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Specialist primary healthcare
infrastructure fund
2011 annual results presentation



Agenda

1. Introduction
2. Key financials
3. Portfolio review
4. Investment opportunity

Introduction

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 £143 million* market capitalisation
- Not a developer or operator
- External investment adviser
- Guernsey based investment company
- Objective dividend and capital growth

*As at 5 December 2011

Highlights of the year

- £250 million committed investment in 63 properties at a valuation net initial yield of 5.84% compared to 20 year gilt rate of 3.54%
- EBITDA £9.0 million (£7.7 million 2010) and adjusted earnings including revaluation £7.2 million (£8.9 million 2010)
- £35.8 million net proceeds raised since 1 October 2010 at an average issue price of 72.3p
- Terms agreed with Aviva for a new £50 million 20 year loan at an all-in-rate of 4.7%* taking average fixed rate cost of debt to 4.8%* with an average unexpired term of 22 years*
- Total committed investment plus approved investments since 1 October 2010 of £73 million at an average cash yield of 6.2%*

*As at 5 December 2011

Continuing to deliver returns

	Sept 2007	Sept 2008	Sept 2009	Sept 2010	Sept 2011
Dividend declared per share	5.00p	5.20p	5.33p	5.40p	5.50p
Increase v 5.00p		4.0%	6.6%	8.0%	10.0%

	Dividend	Sept 2010	Sept 2011	Movement
Share price	5.475p	73.75p	75.00p	1.25p

	Sept 2009	Sept 2010	Sept 2011
Total return*	11.4%	8.6%	9.4%

*Includes dividends received and receivable in the period

NHS and primary care update

- NHS Bill much modified has now reached the Lords
- Clinical Commissioning groups now involve wider community and only impact on 50% of the NHS budget (originally 80%)
- Likely to become law in February 2012
- Increasing move to integrate services at a local level increasing pressure for new purpose built buildings at a community level
- No change planned to current reimbursements for premises
- GPs remain the cornerstone of primary care delivery

Key financials

Key financials – income statement

	12 months to 30 Sept 2011 £000	12 months to 30 Sept 2010 £000	Change
Rent receivable	11,770	10,825	9%
Other income	708	250	184%
Total income	12,478	11,075	13%
Direct property costs*	551	521	6%
Investment advisory fee**	2,250	2,250	0%
Overheads	675	649	4%
Total expenses*	3,476	3,420	2%
EBITDA	9,002	7,654	18%
Finance income	166	43	284%
Finance costs	5,125	5,024	2%
Adjusted earnings***	4,043	2,674	51%
Revaluation	3,409	6,180	(45)%
Adjusted earnings including revaluation***	7,451	8,854	(16)%

*Including property management fees

**Investment advisory fee fixed up to £300 million gross assets excluding cash

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

Dividend cover

	12 months to 30 Sep 2011 £000	12 months to 30 Sep 2010 £000	12 months to 30 Sep 2009 £000
Dividends paid	9,131	6,593	6,146
Adjusted earnings excluding revaluation	4,043	2,674	1,383
Dividend cover	44%	41%	22%
Revaluation	3,119	6,180	(1,499)
Adjusted earnings including revaluation	7,451	8,854	(116)
Dividend cover including revaluation	82%	134%	(2)%

	Sept 2011 dividend	Mar 2011 dividend	Dec 2010 dividend	Sept 2010 dividend
Scrip take up	4%	4%	6%	7%

Key financials – balance sheet

	As at 30 Sep 2011 £000	As at 30 Sep 2011 Pence per share
Gross assets excluding cash*	223,000	115.8
Debt	100,495	52.2
Cash	18,112	9.4
Net debt	82,382	42.8
Adjusted NAV**	127,081	66.0
Adjusted NAV plus debt benefit**	131,048	68.0
DCF	169,838	88.2

	As at 30 Sep 2011	Restrictions / covenants
Adjusted gearing**	38%	75%
Debt service interest cover***	194%	140%
Loan to value***	65%	75%

*Investment advisory fee fixed up to £300 million gross assets excluding cash

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

***Relate to £100 million Aviva loan only

Debt funding

	Aviva facility	Deutsche Postbank facility	New Aviva facility
Facility size	£100 million	£37.2 million	£50 million
Committed	December 2006	December 2009	December 2011
Drawn	£100 million	£7.5 million	£50 million
Expiry	December 2036	April 2015	December 2031
Margin	0.9%	2.0%	1.85%
Interest rate	5.0%	3.1%*	4.7%***
Hedging activities	n/a	Swap	n/a
Loan to value draw down	65%	62.5%	65%
Repayment terms	Interest only	Interest only	Amortises from year 11 to £30 million at year 20
Interest cover covenant	140%	140%	140%
Loan to value covenant**	75%	70%	75%

