

IPD UK Annual Healthcare Index
In health and in sickness....the
investment market

Rebecca Graham, November 2009

On the pulse of
the property world



IPD Overview

Global, Independent, Real Estate Information

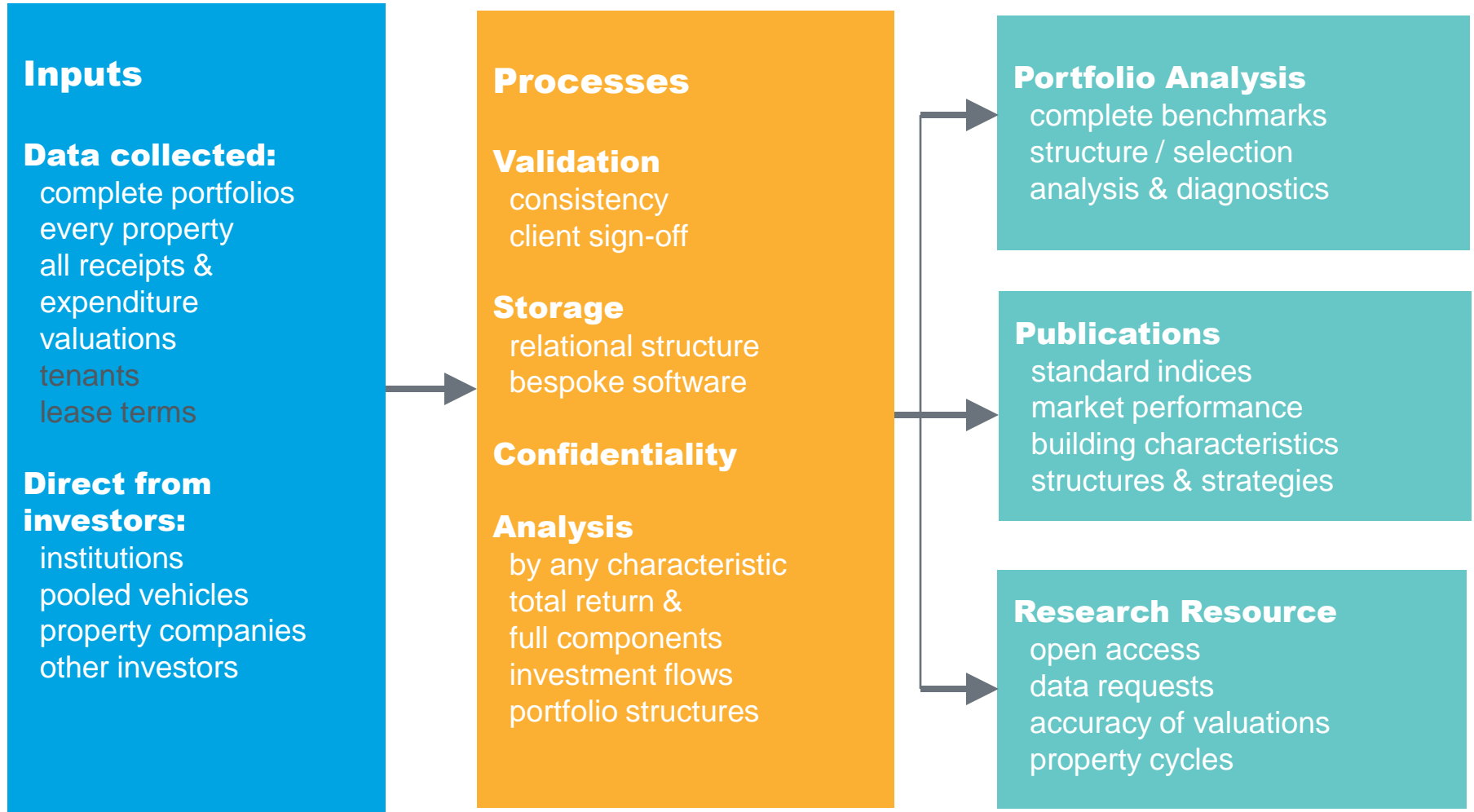


IPD is a global information business, dedicated to the supply of portfolio analytics, benchmarks and independent market indices to the real estate industry.

- **Independent company**
 - established in the UK in 1985, and now operating through 10 overseas offices
 - headquartered in London, UK
- **Focused**
 - primary activity is performance measurement
 - we do no investment, nor have any brokerage, consultancy or advisory roles
- **Confidential**
 - absolute respect for individual client confidentiality
 - we publish aggregates, never individual portfolios
- **Global leader**
 - currently working in 25 countries
 - approximately USD \$1.2 trillion under measurement (65,000 current assets, 1100 funds) globally
 - Clients include 19 of the top 20 global real estate fund managers and most listed companies

