PRIMARY HEALTH PROPERTIES PLC

"A Dedicated Healthcare REIT"

"The objective of the Group is to generate rental income and capital growth through investment in primary health property in the United Kingdom leased principally to GPs, NHS organisations and other associated health users."

Harry A Hyman	**Phil Holland**
Managing Director	**Deputy Managing Director**
harry.hyman@nexusgroup.co.uk	**phil.holland@nexusgroup.co.uk**

Interim Results – six months ended 30 June 2012

August 2012

Private and Confidential

Operating Highlights

- Rental income increased by 6.3% to £16.21 million (30 June 2011: £15.25 million), fuelled by acquisitions and rent reviews completed in the period
- Total annualised rent roll including commitments up 3% to £33.2 million (December 2011: £32.3 million)
- Operating profit before revaluation gain and financing up 6.5% to £13.4 million (30 June 2011: £12.6 million)
- Increased interim dividend of 9.25p for the period ended 30 June 2012 (30 June 2011: 9.0p), total for 2012 of 18.5p per share (2011: 18.0p)
- £18.4 million (net of costs) equity fundraising in May 2012
- EPRA NAV at 30 June 2012 of 314.9p per share (31 December 2010: 318.7p)
- Health and Social Care Act received Royal Assent on 27 March 2012

Debt Funding Highlights

- Refinancing of Group bi-lateral loans completed 16 March 2012
  - Core debt facilities renewed as £175 million, four year, interest only Club facility
  - Weighted average term of Group debt facilities now 5.4 years
  - Refinance achieved without requirement to impact swap portfolio
- Conservative debt finance – LTV of 56.4% as at 30 June 2012 (31 Dec 11: 57.8%)
- £75 million, seven year 5.375% retail bond issued following the period end
  - Issue oversubscribed
  - Bond issued on an unsecured basis
  - No associated covenant requirements

Portfolio Highlights

Primary Health Properties

- Acquisition of four properties in period for a total consideration of £11.5 million
- Further asset acquired post balance sheet date for £3.9 million
- 165 healthcare centres – 160 completed and owned, 5 committed to acquire
- Portfolio (incl. commitments) valued at £552.3 million –initial yield of 5.74%[1]
- Annual contracted rent roll of £33.2m (Dec 11: £32.3m) – increase of 3%
- Key characteristics
  - Average lease length of 16 years
  - Strong tenant covenant – 90% of rent roll paid directly/indirectly by the Government
  - All leases have effectively upward only rent reviews
- Rental growth averaged 2.7% p.a. on reviews completed in period (2011: 3.0%)
- £49 million of acquisitions agreed and in solicitors hands

[1] – 30 June 12 independent valuation – Lambert Smith Hampton

Results in Brief

Primary Health Properties

	Six months ended 30 June 2012 £m	Six months ended 30 June 2011 £m
Rental and related income	**16.2**	**15.3**
Expenses	**(2.8)**	(2.7)
Operating Profit	**13.4**	12.6
Net financing costs	**(9.0)**	(7.2)
Profit on sale of AHMP shares	**-**	0.3
Profit before revaluation result and fair value gain/loss on derivatives	**4.4**	5.7
Fair value (loss) / gain on derivatives	**(0.8)**	1.0
Property revaluation gain	**0.6**	5.2
Profit before tax	**4.2**	11.9

Balance Sheet Highlights

Primary Health Properties

	30/06/12	31/12/11
Net Assets	**£185.7m**	£168.1m
Net asset value per share	**248.9p**	246.3p
EPRA net asset value per share	**314.9p**	318.7p
Investment portfolio including finance lease[1]	**£542.2m**	£528.7m
Debt	**£297.6m**	£303.0m
LTV	**56.4%**	57.8%
Future minimum lease payments receivable	**£530m**	£526m