Average fixed rate cost of debt 4.8% with an average unexpired term of 22 years

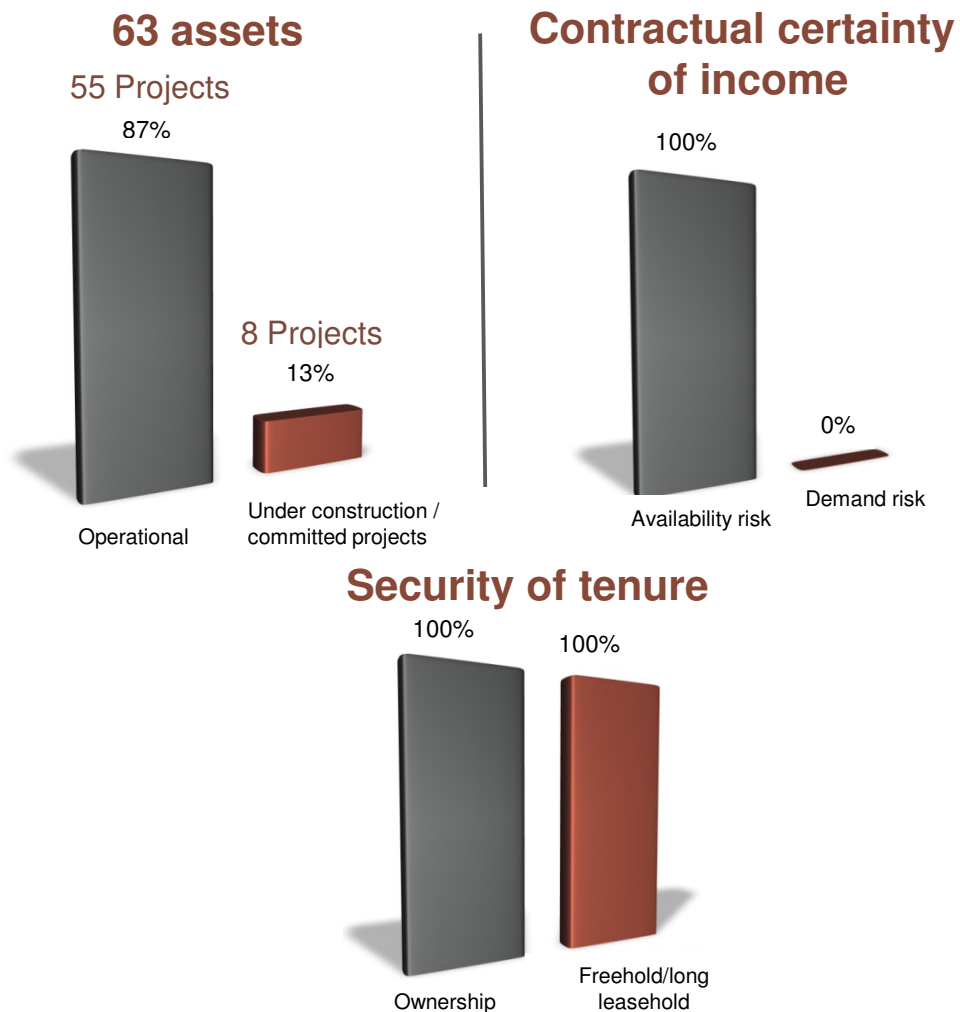
*Based on five year swap rate 5 December 2011

**Tested after years two and four for Deutsche Postbank

***Credit approved term sheet. Interest rate based on 2028 gilt rate as at 5 December 2011

Portfolio review

Portfolio review*



Portfolio geographical spread

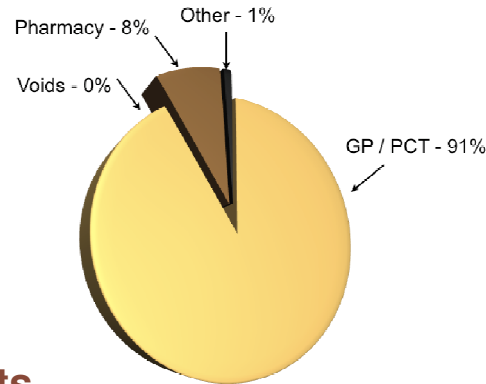
- Completed projects
- Under construction / committed projects



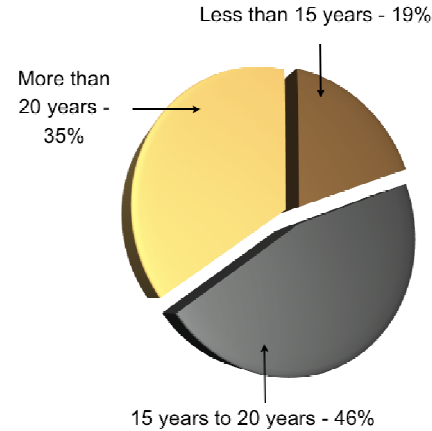
*As at 5 December 2011; includes completed value of properties under construction and terms agreed investments

