

Primary Health Properties PLC
Interim Report for the six months ended 31 December 2002

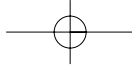
PRIMARY HEALTH PROPERTIES PLC

Objective of the Group

The objective of the Group is to generate rental income and capital growth through investment in primary health care property in the United Kingdom leased principally to General Practitioners (GPs), NHS Trusts, Health Authorities and other associated health care users.

Group Financial Highlights

| | Six months to 31 December 2002 | Year to 30 June 2002 | Six months to 31 December 2001 |
|--|--------------------------------------|----------------------------|--------------------------------------|
| Net assets | £30.2m | £29.9m | £24.1m |
| Basic net asset value per share | 180.7p | 181.3p | 153.2p |
| Fully diluted net asset value per share | 164.9p | 164.6p | 142.7p |
| Portfolio purchased and committed | £86.1m | £83.6m | £75.6m |
| Borrowings | £51.5m | £47.8m | £40.0m |
| Annual rent roll | £6.5m | £6.2m | £5.2m |
| Profit before taxation | £1.0m | £2.0m | £0.9m |
| Earnings per share – basic | 5.5p | 11.3p | 5.4p |
| – diluted | 5.1p | 10.4p | 5.0p |
| Interim dividend, net per share | 5.0p | N/A | 4.5p |



PRIMARY HEALTH PROPERTIES PLC

Chairman's Statement

Group profit before taxation for the six months to 31 December 2002 totalled £1,024,000 (2001: £943,000), an increase of 9%.

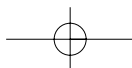
Profit after taxation was £913,000 (2001: £849,000), an increase of 8% yielding basic earnings per share of 5.5p (2001: 5.4p) and fully diluted earnings per share of 5.1p (2001: 5.0p).

As the Group undertakes an annual valuation of its property portfolio at its year end at 30 June 2002, the net asset value per share has remained relatively static after accounting for retained profits at the interim report and the issue of 213,333 shares following the exercise of management options held by one of the joint managers.

The net asset value per share of the Group at 31 December 2002 was 180.7p basic (30 June 2002: 181.3p) after providing for the interim dividend of 5.0p proposed by the Board (2001: 4.5p). On a fully diluted basis, the net asset value per share was 164.9p (30 June 2002: 164.6p).

At the Extraordinary General Meeting held on 21 November 2002, the Directors were granted authority to offer Ordinary shares instead of cash in respect of dividends. A circular, Form of Election and Notice of Entitlement will be posted to shareholders with the interim report offering the shareholders on the register of members on 28 March 2003 the opportunity to elect to receive new Ordinary shares instead of cash in respect of the interim dividend. Forms of Election and Notices of Entitlement are to be posted on 10 April 2003 and the latest date for receipt of Forms of Election is 6 May 2003.

During the six months ended 31 December 2002, we have taken delivery of completed properties at Stretford and Lancaster whilst entering into new commitments totalling £2.6 million during the period at Yeovil, Grantham and Send. Since 31 December 2002, we have entered into a further £1.1 million of new commitments.



PRIMARY HEALTH PROPERTIES PLC

Chairman's Statement – continued

The table below sets out the portfolio at 31 December 2002:

| | 31 December 2002 | 31 December 2001 |
|-------------------------------------|--------------------|--------------------|
| | £m | £m |
| Investment properties | 80.2 | 63.0 |
| Properties in course of development | 0.8 | 0.3 |
| Finance leases | 2.5 | 2.5 |
| Total owned and leased | <u>83.5</u> | <u>65.8</u> |
| Committed | 2.6 | 9.8 |
| Total owned, leased and committed | <u><u>86.1</u></u> | <u><u>75.6</u></u> |

We have continued to monitor our exposure to interest rates and, in order to provide longer term cover, have effectively extended our £25 million of swapped out cover to March 2008. In addition, we entered into a new swap for £5 million commencing in July 2003, which expires in March 2008. Accordingly, from 1 July 2003, we will have £30 million of cover at an average rate of 5.5% per annum. Including the Loan Stock, this provides cover of 66.7% against total debt of some £51 million.

