

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under Financial Services and Markets Act 2000 ("FSMA") if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares in certificated form before the date upon which the Ordinary Shares are marked as ex-entitlement to the Open Offer by the London Stock Exchange ("ex-entitlement date"), please send this document, together with the Form of Proxy and Application Form, if and when received, to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of the registration or any other local securities laws or regulations. If you sell or have sold or otherwise transferred all or some of your Existing Ordinary Shares held in uncertificated form before the ex-entitlement date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Basic Entitlements and Excess CREST Open Offer Entitlements to the purchaser or transferee. If you have sold or transferred part of your holding of Existing Ordinary Shares prior to the ex-entitlement date, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected and, in the case of Qualifying Non-CREST Shareholders, refer to the instructions regarding split applications set out in the Application Form.



Primary Health Properties

PRIMARY HEALTH PROPERTIES PLC

(incorporated in England & Wales under the Companies Act 1985 with registered number 03033634)

Proposed Firm Placing of 7,301,587 new Ordinary Shares and proposed Placing, Open Offer and Offer for Subscription of up to 11,746,031 new Ordinary Shares with the ability to increase the size of the Issue up to 23,809,522 new Ordinary Shares in aggregate, each at an Issue Price of 315 pence per share

and

Notice of General Meeting



Numis Securities Limited
Sponsor, Joint Bookrunner and Joint Broker



Peel Hunt LLP
Joint Bookrunner and Joint Broker

The whole of this document (in particular the section headed "Risk Factors" set out in pages 13 to 19 of this document) should be read together with the documents incorporated by reference in their entirety. Shareholders and any other persons contemplating a purchase of New Shares should review the risk factors set out on pages 10 to 20 of this document for a discussion of certain factors that should be considered when deciding on what action to take in relation to the Capital Raising or deciding whether or not to purchase New Shares. In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Company and the terms of the Capital Raising, including the merits and risks involved.

The latest time and date for acceptance and payment in full for the New Shares under the Open Offer is expected to be 11.00 a.m. on 11 June 2013, and the procedures for application and payment are set out in Appendix 2 of this document and, where relevant, in the Application Form. Qualifying CREST Shareholders should refer to paragraph 2.2 of Appendix 2 of this document. The latest time and date for acceptance and payment in full for the New Shares under the Offer for Subscription is expected to be 11.00 a.m. on 11 June 2013 and the procedures for application and payment are set out in Appendix 4 of this document and, where relevant, in the Subscription Form.

This document, which comprises (a) a circular prepared in compliance with the Listing Rules of the Financial Conduct Authority for the purposes of the General Meeting convened pursuant to the Notice of General Meeting contained in this document, and (b) a prospectus relating to the Capital Raising prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made under Section 73A of FSMA, has been approved by the Financial Conduct Authority (the "FCA") in accordance with Section 85 of FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

The Company and each of the Directors, whose names appear on page 24 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are listed on the premium segment of the Official List of the Financial Conduct Authority and admitted to trading on the London Stock Exchange's main market for listed securities. Application will be made to the Financial Conduct Authority and to the London Stock Exchange for the New Shares to be admitted to the premium segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of the London Stock Exchange, respectively. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Shares will commence at 8.00 a.m. on 13 June 2013. No application is currently intended to be made for the Existing Ordinary Shares or the New Shares to be admitted to listing or dealing on any other exchange.

Numis Securities Limited ("Numis"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for PHP and no-one else in connection with the Capital Raising and Admission and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Capital Raising or Admission and will not be responsible to anyone other than PHP for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising or Admission or any matters referred to in this document.

Peel Hunt LLP ("Peel Hunt"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for PHP and no-one else in connection with the Capital Raising and Admission and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Capital Raising or Admission and will not be responsible to anyone other than PHP for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising or Admission or any matters referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis or Peel Hunt by FSMA or the regulatory regime established thereunder, neither Numis nor Peel Hunt accept any responsibility whatsoever for, or make any warranty or representation, express or implied, in respect of, the contents of this document, including its accuracy, completeness or verification or concerning any other statement made or purported to be made by it, or on its behalf, in connection with PHP, the New Shares, the Capital Raising or Admission and nothing in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or to the future. Each of Numis and Peel Hunt accordingly disclaims to the fullest extent permitted by law all or any responsibility or liability whether arising in tort, contract or otherwise (save as referred to herein) which it might otherwise have in respect of such statement.

Notice of a General Meeting of the company to be held at the office of the Company at Ground Floor, Ryder Court, 14 Ryder Street, London SW1Y 6QB at 10.00 a.m. on 12 June 2013 is set out at the end of this document. The Form of Proxy for use at the General Meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but, in any event, so as to reach the Company's Registrars, Equiniti, not later than 10.00 a.m. on 10 June 2013. Completion and posting of the Proxy Form does not prevent a Shareholder from attending and voting in person at the General Meeting.

Qualifying Non-CREST Shareholders will find an Application Form enclosed with this document. It is expected that Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements and Excess CREST Open Offer Entitlements, which will be enabled for settlement on 23 May 2013. Applications under the Open Offer may only be made by a Qualifying Shareholder originally entitled to or by a person entitled by virtue of a bona fide market claim arising out of a sale or transfer of Ordinary Shares prior to the ex-entitlement date. If the Basic Entitlements and Excess CREST Open Offer Entitlements are for any reason not enabled by 5.00 p.m. on 23 May 2013 or such later time as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for Basic Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST. Qualifying CREST Shareholders who are CREST-sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

The New Shares, Basic Entitlements, Excess CREST Open Offer Entitlements, the Application Form, Subscription Entitlements and the Subscription Form have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

None of this document, the Basic Entitlements, Excess CREST Open Offer Entitlements, the Application Form, Subscription Entitlements or the Subscription Form are or constitute an offer to sell or the solicitation of an offer to acquire the New Shares in any jurisdiction in which such an offer or solicitation is unlawful. The New Shares, Basic Entitlements, Excess CREST Open Offer Entitlements, Application Form, Subscription Entitlements and the Subscription Form have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or the relevant laws of any state, province or territory of the United States. Unless so registered, the New Shares, the Basic Entitlements and the Excess CREST Open Offer Entitlements may not be offered, sold, taken up or exercised, within the United States except in a transaction that is exempt from, or not subject to, the registration requirements of the US Securities Act. Subject to certain exceptions, this document does not constitute an offer of New Shares to any person with a registered address, or who is resident, in the United States. There will be no public offer in the United States. Outside the United States, the New Shares are being offered in reliance on Regulation S under the US Securities Act.

The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of territories other than the United Kingdom (including, without limitation, a nominee or trustee who has a contractual or legal obligation to forward this document or any other document if and when received, to a jurisdiction outside the United Kingdom) is drawn to paragraph 6 of Appendix 2 of this document and paragraph 5 of Appendix 4 of this document.

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SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

Section A – Introduction and warnings

A.1	Warning	This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.
A2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. There is no subsequent resale or final placement of securities by any financial intermediary.

Section B – Company and any guarantor

B.1	Legal and Commercial Name	The Company’s legal and commercial name is Primary Health Properties PLC (the “Company”).
B.2	Domicile/Legal Form/ Legislation/ Country of Incorporation	The Company was incorporated in England and Wales on 16 March 1995 under the Companies Act 1985 as a public limited company with registered number 03033634.
B.3	Key factors of Company’s current operations and principal activities	<p>The Group’s property portfolio comprises primary healthcare facilities in the UK, both completed and committed, which are primarily let to GP practices, NHS bodies and pharmacy operators. The Group is externally managed by the Joint Managers.</p> <p>As at 31 March 2013, the Group held 184 primary healthcare assets, 176 completed properties and forward funding commitments for a further eight, with a total portfolio value of approximately £648.6 million, generating an annualised rental roll of approximately £39.0 million per annum.</p> <p>The Company is the principal company of a UK-REIT. All of the Company’s completed properties are held for long-term investment.</p>

		The Company's strategy is to acquire the freehold or long leasehold interests of mainly modern, purpose-built primary healthcare properties on the basis that each property purchased by the Company will have been evaluated for its income and asset value growth potential.																																							
B.4a	Significant trends	<p>The demand for modern, fit for purpose medical centre properties is being driven by a market shift from secondary care (hospitals) towards primary and community care as encouraged by the Government.</p> <p>Technological developments and specialist GP training are allowing more procedures and diagnostics to be performed in community primary care facilities rather than in centralised major facilities such as hospitals.</p> <p>The HSC Act has recently reinforced the leading role of primary care by transferring budgetary and commissioning responsibilities in England to GPs and local clinicians through the establishment of clinical commissioning groups.</p>																																							
B.5	Group structure	<p>The Company is the parent of 42 principal subsidiaries, all of which are 100 per cent. owned by the Company.</p> <p>The principal subsidiaries specialise in the ownership of freehold or long leasehold interests in modern purpose-built healthcare facilities only, the majority of which are leased to general practitioners and other associated healthcare users.</p>																																							
B.6	Notifiable interests	<p>As at 21 May 2013 (being the last practicable date prior to the publication of this document), the Company had been notified of or was otherwise aware of the following Shareholders who were directly or indirectly interested in three per cent. (and in the case of Nexus Group Holdings Limited, five per cent.) or more of the issued Ordinary Shares:</p> <p style="text-align: right;"><i>As at 21 May 2013</i></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><i>Name</i></th> <th style="text-align: right;"><i>Ordinary Shares</i></th> <th style="text-align: right;"><i>Percentage of existing issued share capital</i></th> </tr> </thead> <tbody> <tr> <td>Nexus Group Holdings Limited⁽¹⁾</td> <td style="text-align: right;">3,989,680⁽²⁾</td> <td style="text-align: right;">5.27</td> </tr> <tr> <td>Brooks Macdonald Asset Management</td> <td style="text-align: right;">3,771,506</td> <td style="text-align: right;">4.96</td> </tr> <tr> <td>Troy Asset Management</td> <td style="text-align: right;">3,450,000</td> <td style="text-align: right;">4.54</td> </tr> <tr> <td>Charles Stanley</td> <td style="text-align: right;">3,327,717</td> <td style="text-align: right;">4.38</td> </tr> <tr> <td>Brewin Dolphin</td> <td style="text-align: right;">3,261,291</td> <td style="text-align: right;">4.29</td> </tr> <tr> <td>BlackRock</td> <td style="text-align: right;">3,028,129</td> <td style="text-align: right;">3.98</td> </tr> <tr> <td>Hargreaves Lansdown</td> <td style="text-align: right;">2,662,813</td> <td style="text-align: right;">3.50</td> </tr> <tr> <td>Investec Wealth & Investment</td> <td style="text-align: right;">2,462,177</td> <td style="text-align: right;">3.24</td> </tr> <tr> <td>Legal & General Investment Management</td> <td style="text-align: right;">2,403,282</td> <td style="text-align: right;">3.16</td> </tr> <tr> <td>Barclays Stockbrokers</td> <td style="text-align: right;">2,398,297</td> <td style="text-align: right;">3.15</td> </tr> <tr> <td>Cheviot Asset Management</td> <td style="text-align: right;">2,334,728</td> <td style="text-align: right;">3.07</td> </tr> <tr> <td>Rathbones</td> <td style="text-align: right;">2,299,465</td> <td style="text-align: right;">3.02</td> </tr> </tbody> </table> <p>(1) Nexus Group Holdings Limited is connected to Harry Hyman. (2) These Ordinary Shares are subject to a debenture and fixed charge over all of Nexus Group Holdings Limited's assets to its bank.</p> <p>Save as disclosed above, the Company is not aware of any person who, as at 21 May 2013 (being the latest practicable date prior to the publication of this document), directly or indirectly, has a holding which exceeds three per cent. (and in the case of a fund management holding company, five per cent.) of the total voting rights attaching to its issued share capital.</p> <p>None of the Shareholders referred to above have different voting rights from any other holder of Ordinary Shares in respect of such shares held by them.</p>	<i>Name</i>	<i>Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	Nexus Group Holdings Limited ⁽¹⁾	3,989,680 ⁽²⁾	5.27	Brooks Macdonald Asset Management	3,771,506	4.96	Troy Asset Management	3,450,000	4.54	Charles Stanley	3,327,717	4.38	Brewin Dolphin	3,261,291	4.29	BlackRock	3,028,129	3.98	Hargreaves Lansdown	2,662,813	3.50	Investec Wealth & Investment	2,462,177	3.24	Legal & General Investment Management	2,403,282	3.16	Barclays Stockbrokers	2,398,297	3.15	Cheviot Asset Management	2,334,728	3.07	Rathbones	2,299,465	3.02
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B.7	Historical financial information	<p>The Group's consolidated financial information set out below has been extracted without material adjustment from the financial information set out in Part 3: "Operating and Financial Review".</p> <table border="1"> <thead> <tr> <th>Income Statement Data:</th> <th>2012</th> <th>2011</th> <th>2010</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Rental and related income</td> <td>33,151</td> <td>30,676</td> <td>26,915</td> </tr> <tr> <td>Operating profit before revaluation result on property portfolio</td> <td>27,625</td> <td>25,117</td> <td>21,871</td> </tr> <tr> <td>Net revaluation result on property portfolio</td> <td>(1,768)</td> <td>10,584</td> <td>22,790</td> </tr> <tr> <td>Operating profit before financing costs</td> <td>25,857</td> <td>36,013</td> <td>44,661</td> </tr> <tr> <td>Profit on ordinary activities before taxation</td> <td>1,129</td> <td>12,649</td> <td>27,225</td> </tr> <tr> <td>Profit for the year ⁽¹⁾</td> <td>1,130</td> <td>12,654</td> <td>25,675</td> </tr> <tr> <td>Earnings per share ⁽²⁾</td> <td>1.56p</td> <td>18.97p</td> <td>41.30p</td> </tr> <tr> <td>Adjusted earnings per share ⁽²⁾⁽³⁾</td> <td>10.16p</td> <td>14.54p</td> <td>14.72p</td> </tr> </tbody> </table> <p>The above relates wholly to continuing operations.</p> <p>(1) Wholly attributable to equity shareholders of the Company.</p> <p>(2) There is no difference between basic and fully diluted EPS.</p> <p>(3) Adjusted for large one-off items and movements in fair value of properties and derivatives (see note 8 of the Annual Report and Accounts for the year ended 31 December 2012 and 31 December 2011).</p> <table border="1"> <thead> <tr> <th>Balance Sheet Data:</th> <th>2012</th> <th>2011</th> <th>2010</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> <th>Restated⁽¹⁾ £000</th> </tr> </thead> <tbody> <tr> <td>Investment properties</td> <td>622,447</td> <td>525,586</td> <td>469,290</td> </tr> <tr> <td>Total assets</td> <td>653,580</td> <td>531,419</td> <td>476,294</td> </tr> <tr> <td>Total liabilities</td> <td>(474,490)</td> <td>(363,299)</td> <td>(311,548)</td> </tr> <tr> <td>Net assets</td> <td>179,090</td> <td>168,120</td> <td>164,746</td> </tr> <tr> <td>Net asset value per share – basic</td> <td>235.54p</td> <td>246.25p</td> <td>262.32p</td> </tr> <tr> <td>EPRA net asset value per share</td> <td>305.03p</td> <td>318.73p</td> <td>311.47p</td> </tr> </tbody> </table> <p>(1) Principal repayments on Aviva fixed term loan of £0.6 million restated to current liabilities from non-current liabilities. This restatement has no impact on net assets.</p>	Income Statement Data:	2012	2011	2010		£000	£000	£000	Rental and related income	33,151	30,676	26,915	Operating profit before revaluation result on property portfolio	27,625	25,117	21,871	Net revaluation result on property portfolio	(1,768)	10,584	22,790	Operating profit before financing costs	25,857	36,013	44,661	Profit on ordinary activities before taxation	1,129	12,649	27,225	Profit for the year ⁽¹⁾	1,130	12,654	25,675	Earnings per share ⁽²⁾	1.56p	18.97p	41.30p	Adjusted earnings per share ⁽²⁾⁽³⁾	10.16p	14.54p	14.72p	Balance Sheet Data:	2012	2011	2010		£000	£000	Restated ⁽¹⁾ £000	Investment properties	622,447	525,586	469,290	Total assets	653,580	531,419	476,294	Total liabilities	(474,490)	(363,299)	(311,548)	Net assets	179,090	168,120	164,746	Net asset value per share – basic	235.54p	246.25p	262.32p	EPRA net asset value per share	305.03p	318.73p	311.47p
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Profit for the year ⁽¹⁾	1,130	12,654	25,675																																																																							
Earnings per share ⁽²⁾	1.56p	18.97p	41.30p																																																																							
Adjusted earnings per share ⁽²⁾⁽³⁾	10.16p	14.54p	14.72p																																																																							
Balance Sheet Data:	2012	2011	2010																																																																							
	£000	£000	Restated ⁽¹⁾ £000																																																																							
Investment properties	622,447	525,586	469,290																																																																							
Total assets	653,580	531,419	476,294																																																																							
Total liabilities	(474,490)	(363,299)	(311,548)																																																																							
Net assets	179,090	168,120	164,746																																																																							
Net asset value per share – basic	235.54p	246.25p	262.32p																																																																							
EPRA net asset value per share	305.03p	318.73p	311.47p																																																																							