Portfolio review*

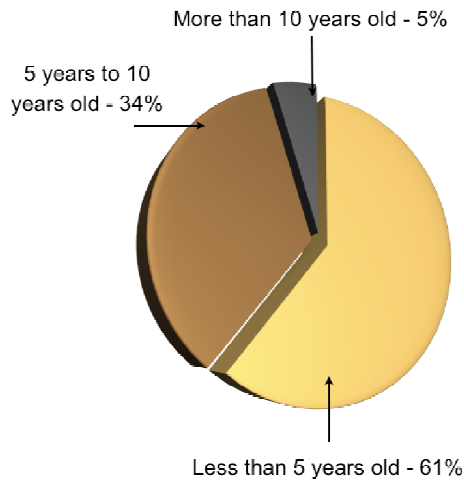
Security of income by tenant type



Security of income by lease expiry



Modernity of assets

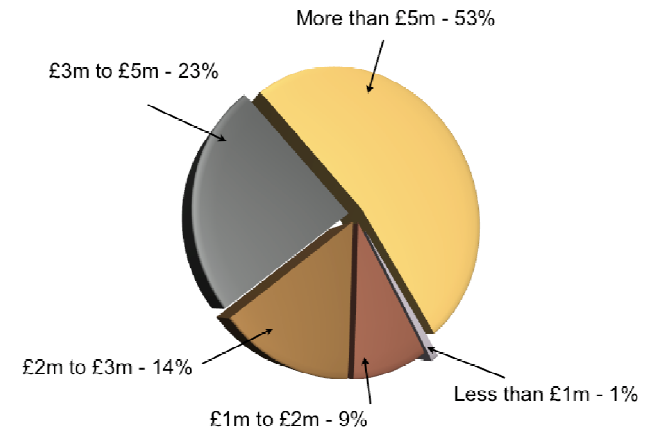


Average unexpired lease term 18.1 years

Average age 4.1 years

Average value £3.8 million

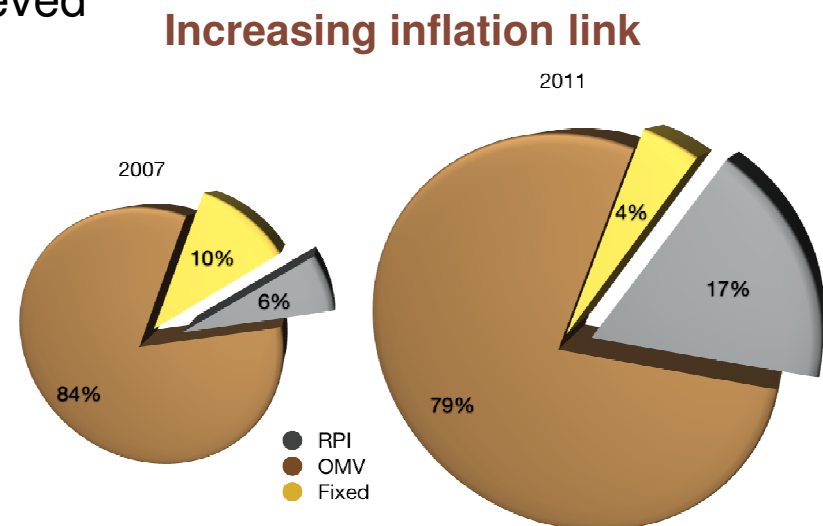
Value per property



*As at 30 September 2011; includes completed value of properties under construction and terms agreed investments

Rental uplifts*

- Total rent roll £15.4 million
 - £13.1 million completed
 - £2.3 million under construction
- £4.5 million passing rents currently under negotiation
- £3.3 million rent reviews agreed during the period
- Equivalent to 2.3% per annum increase achieved
 - 1.9% open market reviews
 - 2.5% fixed uplifts
 - 4.3% RPI based



