PRIMARY HEALTH PROPERTIES PLC

A dedicated healthcare REIT

Half Year Report for the six months ended 30 June 2015

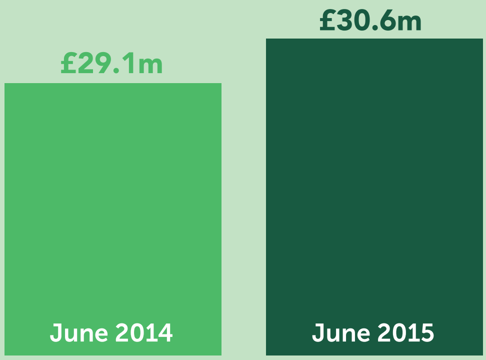
Primary Health Properties

2015 INTERIM FINANCIAL HIGHLIGHTS

DATA FOR THE PERIOD ENDED 30 JUNE 2015

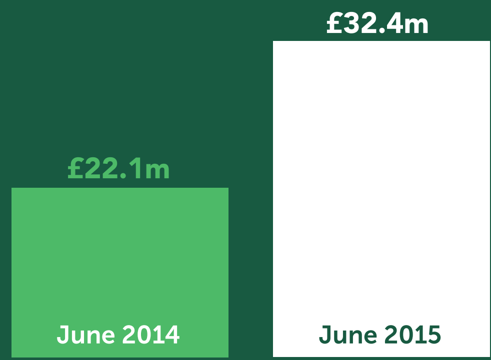
NET RENTAL INCOME

£30.6m ↑5.2%



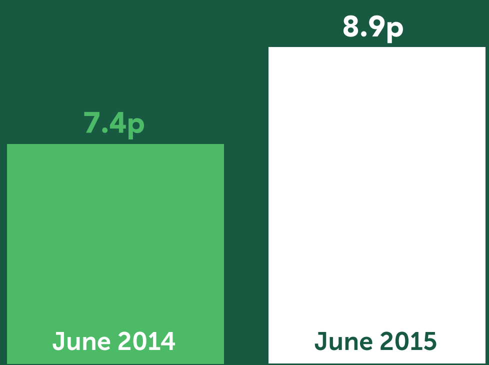
IFRS PROFIT FOR THE PERIOD

£32.4m ↑46.6%



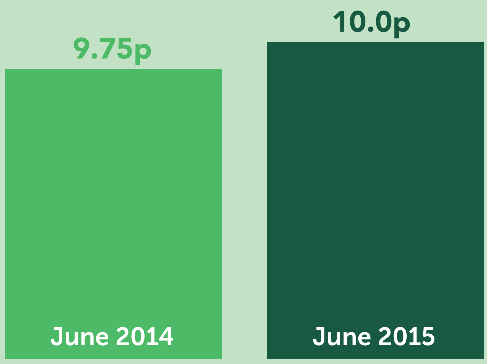
EPRA EARNINGS PER SHARE*

8.9p ↑20.3%



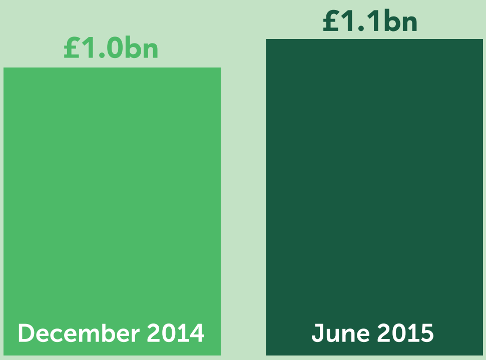
INTERIM DIVIDEND PER SHARE

10.0p ↑2.6%



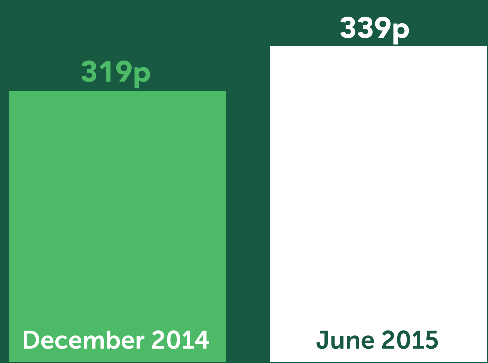
INVESTMENT PORTFOLIO

£1.1bn ↑4.7%



EPRA NAV PER SHARE*

339p ↑6.3%



* Refer to Note 6 for calculation of EPRA Earnings Per Share and Note 13 for calculation of EPRA NAV Per Share.

INTERIM STATEMENT

GROUP FINANCIAL STATEMENTS

FURTHER INFORMATION

EXECUTIVE REVIEW

The first six months of 2015 has been another period of strong progress for the Group. We have invested in further modern, flexible primary care premises, benefitted from a full period's impact of the consolidation of the advisory services to the Group and also seen the average cost of our debt fall due to the financing actions taken in the second half of 2014. This has resulted in continued growth in both earnings and dividend cover even with paying shareholders an increased dividend for the 19th successive year.

GROWTH IN EARNINGS

Our ability to secure additional property investments for the Group, combined with rental growth secured on review and the proactive, efficient maintenance of the portfolio has seen net rental income increase by 5.2% to £30.6 million (30 June 2014: £29.1 million).

Administrative costs, including advisory fees, have fallen to £3.4 million, a reduction of 8.1% (30 June 2014: £3.7 million). To put this into context, the Group's EPRA cost ratio has fallen to 11.6%, compared to 12.7% for the same period in 2014. This demonstrates the efficiency of the Group's external advisory structure as PHP's EPRA cost ratio is lower than that of its peers.

The refinancing activity completed in 2014 has contributed to the growth in earnings with the average cost of debt being reduced by 50 basis points to 4.9%.

The combined net impact of these factors is an increase in EPRA earnings of 20.7% to £9.9 million (30 June 2014: £8.2 million). This translates to EPRA earnings per share of 8.9 pence, an increase of 20.3% for the period (30 June 2014: 7.4 pence per share).

We paid a dividend of 10.0 pence per share to shareholders in the first half of 2015, an increase of 2.6% over that paid for the same period in 2014. This is the 19th successive year of dividend growth for the Company. Notwithstanding the growth in the dividend paid, we have further improved dividend cover in the period to 89%, increased from 84% for the 2014 financial year. This represents further progress toward achieving the Board's main priority of returning the Company to full dividend cover, whilst maintaining a progressive dividend policy.

INCREASED VALUATIONS

We have demonstrated our ability to acquire assets in line with PHP's investment criteria and at prices that meet our required rates of return. We have contracted to acquire seven new properties in the period for a total consideration of £33.6 million. The Group's property portfolio, including development commitments as complete, was valued at £1.1 billion as at 30 June 2015 (31 December 2014: £1.0 billion) producing a valuation surplus for the period of £23.9 million, equivalent to 21.5 pence per share. This was the main driver in the 6.3% increase in EPRA net asset value per share to 339 pence (31 December 2014: 319 pence per share).

DIVIDENDS

The Board has approved the payment of a further interim dividend of 10.0 pence per share. This will be payable on 30 October 2015, to shareholders on the register on 18 September 2015. No part of this dividend will be a PID under the UK REIT rules and there will continue to be a scrip alternative.

We can also announce that with effect from 1 January 2016, the Company will move to the payment of dividends on a quarterly basis, recognising the importance of income to our shareholders. We will seek to maintain our progressive dividend policy, and it is intended that dividend payments will be made in January, April, July and October of each year until further notice.

CAPITAL STRUCTURE

We plan to restructure the Company's share capital to improve the marketability of our shares for shareholders. We propose to sub-divide each of the Company's shares with shareholders receiving four new Ordinary Shares in exchange for each existing Ordinary Share they hold. This will be put to shareholders at a General Meeting, further details of which will be provided in upcoming weeks. This will be timed to complete after payment of the dividend detailed above which will apply only to those shares currently in issue.

OUR MARKET AND RECENT DEVELOPMENTS

During the period we have seen a number of events and positive developments that will shape the immediate future of primary health care in the UK.

The new government has supported the financial requirements of the NHS Five Year Forward View committing the additional £8 billion of funding it requested. This was accompanied by a clear statement that the NHS must now deliver the £22 billion per annum of operational savings that are needed alongside the additional funds in order for the NHS to be a sustainable organisation for the future.

The Five Year Forward View placed list based primary care firmly at the centre of the future of the NHS and sets out plans for more "integrated out of hospital services based around the needs of local populations". In order for this to be achieved efficiently, new models of care are being developed and further modern, flexible premises, such as those provided by PHP, will be required.

From 1 April 2015, greater budgetary control is being devolved through the introduction of Co-Commissioning to Clinical Commissioning Groups (CCGs) that want to have more influence over the commissioning of care in their area.

The importance of fit for purpose real estate has been emphasised in these and other recent guidance issued by the NHS in England. By the end of the year CCGs will have in place Local Estates Strategies aligning property requirements to their commissioning strategies.

The drive to implement these plans has injected further impetus into the movement of health care services from hospital settings into local communities. This will require the replacement of many existing old, converted residential properties with modern, multi-functionality premises. PHP and its development partners are collaborating with the variety of stakeholders who are seeking to modernise the primary care estate and achieve the efficiencies needed to meet cost saving targets.

The high quality of the Group's portfolio, its national spread and strong working relationships with its tenants will see PHP continue to be a key player in the ongoing development of the nation's primary care estate.

OUTLOOK

Since the interim date we have continued to shape our debt portfolio, extending the term of a number of facilities and spreading their maturity profile and improving the efficiency of utilisation of our collateral. We have also lowered the blended cost of our debt finance with immediate effect by repositioning our interest rate swap portfolio which has seen the Group lock into what are now historically low medium term interest rates. The impact of these activities will be reflected in our 2015 full year results.

This strengthens our financial base and allows the Group to move quickly to potential acquisitions as they arise. We are progressing a pipeline of high quality investment and development opportunities, some that are in solicitors' hands and others in advanced stages of negotiation.

We continue to grow the Group in line with our strategic objectives and deliver on our priority target of returning the Company to full dividend cover, whilst maintaining a progressive dividend policy. Acquisitions in the first half of the year, conversion of pipeline transactions and reducing our debt costs in recent weeks will increase earnings and assist in taking the last few steps to a 100% covered dividend.

We look forward to reporting further progress at the year end.