		There has been no significant change in the financial or trading position of the Group from 31 December 2012, the date to which the last audited consolidated financial information of the Group in Part 3: “Operating and Financial Review” was prepared, up until the date of this document.																																																																																																
B.8	Pro forma financial information	<p>The pro forma financial information has been prepared to illustrate the effect on the consolidated net assets of the Group as if the Firm Placing had taken place on 31 December 2012.</p> <p>The unaudited pro forma, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group’s actual financial position.</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Consolidated net assets of the Group at 31 December 2012 Note 1 £'m</i></th> <th style="text-align: right;"><i>Firm Placing – Proceeds of the issue, net of expenses Note 2 £'m</i></th> <th style="text-align: right;"><i>Pro forma consolidated net assets at 31 December 2012 Total £'m</i></th> </tr> </thead> <tbody> <tr> <td>Non current assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Investment properties</td> <td style="text-align: right;">622.5</td> <td style="text-align: right;">—</td> <td style="text-align: right;">622.5</td> </tr> <tr> <td>Net investment in finance leases</td> <td style="text-align: right;">3.1</td> <td style="text-align: right;">—</td> <td style="text-align: right;">3.1</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;"><u>625.6</u></td> <td style="text-align: right;"><u>—</u></td> <td style="text-align: right;"><u>625.6</u></td> </tr> <tr> <td>Current assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Trade and other receivables</td> <td style="text-align: right;">2.9</td> <td style="text-align: right;">—</td> <td style="text-align: right;">2.9</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">25.1</td> <td style="text-align: right;">21.5</td> <td style="text-align: right;">46.6</td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;"><u>28.0</u></td> <td style="text-align: right;"><u>21.5</u></td> <td style="text-align: right;"><u>49.5</u></td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;"><u>653.6</u></td> <td style="text-align: right;"><u>21.5</u></td> <td style="text-align: right;"><u>675.1</u></td> </tr> <tr> <td>Current liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Term loans</td> <td style="text-align: right;">(79.9)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">(79.9)</td> </tr> <tr> <td>Derivative interest rate swaps</td> <td style="text-align: right;">(7.5)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">(7.5)</td> </tr> <tr> <td>Trade and other payables</td> <td style="text-align: right;">(10.7)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">(10.7)</td> </tr> <tr> <td>Deferred rental income</td> <td style="text-align: right;">(7.8)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">(7.8)</td> </tr> <tr> <td>Provision for liabilities and charges</td> <td style="text-align: right;">(1.6)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">(1.6)</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;"><u>(107.5)</u></td> <td style="text-align: right;"><u>—</u></td> <td style="text-align: right;"><u>(107.5)</u></td> </tr> <tr> <td>Non current liabilities</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Term loans</td> <td style="text-align: right;">(247.9)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">(247.9)</td> </tr> <tr> <td>Retail Bond</td> <td style="text-align: right;">(73.8)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">(73.8)</td> </tr> <tr> <td>Derivative interest rate swaps</td> <td style="text-align: right;">(45.3)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">(45.3)</td> </tr> <tr> <td>Non current liabilities</td> <td style="text-align: right;"><u>(367.0)</u></td> <td style="text-align: right;"><u>—</u></td> <td style="text-align: right;"><u>(367.0)</u></td> </tr> <tr> <td>Total liabilities</td> <td style="text-align: right;"><u>(474.5)</u></td> <td style="text-align: right;"><u>—</u></td> <td style="text-align: right;"><u>(474.5)</u></td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;"><u>179.1</u></td> <td style="text-align: right;"><u>21.5</u></td> <td style="text-align: right;"><u>200.6</u></td> </tr> </tbody> </table> <p>Notes:</p> <ol style="list-style-type: none"> The net assets of the Group as at 31 December 2012 have been extracted without material adjustment from the audited consolidated financial statements of the Group for the year ended 31 December 2012, as incorporated by reference in Part 8 of this document. Adjustment to reflect the net proceeds from the Firm Placing receivable by the Company of £21.5 million (being gross proceeds of £23.0 million less estimated fees relating to the Firm Placing of £1.5 million). If the maximum Capital Raising is achieved, the net proceeds receivable by the Company will be £58.0 million (being gross proceeds of £60.0 million less estimated fees relating to the Capital Raising of £2.0 million). If the Board exercises its discretion to increase the size of the Issue by a maximum of 25 per cent. the net proceeds receivable by the Company will be £72.7 million (being gross proceeds of £75.0 million less estimated fees relating to the Capital Raising of £2.3 million). The unaudited pro forma financial information does not take into account trading of the Group subsequent to the year end balance sheet date of 31 December 2012. 		<i>Consolidated net assets of the Group at 31 December 2012 Note 1 £'m</i>	<i>Firm Placing – Proceeds of the issue, net of expenses Note 2 £'m</i>	<i>Pro forma consolidated net assets at 31 December 2012 Total £'m</i>	Non current assets				Investment properties	622.5	—	622.5	Net investment in finance leases	3.1	—	3.1	Non-current assets	<u>625.6</u>	<u>—</u>	<u>625.6</u>	Current assets				Trade and other receivables	2.9	—	2.9	Cash and cash equivalents	25.1	21.5	46.6	Current assets	<u>28.0</u>	<u>21.5</u>	<u>49.5</u>	Total assets	<u>653.6</u>	<u>21.5</u>	<u>675.1</u>	Current liabilities				Term loans	(79.9)	—	(79.9)	Derivative interest rate swaps	(7.5)	—	(7.5)	Trade and other payables	(10.7)	—	(10.7)	Deferred rental income	(7.8)	—	(7.8)	Provision for liabilities and charges	(1.6)	—	(1.6)	Current liabilities	<u>(107.5)</u>	<u>—</u>	<u>(107.5)</u>	Non current liabilities				Term loans	(247.9)	—	(247.9)	Retail Bond	(73.8)	—	(73.8)	Derivative interest rate swaps	(45.3)	—	(45.3)	Non current liabilities	<u>(367.0)</u>	<u>—</u>	<u>(367.0)</u>	Total liabilities	<u>(474.5)</u>	<u>—</u>	<u>(474.5)</u>	Net assets	<u>179.1</u>	<u>21.5</u>	<u>200.6</u>
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B.9	Profit forecast	Not applicable – no profit forecasts or estimates have been made.
B.10	Qualifications in the audit report	Not applicable – there are no qualifications made in the audit report.
B.11	Insufficient working capital	Not applicable – the Company has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of this document.

Section C – Securities

C.1	Type and class of securities being offered	<p>The Company intends to issue 19,047,618 New Shares. The Directors have the ability to increase the size of the Issue by up to 25 per cent., approximately representing up to a further 4,761,904 shares.</p> <p>When admitted to trading, the Ordinary Shares will be registered with ISIN (International Securities Identifying Number) GB0007015521 and SEDOL (Stock Exchange Daily Official List) number 0701552.</p>
C.2	Currency of the securities issue	British pounds sterling.
C.3	Issued Share Capital	<p>The issued and fully paid share capital of the Company as at 21 May 2013 was 76,098,244 Ordinary Shares (all of which are fully paid up or credited as fully paid up).</p> <p>The nominal value of the issued ordinary share capital of the Company is £38,049,122 divided into 76,098,244 ordinary shares of 50 pence each.</p>
C.4	Description of the rights attaching to the securities	The New Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid, or declared, if any, by reference to a record date after the date of their issue.
C.5	Restrictions on the free transferability of the securities	The New Shares and Ordinary Shares are freely transferable, subject to the restrictions in articles 30 to 36 of the Articles.
C.6	Admission	<p>Applications will be made to the FCA and to the London Stock Exchange, respectively, for the New Shares to be admitted to the listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.</p> <p>Subject to the conditions to the Capital Raising having been satisfied (or, if applicable, waived) it is expected that Admission will occur at 8.00 a.m. on or around 13 June 2013.</p>
C.7	Dividend policy	The Company intends to continue to pay substantially all of its earnings as dividends in line with current dividend policy, though there can be no guarantee of the level of future dividends, if any.

Section D – Risks

<p>D.1</p>	<p>Key information on the key risks specific to the Group or its Industry</p>	<ul style="list-style-type: none"> • Commercial property and commercial property related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to substantial judgement. • The performance of the Company may be adversely affected by a downturn in the UK commercial property market in terms of capital value or a weakening of rental yields. • Failure to meet the UK-REIT dividend requirements may mean that the Group is subject to an increased tax charge and may trigger a breach of the UK-REIT conditions. • The Company cannot guarantee continued compliance with all of the UK-REIT conditions and there is a risk that the UK-REIT regime may cease to apply in some circumstances or requirements may be extended. • The Company has no influence over the future direction of primary care initiatives in the public sector, and there can be no assurance that the UK government’s primary care budget will not decline or that growth will stay at present levels. • Cuts in the funding available for the renting of medical centres or changes to future rental reimbursement mechanisms to GPs by the NHS may reduce funds available to meet the costs of accommodation provided by the Group or impact on the covenant strength of the underlying tenants in future. • The Company is dependent on its Directors and the Joint Managers and may be adversely affected if their services or the respective services of any of their key employees are terminated. • Should the Company refinance certain debt facilities, as may be required in the longer term, any such prevailing market position relating to selected swaps may need to be closed, which could adversely impact the financial condition and cashflow of the Group.
<p>D.3</p>	<p>Key information on the key risks specific to the securities</p>	<ul style="list-style-type: none"> • Although the New Shares are to be listed on the Official List and admitted to trading on the Main Market and will be freely transferable, the ability of Shareholders to sell their New Shares in the market, and the price which they may receive, will depend on market conditions. • The market value of, and the income derived from, the Ordinary Shares can fluctuate and may not always reflect the prevailing Net Asset Value per Ordinary Share.

Section E – Offer

E.1	Net proceeds and costs of the offer	Assuming that the gross proceeds of the Issue will be £60.0 million, the net proceeds from the Capital Raising receivable by the Company are estimated to be £58.0 million. These net proceeds are calculated after deduction of the estimated expenses of the Capital Raising. If the Directors increase the size of the Issue by 25 per cent., the gross proceeds will be approximately £75.0 million, in which case the net proceeds will be £72.7 million.
E.2a	Reason for offer and use of proceeds	<p>It is the intention of the Board that the net proceeds of the Capital Raising will be:</p> <ul style="list-style-type: none"> • used to enable the Group to continue its strategy of making property acquisitions whilst maintaining a prudent overall level of gearing within its portfolio; • selectively applied alongside existing and future debt facilities to generate growing returns and to maintain a progressive dividend policy; and • used where possible, in the immediate term, to pay down revolving debt facilities so as to maximise treasury management efficiency.
E.3	Terms and conditions of the offer	<p>The New Shares will be issued pursuant to the Firm Placing and the Placing, the Open Offer and the Offer for Subscription (together, the “Capital Raising”). Assuming that the size of the Issue is approximately £60.0 million, the Capital Raising will comprise up to 19,047,618 New Shares to be issued at a price of 315 pence each. If the Directors increase the size of the Issue by 25 per cent., this represents a further 4,761,904 New Shares to be issued at a price of 315 pence each. The actual number of New Shares to be issued pursuant to the Capital Raising will be notified by the Company via a Regulatory Information Service announcement prior to Admission.</p> <p>New Shares will be issued at a price of 315 pence each. New Shares will be allocated to Qualifying Shareholders under the Open Offer on a pre-emptive basis in accordance with the Articles.</p> <p>The Capital Raising is conditional, <i>inter alia</i>, upon:</p> <ul style="list-style-type: none"> • the passing of the Resolutions without amendment to be proposed at the General Meeting to be held on 12 June 2013; • the Placing Agreement having become unconditional in all respects save for the condition relating to Admission and not being terminated in accordance with its terms before Admission occurs; and • Admission occurring by not later than 8.00 a.m. on 13 June 2013 (or such later time and date as the Company, Numis and Peel Hunt may agree, not being later than 8.00 a.m. on 30 June 2013). <p><i>The Firm Placing</i></p> <p>The Firm Placees have conditionally agreed to subscribe for in aggregate 7,301,587 New Shares at the Issue Price (representing gross proceeds of approximately £23.0 million). The Firm Placed Shares are not subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer and are not part of the Placing, Open Offer or Offer for Subscription. The Firm Placing is underwritten by Numis and Peel Hunt.</p>

		<p><i>The Open Offer</i></p> <p>The Open Offer will be made to holders of Ordinary Shares on the register of members of the Company at the Record Date with the exclusion (subject to certain exemptions) of Overseas Shareholders (“Qualifying Shareholders”) at the Issue Price, on the terms and subject to the conditions of the Open Offer, on the basis of:</p> <p>1 Open Offer Share for every 10 Existing Ordinary Shares</p> <p><i>Excess Application Facility Under the Open Offer</i></p> <p>Qualifying Shareholders that take up all of their Open Offer Entitlements may also apply under the Excess Application Facility for additional New Shares that they would otherwise not be entitled to. The Excess Application Facility will comprise Open Offer Shares which are not taken up by Qualifying Shareholders pursuant to their Open Offer Entitlement and any New Shares that the Directors determine should be reallocated from the Placing and/or the Offer for Subscription to satisfy demand from Qualifying Shareholders in preference to new investors under the Offer for Subscription.</p> <p><i>The Placing</i></p> <p>New Shares are being allocated to Non-Firm Placees pursuant to the Placing Agreement. The Placing is not underwritten and may be scaled back in favour of either the Open Offer or the Offer for Subscription.</p> <p><i>Offer for Subscription</i></p> <p>To the extent that any New Shares remain unallocated via the Excess Application Facility and are not placed under the Placing, New Shares will be made available under the Offer for Subscription. The Offer for Subscription may be scaled back in favour of the Open Offer and/or the Placing.</p> <p><i>Admission</i></p> <p>It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Shares will commence at 8.00 a.m. on 13 June 2013. No application is currently intended to be made for the Existing Ordinary Shares or the New Shares to be admitted to listing or dealing on any other exchange.</p>
E.4	Material interests	Not applicable – no interest is material to the Capital Raising.
E.5	Name of person selling Securities/lock up agreements	Not applicable – there are no persons selling Securities nor are there any lock up agreements in relation to the Capital Raising.
E.6	Dilution	Assuming that the size of the Issue is approximately £60.0 million, if a Qualifying Shareholder does not take up his Basic Entitlements in full, such Qualifying Shareholder’s holding will be diluted by up to approximately 20.0 per cent. as a result of the Firm Placing and the Placing, the Open Offer and the Offer for Subscription. Furthermore, a Qualifying Shareholder who takes up his Basic Entitlements in full in respect of the Open Offer (and does not receive any other New Shares pursuant to the Capital Raising) will suffer dilution of approximately 12.0 per cent. to his shareholding in the Company as a result of the Firm Placing.

		<p>If the Directors increase the Issue by 25 per cent, the size of the Issue will be approximately £75.0 million and if a Qualifying Shareholder does not take up his Basic Entitlements in full, such Qualifying Shareholder's holding will be diluted by up to approximately 23.8 per cent. as a result of the Firm Placing and the Placing, Open Offer and Offer for Subscription. Furthermore, a Qualifying Shareholder who takes up his Basic Entitlements in full in respect of the Open Offer (and does not receive any other New Shares pursuant to the Capital Raising) will suffer dilution of approximately 16.2 per cent. to his shareholding in the Company as a result of the Firm Placing and the increase in size of the Issue.</p>
E.7	Expenses charged to the Investor	<p>Not applicable – there are no commissions, fees or expenses to be charged to investors by the Company.</p>

RISK FACTORS

Any investment in shares is subject to a number of risks. Prior to investing in Ordinary Shares, prospective investors should carefully consider all the information in this document, including the risks described below. The risks below are all those which the Directors are aware of and which they consider material. However, additional risks and uncertainties not currently known to the Directors, or that the Directors currently consider immaterial, may also adversely affect the Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Group's business, financial condition and/or operational performance could be materially adversely affected. In that case, the trading price of the Ordinary Shares may decline and investors may lose all or part of the value of their investment.