*Period to 5 December 2011

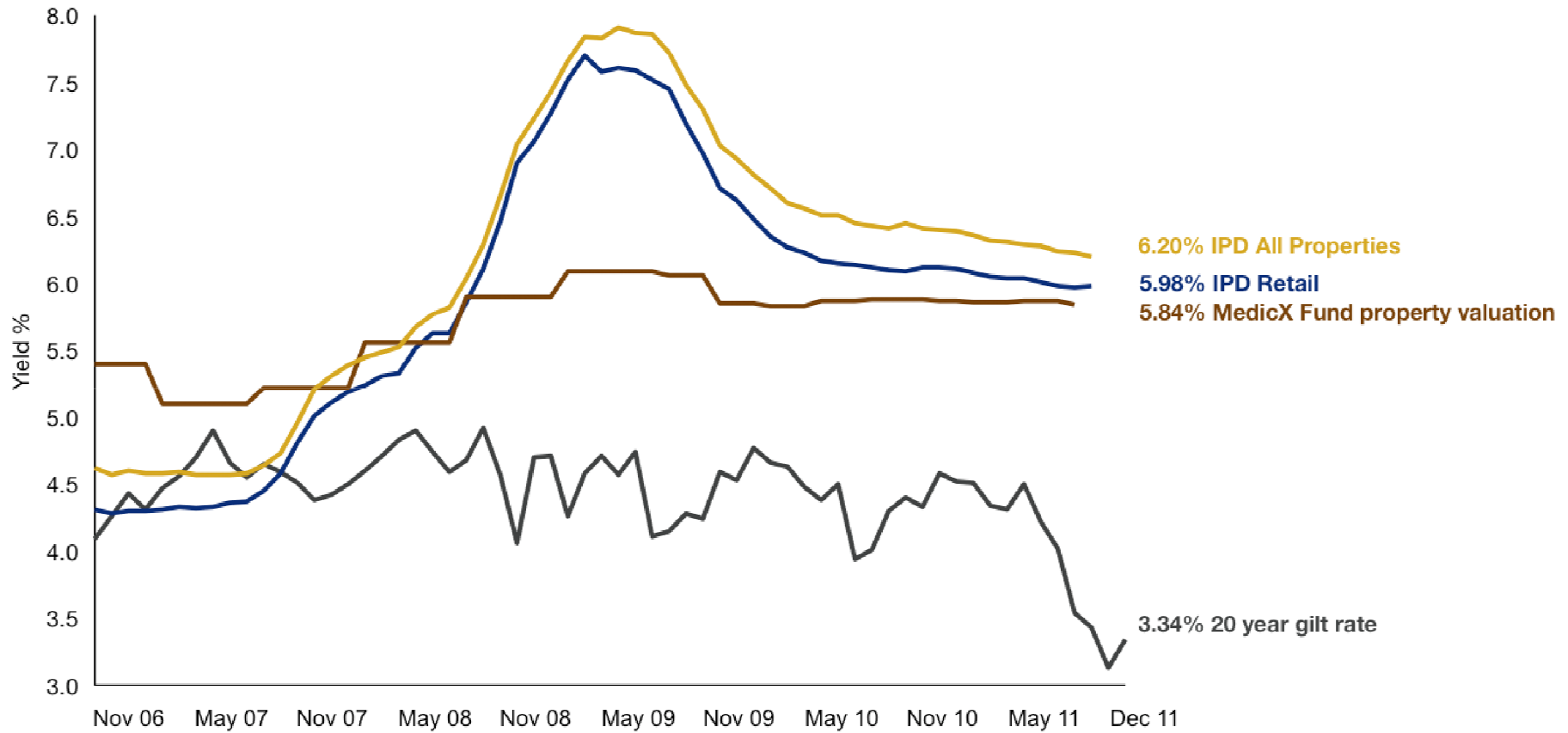
Rent reviews by period*

	Year to Sept 07	Year to Sept 08	Year to Sept 09	Year to Sept 10	Year to Sept 11
Number	20	12	33	15	15
Passing rent	£1,814,809	£969,757	£2,917,782	£853,208	£1,187,212
Number	0	1	2	14	14
Outstanding reviews	£0	£164,600	£155,633	£1,845,424	£1,650,204
Annualised increase	3.1%	2.8%	1.8%	2.3%	3.3%
- Open market reviews	3.0%	2.4%	1.8%	2.0%	2.6%
- RPI	3.8%	3.9%	1.4%	2.6%	4.6%
- Fixed uplifts	n/a	2.5%	2.5%	n/a	2.5%

DCF rental growth assumption 2.5%

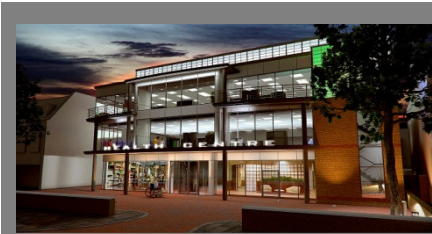
*Based on review date falling due in the year ending as at 30 September 2011

Property valuation yields*



*MedicX Fund property valuation as at 30 September 2011, IPD data as at 31 October 2011 and Gilt rate data as at 5 December 2011

Acquisitions in year*



Raynes Park



Woolwich



Immingham



West Wirral



Rochdale



Hirwaun



Grangetown



Corby Glen



East Cowes

Total committed investment of £39 million in nine properties

Total approved investment of £35 million in nine properties

*As at 30 September 2011

Property valuation comparison



Woolwich

Initial yield: 6.0%
Lease term: 25 years (break option year 20)
Tenant: Doctors (rent paid by PCT)
Rent review: 3 year RPI



West Wycombe

Initial yield: 4.25% (reversion 5.22%)
Lease term: 17 years
Tenant: Marks & Spencer
Rent review: Open market 5 years

Disposals in the year*

Gorseinon medical centre sold April 2011
for £0.6 million at a cash yield of 6.04%

