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."

Full Year Results – year ended 31 December 2012

28 February 2013

The year in summary

Primary Health Properties

- £110 million of transactions completed in year
- Health and Social Care Act received Royal Assent on 27 March 2012
- Core debt funding refinanced: £175 million, four year facility (March 2012)
- Issue of 6.23 million shares, raising £18.4 million net of costs (May 2012)
- Issue of Retail Bond – £75 million, unsecured, seven year issue (July 2012)
- Acquisition of Apollo Medical Partners Limited (December 2012)
- 16th successive year of dividend growth – total paid 18.5p per share (2011: 18.0p)

Performance

Primary Health Properties

- Rents received increased by 8% to £33.2 million (2011: £30.7 million)
- Rental surplus increased by 10% to £27.6 million (2011: £25.1 million)
- Profit before revaluation, MTM and other non-recurring charges £7.4 m (2011: £9.7m)
- Rent reviews achieve average 2.4% per annum increase (2011: 3.0%)
- Total contracted rent roll at year end (incl. commitments) £38.9m (2011: £32.3m)
- EPRA net assets increase by 6.3% to £231.9m (2011: 217.6m)
- 16th successive year of dividend growth – 18.5 p per share paid (2011: 18.0p)
- First interim dividend for 2013 declared at 9.5p per share, payable on 22 April 2013[1]

[1] – Record date 8 March 2013

Portfolio

- Portfolio value (incl. commitments) - £645.4m – net initial yield of 5.72%
- 183 healthcare centres – 177 completed and owned[1], 6 forward purchase commitments
- Annual contracted rent roll as at 31 December 2012 £38.9m (31 Dec 12 - £32.3m)
- Average lease length of 16 years
- Rental growth averaged 2.4% p.a. on reviews completed in year (2011: 3.0%)
- £6.3 million of acquisitions completed since year end (£0.4m additional rent)
- £82 million of acquisitions agreed and in solicitors hands

[1] – includes asset at Poole, contracted at 31/12/12, completed 1/2/13

Debt Funding

Primary Health Properties

- Refinancing of Group bi-lateral loans completed 16 March 2012
  - Core debt facilities renewed as £175 million, four year, interest only facility
  - Refinance achieved without requirement to impact swap portfolio
- £75 million, seven year 5.375% retail bond issued 24 July 2012
  - Bond issued on an unsecured basis
  - No associated covenant requirements
- £25 million, 10 year interest only facility fully drawn in Dec 12 at fixed rate of 3.63% for entire term
- Conservative debt finance – LTV of 60.9% (31 Dec 2011: 57.8%)
- Weighted average debt maturity of 6.9 years
- New £50m facility agreed with a leading bank to refinance assumed Apollo debt

Results in Brief

Primary Health Properties

	2012 £m	2011 £m
Revenue	**33.2**	30.7
Net Financing Costs	**(20.2)**	(15.4)
Profit before revaluation result and fair value gain/loss on derivatives	**7.4**	9.7
Profit on sale of investment	**-**	0.3
Provision for loan repayment cost on Apollo acquisition	**(1.6)**	-
Fair value loss on derivatives	**(2.9)**	(8.0)
Property revaluation gain	**(1.8)**	10.6
Profit before tax	**1.1**	12.6
Dividends Paid	**13.2**	11.8
Dividend Cover[1]	61%	89%

[1] – cash dividends paid

Balance Sheet Highlights

	31/12/12	31/12/11
Net Assets	**£179.1m**	**£168.1m**
Net asset value per share	**235.5p**	**246.3p**
EPRA net asset value per share	**305.0p**	**318.7p**
Investment portfolio including finance leases	**£625.5m**	**£528.7m**
Net Debt	**£380.9m**	**£302.9m**
LTV	**60.9%**	**57.8%**
Future minimum lease payments receivable	**£612m**	**£526m**

Relative Performance

Primary Health Properties

- PHP annualised total return compared to equity benchmarks over 1, 3 and 5 years

	1 year	3 years	5 years
Primary Health Properties	14.7%	14.1%	14.3%
FTSE All-Share Real Estate Index	22.8%	9.1%	-6.4%
FTSE All-Share Index	14.0%	8.1%	4.4%

Source: Bloomberg

- PHP annualised real estate portfolio out performs benchmark over 1,3 and 5 years

	1 year	3 years	5 years
Primary Health Properties	7.0%	10.1%	5.6%
IPD All Property Index	2.7%	8.4%	0.5%