1. Group specific risks

Status as a UK Real Estate Investment Trust (under Part 12 of the Corporation Tax Act 2010) ("UK-REIT")

Under the UK-REIT regime the Company will have to meet a minimum distribution test for each year that it is the principal company of a UK-REIT. The minimum distribution test requires the Company to distribute 90 per cent. of the income profits (broadly, calculated using normal tax rules) of the qualifying property rental business of the Group (being rental business in the UK of UK resident companies within a UK-REIT) for each year. Failure to meet the UK-REIT dividend requirements may mean that the Group is subject to an increased tax charge and may trigger a breach of the UK-REIT conditions.

The Company cannot guarantee continued compliance with all of the UK-REIT conditions and there is a risk that the UK-REIT regime may cease to apply in some circumstances or requirements may be extended. HMRC may require the Company to exit the UK-REIT regime if:

- it regards a breach of the conditions or failure to satisfy the conditions relating to the tax-exempt business, or an attempt to obtain a tax advantage, as sufficiently serious;
- if the Company has committed a certain number of minor or inadvertent breaches in a specified period; or
- if HMRC has given the Company at least two notices in relation to the avoidance of tax within a ten year period.

In addition, if the conditions for UK-REIT status relating to the share capital of the Company or the prohibition on entering into loans with abnormal returns are breached, or the Company ceases to be UK resident, becomes dual resident or an open ended investment company, the Company will automatically lose its UK-REIT status. The Company could therefore lose its status as a UK-REIT as a result of actions by third parties, for example, in the event of a successful takeover by a company that is not a UK-REIT.

If the Company were to be required to leave the UK-REIT regime within ten years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which the Company is treated as exiting the UK-REIT regime. The Company may also be subject to an increased tax charge.

Company Borrowing

The Company is a long term investor in property and accordingly is exposed to long term cyclical movements in property valuations. In the short and medium term the Company believes it has a prudent level of headroom on its existing debt facilities. However, in the longer term, if property valuations were to fall to a level such that the respective Group company was required to repay all or part of its borrowings, either as a result of a breach of a covenant during the course of the term or because of an inability to repay at the end of the term, a scenario which the Directors currently believe is unlikely, the relevant subsidiary and/or other Group companies may be forced to sell various assets. In such circumstances, it is conceivable that the Group may be required to sell the assets at less than their market value, or at a time and in circumstances where the realisation proceeds are reduced due to a downturn in commercial property values generally or because there is limited time to market the property. As a consequence the net asset value of the Company could be adversely affected and the level of dividends which the Company is able to pay may also be reduced.

The Company has also granted security to certain lenders. Should any fall in the underlying asset value or expected revenues result in the Company or Group company breaching the financial and property covenants contractually agreed with its lenders, the Company may be required to make early repayment of such borrowings in whole or in part together with any attendant costs, including the costs of terminating any interest rate swap instruments. In such circumstances the Company's ability to pay a dividend would be restricted and the financial condition of the Company adversely impacted. Furthermore, the Company has guaranteed the performance of its subsidiaries under various development and financing agreements so the Company may be liable for any breach by a subsidiary of its obligations under any such agreements. The Company believes the level of headroom under the existing debt arrangements is prudent; however there can be no certainty with regard to long-term asset valuations and revenue generation.

Prospective investors should be aware that, whilst the use of borrowings, in certain circumstances, should enhance the net asset value of the Ordinary Shares where the value of the Group's underlying assets is rising, it would have the opposite effect where the underlying asset value is falling.

Interest rate risk

The Group borrows monies on a variable rate basis from some of its lending banks and has the ability to enter, and has entered, into interest rate swaps and other derivative instruments to mitigate the risk to it of increased interest rates. Increases in underlying interest rates may otherwise reduce the profitability of the Group and its ability to pay dividends. To the extent that the relevant members of the Group do not enter into hedging arrangements or if such arrangements are no longer available or are only available at increased costs, the Group may be exposed to interest rate risk.

The current low interest rate environment has given rise to a significant mark to market valuation of the interest rate swaps that is recognised as a reduction in net assets, although this does not represent a cash liability. In addition, should the Company refinance certain debt facilities, as may be required in the longer term, any such prevailing mark to market position relating to selected swaps may need to be closed, which could adversely impact the financial condition and cash-flow of the Group.

Access to debt financing in the future will depend on suitable market conditions

The Group is dependent upon access to debt funding to grow and maintain its property portfolio. Access to debt financing in the future will depend on suitable market conditions. If conditions in credit markets are unfavourable at the time when sources of financing expire or when the Group is looking to refinance them, the Group may not be able to obtain new sources of financing or may only be able to obtain new sources of financing at higher costs or on more restrictive terms. In such circumstances the Company may have to limit investment activity and the level of dividends the Company is able to pay may be reduced.

Ability to continue to pay dividends

Under UK law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. All of the assets of the Group are owned by subsidiaries of the Company. Accordingly, the ability of the Company to continue to pay dividends is dependent on receipt by the Company of distributions from its subsidiaries, and therefore dependent on the continued operation and solvency of its subsidiaries.

The Company can give no assurances that it will be able to pay a dividend going forward.

PHP has taken on the development risk in respect of three sites following the acquisition of AMP

As part of the acquisition of AMP on 13 December 2012, PHP acquired three sites which are currently being developed. Whilst PHP's business model ensures that it has little development risk – as it works closely with specialist primary care developers to create new investments, by sourcing new development opportunities and entering into forward purchase agreements with developers – PHP has taken on an element of development risk in respect of these three sites. When AMP originally acquired these sites, it contracted directly with the underlying building contractors, professional teams and other advisers to develop the sites. Whilst retentions have been made from the consideration paid for AMP, as AMP is now part of the Group, if the development costs of these sites overrun by an amount that is in excess of the retentions, this could have an adverse impact on the profitability of the Group.

The Group may incur additional compliance costs if certain European Directives apply to REITs

The Company is monitoring closely the potential impact of two European Directives. The first regulating Alternative Fund Managers is about to be adopted, and the second regulating Derivatives and Market Infrastructure is a proposal. It is currently unclear whether either of these Directives will apply to the Company. If they did apply then there could be material compliance costs for the Company in implementing their provisions. For example, the Company may be required to post margin or collateral on some or all its derivative contracts such as interest rate swaps which it has entered into to manage the funding of its operations and investments.

Legislative and regulatory requirements

Governmental, legal or regulatory restrictions may have a negative impact on the Group's profitability by restricting the Group's ability to operate in a competitive manner, thus having a detrimental impact on its business and reputation. In particular, changes in landlord and tenant law, changes in planning law or changes to rates or treatment of stamp duty could affect the performance of the Group.

Management

The Company is externally managed and has no employees. Therefore the Company is dependent on its Directors and the Joint Managers and may be adversely affected if their services or the respective services of any of their key employees are terminated. The failure of the Joint Managers to retain and/or recruit additional or substitute senior managers and/or other key employees could also have a material adverse effect on the Group's operations and results.

As the Group relies on the Joint Managers for property management, financial management and administrative services, the efficient operation and management of the Group depends on the proper operation and performance of the Joint Managers' financial, accounting, management and other information and support IT systems. A significant performance failure of any such system could lead to loss of control over critical business information and/or systems resulting in an adverse impact on the ability of the Group to operate effectively or to fulfil its contractual obligations which may in turn lead to lost revenue and profitability and/or the Company incurring significant consequential and remedial costs.

Economic and financial uncertainty

Recent turmoil in the financial, debt and commodities markets has had a significant adverse impact on certain sectors of the economy, including property and banking. This has adversely affected the availability and pricing of credit and real estate valuations in general. Although the future effect of the present economic conditions is unclear, economic and financial uncertainty or further deterioration in the banking or property markets may adversely affect the Group's asset valuations, future access to finance and ultimately its earnings and the Company's share price.

In addition, the rents payable by tenants in the majority of the Group's investment properties are not linked to the retail prices index which may lead to a reduction in the real value of the Group's rental income and the valuation of its properties in the event of a sustained period of inflation.

2. Risks relating to the capital raising

Market price fluctuation

The market price of the New Shares and/or the Existing Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the New Shares and/or the Existing Ordinary Shares (or similar securities). Such risks depend on the market's perception of the likelihood of completion of the Capital Raising, and/or in response to various facts and events, including any regulatory changes affecting PHP's operations, variations in PHP's operating results and business developments of the Group and/or its competitors. Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to PHP's operating performance or prospects. Furthermore, PHP's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the New Shares and/or the Existing Ordinary Shares.

Shareholders will experience dilution in their ownership of the Company

Regardless of whether a Qualifying Shareholder takes up his Basic Entitlements under the Open Offer, the effect of the Capital Raising will be a reduction of his proportionate ownership and voting interests in PHP. Shareholders will experience greater dilution in their ownership of, and voting interest in, the Company to the extent they do not subscribe in full for their Basic Entitlements. However, Shareholders have the opportunity to limit dilution by making an application under the Excess Application Facility or the Offer for Subscription. Overseas Shareholders, subject to certain exceptions, will not be able to participate in the Capital Raising.

Overseas Shareholders may not be eligible to participate in the Capital Raising

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Overseas Shareholders in the Firm Placing and the Placing, Open Offer and Offer for Subscription. In particular, holders of Ordinary Shares who are located in the United States may not be able to exercise their pre-emption rights unless an exemption from the registration requirements is available under the US Securities Act. The Capital Raising Shares have not been and will not be registered under the US Securities Act or any state securities laws of the United States and may only be offered or sold absent registration in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act. Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company. Qualifying Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for and/or receive New Shares.

There is no public market for the Ordinary Shares in the United States or elsewhere outside the United Kingdom

There is currently no public market for the Ordinary Shares, including the Capital Raising Shares, in the United States or elsewhere outside the United Kingdom. The Capital Raising Shares have not been, and will not be, registered under the US Securities Act or any state securities laws of the United States and will be subject to significant restrictions on resale in the United States. The Company does not intend to apply for listing of the Ordinary Shares on a securities exchange in the United States or elsewhere outside the United Kingdom. As a consequence, an active trading market is not expected to develop for the Ordinary Shares outside the United Kingdom and investors outside the United Kingdom may not be able to sell them at an acceptable price or at all.

The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Ordinary Shares are governed by English law and by the Articles. These rights differ from the rights of shareholders in public United States corporations and some other non-UK corporations. An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors. The Directors are residents of the UK. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors within the Overseas Shareholder's country of residence or to enforce against the Directors judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Directors or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

The Company is not and will not be registered under the United States Securities Act Investment Company Act of 1940

The Company is not registered, and does not intend to register, as an investment company under the United States Investment Company Act of 1940, as amended (the “Investment Company Act”), and related rules. The Investment Company Act and related rules provide certain protections to investors and impose certain restrictions on companies that are registered as investment companies (which, among other things, require investment companies to have a majority of disinterested directors, provide limitations on leverage and limit transactions between investment companies and their affiliates). None of these protections or restrictions is or will be applicable to the Company.

3. UK healthcare market and healthcare real estate

Focus on primary care premises

The Company intends to continue its strategy of only investing in primary care premises. The Company has no influence over the future direction of primary care initiatives in the public sector and there can be no assurance that the UK government’s primary care budget will not decline or that growth will stay at present levels. A change in policy, moving resources away from the primary care market could materially and adversely affect the Company’s prospects for continued profitability and rental growth.

Funding of medical centre GP tenants

The majority of the Group’s income is derived from occupational leases whose counterparties are GP practices which benefit from rental and premises costs reimbursement under the National Health Service (General Medical Services Premises Costs) Directions 2004 (“Costs Directions”) and the National Health Service (General Medical Services Premises Costs) Directions 2013 (“2013 Costs Directions”). Cuts in the funding available for the renting of medical centres or changes to future rental reimbursement mechanisms to GPs by the NHS may reduce funds available to meet the costs of accommodation provided by the Group or impact on the underlying covenant strength of the tenants in future. Should the NHS cease or reduce reimbursement, the Group’s rental income could be diminished.

Health and Social Care Act 2012 – abolition of Primary Care Trusts

Primary Care Trusts (“PCTs”) represented a proportion of the Group’s tenants until they were abolished on 1 April 2013 pursuant to the Health and Social Care Act 2012 (the “HSC Act”). NHS Property Services Limited (“NHS PS”), a limited liability company wholly owned by the Secretary of State, now holds the majority of the leases which were previously held by PCTs. The transfers took place on 1 April 2013 pursuant to statutory transfer schemes. There is no binding obligation on the Secretary of State to take action to protect landlords’ interests if NHS PS no longer exists and it is possible that, in the future, NHS PS’ interest in such leases may be transferred to a third party (or that, in the future, NHS PS itself will no longer be owned by the Secretary of State). However, the Secretary of State has provided written assurances to primary care landlords that it will ensure that NHS PS meets its lease obligations and that any future third party assignee or owner will offer at least the same covenant strength as NHS PS.

4. Industry specific risks

UK commercial property market

The Company’s strategy is founded upon the basis that suitable properties will be available for investment by the Company at prices and upon terms and conditions (including financing) that the Board (having taken into consideration the recommendations of the Property Valuer) considers favourable to the Company. No assurance can be given that such properties will be available.

The performance of the Company may be adversely affected by a further downturn in the UK commercial property market in terms of capital value or a weakening of rental yields. This may have a material adverse effect on the value of properties and any rental uplift achieved from rent reviews.

Rental income and the market value for properties are generally affected by overall conditions in the national and local economy, such as growth in GDP, employment trends, inflation and changes in interest rates. Changes in GDP may also impact employment levels, which in turn may impact the demand for premises.

Both rental income and property values may also be affected by other factors specific to the commercial property market, such as competition from other property owners, the perceptions of prospective tenants of the attractiveness of properties, the inability to collect rents because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and re-lease space and the costs thereof, the costs of maintenance and insurance, and increased operating costs.

Returns from an investment in commercial property depend largely upon the amount of rental income generated from the property and the expenses incurred in the development or redevelopment and management of the property, as well as upon changes in its market value. If in the longer term the Group's commercial property portfolio does not generate income sufficient to meet operating expenses, including borrowings, interest payments and/or capital expenditure, the Company's earnings and capacity to pay dividends may be adversely affected.

Competition

The Directors consider that the Company's main competitors comprise Medicx Fund Ltd, Assura Group Limited (formerly the Medical Property Fund) and a number of other unquoted companies including GPI Ltd (part of the GP Group). If competition increases the price of new investments, the Company may be unable to grow as presently envisaged, or have to pay more than it would like for new investments, which could materially affect the Company's profitability going forwards.

Default by an occupational tenant

In the event of default by an occupational tenant, the Group will suffer a rental shortfall and incur additional cost including legal expenses, maintenance, insurance and managing the property until it is re-let.

The Group may be unable to let a property or re-let a property following the expiry of a tenancy

There can be no assurance that the Group's tenants will renew their leases at the end of their current tenancies or, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take up replacement leases. This is particularly the case where a property requires refurbishment or redevelopment following the expiry of a tenancy. Tenants with the benefit of contractual break rights may also exercise these to bring the lease to an end before the contractual termination date. During void periods, the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. In the United Kingdom, this includes liability for rates. Even if tenant renewals or replacements are effected, there can be no assurance that such renewals or replacements will be on terms (including rental levels and rent review terms) that are as favourable to the Group as before or that new tenants will be as creditworthy as previous tenants.

Acquisitions of real estate assets

The Group intends to continue to acquire real estate assets. Acquisitions of real estate assets involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of properties including the adverse short-term effects on the Company's operating results, diversion of management's attention and, despite due diligence on assets prior to acquisition, risks associated with unanticipated problems and latent liabilities or contingencies such as the existence of hazardous substances or environmental problems. Additional risks inherent in acquisitions include risks that the acquired properties will not achieve anticipated rental rates or occupancy levels, and that judgments with respect to improvements to increase the financial returns of acquired properties will prove inaccurate.

Environmental liabilities resulting from ownership of property

The Board views the assessment of environmental risk as an important element of its due diligence process when it acquires properties. However, there can be no guarantee that the Group will not incur unexpected liabilities such as clean-up costs and fines for environmental pollution in respect of properties owned by the Group.

Refurbishment and ongoing improvement of properties

The Group undertakes refurbishment and ongoing improvement of its property assets in order to maintain and enhance the valuation and earning capability of its property assets. The potential for the refurbishment and ongoing improvement of the properties may be adversely affected by a number of factors including constraints on location, planning legislation and the need to obtain other licences, consents and approvals

and the existence of restrictive covenants affecting the title to the property, which may cause the revenues resulting from any refurbishment or enhancement work to be lower than budgeted or the cost of such work to be greater than budgeted, consequently impacting the performance of the Group.

In order to comply with its obligations as landlord, the Group may have to incur expenses which cannot be separately recovered from its tenants and may therefore have to be deducted from the rental income from these properties. This may adversely affect the return from the properties.