What we do – Methodology

Inputs, outputs and processes

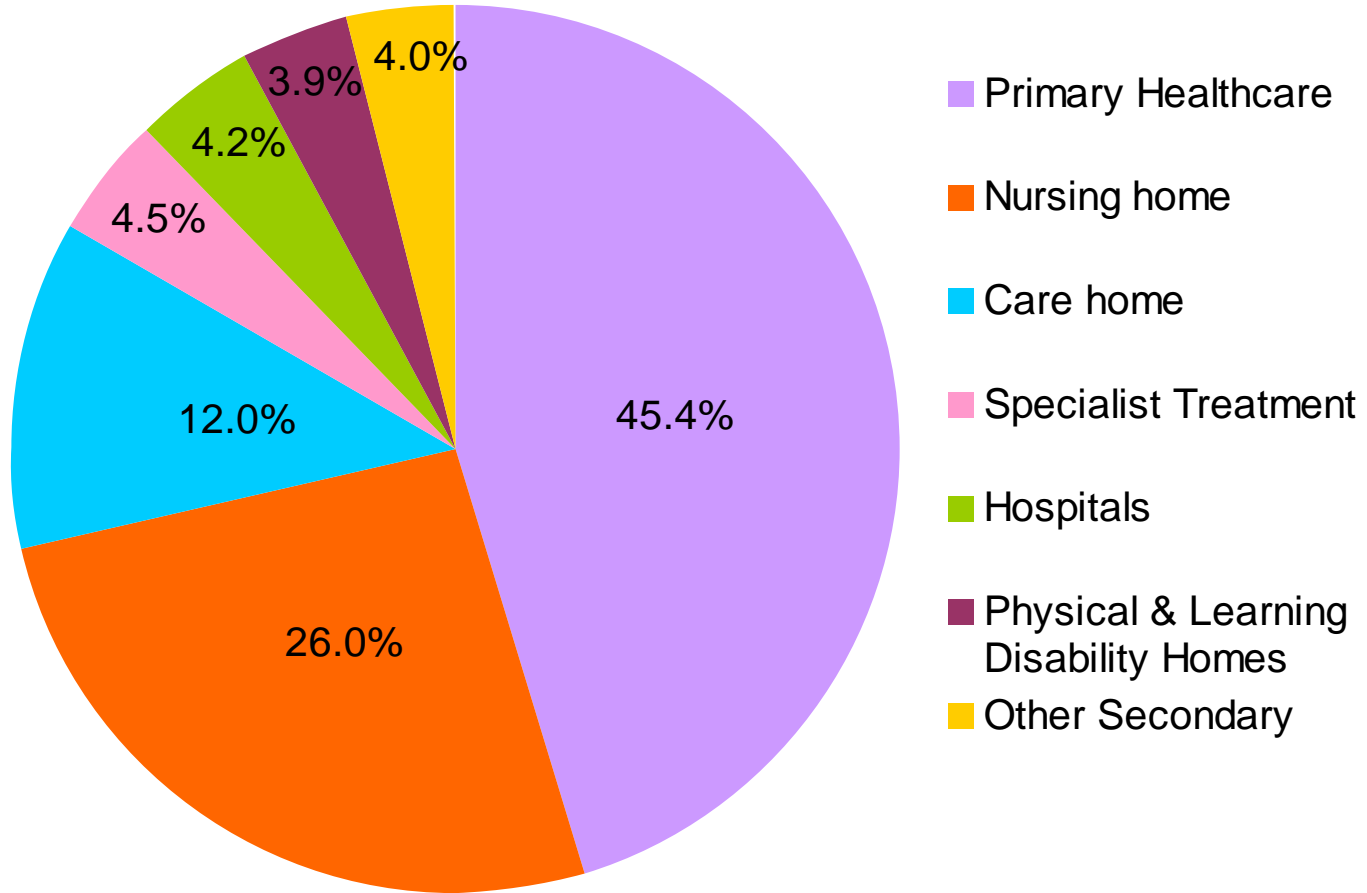


Introducing a new Index!



- The IPD Healthcare Index covers the performance of 613 healthcare properties across the whole of the UK
- Sponsored by Aitchison Raffety, Colliers International and Hempsons
- Data from 5 healthcare funds plus other healthcare properties within IPD UK databank:
 - Ashley House
 - Assura Group
 - Aviva Quercus
 - MedicX
 - Primary Health Properties
- IPD data confidentiality rules; minimum of 5 properties from 3 separate funds

Segment weightings

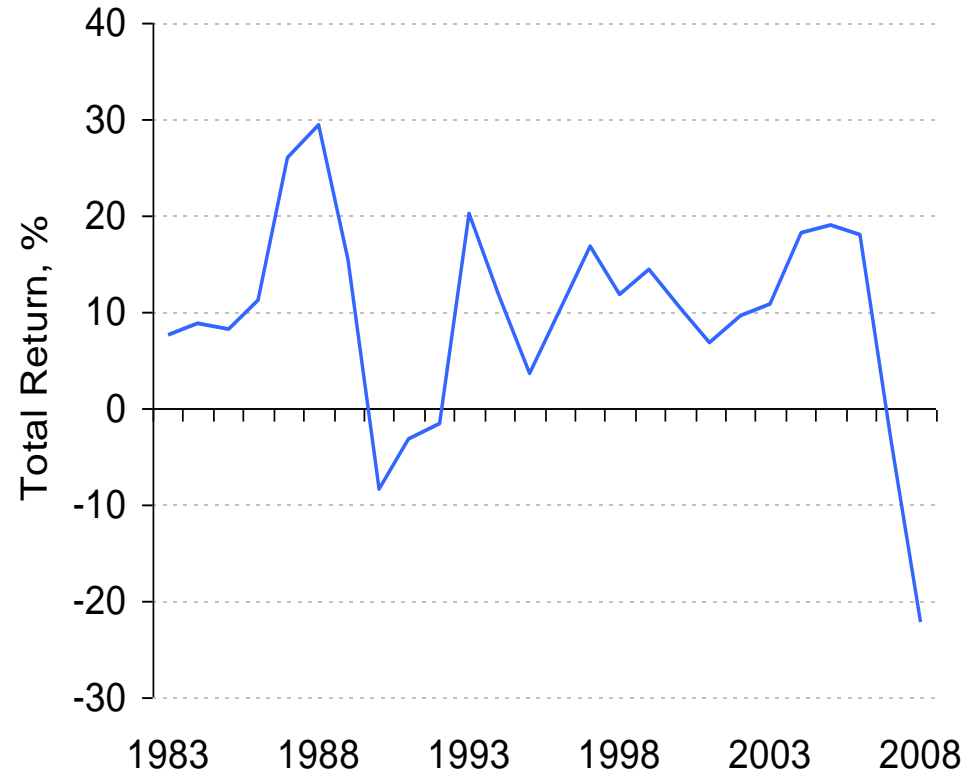


The UK Market



IPD recorded lowest total returns on record

IPD UK databank is based on a sample of £130bn of 11,214 properties at the end of Dec-08

