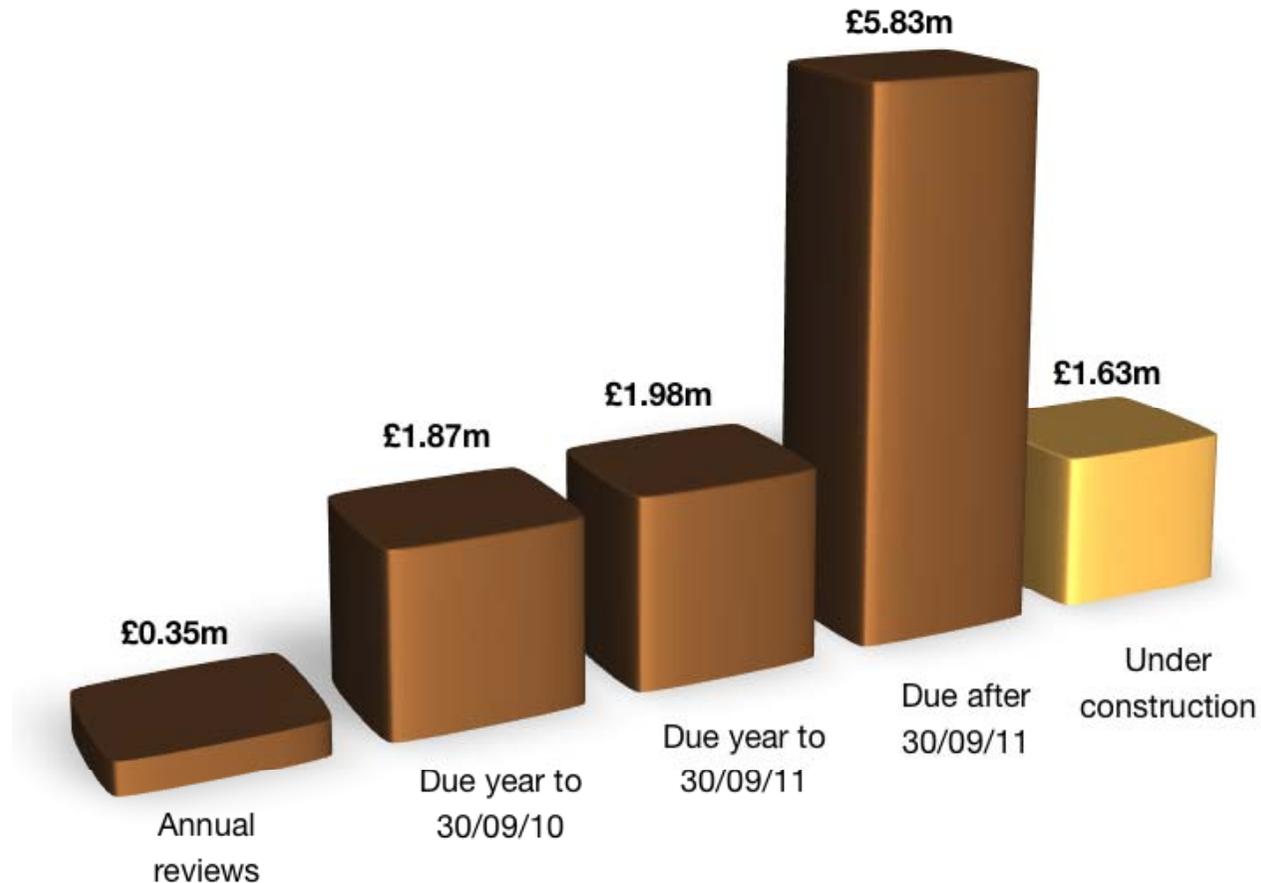
1.8% RPI based

£3 million passing rents currently under negotiation



Rent review profile

£11.7m annualised current rent falling due for review by year*



*As at 07 December 2009; based on rents

Completed properties



Completed
November 2008



Completed
May 2009



Completed
November 2009

New acquisitions

Combined investment
£30.3 million at a 6.29%
cash yield

3-yearly reviews and
over 20 years average
lease length



*As at 07 December 2009; includes committed investment

Portfolio management

- Two pharmacies and podiatry suite to be added to existing properties
- Will add £0.5 million value to completed portfolio
- MedicX Manage tenant portal and website

The screenshot shows the MedicX Manage website homepage. At the top left is the MedicX Manage logo with the tagline 'A MedicX Group Company'. Below the logo is a navigation menu with links for Home, Your building, Trouble shooting, About us, and Contact. The main content area features a large banner with the text 'Manage your building online easily and efficiently with My MedicX' and an image of a woman working on a laptop. Below the banner is a 'Welcome' section with the heading 'Efficient building management' and the text 'MedicX Manage is dedicated exclusively to helping you manage your primary care building as efficiently as possible.' On the left side, there is a 'Help desk' section with the text 'MedicX Manage help desk available 24 hours, 7 days a week' and the phone number 'T: 0808 202 5468'. Below that is an 'Updates / News' section with a 'News' link.