Uninsured losses

The Board seeks to ensure that all of the Group's properties are adequately insured to cover casualty losses. However, changes in the costs or availability of insurance could expose the Company to uninsured casualty losses. In the event that any of the properties incurs a loss that is not fully covered by insurance, the value of the Group's assets will be reduced by any such uninsured loss.

IMPORTANT INFORMATION

Notice to all investors

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the New Shares is prohibited. By accepting delivery of this document, each offeree of the New Shares agrees to the foregoing.

The distribution of this document and/or the Application Form and/or the transfer of the New Shares into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, such documents should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. The Application Form and the New Shares are not transferable, except in accordance with, and the distribution of this document is subject to, the restrictions set out in paragraph 6 of Appendix 2 of this document. No action has been taken by PHP or by Numis or Peel Hunt that would permit an offer of the New Shares or rights thereto or possession or distribution of this document or any other offering or publicity material or the Application Form in any jurisdiction where action for that purpose is required, other than in the United Kingdom.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by PHP or by Numis or Peel Hunt. Except to the extent imposed by FSMA and/or the Prospectus Rules and/or the Listing Rules, neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the PHP Group since the date of this document or that the information in this document is correct as at any time subsequent to its date.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult their own legal, financial or tax adviser for legal, financial or tax advice.

Incorporation by reference

Certain information in relation to the Group has been incorporated by reference into this document. Please see Part 8 of this document.

No incorporation of website

Neither the content of the Company's website (www.phpgroup.co.uk) (or any other website) nor the content of any website accessible from hyperlinks on the Company's (or any other website) is incorporated into, or forms part of, this document.

Definitions

Capitalised terms have the meanings ascribed to them in Part 9 of this document.

Where to find help

Appendix 2 of this document answers some of the questions most often asked by shareholders about open offers. If you have further questions relating to the procedure for acceptance and payment under the Open Offer, please telephone the Shareholder Helpline on the numbers set out below. This helpline is available from 8.30 a.m. to 5.30 p.m. Monday to Friday (except public holidays).

Shareholder Helpline

If you have any questions relating to this document, and the completion and return of the Application Form, please telephone Equiniti between 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday on 0871 384 2894 from within the UK or +44 (0) 121 415 0273 if calling from outside the UK. Calls to the 0871 384 2894 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Capital Raising nor give any financial, legal or tax advice.

Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and information relating to PHP's register of members and will be unable to give advice on the merits of the Capital Raising or to provide financial, legal tax or investment advice.

Presentation of financial information

The Company publishes its financial statements in pounds sterling (“£” or “sterling”). The abbreviation “£m” represent millions of pounds sterling and references to “pence” and “p” represent pence in the UK.

The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal point. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Forward-looking statements

This document includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms **anticipates, believes, estimates, expects, intends, may, plans, projects, should** or **will**, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding the Company's and/or Directors' intentions, beliefs or current expectations concerning, amongst other things, the Group's results of operations, financial position, prospects, growth, strategies and expectations for the primary healthcare market.

Any forward-looking statements in this document reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations and growth strategy. Investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision. Subject to the requirements of the Prospectus Rules, the Disclosure and Transparency Rules and the Listing Rules, none of the Company, the Directors, Numis and Peel Hunt undertake any obligation publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this document. A number of factors could cause results and developments of the Group to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors discussed in the sections headed “Risk Factors”, Part 1 and Appendices 2 to 4 of this document. Past performance of the Company is not necessarily indicative of future performance. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this document.

Time

All references to time are to London time unless stated otherwise.

CAPITAL RAISING

Issue Price per New Share	315 pence
Basic Entitlements under the Open Offer ⁽¹⁾	1 Open Offer Share for every 10 Existing Ordinary Shares
Number of Ordinary Shares in issue at the date of this document	76,098,244
Number of Open Offer Shares expected to be issued by the Company ⁽¹⁾	7,609,824
Number of Firm Placed Shares expected to be issued by the Company	7,301,587
Maximum aggregate number of New Shares expected to be issued by the Company pursuant to the Capital Raising ⁽¹⁾	19,047,618
Enlarged Ordinary Share capital immediately following completion of the Capital Raising ⁽¹⁾	95,145,862
Estimated expenses of the Capital Raising ⁽¹⁾	£2.0 million
Estimated net proceeds of the Capital Raising receivable by the Company ⁽¹⁾	£58.0 million

Note:

(1) Calculated on the basis that the Issue size is £60.0 million.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS⁽¹⁾

Record Date for entitlements under the Open Offer	close of business on 16 May 2013
Announcement of the Capital Raising, publication and posting of the Prospectus, Form of Proxy and Application Form	22 May 2013
Ex-entitlement date for the Open Offer	23 May 2013
Basic Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders into CREST	as soon as possible after 8.00 a.m. on 23 May 2013
Recommended latest time for requesting withdrawal of Basic Entitlements and Excess CREST Open Offer Entitlements into CREST	4.30 p.m. on 5 June 2013
Latest time for depositing Basic Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 6 June 2013
Latest time and date for splitting of Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 7 June 2013
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments via the CREST system	10.00 a.m. on 10 June 2013
Latest time and date for receipt of completed Application Form and payment in full under the Open Offer or settlement of relevant CREST Instruction	11.00 a.m. on 11 June 2013
Latest time and date for receipt of completed Subscription Form and payment in full under the Offer for Subscription or settlement of relevant CREST Instruction	11.00 a.m. on 11 June 2013
Latest time and date for receipt of Placing commitments	11.00 a.m. on 11 June 2013
General Meeting	10.00 a.m. on 12 June 2013
Expected date of announcement of results of the General Meeting and the Capital Raising through a Regulatory Information Service	12 June 2013
Expected date of Admission and commencement of dealings in New Shares and CREST Members' accounts credited in respect of New Shares in uncertificated form	by 8.00 a.m. on 13 June 2013
Expected date of despatch of definitive share certificates for New Shares in certificated form	No later than 18 June 2013

Notes:

- (1) The times set out in the expected timetable of principal events above and mentioned throughout this document are times in London unless otherwise stated, and may be adjusted by the Company in consultation with or, if required, with the agreement of Numis and Peel Hunt, in which event details of the new times and dates will be notified to the Financial Conduct Authority, the London Stock Exchange and, where appropriate, Shareholders.
- (2) Subject to certain restrictions relating to certain Shareholders with registered addresses, or who are resident, outside the UK. See Appendix 2 of this document.

If you have any queries on the procedure for application and payment then please call Equiniti Shareholder Helpline on 0871 384 2894 or, if telephoning from outside the UK, on +44 (0) 121 415 0273 between 8.30 a.m. and 5.30 p.m. Monday to Friday. Calls to the 0871 384 2894 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Shareholder Helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Equiniti cannot provide advice on the merits of the Capital Raising nor give any financial, legal or tax advice.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Graeme Elliot, <i>Non-Executive Chairman</i> Alun Jones, <i>Senior Independent Director</i> Harry Hyman, <i>Managing Director</i> Mark Creedy, <i>Non-Executive Director</i> William Hemmings, <i>Non-Executive Director</i> James Hambro, <i>Non-Executive Director</i> Dr. Ian Rutter O.B.E, <i>Non-Executive Director</i>
Company Secretary	J O Hambro Capital Management Limited
Registered Office and Directors' Business Address	Ground Floor Ryder Court 14 Ryder Street London SW1Y 6QB
Sponsor, Joint Bookrunner and Joint Broker	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Joint Bookrunner and Joint Broker	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Legal Adviser to the Company	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW
Legal Adviser to the Sponsor, Joint Bookrunners and Joint Brokers	Simmons & Simmons LLP CityPoint One Ropemaker Street London EC2Y 9SS
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF
Reporting Accountants	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Property Valuer	Lambert Smith Hampton Group Limited Interchange Place Edmund Street Birmingham B3 2TA
Receiving Agent and Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

PART 1

LETTER FROM THE CHAIRMAN



Primary Health Properties

(Registered in England and Wales No. 03033634)

Registered Office:

Ground Floor

Ryder Court

14 Ryder Street

London SW1Y 6QB

Directors

Graeme Elliot	<i>Non-Executive Chairman</i>
Alun Jones	<i>Senior Independent Director</i>
Harry Hyman	<i>Managing Director</i>
Mark Creedy	<i>Non-Executive Director</i>
William Hemmings	<i>Non-Executive Director</i>
James Hambro	<i>Non-Executive Director</i>
Dr. Ian Rutter O.B.E.	<i>Non-Executive Director</i>

22 May 2013

Dear Shareholder,

Proposed Firm Placing of 7,301,587 new Ordinary Shares and proposed Placing, Open Offer and Offer for Subscription of up to 11,746,031 new Ordinary Shares with the ability to increase the size of the Issue up to 23,809,522 new Ordinary Shares in aggregate, each at an Issue Price of 315 pence per share and Notice of General Meeting

1. Introduction

On 22 May 2013, the Board announced that the Company intends to raise up to £60.0 million (approximately £58.0 million net of all Capital Raising costs and expenses) in a Capital Raising by way of a Firm Placing and a Placing, Open Offer and Offer for Subscription, consisting of the issue of up to 19,047,618 New Shares at an Issue Price of up to 315 pence per New Share. The Board has the ability to increase the size of the Issue by up to 25 per cent. should there be sufficient demand. It is the Board's opinion that the Capital Raising will enable the Company to continue delivering its long-term strategy of growing the portfolio through selected property acquisitions in line with its prudent acquisition policies whilst maintaining gearing at a conservative level. The Board believes that investing the proceeds in primary care properties, in the current environment, will generate a favourable return, thus facilitating a return to full dividend cover whilst enabling the Company to maintain a progressive dividend policy.

Shareholders will be asked to approve the Resolutions to approve the Capital Raising at a General Meeting has been convened for 10.00 a.m. on 12 June 2013 at the Company's offices at Ground Floor, Ryder Court, 14 Ryder Street, London, SW1Y 6QB. Details of the Resolutions are set out in paragraph 3.6 of Part 7 of this document and the Notice of General Meeting at the end of this document.

The purpose of this document is to set out the background to and reasons for, the Capital Raising, and:

- to explain the Resolutions to be put to Shareholders at the General Meeting; and
- to recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting to be held on 12 June 2013.

2. Background to and reasons for the Capital Raising

Overview of the Company, its objectives and investment characteristics

The principal activity of PHP is the generation of rental income and capital growth through investments in primary healthcare property in the United Kingdom, leased principally to GPs, NHS bodies and other associated healthcare users.

The Directors believe that PHP has little development risk and a low risk portfolio due to its:

- strong tenant covenants relative to the UK property market, given that 90 per cent. of the Group's rent roll is paid directly or indirectly by the Government;
- long leases and effectively upward only rent reviews; and
- minimal vacancies.

Accordingly, the Directors believe that PHP offers strong and visible cash flows to Shareholders. Historically, the increase in rents receivable achieved through the rent review process has broadly matched increases in the RPI. If this trend continues, the Directors believe that an investment in PHP will provide an effective hedge against inflation.

The current quantum of the Group's property assets enables it to spread its fixed costs over a relatively large portfolio and the Company expects further benefits from economies of scale as PHP grows in size.

The Board believes that the Joint Managers have considerable expertise in sourcing deals, the Company's cost structure is well-defined, the pipeline of acquisition opportunities remains significant, and the current positive gap between yields and financing costs is providing opportunities for PHP to make immediately earnings enhancing and cash generating property investments.

On 18 May 2012, the Company raised a net sum of £18.4 million from an equity issue which was then followed on 23 July 2012 by the Company becoming the first REIT to issue a retail bond, raising £75 million on a seven year, unsecured basis. The Company has acted swiftly to invest these funds, completing the acquisition of a further 22 investment properties for a total consideration of over £109 million since the most recent equity issue in May 2012.

The Directors consider that the attractive investment characteristics of the Company and the stability of its underlying income and shareholder returns have contributed to PHP outperforming the FTSE All Share Real Estate Investment Trust Index by 67.5 per cent. over the five years ended 30 April 2013. The Directors believe that long leases, strong tenant covenants and little or no oversupply in the primary healthcare property market are the principal reasons why yields on the Group's portfolio have remained resilient in comparison to other sectors of the property industry.

Reasons for the Capital Raising

It is the Board's opinion that the Capital Raising will enable the Company to continue delivering its long-term strategy of growing the portfolio through selected property acquisitions whilst maintaining gearing at an appropriate level and supporting its progressive dividend policy.

The table below sets out a summary of the current pipeline of acquisition opportunities where the Company has agreed acquisition terms with the vendors. All are subject to contract and currently in the hands of solicitors for documenting and completion. The Company is under no contractual obligation and there can be no guarantee that the Group will complete the acquisition of any of these investment opportunities. The Directors consider that this pipeline of medical properties, if substantially completed, would significantly benefit the Company:

<i>Geographical region</i>	<i>No. of indicative pipeline opportunities*</i>	<i>Acquisition cost (£m)*</i>	<i>Rent roll (£m)*</i>
North	3	30.7	1.8
Midlands	3	7.6	0.5
South East	7	22.7	1.4
South West	2	5.5	0.3
Wales	4	14.2	0.9
Scotland	3	11.7	0.7
Total	22	92.4	5.6

* Unaudited

The Board believes that this pipeline is indicative of the attractive and suitable investment opportunities that currently exist and are expected to arise. This is evidenced by a number of additional acquisition opportunities that are actively being negotiated with vendors and has led the Board to conclude that now is an appropriate time to seek to raise sufficient additional capital to exploit these opportunities.

Fulfilment of some or all of these pipeline opportunities would increase the size and rent roll of the Group's portfolio and help to enable PHP to gain further critical mass, regarded by the Directors as necessary to compete effectively with other property companies, as well as enabling it to benefit from some additional economies of scale and increase financing flexibility. In addition, the Board anticipates that the earnings enhancement derived from the successful completion of some or all of these investment opportunities would expedite the Group's ability to pay a fully covered dividend whilst supporting a progressive dividend policy. The Board also expects that the increased market capitalisation of the Company following the Capital Raising will improve the liquidity of the Ordinary Shares, to the benefit of all Shareholders.

The Board has consistently believed that, despite the secure nature of the Company's tenants and the long lease expiry profile, a conservative consolidated level of gearing of below 65 per cent. is appropriate for the Company. The effect of the Capital Raising will be to allow PHP to continue to pursue its growth strategy and maintain maximum funding flexibility on an ongoing basis. The proceeds will be used alongside existing and future banking facilities to acquire further assets in line with its acquisition policy, whilst maintaining a conservative LTV ratio and, in due course, facilitating the return to full dividend cover.

PHP's LTV ratio as at 31 December 2012 was approximately 60.9 per cent.. The Group now has no consolidated LTV covenants within its range of debt facilities. Specific individual loan facility maximum LTV limits range from 60 per cent. to 70 per cent. and are calculated with reference to dedicated property pools that form the security for an individual facility. A proportion of the Group's property portfolio is currently unfettered with debt and the Group has the ability to transfer such properties into the security pools of its debt facilities if required.

Details of the Group's net assets and net debt on a pro forma basis, assuming the Capital Raising completed on 31 December 2012, can be found in Part 6 of this document.

3. Current trading, trends and prospects

The Company issued its interim management statement for the period from 1 January 2013 to 31 March 2013 on 15 April 2013. The information below is extracted from that announcement.

Rent roll and rental growth

Annualised passing rent roll from the completed property portfolio as at 31 March 2013 was £36.9 million (31 December 2012: £36.8 million), reflecting a net increase from deliveries since the year-end and uplifts from rent reviews concluded in the period, offset by the rent forgone on an asset disposed of. Adding in rent contracted on assets being funded by PHP through their development but not yet complete, the total rent roll reaches some £39.0 million (31 December 2012: £38.9 million).

Average rental growth achieved on rent reviews completed in the three months to 31 March 2013 showed an annualised rate of 1.64 per cent.. This is lower than the 2.4 per cent. achieved for 2012, but has been delivered from a relatively small number of reviews in the period with underlying rent reviewed totalling only £1.7 million per annum. There is a further £19.3 million of rent where reviews are currently underway but yet to be completed.

Borrowings and banking facilities

The Group continues to operate with significant headroom on existing facilities and is developing new relationships with potential debt providers. In December 2012, PHP acquired PHP Medical Properties Limited (formerly Apollo Medical Partners Limited) ("AMP") comprising a portfolio of 14 assets valued at £62.3 million and representing a cash yield to PHP of 5.9 per cent. after all costs. The acquisition also saw PHP assume amortising debt provided by Aviva totalling £49.8 million, which had a fixed interest rate averaging 5.61 per cent..