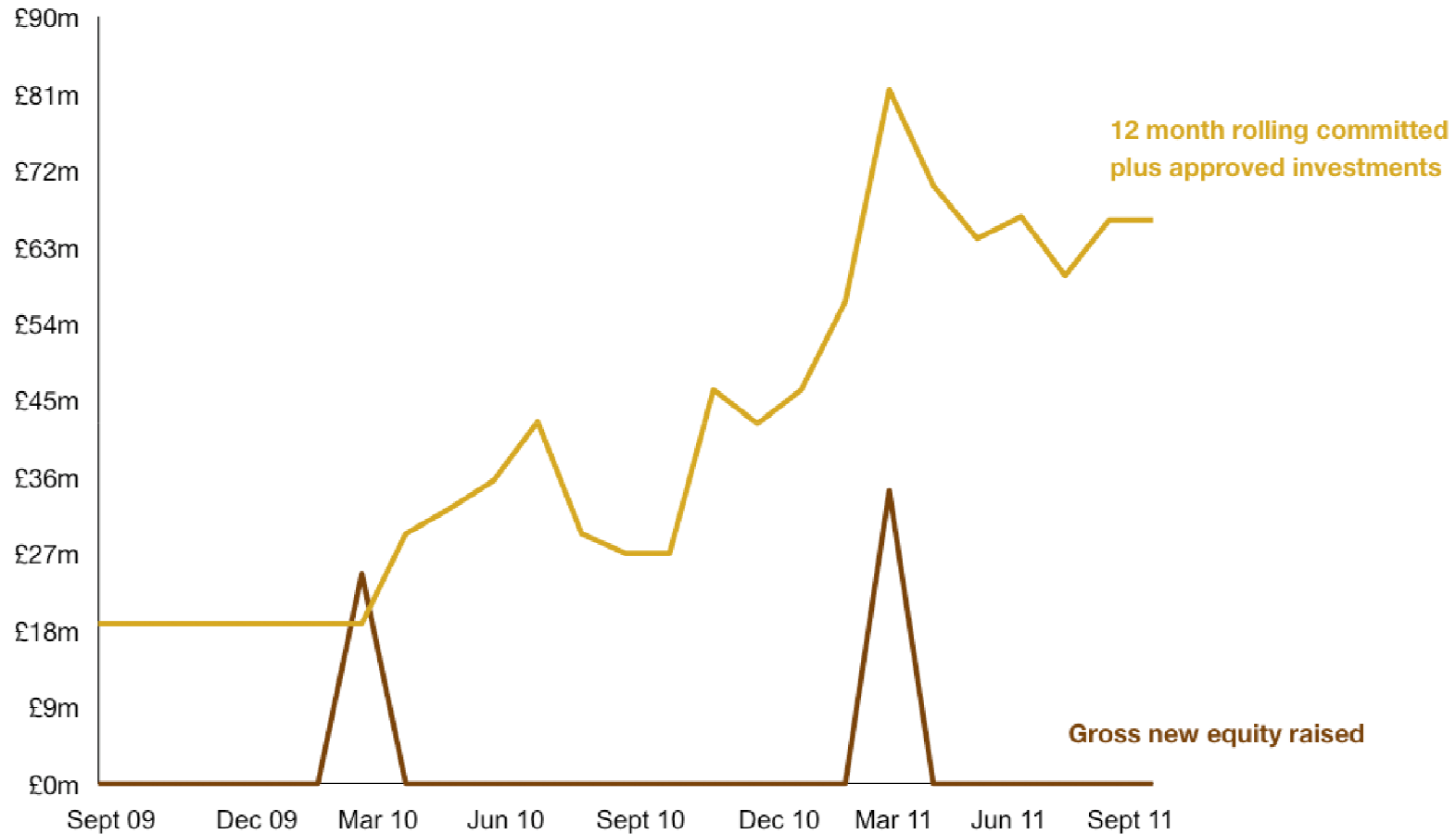


Three further assets targeted for disposal

*As at 5 December 2011

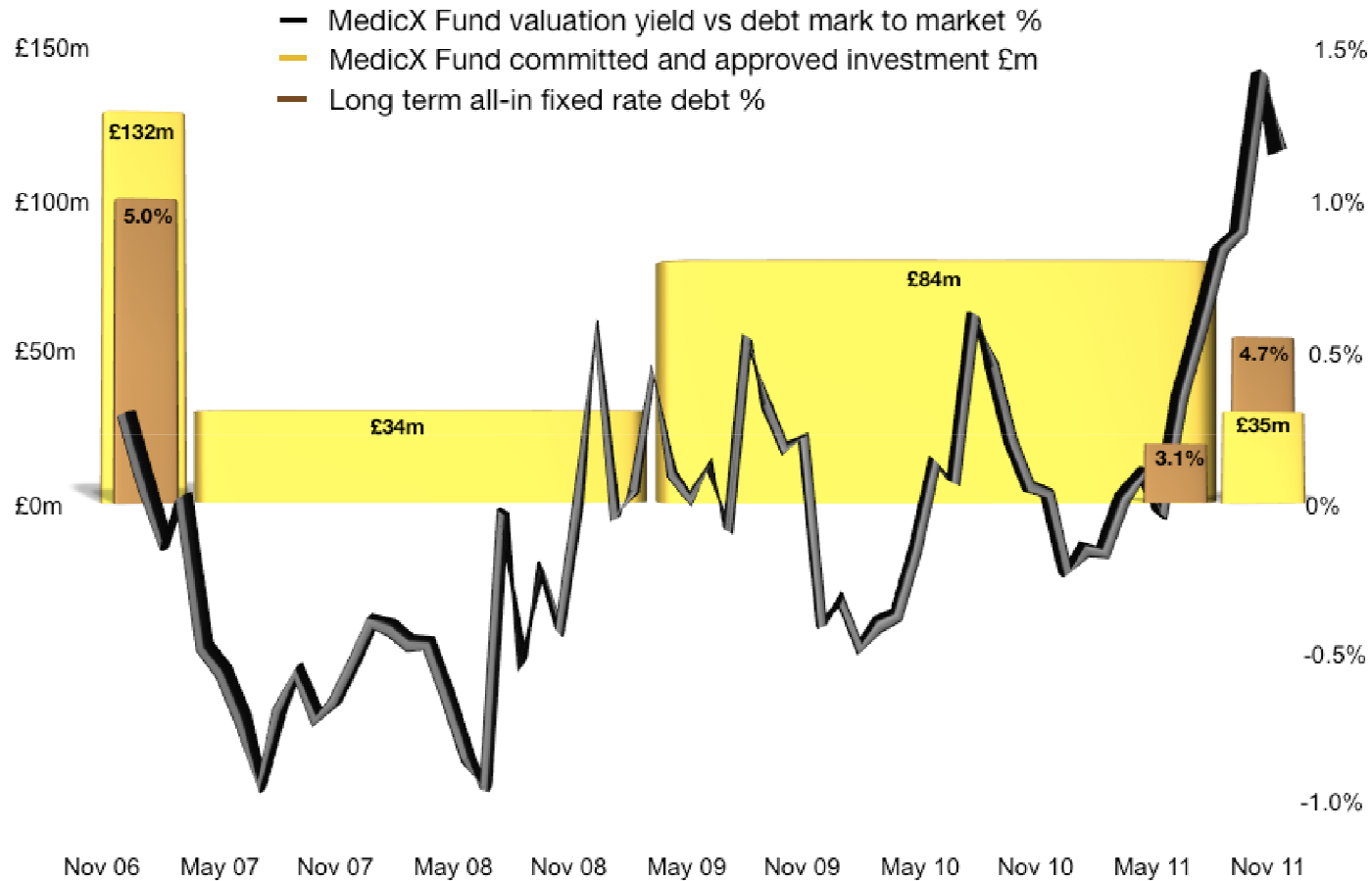
Investment opportunity

Pace of investment increasing*



*12 month rolling actual

Attractive yield differential*



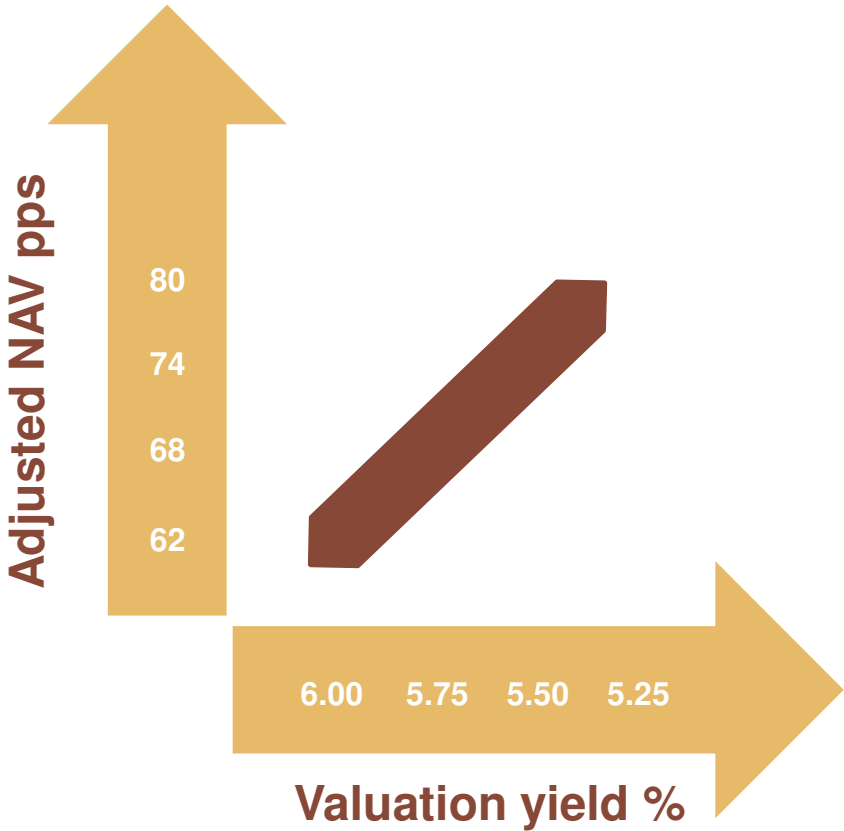
*MedicX Fund cash yield, as at 30 September 2011, 2028 Gilt rate and margin as at 5 December 2011

Revised Adviser fee structure enhances earnings

Gross assets	MXF current fee case
First £300 million (min £2.25 million)	0.75%
Greater than £300 million	0.75%

Gross assets	MXF reduced fee case	Saving
First £300 million (min £2.25 million)	0.75%	0.00%
Between £300 million and £500 million	0.65%	0.10%
Between £500 million and £750 million	0.50%	0.25%
Greater than £750 million	0.40%	0.35%