During the six months ended 31 December 2002, we also negotiated an extension of our bank lines with The Royal Bank of Scotland. We entered into a new £15 million term loan commitment and extended our ability to convert all of our term facilities of £55 million into longer term finance which would mature in 2022, whilst retaining the flexibility to refinance if we so choose. Total available facilities at 31 December 2002 amounted to £65 million, including an overdraft facility of £10 million.

During the period, J O Hambro Capital Management Limited exercised management options in respect of 213,333 shares at £1 each. Proposals relating to the amendment to the terms of the existing management options and the grant of new management options and Notice of an Extraordinary General Meeting will be posted to shareholders in due course.

Our rent roll has increased from £6.2 million at 30 June 2002 to £6.5 million at 31 December 2002 representing new deliveries and rental increases. We expect to complete all outstanding rent reviews by 30 June 2003. We continue to obtain satisfactory reviews, all of which have beaten our own internal benchmark targets.

The new share save scheme has been implemented and uptake has begun.

PRIMARY HEALTH PROPERTIES PLC

Chairman's Statement – continued

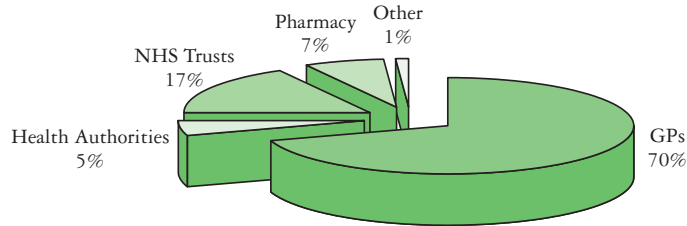
During the period, considerable efforts have been made on behalf of our joint venture, Primary Health Solutions Ltd (PHS), to participate in the Government's much heralded NHS Local Improvement Finance Trust (LIFT) scheme. As previously announced, PHS has been short listed by Sandwell where a fully costed submission was made in early January. We await the outcome which is expected in early April. The first phase of the Sandwell LIFT would involve new build expenditure of some £10 million within the Sandwell LIFT Company, of which, it is expected that PHS would be a 60% shareholder alongside the NHS with 40%. PHS' funding commitment for Sandwell would be in the order of £2.5 million in total, with the balance being provided by the senior debt providers and the public sector. In the meantime, awaiting the outcome of the submission, the Company has provided in full for the anticipated costs of some £200,000 to date.

The Company's portfolio continues to grow. During the period, a further two surgeries amounting to £3.2 million were acquired and there is a healthy pipeline of transactions. Rent reviews are on balance, being achieved at levels reflecting the quality of the properties and the covenants.

G A Elliot
Chairman
14 March 2003

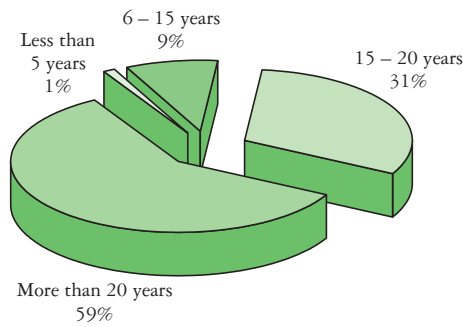
PRIMARY HEALTH PROPERTIES PLC

Covenant Analysis by Annual Rent

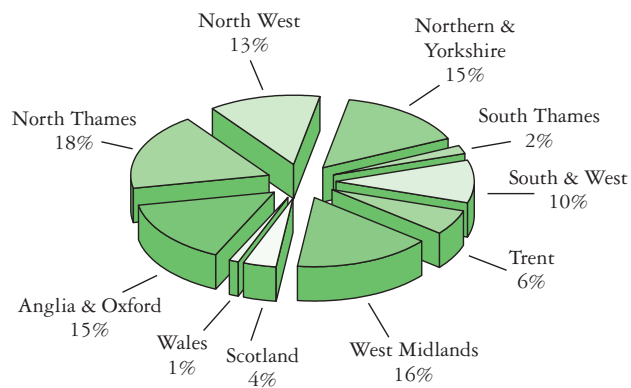


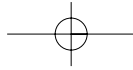
An analysis of the annual rent roll of £6.5 million at 31 December 2002.