As announced on 27 March 2013, PHP has successfully completed the refinancing of the Aviva facility with a new £50 million, four year, interest only, revolving loan facility provided by Barclays Bank PLC. With the Barclays facility secured at what the Board believes to be an attractive margin and the underlying interest rate swapped for the duration of the loan at current rates, this transaction secures a surplus for PHP between its cash yield on the property acquired and associated cost of debt and management fees in excess of 200 basis points.

Total early repayment fees of £4.9 million were incurred in repaying the Aviva debt, compared to a provision of £4.2 million that was made in the 2012 full year accounts. The additional cost was due to a fall in underlying gilt yields, but this was mirrored by a similar reduction in swap rates. PHP received a contribution of £2.6 million toward this cost from the vendor on the acquisition of AMP.

Interest rate hedging

The total mark to market liability of the derivative portfolio was estimated at £50.7 million as at 31 March 2013, a decrease from £52.8 million as at 31 December 2012. This reduction has occurred notwithstanding the recent reduction in longer term swap rates.

Property portfolio

The Group secured two new acquisitions in the three months to 31 March 2013:

<i>Asset</i>	<i>Acquisition basis</i>	<i>Size (£m)</i>	<i>Size (sqm)</i>	<i>Target completion date</i>
St John's, Worcester	Forward commitment	£4.5m	1,205 sqm	November 2013
Chard	Forward commitment	£1.8m	653 sqm	December 2013

The current indicative pipeline of acquisition opportunities is estimated to be £92.4 million. In addition, the Group continues to appraise what the Directors believe to be a further strong pipeline of attractive acquisition opportunities, including a mix of further forward commitments to acquire newly developed assets and standing let investment acquisitions, all of which would be accretive to Group profitability and enhance dividend cover.

The Directors believe that initial property yields in the Group's portfolio have remained stable at approximately 5.72 per cent. in the period under review as demand continues from property investors in all sectors for quality assets let to strong covenants. The next valuation of the freehold, leasehold and development properties of the Group will be carried out at the interim date of 30 June 2013.

As previously announced, PHP has also disposed of an asset in Withernsea, Yorkshire for a consideration of £3.8 million, which was £0.7 million ahead of PHP's carrying value.

Health and Social Care Act 2012

The large number of structural changes featuring in the Health and Social Care Act 2012 took effect from 1 April 2013. Under the new regime, responsibility for rent reimbursement for GP surgeries falls to the National Commissioning Board (now known as NHS England), whilst PCT lease liabilities have been transferred to NHS Property Services Limited. The Directors believe that the strength of the Group's tenant covenant remains, as does the longevity of its income.

The Secretary of State has issued a form of comfort letter to all interested parties and new Premises Directions were issued on 4 April 2013 empowering NHS England to operate the Rent and Rates Scheme.

It is the Board's hope that with these changes finally implemented and some of the uncertainties that have delayed progress having been resolved, the NHS will again move forward with the modernisation of the primary care estate, which the Board believes should continue to provide attractive opportunities for PHP.

Outlook

The key priority for the Board is to return the Company to full dividend cover at the earliest opportunity, and the Directors believe that a combination of continuing to purchase assets that yield a satisfactory surplus over PHP's marginal cost of debt, managing the existing portfolio to create added value and income, and agreeing rental increases at review will serve to facilitate this primary objective.

The Board believes that the operating and financial environment remains very positive and that the Group is ideally placed to provide the new modern specialist premises demanded by the healthcare professionals who are our tenants. As such, the Board remains confident in the prospects for the Group.

4. Principal terms of the capital raising

Structure

PHP is proposing to raise gross proceeds of up to £60.0 million (approximately £58.0 million net of expenses) by the issue of up to 19,047,618 new Ordinary Shares through the Capital Raising at 315 pence per New Share, although the Directors have the ability to increase the size of the Issue by up to 25 per cent. such that the gross proceeds would be approximately £75.0 million (approximately £72.7 million net of expenses). The Firm Placing is underwritten by Numis and Peel Hunt. The Board considers the Firm Placing and Placing, Open Offer and Offer for Subscription to be a suitable fundraising structure as it will allow access to a wide variety of new investors to broaden the Company's shareholder base, whilst providing existing Shareholders with the opportunity to participate in the fundraising to an extent through the Open Offer and the Offer for Subscription.

Assuming that the size of the Issue is approximately £60.0 million, 7,301,587 of the New Shares will be issued through the Firm Placing and 11,746,031 of the New Shares will be issued through the Placing, Open Offer and Offer for Subscription (the actual number of New Shares to be issued pursuant to the Issue will be notified by the Company via a Regulatory Information Service announcement prior to Admission). Qualifying Shareholders are being offered the right to subscribe for Open Offer Shares in accordance with the terms of the Open Offer. Qualifying Shareholders are not being offered the right to subscribe for the Firm Placed Shares or the Placed Shares. Qualifying Shareholders applying for their Basic Entitlements may also apply, under the Excess Application Facility, for Excess Shares in excess of their Basic Entitlements as described below. The Company is also making the Offer for Subscription as described below in the UK only.

All elements of the Capital Raising have the same Issue Price. The Issue Price was set having regard to the prevailing market conditions and the size of the Issue, and represents a discount of approximately 6.3 per cent. to the Closing Price of 336.25 pence per Ordinary Share on 21 May 2013 (being the last Business Day before the announcement of the Capital Raising). The Board believes that both the Issue Price and the discount are appropriate.

The New Shares, when issued and fully paid, will rank in full for all dividends or distributions made, paid or declared after the date of the Prospectus or otherwise *pari passu* in all respects with the Existing Ordinary Shares.

On the basis that the Issue size is £60.0 million, the Capital Raising is expected to result in 19,047,618 new Ordinary Shares being issued (representing approximately 25 per cent. of the existing issued share capital). On the basis that the Issue size is increased to a maximum of £75.0 million, the Capital Raising is expected to result in 23,809,522 new Ordinary Shares being issued (representing approximately 31.3 per cent. of the existing issued share capital).

The Capital Raising has been structured in a way that is expected to have the effect of creating distributable reserves equal to the net proceeds of the Capital Raising less the par value of the New Shares issued by the Company. It should be possible for the Company to declare dividends from the aggregate distributable reserves created by the Capital Raising (together with any other distributable reserves of the Company) provided that the Company has sufficient cash resources to fund such dividends, the distributable reserves have not otherwise been reduced and the Directors consider it appropriate to declare such dividends. For a description of the Capital Raising structure, see paragraph 4 of Part 1 of this document.

Some questions and answers in relation to the Open Offer, together with details of further terms and conditions of the Open Offer, including the procedure for application and payment and the procedure in respect of entitlements not taken up, are set out in Parts 2 and 3 of this document and, where relevant, are set out in the Application Form.

Details of further terms and conditions of the Offer for Subscription, including the procedure for application and payment and the procedure in respect of Subscription Entitlements, are set out in Appendix 4 of this document and, where relevant, are set out in the Subscription Form. The Subscription form is contained in Appendix 4 of this document and will be available at the Company's website.

Firm Placing

The Firm Placees have conditionally agreed to subscribe for in aggregate 7,301,587 New Shares at the Issue Price (representing gross proceeds of approximately £23.0 million). The Firm Placed Shares are not subject to clawback to satisfy the valid applications by Qualifying Shareholders under the Open Offer and are not part of the Placing, Open Offer or Offer for Subscription. The Firm Placing is underwritten by Numis and Peel Hunt. The terms and conditions of the Firm Placing and the Placing are contained in Appendix 3.

Open Offer

The Directors recognise the importance of pre-emption rights to Shareholders and consequently 7,609,824 New Shares are being offered to existing Shareholders by way of the Open Offer. The Open Offer provides an opportunity for Qualifying Shareholders to participate in the Capital Raising by both subscribing for their respective Basic Entitlements and by subscribing for Excess Shares under the Excess Application Facility, subject to availability. The Placing and the Offer for Subscription may be scaled back at the Directors' discretion (in consultation with Numis and Peel Hunt) to increase the size of the Open Offer by allocating New Shares that could otherwise be available under the Placing and/or the Offer for Subscription to be available to Qualifying Shareholders through the Excess Application Facility.

To the extent that valid applications are not received in respect of Open Offer Shares under the Open Offer, such Open Offer Shares may be allocated to Qualifying Shareholders to meet any valid applications under the Excess Application Facility.

Basic Entitlements

Qualifying Shareholders are being offered the opportunity to subscribe at the Issue Price for Open Offer Shares on the following basis:

1 Open Offer Share for every 10 Existing Ordinary Shares

registered in their name at the close of business on the Record Date.

Basic Entitlements under the Open Offer will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will not be allocated but will be aggregated and sold for the benefit of the Company under the Excess Application Facility and/or the Placing and/or the Offer for Subscription.

If you have sold or otherwise transferred all of your Existing Ordinary Shares before the ex-entitlement date, you are not entitled to participate in the Open Offer.

Qualifying Shareholders are also being offered the opportunity to subscribe for Excess Shares in excess of their Basic Entitlements pursuant to the Excess Application Facility as described below.

Excess Application Facility

Qualifying Shareholders may apply to subscribe for Excess Shares using the Excess Application Facility, should they wish. Qualifying Non-CREST Shareholders wishing to apply to subscribe for Excess Shares, may do so by completing the relevant sections on the Application Form. Qualifying CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlements will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 2 of Appendix 2 of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

The Excess Application Facility will be comprised of New Shares that are not taken up by Qualifying Shareholders under the Open Offer pursuant to their Basic Entitlements and any New Shares that the Directors determine should be reallocated from the Placing and/or the Offer for Subscription to satisfy demand from Qualifying Shareholders in preference to prospective new investors.

The maximum amount of New Shares to be issued under the Excess Application Facility (the “Maximum Excess Application Number”) will be limited to: (a) the maximum size of Issue (as may be increased by the Directors by up to 25 per cent. to approximately £75.0 million); less (b) the aggregate of the Firm Placed Shares, the New Shares issued under the Open Offer pursuant to Qualifying Shareholders’ Basic Entitlements and any New Shares that the Directors determine to issue under the Placing and the Offer for Subscription. Excess Applications will therefore only be satisfied to the extent that: (a) other Qualifying Shareholders do not apply for their Basic Entitlements in full; (b) where fractional entitlements have been aggregated and made available under the Excess Application Facility; and (c) if the Directors exercise their discretion to reallocate New Shares that would otherwise have been available under the Placing and/or the Offer for Subscription to the Excess Application Facility. Qualifying Shareholders can apply for up to the Maximum Excess Application Number of New Shares under the Excess Application Facility, although applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant’s risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

Placing

To the extent that any New Shares remain unallocated via the Excess Application Facility and are not allocated to the Offer for Subscription, such New Shares will be made available under the Placing. New Shares are being allocated to Non-Firm Placees pursuant to the Placing Agreement. The Placing will not be underwritten by Numis or Peel Hunt and may be scaled back in favour of the Open Offer and/or the Offer for Subscription. The terms and conditions of the Firm Placing and the Placing are contained in Appendix 3.

Offer for Subscription

To the extent that any New Shares remain unallocated via the Excess Application Facility and are not allocated to the Placing such New Shares will be made available under the Offer for Subscription. The Offer for Subscription may be scaled back in favour of the Open Offer and/or the Placing,

The Offer for Subscription is only being made in the UK but, subject to applicable law, the Company may allot New Shares on a private placement basis to applicants in other jurisdictions. The terms and conditions of application under the Offer for Subscription are set out in Appendix 4 of this document and, where relevant, in the Subscription Form. These terms and conditions should be read carefully before an application is made. Investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser if they are in doubt.

Dilution

Assuming that the size of the Issue is approximately £60.0 million, if a Qualifying Shareholder does not take up his Basic Entitlements in full, such Qualifying Shareholder’s holding will be diluted by up to approximately 20.0 per cent. as a result of the Firm Placing and the Placing, the Open Offer and the Offer for Subscription. Furthermore, a Qualifying Shareholder who takes up his Basic Entitlements in full in respect of the Open Offer (and does not subscribe for any other New Shares pursuant to the Capital Raising) will suffer dilution of approximately 12.0 per cent. to his shareholding in the Company as a result of the Firm Placing.

If the Directors increase the Issue by 25 per cent., the size of the Issue will be approximately £75.0 million and if a Qualifying Shareholder does not take up his Basic Entitlements in full, such Qualifying Shareholder’s holding will be diluted by up to approximately 23.8 per cent. as a result of the Firm Placing and the Placing, the Open Offer and the Offer for Subscription. Furthermore, a Qualifying Shareholder who takes up his Basic Entitlements in full in respect of the Open Offer (and does not subscribe for any other New Shares pursuant to the Capital Raising) will suffer dilution of approximately 16.2 per cent. to his shareholding in the Company as a result of the Firm Placing and the increase in size of the Issue.

Fractions

Fractions of Open Offer Shares will not be allocated to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be aggregated and sold in the market place for the benefit of the Company under the Excess Application Facility and/or the Placing and/or the Offer for Subscription.

Basis of allocation under the Capital Raising

The Placing may be scaled back in favour of the Open Offer and/or the Offer for Subscription and the Offer for Subscription may be scaled back in favour of the Placing and/or the Open Offer. The Open Offer is being made on a pre-emptive basis to Qualifying Shareholders and is not subject to scaling back in favour of either the Placing or the Offer for Subscription. The Directors have the discretion to scale back the Placing and/or the Offer for Subscription in favour of the Open Offer by reallocating New Shares that would otherwise be available under the Placing and/or the Offer for Subscription to be available to Qualifying Shareholders through the Excess Application Facility under the Open Offer. Any New Shares that are available under the Open Offer and are not taken up by Qualifying Shareholders pursuant to their Basic Entitlements and under the Excess Application Facility will be reallocated to the Placing and/or the Offer for Subscription and available thereunder.

The Directors have the discretion to determine the basis of allotment between Qualifying Shareholders under the Excess Application Facility and any scaling back of or reallocation of Open Offer Shares to the Placing and/or the Offer for Subscription. In exercising this discretion, the Directors generally intend to give priority to existing Shareholders over prospective new Shareholders, although the Directors will seek to balance the benefits to the Company of allowing existing Shareholders to maintain or increase the size of their relative Shareholdings with expanding the Shareholder base of the Company.

Conditionality

The Capital Raising is conditional, *inter alia*, upon:

- the passing of the Resolutions without amendment to be proposed at the General Meeting to be held on 12 June 2013;
- the Placing Agreement having become unconditional in all respects save for the condition relating to Admission and not being terminated in accordance with its terms before Admission occurs; and
- Admission occurring by not later than 8.00 a.m. on 13 June 2013 (or such later time and date as the Company, Numis and Peel Hunt may agree, not being later than 8.00 a.m. on 30 June 2013).

Prior to Admission, Numis and Peel Hunt may terminate the Placing Agreement in certain defined circumstances. Following Admission, the Placing Agreement cannot be terminated.

If the conditions of the Placing Agreement are not fulfilled on or before 8.00 a.m. on 30 June 2013, application monies will be returned to applicants (at the applicant's risk) without interest as soon as possible thereafter.

Important notice

The New Shares are not being made available in whole or in part to the public except under the terms of the Open Offer and the Offer for Subscription. The Open Offer and the Offer for Subscription are not being made to persons in the United States or in any jurisdiction in which such an offer or solicitation would be unlawful. Accordingly, Application Forms are not (subject to certain exceptions) being sent to, and Basic Entitlements and Excess CREST Open Offer Entitlements are not being credited to, Overseas Shareholders. The attention of Overseas Shareholders is drawn to paragraph 6 of Appendix 2 of this document and the attention of Overseas Applicants is drawn to paragraph 6 of Appendix 4 of this document

The Open Offer is not a rights issue. Invitations to apply under the Open Offer are not transferable unless to satisfy bona fide market claims and the Application Form is not a document of title and cannot be traded. Qualifying Shareholders should be aware that, in the Open Offer, unlike in the case of a rights issue, any Open Offer Shares not applied for under the Open Offer will not be sold in the market or placed for the benefit of Qualifying Shareholders, but will be taken up under the Excess Application Facility and/or the Placing, with the proceeds retained for the benefit of the Company.

To be valid, completed Application Forms and payment in full must be received by Equiniti no later than 11.00 a.m. on 11 June 2013. Further information on the Open Offer, including the procedure for application and payment, is set out in Appendix 2 of this document and, where applicable, the Application Form.

5. Use of proceeds

It is the intention of the Board that the net proceeds of the Capital Raising will be used to enable the Group to continue its strategy of making property acquisitions where the rental yield will generate a surplus return over its costs of borrowing and management, whilst maintaining a prudent overall level of gearing within its portfolio.