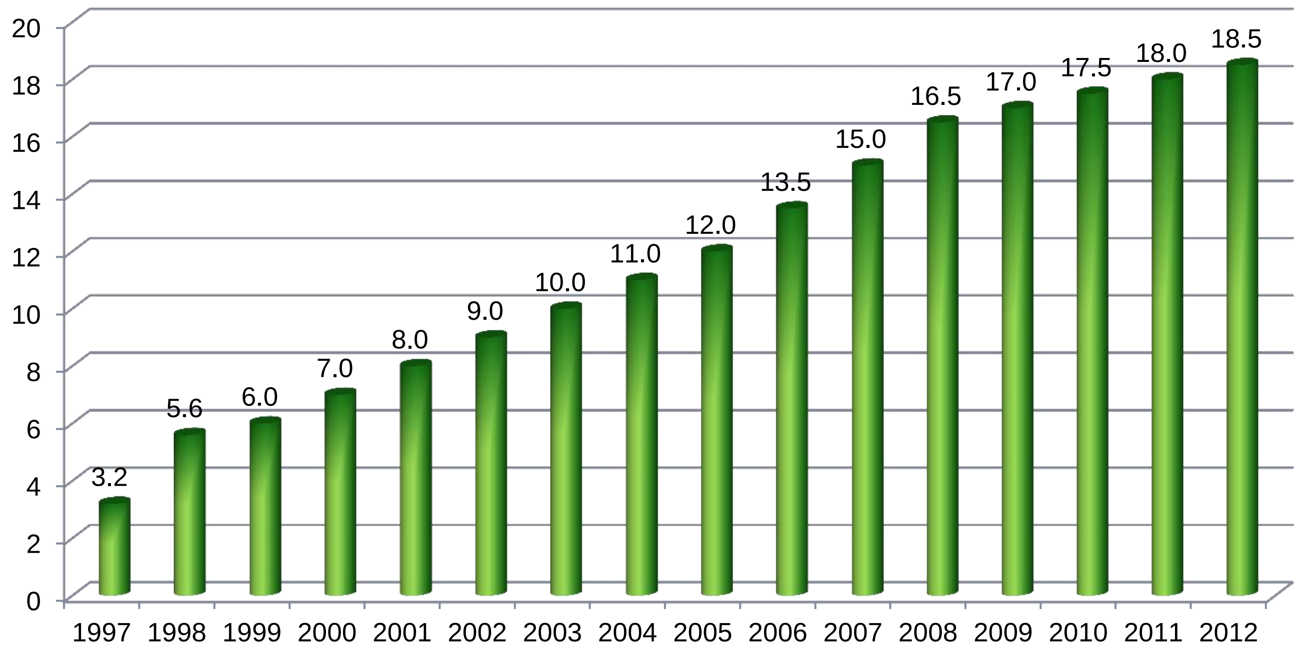
Source: IPD

- PHP return since inception in 1996
  - IRR over period since inception of 14.3%[1]
  - Average annual inflation (RPI) over period – 3.7%

Notes:
1. IRR includes total dividends paid to 31 December 12 of 187.8 pence and assumes the sale of the underlying ordinary shares at 348.0 pence, the closing mid market price as at 31 December 2012

Continued Dividend Growth

- 16 year track record of progressive dividend growth
- Total dividend for 2012 of 18.5 pence – an increase of 2.8% on 2011
- First 2013 dividend declared of 9.5p, payable on 22 April 2013[1]