Analysis of Rent Roll by Lease Term Unexpired



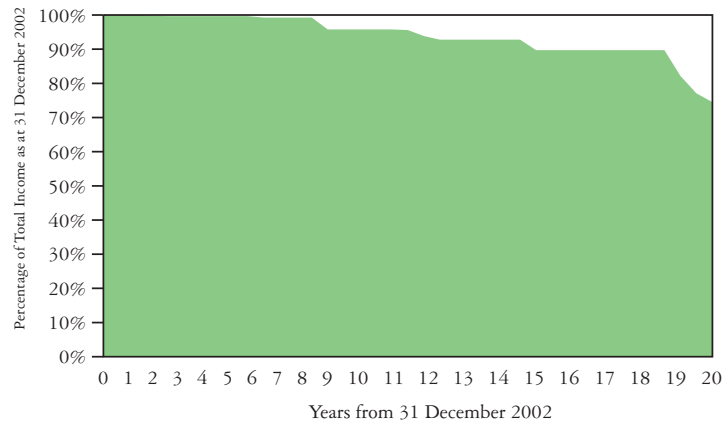
Analysis of Rental Income by Geographical Region





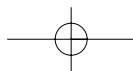
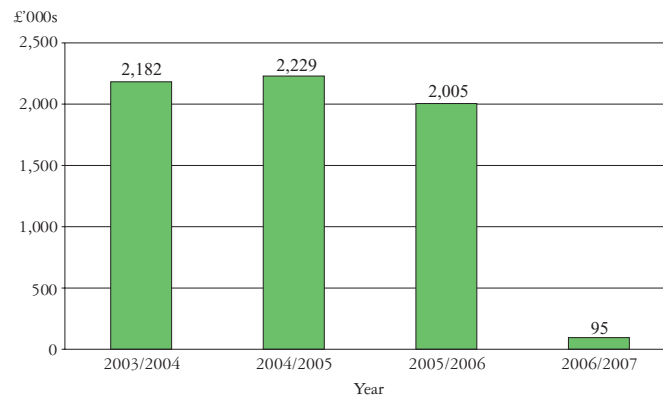
PRIMARY HEALTH PROPERTIES PLC

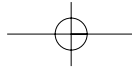
Security of Income by Lease Expiry



We continue to believe that the strength and security of our recurring income stream is extremely attractive and this is shown in the diagram above.

Rent Reviews by Annual Rent

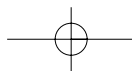
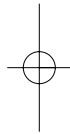