It is the Board's belief that the Company's selective application of the net proceeds alongside existing and future debt facilities will enable the Company to generate a growing return and therefore maintain its progressive dividend policy.

In the immediate term, it is the management's intention that the proceeds will be used where possible to pay down revolving debt facilities. This will maximise treasury management efficiency and allow the Company to re-draw sums as necessary as investment opportunities and existing commitments require.

It is anticipated that the Capital Raising will be completed on 13 June 2013 and it is noted that regardless of the eventual size of the Issue, the net proceeds of the Issue will be used for the purposes outlined above.

6. Capital Resources

The Group finances its operations through a combination of equity and debt, with the maximum ratio between them fixed by the Group's loan facilities. During 2012 and the first three months of 2013, the Company completed a number of debt related transactions:

- in April 2012, the Group completed the refinancing of its main bilateral debt facilities resulting in a new £175 million four year, interest only, club facility provided by Royal Bank of Scotland PLC and Santander Banking Group;
- in July 2012, the Company became the first REIT to enter the retail bond market, issuing a £75 million, seven year, unsecured bond with an annual coupon of 5.375 per cent.. The first bond coupon was paid on 31 January 2013;
- in December 2012, PHP drew down on a £25 million term loan facility provided by Aviva. This is a 10 year, interest only facility with the interest rate fixed at 3.63 per cent. for the entire term of the loan;
- on 31 January 2013, PHP repaid in full its £27 million loan facility provided by AIB; and
- on 25 March 2013, having previously served notice to Aviva to refinance the debt assumed with the AMP acquisition, the Company repaid the Aviva debt and entered into a £50 million, four year, interest only revolving debt facility provided by Barclays Bank PLC (this facility was increased to £70 million by way of a deed of amendment on 17 May 2013).

Following the above transactions, as at 31 March 2013, debt facilities available to the Group totalled £481.7 million, of which £75.0 million is represented by the retail bond issue, £401.7 million is on a term loan basis and £5.0 million is available on an overdraft basis.

Taking into account drawn debt of approximately £396 million at 31 March 2013 and further contracted commitments of approximately £17.2 million, this leaves approximately £68.5 million of available debt facilities to allow the Group to continue with its acquisition policy. The Group had cash reserves of £7.8 million as at 31 March 2013. The Group's interest cover for the 12 months ended 31 March 2013 and LTV ratio as at that date were approximately 1.5 times and 61.5 per cent., respectively.

The Group's banking facilities do not include a maximum consolidated LTV ratio, but separate debt facilities have specific maximum LTV ratio covenants ranging from 60 per cent. to 70 per cent..

The Group is in discussions with a wide range of lenders and investors with a view to expanding its range of debt providers and increasing its available facilities following completion of the Capital Raising. Any additional facilities will be used to help fund further investment in the Group's property portfolio.

7. Admission to trading of New Shares

Applications will be made to the FCA and to the London Stock Exchange, respectively, for the New Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

Subject to the conditions to the Capital Raising having been satisfied (or, if applicable, waived) it is expected that Admission will occur at 8.00 a.m. on or around 13 June 2013.

Existing Ordinary Shares are already admitted to listing on the premium segment of the Official List, the London Stock Exchange's main market for listed securities and to CREST. It is expected that the New Shares, when allotted and issued, credited as fully paid, will be capable of being held and transferred by means of CREST. It is expected that the New Shares will trade under UK ISIN code GB0007015521.

The Company will announce the number of New Shares admitted to listing and admitted to trading via a Regulatory Information Service by no later than 8.00 a.m. on the Business Day following the date of Admission.

8. Financial impact of the Capital Raising

On a pro forma basis and assuming that the net proceeds from the Firm Placed Shares received by the Company was £21.5 million and the Firm Placing had become effective on 31 December 2012, the Group would have had net assets of £200.6 million at that date (based on the net assets of the Group as at 31 December 2012), as extracted from the unaudited pro forma statement of the net assets of the Group at Part 6 of this document.

9. Management of the Group

The Group will continue to be operated and managed by the Joint Managers. Further information on the Joint Managers can be found at paragraph 8 in Part 2 of this document.

10. Dividend Policy

The New Shares, when issued and fully paid, will rank in full for all dividends or distributions made, paid or declared after the date of this document or otherwise *pari passu* in all respects with the Existing Ordinary Shares. No PIDs have been paid since 1 January 2007, when the Board advised that dividends would either be cash, PIDs or a combination of the two.

The Company intends to continue to pay substantially all of its earnings as dividends in line with the current dividend policy, though there can be no guarantee of the level of future dividends, if any.

11. General Meeting

You will find set out at the end of this document a Notice of General Meeting convening a General Meeting to be held on 12 June 2013 at 10.00 a.m. at the Company's offices at Ground Floor, Ryder Court, 14 Ryder Street, London, SW1Y 6QB. The full text of the Notice of General Meeting is set out in Part 10 of this document.

At the General Meeting, the Resolutions will be proposed to:

- approve the Capital Raising;
- grant the Directors authority pursuant to section 551 of the Companies Act to allot Ordinary Shares generally and in connection with the Capital Raising; and
- disapply where relevant statutory pre-emption rights set out in section 561 of the Companies Act.

12. Action to be taken in respect of the General Meeting

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting in person, it is important that you complete and return the Form of Proxy in accordance with the instructions printed on it to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to arrive no later than 10.00 a.m. on 10 June 2013. Completion and return of the Form of Proxy will not preclude you from attending the General Meeting in person, if you so wish and are entitled.

You may also submit your proxies electronically using the reference number, card ID and account number on the Form of Proxy. If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST proxy instruction to ID RA19 so that it is received by no later than 10.00 a.m. on 10 June 2013.

13. Action to be taken in respect of the Open Offer

If you are a Qualifying Non-CREST Shareholder, you will find enclosed with this document an Application Form to apply for Open Offer Shares under the Open Offer. If you wish to take up any or all of your entitlement to Open Offer Shares under the Open Offer, you should complete the enclosed Application Form in accordance with the procedure for application set out in paragraph 2.1 of Appendix 2 of this document and in the Application Form. In particular, Qualifying Non-CREST Shareholders who wish to subscribe for more than their Basic Entitlements should complete Boxes 5, 6, 7 and 8 in the Application Form. Completed Application Forms, accompanied by full payment in accordance with the instruction in paragraph 2.2 of Appendix 2 should be returned by post or by hand (during normal business hours only) to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in either case as soon as possible and in any event so as to be sent by no later than 11.00 a.m. on 11 June 2013.

If you are a Qualifying CREST Shareholder, no Application Form is enclosed and you will receive a credit to your appropriate stock account in CREST in respect of your Basic Entitlements under the Open Offer and also an Excess CREST Open Offer Entitlements for use in connection with the Excess Application Facility. You should refer to the procedure for application set out in Appendix 2 of this document.

The latest time for applications under the Open Offer to be received whether from Qualifying Non-CREST Shareholders or from Qualifying CREST Shareholders is 11.00 a.m. on 11 June 2013. The procedure for application and payment depends on whether, at the time at which the application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have your Basic Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of such entitlements. The procedures for application and payment are set out in Appendix 2 of this document. Further details also appear in the Application Forms which have been sent to Qualifying Non-CREST Shareholders.

Qualifying CREST Shareholders who are CREST Sponsored Members should refer to their CREST Sponsors regarding the action to be taken in connection with this document and the Open Offer.

The attention of Overseas Shareholders is drawn to paragraph 6 of Appendix 2 of this document.

Further details of the Open Offer are set out, in the case of Qualifying Non-CREST Shareholders, in the Application Form.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA immediately if you are in the United Kingdom or, if you are not, from another appropriately authorised independent professional adviser.

14. Action to be taken in respect of the Offer for Subscription

The terms and conditions of application under the Offer for Subscription are set out in Appendix 4 of this document and, where applicable, and the Subscription Form. These terms and conditions should be read carefully before an application is made. The Subscription form is contained in Appendix 4 of this document and will be available at the Company's website.

The latest time for applications under the Offer for Subscription is 11.00 a.m. on 11 June 2013.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA immediately if you are in the United Kingdom or, if you are not, from another appropriately authorised independent professional adviser.

15. Overseas Shareholders

The attention of Overseas Shareholders is drawn to the information which appears in paragraph 6 of Appendix 2 and paragraph 5 of Appendix 4 of this document.

This document has been sent to all Shareholders on the register of members of the Company on the Record Date (other than those Shareholders whom the Company considers to be in an Excluded Territory). However, this document does not constitute an offer to sell or the solicitation of an offer to purchase securities in the United States or any other jurisdiction in which it may be unlawful to do so.

16. Taxation

Information regarding taxation in the UK in relation to the Ordinary Shares is set out in paragraph 11 of Part 7 of this document. Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult their appropriate professional adviser as soon as possible.

17. Risks and Additional Information

Shareholders' attention is drawn to the risks and additional information contained in the summary and risk factors sections of this document. Shareholders are advised to read the whole of the document and not rely only on the summary information presented in this letter.

18. Irrevocable undertakings

Each of the Directors is supportive of the fundraising and the Directors have irrevocably undertaken to subscribe or apply, in aggregate, for 14,832 New Shares under the Capital Raising.

Harry Hyman has irrevocably undertaken to apply for his full Basic Entitlement of 6,083 Open Offer Shares in respect of his holding of Ordinary Shares and Nexus Group Holdings Limited has irrevocably undertaken to apply for 10,320 Open Offer Shares.

James Hambro has irrevocably undertaken to apply for his full Basic Entitlements of 4,441 Open Offer Shares in respect of his holding of Ordinary Shares.

Graeme Elliot has irrevocably undertaken to apply for his full Basic Entitlement of 1,500 Open Offer Shares.

Dr. Ian Rutter O.B.E. has irrevocably undertaken to apply for his full Basic Entitlement of 891 Open Offer Shares.

Alun Jones has irrevocably undertaken to apply for his full Basic Entitlement, of 1,917 Open Offer Shares.

In addition, each of the Directors has irrevocably undertaken to vote in favour of all of the Resolutions in respect of his own beneficial holding to the extent that he has any such holding, which together amount to 4,687,146 Ordinary Shares representing approximately 6.2 per cent. of the Ordinary Shares in issue as at 21 May 2013 (being the last practicable date prior to the publication of this document).

19. Financial Advice

The Board has received financial advice from Numis and Peel Hunt with respect to the Capital Raising. In providing their financial advice to the Board, Numis and Peel Hunt have each relied upon the commercial assessment of the Board.

20. Recommendation

The Board considers the Capital Raising and the passing of the Resolutions to be in the best interests of Shareholders as a whole.

Accordingly, the Board recommends unanimously that Shareholders vote in favour of the Resolutions, as each of the Directors has irrevocably undertaken to do in respect of their own beneficial holding, to the extent that they have any such holding, which together amount to 4,687,146 Ordinary Shares, representing approximately 6.2 per cent. of the Ordinary Shares in issue as at 21 May 2013 (being the last practicable date prior to the publication of this document).

Shareholders should also be aware that if the Resolutions to be proposed at the General Meeting are not passed, the Capital Raising will lapse.

Yours sincerely,

Graeme Elliot

Chairman

PART 2

INFORMATION ON PHP

1. Overview

The Company is the parent company of a group of companies which specialise in the ownership of freehold or long leasehold interests in modern purpose-built primary healthcare facilities located in the UK only.

The Group's property portfolio comprises both completed and committed properties which are primarily let to GP practices, NHS bodies and pharmacy operators. The Group is externally managed by the Joint Managers.

The information in this Part 2 is based on the financial information in the audited consolidated financial statements of the Group for the year ended 31 December 2012. As at 31 December 2012, the Group held 183 primary healthcare assets, 177 completed properties and forward funding commitments for a further six, with a total portfolio value of approximately £645 million, generating an annualised rental roll of approximately £38.9 million per annum. Since 31 December 2012 the Group has contracted to acquire two further assets and has disposed of an asset (see paragraph 3 of Part 1 of this document for further details).

All of the Group's completed properties are held for long-term investment. The Group's strategy is to acquire the freehold and long leaseholds of mainly modern, purpose-built primary healthcare properties on the basis that each property purchased by the Group will have been evaluated for its income and asset value growth potential.

2. History and Development

The Company was founded by Managing Director, Harry Hyman in 1994 and incorporated in 1995 following the purchase of a small portfolio of primary care premises.

The Company was listed on AIM in 1996 and was admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities on 5 November 1998. The Company converted to become a REIT on 1 January 2007.

On 6 October 2009, the Company announced the successful completion of the issue of 26,086,956 new Ordinary Shares through a firm placing and placing and open offer. The shares were issued at 230 pence each, raising net proceeds of approximately £57.5 million.

On 8 February 2010, the Company announced the acquisition of Sinclair Montrose Properties Limited ("SMPL") which comprised a portfolio of fourteen purpose built medical centres located across the UK. The consideration for the entire issued share capital of SMPL totalled £23.5 million and was funded from the Group's cash resources.

On 23 June 2010, the Company announced the acquisition of Health Investments Limited ("HI"). The HI portfolio comprised of 14 primary care properties and was acquired along with existing debt of approximately £28.1 million. The net consideration paid for the entire issued share capital of HI was £11.7 million funded by the issue of 1,005,153 ordinary shares at a value of 290 pence per share and approximately £8.8 million in cash.

In 2011, the Group completed the acquisition of eight properties for a total of £45.7 million. The consideration was funded by a combination of existing cash resource and new debt facilities.

On 23 July 2012 the Company issued £75,000,000 worth of 5.375 per cent. bonds due 23 July 2019 (the "Retail Bonds") on an unsecured basis.

On 13 December 2012, the Company announced the acquisition of AMP. The AMP portfolio comprised of 11 completed, let investment properties and three further assets that were under construction and due to be completed in 2013. The portfolio was acquired with existing debt of £49.8 million. The net

consideration paid for the entire issued share capital of AMP was £10.2 million, funded by the issue of 1,231,395 ordinary shares at a value of 342 pence per share and £6.02 million in cash. £1.8 million of the cash consideration is deferred until the completion of the assets under construction.

In addition to the acquisition of AMP, the Group completed the acquisition and took delivery of a further seven primary care properties in 2012 and a further standing let investment in 2013 for a total consideration of £43.2 million funded by a combination of existing cash resource and debt drawn from existing banking facilities.

The Group currently has contracted commitments to acquire eight assets upon completion of their development. The total cost to the Group of these is £37.9 million, of which £17.2 million was still to be paid by the Group as at 31 March 2013.

3. Principal activities and markets

The principal activity of the Company is the generation of rental income and capital growth through investments in primary healthcare property in the United Kingdom leased principally to GPs, NHS bodies and other associated healthcare users. The Group's activities are carried out entirely in the United Kingdom. The Group has no employees and relies on the services of its Joint Managers.

There are two main areas of business undertaken by the Company:

- ***Investment Acquisitions***

The purchasing of new state of the art medical centres to expand the property portfolio, either through the acquisition of completed, standing let property assets in the open market or through forward purchase agreements to acquire assets being constructed by developers in the sector.

- ***Proactive Management***

Adding value to the existing portfolio through lease renewals, rent reviews and expansion and/or modification of existing premises and lease re-gearing to maximise the investment returns, for the benefit of both shareholders and tenants.

The Group does not generally carry out significant development work and accordingly has little development risk. The Group works closely with specialist primary care developers to create new investments. This takes the form of:

- sourcing new development opportunities; and
- entering into forward purchase agreements with developers of new medical centre properties.

However, the Group will not commit any funding or buy any property unless such developments have at least an approved planning consent and an agreement for lease with the GP tenants in place, together with an agreed form lease which is supported by confirmation from the district valuer ("District Valuer") of the rent to be reimbursed to the GPs surgeries.

Approximately 72 per cent. of the Group's income is derived from properties leased to GPs whose rental and premises costs are reimbursed to them under the Costs Directions and the 2013 Costs Directions. The Group also receives approximately 17 per cent. of its rent from NHS bodies leading to approximately 90 per cent. of total rental income deriving directly or indirectly from the NHS.

4. Rental Income

The Group's rental income has the following characteristics:

- The Group enjoys the benefit of a strong underlying tenant covenant on its properties (relative to the UK property market), as the NHS effectively reimburses approximately 90 per cent. of the rent roll as at 31 December 2012.
- Substantially all the remaining rent roll derives from pharmacies adjacent to or within the primary care facilities, which the Directors consider represent strong covenants due to their close proximity to the primary care facility.