The screenshot shows the MedicX Manage tenant portal dashboard. At the top left is the MedicX Manage logo. To the right of the logo is a search bar and a user greeting 'Hello Mark Davis' with links for Log out, Change password, Alerts, Profile, and Help. Below the logo is a navigation menu with links for Home, Properties, General Information, Inbox, and Guidance. The main content area is divided into several sections: 'Welcome', 'Recently visited' (listing properties like Istead Rise Surgery, Sawston Medical Centre, Alsager Health Centre PCT, Shared Information, Merepark Medical Practice, Cedars Medical Practice, Marisco Medical Centre, Lytham Primary Care Centre, and Shared Information), 'What's new...' (showing recent updates and changes to shared information and properties), and 'Frequently visited' (listing the most visited properties).

Valuation analysis

NAV analysis

	NAV	Pence per share
Market capitalisation*	£81.4m	77.5p
Adjusted NAV**	£64.8m	62.0p
Adjusted NAV plus debt**	£75.8m	72.5p
DCF NAV	£93.5m	89.5p
Weighted discount rate	7.09%	
Risk premium to 10 year gilt	3.38%	

*As at 07 December 2009

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

DCF NAV sensitivities – discount rate

NAV p per share	Completed					
		6.0%	6.5%	7.0%	7.5%	8.0%
Under construction	6.0%	101p	96p	92p	87p	83p
	7.0%	100p	95p	90p	86p	82p
	8.0%	99p	94p	89p	85p	81p
	9.0%	99p	93p	89p	84p	80p
	10.0%	98p	93p	88p	84p	79p

DCF reduced from 3.0% to 2.5% per annum rent increase

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%	59p	66p	74p	82p	92p
	0.0%	67p	73p	81p	89p	99p
	1.0%	75p	82p	89p	98p	108p
	2.0%	85p	91p	99p	108p	117p
	3.0%	96p	102p	110p	119p	128p

*DCF reduced from 3.0% to 2.5% per annum rent increase

DCF NAV sensitivity

30 September 2009	DCF	Share price
Pence per share	89.5p	77.5p*
Weighted discount rate	7.09%	8.41%
Rental growth per annum**	2.50%	0.87%
Capital appreciation per annum	1.00%	(0.45)%

*MedicX Fund share price as at 07 December 2009

**DCF reduced from 3.0% to 2.5% per annum rent increase

Adjusted NAV plus debt sensitivity

	Adjusted NAV plus debt	Share price
Pence per share	72.5p	77.5p
Net initial yield	6.06%	5.88%

*MedicX Fund share price at 07 December 2009

Entry value

	Pence per share
Adjusted NAV*	62.0p
Purchasers costs at 5.75%	9.9p
Debt benefit	10.5p
Total entry cost assuming property acquisitions at current valuation of 6.06%	82.4p

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

Conclusion

- Strategy implementation and performance on track
- Prime assets with secure long term income
- Raised capital at attractive prices
- Continuing to grow dividends
- Strong pipeline and considering raising equity in the New Year