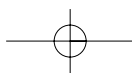


PRIMARY HEALTH PROPERTIES PLC

Property Portfolio at 31 December 2002

- Stokewood Surgery, Fair Oak Road, Eastleigh, Hants
- Blackthorn Surgery, Station Road, Netley Abbey, Hants
- Falcon Road Medical Centre, Falcon Road, London SW11
- Rushton Street Medical Centre, Rushton Street, London N1
- Chorleywood Surgery, Lower Road, Chorleywood, Herts
- The Old Fire Station Surgery, Portsmouth Road, Woolston, Hants
- Lever Chambers Centre for Health, Ashburner Street, Bolton, Greater Manchester
- Willesden Medical Centre, Willesden High Road, London NW10
- Corbett Medical Practice, Corbett Avenue, Droitwich, Worcs
- Astonia House, High Street, Baldock, Herts
- Llandaff North Medical Centre, Station Road, Llandaff, Cardiff
- Maypole Health Centre, Sladepool Farm Road, Birmingham, B14
- Bearwood, Birmingham, West Midlands, B17
- Trinity Medical Centre, Thornhill Street, Wakefield, West Yorkshire
- James Pringle House, Charlotte Street, London, W1
- Withernsea Community Hospital, Withernsea, Hull, East Yorkshire
- Hereward Group Practice, Exeter Street, Bourne, Lincs
- Woolston Lodge & Canute Surgeries, Woolston, Hants
- Montgomery House Surgery, Piggy Lane, Bicester, Oxon
- Toddington Medical Centre, Luton Road, Toddington, Beds
- Milton Medical Centre, Station Road, New Milton, Hants
- St John's Medical Centre, High Street, Walsall Wood, West Midlands
- The Surgery, Carswell Wynd, Auchtermuchty, Fife
- Poplar Grove Practice, Meadow Way, Aylesbury, Bucks
- West Timperley Medical Centre, Dawson Road, West Timperley, Cheshire
- Larksfield Surgery, Arlesey Road, Stotfold, Beds
- Eaton Wood Medical Centre, Tyburn Road, Birmingham, B24
- Tibshelf Medical Centre, Tibshelf, Derbyshire
- Killick Street Health Centre, Islington, London, N1
- Ritchie Street Health Centre, Islington, London, N1
- Hucknell Road Medical Centre, Nottingham
- Cornerways Medical Centre, Ringwood, Hants
- Washway Road Medical Centre, Sale, Cheshire
- North Bicester Surgery, Bure Park, Bicester, Oxon
- Smethwick Medical Centre, Smethwick, West Midlands
- South Cave Medical Centre, South Cave, East Yorks



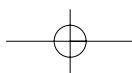
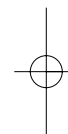
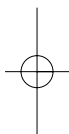


PRIMARY HEALTH PROPERTIES PLC

Property Portfolio at 31 December 2002 – *continued*

- Willenhall Medical Centre, Croft Street, Willenhall, West Midlands
- Victoria House Surgery, Buckingham Road, Bicester, Oxon
- Faringdon Medical Centre, Faringdon, Oxon
- Poplars Medical Centre, Swinton, Greater Manchester
- Coppice Farm Medical Centre, Willenhall, West Midlands
- Arthurstone Medical Centre, Dundee, Tayside
- Falkland Surgery, Newbury, Berks
- Scotswood House, Newcastle-Upon-Tyne, Northumberland
- Lancaster University Medical Centre, Lancaster, Lancs
- The Beacon Medical Centre, Stretford, Greater Manchester

- Penarth, South Glamorgan (*under construction*)
- Yeovil, Somerset (*under construction*)
- Grantham, Lincolnshire (*under construction*)
- Send, Surrey (*under construction*)



PRIMARY HEALTH PROPERTIES PLC

Consolidated Profit and Loss Account
for the six months ended 31 December 2002

| | Note | Six months ended 31 December 2002 £'000 (unaudited) | Year ended 30 June 2002 £'000 (audited) | Six months ended 31 December 2001 £'000 (unaudited) |
|---|------|--|--|--|
| Turnover | | 3,208 | 5,550 | 2,665 |
| Administrative expenses | | (655) | (1,118) | (549) |
| Operating profit | | 2,553 | 4,432 | 2,116 |
| Share of operating loss in joint venture | 2 | (86) | (3) | – |
| | | 2,467 | 4,429 | 2,116 |
| Interest receivable | | 32 | 102 | 61 |
| Interest payable | | (1,475) | (2,516) | (1,234) |
| Profit on ordinary activities before tax | | 1,024 | 2,015 | 943 |
| Taxation | | (111) | (203) | (94) |
| Profit on ordinary activities after tax | | 913 | 1,812 | 849 |
| Dividend | | | | |
| Interim dividend of 5.0p per share (2002: interim 4.5p and final 4.5p) | | (835) | (1,484) | (742) |
| Profit retained for the period | | 78 | 328 | 107 |
| Earnings per share – basic | 3 | 5.5p | 11.3p | 5.4p |
| – diluted | 3 | 5.1p | 10.4p | 5.0p |

There were no recognised gains and losses other than those passing through the profit and loss account. All activities are continuing.