Notes:
1. Includes only payments made as at 30 June 2012 on committed purchases

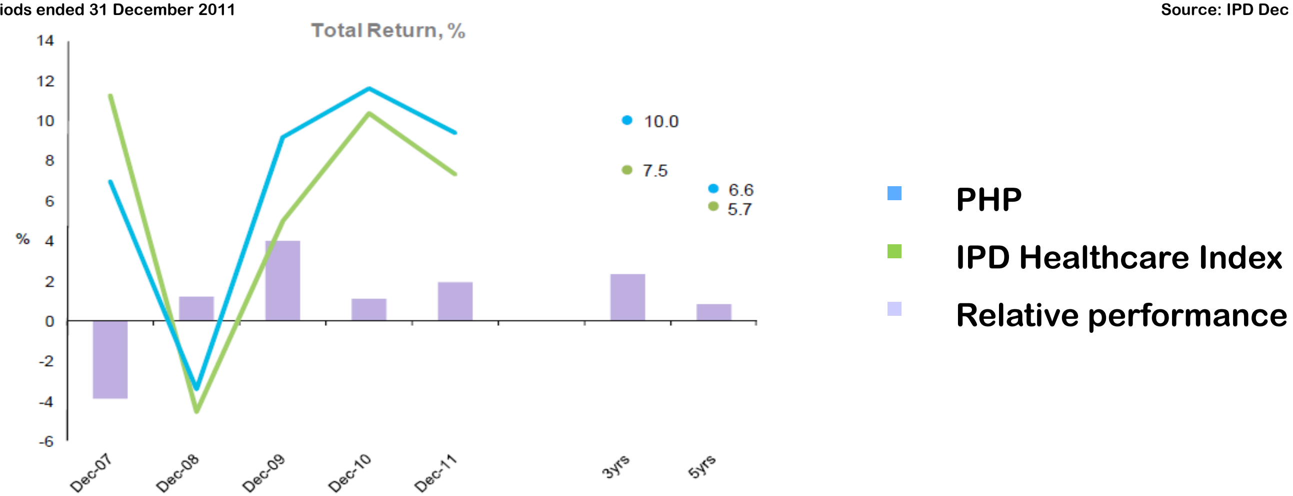
Relative Performance

- PHP real estate portfolio out performs 2011 IPD Healthcare and All Property Indices[1]

	1 year	3 years	5 years
Primary Health Properties	10.1%	10.1%	6.6%
IPD Healthcare Property Index	9.4%	7.5%	5.7%
IPD All Property Index	7.8%	8.7%	-0.9%

Data for periods ended 31 December 2011

Source: IPD Dec 2011



- PHP portfolio out performs IPD All Property Index for 12 months to 30 June 2012
  - PHP total return 7.2%, IPD All Property 4.4%

Investment Acquisition

Primary Health Properties

Conan Doyle, Edinburgh

Tenants: 7 GPs

Date acquired: March 2012

NIA: 1,144 sqm

Cost: £3.6 million

Patient numbers: 10,300

Investment Acquisition

Primary Health Properties

Watton, Norfolk

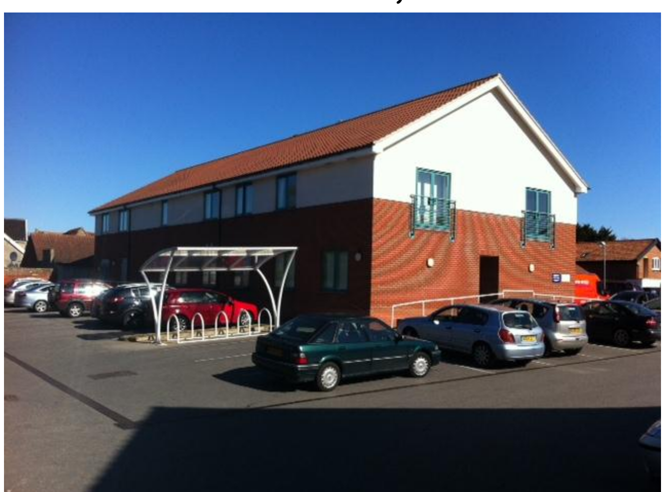
Tenants: 6 GPs

Constructed: July 2006

NIA: 925 sqm

Cost: £2.7 million

Patient numbers: 12,750



Investment Acquisition

Caerphilly, South Wales

Tenants: 3 GPs, Local PCT, pharmacy

Completed: May 2012

NIA: 1,250 sqm

Cost: £3.8 million

Patient numbers: 9,500

Investment Acquisition

Primary Health Properties

Luton, Bedfordshire

Tenant: PCT (operated by 4 GPs)

Constructed: February 2008

NIA: 1,281 sqm

Cost: £3.9 million

Patient numbers: 7,700

Asset Management Projects

Primary Health Properties

Blenhiem Crescent, Luton – Completed April 2012

Construction of a pharmacy unit adjoining a modern medical centre. Pharmacy let on a 17 year lease, co-terminus with medical practice. 9.5% cash yield on cost of works, return on capital of 49%.