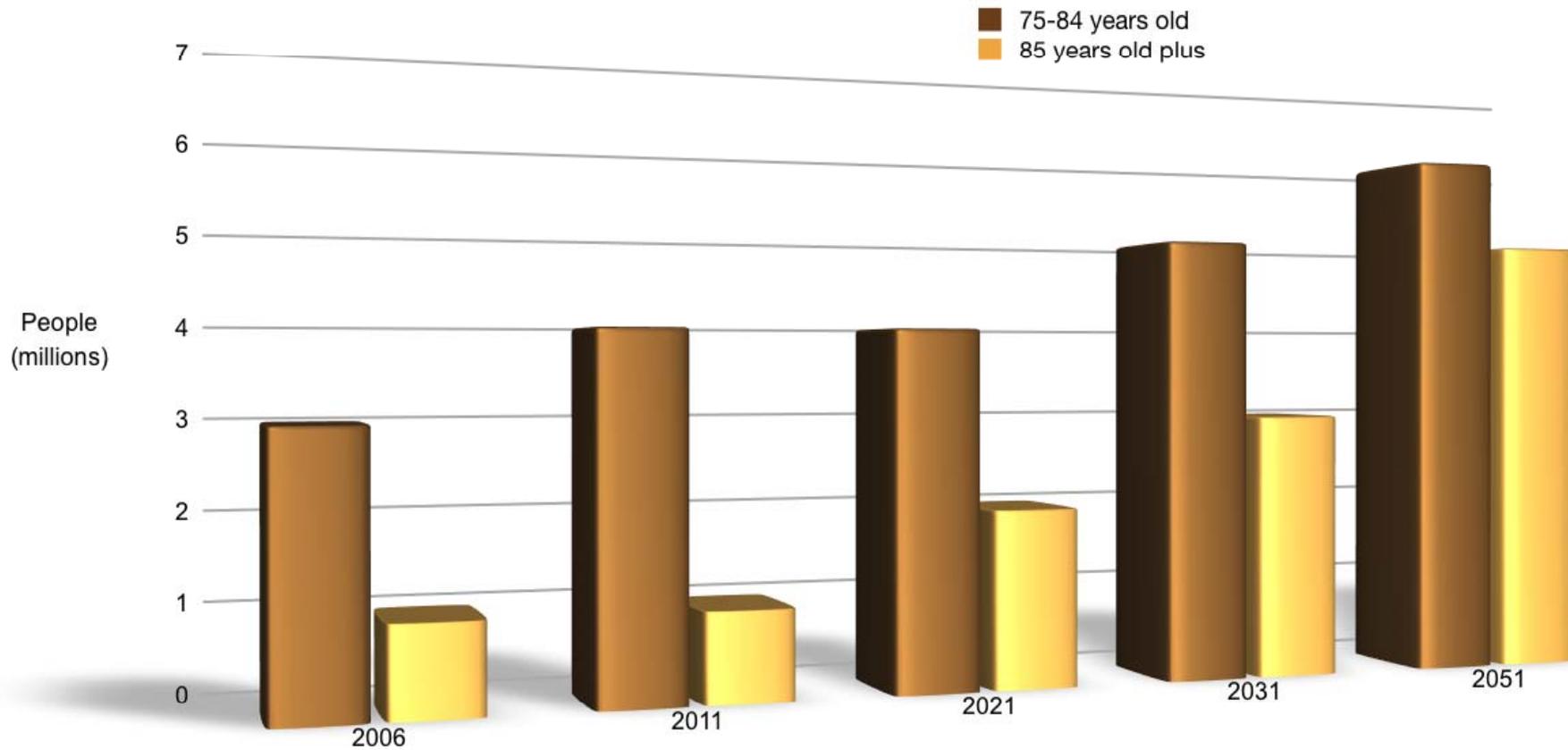
Appendix

General medical services in England statistics

	2008	1995	Change
• Number of practices	8,230	9,188	-10.4%
• Single-handed practices	2,003	2,919	-31.4%
• Number of GPs	34,010	27,645	+23.0%
• Part-time	26%*	14%	+12.0%
• Aged 60 and over	10.0%	6.3%	+3.7%
• Contracted (GMS)	21,780*	26,829	-18.8%
• Salaried (PMS)	13,180*	0	n/a

