MedicX Fund

Quality portfolio, performing well

Company update

Real estate

MedicX will report its results for the year ended 30 September 2018 in December. H218 included a significant portfolio acquisition and an important restructuring of some long-term debt facilities, increasing the company's borrowing flexibility and extending its facilities at a lower marginal cost. NAV total return during Q3 was a strong 3.4%, following 8.0% in H118, while the pipeline of identified investment opportunities in the UK and the Republic of Ireland remained strong. The shares offer an attractive prospective yield of 4.8%, with full dividend cover, and currently trade at a small discount to NAV.

Year end	Net rental income (£m)	EPRA earnings*(£m)	EPRA EPS* (p)	DPS (p)	EPRA NAV/ share (p)	P/NAV (x)	Yield (%)
09/16	34.3	12.6	3.4	5.95	73.2	1.08	7.6
09/17	35.9	14.7	3.5	6.00	76.5	1.03	7.6
09/18e	40.3	17.1	3.9	6.04	80.3	0.98	7.7
09/19e	45.0	18.4	4.1	3.80	82.8	0.95	4.8

Note: *EPRA earnings and EPS exclude deferred taxation, revaluation gains and exceptional items.

Strong pipeline but selective approach

MedicX has a high quality portfolio in the UK and Republic of Ireland (RoI, c 7% of the total) and the Q3 report showed this continues to perform well, generating income and capital growth. The Q3 pipeline of investment opportunities, in both the UK and RoI, was a strong £110m, and the recent debt restructuring provides increased resources and flexibility with which to fund further acquisitions. While a discount to NAV exists, reducing the desirability of equity funding, we would expect MedicX to continue its selective approach, targeting the most attractive opportunities, including further growth in the RoI where yields are higher and debt funding costs lower. We have conservatively trimmed our assumed investment rate to maintain LTV at an acceptable 55% level, with only a small impact on forecasts.

Strong growth opportunity in UK and RoI

In the UK and RoI there is broad political will to reform healthcare provision, placing more emphasis on primary care to meet the increasing healthcare needs of growing and ageing populations. The requirement for larger, sustainable, and better-equipped premises will provide significant investment opportunities for MedicX and others in coming years. In the UK there are signs that NHS new-build commissioning is finally beginning to accelerate as new structures and strategies bed down. This is positive for investment prospects and for market rental growth.

Valuation: Attractive yield and P/NAV discount

Our forecast for a fully covered re-based DPS of 3.8p for FY19 represents an attractive yield of 4.8%, but at a discount to NAV, unlike its peers. We expect DPS growth driven off asset acquisitions, development completions, rental growth and asset management projects. Revenues are supported by secure, long-term income, mostly government backed, and substantially subject to upward-only review, with little exposure to the economic cycle, or fluctuations in occupancy.

6 November 2018

Price	**78.8p**
Market cap	**£349m**

Net debt (£m) as at 30 June 2018	419.0
Net LTV as at 30 June 2018	52.5%
Shares in issue	442.8m
Free float	100%
Code	MXF
Primary exchange	LSE
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	(1.5)	(3.0)	(12.4)
Rel (local)	1.7	4.6	(6.7)
52-week high/low		89.5p	76.4p

Business description

MedicX Fund is a specialist REIT, listed on the premium segment of the London Stock Exchange, investing in primary care infrastructure in the UK and Republic of Ireland. The investment objective is to achieve rising rental income and capital growth from the ownership of high-quality, modern, purpose-built primary healthcare properties.

Next events

Q4 ex-div.	15 November 2018
FY18 results	December 2018

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MedicX Fund is a research client of Edison Investment Research Limited

Investment summary

MedicX will report results for the year ended 30 September in December. Since reporting interim results in May, it has completed a significant off-market portfolio acquisition in the UK and completed a refinancing of its long-term debt facilities with Aviva, extending the facilities by an additional £30.8m and freeing up collateral assets to increase investment flexibility. The Q3 update showed further tightening in valuation yields, supporting an almost 5% increase in NAV in the period. Including the 1.51p dividend per share paid on 29 June, in respect of Q2, EPRA NAV total return during the three-month period was 3.4%, taking the nine-month total return to 11.4%. MedicX will pay a 1.51p dividend per share for the final quarter of FY18 on 31 December to shareholders on the register on 16 November. This will bring the annual total to 6.04p, before the introduction of its revised dividend policy announced with the interim results. This is intended to lower risk and rebalance total returns away from dividends paid and more towards capital growth, From FY19 MedicX targets a lower but fully covered DPS, conserving cash flow and providing greater flexibility to sustainably fund further accretive asset growth. Given the tightening of investment yields we welcome this move, and forecast that at the targeted pay-out rate of 95% of EPRA earnings it will still offer an attractive yield of c 5%, with room for dividend growth. We believe the shares are still adjusting to the new dividend policy and trade at a small discount to NAV, despite having a high quality portfolio that benefits from the secure and growing income characteristics of the sector. At 30 June, the portfolio value was £797.9m, reflecting a UK net initial yield of 4.86% and an annualised rent roll of £43.9m. The assets are modern (average age of 9.1 years as at 31 March 2018) with an average lot size of £4.7m.