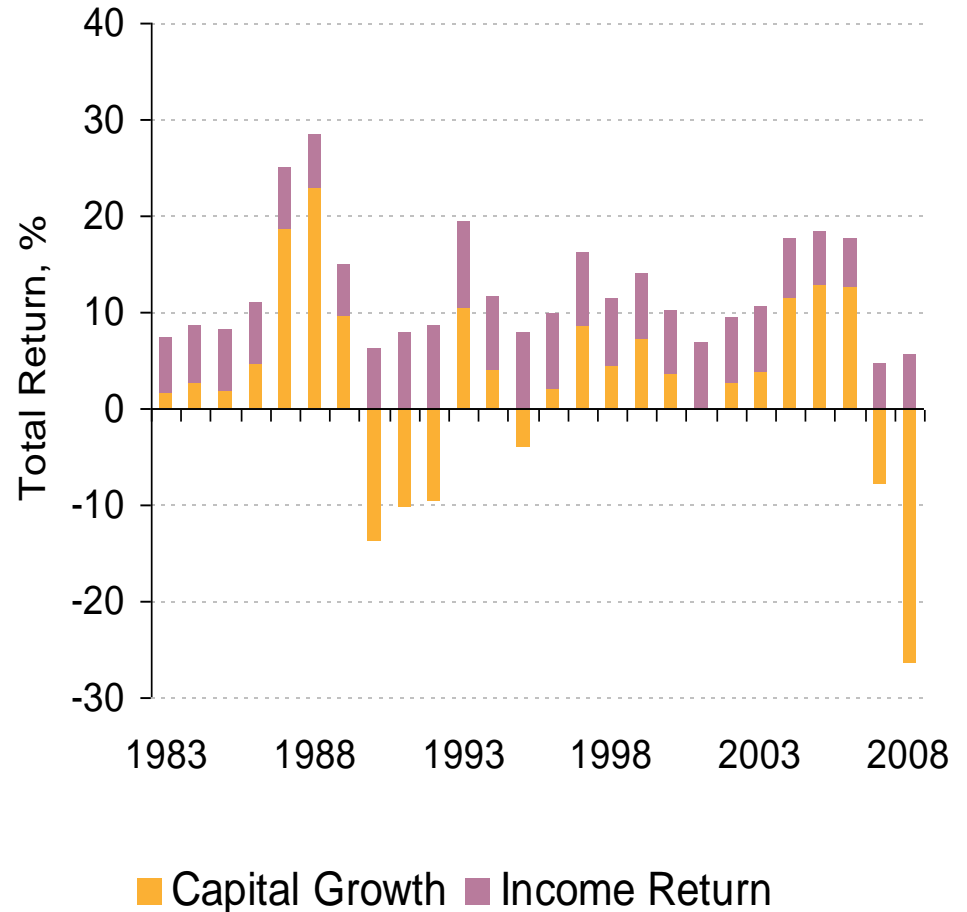


Largest recorded falls in capital values



Capital values fell driven by negative sentiment in the wider economy

Recent shift to an occupier driven market



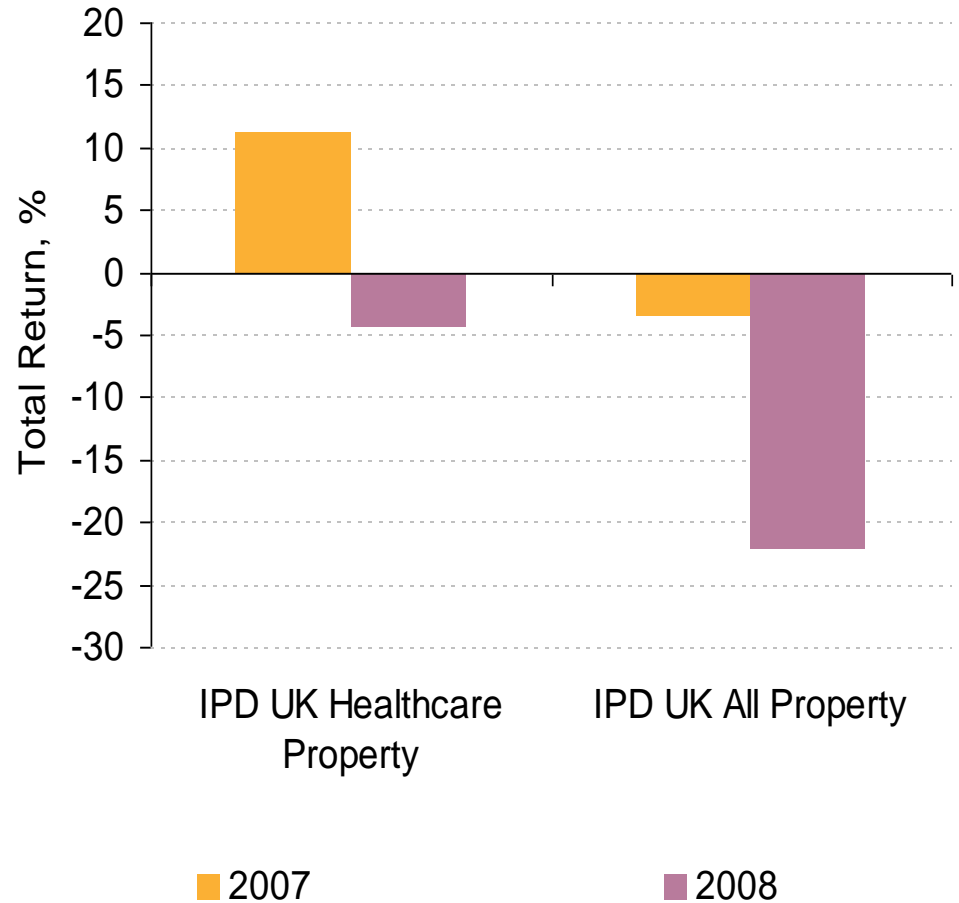
How have healthcare properties faired?



