Primary Health Properties

PRIMARY HEALTH PROPERTIES PLC

A specialist REIT providing Primary Care Accommodation for the NHS

Interim Management Statement

Primary Health Properties PLC ("PHP", the "Group" or the "Company") one of the largest providers of modern primary healthcare facilities, today issues its Interim Management Statement for the period from 1st July to 15 November 2012.

Highlights

- Successful completion of retail bond issue raising £75 million unsecured finance at 5.375% for 7 year term
- Acquisitions and commitments totalling £29.5 million announced
- Portfolio continues to be 100% let
- Annualised passing rent roll, including commitments, was £34.9 million at 15 November (£33.2 million at 30 June 2012)
- There is a continued pipeline of attractive property acquisition opportunities
- Deals in solicitors hands have a gross asset value of over £106 million
- Interim dividend of 9.25p per share was paid to shareholders on 28 October 2012; total of 18.5p per share paid in 2012 (2011: 18.0p)

Borrowings and Banking facilities

As announced on 24 July 2012, the Group completed the issue of a new seven year, £75 million unsecured retail bond. The Board welcomes the new stakeholders this brings to the Group.

Following the retail bond issue, total facilities available to the Group amount to £459 million with drawn borrowings currently totalling £329 million. Contracted commitments to forward fund and acquire future assets are £16 million, giving the Group head room of £114 million to fund further acquisitions.

The £27 million debt facility provided by Allied Irish Banks ("AIB") as part of the Group's historic core facilities will be allowed to run its course to its maturity date of 31 January 2013. The structure of the continuing provision of existing interest rate swaps procured from AIB to mitigate interest rate risk across the Group's wider bank debt portfolio is being finalised.

Upon maturity, the AIB loan will initially be refinanced from existing debt resources, however, discussions continue with new debt providers to secure new facilities to replace AIB and facilitate the future expansion of the Group's portfolio.

Interest Rate hedging

The total mark to model liability of the derivative portfolio was estimated at £52.4million as at 30 September 2012, anincrease from its value of £49.3million at 30 June 2012. This movement has been caused by further reduction in longer term interest rates as global economic markets remain weak.

Property portfolio

The Group has secured a number of new investment properties in the period:

Asset	Acquisition basis	Acquisition cost	Size sqm
Luton, Bedfordshire	Standing Let Investment	£3.9 million	1,281
Stourbridge, West Midlands	Forward Funding Commitment	£8.5 million	2,600
Newton Abbot, Devon	Forward Funding Commitment	£3.0 million	1,373
Rotherham	Standing Let Investment	£14.1 million	4,636

Transactions with a gross asset value of some £106 million are in solicitors' hands, to acquire further investment properties located across mainland United Kingdom. Some of these will be acquired as portfolios with associated debt of various durations totalling some £50 million, which reduces the cash required of PHP to complete these acquisitions.

The Group continues to appraise a strong pipeline of attractive acquisition opportunities, a mix of further forward funding commitments to acquire newly developed assets and standing let investments,all of which would be accretive to overall rent roll and Group profitability.

The Directors believe that initial property yields in the Group's portfolio have remained stable at approximately 5.74% in the period under review, as demand continues from property investors in all sectors for quality assets let to strong covenants. The next valuation of the freehold, leasehold and development properties of the Group will be carried out as at 31 December 2012.

The forward funding commitments at Allesley Park and Pelton have both recently achieved practical completion and become rent producing. The Group's other existing commitments are proceeding in line with their planned timetables.

Rent roll and rental growth

Annualised passing rent roll of the Group's completed portfolio as at 15 November 2012 was £33.5 million (30 June 2012- £31.4 million), the increase being due to deliveries and rent reviews completed in the period.

Average rental growth achieved on rent reviews completed to 31 October 2012 showed an annualised rate of 2.5%. This is lower than that achieved for 2011 of 3.0% but is satisfactory when analysed in the context of the current economic climate.

Outlook

Having completed the refinance of the Group's core debt facilities and obtained new funds from the unsecured retail bond, the Group is now well positioned to add to its portfolio at yields which exceed its marginal cost of funding. This will enable the Group to re-establish 100% dividend cover which remains management's top priority.

The amount of transactions in lawyers' hands is higher than it has been for some time and when these deals are completed further announcements will be made.

For further information contact

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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.