In this note we update on recent developments and also look in detail at our forecasts and the potential for MedicX to grow its portfolio further, in both the UK and RoI.

Acquisition of a portfolio of 12 properties…

In June, MedicX completed the off-market corporate acquisition of a portfolio of 12 operational and fully let primary care medical centres for £63.8m (before costs) and adding c £3.0m to the annual rent roll. Adjusting for the fair value of debt assumed with the acquisition (c £36.5m), the consideration of £27.3m was settled through the issuance to the vendor of 3.75m ordinary shares out of treasury at a price of 80.0p (a small premium to the 31 March EPRA NAV of 79.6p) and £24.3m in cash.

Also during the quarter, MedicX committed £3.2m to the forward funding of a new primary healthcare medical centre in Peterborough, due to complete in May 2019. In addition to Peterborough, development work continued on two other assets under construction, in the Vale of Neath, in the UK, and in Rialto, a suburb of Dublin in the RoI. Like Peterborough, these two schemes are also expected to complete in the first half of 2019.

…and continuing to identify investment opportunities

With the Q3 update in July, MedicX reported that its pipeline of investment opportunities remained strong at c £110m. We believe that this includes assets in both the UK and in the Republic of Ireland.

Like Primary Health Properties (with eight assets valued at €106m), MedicX has been active in the RoI since 2015 and has invested c €53m in five assets to date. This includes the forward funded development in the Rialto suburb of Dublin that is due to complete in the first half of 2019. A third phase of the Mullingar development commenced recently and will add 12,000 square feet of space let to the HSE. This is the second expansion of the Mullingar project, with the initial €10.1m investment announced in June 2015 already expanded to €13.0m.

Yields have tightened since MedicX began its investment in the RoI (from initially c 7%), and we would estimate that the portfolio's current value is likely to be c €60m or c £54m (roughly 7% of the total current portfolio).

Exhibit 1: MedicX investments in the Republic of Ireland

Location	Asset type	First announced	Investment (€m)*
Mullingar	Forward funding	June 2015	13.0
Crumlin	Forward funding	December 2015	8.0
Rialto	Forward funding	July 2016	8.6
Tallaght (Kilnamanagh Tymon)	Forward funding	May 2017	15.5
Kilkenny	Investment	December 2017	7.8
Total			**52.9**

Source: Company data. Note: *Originally announced as €10.1m but subsequently expanded.

The fundamental drivers behind the demand for modern, purpose-built, integrated care facilities in the RoI are similar to those in the UK. The rate of population growth in the RoI is one of the fastest growing in the EU, with the population is expected to increase by 20% to c 6m by 2051. During this time, the proportion of the population over 65 is expected to grow by 150% and the proportion over 80 by 270%. Chronic diseases and complex medical conditions are also increasingly occurring, as in the UK.

The mainstay of primary care delivery in Ireland, as in the UK, are the GPs, but in Ireland GP practices have been fee-charging 'businesses' and, as a result, investment in primary care has been inhibited. To efficiently meet the growing need for healthcare provision, the government has developed various initiatives to modernise delivery, co-locating the provision of a range of care services including physiotherapists, dentists, mental health services and pharmacies, as well as GPs, at a local level within modern purpose-built primary care centres (PCC). The Health Service Executive (HSE), the RoI equivalent of the NHS, is seeking to establish around 200 PCCs throughout the country.

We believe that net initial yields in the RoI are currently c 100bp above the yields currently available in the UK (c 6% versus c 5%) while marginal funding costs are lower. There are some differences between the RoI and the UK in terms of lease covenants, but in our view this is marginal, with 65–75% of the rents being derived directly from the HSE on long leases indexed to CPI.