Total returns to investors have been significantly higher than in the wider UK market in 2007 and 2008

-4.4% for healthcare versus -22.1% for All UK Property

One of the stronger segment returns in the UK in 2008 – in single negative digits!!!



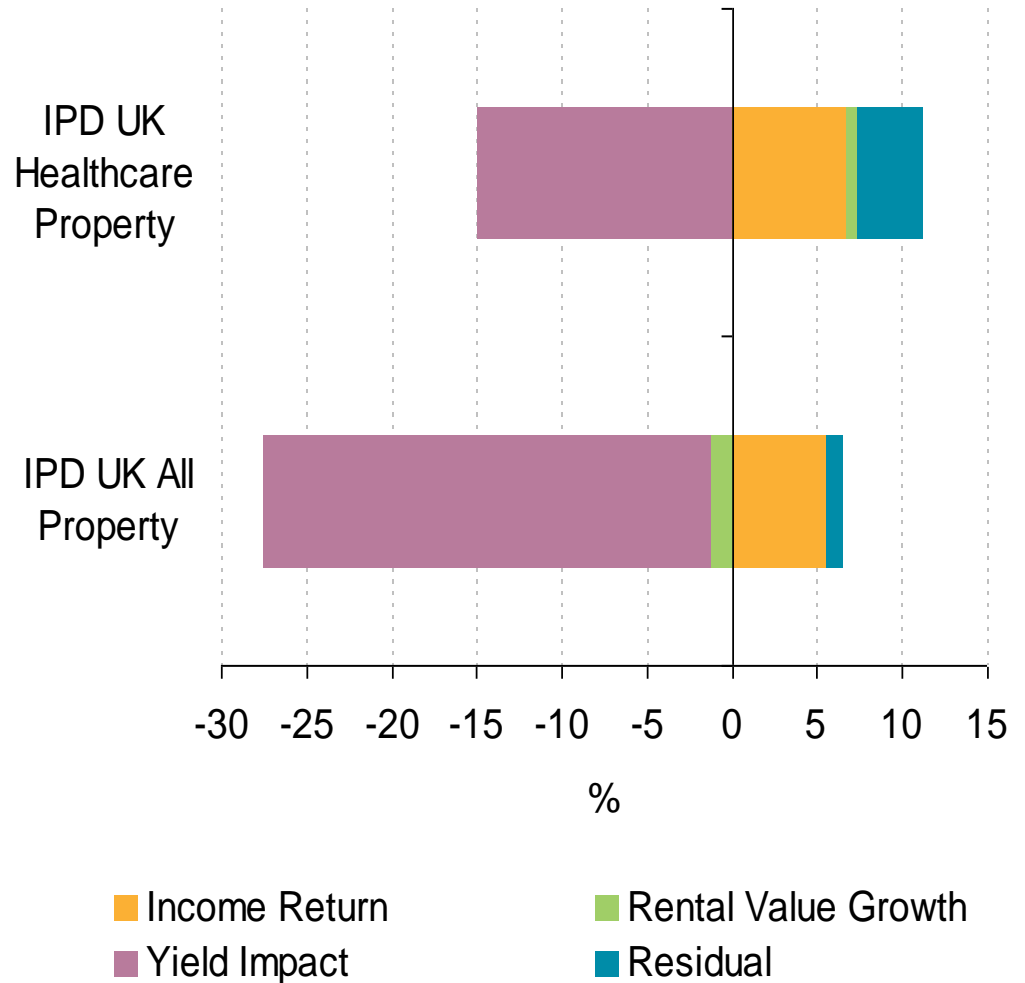
Components and Drivers of Returns, 2008



Yield movement had a less severe impact on capital values

Stronger income return in healthcare property

Rental values continued to grow by 0.7% compared to falls in the wider market of -1.2%