PRIMARY HEALTH PROPERTIES PLC

Consolidated Balance Sheet
at 31 December 2002

| | Note | At 31 December 2002 £'000 (unaudited) | At 30 June 2002 £'000 (audited) | At 31 December 2001 £'000 (unaudited) |
|--|------|---|---|---|
| Fixed assets | | | | |
| Tangible assets | 2 | 81,037 | 77,638 | 63,343 |
| Investments | 2 | (25) | 62 | 255 |
| | | <u>81,012</u> | <u>77,700</u> | <u>63,598</u> |
| Current assets | | | | |
| Debtors | | 602 | 2,998 | 381 |
| Net investment in finance leases: amounts falling due in more than 1 year | | 2,556 | 2,568 | 2,484 |
| Cash at bank | | 2,003 | 361 | 1,612 |
| | | <u>5,161</u> | <u>5,927</u> | <u>4,477</u> |
| Creditors: amounts falling due within one year: | | <u>(11,993)</u> | <u>(9,738)</u> | <u>(4,022)</u> |
| Net current (liabilities)/assets | | <u>(6,832)</u> | <u>(3,811)</u> | <u>455</u> |
| Total assets less current liabilities | | <u>74,180</u> | <u>73,889</u> | <u>64,053</u> |
| Creditors: amounts falling due after more than one year: | | | | |
| Term loan | | (40,000) | (40,000) | (36,000) |
| Convertible loan stock 2016 | | (4,000) | (4,000) | (4,000) |
| | | <u>(44,000)</u> | <u>(44,000)</u> | <u>(40,000)</u> |
| | | <u>30,180</u> | <u>29,889</u> | <u>24,053</u> |
| Capital and reserves | | | | |
| Called up share capital | | 8,349 | 8,243 | 7,850 |
| Share premium account | | 6,670 | 6,563 | 5,810 |
| Capital reserve | | 1,618 | 1,618 | 1,618 |
| Revaluation reserve | | 12,756 | 12,756 | 8,287 |
| Profit and loss account | | 787 | 709 | 488 |
| Equity shareholders' funds | | <u>30,180</u> | <u>29,889</u> | <u>24,053</u> |
| Net asset value – basic | 4 | <u>180.7p</u> | 181.3p | 153.2p |
| – fully diluted | 4 | <u>164.9p</u> | 164.6p | 142.7p |

PRIMARY HEALTH PROPERTIES PLC

Consolidated Cash Flow Statement
for the six months ended 31 December 2002

| | Six months ended 31 December 2002 £'000 (unaudited) | Year ended 30 June 2002 £'000 (audited) | Six months ended 31 December 2001 £'000 (unaudited) |
|--|--|--|--|
| Net cash inflow from operating activities | <u>2,962</u> | <u>4,451</u> | <u>2,384</u> |
| Return on investment and servicing of finance | | | |
| Interest received | 4 | 20 | 9 |
| Interest paid | <u>(1,419)</u> | <u>(2,459)</u> | <u>(1,216)</u> |
| Net cash outflow from return on investment and servicing of finance | <u>(1,415)</u> | <u>(2,439)</u> | <u>(1,207)</u> |
| Taxation | | | |
| UK Corporation tax recovered | <u>3</u> | <u>-</u> | <u>-</u> |
| Capital expenditure | | | |
| Payments to acquire tangible fixed assets | <u>(3,079)</u> | <u>(12,051)</u> | <u>(1,861)</u> |
| Acquisitions and disposals | | | |
| Payments to acquire share in joint venture | <u>-</u> | <u>(50)</u> | <u>-</u> |
| Equity dividends paid | <u>(742)</u> | <u>(1,409)</u> | <u>(667)</u> |
| Net cash outflow before financing | <u>(2,271)</u> | <u>(11,498)</u> | <u>(1,351)</u> |
| Financing | | | |
| Ordinary share issue (net of expenses) | 213 | 1,146 | - |
| Term bank loan 2008 | - | 6,625 | 2,625 |
| 12 month overdraft | <u>3,700</u> | <u>3,750</u> | <u>-</u> |
| Net cash inflow from financing | <u>3,913</u> | <u>11,521</u> | <u>2,625</u> |
| Increase in cash | <u>1,642</u> | <u>23</u> | <u>1,274</u> |