Alun Jones
Chairman

Harry Hyman
Managing Director

19 August 2015

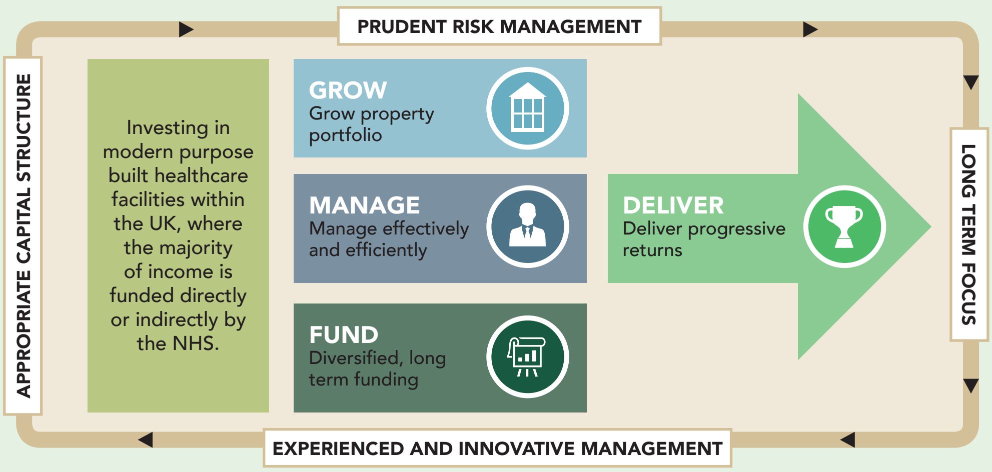
STRATEGIC OBJECTIVES

DELIVER PROGRESSIVE RETURNS

GROW PROPERTY PORTFOLIO

MANAGE EFFECTIVELY AND EFFICIENTLY

DIVERSIFIED, LONG TERM **FUNDING**



HOW OUR PORTFOLIO HAS DEVELOPED

AS AT 30 JUNE 2015*

PORTFOLIO COMPRISES 272 ASSETS

30 June 2015	272
31 December 2014	265
30 June 2014	262

TOTAL CAPITAL VALUE** £1.10 BILLION

30 June 2015	£1.10bn
31 December 2014	£1.04bn
30 June 2014	£1.00bn

CONTRACTED RENT ROLL £62.9 MILLION

30 June 2015	£62.9m
31 December 2014	£60.9m
30 June 2014	£59.4m

WEIGHTED AVERAGE UNEXPIRED LEASE TERM 15.1 YEARS

30 June 2015	15.1 years
31 December 2014	15.3 years
30 June 2014	15.6 years

PATIENTS REGISTERED AT PHP PROPERTIES 2.91 MILLION

30 June 2015	2.91m
31 December 2014	2.72m
30 June 2014	2.71m

* Including development and purchase commitments as completed. ** Refer to page 11 for reconciliation of total capital value.

BUSINESS REVIEW

The Group has delivered solid performance with growth in earnings, dividends and dividend cover, increased asset value and shareholder returns in the first half of 2015.

We have continued to acquire well-priced, rent producing modern primary care properties and committed to others that are on site under development, whilst ensuring that we have not overpaid for assets in what has been a “hot” property market. We will continue this strategy through the remainder of 2015, funding acquisitions at a lower cost of debt thanks to further amendments to our loan and interest rate swap portfolios since the balance sheet date. This will see the Group make further progress toward a fully covered dividend by the end of the year.

OPERATIONAL PERFORMANCE

The Group has taken delivery of development properties in Chester and Nottingham in the period which between them generate annual rental income of £1.3 million. The contribution made by these assets and others acquired in the second half of 2014 increased net rental income by 5.2% in the period to 30 June 2015 to £30.6 million (30 June 2014: £29.1 million).

We secured rental growth averaging 1.1% per annum on reviews completed or closed in the period to 30 June 2015. This is slightly lower than growth rates achieved in 2014 as a whole of 1.8%. Inflation has fallen over the last 18 months and open market rental growth has remained relatively low. This is primarily due to fewer new developments being approved which help to establish new rental levels for comparative purposes. We are confident that these trends will be reversed in the near future as growth returns to the UK economy and the demand for modern premises increases.

In May 2014, the provision of advisory services to the Group was consolidated and the charging structure revised as more fully described in the 2014 Annual Report. This has resulted in administrative expenses falling by 8.1% in the period to £3.4 million (30 June 2014: £3.7 million). The Group’s EPRA Cost Ratio, administrative costs as a proportion of net rental income, fell to 11.6% in the 2015 half year (30 June 2014: 12.7%), as shown in the table on page 6.

Net finance costs increased marginally to £17.3 million (30 June 2014: £17.2 million), as acquisitions through the second half of 2014 and the first period of 2015 have been funded primarily from debt. The underlying average cost of the Group’s debt finance has, however, fallen by 50 basis points to 4.9%.

Summarised results

	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Net rental income	30.6	29.1	59.3
Administrative expenses	(3.4)	(3.7)	(6.8)
Operating profit before revaluation gain and net financing costs	**27.2**	**25.4**	**52.5**
Net financing costs	(17.3)	(17.2)	(34.3)
EPRA earnings	**9.9**	**8.2**	**18.2**
Net result on property portfolio	23.9	16.1	29.2
Non-recurring: Early loan repayment fee	-	(0.9)	(1.2)
Non-recurring: convertible bond issue costs	-	(2.4)	(2.4)
Fair value gain/(loss) on interest rate derivatives	2.2	1.1	(2.4)
Fair value loss on convertible bond	(3.6)	-	(4.5)
IFRS profit before tax	**32.4**	**22.1**	**36.9**
EPRA earnings per share	**8.9p**	**7.4p**	**16.4p**

BUSINESS REVIEW (CONTINUED)

EPRA cost ratio

	Six months ended 30 Jun 2015 £m	Six months ended 30 Jun 2014 £m	Year ended 31 Dec 2014 £m
Gross rent less ground rent	**30.8**	**29.2**	**59.7**
Direct property expense	0.4	0.3	0.8
Administrative expenses	3.4	3.7	6.8
Less: ground rent	-	(0.1)	(0.1)
Less: Other operating income	(0.2)	(0.2)	(0.3)
EPRA costs (including direct vacancy costs)	**3.6**	**3.7**	**7.2**
EPRA costs ratio	**11.6%**	**12.7%**	**12.0%**

The combination of the elements of the Group's operations outlined above has resulted in growth in EPRA earnings of 20.7% to £9.9 million (30 June 2014: £8.2 million). This represents EPRA earnings per share of 8.9 pence, an increase of 20.3% over that for the corresponding period of 2014 (7.4 pence per share).

In April 2015, the Company paid an interim dividend of 10.0 pence per share, the 19th successive year of dividend growth. This represents a 2.6% increase year on year, compared to average inflation over that same period of 0.9%. We have delivered on both objectives of maintaining our progressive dividend policy and increasing dividend cover. The growth in earnings in the first half of the year has resulted in the dividend paid being 89% covered for the period, compared to 76% for the first half of 2014 and 84% for 2014 as a whole.

An overall increase in medium term forward interest rates during the period has reduced the Mark to Market ("MtM") liability on revaluation of interest rate swaps by £5.8 million, with £2.3 million of that positive movement being recognised in IFRS profit for the period and £3.5 million directly in equity. Conversely, as the Company's share price has risen, the fair market value of its Convertible Bond has increased and resulted in a MtM deficit of £3.6 million, recognised in IFRS profit. Neither of these adjustments has any cashflow impact for the Group.

THORNABY HEALTH CENTRE
NORTH YORKSHIRE

PHP completed the purchase of the investment in June 2015. The property comprises a purpose built health centre housing 2 GP Practices, a pharmacy, an optician, and accommodation let to NHS Property Services and an NHS Trust for health and community purposes. It was constructed in 2003 and extends to 2,800 sq.m. with a WAULT of circa 14.5 years. It is located in the town of Thornaby which is 2.5 miles south of Stockton on Tees and 3 miles south west of Middlesbrough.

- Size: 2,637 sqm
- Built: 2003
- Cost: £7.45 million
- Tenants: Two GP Practices, Pharmacy, Optician, NHS Property Services and NHS Trust
- Patient list size: 42,000

The Group's property portfolio has been externally revalued at 30 June 2015. As set out in more detail below, rising values in the sector alongside growth achieved from active management of Group assets, has generated a net valuation surplus of £23.9 million or 21.5 pence per share (30 June 2014: £16.1 million or 14.5 pence per share).

Total IFRS profit before tax has therefore risen to £32.4 million, an increase of 46.6% over the first half of 2014 (30 June 2014: £22.1 million).

Shareholder value

The increase in EPRA profit and the surplus on the revaluation of the property portfolio has resulted in EPRA net asset value per share increasing by 6.3% in the period to 339 pence as at as 30 June 2015 (31 December 2014: 319 pence). Including the dividend paid to shareholders of 10.0 pence per share in April 2015, Total NAV Return to shareholders was 9.4% (30 June 2014: 5.9%).

EPRA net asset value per share

	30 Jun 2015 pence / share	31 Dec 2014 pence / share
Opening EPRA NAV per share	319.0	300.0
Profit for the year	8.9	16.4
Net result on property portfolio	21.5	26.3
Dividend paid	(10.0)	(19.5)
Early repayment charges	-	(1.1)
Share issue	-	0.3
Convertible Bond issue costs	-	(2.2)
Interest rate derivative fair value adjustment	-	(1.2)
Closing EPRA NAV per share	**339.4**	**319.0**

The Company's share price has performed well through the first half of 2015, increasing from 370 pence per share at the start of the period to close at 391.5 pence per share on 30 June 2015. The growth in earnings and dividend cover combined with the long term, transparent and secure income streams of the Group are increasingly attractive to investors who are looking for income returns. Combined with the dividend payment, Total Shareholder Return for the six month period was 8.5% (year to 31 December 2014: 10.3%).

EPRA EARNINGS PER SHARE

8.9p

20.3% INCREASE

DIVIDEND PER SHARE

10.0p

2.6% INCREASE

EPRA NAV PER SHARE

339p

6.3% INCREASE

TOTAL NAV RETURN

30.0p

9.4% RETURN

BUSINESS REVIEW (CONTINUED)

PROPERTY PORTFOLIO

PHP has acquired seven further healthcare properties in the six month period. These comprise of two income producing assets, three properties whose development is being funded by PHP and two further assets that are contracted to be acquired upon completion of their development. All development assets are expected to reach completion within seven months of the interim balance sheet date.

