

PRIMARY HEALTH PROPERTIES PLC
A specialist provider of Primary Care accommodation for the NHS
Interim Management Statement

Primary Health Properties PLC (“**PHP**”, the “**Company**” or the “**Group**”), one of the UK’s largest providers of modern primary healthcare facilities, today issues its Interim Management Statement for the period from 1 January 2010 to 26 April 2010.

Highlights

- Since 31 December 2009, the Group has acquired £45.2 million of let standing investments
- Portfolio continues to be 100% let with no voids
- Rental growth continues – rent roll of £24.3 million at 31 March 2010 (£21.3 million: 31 December 2009)
- Strong funding position – well positioned in the present economic environment; current facilities not due for renewal until 2013 and additional facilities under discussion

The market

The demand for modern primary care facilities remains high. The market is underpinned by the Government’s multi-billion pound commitment over the medium term to renewing primary care stock and ensuring that primary care is delivered from modern purpose built accommodation that is fit for purpose.

While overall Government spending is likely to be curtailed in the short term, the Company’s belief is that this will focus more resources on providing primary care solutions as it offers the most cost effective medium for delivering healthcare.

Investment activity, future commitments and portfolio management

The table below shows the investment purchases made, deliveries taken and new commitments entered into since the beginning of the year.

Investment Purchases	Assets	Description	Cost £m
Anchor Meadow, Aldridge	1	Two GP Practices, Pharmacy and PCT	5.6
Care Capital Portfolio	14	Nationwide Portfolio of Health Centres	24.2
Leigh Health Park	2	Two Surgeries, PCT space and Pharmacy	6.9
Abstract Portfolio	2	NE England Health Centres	4.9
Lanark, Scotland	1	Surgery and Pharmacy	3.6
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> 20		<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> 45.2
Delivered Developments			
Sheffield	1	Surgery and Pharmacy	2.9
	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> 1		<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> 2.9
GRAND TOTALS	<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> 21		<hr style="width: 50%; margin-left: auto; margin-right: 0;"/> 48.1

Property valuation

The next semi-annual valuation of the freehold, leasehold and development properties of the Group is due at 30 June 2010. The Directors note that yields have continued to strengthen since the end of the year from 6% to around 5.8% today. If PHP’s portfolio at 31 December 2009 were to be valued at a yield of 5.8% then the Directors estimate that the EPRA NAV would have been 300p per share at that date.

Rental growth

Rental growth achieved on rent reviews concluded in 2009 averaged approximately 9.37% over the three year rent review cycle. The actual rental growth rate achieved in the first quarter of 2010 has been marginally lower from that experienced in 2009 at an annualised rate of 2.4% across the portfolio overall. Taking into account the current economic climate, the Directors are pleased with the actual rental growth rates achieved in the first quarter of 2010.

The annualised rent roll of the portfolio at 31 March 2010 was £24.3 million (31 December 2009: £21.3 million).

Borrowings and Banking facilities

At 31 March 2010, Group borrowings totalled £216.8 million. As at 27 April 2010, aggregate facilities were £268.3 million of which £258.3 million was on a term basis and £10 million was on overdraft. £255 million of the term facilities are not due for renewal/repayment until 2013. The Board is satisfied with the pricing and term of its existing facilities.

The Board is in discussions with an existing and a new lender to provide additional facilities in excess of £50 million to cater for continued expansion of the Group's portfolio.

Interest rate hedging

PHP remains committed to keeping a relatively high level of cover against its variable interest rate borrowings. The Group's fixed rate cover of £203 million included £88 million of callable swaps which are reviewed on a quarterly basis.

As at 31 December 2009, the Group's derivative portfolio was valued at a net liability of £20.1 million. At 31 March 2010, the valuation was a net liability of £26.1 million, reflecting the increase in longer term interest rates between the two dates.

For further information contact:

Harry Hyman
Primary Health Properties PLC
T +44(0)20 7451 7050
M+44 (0)7973 344768
harry.hyman@nexusgroup.co.uk

David Rydell/Victoria Geoghegan/Samantha Boston
Pelham Bell Pottinger
Tel +44(0) 20 7861 3232

This Interim Management Statement may contain forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances.

These statements reflect the knowledge and information at the time of the release of this Interim Management Statement. Nothing in this Interim Management Statement should be construed as a profit forecast or estimate.

Apart from the information contained in this Interim Management Statement there have been no material events or transactions affecting the Group during the period.