Adjusted NAV sensitivities*



*As at 30 September 2011

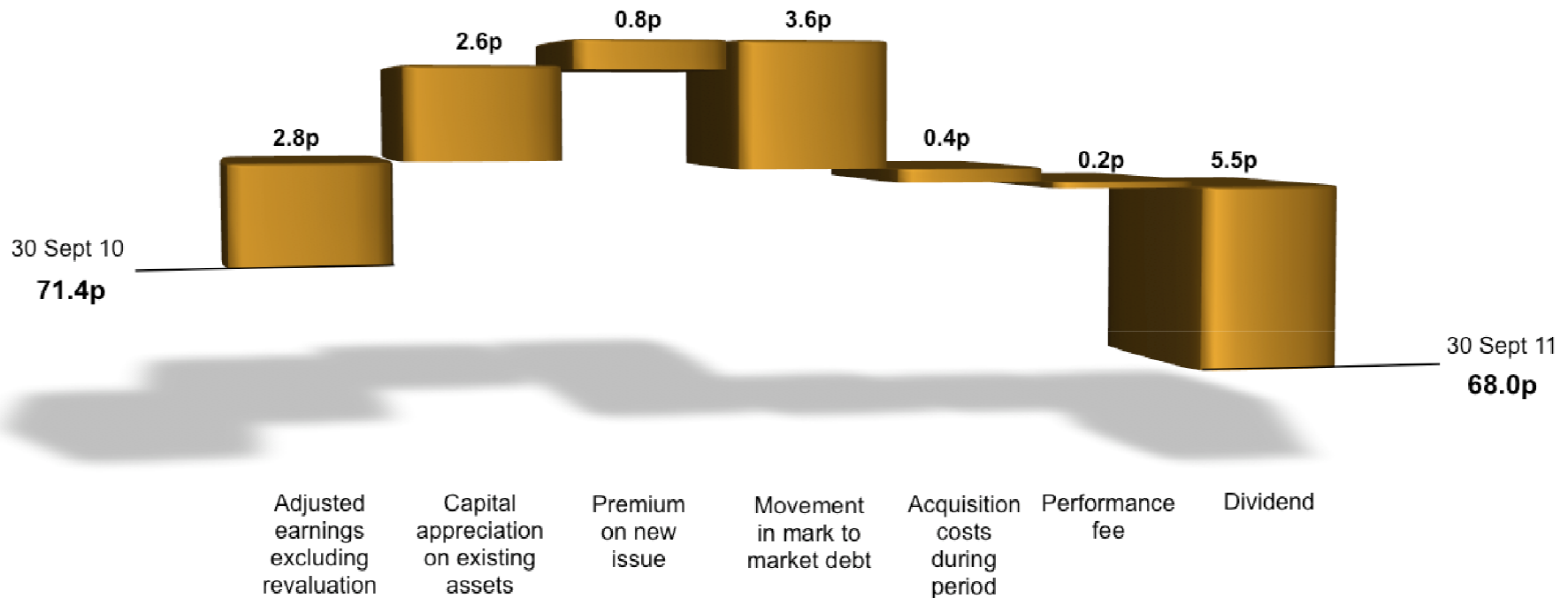
Investment opportunity

- Opportunity to buy assets at attractive prices
- Lowly geared and fixed borrowing costs below asset yields
- Earnings and dividend cover enhanced as the fund grows
- Strong pipeline and market access
- Management well placed to take advantage of opportunities
- Attractive total return proposition and dividend yield
 - 7.4% dividend yield*
 - 50 basis point shift in property yield means +11.7p or 79.8p Adj NAV + debt benefit

*As at 5 December 2011

Appendix

Adjusted NAV plus debt benefit



DCF NAV sensitivity*

	DCF	Share price
Pence per share	88.2p	75.0p
Weighted discount rate	7.2%	9.2%
Risk premium to 20 year gilt rate	3.7%	n/a
Rental growth per annum	2.5%	(0.1)%
Capital appreciation per annum	1.0%	(1.2)%

	DCF reconciliation
Adjusted NAV plus debt benefit	68.0p
Purchasers costs at 5.80%	+7.3p
Implied yield shift to 5.29%**	+12.9p
DCF NAV	88.2p

*As at 30 September 2011

**Implied yield shift as at 30 September 2011 is to 5.29% assuming debt benefit of 2.1p

DCF NAV sensitivities*

Discount rate

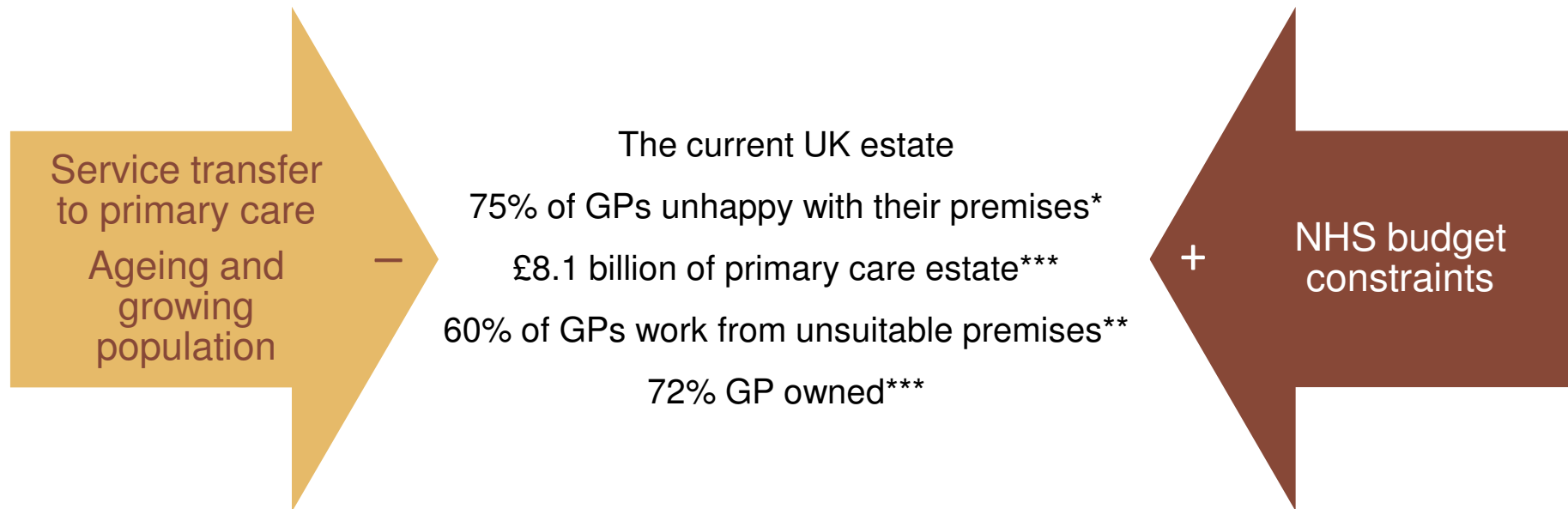
NAV pence per share	Completed					
Under construction	%	6.0	6.5	7.0	7.5	8.0
	6.0	98	95	92	89	86
	7.0	97	93	90	87	84
	8.0	95	91	88	85	82
	9.0	94	90	87	84	81
	10.0	92	89	86	83	80

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	65	70	76	82	89
	0.0	71	76	82	88	94
	1.0	78	83	88	94	101
	2.0	85	90	96	102	109
	3.0	94	99	105	111	118

*As at 30 September 2011

Pressure on primary care estate



*NHS The Information Centre, General and Personnel Medical Services Report 30 September 2009