Dividends since listing – paid - 187.8p, declared - 9.5p, total – 197.3p

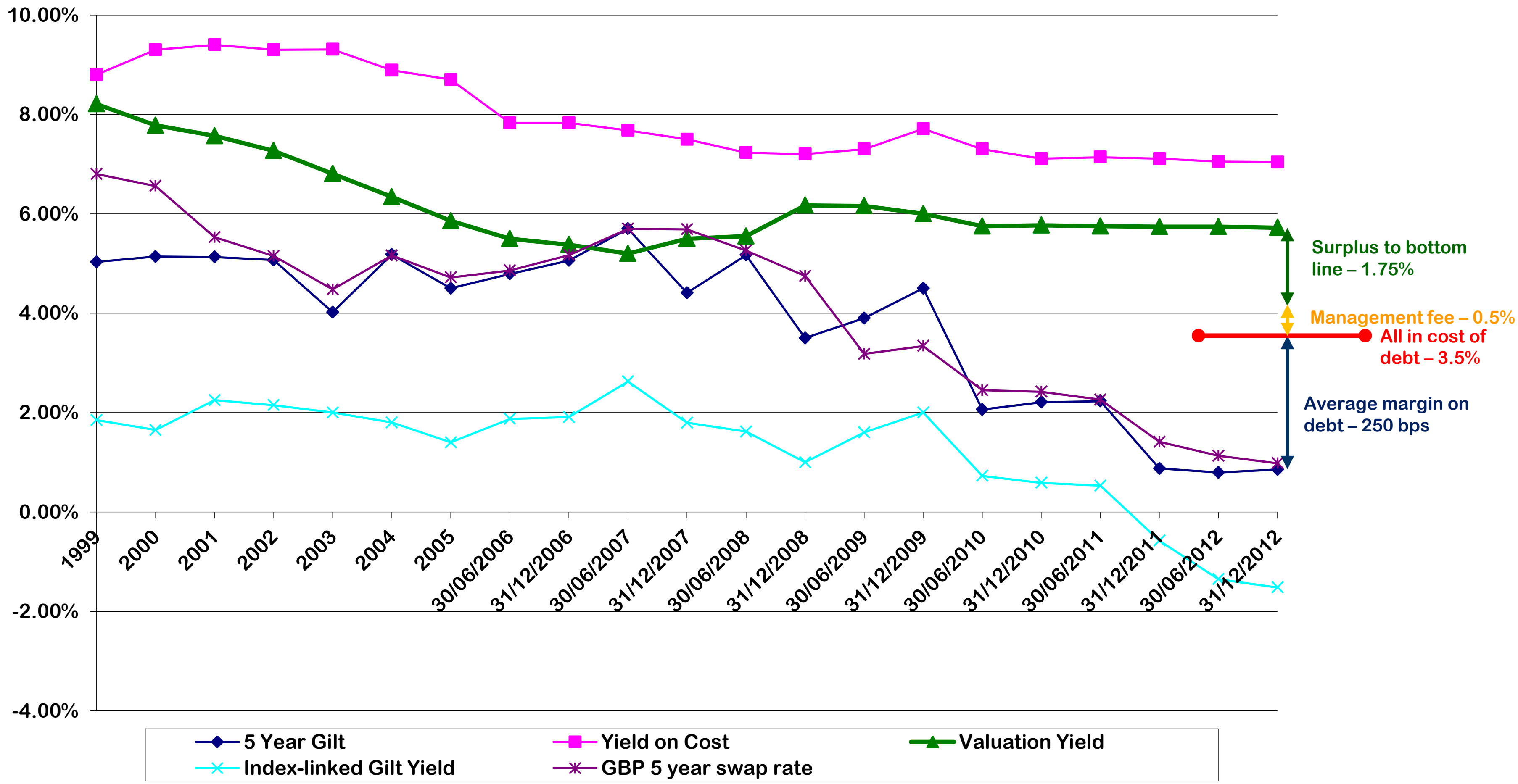
[1] – Record date 8 March 2013

Rebuilding Dividend Cover

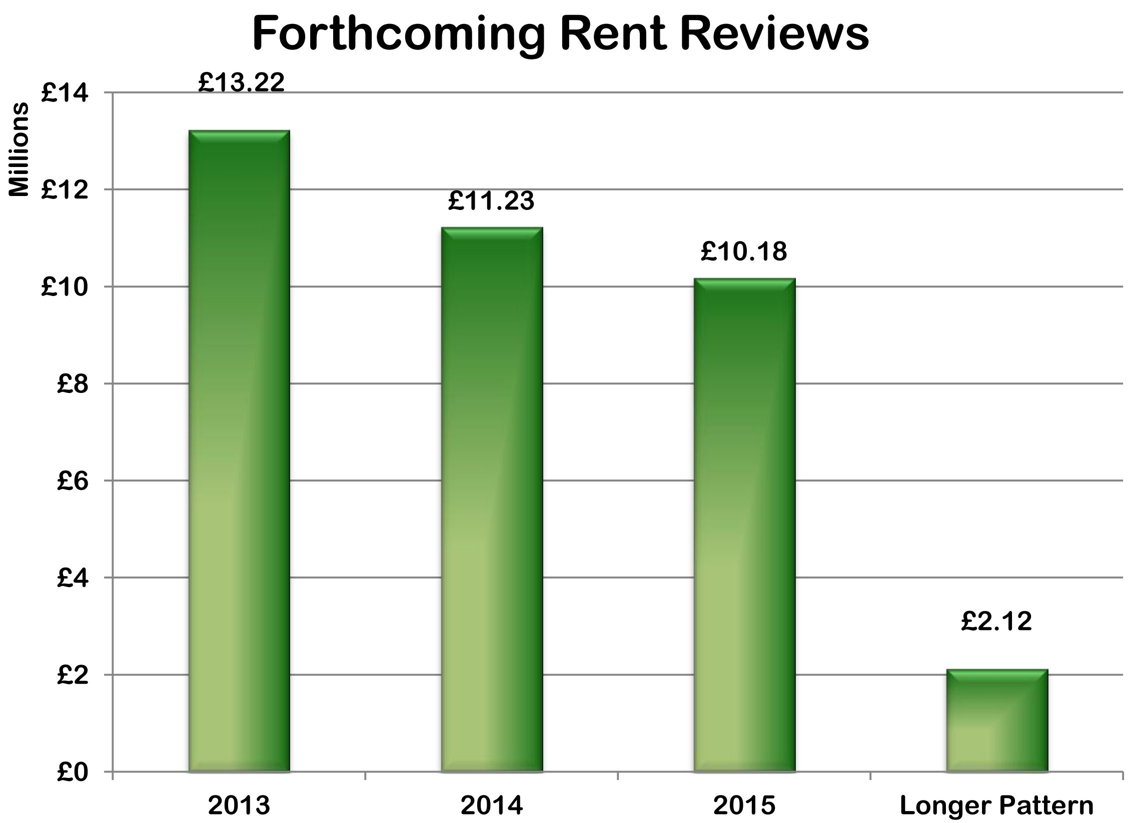
- Number one management priority to rebuild dividend cover
- Fall in cover in 2012 due to
  - Renewal of bi-lateral loan facility and increased margins
  - Short term drag to invest proceeds of Retail Bond
- Impact of Apollo acquisition not fully felt as completed in December 2012
- Positive spread from new business drops down to bottom line
- Upwards only rent reviews with RPI and fixed elements