- The Group's portfolio of investment properties was 99.4 per cent. let as at 31 December 2012.
- As at 31 December 2012, gross contracted rents, including forward purchase commitments stood at £38.9 million an increase of over 20 per cent. through 2012 driven by acquisitions, rent reviews and asset management projects.
- The Group achieved weighted average rental growth on rent reviews completed in 2012 of 2.4 per cent. per annum.
- Approximately 95 per cent. of the Group's rent roll is subject to triennial rent review and where these are reviewed to open market, are negotiated between the Group and the District Valuer who acts for the GPs or other NHS related tenants.
- The majority of the Group's occupational leases contain upward or effectively upward only rent review clauses i.e. where the review is triggered by the landlord only. A total of 16.4 per cent. of the Group's rent roll has fixed rental uplifts or is formally linked to the Retail Prices Index ("RPI") with the remainder being reviewed to market rents.
- Rent reviews are based primarily on precedents from other medical centres and build-cost inflation, rather than on a rental valuation based on comparable evidence for other nearby non-medical commercial property. In the current general property environment, the different basis for primary care property rents leads the Directors to believe that rent review prospects are better for primary care property than for the wider, non-medical, commercial property markets.
- The average lease length of the Group's portfolio as at 31 December 2012 was 16 years.
- The Directors believe that these factors differentiate the primary care property market from the wider commercial property market, shielding the Group's portfolio from the worst effects of the continuing economic downturn.
- The Directors believe that the Company's earnings are further insulated from market movements as, unlike with other commercial property, speculative (unlet) development rarely takes place in the primary care property sector, minimising vacant space and the potential for reductions in rental and property values.

5. Property Portfolio

The Company's portfolio of modern purpose built primary care assets is diversely spread across the United Kingdom. As at 31 December 2012 the portfolio comprised of 183 assets in total with 176 completed and rent producing, 6 that were on-site under construction, all with completion dates anticipated within 2013 and a standing let investment purchase with delayed completion to 1 February 2013. The portfolio was independently valued at 31 December 2012 at an average net initial yield of 5.72 per cent. (31 December 2011: 5.74 per cent.). The underlying longevity of the income, coupled with the strength of covenant coming from the NHS funding for the majority of the rent roll has led to investment yields being stable and firming as investors demand for long term, secure income increases.

<i>Geographical region</i>	<i>Number of assets</i>	<i>Value/cost (£m)*</i>	<i>Rent roll (£m)*</i>
North	41	159.2	9.8
Midlands	42	140.4	8.4
South East	61	183.6	11.0
South West	7	21.5	1.3
Wales	18	83.2	5.0
Scotland	14	57.5	3.4
Total	183	645.4	38.9

Since 31 December 2012, the Company has completed contracts for a further two forward commitments to acquire assets in Somerset and Worcestershire for a total consideration of £6.3 million. As previously announced, PHP has also disposed of an asset in Withernsea, Yorkshire for a consideration of £3.8 million, which was £0.7 million ahead of PHP's carrying value.

6. Strategy

All of the Company's completed properties are held for long-term investment. The Company's strategy is to acquire the freehold and long leaseholds of mainly modern, purpose-built primary healthcare properties on the basis that each property purchased by the Company will have been evaluated for its income and asset value growth potential.

7. Market overview, trends and competition

There are approximately 43,000 GPs and approximately 10,000 practices in the UK and one million patient visits to GP premises every working day. The Company's estimated market share of all primary care properties in the UK as at 31 December 2012 was approximately two per cent., with a total of approximately 1.82 million patients from the UK population registered to its medical centres. GPs typically lease their properties, a structure which is likely to remain popular as it facilitates a flexible solution to property needs, provides ease of assignability between partners, and enables GPs to maintain stability and control of their own destiny.

The market for the Group is the primary healthcare property market in the UK. The demand for modern, fit for purpose medical centre properties is being driven by a market shift from secondary care (hospitals) towards primary and community care as encouraged by the Government. The Directors believe that the current economic conditions give the Company the opportunity of buying properties with relatively stable yields at historically low finance rates.

The Group's and the Joint Managers' long-term trading relationships with investors and developers have resulted in a quantifiable pipeline of investment opportunities. The Board remains confident in the outlook for primary care property, and believes that despite the current weakness in the wider commercial property market, the specialist nature of the primary care sector and the continued demographic and political drivers behind the underlying provision of primary care will result in continued investment opportunities on which it can capitalise. Further, the combination of historically low interest rates and the stability of rental yields has widened the positive yield gap (rental yields compared to financing yields) resulting in investments made in the current climate being, in the Board's view, likely to have an immediate and positive impact on the Group's cashflow and returns on capital.

Primary care

Within UK healthcare, the traditional NHS model has revolved around GPs as the gatekeepers to specialist services located in large centralised hospitals. Increasingly, however, technological developments are reducing the size and complexity of the equipment required to diagnose and treat many illnesses and injuries. Combined with specialist GP training, this is allowing more procedures and diagnostics to be performed in community primary care facilities rather than in centralised major facilities such as hospitals, increasing patient access and choice, reducing costs and increasing efficiency. As a result of this there is demand for modern, specialised, fit for purpose premises from which primary care and ancillary services can be efficiently delivered.

UK government policy reflects this changing landscape. The 2006 White Paper "Our Health, our care, our say" restated the 2002 Wanless Report rationale and intent for increased investment in primary care and integration between primary care and secondary care, and paved the way for the transition of certain therapeutic functions into primary care. This rationale was rearticulated in Lord Darzi's report in June 2008.

The Health and Social Care Act 2012 and the abolition of Primary Care Trusts ("PCTs")

The Health and Social Care Act 2012 (the "HSC Act") received royal assent on 27 March 2012, legislation that applies, for the most part to the NHS in England only (PHP has 9% of its portfolio in Scotland and 11% in Wales). The HSC Act reinforced the leading role of primary care by transferring budgetary and

commissioning responsibilities in England to GPs and local clinicians through the establishment of Clinical Commissioning Groups (“CCGs”). CCGs are the bodies that have been created within the NHS in England to replace PCTs that were abolished on 1 April 2013 pursuant to the HSC Act.

The Directors believe that this shift in the responsibility for commissioning and funding patient care will lead to an increased number of opportunities to fund and acquire new medical centre properties as GPs and clinicians look to provide more modern care facilities in local communities.

GP Rent Reimbursement

PCTs were previously responsible for reimbursing GPs’ rent under the Costs Direction. The responsibility for reimbursement has now been transferred to the NHS Commissioning Board, now known as NHS England (“NHSE”) in accordance with the 2013 Costs Directions.

NHSE was established on 1 October 2012 and is wholly funded by Government. NHSE’s full statutory duties and responsibilities commenced on 1 April 2013 and it will be responsible for commissioning primary care and other specialist services and for funding and supporting CCGs, who have taken over the remaining commissioning functions of PCTs.

Prior to 1 April, it was customary for GPs to be placed in funds by PCTs in advance of their rent being due for payment, although there was no such obligation in the Costs Directions. Similarly, there is no requirement for this in the HSC Act or the 2013 Costs Directions but there is no suggestion that the custom or practice of pre-funding GPs’ rental payments should or will change. Management has taken pro-active steps to procure that pre-funding continues, but the transition of responsibilities from PCTs to NHSE and the use of new systems may have a temporary impact on the timing of rent receipts.

PCT leases and property interests

Pursuant to “transfer schemes” made under the HSC Act, all of PHP’s former PCT leases (“PHP Leases”) have been transferred to third parties, irrespective of any alienation provisions in the relevant leases which might otherwise have prevented them. In respect of the majority of the PHP Leases, it has been confirmed by the Department of Health that NHS Property Services Limited (“NHS PS”) will be the new tenant. There is just one PHP lease where the identity of the tenant has not yet been confirmed but PHP is investigating this directly with the Department of Health. All rent that has been due from these leases has been received since the changeover on 1 April 2013.

NHS PS is a limited liability company wholly owned by the Secretary of State and incorporated in December 2011. NHS PS is funded by the NHS and has been transferred an asset base of more than 3,600 assets which is worth in excess of £3 billion. It is possible that, in the future NHS PS may not be owned by the Secretary of State and that the Secretary of State’s interest in NHS PS is transferred to a third party. It is not, however, possible at this stage to predict how this new entity will develop its activities and sphere of interest over the longer term.

Funding of NHSE and NHS PS

As for PCT’s, both NHSE and NHS PS are funded directly or indirectly from the wider NHS budget which for 2012/13 was around £109 billion.

The National Health Service (Residual Liabilities) Act 1996 (as amended) created what is commonly referred to as the “Residual Liabilities Regime” (the “RL Regime”). The RL Regime was regarded by those who relied upon it as equivalent to a Secretary of State undertaking to provide a secure destination for PCT liabilities if a PCT ceased to exist, but it is not and has never been a Secretary of State guarantee.

NHSE is an Executive Non-Departmental Public Body and as such, the RL Regime does not apply to it. The 2013 Costs Directions under which responsibility for GP reimbursement was transferred to NHSE, contains transitional provisions with regard to reimbursement. These state that if GPs are already receiving rent reimbursement under the 2004 Directions immediately before the 2013 Costs Directions come into force, then NHSE must continue to make those payments as if the 2004 Directions continued to apply. This will be the case for the overwhelming majority, if not all, of the Company’s current occupational lease stock to which the Costs Directions applies.

The RL Regime does not apply to NHS PS either. To give assurances to parties who have been subject to a transfer scheme involving a transfer of assets, rights and liabilities from a PCT to NHS PS, the Department of Health published an open ‘Letter of Explanation’ (the “Letter”), dated 2 April 2013 . The Letter refers to the fact that the Secretary of State has entered into an irrevocable indemnity (the “Indemnity”) in favour of NHS PS, the Indemnity ensures the discharge of all valid payment obligations of NHS PS arising from any properties which have transferred to NHS PS, for such time as NHS PS is head tenant with the intention that NHS PS is always in a position to meet its obligations in respect of the assets transferred to it.

In the Letter, the Secretary of State confirms his commitment to NHS PS and that it would be untenable for the Secretary of State to allow NHS PS to be managed such that its solvency was risked. As with the RL Regime, the Letter is not a guarantee.

In assessing the impact of the above changes to the funding structure of the NHS, the Directors are of the opinion that the effective underlying strength of having such a large proportion of its rent roll funded directly or indirectly by the NHS is unchanged. GPs will continue to be the gatekeepers to the NHS and will continue to have their premises costs reimbursed under the Costs Directions or 2013 Costs Directions.

The UK primary care property market

The Company operates in a sub-section of the UK commercial property market which is relatively non-cyclical. Statistics from the Investment Property Databank (“IPD”) indicate that Primary Care, a major constituent of the IPD Healthcare Index, provided an annual return of 6.3 per cent. per annum over the five years to December 2011 which compared to minus 0.7 per cent./per annum for the IPD All Properties Index. According to IPD the ‘peak to trough’ comparative fall in property values over the three years to December 2011 was 34.5 per cent. for general commercial property, 15.8 per cent. for residential and just 4.4 per cent. for healthcare.

Primary care property is showing a positive yield gap above underlying funding rates. Average investment yields in the sector are approximately 5.75 per cent. which can be compared to 12 year gilt yields at 2.31 per cent. (as at 4 February 2013), 10 year sterling swap rates of 2.05 per cent. (as at 5 February 2013) and three month LIBOR at 0.51 per cent. (as at 5 February 2013). Given this backdrop, the Directors believe the current positive yield gap provides an opportunity for the Company to acquire further assets in the primary healthcare property market that will be accretive to its earnings and profitability.

Competition

The Company’s main competitors include Medicx Fund Ltd and Assura Group Limited, both listed companies, and a number of unquoted companies including GPI Ltd (part of the GP Group). Whilst the Directors believe that there is competition in the sector, the Board views the Company as one of a few listed entities that focuses purely on investment, a model which enables the Joint Managers to focus on a specific core business and which offers downside protection relative to competitors during periods of economic weakness.

8. Joint Managers

The Group is jointly managed by Nexus and J O Hambro Capital Management Limited (“JOHCML”). The relationship between the Company and the Joint Managers is governed by the Management Agreement and reflects the obligations of the Board under the Listing Rules, specifically LR 9.2.20 in relation to externally managed companies.

The Nexus group is a group of UK companies engaged in the provision of independent advice and financial services to organisations operating in the public and private sectors, with particular emphasis on health, education and property. Nexus identifies suitable properties for the Company to acquire, negotiates the terms of purchase of those properties and provides property management services on behalf of the Group. It also provides the services of the Managing Director. However, all acquisitions and disposals are decided by the Board following a review of proposals presented by Nexus. In addition, matters such as changes relating to the capital structure of the Company, major capital projects, approval of operating budgets, risk management and treasury policies are documented as matters reserved for the Board.

JOHCML (a wholly owned subsidiary of J O Hambro Capital Management Holdings Limited (“Holdings”), in turn a wholly owned subsidiary of BTIM UK Limited), provides administrative and accounting services to the Group and is Company Secretary. JOHCML has offices in London, Prague and Singapore.

Further details of the Management Agreement governing the relationship between the Company and the Joint Managers and fees payable are set out in paragraph 15.6 of Part 7 of this document.

9. Information on the Board

The Directors of the Company and their principal functions are as follows:

<i>Name</i>	<i>Position</i>
Graeme Elliot	<i>Non-Executive Chairman</i>
Alun Jones	<i>Senior Independent Director (“SID”)</i>
Harry Hyman	<i>Managing Director</i>
Mark Creedy	<i>Non-Executive Director</i>
William Hemmings	<i>Non-Executive Director</i>
James Hambro	<i>Non-Executive Director</i>
Dr. Ian Rutter O.B.E.	<i>Non-Executive Director</i>

Graeme Elliot – Non-Executive Chairman

Appointed to the Board in February 1996, Graeme Elliot is a member of the Audit Committee. He is a qualified Chartered Accountant and was formerly executive vice chairman of Slough Estates PLC, prior to which, he held senior positions at Rio Tinto PLC.

Alun Jones – Senior Independent Director

Appointed to the Board in May 2007, Alun Jones is the SID and Chairman of the Audit Committee and a member of the Nomination Committee, the Remuneration Committee and the Management Engagement Committee. A Chartered Accountant, Mr Jones retired as a partner from PricewaterhouseCoopers LLP in 2006, having been a previous member of PriceWaterhouseCooper’s UK and Global Supervisory Boards. He was a member of the Financial Reporting Review Panel from 2006 to 2011.

Harry Hyman – Managing Director

Harry Hyman, a Chartered Accountant and corporate treasurer, was appointed to the Board in February 1996. Harry is the founder and Managing Director of the Nexus Group. Nexus has three operating divisions, property, publishing and corporate finance. The Group specialises in health, education and property. He is also a Non-Executive Director of a number of other companies and a director of the Quoted Companies Alliance. PHP has been a member of the Quoted Companies Alliance since 2002.

Mark Creedy – Non-Executive Director

Appointed to the Board in November 2008, Mark Creedy is Chairman of the Management Engagement Committee and a member of the Audit, Remuneration and Nomination Committees. Mr Creedy is currently Director of Fund Management at UNITE Group PLC overseeing the fund management of the UNITE UK Student Accommodation Fund and UNITE’s other joint ventures. He was Managing Director of the property fund management subsidiary of Legal & General Investment Management from September 2002 until the end of 2007 and was previously Managing Director of Chartwell Land PLC, a wholly owned subsidiary of Kingfisher PLC from 1994. He was a Non-Executive Director of B&Q PLC from 1998 to 2002. Mr Creedy has extensive experience in the UK property industry and has been responsible for the creation and management of a number of sector specialist funds during his time at Legal & General PLC.

William Hemmings – Non-Executive Director

Appointed to the Board on 18 June 2012, Mr Hemmings is Head of Closed End Funds at Aberdeen Asset Managers Limited, a Director of a number of subsidiary companies of Aberdeen Asset Management PLC and an alternate Director of the Irish listed Select Funds International PLC. He has recently been appointed to the Board of the Association of Investment Companies.

James Hambro – Non-Executive Director

Appointed to the Board in February 1996, Mr Hambro is Chairman of James Hambro and Partners LLP, and Chairman of J O Hambro Capital Management Holdings Limited, parent company of J O Hambro Capital Management Limited, the Joint Manager and Company Secretary. He is also Non-Executive Chairman of Hansteen Holdings PLC.

Dr. Ian Rutter O.B.E. – Non-Executive Director

Appointed to the Board in September 2005, Ian Rutter is Chairman of the Remuneration and Nomination Committees and a member of the Audit Committee and Management Engagement Committee.

He has worked as a GP since 1980 in Shipley, Yorkshire. He is a former CEO of North Bradford and Airedale PCT's. He has worked at the Department of Health as Clinical Lead in the Policy and Strategy Unit and as a Deputy National Director of Primary Care. He is a member of the International Faculty at IHI in Boston USA.