PRIMARY HEALTH PROPERTIES PLC

Reconciliation of net cash flow to movement in net debt

| | Six months ended 31 December 2002 £'000 (unaudited) | Year ended 30 June 2002 £'000 (audited) | Six months ended 31 December 2001 £'000 (unaudited) |
|------------------------------------|--|--|--|
| Increase in cash in the period | 1,642 | 23 | 1,274 |
| Cash inflow from loans | <u>(3,700)</u> | <u>(10,375)</u> | <u>(2,625)</u> |
| Movement in net debt in the period | (2,058) | (10,352) | (1,351) |
| At the beginning of the period | <u>(47,389)</u> | <u>(37,037)</u> | <u>(37,037)</u> |
| At the end of the period | <u><u>(49,447)</u></u> | <u><u>(47,389)</u></u> | <u><u>(38,388)</u></u> |
| Net debt comprises: | | | |
| Cash at bank | 2,003 | 361 | 1,612 |
| Term loan | (40,000) | (40,000) | (36,000) |
| Convertible loan stock 2016 | (4,000) | (4,000) | (4,000) |
| 12 month overdraft | <u>(7,450)</u> | <u>(3,750)</u> | <u>—</u> |
| | <u><u>(49,447)</u></u> | <u><u>(47,389)</u></u> | <u><u>(38,388)</u></u> |

Reconciliation of operating profit to net cash inflow from operating activities

| | Six months ended 31 December 2002 £'000 (unaudited) | Year ended 30 June 2002 £'000 (audited) | Six months ended 31 December 2001 £'000 (unaudited) |
|---|--|--|--|
| Operating profit | 2,553 | 4,432 | 2,116 |
| Decrease/(increase) in operating debtors and prepayments | 104 | (168) | 158 |
| Increase in operating creditors and accruals | <u>305</u> | <u>187</u> | <u>110</u> |
| Net cash inflow from operating activities | <u><u>2,962</u></u> | <u><u>4,451</u></u> | <u><u>2,384</u></u> |

PRIMARY HEALTH PROPERTIES PLC

Notes to the Interim Financial Statements

1. The interim financial information has been prepared on the basis of the accounting policies set out in the Group's 2002 statutory accounts.

The Group has adopted the provisions of FRS 19 taking into account the cashflow impact of originating and reversing timing differences (discounted basis). This has had no impact on either the current or previous years tax charges.

2. The freehold properties are included at valuation as at 30 June 2002 plus additions at cost since that date. Fixed assets consist of:

| | 31 December 2002 £'000 (unaudited) | 30 June 2002 £'000 (audited) | 31 December 2001 £'000 (unaudited) |
|-----------------------------|---|---------------------------------------|---|
| Tangible assets: | | | |
| Investment properties | <u>81,037</u> | <u>77,638</u> | <u>63,343</u> |
| Investments: | | | |
| Development loans | 14 | 15 | 255 |
| Investment in joint venture | | | |
| Share of gross assets | 8 | 50 | – |
| Share of gross liabilities | <u>(47)</u> | <u>(3)</u> | <u>–</u> |
| | <u>(25)</u> | <u>62</u> | <u>255</u> |
| | <u><u>81,012</u></u> | <u><u>77,700</u></u> | <u><u>63,598</u></u> |

Joint venture

Primary Health Properties plc owns 50% of the issued Ordinary share capital of Primary Health Solutions Limited, a company created for the purpose of developing properties for sale and leaseback and to tender for contracts under the Government's LIFT (Local Improvement Finance Trust) initiative. The remaining 50% of the issued Ordinary share capital is owned by Brackley Investments Limited.

There are currently no intercompany balances as at 31 December 2002 (2001: nil).