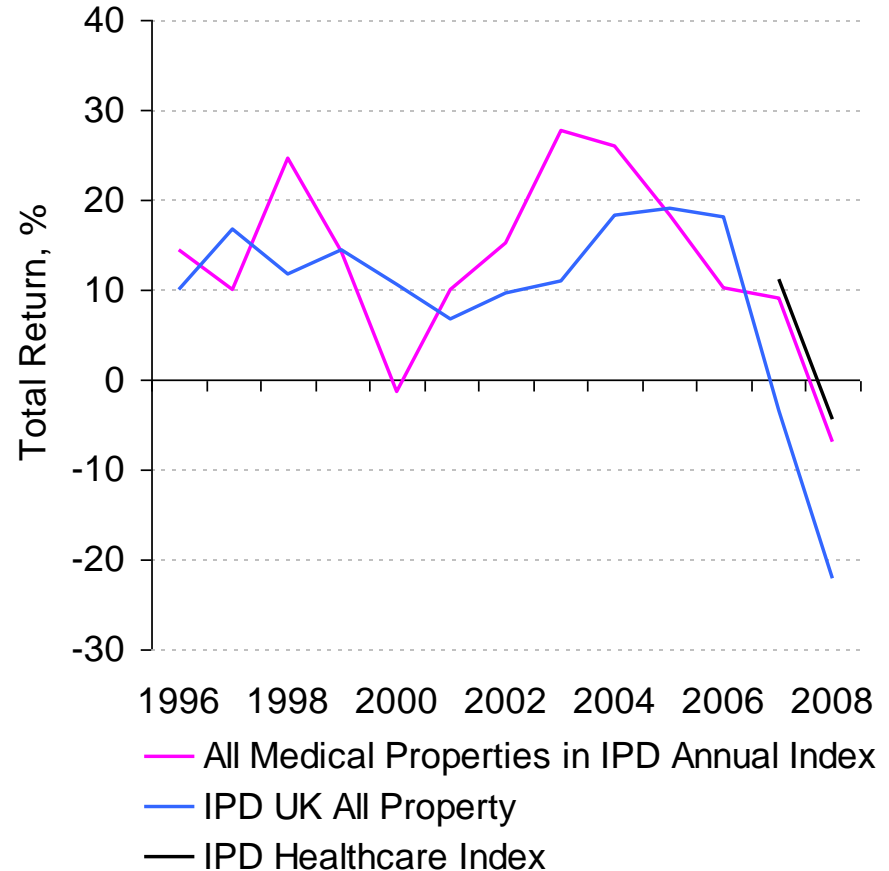
Healthcare Properties in the IPD UK Databank