Cost £213,000

Frithwood Surgery, Bussage – Completed August 2011

Four room extension to existing medical centre. New lease of whole building adds 17 years to a property with 8 years remaining on current lease. 6% rental yield on extension cost.

4 GPs, 6,000 patients

Cost £266,000

5 further projects approved for 2012, 1 on site

- Include pharmacy additions, minor refurbishment programmes and practice extensions
- Total projected cost of £3.2 million, rental yield on cost of 7.2%
- Valuation surplus over cost of 32%

Portfolio Strength

Primary Health Properties

- Key characteristics
  - Weighted average unexpired lease term of 16 years (31 Dec 2011: 16.3 years)
  - Strong tenant covenant – 90% of rent roll paid for directly/indirectly by the Government
  - All leases effectively upward only rent reviews
  - 95% of leases subject to triennial rent reviews
- These characteristics result in highly visible cash flows and stable valuation yields
- Total contracted rents receivable from remaining term certain of portfolio - £530 million
- Portfolio net initial yield stable at 5.74% (31 Dec 2011: 5.74%), yield on cost 7.11%

Portfolio Rental Levels at 30 June 2012

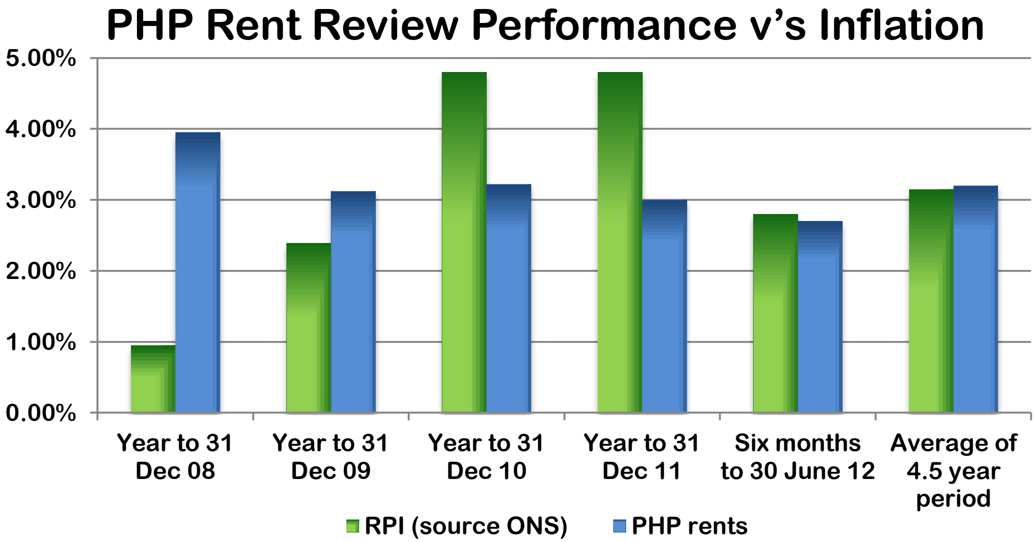
Primary Health Properties

Tenant	Area (sqm)	Area (sq ft)	Rent (£psm)	Rent (£ psf)
NHS	164,686	1,772,020	174	16.17
Pharmacy	9,959	107,162	286	26.57
Other	3,257	35,040	127	11.81
Total – June 2012	177,902	1,914,222	179	16.67
Total – Dec 2011	*174,438*	*1,867,292*	*178*	*16.54*

Note:
1. Conversion factor – 1 square metre equals 10.76 square feet

Rental Increases Achieved

- 2012 to date average increase on review 2.7% per annum (2011: 3.0%)
- % of rent roll on fixed uplift – 2%
- % of rent roll index linked – 12%
- Balance open market effectively upwards only
- Historically rental increases have broadly tracked RPI increases – see below



Drivers of Rental Growth

- Reducing the NHS carbon footprint
- Specification creep
- Building regulations
- Replacement cost
- Inflation