Yield on Cost and Value

Primary Health Properties



Forthcoming Rent Reviews by Annual Rent at 31/12/12

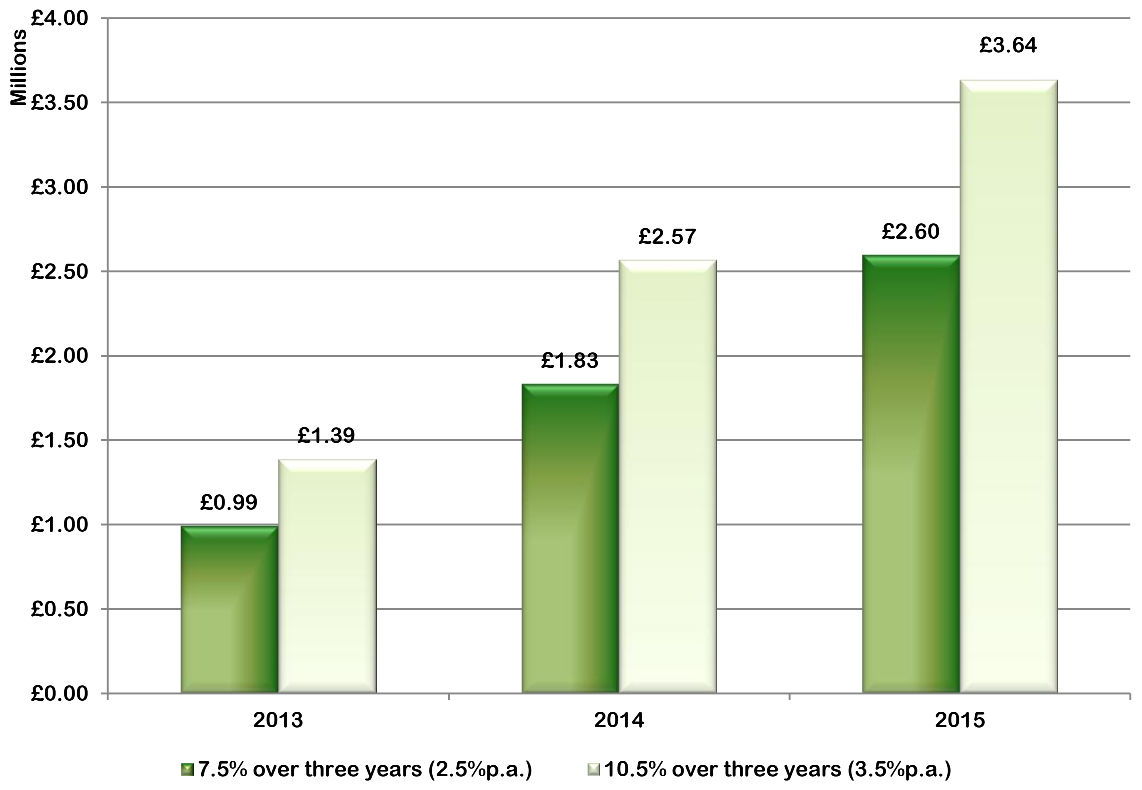


Annual contracted rent on completed assets - £36.76 million

Cumulative Cash Flow from Rent Reviews

Primary Health Properties

Impact of average return on rent reviews over three years



Portfolio Strength

- Key characteristics
  - 177[1] completed rent producing assets
  - 6 forward purchase commitments (all to be delivered in 2013)
  - Weighted average unexpired lease term of 16 years (31 December 2011: 16 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
- Portfolio net initial yield stable at 5.72% (31 Dec 2011: 5.74%), yield on cost over 7%

[1] – includes asset at Poole, contracted at 31/12/12, completed 1/2/13

Portfolio analysis

Primary Health Properties

- 70% of assets are greater than £3 million in value
- Average lot size in portfolio - £3.52 million (31 Dec 2012: £3.35m)

Capital value	No. of assets	Value (£'m)[1]	%'age	Cumulative %'age
£9 million +	6	71.90	11.2%	11.2%
£3 - £9 million	83	378.43	58.6%	69.8%
£1 - £3 million	90	191.62	29.7%	99.5%
£0 - £1 million[1]	4	3.42	0.5%	100.0%
Total	183	645.37	100.0%	

Of the four assets under £1m in value, one has been conditionally committed to be sold and two have leases close to being renewed/extended