Positive signs on rental growth

Although the Q3 update showed that rental growth achieved in the quarter had remained at moderate levels, there were positive indications of the anticipated acceleration in open market rent reviews. A total of 60 leases, representing rents of £8.2m, were reviewed, generating the equivalent of a blended 1.34% pa (H118 settled reviews generated a blended average uplift of 1.5%). Average uplifts of 2.12% pa and 2.75% pa were agreed for RPI and fixed rent reviews while the average for open market reviews was 0.69% pa. There is a general expectation across the industry that open market rental growth will soon gain momentum. For the new buildings needed by health authorities to attract the required investment, rental levels will need to increase, providing evidence for a knock-on effect on existing assets, providing positive evidence to support to ongoing and future reviews. In July 2018, MedicX received the outcome of an independent expert determination of an outstanding disputed rent review for an important asset in Clapham, London. The determination was that the contractual rent should increase by 35% from the March 2015 date of the review, equating to a compound 10.5% pa increase over the three-year period. This determination is set to provide evidence to support future rent reviews on the 17 assets that MedicX owns in the London region.

Refinancing of long-term debt facilities

In early September MedicX completed the refinancing of a £233.7m existing long-term fixed rate debt facility with Aviva Investors, at the same time increasing the loan facility by an additional £30.8m, and providing additional resources for further investment.

A re-setting of the legacy loan to value (LTV) covenant to 65% allowed the release of c £72m of charged property collateral, of which c £47m was applied to the increased loan facility. The remaining £25m of unencumbered collateral includes eight selected properties that have been removed from charge and provides the company with increased flexibility to undertake asset management projects at these properties or negotiate additional debt facilities.

The refinancing was conducted without incurring break fees or re-setting the fixed borrowing rate of the original borrowing, which is relatively high compared with current market rates, and that achieved on the new borrowing. Re-setting the rate to current lower levels would have the effect of reducing recurring interest charges but would also trigger a cash payment based on the mark-to-market value of the debt, and would be broadly value neutral. The negative impact of marking to market the long-term, fixed-rate debt was £42.4m at 31 March 2018 (a similar figure to end-FY17), and is reflected in the alternative published NAV format, EPRA NNAV, which includes debt at its fair value rather than its nominal value. A substantial part of the total debt mark-to-market adjustment will relate to the Aviva debt, which accounts for c 60% of drawn debt, with a longer than average blended duration (c 15 years), and which affords protection against refinancing risk and interest rate increases.

The refinanced loan facility now consists of the new £30.8m 10-year facility at a fixed 3.05% together with the originally outstanding £233.7m 15-year partially amortising tranche at a fixed rate of 4.69%, as before.

Following the refinancing, MedicX has total debt facilities of c £503m (we have translated the €34.0m Bank of Ireland development facility at €/£1.12 and include the £36.5m of debt assumed with the portfolio purchase in June) with an increased weighted average unexpired term (as of the September announcement) of 11.7 years, and a weighted average cost of debt of 4.26% currently.

Financials

We have made some significant adjustments to our forecasting assumptions, although the changes to our estimates at the EPS level are relatively small and we have only slightly reduced (from 3.9p to 3.8p) our FY19 DPS forecast. The gross revaluation gains that MedicX reported in Q3 were well above our assumptions (which do not forecast market yield movement but are driven by assumed rent growth) and this contributes to an increase in forecast NAV per share, partly offset by higher than assumed costs associated with acquisition.

We are also using a lower number of shares than in our previous forecasts, which had explicitly assumed the issuance of 42.88m new shares as flagged with the interim results. With the share price trading slightly below EPRA NAV for much of the period since, this did not prove possible and we have now taken the opportunity to revert back to our usual modelling approach which assumes debt funding for projected acquisitions and no equity issuance until completed. Since H118, MedicX has issued 13.45m shares at an average price of 80.03p, of which 3.75m were issued out of treasury at a price of 80p to the vendor as part consideration of the June portfolio acquisition. The remaining 9.7m shares were issued from the company’s block listing facility. There remain 5.1m shares under the facility that are immediately available for issue.