Conventional Independent Valuation

- Portfolio valued every 6 months using Lambert Smith Hampton valuations
- Basis is aggregation of INDIVIDUAL values
- No “lotting premium” (“portfolio effect”) taken account of
- Length of leases 16 years + covenant ⇨ defensive characteristics
- Rental increases drive valuation increases so not dependent upon yield shift
- Achieving good increases in excess of 3% per annum on average
- Initial yield of 5.74%. True equivalent yield of some 6.05%

Portfolio analysis

- 67% of assets are greater than £3 million in value
- Average lot size in portfolio - £3.35 million (2011: £3.34 million)

Capital value	No. of assets	Value (£'m)	%'age	Cumulative %'age
£9 million +	4	46.51	8.4%	8.4%
£3 - £9 million	73	325.16	58.9%	67.3%
£1 - £3 million	83	176.87	32.0%	99.3%
£0 - £1 million	5	3.91	0.7%	100.0%
Total	165	552.45	100.0%	

DCF Valuation – as at 30 June 2012

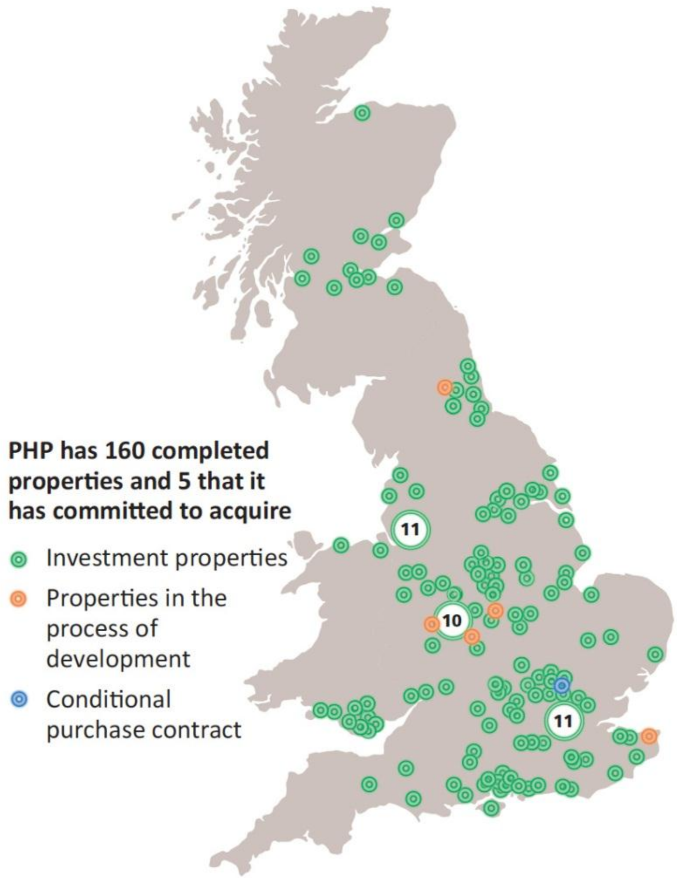
Primary Health Properties

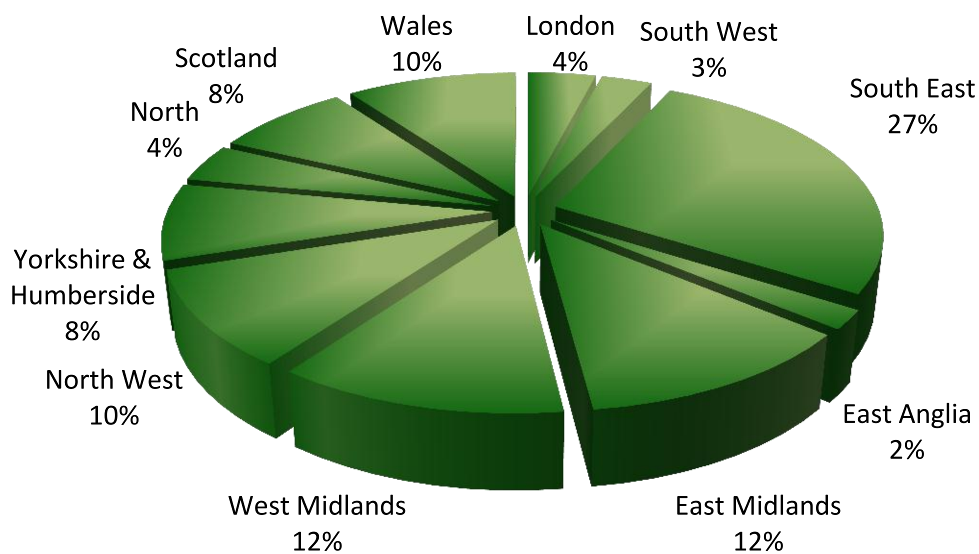
- The length of leases produces robust DCF valuations to underpin valuation of PHP
- Additional valuation based on discounted cash flow[1]
  - £595million vs £545million
  - £50million increase
  - Equates to 63 pence per share of additional NAV
- Discounted using 7% per annum
- 2.5% rental growth per annum
- 1% growth in residual values per annum
- 65% from rents 35% from residual values
- Discount rate sensitivity:
  - At 6.5%, valuation of £626million
  - At 7.5%, valuation of £567million