[1] – includes value of minor land holdings

DCF Valuation – as at 31 December 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]
  - £720million vs £645million
  - £75million increase
  - Equates to 99 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 £758million
  - At 7.5%, valuation of £685million

£'m		Annual Rental Growth Assumption				
		0%	1%	2%	2.50%	3%
DCF RATE	6.0%	£702.0	£737.4	£776.7	£798.0	£820.4
	6.5%	£666.5	£700.2	£737.6	£757.8	£779.1
	7.0%	£633.5	£665.6	£701.2	£720.4	£740.6
	7.5%	£602.7	£633.3	£667.2	£685.4	£704.7
	8.0%	£573.9	£603.1	£635.4	£652.8	£671.1

[1] – on assets owned/committed at 31 December 2012

Apollo Investment Asset – acquired December 2012

Primary Health Properties

Fort William Health Centre

Tenants: 16 GPs (between 3 practices), Health Board and Pharmacy

Constructed: May 2007

NIA: 3,468 sqm

Value: £10.8 million

Patient numbers: 14,000

Apollo Investment Asset – acquired December 2012

Primary Health Properties

Shipley Medical Centre, Yorkshire

Tenants: 8 GPs and Pharmacy

Constructed: November 2007

NIA: 2,394 sqm

Value: £6.8 million

Patient numbers: 8,000

Apollo Asset Under Construction – acquired December 2012

Primary Health Properties

Beacon Centre for Health, Swansea SA1

Tenants: 10 GPs (2 practices), Health Board, Pharmacy, Dentist and University

Target Completion Date : March 2013

NIA: 2,901 sqm

Cost: £8.4 million

Patient numbers: 10,500

Investment Acquisition – acquired May 2012

PHP Primary Health Properties

Caerphilly, South Wales

Tenants: 3 GPs, Local PCT, pharmacy

Constructed: May 2012

NIA: 1,250 sqm

Cost: £3.8 million

Patient numbers: 9,500

Investment Acquisition – acquired November 2012

Primary Health Properties

Rotherham Community Health Centre

Tenants: Rotherham PCT (GP, diagnostic and PCT services and urgent care)

Constructed: November 2008

NIA: 4,635 sqm

Cost: £14.1 million

Patient numbers: 13,400

Forward commitment

Primary Health Properties

Stourbridge, West Midlands

Tenants: 10 GPs

Delivery anticipated: September 2013

NIA: 2,600 sqm

Cost: £8.5 million

Patient numbers: 29,050

Asset Management Projects

5 projects completed in 2012 – total capex £0.36m, average 12.5 years added to existing leases, return on capital of over 52%

Primary Health Properties

Larksfield Surgery, Stotfold – On site, Completion March 2013

Construction of a two consulting room extensions at existing medical centre. Lease to be renewed for a new 25 year term (current lease – 12 years remaining). Passing rent £126,000, return on capital of 26%.

Cost £112,000

Poplar Grove, Aylesbury – On site June 13, completion Q1 2014

Extension to double the size of the existing medical centre to accommodate local practice merger. Whole of enlarged centre to be fully let for new 24 year term (existing centre has 12 years remaining).

To be 11 GPs- 20,000+ patients

Cost £2.38m

Total of 6 projects approved for 2013, 1 on site

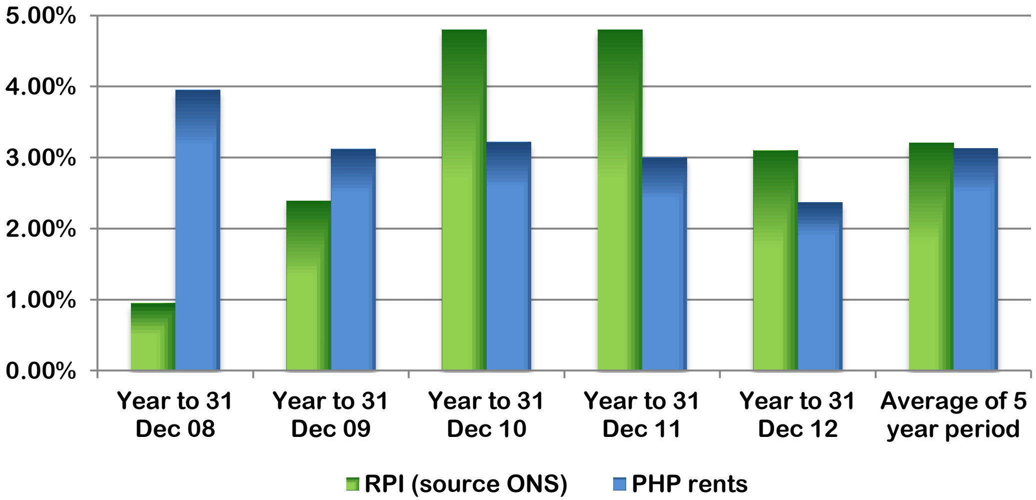
- Include pharmacy additions, minor refurbishment programmes and practice extensions
- Total projected cost of £6.0 million, average lease extension – 17.4 years
- Rental yield on cost of 7.2%, return on capital of over 32%