Exhibit 2: Forecast revisions

	Net rental income (£m)			EPRA net earnings (£m)			EPRA EPS (p)			DPS (p)			EPRA NAVPS (p)		
	Old	New	% change	Old	New	% change	Old	New	% change	Old	New	% change	Old	New	% change
09/18e	40.5	40.3	-0.6%	17.8	17.1	-3.7%	4.0	3.9	-0.5%	6.04	6.04	0.0%	79.5	80.3	1.0%
09/19e	47.2	45.0	-4.8%	19.3	18.4	-4.7%	4.1	4.1	1.7%	3.9	3.80	-2.6%	81.8	82.8	1.2%
09/20e	N/A	47.4	N/A	N/A	19.2	N/A	N/A	4.3	N/A	N/A	4.00	N/A	N/A	86.2	N/A

Source: Edison Investment Research

A key element of judgement in our revised forecasting assumption revolves around the level of investment commitments going forward. Although the Q3 investment commitments were strong, MedicX has announced no new commitments since the June portfolio acquisition. In part this reflects a selective approach to acquisition in view of the tightening in yields that has occurred and a desire not to over-pay. However, MedicX continues to find suitable opportunities and with the Q3 update in July reported a strong pipeline with an aggregate value of c £110m. The company clearly intends to grow its portfolio, both in the UK and in the RoI, and the refinancing of its Aviva debt facilities provides it with debt headroom to do so, but while the shares are trading below NAV we expect it to continue its highly selective approach. In so doing, it can optimise the use of available debt resources while maintaining gearing at acceptable levels. We would expect MedicX to give a high priority to growing its RoI asset base, locking in the attractive spreads that are available.

We would normally anticipate MedicX to commit c £100m pa to new investment, but to assume this without also assuming equity issuance would take our forecast gearing to levels that we do not believe the board would be willing to see. Although we believe there is a strong case for the shares to re-rate above NAV (similar to peers, as discussed in the valuation section), rather than assume this we have included a lower than normal level of new commitments, keeping LTV at 55%, which we feel is acceptable given the security of cash flows. In some ways this approach may be better described as an illustration rather than a forecast, but even at this lower level of commitment we still see MedicX generating earnings growth from a full year contribution of investments already made, new commitments, development completions and rental growth.

Specifically, we have assumed:

- For the year ended 30 September 2018, we have included the £67.0m of disclosed commitments, quite materially lower than the £116.0m included in our last published estimates, for the reasons described above. For FY19 we assume £60m in new commitments (previously £100m) and we have weighted this towards H119. Given our expectation that MedicX will selectively focus on the most attractive opportunities, we assume half of the FY19 commitment is towards RoI pre-let development assets at a c 6% yield. For the other half, committed to UK assets, we assume two-thirds to pre-let development assets and one-third to let standing assets, at an average yield a little below the June net equivalent yield of 4.86%. We have run the model through FY20, with no further commitments assumed, to illustrate the full year impact of the FY19 commitments.
- There are three pre-let forward funded assets on site (at Vale of Neath and Peterborough in the UK and in the Rialto suburb of Dublin), due for completion in early 2019, with an estimated combined completion value of £17.9m. During H218, the development assets at Cromer and Brynmawr reached practical completion in April and May respectively. The combined value of these assets is c £9.4m. We allow for the further commitments to development assets that we have assumed to be completed by mid-FY20 and it is this time lag that generates the difference between announced acquisitions and the cash flow.
- Rental growth on standing assets is assumed to be a weighted average 1.5% pa, although we note the positive indications for open market rental growth. Our estimates indicate growth in rent roll (including that expected from development assets on a fully operational basis) from £40.7m at end-H118 to £44.1m at end-FY18 (including a £3.0m contribution from the June portfolio acquisition), £48.1m at end-FY19 and £48.8m at end-FY20.

- Portfolio growth has now reached a level that the revised fee structure will apply, at a marginal rate of 0.4% of average property assets. Fees had previously been frozen at the old, higher level until the portfolio value had reached £782m.
- As noted above, we do not assume any market-wide yield changes although there are indications that yields have continued to tighten in recent months, in both the UK and RoI. The valuation gains that we include in our forecasts are driven by the assumed level of rental growth.
- By assuming no equity issuance the LTV increases to c 55%, compared with 52.5% in June and the 53.3% that MedicX indicated, post-refinancing, in early September. We allow for drawn debt to increase to £500m which would imply an efficient use of the existing facilities that we estimate to be c £503m, or some additional debt facilities arranged using the collateral released by the Aviva refinancing.
- We estimate that were MedicX to issue sufficient equity to maintain a 50% LTV (c £44m, based on our forecasts) at a small premium to NAV per share (we use 82.0p), mid-way through H119, on a full-year basis our FY20 EPRA EPS would reduce by c 4.0%. Our DPS estimates for FY19 and FY20 are set on the basis that equity issuance is likely, although not forecast, and therefore imply higher dividend cover headroom than MedicX is targeting (5%). For FY19 and FY20 we estimate DPS of 3.80 (1.09x covered by EPRA EPS) and 4.0 (1.0x covered) respectively.
- Given the security of cash flows, we feel that 55% gearing is an acceptable level, although we would expect MedicX to seek to manage this down to around 50%. Further market-wide yield tightening would increase valuations and further reduce LTV. We have not forecast ongoing asset disposals but recycling capital could be another avenue open to the company as a way of further enhancing the portfolio.