PRIMARY HEALTH PROPERTIES PLC

Notes to the Interim Financial Statements – *continued*

3. The calculation of basic earnings per share is based on earnings of £913,000 (30 June 2002: £1,812,000; 31 December 2001: £849,000) and 16,530,218 Ordinary shares (30 June 2002: 16,037,657; 31 December 2001: 15,700,000) being the weighted average number of shares in issue during the period. Diluted earnings per share is calculated in accordance with Financial Reporting Standard No. 14: Earnings per Share. It is based on earnings of £1,054,000 (30 June 2002: £2,091,000; 31 December 2001: £989,000) and 20,629,066 Ordinary shares (30 June 2002: 20,122,931; 31 December 2001: 19,649,513) being the weighted average number of Ordinary shares in issue during the period.

| <i>Earnings:</i> | £ | <i>Weighted Average Number of Ordinary Shares:</i> | Number |
|---|-------------------------|--|--------------------------|
| Profit on ordinary activities after tax | 913,000 | Issued share capital | 16,530,218 |
| Interest saved on conversion of loan stock (including adjustment for tax) | 141,000 | Dilutive effect of options | 620,587 |
| | <u>1,054,000</u> | Dilutive effect of convertible loan stock | 3,478,261 |
| | <u><u>1,054,000</u></u> | | <u><u>20,629,066</u></u> |

The dilutive effect of options

Pursuant to an agreement dated 14 March 1996 between the Company, Nexus Property Management Services (NPMS) and J O Hambro Capital Management Limited ('JOHCM'), NPMS and JOHCM were granted options to subscribe for a total of 1.6 million shares in the proportion of 960,000 shares to NPMS and 640,000 shares to JOHCM at a subscription price of £1 per share. These options were exercisable at any time after publication of the audited financial statements of the Company for the financial year ended 30 June in the year immediately preceding the proposed date of exercise, provided that, on the basis of those financial statements, the net asset value per share (adding back all gross dividends paid on each share) had increased since the date of admission at a rate in excess of the equivalent compound growth rate of 10%, and subject to the joint Managers remaining advisors at the date of exercise. As at 30 June 2002, these conditions had been met. On 22 November 2002, JOHCM exercised its options to purchase a total of 213,333 Ordinary shares of 50p nominal value, for a price of £1 per Ordinary share, resulting in a total of 1,386,667 management options outstanding.

PRIMARY HEALTH PROPERTIES PLC

Notes to the Interim Financial Statements – *continued***The dilutive effect of Convertible Loan Stock**

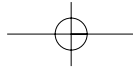
The Convertible Loan Stock 2016 was issued in units of £250,000. The loan stock units are redeemable at par on 31 March 2016, unless previously converted at the option of the holder. The loan stock is convertible into Ordinary shares of 50p each at the rate of one 50p Ordinary share for every unit of £1.15 in nominal value of stock tendered for conversion. For the six months ended 31 December 2002, the fair value of the units, if converted, exceeded their par value.

4. Fully diluted net asset value has been calculated as follows:

| | 31 December 2002 £'000 (unaudited) | 30 June 2002 £'000 (audited) | 31 December 2001 £'000 (unaudited) |
|---|---|---------------------------------------|---|
| Net assets: | | | |
| Per Consolidated Balance Sheet | 30,180 | 29,889 | 24,053 |
| Add – Loan Stock conversion | 4,000 | 4,000 | 4,000 |
| – Receipts from the exercise of options | <u>1,387</u> | <u>1,600</u> | <u>1,600</u> |
| | <u>35,567</u> | <u>35,489</u> | <u>29,653</u> |
| | No. of shares | No. of shares | No. of shares |
| Ordinary shares: | | | |
| Issued share capital | 16,698,333 | 16,485,000 | 15,700,000 |
| Add – Loan Stock conversion into shares | 3,478,261 | 3,478,261 | 3,478,261 |
| New shares issued on exercise of options | <u>1,386,667</u> | <u>1,600,000</u> | <u>1,600,000</u> |
| | <u>21,563,261</u> | <u>21,563,261</u> | <u>20,778,261</u> |

Calculations assume that the dilution takes place on the respective balance sheet dates.

5. The financial information herein does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the year ended 30 June 2002 is based on the statutory accounts for that year. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.