Rental Increases Achieved

Primary Health Properties

- Reviews completed to 31 Dec 12 average increase 2.4% per annum (2011: 3.0%)
- % of rent roll on fixed uplift – 5% (2011: 2%)
- % of rent roll index linked – 11% (2012: 11%)
- Balance open market effectively upwards only – 84% (2011: 87%)
- Historically rental increases have broadly tracked RPI increases

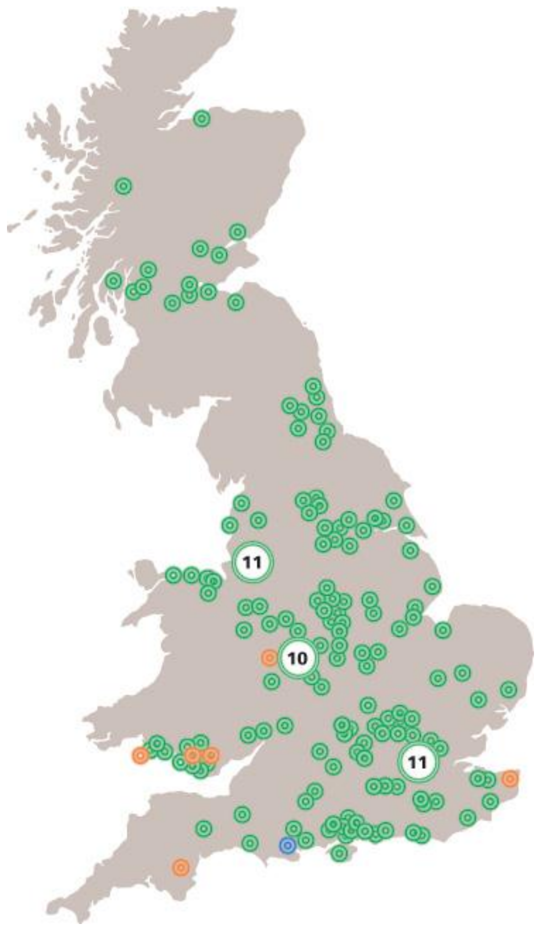
PHP Rent Review Performance v's Inflation