[1] on assets owned/committed at 30 June 2012

£'m	Annual Rental Growth Assumption					
		0%	1%	2%	2.50%	3%
DCF RATE	6.0%	£583.7	£611.4	£642.1	£658.7	£676.2
	6.5%	£554.4	£580.8	£610.0	£625.8	£642.4
	7.0%	£527.1	£552.3	£580.1	$\boxed{£595.1}$	£610.9
	7.5%	£501.7	£525.7	£552.2	£566.5	£581.5
	8.0%	£478.0	£500.8	£526.1	£539.7	£554.1

Wide Geographical Spread

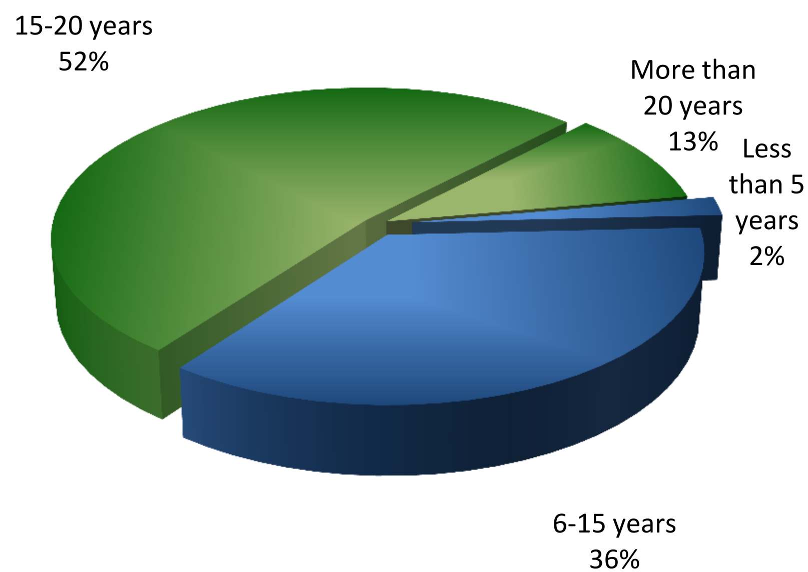




Long Leases

- Average lease length 16 years
- New leases typically 20 - 25 years
- Maintenance of lease length through active asset management and lease renewals
- 95% of leases subject to triennial rent reviews
- Effectively upward only*
  - 2% of rent roll on fixed uplift
  - 12% of rent roll index linked
  - 86% of rent reviewed to open market