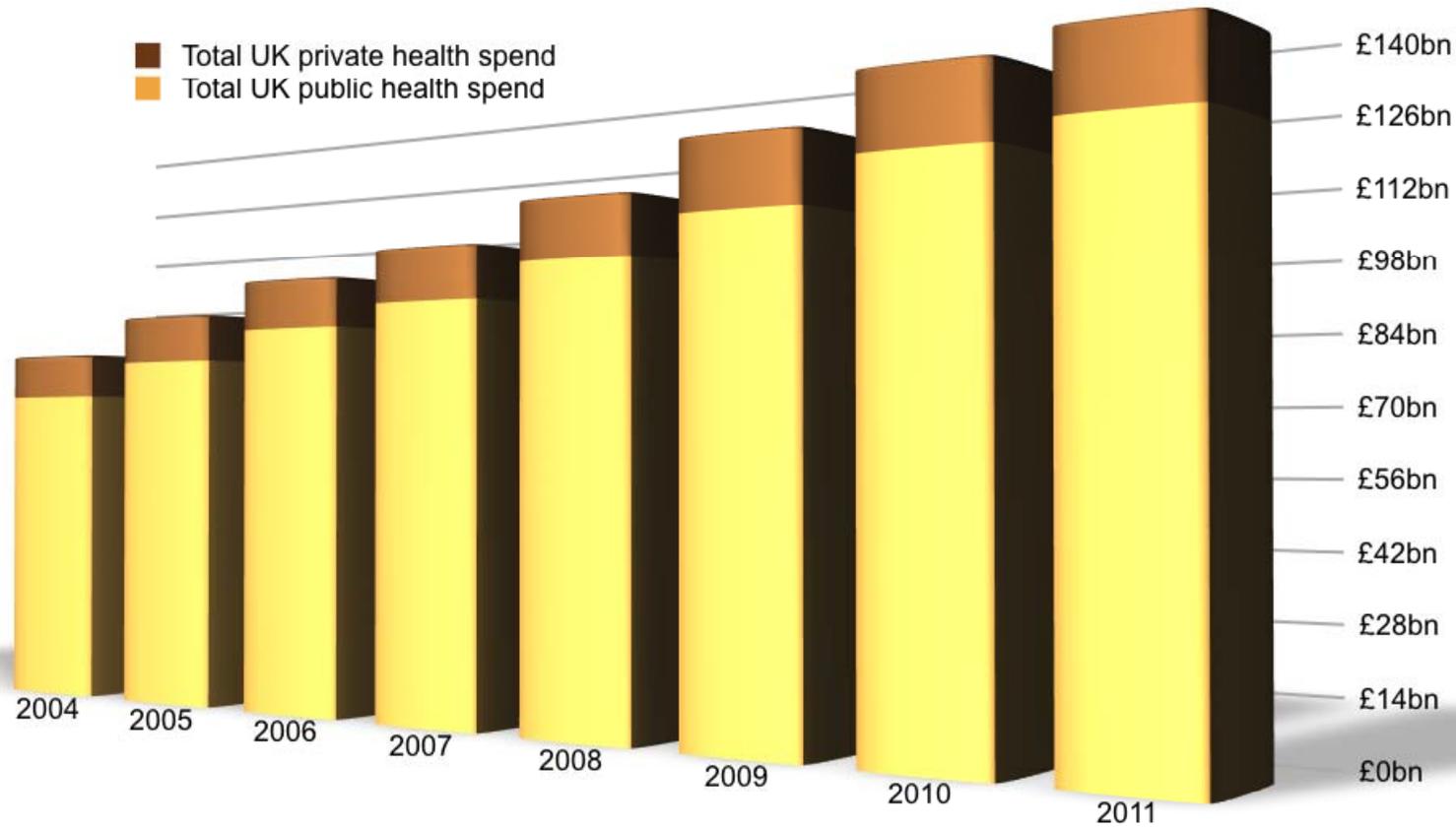
Source: Department of Health website 2008 data *Data only available for 2006