A sample of 23 healthcare properties in the main IPD UK databank

Total returns from 1996 to 2008

13-year average return of 12.8% p.a. compared to 8.7% p.a. for IPD Annual Index



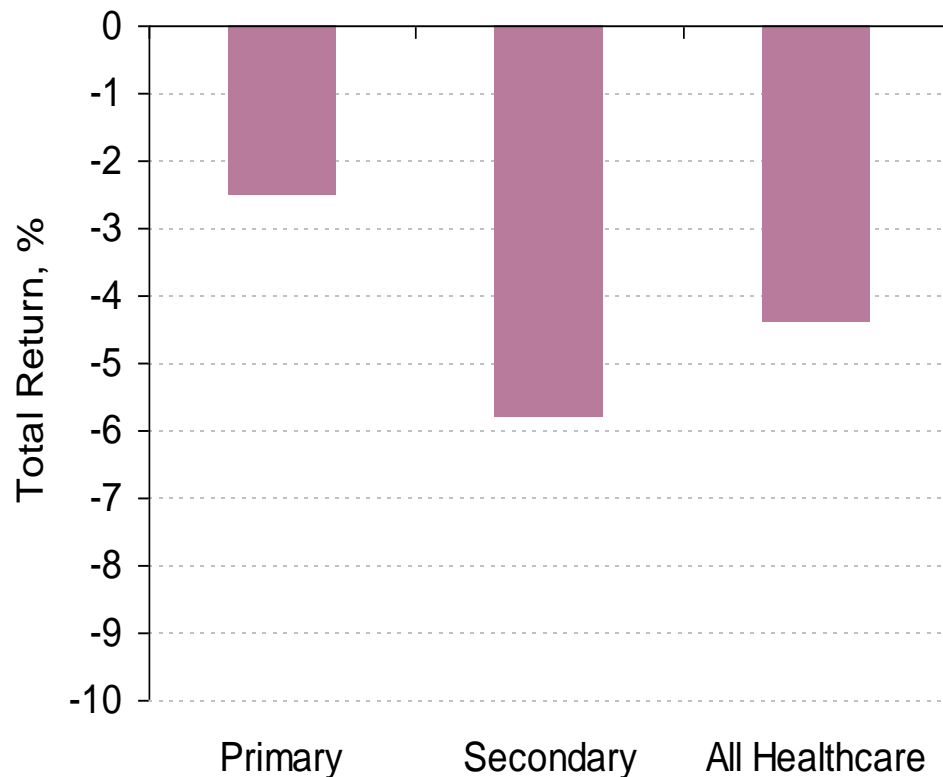
Primary vs. Secondary, 2008



Primary fared better than secondary

Primary healthcare total return of -2.5% in 2008

Secondary healthcare total return of -5.8% in 2008

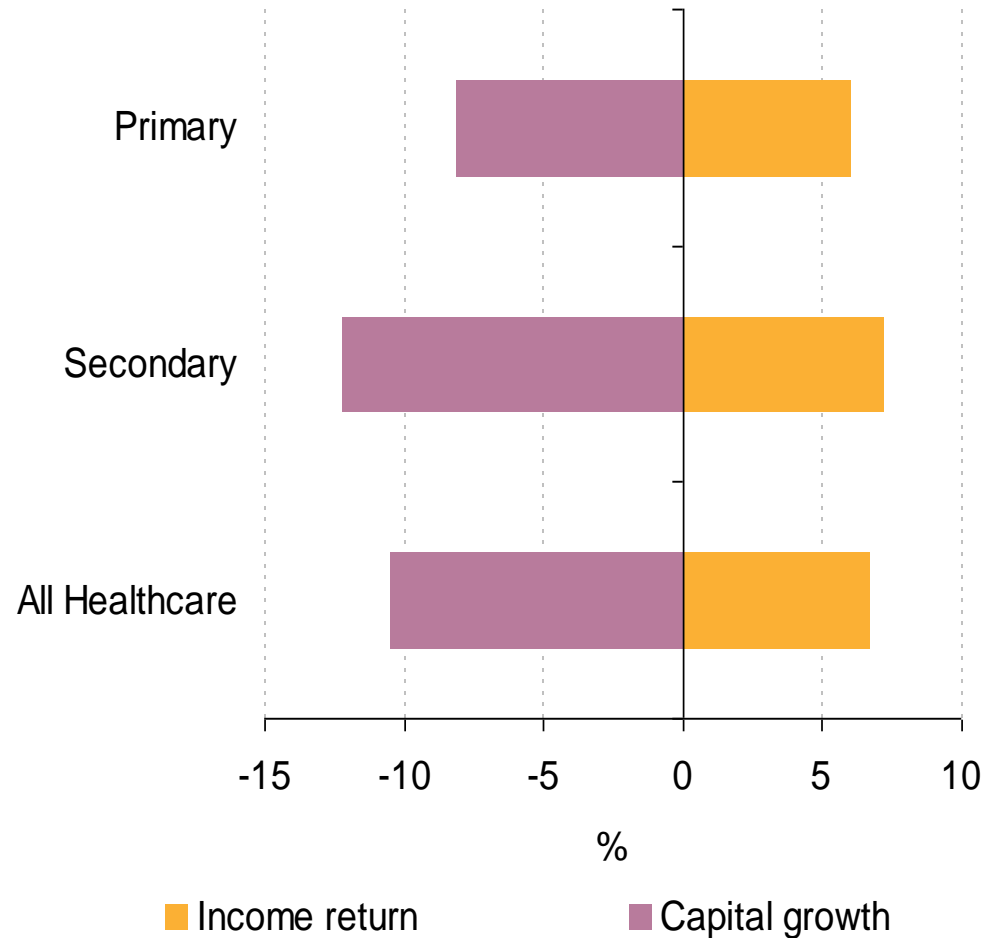


Primary vs. Secondary, 2008



Secondary experienced more extreme falls in capital values but had marginally higher income return