Analysis of rent unexpired



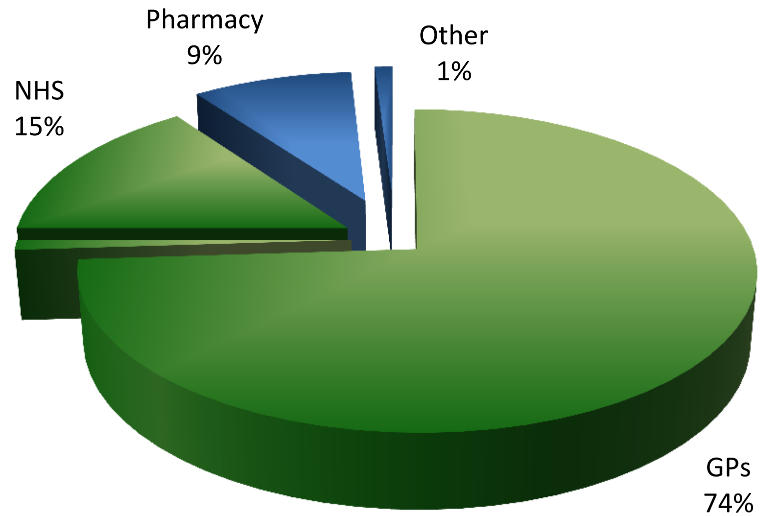
*Rental agreements have upward and downward provisions however a review can only be instigated by the landlord.

PHP portfolio analysis by tenant type

Primary Health Properties

- PHP owns and leases freehold or long leasehold modern purpose-built primary healthcare facilities
- 165 primary care facilities, 160 completed and 5 committed
- Primary tenants
  - GP surgeries
  - PCT
  - Pharmacies

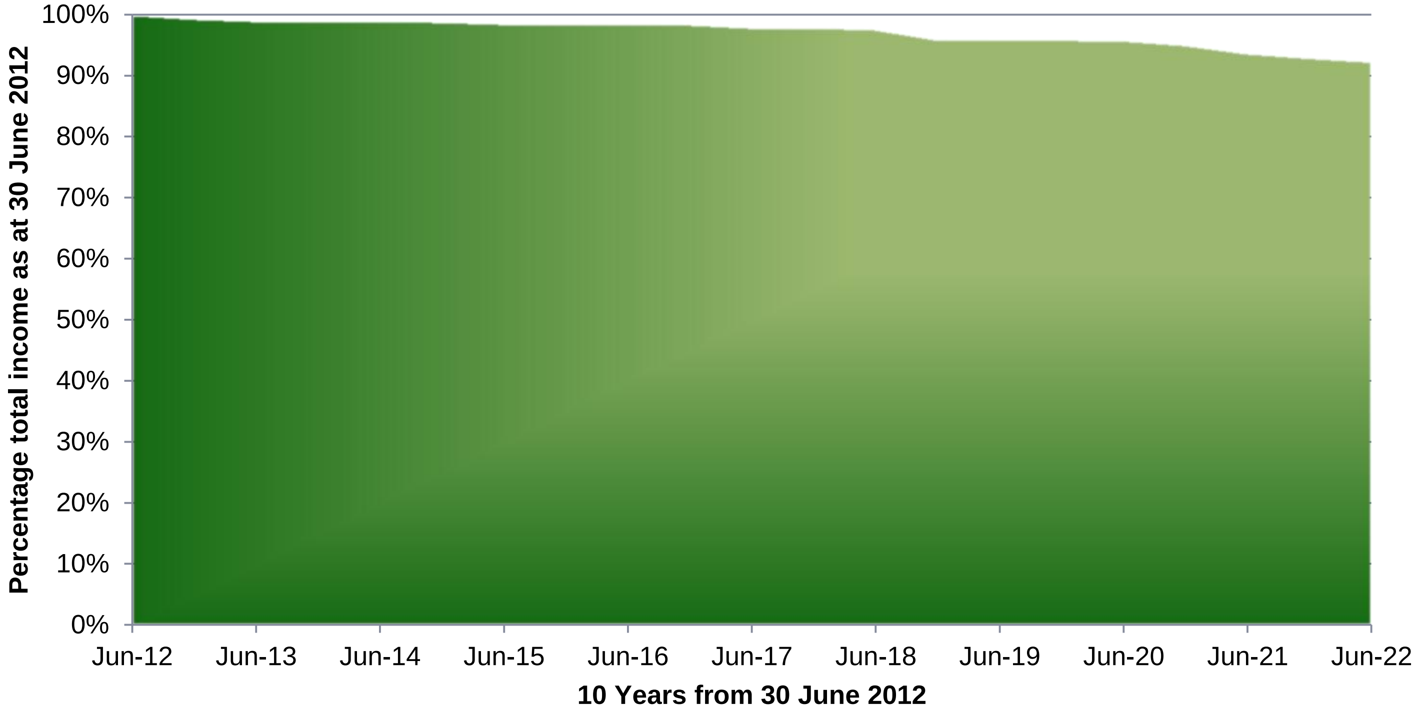
Tenancy split by contracted rent



90% directly or indirectly from the Government

[1] – 31 Dec 11 values

Security of Income by Lease Expiry



Receiving over 90% of current passing rent in 10 years time assuming no review increases and no lease extensions