These acquisitions commit a total of £33.6 million into modern, flexible purpose built healthcare assets. They will be fully let upon completion and add £1.9 million per annum of annual contracted rent to the portfolio and have a Weighted Average Unexpired Lease Term ("WAULT") of 21.3 years.

Asset Management

A key focus of the Group is the active management of its assets in order to increase the quantum and extend the term of rental income and maximise the value of the underlying property. This is achieved through refurbishing, reconfiguring or physically extending existing centres in order to keep them fit for purpose and offer the flexibility that the changing face of primary care requires.

To date in 2015, two projects totalling £2.1 million have reached practical completion, generating additional annual rental income of £0.25 million and crystallising an average additional lease term of 21 years. There are currently a further six projects that are about to commence on site or that have varying stages of approval from NHS bodies. These would see the Group invest a further £2.6 million, generate an additional £0.14 million of rental income and add an average of 12 years to the current term of the respective occupational leases.

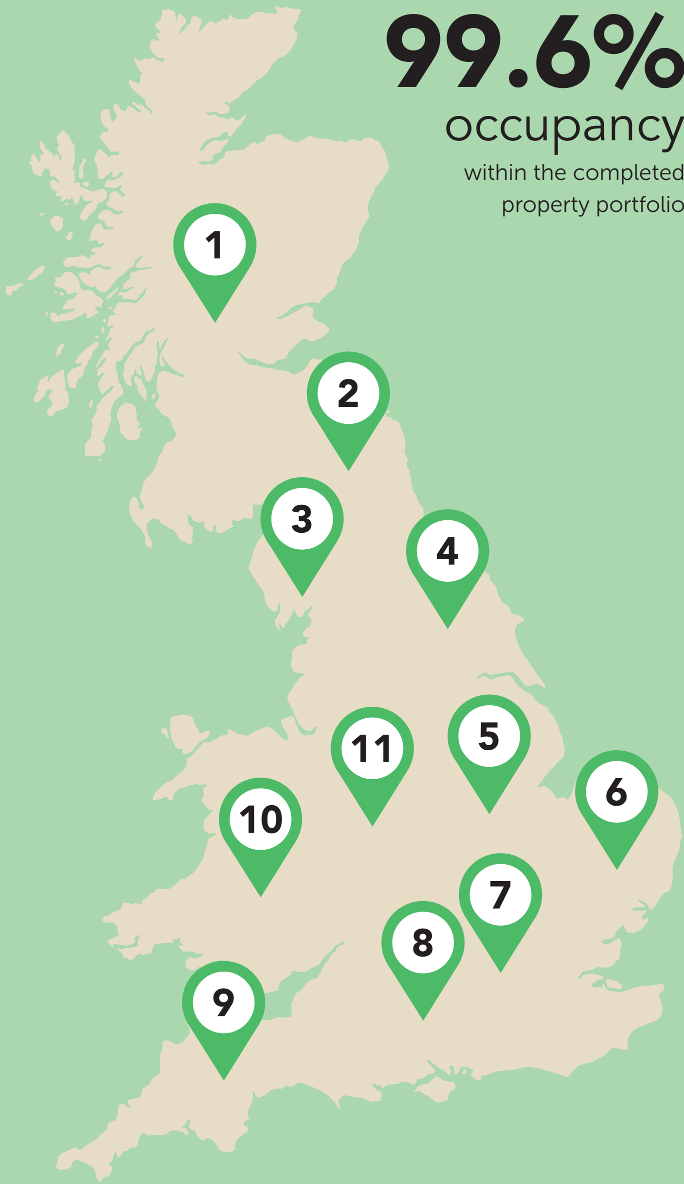
Our asset management activity has been extended to include working alongside our tenants as they apply for funds from the Primary Care Infrastructure Fund ("PCIF"). The PCIF is a four year, £1 billion investment programme targeted specifically at improvements in GP premises and infrastructure. In March 2015, the first wave of approvals were announced awarding £250 million in funding. GP practices at twelve PHP properties were awarded funds and management is continuing to work with them to bring these projects to completion.

Acquisitions to 30 June 2015

Asset	Acquisition basis	Acquisition cost	Size m^2	Target completion date
Colwyn Bay Primary Care Centre, North Wales	Development asset	£4.6 m	1,535	January 2016
Dinas Powys, South Wales	Development asset	£3.4 m	1,148	January 2016
Two Rivers Medical Centre, Ipswich	Development asset	£6.7 m	1,987	December 2015
NHS Trust Building, Macclesfield	Forward commitment	£2.5 m	929	October 2015
Jubilee Medical Centre, Croxteth	Forward commitment	£1.2 m	468	December 2015
White Horse Medical Centre, Westbury	Completed investment	£7.7 m	2,033	Income producing
Thornaby Health Centre, North Yorkshire	Completed investment	£7.5 m	2,637	Income producing

PROPERTY PORTFOLIO*

99.6%
occupancy
within the completed property portfolio



1 SCOTLAND
29 properties | £137.7m capital value
53 tenancies | £7.9m rent roll

2 NORTH
23 properties | £73.6m capital value
52 tenancies | £4.3m rent roll

3 NORTH WEST
29 properties | £157.7m capital value
61 tenancies | £8.8m rent roll

4 YORKSHIRE & HUMBERSIDE
19 properties | £79.7m capital value
40 tenancies | £4.7m rent roll

5 EAST MIDLANDS
21 properties | £75.0m capital value
43 tenancies | £4.3m rent roll

6 EAST ANGLIA
7 properties | £17.4m capital value
11 tenancies | £1.0m rent roll

7 LONDON
11 properties | £45.8m capital value
16 tenancies | £2.5m rent roll

8 SOUTH EAST
60 properties | £197.8m capital value
123 tenancies | £11.5m rent roll

9 SOUTH WEST
15 properties | £49.1m capital value
28 tenancies | £2.7m rent roll

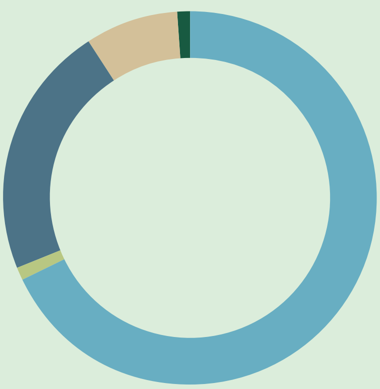
10 WALES
21 properties | £96.1m capital value
75 tenancies | £5.6m rent roll

11 WEST MIDLANDS
29 properties | £136.8m capital value
73 tenancies | £7.9m rent roll

COVENANT ANALYSIS BY ANNUAL RENT

91% of the Group's rent roll is paid directly or indirectly by the Government.

- GPs **68%**
- HM Govt **1%**
- NHS **22%**
- Pharmacy **8%**
- Other **1%**



* Completed assets only

WHITE HORSE HEALTH CENTRE
WESTBURY

PHP completed the purchase of the investment in February 2015. The property was constructed in September 2012 and provides accommodation for a 6 Partner GP Practice, private healthcare suite, dentist, pharmacy, and community services. It has a WAULT of over 27 years. It is located on the outskirts of the town of Westbury adjacent to new residential development. .

» Size: 2,033 sqm
» Built: September 2012
» Cost: £7.75 million
» Tenants: GP Practice, NHS Foundation Trust and Pharmacy
» Patient list: 19,500

Portfolio performance

As at 30 June 2015, the Group's property portfolio totalled 272 properties with 264 of these being income producing and eight on site being built, with completion dates through the second half of 2015 and the beginning of 2016.

Including development and purchase commitments, detailed above, the completion of a number of asset management projects and growth achieved on rent reviews in the period, the annualised contracted rent roll of the portfolio as at 30 June 2015 stood at £62.9 million, an increase of 3.3% in the period. The WAULT of the portfolio as at 30 June 2015 was 15.1 years (31 December 2014: 15.3 years).

The Group's entire property portfolio was independently valued by Lambert Smith Hampton, Chartered Surveyors and Valuers, as at 30 June 2015. This included commitments as complete and resulted in a total valuation of £1.1 billion as at 30 June 2015 (31 December 2014: £1.0 billion). Allowing for the costs associated with properties acquired in the six month period, this generated an overall surplus on revaluation of £23.9 million (six months to 30 June 2014: £16.1 million, year ended 31 December 2014: £29.2 million). This surplus equated to 21.5 pence per share.

	At 30 Jun 2015 £m	At 31 Dec 2014 £m
Investment properties	1,066.9	1,002.4
Properties in the course of development	7.9	23.9
Total properties	1,074.8	1,026.3
Cost to complete development and purchase commitments	21.8	11.2
Total completed and committed	**1,096.6**	**1,037.5**

Investment yields in the mainstream commercial property market have experienced significant compression. An increased weight of money has been targeted at this sector as the UK economy improves and the rate of rental growth has increased both in London and further afield. The primary health care sector has seen lower rates of rental growth in recent periods, but investment yields have compressed, albeit to a lesser degree than the wider property market, due to increased investor demand, the search for long term secure income and the limited supply of new developments.

The portfolio's average net initial yield has tightened to 5.39% (31 December 2014: 5.52%) with the true equivalent yield reducing to 5.61% (31 December 2014: 5.75%).

On 6 March 2015, IPD published its Healthcare Property Index for the year ended 31 December 2014 (the "Index"). The Index is a constituent part of the IPD All Property Annual Index and its total asset value of c£4 billion represents circa 2.2% of that index. For 2014, PHP generated a total return of 9.2%, broadly in line with the Index total return of 9.0%.

TOTAL CAPITAL VALUE
£1.10bn
5.7%
INCREASE

REVALUATION SURPLUS
£23.9m
21.5
PENCE PER SHARE

CONTRACTED RENT ROLL
£62.9m
3.3%
INCREASE

WAULT
15.1 YEARS
31 December 2014:
15.3 YEARS

CLIPSTONE
NOTTINGHAMSHIRE

PHP is funding the development of a new health centre in Clipstone, which it will acquire upon completion. The property is located 2 miles east of Mansfield and will be let to an 8 GP Practice and a pharmacy, and will provide much needed facilities to the local patient list of circa 9,000 people. The total proposed floor area extends to circa 1,000 sq.m. and the property will be let on a 25 year lease. The development is expected to reach Practical Completion in September 2015.