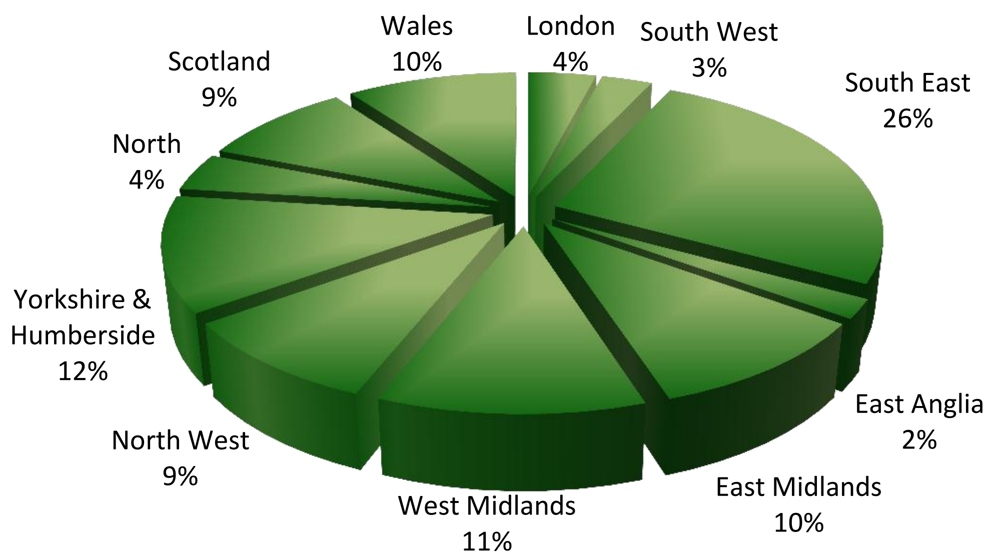


Drivers of Rental Growth

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

Wide Geographical Spread

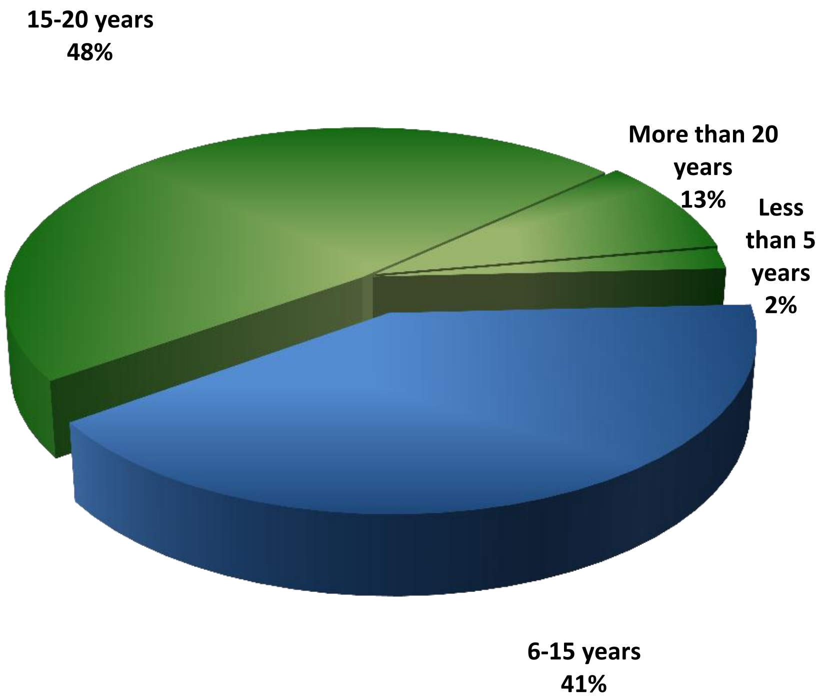




Long Leases

- Average lease length 16 years
- 61% of leases with more than 15 years remaining
- New leases typically 20 - 25 years
- Active asset management and lease renewals maintenance lease length
- 95% of leases with triennial rent reviews
- Effectively upward only*
  - 5% of rent roll on fixed uplift
  - 11% of rent roll index linked
  - 84% of rent reviewed to open market

Analysis of leases unexpired



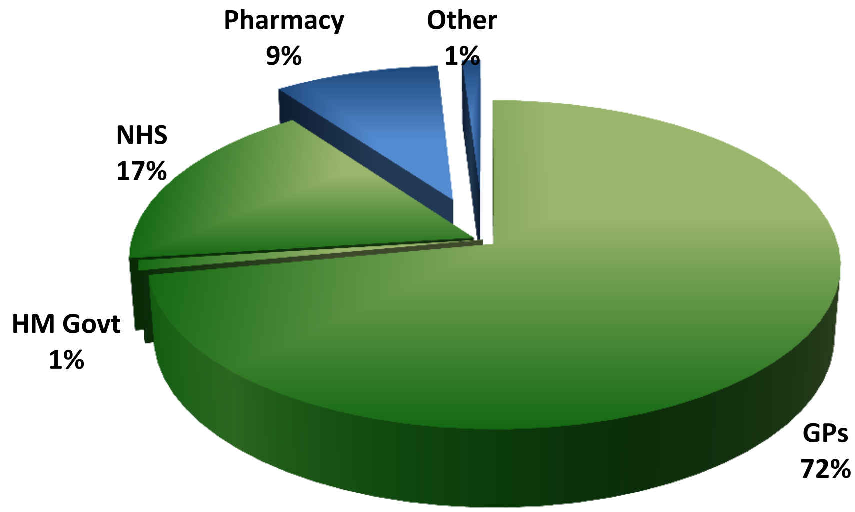
*Rental agreements have upward and downward provisions however a review can only be instigated by the landlord.

PHP portfolio analysis by tenant type

Primary Health Properties

- PHP owns and leases freehold or long leasehold modern purpose-built primary healthcare facilities
- 183 primary care facilities, 177[1] completed and 6 committed
- Primary tenants
  - GP surgeries
  - PCT/Health Boards
  - Pharmacies