UK ageing population



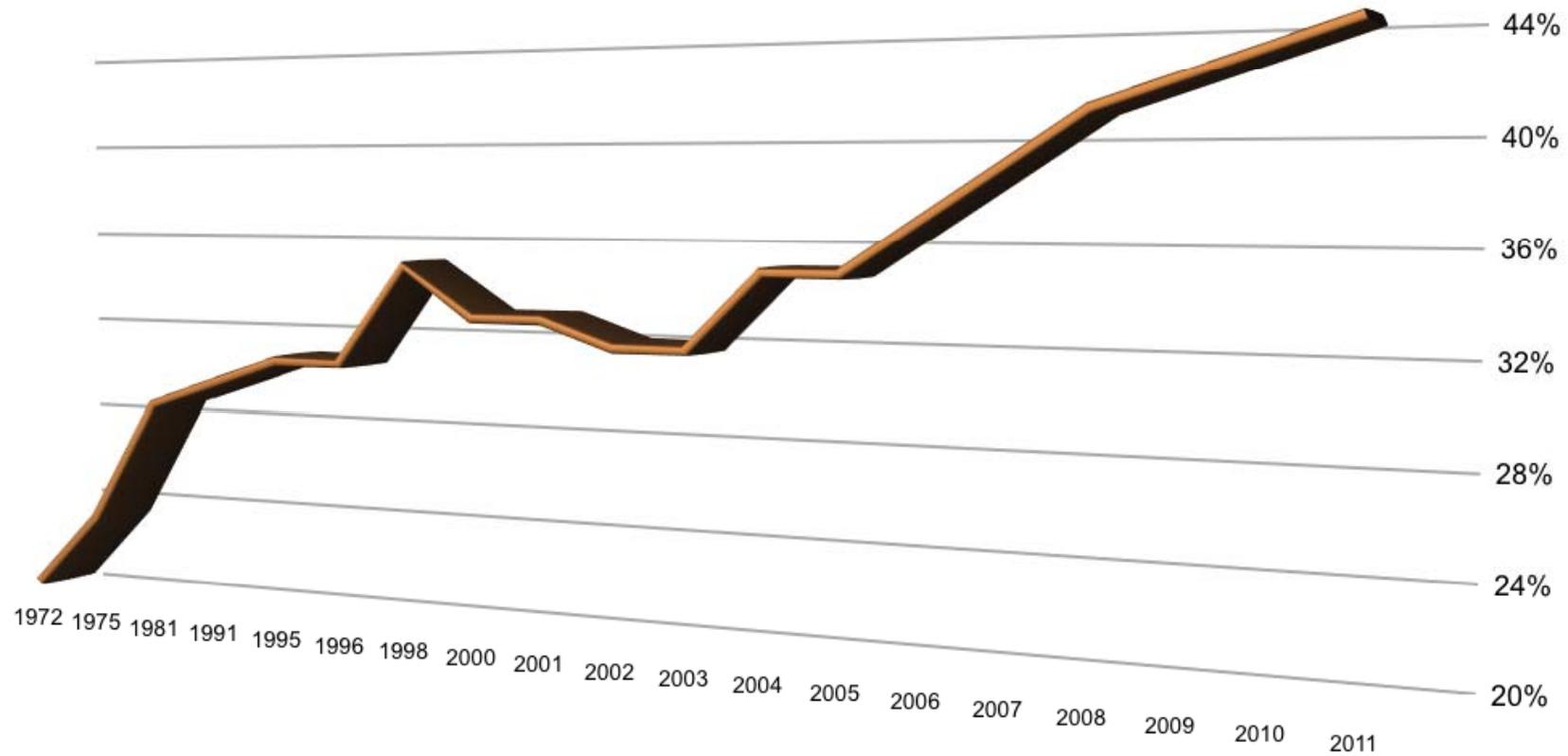
Source: Population projections by the Office of National Statistics (2006-based, principal projection)

UK health budget



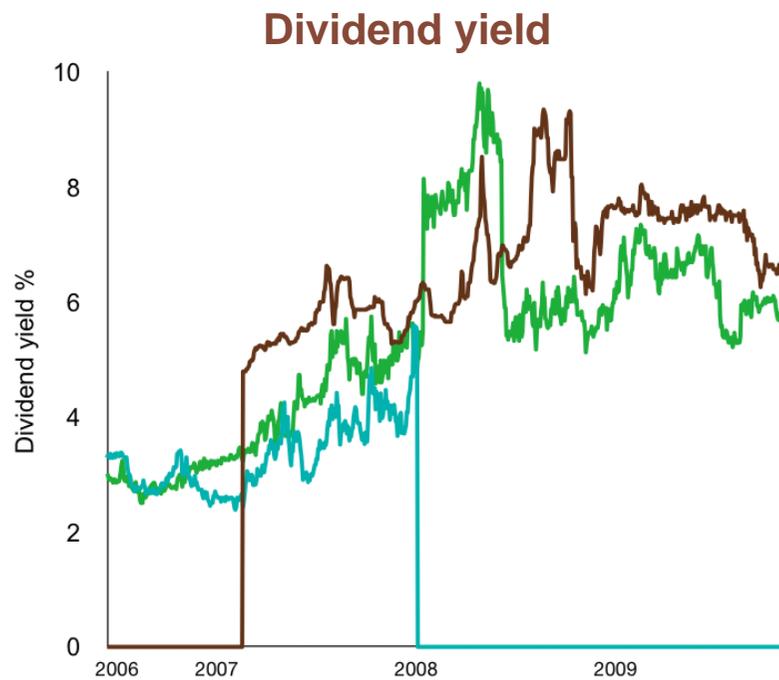
Source: www.healthcarerepublic.com 20 May 2008

UK population with chronic disease



Source: Department of Health Chronic Disease Management Discussion Document 2004/7