Stable Borrowing Facilities

Primary Health Properties

Average maturity of bank debt - 5.4 years

Provider	Maturity	Amount	Headroom
RBS	Mar 2013	5.0	5.0
AIB	Jan 2013	27.0	-
Clydesdale Bank	July 2014	50.0	28.6
RBS/Santander	Mar 2016	175.0	24.3
Aviva	Nov 2018	75.0	-
Aviva	Dec 2020	25.0	25.0
Aviva	Jan 2032	27.2	-
Total – drawn		384.2	82.9
Committed to fund			10.2

- £175m, 4 year, interest only Club facility commenced March 2012
  - Maximum LTV covenant 65%
  - Minimum ICR covenant 1.4x
- Average bank debt margin of 230 bps
- Group LTV at 30/06/12 – 56%
- Interest rate risk mitigated by portfolio of swaps and caps
- £75 million, seven year, unsecured retail bond issued on 23 July 2012

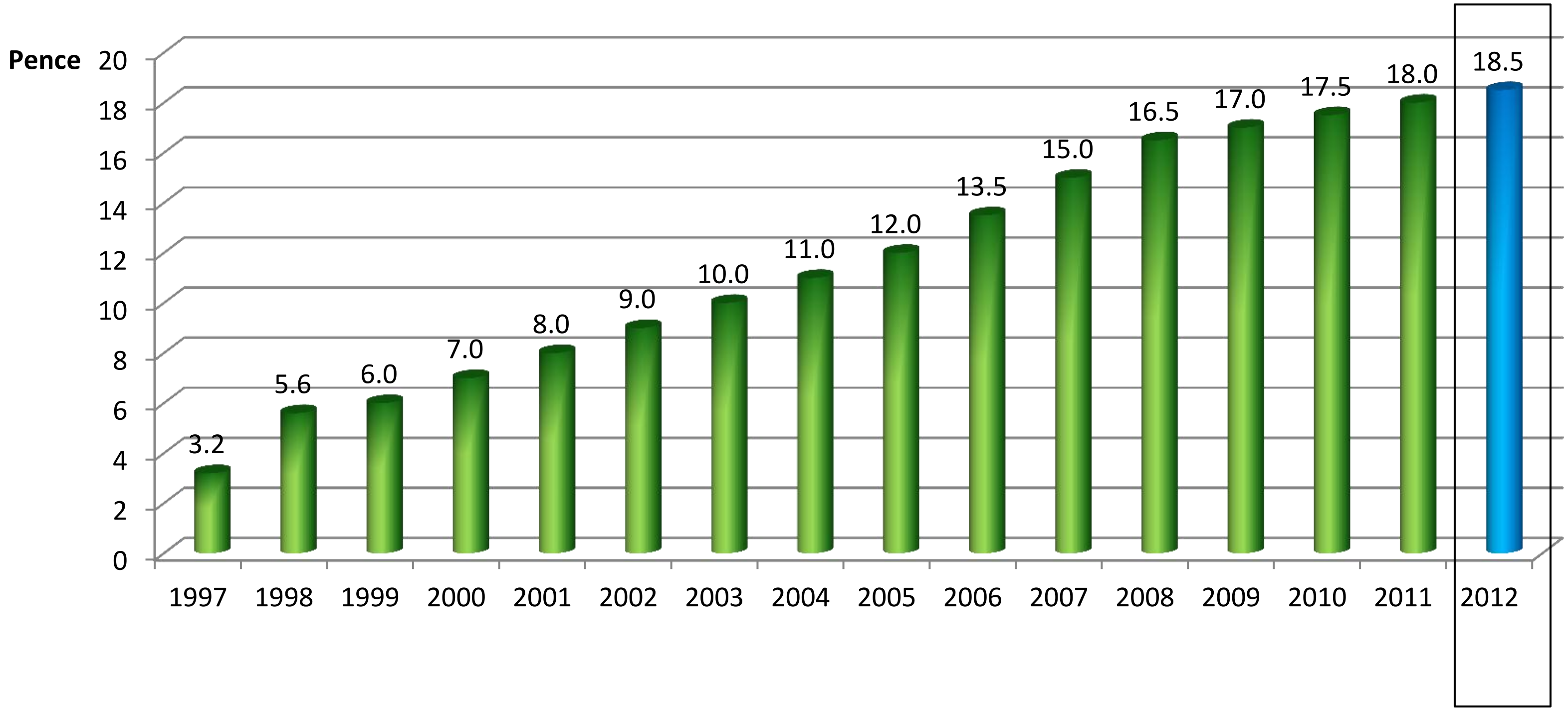
Continued dividend growth

Primary Health Properties

- REIT status drives pay out of substantially all available profits as dividends
- 16 year track record of progressive dividend growth
- First 2012 dividend of 9.25p paid on 5 April 2012
- Second dividend for 2012 declared
  - 9.25 pence to be paid on 26 October 2012, to shareholders on register at 28 September 2012
- Total dividend for 2012 of 18.5 pence – an increase of 2.8% on 2011

Progressive Annual Dividend

Primary Health Properties



Total dividend paid – 178.55p to April 2012 + 9.25p October 2012 = 187.8p

Conclusion

- Low risk business model with 90% of rental income underpinned by Government funding
- Proven business model – 100% occupancy
- Demographic and political drivers – ageing population, cross party commitment to NHS
- Long term non-cyclical market
- Well positioned to lead next phase of Primary Care premises development following Health Act and devolution of budget and commissioning responsibility to GPs
- Well funded following refinance of significant majority of debt facilities and bond issue
- Substantial number of acquisition opportunities at historic attractive valuations
- Positive yield gap between acquisition yield and funding costs
- Committed management team with firm alignment of shareholder interests through substantial shareholding
- Inflation hedge characteristics with progressive dividend policy and track record

Disclaimer

IMPORTANT NOTICE

This document has been prepared by Primary Health Properties PLC (the “Company”) and is the sole responsibility of the Company. The information in this document is accurate as at the date of this document and its contents are therefore subject to updating and revision.

The information in this document is being supplied to you by the Company solely for your information and may not be reproduced or redistributed in whole or in part to any other person. This document has not been approved by a person authorised under the Financial Services & Markets Act 2000 (**“FSMA”**) for the purposes of section 21 FSMA.