Primary capital values held up due to strong rental value growth



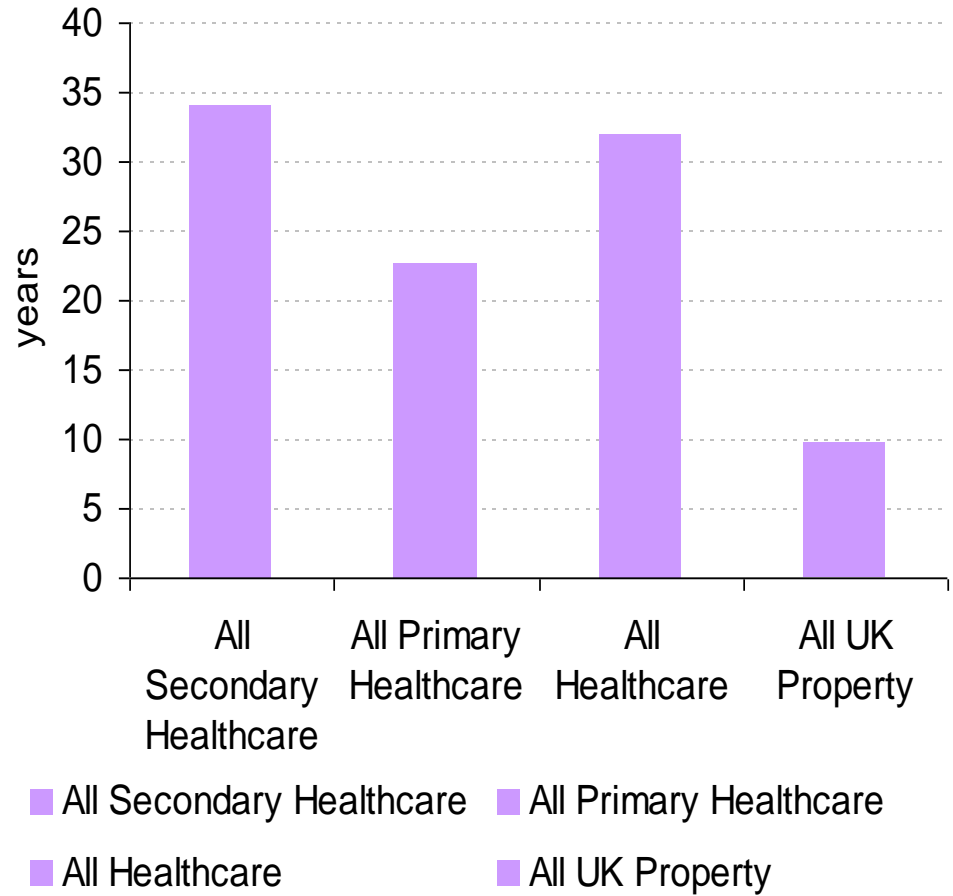
Average New Lease Lengths, 2008



Significantly longer lease lengths in healthcare than All UK Property

All UK Property lease lengths have been decreasing over time

Average Primary lease lengths of 22.6 years and Secondary of 34 years

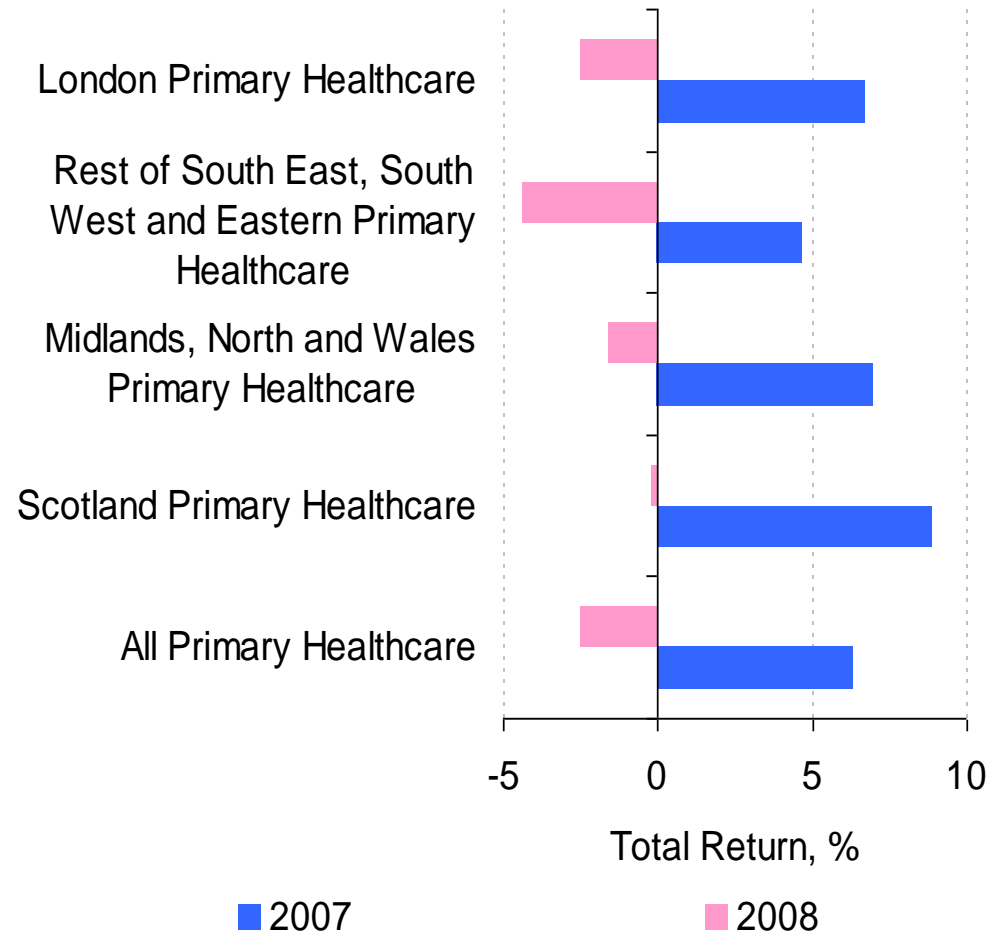


Primary Segments



Scotland out-performed in 2007 and faired the best in 2008

Rest of South East, South West and Eastern was weakest performing segment in 2007 and 2008