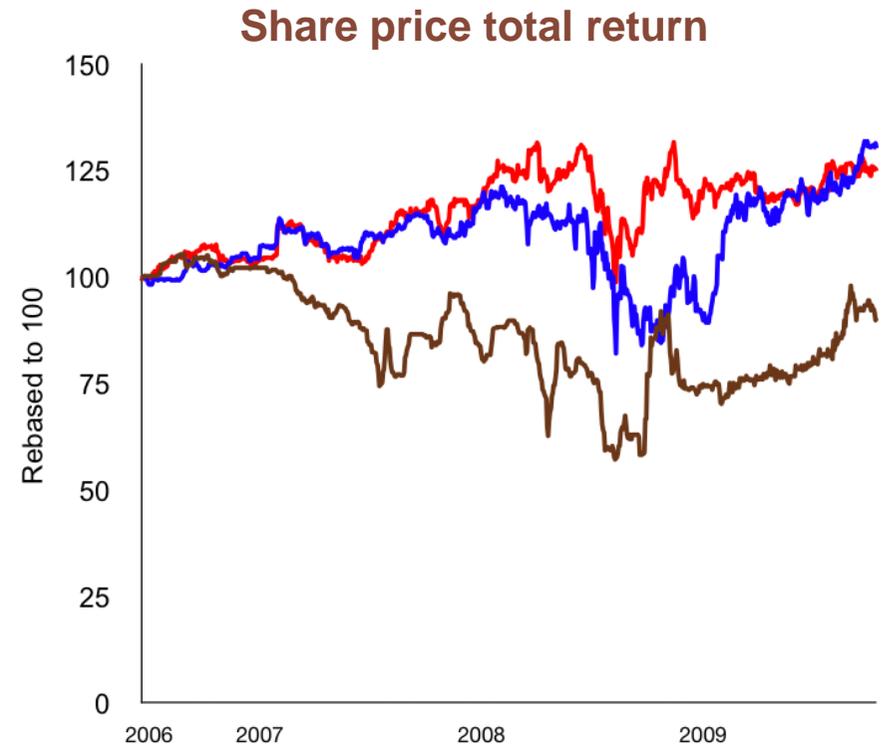
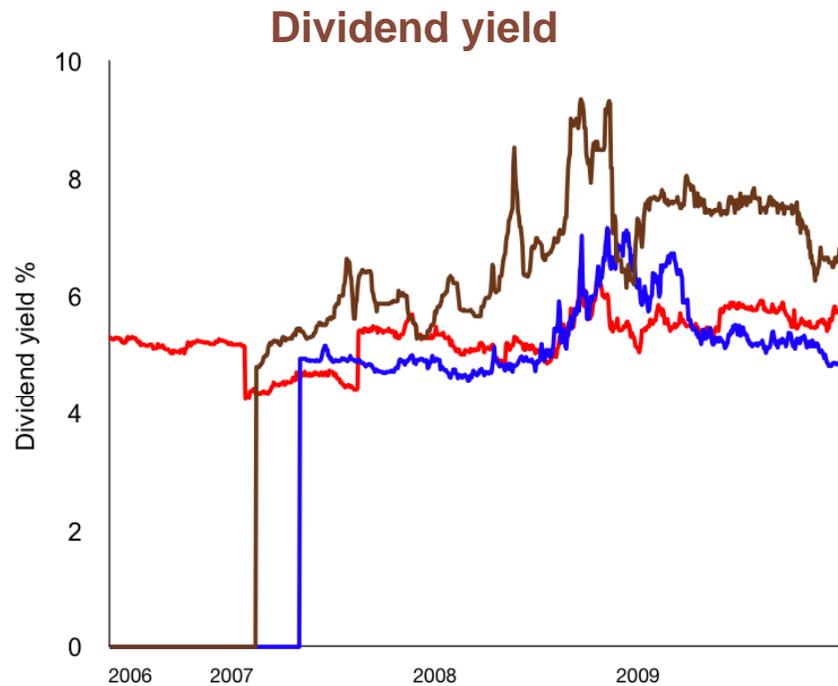
Sector comparison



- MedicX Fund
- Assura Group
- PHP

Source: Collins Stewart / DataStream as at 07 December 2009

Infrastructure comparison



— MedicX Fund
— INPP
— HSBC Infrastructure

Source: Collins Stewart / DataStream as at 07 December 2009

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- David Staples, Chairman (52)
Guernsey based quoted Fund Director (FCA, CTA)
- John Hearle, Director (57)
Chairman and Head of Healthcare Division of Aitchison Raffety Group (FRICS)
- Shelagh Mason, Director (50)
Guernsey based Commercial Property Lawyer and quoted Fund Director
- Christopher Bennett, Director (44)
Jersey based Real Estate Financier and quoted Fund Director (MRICS)

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