**BMA Survey of GP practice premises 30 March 2010

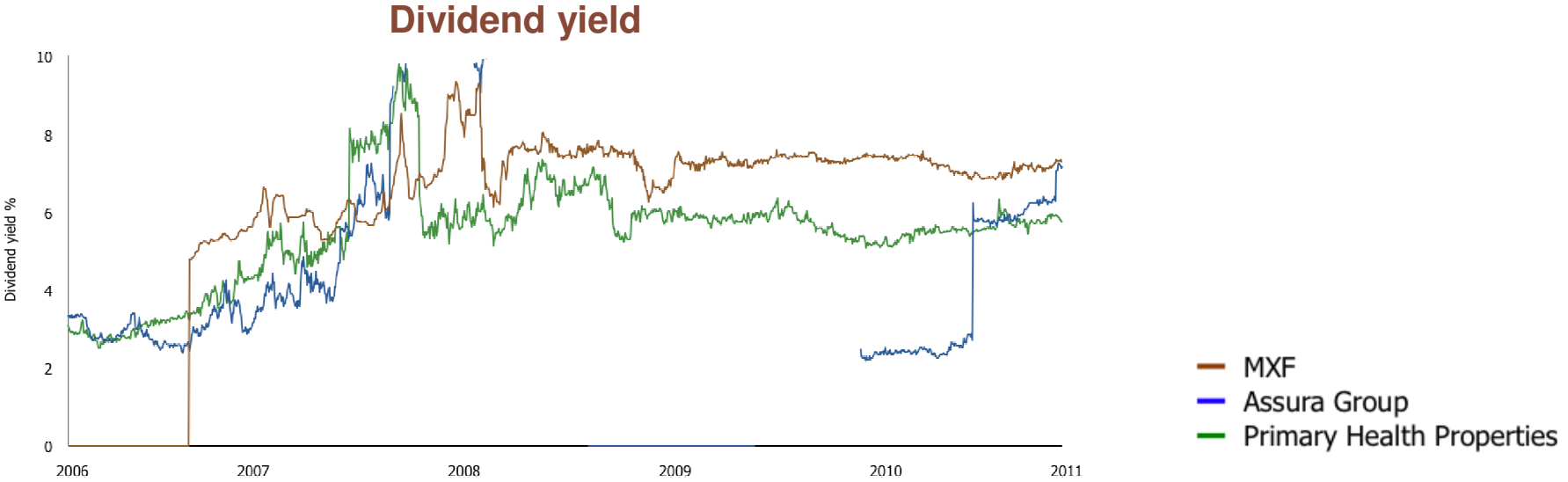
***RCGP UK Annual Survey of GP 2010

General medical statistics in England*

	2010	1995	Change
• Number of practices	8,230	9,188	-9%
• Single-handed practices	1,203	2,919	-59%
• Number of GPs	35,120	27,465	+28%
• Number of part-time GPs	31%**	14%	+17%
• GPs aged 60 and over	10%	6%	+4%
• Contracted GPs (GMS)	50%	98%	-48%
• Salaried GPs (PMS)	45%	-	-
• % Female	61%**	-	-

*NHS The Information Centre, General and Personnel Medical Services Report 22 March 2011
 **RCGP UK Annual Survey of GP 2010

Sector comparison*



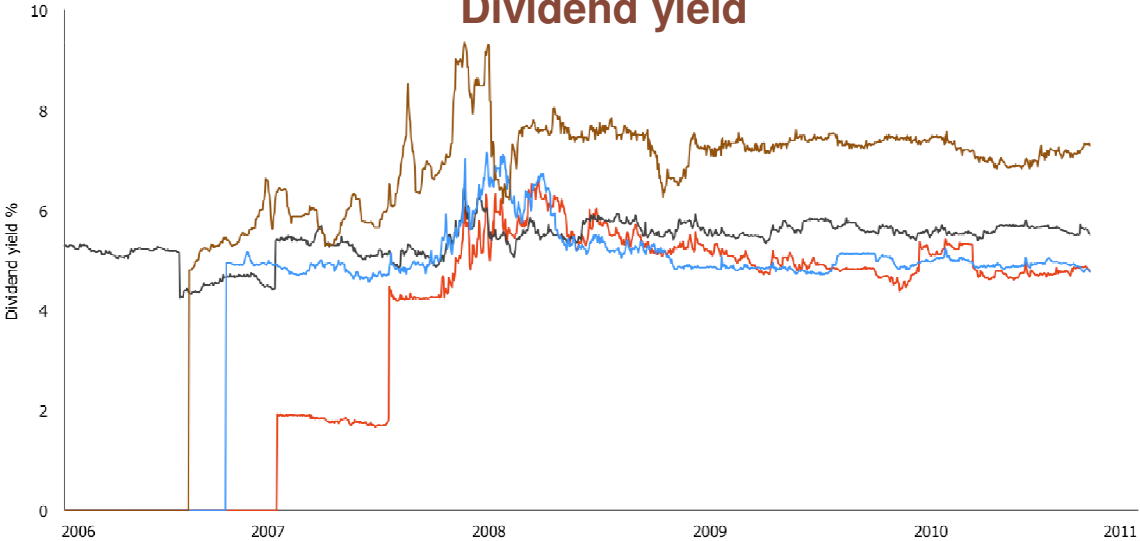
*As at 5 December 2011 - Collins Stewart / DataStream

Infrastructure comparison*

Share price total return



Dividend yield



- MXF
- INPP
- HSBC Infrastructure
- 3i Infrastructure

*As at 5 December 2011 – Collins Stewart / DataStream

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Guernsey based quoted Fund Director (FCA, CTA)
- **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
- **Christopher Bennett, Director**
Jersey based Real Estate Financier and quoted Fund Director (MRICS)

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