Valuation

The acquisitions that we include in our forecasts above are relatively modest compared with the company's track record, its ambitions and the scale of the opportunities that it continues to identify through its network of partners and industry relationships. It may be that we are being too cautious, but the important point is that we continue to see growth in earnings, scope to pay an attractive fully covered dividend, and for that dividend to grow.

Our forecast re-based dividend per share for FY19 is now 3.8p or 93% of our forecast EPRA EPS of 4.1p, a yield of 4.8%.

The Q3 EPRA NAVPS was reported at 80.8p and our year-end forecast of 80.3p reflects the final quarter of uncovered dividends. As noted above, it makes no allowance for potential market yield shifts although there are indications that yields have continued to tighten in recent months, in both the UK and RoI.

In Exhibit 3 we show a valuation comparison including MedicX and a range of other companies that are focused on long income returns. This includes the direct peers within the primary healthcare space (Assura and PHP), a sub-sector that is characterised by exceptional covenant strength, with the majority of rents backed by government departments. For the broader group, the tenant covenant is substantially corporate, which may be considered less certain.

Given the re-basing of the MedicX dividend we have used our forecast prospective DPS to calculate the MedicX yield, whereas the yields for the other companies are calculated using the known, historic dividends. On this basis the MedicX yield is slightly below the median for the long income group as a whole, which arguably reflects the differences in tenant mix, but is slightly above the (historic) yields for Assura and PHP. On a prospective basis for all three (MedicX, Assura, PHP), we estimate that the yields are very similar, with PHP a little higher and Assura a little lower.

The current price to NAV for MedicX is lower than for peers, although it should be noted that LTV is somewhat higher.

In share price performance terms, the shares have been a notable laggard over 12 months, which in our view is due to an adjustment in investor expectations towards the prospective balance of lower income and higher capital returns.

Exhibit 3: Long income investor peer comparison

	Price (p)	Market cap (£m)	P/NAV (x)	Yield (%)	Share price performance (%)			
					1 month	3 months	12 months	From 12M high
Assura	56	1348	1.07	4.6	2%	-1%	-8%	-13%
Impact Healthcare	102	196	1.06	5.9	-1%	0%	-1%	-6%
PHP	110	811	1.06	4.9	-2%	-4%	-3%	-6%
Secure Income	375	1206	0.98	3.6	-4%	-1%	-1%	-7%
Supermarket Income	101	185	1.05	5.5	-2%	-2%	0%	-5%
Target Healthcare	110	373	1.04	5.9	-1%	-2%	-7%	-7%
Tritax Big Box	142	2093	0.97	4.7	-3%	-7%	-5%	-10%
Median			**1.05**	**5.2**	**-2%**	**-2%**	**-2%**	**-6%**
MedicX Fund	78	347	0.97	4.8	-2%	-3%	-13%	-14%
UK property index	1,721			4.2	2%	-5%	-1%	-8%
FTSE All-Share Index	3,904			4.4	-3%	-7%	-6%	-10%

Source: Historical data except MedicX, which reflects lower, re-based DPS as per Edison forecast. Note: Priced at 5 November 2018.

Outperformance of what we believe to be our modest assumptions for asset growth could well be a trigger for an improved share price performance, both absolute and relative. In addition, we would expect an improved rating to encourage MedicX to resume the issuance of equity, possibly via tap issuance to meet demand, allowing it to pursue a broader range of acquisition opportunities.