Tenancy split by contracted rent



90% directly or indirectly from the Government

[1] – includes asset at Poole, contracted at 31/12/12, completed 1/2/13

PHP portfolio analysis by tenant type and location

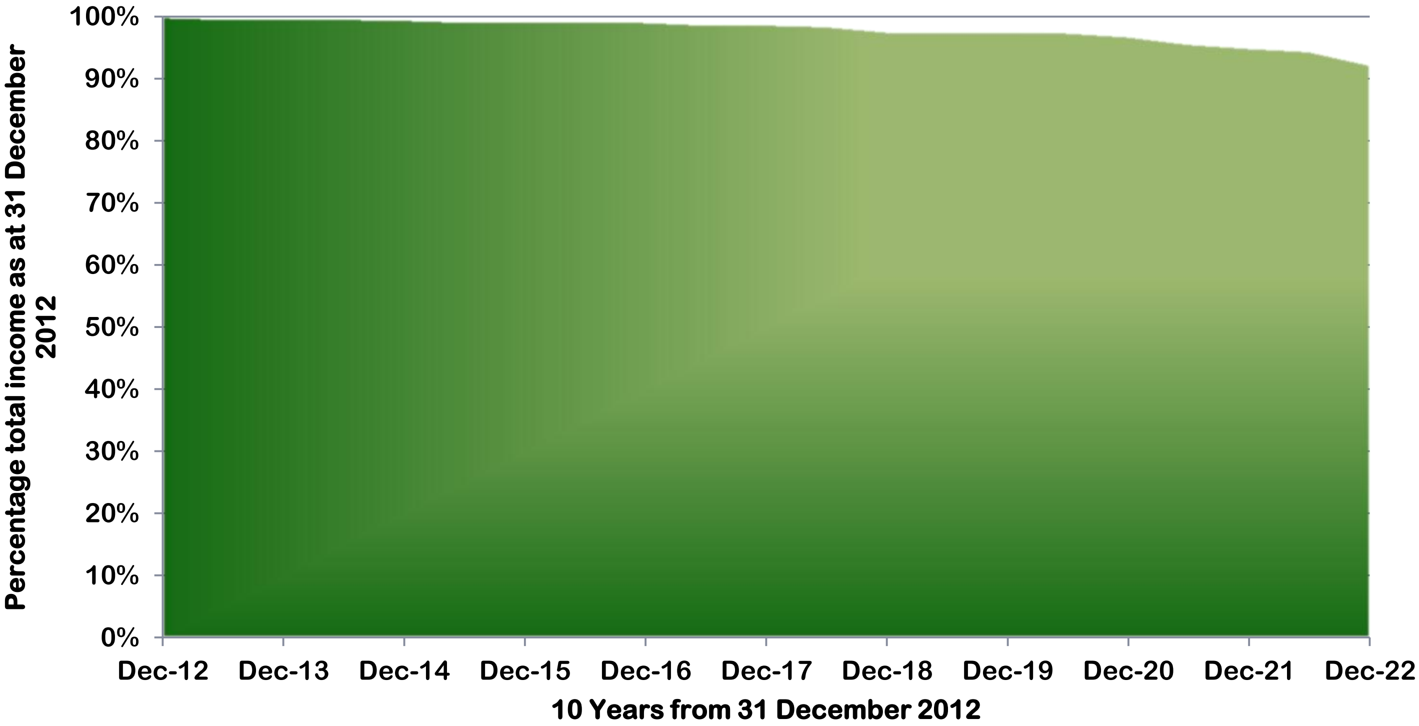
Primary Health Properties

	England	Scotland	Wales	Total
GPs	57.9%	6.9%	7.0%	71.8%
NHS/Government	13.9%	1.8%	2.6%	18.3%
Pharmacy	7.5%	0.4%	0.8%	8.7%
Other	0.9%	0.0%	0.3%	1.2%
Total	80.2%	9.1%	10.7%	100.0%

	England		Scotland		Wales	
	Before Act	After Act	Before Act	After Act	Before Act	After Act
GPs	PCT	NCB	Health Board	Health Board	Health Board	Health Board
NHS/Government	PCT	NHS Propco	Health Board	Health Board	Health Board	Health Board

Security of Income by Lease Expiry

Primary Health Properties



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

Secure Borrowing Facilities[1]

Average maturity of bank debt – 6.9 years

Provider	Maturity	Facility	Headroom
RBS	Mar 2013	5.0	5.0
AIB	Jan 2013	27.0	-
Clydesdale Bank	July 2014	50.0	50.0
RBS/Santander	Mar 2016	175.0	50.0
Aviva	Nov 2018	75.0	-
Aviva	Dec 2022	25.0	-
Aviva	Jan 2032	26.7	-
Aviva (Apollo)[2]	Nov 2033	52.3	-
Retail Bond	July 2019	75.0	-
Cash		-	25.1
Total		511.0	130.1
Committed to fund			(19.9)
To repay AIB			(27.0)
Effective headroom			83.2

- £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
- £75 million, seven year, unsecured retail bond issued on 23 July 2012
- Interest rate risk mitigated by portfolio of swaps and caps
- Group LTV – 60.9%
- Additional banking relationships being built

1 – as at 31 December 2012
2 – at fair value, nominal value £49.7m

Joint Managers and Fee Base

- Nexus TradeCo Limited and J O Hambro Capital Management Limited act as joint managers to the Company
- Stepped management fees represent value of scale to investors as incremental fee rate reduces as assets under management increase

Gross asset value	NPM	JOHCML	Total
Up to £50 million	0.5500%	0.4500%	1.0000%
Incremental fee charged on assets:			
Above £50 million, less than £350 million	0.4125%	0.3375%	0.7500%
Above £350 million, less than £450 million	0.4875%	0.2625%	0.7500%
Above £450 million, less than £500 million	0.5625%	0.1875%	0.7500%
Above £500 million, less than £750 million	0.4500%	0.0750%	0.5250%
Above £750 million	0.3750%	0.0625%	0.4375%

- Incentive fee payable, based on performance (replaces options previously held). 15% of excess over total return hurdle of 8% per annum. No incentive payment since 2007 and deficit of £66.7 million needs to be earned back before any further payments will fall due.

Conclusion

Primary Health Properties

- 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 to return company to full dividend cover
- 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

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February 2013