» Size: 1,016 sqm
» Expected completion: September 2015
» Cost: £3.6 million
» Tenants: GP Practice and Pharmacy
» Patient list: 9,000

FINANCING

Debt facilities

Group debt has increased through the period as further assets have been added to the investment portfolio. As at 30 June 2015, consolidated net debt stood at £679.6 million (31 December 2014: £658.1 million) and debt facilities (including the nominal value of bonds in issue) totalled £788.1 million (31 December 2014: £785.9 million). The cost to complete the Group's development and purchase commitments as at 30 June 2015 was £21.8 million resulting in headroom on existing facilities of £86.7 million (31 December 2014: £116.7 million).

Group LTV fell over the period to 63.2% as at 30 June 2015 (31 December 2014: 64.1%) although 24% of underlying debt is held on an unsecured basis with the Group holding £60.3 million of assets that are not charged to any funding partner.

Debt metrics

	30 Jun 2015	31 Dec 2014
Loan-to-value	63.2%	64.1%
Interest cover	1.77 times	1.73 times
Weighted average debt maturity	6.1 years	6.2 years
Total drawn secured debt	£523.5m	£512.6m
Total drawn unsecured debt	£157.5m	£157.5m

Approximately 91% of the Group's drawn debt is held on a fixed interest rate basis, either through long term fixed rate loans or being swapped to fixed rates through the Group's portfolio of interest rate swaps. Medium term swap rates have trended up slightly in the first six months of the year resulting in the MtM valuation of the Group's interest rate hedging portfolio falling to a net liability of £35.2 million as at 30 June 2015 (31 December 2014: £40.9 million).

In the period since 30 June 2015, we have continued to refine the Group's debt structure to extend the maturity of individual facilities, better position the overall maturity profile and also to lower the blended cost of borrowing to the Group.

To this end, three transactions have been completed or agreed as follows:

- The £50 million revolving credit facility with HSBC Bank plc has been extended to a new five year term with effect from 16 July 2015. All other terms of the loan remain unaltered.
- Changes to the Group's swap portfolio were made at the same time to reduce the blended cost of debt with immediate effect and secure future protection at recent historically low rates:
  - A swap contract for a notional £80 million of debt with a coupon of 4.805% and maturity in July 2016 was terminated. This immediately reduces the Group's current average cost of debt by 43 basis points and will result in interest savings of £1.7million in 2015 and 2016.
  - A nominal value of £25 million of debt has been swapped for a five year period from January 2017 at a rate of 2.47% and £75 million of debt has been swapped for a five year period from January 2018 at a rate of 2.65%. These contracts will replace existing fixed rate loans and interest rate

NET DEBT

£679.6m

31 December 2014: £658.1m

AVERAGE FACILITY MATURITY

6.1 YEARS

31 December 2014: 6.2 YEARS

LOAN TO VALUE

63.2%

31 December 2014: 64.1%

BUSINESS REVIEW (CONTINUED)

swaps as they mature that currently incur interest at rates well in excess of these.

- Credit approved terms have been agreed to extend the loan facility provided by Barclays plc by £15 million. Allied Irish Banks plc ("AIB") will provide this additional capital and the enlarged facility will be made available for a new five year term from August 2015. This amendment allows the Group to more efficiently use its collateral and provides additional available headroom.

Dividends and Convertible Bond

The Company paid an interim dividend of 10.0 pence per ordinary share in April 2015 and a further interim dividend of 10.0 pence per share will be paid on 30 October 2015, making a total of 20.0 pence per share for the year.

When the Group issued its Convertible Bond in May 2014, the terms of the bond included protection for the bondholders should dividend payments in excess of 19.5 pence per share be made in a financial year. The total payment to be made in 2015 will exceed that sum, but due to the de-minimis thresholds included in the bond terms, there will be no impact on the conversion price of the bond which will remain at 390 pence per share.

GOING CONCERN

Set out above and in the financial statements are details of the Group's business activities, financial development, performance and position including its cash flows, liquidity position and borrowing facilities. The Directors believe that the Group is well placed to manage its business risks successfully. Having reviewed the Group's current position and cash flow projections, actual and prospective debt facilities and covenant cover, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for a period of at least twelve months from the date of this report. Accordingly, the Directors feel it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements. This is discussed further in note 1 to the financial statements.

TWO RIVERS MEDICAL CENTRE

IPSWICH, SUFFOLK

In April 2015, PHP entered into a forward funding agreement for a new health centre in Ipswich, Suffolk. The property will be let on 25 year leases to a newly merged practice of 16 GPs and a pharmacy and will serve a patient list of circa 25,000 people. The site is adjacent to Ipswich Hospital and will provide a wide range of services for patients. The total proposed floor area extends to circa 1,987 sq.m. with development expected to reach Practical Completion in summer 2016.

» Size: 1,987 sqm
» Expected completion: June 2016
» Cost: £6.7 million
» Tenants:GP Practice and Pharmacy
» Patient list size: 25,000

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties faced by the Group which could have a material impact on performance over the remaining six months of 2015 and cause actual results to differ materially from expected and historical results. The Directors do not consider the principal risks and uncertainties have changed since the publication of the Annual Report for the year ended 31 December 2014. A detailed explanation of the risks facing the Group and how the Group seeks to mitigate them is summarised below:

Strategic Objective	Risk	Mitigation
DELIVER **DELIVER PROGRESSIVE RETURNS**	PHP invests in a niche asset sector where a change of Government policy with regard to primary care may adversely affect the Group's portfolio and performance.	The Board includes members experienced and active in primary care provision. Management regularly engages with the NHS and government directly to promote the continued investment in primary care and modern premises.
	Negatively changing economic conditions could lead to a decline in the attractiveness of the Group's assets compared to other investment classes.	The Board and Adviser focus on keeping lease terms as long as possible, identifying opportunities to generate additional income and valuation stability.
GROW **GROW PROPERTY PORTFOLIO**	The development of new properties is tightly controlled by the NHS. Recent structural changes have slowed the level of approvals and may restrict the ability of the Group to secure new investments.	The Group has a number of formal pipeline agreements and long standing development relationships that provide an increased opportunity to secure those developments that come to market. The reputation and track record of the Group in the sector means it is able to source investment in existing standing investments from investors and owner occupiers.
	The Group uses a mix of shareholder equity and external debt to fund its operations. A restriction on the availability of funds would limit the Group's ability to invest.	The Board monitors its capital structure and maintains regular contact with funders. A programme of meetings with existing and potential equity investors is supported by regular discussions with debt providers.
MANAGE **MANAGE EFFECTIVELY AND EFFICIENTLY**	The bespoke nature of the Group's assets can lead to limited alternative use. Their continued use as fit for purpose medical centres is key to delivering on the Group's strategic objectives.	The Adviser meets with all of the Group's occupiers on at least an annual basis to discuss the building and the tenant's aspirations and needs for their future occupation. The Group is experienced in identifying and implementing asset management projects that enhance income and values at properties and extend occupational lease terms.
	The Group has no employees. The continuance of the Adviser contract is a key for the efficient operation and management of the Group.	The Advisory Agreement with and performance of Nexus is regularly reviewed. Nexus remuneration is linked to the performance of the Group to incentivise long term levels of performance. Nexus can be required to serve all or any part of its notice period should the Group decide to terminate providing protection for an efficient handover.
FUND **DIVERSIFIED, LONG TERM FUNDING**	Without appropriate confirmed debt facilities, PHP may be unable to meet current and future commitments or repay or refinance debt facilities as they become due.	The Board and Management constantly monitors the composition of the Group's debt portfolio to ensure compliance with covenants and continued availability of funds. The Adviser regularly reports to the Board on current debt positions and provides projections of future covenant compliance to ensure early warning of any possible issues.
	Adverse movement in underlying interest rates could adversely affect the Group's earnings and cash flows.	The Group retains a proportion of its debt on a long term, fixed rate basis. It also mitigates its exposure to interest rate movements on floating rate facilities through the use of a series of interest rate swaps and other derivative instruments.

THE FOUNTAINS HEALTH CENTRE
CHESTER

PHP has taken delivery of the Fountains Health Centre is a fully integrated health centre located in the historical city of Chester. It is located within a larger mixed use scheme that includes residential apartments, offices, retail space and a public car park.

» Size: 5,754 sqm
» Built: May 2015
» Cost: £18.5 million
» Tenants: Four GP Practices, physiotherapy suite, podiatry suite and a pharmacy
» Patient list: 25,302

INDEPENDENT REVIEW REPORT TO PRIMARY HEALTH PROPERTIES PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprises the Condensed Group Statement of Comprehensive Income, the Condensed Group Balance Sheet, the Condensed Group Cash Flow Statement, the Condensed Group Statement of Changes in Equity and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP - Chartered Accountants and Statutory Auditor
London, United Kingdom
19 August 2015

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Notes	Six months ended 30 Jun 2015 £000 (unaudited)	Six months ended 30 Jun 2014 £000 (unaudited)	Year ended 31 Dec 2014 £000 (audited)
Rental income			30,975	29,476	60,083
Direct property expenses			(422)	(346)	(821)
Net rental income			30,553	29,130	59,262
Administrative expenses		2	(3,392)	(3,683)	(6,782)
Non-recurring expenses: Convertible bond expenses			-	(2,435)	(2,426)
Net result on property portfolio			23,890	16,055	29,204
Operating profit			51,051	39,067	79,258
Finance income		3	535	410	977
Finance costs		4	(17,846)	(17,645)	(35,252)
Early loan repayment fees			-	(903)	(1,187)
Fair value gain/(loss)on interest rate derivatives		4	2,287	1,115	(2,454)
Fair value loss on convertible bond		4	(3,612)	-	(4,462)
Profit before taxation			32,415	22,044	36,880
Taxation charge		5	-	-	-
Profit for the period[1]			32,415	22,044	36,880
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit and loss:					
Fair value movement on interest rate swaps treated as cash flow hedges			3,524	(1,444)	(9,980)
Other comprehensive income/(loss) for the period net of tax			3,524	(1,444)	(9,980)
Total comprehensive income for the period net of tax			35,939	20,600	26,900
Earnings per share	Basic	6	29.1p	19.9p	33.2p
	Diluted	6	25.8p	19.4p	31.5p
EPRA earnings per share	Basic	6	8.9p	7.4p	16.4p

The above relates wholly to continuing operations.

(1) Wholly attributable to equity shareholders of Primary Health Properties PLC.