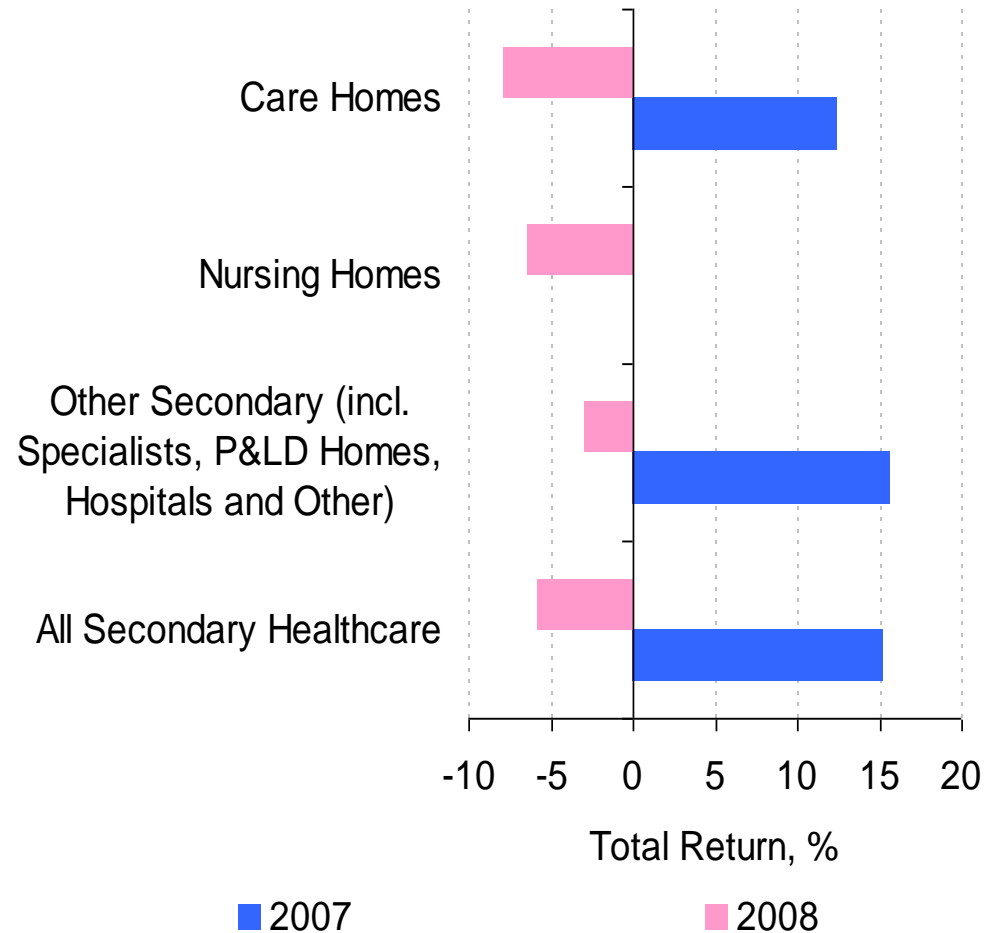


Secondary Segments

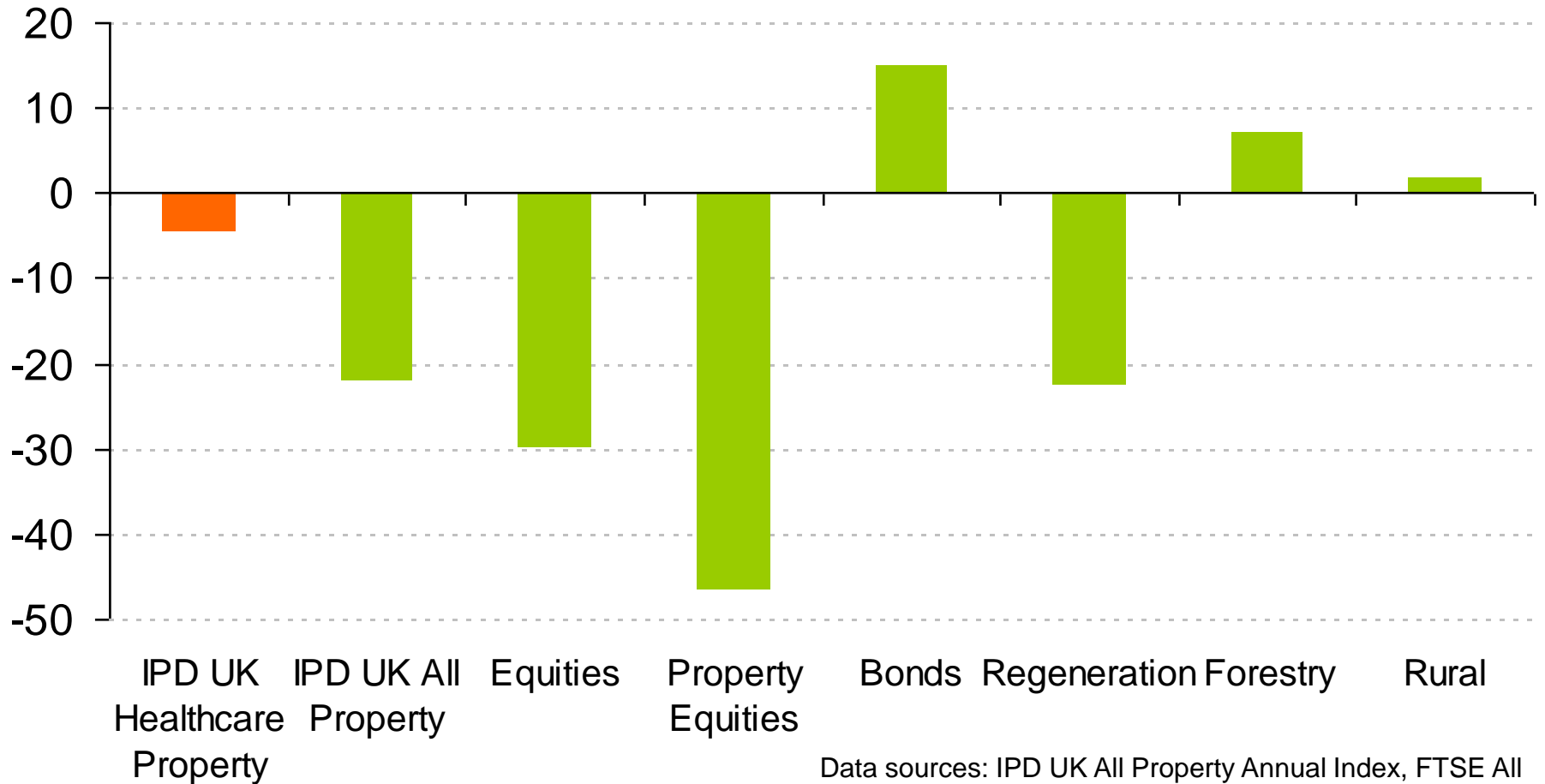


Total returns fell across all segments in 2008

Largest falls witnessed in the Care Home segment followed by Nursing Homes



Healthcare vs. Other Assets and Sectors



Data sources: IPD UK All Property Annual Index, FTSE All Share Index, FTSE All Share Real Estate Index, FTSE 5-15 year Gilts Index, IPD Regeneration Index, IPD Forestry Index, IPD Rural Property Index

Summary



- Healthcare properties fared extremely well in 2008 whilst most sectors of the market suffered
- Primary Healthcare fared better than Secondary but both still well above the IPD UK Annual Index
- For Primary, Scotland was the best performing region in 2008 whilst for Secondary, the combined Other segment fared the best
- IPD hopes to see this index grow in terms of size and evolve in terms of analysis and sophistication

Thank you for your time



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