PRIMARY HEALTH PROPERTIES PLC

Report of the Auditors to Primary Health Properties PLC

We have been instructed by the Company to review the financial information set out on pages 8 to 14 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

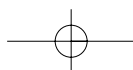
Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2002.

Ernst & Young LLP
Registered Auditor
London
14 March 2003



PRIMARY HEALTH PROPERTIES PLC

Corporate Profile

Directors

G A Elliot (Chairman)
H A Hyman (Managing Director)
A D S Dalglish (Property Director)
M J Gilbert (W J C Hemmings: alternate)
J D Hambro
Professor P C Pietroni
P Sandford

Joint Managers

Nexus Property Management Services Limited
Alexandra House
Alexandra Terrace
Guildford GU1 3DA
01483 306912

J O Hambro Capital Management Limited
Ground Floor

Ryder Court
14 Ryder Street
London SW1Y 6QB
020 7747 5678

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Joint Stockbrokers

KBC Peel Hunt plc
111 Old Broad Street
London EC2N 1PH

Numis Securities Limited

Cheapside House
138 Cheapside
London EC2V 6LH

Solicitors

Nabarro Nathanson
Lacon House
Theobald's Road
London WC1X 8RW

Auditors

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

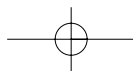
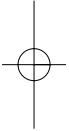
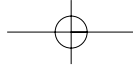
Company Secretary and Registered Office

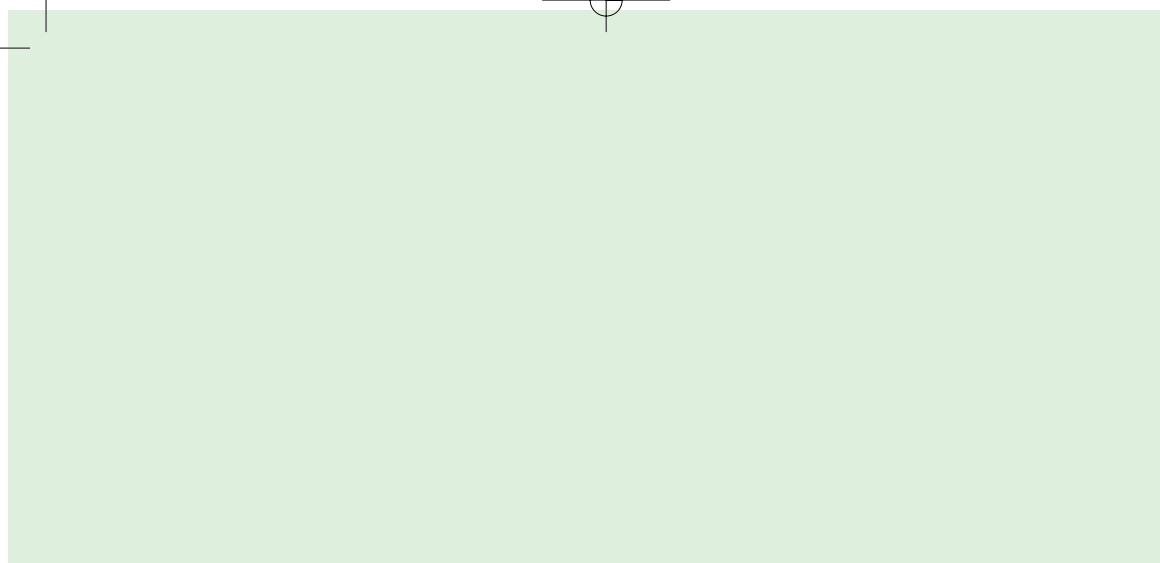
J O Hambro Capital Management Limited
Ground Floor
Ryder Court
14 Ryder Street
London SW1Y 6QB
020 7747 5682
Facsimile: 020 7747 5611

Bankers

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Registered in England No. 3033634





PRIMARY HEALTH PROPERTIES PLC
for further information
contact Harry Hyman or Adam Dalglish at PHP
01483 306912 or visit the PHP Website
www.nexusgroup.co.uk