CONDENSED GROUP BALANCE SHEET

AT 30 JUNE 2015

	Notes	30 Jun 2015 £000 (unaudited)	30 Jun 2014 £000 (unaudited)	31 Dec 2014 £000 (audited)
Non-current assets				
Investment properties	8	1,074,757	983,335	1,026,207
Derivative interest rate swaps	12	21	374	25
		1,074,778	983,709	1,026,232
Current assets				
Trade and other receivables		4,656	3,981	5,668
Cash and cash equivalents	9	1,516	6,280	12,072
		6,172	10,261	17,740
Total assets		1,080,950	993,970	1,043,972
Current liabilities				
Derivative interest rate swaps	12	(7,340)	(7,095)	(5,802)
Corporation tax payable		-	(23)	-
Deferred rental income		(12,985)	(12,448)	(12,308)
Trade and other payables		(15,892)	(14,225)	(14,244)
Borrowings: Term loans and overdraft	10	(840)	(3,513)	(711)
		(37,057)	(37,304)	(33,065)
Non-current liabilities				
Borrowings: Term loans and overdraft	10	(448,459)	(396,611)	(437,022)
Borrowings: Bonds	11	(233,300)	(224,914)	(229,543)
Derivative interest rate swaps	12	(27,859)	(22,161)	(35,212)
		(709,618)	(643,686)	(701,777)
Total liabilities		(746,675)	(680,990)	(734,842)
Net assets		334,275	312,980	309,130
Equity				
Share capital	15	55,689	55,537	55,638
Share premium account		56,699	55,838	56,416
Capital reserve		1,618	1,618	1,618
Special reserve		104,310	126,267	115,438
Cash flow hedging reserve		(20,298)	(15,781)	(23,847)
Retained earnings		136,257	89,501	103,867
Total equity[1]		334,275	312,980	309,130
Net asset value per share				
Basic and diluted	13	300p	282p	278p
EPRA net asset value per share	13	339p	308p	319p

(1) Wholly attributable to equity shareholders of Primary Health Properties PLC.

CONDENSED GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 Jun 2015 £000 (unaudited)	Six months ended 30 Jun 2014 £000 (unaudited)	Year ended 31 Dec 2014 £000 (audited)
Operating activities			
Profit on ordinary activities before tax	32,415	22,044	36,880
Finance income	(535)	(410)	(977)
Finance costs	17,846	17,645	35,252
Provision for early loan repayment fee	-	903	1,187
Fair value (gain)/loss on derivatives	(2,287)	(1,115)	2,454
Fair value loss on convertible bond	3,612	-	4,462
Operating profit before financing costs	51,051	39,067	79,258
Adjustments to reconcile Group operating profit to net cash flows from operating activities:			
Net result on property portfolio	(23,890)	(16,055)	(29,204)
Fixed rent uplift	(726)	(545)	(1,025)
Convertible bond issue costs	-	2,435	2,426
Decrease/(increase) in trade and other receivables	343	765	(447)
Increase/(decrease) in trade and other payables	2,369	(1,380)	(1,985)
Cash generated from operations	29,147	24,287	49,023
Taxation paid	-	-	(23)
Net cash flow from operating activities	29,147	24,287	49,000
Investing activities			
Payments to acquire investment properties	(23,884)	(25,155)	(54,921)
Proceeds from disposal of investment properties	-	-	525
Interest received on developments	1,139	412	478
Bank interest received	12	15	40
Net cash flow used in investing activities	(22,733)	(24,728)	(53,878)
Financing activities			
Cost of share issue - PPP[1]	-	(12)	(15)
Term bank loan drawdowns	24,342	126,112	164,922
Term bank loan repayments	(13,350)	(175,976)	(176,343)
Proceeds of bond issues	-	92,500	92,500
Bond issue costs	-	(2,535)	(2,560)
Swap interest paid	(3,784)	(3,835)	(7,667)
Non utilisation fees	(489)	(293)	(990)
Loan arrangement fees	(111)	(1,315)	(3,092)
Interest paid	(12,784)	(12,343)	(24,078)
Loan breakage costs	-	(14,328)	(14,327)
Group structuring costs	(61)	-	-
Equity dividends paid (net of scrip dividend)	(10,733)	(10,542)	(20,688)
Net cash flow (used in)/from financing activities	(16,970)	(2,567)	7,662
Movement in cash and cash equivalents for the period	(10,556)	(3,008)	2,784
Cash and cash equivalents at start of period	12,072	9,288	9,288
Cash and cash equivalents at end of period	1,516	6,280	12,072

(1) Prime Public Partnerships Limited, acquired in December 2013

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Share capital £000	Share premium £000	Capital reserve £000	Special reserve £000	Cash flow hedging reserve £000	Retained earnings £000	Total £000
Six months ended 30 June 2015 (unaudited)							
1 January 2015	55,638	56,416	1,618	115,438	(23,847)	103,867	309,130
Profit for the period	-	-	-	-	-	32,415	32,415
Other comprehensive income:							
Fair value movement on interest rate swaps	-	-	-	-	3,524	-	3,524
Total comprehensive income	-	-	-	-	3,524	32,415	35,939
Reclassification of swap interest accrual from cash flow hedge reserve	-	-	-	-	25	(25)	-
Dividends paid:							
Second interim dividend for period ended 31 December 2014 (10.0p)	-	-	-	(10,733)	-	-	(10,733)
Scrip dividends in lieu of interim cash dividends	51	344	-	(395)	-	-	-
Group structuring costs	-	(61)	-	-	-	-	(61)
30 June 2015	**55,689**	**56,699**	**1,618**	**104,310**	**(20,298)**	**136,257**	**334,275**
Six months ended 30 June 2014 (unaudited)							
1 January 2014	55,237	55,611	1,618	135,483	(14,337)	68,773	302,385
Profit for the period	-	-	-	-	-	22,044	22,044
Other comprehensive income/(loss):							
Fair value movement on interest rate swaps	-	-	-	-	(1,444)	-	(1,444)
Total comprehensive income/(loss)	-	-	-	-	(1,444)	22,044	20,600
Interest rate derivative fair value adjustment[1]	-	-	-	-	-	(1,316)	(1,316)
Share issue as part of consideration for PPP	259	-	-	1,605	-	-	1,864
Dividends paid:							
Second interim dividend for period ended 31 December 2013 (9.75p)	-	-	-	(10,542)	-	-	(10,542)
Scrip dividends in lieu of interim cash dividends	41	238	-	(279)	-	-	-
Share issue expenses	-	(11)	-	-	-	-	(11)
30 June 2014	**55,537**	**55,838**	**1,618**	**126,267**	**(15,781)**	**89,501**	**312,980**
Year ended 31 December 2014 (audited)							
1 January 2014	55,237	55,611	1,618	135,483	(14,337)	68,773	302,385
Profit for the year	-	-	-	-	-	36,880	36,880
Other comprehensive income/(loss):							
Fair value movement on interest rate swaps	-	-	-	-	(9,980)	-	(9,980)
Total comprehensive income/(loss)	-	-	-	-	(9,980)	36,880	26,900
Reclassification of swap from ineffective to effective	-	-	-	-	470	(470)	-
Interest rate derivative fair value adjustment[1]	-	-	-	-	-	(1,316)	(1,316)
Share issue as part of consideration for PPP	259	-	-	1,605	-	-	1,864
Share issue expenses	-	(15)	-	-	-	-	(15)
Dividends paid:							
Second interim dividend for the year ended 31 December 2013 (9.75p)	-	-	-	(10,542)	-	-	(10,542)
Scrip dividends in lieu of second interim cash dividend (net of expenses)	41	238	-	(279)	-	-	-
First interim dividend for the year ended 31 December 2014 (9.75p)	-	-	-	(10,146)	-	-	(10,146)
Scrip dividends in lieu of interim cash dividends (net of expenses)	101	582	-	(683)	-	-	-
31 December 2014	55,638	56,416	1,618	115,438	(23,847)	103,867	309,130

(1) This relates to fair value changes in prior periods incorrectly recognised within the cash flow hedge reserve movements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General information
The financial information set out in this report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2014 have been filed with the Registrar of Companies. The auditor's report on these financial statements was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

The condensed consolidated interim financial statements of the Group are unaudited but have been formally reviewed by the auditor and their report to the Company is included on page 17.

These condensed consolidated interim financial statements of the Group for the six months ended 30 June 2015 were approved and authorised for issue by the Board on 19 August 2015.

Basis of preparation/Statement of compliance
The condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and reflect consistent accounting policies as set out in the Group's financial statements at 31 December 2014 which have been prepared in accordance with IFRS as adopted by the European Union.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the statutory financial statements and should be read in conjunction with the Group's financial statements as at 31 December 2014.

Convention
The condensed interim financial statements are presented in Sterling.

Segmental reporting
The Directors are of the opinion that the Group has one operating and reportable segment, being the acquisition and development of property in the United Kingdom leased principally to GPs, NHS organisations and other associated health care users.

Going concern
The Group's property portfolio is let to tenants with strong covenants and the acquisition pipeline is positive. The Group's loan to value ratio is currently 63.2% and the Group's interest cover for the period under review was 1.77 times, well above the minimum Group banking covenant of 1.3 times. The Directors are therefore satisfied that the Group has sufficient resources to continue in operation for, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed interim financial statements.

Accounting policies
The accounting policies adopted are consistent with those of the previous financial year except as described below.

The Group has adopted IFRIC 21 'Levies'. IFRIC 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy, and when a liability should be recognised. The Group is not currently subject to significant levies. The adoption of the interpretation has had no impact on the financial statements for earlier periods and on the interim financial statements for the period ended 30 June 2015. The Group does not expect IFRIC 21 to have a significant effect on the results for the financial year ending 31 December 2015.

Other amendments to IFRSs effective for the financial year ending 31 December 2015 are not expected to have a material impact on the Group.

2. ADMINISTRATIVE EXPENSES

As the Group's portfolio has grown, administrative expenses as a proportion of rental income fell to 10.9% (30 June 2014: 12.5%). As a result, the Group's EPRA cost ratio has fallen to 11.6%, compared to 12.7% for the same period in 2014.

No performance incentive fee is payable to the Adviser for the period ended 30 June 2015 (six months to 30 June 2014: nil and year ended 31 December 2014: nil).