Although the Company has attempted to ensure the contents of this document are accurate in all material respects, no reliance may be placed for any purpose whatsoever on the completeness, accuracy or fairness of the information contained in this document, nor is any responsibility accepted for any errors, mis-statements in, or omissions from, this document or any direct or consequential loss howsoever arising from any use of, or reliance on, this document or otherwise in connection with it. No representation or warranty, express or implied, is made or given by or on behalf of the Company or its directors or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this document and no responsibility or liability is accepted for any such information or opinions. Nothing in this paragraph shall exclude, however, liability for any representation or warranty made fraudulently.

This document does not constitute, or form part of, nor is it intended to communicate, any offer, invitation or inducement to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities of the Company, nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract for any such sale, issue, purchase or subscription.

This document does not constitute a recommendation regarding the shares in the Company. Recipients of this document should conduct their own investigation, valuation and analysis of the business, data and property described therein.

This document may contain forward-looking statements, including ‘forward-looking statements’ within the meaning of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Company and its subsidiaries (together the “Group”). They are not historical facts, nor are they guarantees of future performance. Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Further details of potential risks and uncertainties affecting the Group are described in the Company’s filings with the London Stock Exchange and the Financial Services Authority. These forward-looking statements speak only as of the date of this document. Some of the statements are the opinions of the directors of the Company.

The Company will not undertake any obligation to release publically any revisions to these forward looking statements to reflect events, circumstances and unanticipated events occurring after the date of this document except as required by law or by regulatory authority. By accepting this document, you agree to be bound by the provisions and limitations set out herein or imposed herein and to keep permanently confidential the information contained in this document or made available in connection with further enquiries to the extent such information is not made publically available (otherwise through a breach by you of this provision).

All data is sourced by the Company unless identified as otherwise.

August 2012