Exhibit 4: Financial summary

Year ending 30 September	2016	2017	2018e	2019e	2020e
£000's					
Net rental income	34,322	35,947	40,290	44,977	47,426
Investment advisory fee	(3,852)	(3,867)	(3,877)	(4,050)	(4,263)
Investment advisory performance fee	(1,553)	0	0	0	0
Property management fee	(889)	(925)	(968)	(1,054)	(1,097)
Other administrative expenses	(1,015)	(1,293)	(1,164)	(1,199)	(1,235)
Total recurring administrative expenses	(7,309)	(6,085)	(6,009)	(6,303)	(6,595)
Operating profit before valuation movements	27,013	29,862	34,281	38,675	40,831
Net revaluation gain/(loss) on investment property	15,523	18,654	25,590	12,153	13,056
Profit/(loss) on disposal of investment property	31	(65)	143	0	0
Operating profit	42,567	48,451	60,014	50,828	53,887
Share of profit of JV	0	10	60	60	60
Net finance expense	(14,380)	(15,149)	(17,369)	(20,359)	(21,654)
Profit before tax	28,187	33,312	42,705	30,529	32,293
Tax	(1,556)	5,312	(712)	0	0
Net profit	26,631	38,624	41,993	30,529	32,293
Adjust for:					
Net revaluation gain/(loss) on investment property	(15,523)	(18,654)	(25,590)	(12,153)	(13,056)
Deferred tax	1,556	(5,312)	712	0	0
Other	(56)	0	0	0	0
EPRA earnings	12,608	14,658	17,115	18,376	19,237
Average f.d. number of shares outstanding (m)	374.5	413.1	434.1	443.4	443.7
Basic IFRS EPS (p)	7.1	9.4	9.7	6.9	7.3
Fully diluted EPRA EPS (p)	3.4	3.5	3.9	4.1	4.3
DPS declared (p)	5.95	6.00	6.04	3.80	4.00
Dividend cover (EPRA EPS/DPS)	0.57	0.59	0.65	1.09	1.08
Expense ratio*	2.11%	1.94%	1.76%	1.75%	1.79%
BALANCE SHEET					
Investment properties	612,264	680,355	798,806	857,809	889,615
Investment in equity accounted JV	0	1,035	1,053	1,053	1,053
Total non-current assets	612,264	681,390	799,859	858,862	890,668
Cash & equivalents	20,968	32,145	22,187	7,131	7,428
Trade & other receivables	8,519	7,176	8,521	9,163	9,581
Total current assets	29,487	39,321	30,708	16,294	17,009
Loans due after one year	(334,307)	(370,583)	(449,702)	(480,902)	(497,102)
Deferred tax liability	(5,887)	(575)	(1,287)	(1,287)	(1,287)
Other non-current liabilities	(1,490)	(1,456)	(1,428)	(1,428)	(1,428)
Total non-current liabilities	(341,684)	(372,614)	(452,417)	(483,617)	(499,817)
Loans due within one year	(1,983)	(2,213)	(2,462)	(2,462)	(2,462)
Trade & other payables	(19,923)	(18,682)	(21,302)	(22,907)	(23,953)
Total current liabilities	(21,906)	(20,895)	(23,764)	(25,369)	(26,415)
Net assets	278,161	327,202	354,386	366,171	381,446
Adjust for:					
Deferred tax	5,887	575	1,287	1,287	1,287
EPRA net assets	284,048	327,777	355,673	367,458	382,733
Adjustment to debt at fair value	(59,134)	(42,574)	(42,416)	(42,416)	(42,416)
EPRA NNAV	224,914	285,203	313,257	325,042	340,317
Period end fully diluted number of shares outstanding (m)	388.1	428.6	442.9	443.7	444.2
Basic IFRS NAV per share (p)	71.7	76.3	80.0	82.5	85.9
Fully diluted EPRA NAV per share (p)	73.2	76.5	80.3	82.8	86.2
Fully diluted EPRA NNAV per share (p)	56.4	66.4	70.4	73.0	76.3
CASH FLOW					
Cash flow from operating activity	11,408	15,104	18,980	20,539	21,064
Cash flow from investing activity	(36,281)	(50,668)	(56,696)	(46,850)	(18,750)
Issue of equity (net of costs)	18,962	34,526	10,704	0	0
New loan facilities drawn/debt repaid	(1,895)	37,070	42,198	30,000	15,000
Dividends paid (net of scrip)	(21,582)	(24,013)	(25,027)	(18,745)	(17,018)
Other financing activity	(6,554)	(859)	(92)	0	0
Net cash flow from financing activity	(11,069)	46,724	27,783	11,255	(2,018)
Change in cash	(35,942)	11,160	(9,934)	(15,056)	297
FX	0	17	(24)	0	0
Opening cash	56,910	20,968	32,145	22,187	7,131
Closing cash	20,968	32,145	22,187	7,131	7,428
Debt	(336,290)	(372,796)	(452,164)	(483,364)	(499,564)
Net debt	(315,322)	(340,651)	(429,977)	(476,233)	(492,136)
Net LTV	50.8%	49.6%	53.5%	55.0%	54.7%

Source: Company data, Edison Investment Research

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