3. FINANCE INCOME

	Six months ended 30 Jun 2015 £000 (unaudited)	Six months ended 30 Jun 2014 £000 (unaudited)	Year ended 31 Dec 2014 £000 (audited)
Interest income on financial assets			
Bank interest	9	13	37
Development loan interest	523	396	937
Other interest	3	1	3
	535	410	977

4. FINANCE COSTS

	Six months ended 30 Jun 2015 £000 (unaudited)	Six months ended 30 Jun 2014 £000 (unaudited)	Year ended 31 Dec 2014 £000 (audited)
Interest expense and similar charges on financial liabilities			
a) Interest			
Bank loan interest	8,031	9,617	16,959
Swap interest	3,746	3,764	7,609
Bond interest	4,737	3,230	8,058
Bank facility non-utilisation fees	485	220	926
Bank charges and loan commitment fees	847	814	1,700
	17,846	17,645	35,252
b) Early loan repayment fees			
Fee on breakage of PPP debt	-	903	1,187

As part of the acquisition of the companies that held the PPP portfolio in December 2013, the Group assumed £178 million of loan obligations funded by Aviva. The transaction pricing included a provision of £13.7 million that estimated the cost of re-setting those loans to current market rates. An additional charge of £0.9 million was made to the Group Statement of Comprehensive Income with regard to costs associated with the early repayment and restructuring of these loans during the six months ended 30 June 2014.

	Six months ended 30 Jun 2015 £000 (unaudited)	Six months ended 30 Jun 2014 £000 (unaudited)	Year ended 31 Dec 2014 £000 (audited)
c) Derivatives			
Net fair value gain/(loss) on interest rate swaps	2,287	1,115	(2,454)

The fair value gain on derivatives recognised in the Condensed Group Statement of Comprehensive Income has arisen from the interest rate swaps for which hedge accounting does not apply. A fair value gain on derivatives which meet the hedge effectiveness criteria under IAS39 of £3.5 million (30 June 2014: loss of £1.4 million) is accounted for directly in equity.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

	Six months ended 30 Jun 2015 £000 (unaudited)	Six months ended 30 Jun 2014 £000 (unaudited)	Year ended 31 Dec 2014 £000 (audited)
d) Convertible bond			
Fair value loss on convertible bond	(3,612)	-	(4,462)

The fair value movement in the convertible bond is recognised in the Group Statement of Comprehensive Income within profit before taxation but is excluded from the calculation of EPRA earnings and EPRA NAV. Refer to Note 11 for further details about the convertible bond.

	Six months ended 30 Jun 2015 £000 (unaudited)	Six months ended 30 Jun 2014 £000 (unaudited)	Year ended 31 Dec 2014 £000 (audited)
Finance income (note 3)	(535)	(410)	(977)
Finance costs	17,846	17,645	35,252
Net finance costs	17,311	17,235	34,275

5. TAXATION

	Six months ended 30 Jun 2015 £000 (unaudited)	Six months ended 30 Jun 2014 £000 (unaudited)	Year ended 31 Dec 2014 £000 (audited)
Taxation in the Condensed Group Statement of Comprehensive Income:			
Current tax			
UK corporation tax credit on non-property income	-	-	-
Taxation credit in the Condensed Group Statement of Comprehensive Income	-	-	-

6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	Net profit attributable to Ordinary Shareholders £000	Ordinary shares[1] (number)	Per share (pence)
Six months ended 30 June 2015			
Basic and diluted earnings			
Basic earnings	32,415	111,327,742	29.1p
Dilutive effect of convertible bond	1,728	21,153,846	
Diluted earnings	34,143	132,481,588	25.8p

		Net profit attributable to Ordinary Shareholders £000	Ordinary shares[1] (number)	Per share (pence)
EPRA basic and diluted earnings				
Basic earnings		32,415		
Adjustments to remove:	Net result on property (Note 8)	(23,890)		
	Fair value loss on derivatives	(2,287)		
	Fair value movement on convertible bond	3,612		
EPRA basic and diluted earnings per share		9,850	111,327,742	8.9p
Six months ended 30 June 2014				
Basic and diluted earnings				
Basic earnings		22,044	110,945,347	19.9p
Dilutive effect of convertible bond		403	4,908,627	
Diluted earnings		22,447	115,853,974	19.4p
EPRA basic and diluted earnings				
Basic and diluted earnings		22,044		
Adjustments to remove:	Net result on property	(16,055)		
	Fair value loss on derivatives	(1,115)		
	Early loan repayment fee[2]	903		
	Issue costs of convertible bond	2,435		
EPRA basic and diluted earnings per share		8,212	110,945,347	7.4p
Year ended 31 December 2014 (audited)				
Basic and diluted earnings				
Basic earnings		36,880	111,044,085	33.2p
Dilutive effect of convertible bond		2,170	13,097,998	
Diluted earnings		39,050	124,142,083	31.5p
EPRA basic and diluted earnings				
Basic and diluted earnings		36,880		
Adjustments to remove:	Net result on property	(29,204)		
	Fair value loss on derivatives	2,454		
	Fair value movement on convertible bond	4,462		
	Early loan repayment fee[2]	1,187		
	Issue costs of convertible bond	2,426		
EPRA basic and diluted earnings per share		18,205	111,044,085	16.4p

(1) Weighted average number of Ordinary Shares in issue during the year.
(2) Revised EPRA best practice guidance was issued in January 2014 which advised that early repayment fees associated with the close out of debt instruments should be excluded from EPRA earnings. This has been reflected in the calculation of EPRA earnings for both 2013 and 2014. As a result of these changes the Group no longer calculates an "adjusted" earnings figure.

On 20 May 2014, the Group issued £82.5 million of unsecured convertible bonds (refer to Note 11 for further details). In accordance with IAS 33 (Earnings per Share) the Company is required to assess and disclose the dilutive impact of the contingently issuable shares within the convertible bond. The impact is not recognised where it is anti-dilutive. The convertible bonds are dilutive for basic earnings per share but not EPRA earnings per share.

The dilutive impact to basic EPS of convertible bonds is represented by the accrued bond coupon which has been included in the results of each period. The number of dilutive shares is calculated as if the contingently issuable shares within the convertible bond had been in issue for the period from issuance of the bonds.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

7. DIVIDENDS

	Six months ended 30 Jun 2015 £000 (unaudited)	Six months ended 30 Jun 2014 £000 (unaudited)	Year ended 31 Dec 2014 £000 (audited)
Second interim dividend for the year ended 31 December 2014 (10.00p) paid 1 April 2015	10,733	-	-
Scrip dividend in lieu of second interim cash dividend	395	-	-
First interim dividend for the year ended 31 December 2014: (9.75p) paid 7 November 2014	-	-	10,146
Scrip dividend in lieu of first interim cash dividend	-	-	683
Second interim dividend for the year ended 31 December 2013 (9.75p) paid 25 April 2014	-	10,542	10,542
Scrip dividend in lieu of second interim cash dividend	-	279	279
Total dividends distributed in the year	11,128	10,821	21,650
Per share	10.00p	9.75p	19.50p

The Company will pay a first interim dividend of 10.00p per Ordinary Share for the year ended 31 December 2015, payable on 30 October 2015, to shareholders on the register as at 18 September 2015. This dividend will not be a Property Income Distribution ("PID").

8. INVESTMENT PROPERTIES, INVESTMENT PROPERTIES UNDER CONSTRUCTION

Investment properties have been independently valued at fair value by Lambert Smith Hampton, Chartered Surveyors and Valuers, as at 30 June 2015 in accordance with IAS 40: Investment Property.

The revaluation surplus for the six months ended 30 June 2015 amounted to £23.9 million (30 June 2014: £16.1 million and 31 December 2014: £29.2 million).

Property additions, including acquisitions, for the six months ended 30 June 2015 amounted to £23.9 million (30 June 2014: £25.2 million; 31 December 2014: £54.9 million). There were no property disposals in the 6 months ended 30 June 2015 (30 June 2014: nil) and one disposal of £0.5 million for the year ended 31 December 2014.

Commitments outstanding at 30 June 2015 amounted to £21.8 million (30 June 2014: £17.1 million) and at 31 December 2014 were £11.2 million.

	Investment properties freehold £000 (unaudited)	Investment properties long leasehold £000 (unaudited)	Investment properties under construction £000 (unaudited)	Total £000 (unaudited)
As at 1 January 2015	**825,275**	**177,075**	**23,857**	**1,026,207**
Property additions	15,874	136	7,874	23,884
Impact of lease incentive adjustment	335	441	-	776
Transfer from properties in the course of development	3,080	21,179	(24,259)	-
	844,564	198,831	7,472	1,050,867
Revaluations for the period	18,197	5,267	426	23,890
As at 30 June 2015	**862,761**	**204,098**	**7,898**	**1,074,757**

9. CASH AND CASH EQUIVALENTS

	30 Jun 2015 £000 (unaudited)	31 Dec 2014 £000 (audited)
Cash held at bank	1,516	8,472
Restricted cash	-	3,600
Net finance costs	1,516	12,072

Restricted cash at 31 December 2014 represents an amount held as security in relation to debt service and repayment of bank borrowings and was released in June 2015.

10. BANK AND OTHER BORROWINGS RECONCILIATION

The table indicates amounts drawn and undrawn from each individual facility:

	Facility		Amounts drawn		Undrawn	
	30 Jun 2015 £000	31 Dec 2014 £000	30 Jun 2015 £000	31 Dec 2014 £000	30 Jun 2015 £000	31 Dec 2014 £000
Current						
Overdraft facility[1]	5,000	5,000	-	-	5,000	5,000
Fixed rate term loan[3]	840	711	840	711	-	-
	5,840	5,711	840	711	5,000	5,000
Non Current						
Term loan to August 2018[2]	165,000	165,000	136,250	123,500	28,750	41,500
Fixed rate term loan[3]	24,331	24,702	24,331	24,702	-	-
Fixed rate term loan to December 2022[4]	25,000	25,000	25,000	25,000	-	-
Term loan to April 2019[5]	50,000	50,000	21,513	21,513	28,487	28,487
Fixed rate term loan to November 2018[6]	75,000	75,000	75,000	75,000	-	-
Term loan to August 2019[7]	100,000	100,000	55,159	59,160	44,841	40,840
Fixed rate term loan to December 2024-29[8]	113,000	113,000	113,000	113,000	-	-
Term loan to 2027[9]	2,486	-	2,486	-	-	-
	554,817	552,702	452,739	441,875	102,078	110,827
	560,657	558,413	453,579	442,586	107,078	115,827

Providers:
(1) The Royal Bank of Scotland PLC
(2) The Royal Bank of Scotland PLC and Abbey National Treasury Services plc (branded Santander from January 2010)
(3) Aviva facility repayable in tranches to 31 January 2032
(4) Aviva GPFC facility
(5) HSBC facility
(6) Aviva facility
(7) Barclays facility
(8) Aviva facility (acquired with PPP)
(9) RBS facility (acquired with Cresdown Limited)

As part of the acquisition in December 2013 of the companies that held the PPP portfolio, the Group assumed £178 million of loan obligations funded by Aviva. The transaction pricing included a provision of £13.7 million that estimated the cost of re-setting those loans to current market rates. This amount was paid to Aviva in full in February 2014, reducing the average interest rate on these loans to 5.04% from an inherited average of 5.9%, but with the reduction being effective from 1 January 2014. The Group took the opportunity to make a capital repayment of £15 million at this time also.

On 15 April 2014, a further £50 million of the Aviva loan was repaid following the completion of a new £50 million revolving debt facility with HSBC Bank PLC. This facility was secured at an initial margin of 200 basis points over LIBOR for a five year term and includes an element that can be utilised to match the stage payments that the Group makes on its development of new properties.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

On 19 August 2014, the Group entered into a revised and extended loan facility agreement with Barclays Bank PLC. This extended the total facility from £70 million to £100 million for a new five year term and reduced the initial margin chargeable on the debt to 190 basis points over LIBOR.

On 20 August 2014, the Group concluded the final stage of the refinance of the Aviva PPP debt. Two new facilities have been created to split the balance of £113 million of assumed debt. A £50 million, 10 year facility has been completed on an interest only basis and a £63 million 15 year facility has been established with an initial 5 year interest only period and partial amortisation thereafter. This resulted in a further reduction of the interest rate applicable to both facilities to 4.91%. The refinancing is recognised as an extinguishment of an existing financial liability and the inception of a new facility. As a result, the unamortised costs associated with the original assumed loan facilities have been written off together with other early repayment fees in the Statement of Comprehensive Income.

On 21 August 2014, the Group extended its current Club Facility with RBS and Santander for a new three year term with the option to extend for one additional year and reduced the initial margin chargeable on the debt to 185 basis points over LIBOR.

As part of the acquisition of Crestdown Limited, on 29 June 2015 the Group acquired an existing loan with the Royal Bank of Scotland PLC in the sum of £2.5 million. The loan incurs interest at a rate of 100 basis points over LIBOR and matures in 2027.

Costs associated with the arrangement and extension of the facilities, including legal advice and loan arrangement fees, are amortised over the remaining life of the related facility.

Any amounts unamortised as at the period end are offset against amounts drawn on the facilities as shown in the table below:

	30 Jun 2015 £000 (unaudited)	31 Dec 2014 £000 (audited)
Term loans drawn: due within one year	840	711
Term loans drawn: due in greater than one year	452,739	441,875
Total terms loans drawn	453,579	442,586
Less: Unamortised borrowing costs	(4,280)	(4,853)
Total term loans per the Condensed Group Balance Sheet	449,299	437,733

11. BORROWINGS: BONDS

	30 Jun 2015 £000 (unaudited)	31 Dec 2014 £000 (audited)
Secured		
Secured Bond November 2015	70,000	70,000
Unsecured		
Retail Bond July 2019	75,000	75,000
Convertible Bond May 2019 at fair value	90,574	86,962
Less: unamortised issue costs	(2,274)	(2,419)
	233,300	229,543

Secured Bond
On 18 December 2013, PHP successfully listed the floating rate guaranteed secured bonds issued on 4 November 2013 (the "Secured Bonds") on the London Stock Exchange. The Secured Bonds have a nominal value of £70 million and mature on or about 30 December 2025. £60 million was paid up on the issue of the Secured Bonds with the remaining £10 million being received on 30 June 2014 following the completion of the construction of four further secured assets. The Secured Bonds incur interest on the paid up amount at an annualised rate of 220 basis points above six month LIBOR, payable semi-annually in arrears.

Retail Bond

On 23 July 2012, PHP announced that it had become the first UK REIT to issue a Retail Bond following the issue of a £75 million, unsecured, seven year bond, to retail investors with an annual interest rate of 5.375% paid semi-annually in arrears. The Retail Bond issue costs are being amortised on a straight line basis over seven years.

Convertible Bond

On 20 May 2014, PHP Finance (Jersey) Limited ("the Issuer"), a wholly owned subsidiary of the Group, issued £82.5 million of 4.25% convertible bonds due 2019 (the "Bonds") at par. The Company has guaranteed the due and punctual performance by the Issuer of all of its obligations (including payments) in respect of the Bonds.

Subject to certain conditions, the Bonds are convertible into preference shares of the Issuer which will be automatically and mandatorily exchangeable into fully paid ordinary shares of the Company (the "Shares"). The initial conversion price has been set at 390 pence per Share (the "Exchange Price"). Under the terms of the Bonds, the Company will have the right to settle any conversion rights entirely in Shares, in cash or with a combination of Shares and cash.

The bondholders have the right to convert the Bonds up until 20 May 2017 only where the Parity Value (as defined in the Bond's terms) is greater than the Exchange Price.

On or after 20 May 2017, the Bonds may be redeemed at par at the Company's option subject to the Parity Value equalling or exceeding £130,000, for Bonds with a nominal value of £100,000. If not previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed at par on the maturity date.

	30 Jun 2015 £000	31 Dec 2014 £000
Convertible bond		
Opening balance - fair value	86,962	82,500
Fair value movement in convertible bond	3,612	4,462
Closing balance - fair value	90,574	86,962

The fair value of the convertible bond at 30 June 2015 and 31 December 2014 was established by obtaining quoted market prices. The fair value movement is recognised in the Group Statement of Comprehensive Income within Profit before Taxation but is excluded from the calculation of EPRA earnings and EPRA NAV.

12. FINANCIAL RISK MANAGEMENT

Set out below is a comparison by class of the carrying amount and fair values of the Group's financial instruments that are carried in the financial statements.

	Book value 30 Jun 2015 £00	Fair value 30 Jun 2015 £000	Book value 31 Dec 2014 £000	Fair value 31 Dec 2014 £000
Financial assets				
Trade and other receivables	2,486	2,486	2,682	2,682
Effective interest rate swaps	21	21	25	25
Cash and short-term deposits	1,516	1,516	12,072	12,072
Financial liabilities				
Interest-bearing loans and borrowings	(682,599)	(783,832)	(667,276)	(771,727)
Effective interest rate swaps	(20,254)	(20,254)	(23,782)	(23,782)
Ineffective interest rate swaps	(14,945)	(14,945)	(17,233)	(17,233)
Trade and other payables	(15,892)	(15,892)	(14,244)	(14,244)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

The fair value of the financial assets and liabilities is included as an estimate of the amount at which the instruments could be exchanged in a current transaction between willing parties, other than a forced sale. The following methods and assumptions were used to estimate fair values:

- The fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements due to the short-term nature of these instruments.
- The fair value of floating rate borrowings is estimated by discounting future cash flows using rates currently available for instruments with similar terms and remaining maturities. The fair value approximates their carrying values, gross of unamortised transaction costs.
- The fair values of the derivative interest rate swap contracts are estimated by discounting expected future cash flows using market interest rates and yield curves over the remaining term of the instrument.

The Group held the following financial instruments at fair value at 30 June 2015. The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs i.e. those that would be classified as level 3 in the fair value hierarchy, nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

Fair value measurements are as follows:

	30 June 2015				31 December 2014			
Recurring fair value measurements	Level 1 (1) £000	Level 2 (2) £000	Level 3 (3) £000	Total £000	Level 1 (1) £000	Level 2 (2) £000	Level 3 (3) £000	Total £000
Financial assets								
Derivative interest rate swaps	-	21	-	21	-	25	-	25
Financial liabilities								
Derivative interest rate swaps	-	(35,199)	-	(35,199)	-	(41,014)	-	(41,014)
Convertible bond	(90,574)	-	-	(90,574)	(86,962)	-	-	(86,962)

(1) Valuation is based on unadjusted quoted prices in active markets for identical financial assets and liabilities.
(2) Valuation is based on inputs (other than quoted prices included in Level 1) that are observable for the financial asset or liability, either directly (i.e. as unquoted prices) or indirectly (i.e. derived from prices).
(3) Valuation is based on inputs that are not based on observable market data.

The interest rate swaps whose fair values include the use of level 2 inputs are valued by discounting expected future cash flows using market interest rates and yield curves over the remaining term of the instrument. The following inputs are used in arriving at the valuation:
- Interest rates
- Yield curves
- Swaption volatility
- Observable credit spreads
- Credit default swap curve
- Observable market data

13. NET ASSET VALUE CALCULATIONS

Net asset values have been calculated as follows:

	30 Jun 2015 £000 (unaudited)	30 Jun 2014 £000 (unaudited)	31 Dec 2014 £000 (audited)
Net assets			
Basic net assets	334,275	312,980	309,130
Derivative interest rate swaps liability (net)	35,178	28,882	40,989
Cumulative convertible bond fair value movement	8,074	-	4,462
EPRA net asset value	377,527	341,862	354,581

	No. of shares	No. of shares	No. of shares
Ordinary Shares:			
Issued share capital	111,378,261	111,074,018	111,276,662
Net asset value per share:			
Basic net asset value per share	300p	282p	278p
EPRA NAV per share	339p	308p	319p

EPRA NAV is calculated as Balance Sheet net assets including the valuation result on trading properties but excluding fair value adjustments for debt and related derivatives.

As detailed in note 6, the Company is required to assess the dilutive impact of the unsecured convertible bond on its net asset value per share, but only report any impact if it is dilutive. With an initial conversion price of 390 pence, the unsecured convertible bond issued by the Group on 20 May 2014 is anti-dilutive to all measures of net asset value per share.

14. RELATED PARTY TRANSACTIONS

The fees calculated and payable for the period to the Advisers, included in administrative expenses, were as follows:

	Six months ended 30 Jun 2015 £000 (unaudited)	Six months ended 30 Jun 2014 £000 (unaudited)	Year ended 31 Dec 2014 £000 (audited)
Nexus TradeCo Limited	2,606	2,112	4,697
J O Hambro Capital Management Limited[1]	-	648	648
	2,606	2,760	5,345

(1) Joint advisory agreement terminated on 30 April 2014.

As at 30 June 2015 outstanding advisory fees payable to Nexus totalled £0.4 million (31 December 2014: £0.4 million).

Further fees paid to Nexus in accordance with the Advisory Agreement as at 30 June 2015 of £0.1 million (31 December 2014: £0.1 million) in respect of capital projects were capitalised in the year.

15. CALLED UP SHARE CAPITAL

	30 Jun 2015 £000 (unaudited)	30 Jun 2014 £000 (unaudited)	31 Dec 2014 £000 (audited)
Issued and fully paid Ordinary Shares at 50p each	55,689	55,537	55,638
At beginning of year	55,638	55,237	55,237
Scrip issues in lieu of second interim cash dividend	51	41	41
Scrip issues in lieu of first interim cash dividend	-	-	101
Shares issued as consideration for PPP acquisition	-	259	259
	55,689	55,537	55,638

518,243 Ordinary Shares of 50 pence each were issued on 31 January 2014 in accordance with the terms and conditions of the purchase agreement for PPP. The market price of a PHP share on 31 January 2014 was 360 pence.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

16. SUBSEQUENT EVENTS

On 16 July 2015, the £50 million revolving credit facility with HSBC Bank plc was extended for a new five year term. All other terms of the loan remain unaltered.

On 1 July 2015, a swap contract for a notional £80 million of debt at a coupon of 4.805% was terminated at a net cost of £3.2 million.

In July 2015, two new forward starting swap contracts were entered into:

- for a notional value of £25.0 million, starting in January 2018 for a five year term at a rate of 2.47%; and
- for a notional value of £75.0 million, starting in January 2019 for a five year term at a rate of 2.65%.

These will replace existing fixed rate loans and interest rate swaps as they mature that are currently incurring interest well in excess of these rates.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge this condensed set of interim financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the operating and financial review herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure and Transparency rules of the United Kingdom's Financial Services Authority namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Financial Report.

Shareholder information is as disclosed in the Annual Financial Report and is also available on the PHP website **www.phpgroup.co.uk**.

By order of the Board

Alun Jones
Chairman
19 August 2015

CORPORATE PROFILE AND ADVISERS

DIRECTORS
Alun Jones (Chairman)
Mark Creedy
James Hambro
William Hemmings
Harry Hyman (Managing Director)
Steven Owen (Chairman of Audit Committee, Senior Independent Director)
Dr Ian Rutter OBE
Philip Holland (appointed 17 February 2015)

COMPANY SECRETARY AND REGISTERED OFFICE
Nexus Management Services Limited
5th Floor, Greener House
66-68 Haymarket, London SW1Y 4RF
Tel: 020 7451 7050

ADVISER
Nexus Tradeco Limited
5th Floor, Greener House
66-68 Haymarket, London SW1Y 4RF
Tel 020 7451 7050

REGISTRARS
Equiniti
Aspect House, Spencer Road, Lancing
West Sussex BN99 6DA
General enquiries: 0871 384 2030*
Telephone dealing: 0845 300 0430
Online dealing: www.shareview.co.uk/dealing

STOCKBROKERS
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square, London EC4M 7LT

Peel Hunt Limited
Moor House, 120 London Wall, London, EC2Y 5ET

SOLICITORS
Nabarro LLP
125 London Wall, London EC2Y 5AL

Shepherd and Wedderburn LLP
191 West George Sreet, Glasgow G2 2LB

Wragge Lawrence Graham and Co LLP
4 More London Riverside, London SE1 2AU

AUDITOR
Deloitte LLP
2 New Street Square, London EC4A 3BZ

BANKERS
AIB
St Helens, 1 Undershaft, London EC3A 8AB

Aviva Commercial Finance Limited
Surrey Street, Norwich NR1 3NJ

Barclays Bank PLC,
1 Churchill Place, London E14 5HP

HSBC
8 Canada Square, London E14 5HQ

The Royal Bank of Scotland Plc
280 Bishopsgate, London EC2M 3UR

Santander Corporate Banking
2 Triton Square, Regent's Place, London NW1 3AN

BUILDING SURVEYORS
Savills
33 Margaret Street, London W1G 0JD

PROPERTY VALUER
Lambert Smith Hampton Group Limited
Interchange Place, Edmund Street, Birmingham B3 2TA

GLOSSARY OF TERMS

Adviser	is Nexus Tradeco Limited.
Clinical Commissioning Groups ("CCGs")	are the groups of GPs and other healthcare professionals that are responsible for designing local health services in England with effect 1 April 2013.
Company and or Parent	is Primary Health Properties PLC.
Direct Property Costs	comprise ground rents payable under head leases, void costs, other direct irrecoverable property expenses, rent review fees and valuation fees.
District Valuer ("DV")	is the District Valuer Service being the commercial arm of the Valuation Office Agency ("VOA"). It provides professional property advice across the public sector and in respect of Primary Healthcare represents NHS bodies on matters of valuation, rent reviews and initial rents on new developments.
Dividend Cover	is the number of times the dividend paid in the period is covered by EPRA earnings.
Earnings per Ordinary Share from Continuing Operations ("EPS")	is the profit attributable to equity holders of the parent divided by the weighted average number of shares in issue during the period.
European Public Real Estate Association ("EPRA")	is a real estate industry body, who have issued Best Practices Recommendations in order to provide consistency and transparency in real estate reporting across Europe.
EPRA cost ratio	(including direct vacancy costs) is the ratio of net overhead and operating expenses against gross rental income (with both amounts excluding ground rent payable).
EPRA net assets ("EPRA NAV")	are the balance sheet net assets excluding own shares held and mark-to-market derivative financial instruments.
Equivalent Yield (true and nominal)	is a weighted average of the Net Initial Yield and Reversionary Yield and represents the return a property will produce based upon the timing of the income received. The true equivalent yield assumes rents are received quarterly in advance. The nominal equivalent assumes rents are received annually in arrears.
Estimated Rental Value ("ERV")	is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.
Exchange Price	is 116% of the share price at the date of issue of the Convertible bond.
Gross Rental Income	is the gross accounting rent receivable.
Group	is Primary Health Properties PLC and its subsidiaries.
IFRS	is International Financial Reporting Standards as adopted by the European Union.
Interest Cover	is the number of times net interest payable is covered by net rental income.
Interest Rate Swap	is a contract to exchange fixed payments for floating payments linked to an interest rate, and is generally used to manage exposure to fluctuations in interest rates.
IPD	is the Investment Property Databank Limited which provides performance analysis for most types of real estate and produces an independent benchmark of property returns.
IPD Total Return	is calculated as the change in capital value, less any capital expenditure incurred, plus net income, expressed as a percentage of capital employed over the period, as calculated by IPD.
London Interbank Offered Rate ("LIBOR")	is the interest rate charged by one bank to another for lending money.
Loan to Value ("LTV")	is the ratio of net debt to the total value of property and LIFT assets.
Mark to Market ("MtM")	is the difference between the book value of an asset or liability and its market value.
Net Initial Yield	is the annualised rents generated by an asset, after the deduction of an estimate of annual recurring irrecoverable property outgoings, expressed as a percentage of the asset valuation (after notional purchaser's costs).
Net Rental Income	is the rental income receivable in the period after payment of direct property costs. Net rental income is quoted on an accounting basis.

GLOSSARY OF TERMS (CONTINUED)

NHSPS	is NHS Property Services Limited is the company, wholly owned and funded by the Department of Health, which, as of 1 April 2013, took on all property obligations formerly borne by Primary Care Trusts.
Parity Value	is calculated based on the dividing the convertible bond value by the Exchange Price.
Property Income Distribution ("PID")	is the required distribution of income as dividends under the REIT regime. It is calculated as 90% of exempted net income.
Real Estate Investment Trust ("REIT")	is a listed property company which qualifies for and has elected into a tax regime, which exempts qualifying UK profits, arising from property rental income and gains on investment property disposals, from corporation tax, but which has a number of specific requirements.
Rent Reviews	take place at intervals agreed in the lease and their purpose is usually to adjust the rent to the current market level at the review date.
Rent Roll	is the passing rent being the total of all the contracted rents reserved under the leases.
Reversionary Yield	is the anticipated yield, which the initial yield will rise to once the rent reaches the ERV and when the property is fully let. It is calculated by dividing the ERV by the valuation.
Retail Price Index ("RPI")	is the official measure of the general level of inflation as reflected in the retail price of a basket of goods and services such as energy, food, petrol, housing, household goods, travelling fare, etc. RPI is commonly computed on a monthly and annual basis.
RICS	is the Royal Institution of Chartered Surveyors.
RPI Linked Leases	are those leases which have rent reviews which are linked to changes in the RPI.
Special Reserve	is a distributable reserve.
Total Expense Ratio ("TER")	is calculated as total administrative costs for the year divided by the average total asset value during the year.
Total Property Return	is the overall return generated by properties on a debt free basis. It is calculated as the net rental income generated by the portfolio plus the change in market values, divided by opening property assets plus additions.
Total NAV Return	is calculated as the movement in the net asset value for the period plus the dividends paid, divided by the opening net asset value.
Total Shareholder Return	is calculated as the movement in the share price in the period plus the dividends paid, divided by the opening share price.
Weighted Average Facility Maturity	is calculated by multiplying each tranche of Group debt by the remaining period to its maturity and dividing the result by total Group debt in issue at the year end.
Weighted Average Unexpired Lease Term ("WAULT")	is the average lease term remaining to first break, or expiry, across the portfolio weighted by contracted rental income.
Yield on cost	is the estimated annual rent of a completed development divided by the total cost of development including site value and finance costs expressed as a percentage return.
Yield shift	is a movement (usually expressed in basis points) in the yield of a property asset, or like-for-like portfolio over a given period. Yield compression is a commonly-used term for a reduction in yields.

The paper in this report is a FSC certified product, produced with an FSC mixed sources pulp which is fully recyclable, biodegradable & Chlorine free. It is manufactured within a mill which complies with the international environmental ISO 14001 standard.

It has been printed using environmentally friendly vegetable based inks, formulated on the basis of renewable raw materials, vegetable oils are non-hazardous from renewable sources. Over 90% of solvents and developers are recycled for further use and recycling initiatives are in place for all other waste associated with this production. The printers are FSC and ISO 14001 certified with strict procedures in place to safeguard the environment through all their processes and are working on initiatives to reduce their Carbon Footprint.

FSC® www.fsc.org MIX Paper from responsible sources FSC® C022254

For further information contact: Harry Hyman, Phil Holland or Tim Walker-Arnott
Telephone: 020 7451 7050