PART 3

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis is based on, and should be read in conjunction with, the Group's audited consolidated financial statements as at and for the years ended 31 December 2010, 2011 and 2012, which have been prepared in accordance with IFRS.

The audited financial statements of the Group for the years ended 31 December 2010, 2011 and 2012 contained in those parts of the Annual Reports and Accounts of PHP are incorporated by reference into this document as detailed in Part 8 of this document.

Investors should read the whole of this document and use the documents cited above for reference and should not just rely on the summary information contained in this Part 3. The documents included by reference contain an extensive review of the financial periods in question on both an operating and a financial level.

1. Overview

PHP specialises in the ownership of freehold or long leasehold interests in modern purpose-built healthcare facilities, the majority of which are leased to GPs with other properties or parts of properties let primarily to NHS bodies, pharmacies and dentists. The Group is jointly managed by Nexus and JOHCML.

As at 31 December 2012, PHP had 183 investment properties (177 completed and 6 properties in the course of development) under management with a total gross asset value of approximately £645.4 million (including commitments) generating an annualised rent roll of approximately £38.9 million.

2. Selected financial information

2.1 Introduction

This review should be read in conjunction with the audited annual reports and accounts of the Group for the year to 31 December 2010, 2011 and 2012. Together, these documents contain a discussion of the funding and treasury policies of the Group and the manner in which treasury activities are controlled, together with notes of the interest rates payable on borrowings and the use of financial instruments for hedging purposes.

A summary of the Company's principal borrowing terms can also be found in paragraphs 3 to 4.6 (inclusive) of Part 3 of this document.

2.2 Group income statement

	<i>2012</i> £000	<i>2011</i> £000	<i>2010</i> £000
Rental income	32,806	30,333	26,574
Finance lease income	345	343	341
Rental and related income	33,151	30,676	26,915
Direct property expenses	(402)	(436)	(398)
Administrative expenses	(5,124)	(5,123)	(4,646)
Operating profit before revaluation result on property portfolio	27,625	25,117	21,871
Profit on sale of Available For Sale ("AFS") investments	—	312	—
Net revaluation result on property portfolio	(1,768)	10,584	22,790
Operating profit before financing costs	25,857	36,013	44,661
Finance income	518	414	160
Finance costs	(20,760)	(15,831)	(12,882)
Provision for early loan repayment fee	(1,564)	—	—

	2012 £000	2011 £000	2010 £000
Fair value loss on interest rate swaps and amortisation of cash flow hedging reserve	(2,922)	(7,947)	(4,714)
Profit on ordinary activities before taxation	1,129	12,649	27,225
Taxation	1	5	36
Conversion to UK-REIT charge	—	—	(1,586)
Taxation credit/(expense)	1	5	(1,550)
Profit for the year⁽¹⁾	1,130	12,654	25,675
Other comprehensive loss/income being:			
Fair value movement on interest rate swaps treated as cash flow hedges	(285)	(13,613)	(6,013)
(Recycling of previously unrealised gain)/unrealised gain on current asset investment	—	(73)	79
Other comprehensive loss for the year net of tax⁽¹⁾	(285)	(13,686)	(5,934)
Total comprehensive income/(loss) for the year net of tax⁽¹⁾	845	(1,032)	19,741
Earnings per share ⁽²⁾	1.56p	18.97p	41.30p
Adjusted earnings per share ^{(2) (3)}	10.16p	14.54p	14.72p

The above relates wholly to continuing operations.

(1) Wholly attributable to equity shareholders of the Company.

(2) There is no difference between basic and fully diluted EPS.

(3) Adjusted for large one-off items and movements in fair value of properties and derivatives (see note 8 of the Annual Report and Accounts for the year ended 31 December 2012).

2.3 Group balance sheet

	2012 £000	2011 £000	2010 Restated ⁽²⁾ £000
Non current assets			
Investment properties	622,447	525,586	469,290
Net investment in finance leases	3,100	3,069	3,036
Derivative interest rate swaps	—	24	413
	<u>625,547</u>	<u>528,679</u>	<u>472,739</u>
Current assets			
Current asset investments	—	—	555
Trade and other receivables	2,916	2,633	2,582
Net investment in finance leases	21	30	48
Cash and cash equivalents	25,096	77	370
	<u>28,033</u>	<u>2,740</u>	<u>3,555</u>
Total assets	653,580	531,419	476,294
Current liabilities			
Term loans and overdrafts	(79,934)	(592)	(3,557)
Derivative interest rate swaps	(7,523)	(23,866)	(16,859)
Corporation tax payable	—	—	(48)
UK-REIT conversion charge payable	—	—	(1,998)
Trade and other payables	(10,687)	(5,831)	(4,837)
Deferred rental income	(7,811)	(6,624)	(5,942)
Provisions for liabilities and charges	(1,564)	—	—
	<u>(107,519)</u>	<u>(36,913)</u>	<u>(33,241)</u>

	2012 £000	2011 £000	2010 Restated ⁽²⁾ £000
Non-current liabilities			
Term loans and overdrafts	(247,905)	(300,747)	(263,888)
Retail Bond	(73,755)	—	—
Derivative interest rate swaps	(45,311)	(25,639)	(14,419)
	<u>(366,971)</u>	<u>(326,386)</u>	<u>(278,307)</u>
Total liabilities	<u>(474,490)</u>	<u>(363,299)</u>	<u>(311,548)</u>
Net assets	<u>179,090</u>	<u>168,120</u>	<u>164,746</u>
Equity			
Share capital	38,017	34,136	31,401
Share premium account	58,606	54,430	53,934
Capital reserve	1,618	1,618	1,618
Special reserve	59,473	57,405	44,442
Cash flow hedging reserve	(27,177)	(26,892)	(13,279)
Retained earnings	48,553	47,423	46,630
Total equity⁽¹⁾	<u>179,090</u>	<u>168,120</u>	<u>164,746</u>
Net asset value per share – basic	235.54p	246.25p	262.32p
EPRA net asset value per share	305.03p	318.73p	311.47p

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

(2) Principal repayments on Aviva fixed term loan of £0.6 million restated to current liabilities from non-current liabilities. This restatement has no impact on net assets.

2.4 *Group cash flow statement*

	2012 £000	2011 £000	2010 £000
Operating activities			
Profit on ordinary activities before tax	1,129	12,649	27,225
Less: Finance income	(518)	(414)	(160)
Plus: Finance costs	20,760	15,831	12,882
Plus: Provision for early loan repayment fee	1,564	—	—
Plus: Amortisation of CFHR	1,345	—	—
Plus: Fair value loss on derivatives	1,577	7,947	4,714
Operating profit before financing costs	<u>25,857</u>	<u>36,013</u>	<u>44,661</u>
Adjustments to reconcile Group operating profit to net cash flows from operating activities:			
Revaluation deficit/(gain) on property portfolio	1,768	(10,584)	(22,790)
Profit on sale of AFS Investment	—	(312)	—
Increase in trade and other receivables ⁽¹⁾	(133)	(146)	(946)
Increase in trade and other payables ⁽¹⁾	7,940	1,095	4,003
Cash generated from operations	<u>35,432</u>	<u>26,066</u>	<u>24,928</u>
UK-REIT conversion charge instalments	—	(1,998)	(1,934)
Taxation paid ⁽²⁾	—	(43)	(193)
Net cash flow from operating activities	<u>35,432</u>	<u>24,025</u>	<u>22,801</u>
Investing activities			
Payments to acquire investment properties	(42,221)	(45,712)	(25,234)
Disposal of AFS Investment	—	788	—
Payments to acquire shares in AH Medical Properties PLC	—	—	(476)
Payments to acquire Anchor Meadow Limited	—	—	(5,498)

	2012 £000	2011 £000	2010 £000
Payments to acquire Sinclair Montrose Properties Limited	—	—	(23,842)
Payments to acquire Abstract Integrated Healthcare Limited ⁽³⁾	—	—	(1,856)
Payments to acquire Charter Medinvest Limited	—	—	(6,787)
Payments to acquire Health Investments Limited ⁽³⁾	—	—	(7,214)
Payments to acquire PHP Medical Properties Limited ⁽³⁾	(3,298)	—	—
Interest received on developments	237	296	134
Bank interest received	199	35	4
Other interest	—	4	8
Net cash flow used in investing activities	(45,083)	(44,589)	(70,761)
Financing activities			
Proceeds from issue of shares (net of expenses)	18,399	15,605	—
Term bank loan drawdowns	75,685	145,953	85,700
Term bank loan repayments	(100,101)	(111,007)	(15,924)
Proceeds of retail bond issue (net of issue costs)	73,671	—	—
Swap interest payable	(6,736)	(8,833)	(8,461)
Non utilisation fee	(714)	(224)	—
Loan arrangement fees	(2,655)	(1,690)	(176)
Interest paid	(10,670)	(5,454)	(3,211)
Swap buy back costs	—	(2,880)	—
Dividends received	—	—	15
Equity dividends paid – net of scrip dividend	(12,209)	(11,199)	(9,825)
Net cash flow from financing activities	34,670	20,271	48,118
Increase/(decrease) in cash and cash equivalents for the year	25,019	(293)	158
Cash and cash equivalents at start of year	77	370	212
Cash and cash equivalents at end of year	25,096	77	370

(1) Asset movements include movements relating to acquisitions

(2) Taxation was paid in the period in order to settle the outstanding liabilities in the acquired companies. All amounts payable were included in the consideration calculation.

(3) Payment net of acquired debt commitments.

2.5 *PHP key financial indicators*

PHP uses the key financial indicators set out below to review the operations of its property business.

	2012	2011	2010
Earnings per share – basic	1.56p	18.97p	41.30p
Earnings per share: adjusted ⁽¹⁾	10.16p	14.54p	14.72p
Dividends paid during the period	18.50p	18.00p	17.50p
Net assets (£'m)	179.1	168.1	164.7
Net asset value per share	235.54p	246.25p	262.32p
EPRA net assets value per share ⁽²⁾	305.03p	318.73p	311.47p
Portfolio owned, leased and committed (£'m)	645.4	539.7	503.6
Contracted annual rent (incl. commitments (£'m)) ⁽³⁾	38.9	32.3	30.4
Number of properties	183	161	148

(1) Adjusted for large one-off items and movements in fair value.

(2) EPRA net asset value is calculated as balance sheet net assets including the revaluation results on trading properties excluding fair value adjustments for debt and related derivatives.

(3) Unaudited

2.6 *Discounted cash flow property valuation*

In addition to market value exercises regularly performed by the Property Valuer, the Joint Managers monitor the value of the Group's completed investment portfolio based on a discounted cash flow analysis as an alternative mechanism for valuing the investment portfolio. The key assumptions used in the discounted cash flow analysis are a base discount rate of seven per cent., an average increase in the annual property rents at their respective review dates of 2.5 per cent. and capital growth of residual land values of one per cent. per annum. The table below sets out an unaudited discounted cash flow valuation of the Company's investment portfolio at the end of the last three financial periods.

	<i>As at</i> <i>31 December</i> <i>2012</i> <i>(Unaudited)</i>	<i>As at</i> <i>31 December</i> <i>2011</i> <i>(Unaudited)</i>	<i>As at</i> <i>31 December</i> <i>2010</i> <i>(Unaudited)</i>
DCF value (£m)	720.4	589.4	554.3
Additional NAV value (£m) ⁽¹⁾	75.0	49.7	50.7
Additional NAV per share(p)	98.8	63.0	81.0

(1) Compared to market value at the valuation date.

2.7 *Property portfolio*

Details of the property portfolio as at each period end.

	<i>As at</i> <i>31 December</i> <i>2012</i> <i>£m</i>	<i>As at</i> <i>31 December</i> <i>2011</i> <i>£m</i>	<i>As at</i> <i>31 December</i> <i>2010</i> <i>£m</i>
Investment properties	606.7	521.2	462.1
Properties in the course of development	15.7	4.4	7.2
Total properties	622.4	525.6	469.3
Finance leases	3.1	3.1	3.1
Portfolio owned and leased	625.5	528.7	472.4
Portfolio commitments to be funded	19.9	11.0	31.2
Portfolio owned, leased and committed	<u>645.4</u>	<u>539.7</u>	<u>503.6</u>
Closing annualised rent roll (including commitments) ⁽¹⁾	38.9	32.3	28.0
Number of properties (including committed)	183	161	148

(1) Unaudited

3. **Operating and financial review**

3.1 *Year ended 31 December 2012*

As at 31 December 2012, the value of PHP's gross assets under management, including commitments, was £645.4 million, representing 183 properties. Of these, 176 were completed and rent producing, six were funding commitments, one of which has been delivered since the year end and the final asset was a forward commitment to acquire a standing let investment that was completed on 1 February 2013.

Contracted rent roll from these 183 assets totalled £38.9 million, an increase of 20 per cent. over that at the end of 2011. The portfolio holds a number of value add opportunities which are secured by management's regular dialogue and discussion with our tenants and close monitoring of the portfolio and developments in the locality of our existing assets. Rental growth was lower in 2012 than in the previous year, but growth in excess of 2.4 per cent. per annum (2011: 3.0 per cent.) contributed to the increased rent roll and profitability of the Group.

Of the portfolio, 73 per cent. of the floor area was let to GPs, 19 per cent. directly to the NHS and 5 per cent. to pharmacies. GPs accounted for 72 per cent. of annual rent, pharmacies for 9 per cent. and NHS bodies for 18 per cent. Leases representing 48 per cent. of annual rent had 15-20 years remaining, and 9 per cent. of leases had more than 20 years outstanding. At the year end, the initial yield on the portfolio had tightened to 5.72 per cent. (31 December 2011: 5.74 per cent.) and the true equivalent yield had decreased marginally to 6.05 per cent. (31 December 2011: 6.06 per cent.). The weighted average unexpired lease term for the portfolio was 16 years.

During the year, PHP completed the purchase of 23 properties for a total consideration of £110 million and did not dispose of any properties. PHP had commitments outstanding, including deposits and development loans, of £19.9 million at the year end which are to be funded by the Company's existing debt facilities and cash resources and represent a total of 7 properties with an aggregate total cost of £35.2 million.

PHP completed 68 rent reviews in the year, which added approximately £0.37 million to its unaudited rent roll. Rental growth was lower in 2012 than in the previous year, but growth of 2.4 per cent. per annum (2011: 3.0 per cent.) contributed to the increased rent roll and profitability of the Group. As at the year end, 5 per cent. of the rent roll had fixed rental uplifts, and 11 per cent., was index-linked.

Turnover for the year was £33.2 million which was increased over 2011 (£30.7 million) by additions to the portfolio and completed rent reviews. Turnover was derived almost exclusively from rental income. The majority of costs incurred by the Company during the year related to administration expenses and financing costs. Total recurring administration expenses were £5.1 million, the majority of which related to recurring management fees of £4.2 million paid to the Joint Managers. No performance incentive fee was payable to the Joint Managers during this year.

Interest costs rose overall in 2012 by £4.8 million, due to both the increased levels of debt drawn to facilitate the growth in the portfolio and the impact of the increased margins on core funding. A delay in investing the proceeds of the bond issue created a small drag in utilising cash resources and contributed to the increased costs with no associated increase in revenue. These proceeds are now fully invested and the Group's incremental cost of debt as it acquires new assets averages 220 basis points over LIBOR.

Portfolio operating surpluses increased by 10.4 per cent. to £27.6 million (2011: £25.1 million) with profit from trading activities, i.e. after interest costs falling to £7.4 million (2011: £9.7 million). The fall is due to the increased margins payable on the core bank debt refinanced in the period.

Net cash flow from operations amounted to £35.4 million for the year with the majority of operating cash flows coming from contracted rent roll. Net movements in working capital were minimal.

Net cash flow used in investing activities amounted to £45.1 million with the majority of outflows represented by payments of £42.2 million to acquire additional properties.

Net cash flow generated from financing activities amounted to £34.7 million as a result of drawing £75.7 million from bank loans, receiving £75 million (gross), £73.7 million net of expenses, from the issue of the Retail Bonds and £18.4 million from an equity issue. This was offset by £20.7 million in interest and bank fees (including interest on swaps), the repayment of loans in the sum of £100.1 million and equity dividends of £12.2 million.

During the year, the mark to market valuation of the Group's interest rate swaps increased by £3.3 million due to the movement in interest rates during the year of which £1.6 million was recognised in the Group Income Statement and £1.7 million went direct to equity.

In line with the current dividend policy to pay out substantially all of its earnings in dividends and in accordance with UK-REIT legislation, PHP paid a total dividend of 18.5 pence per share during the year.

Profit for the year and EPS were £1.13 million and 1.56 pence respectively, which were reduced from 2011 as a result of higher interest costs as higher margins on refinanced debt were absorbed, an overall reduction in the value of the property portfolio as acquisition costs of the AMP transaction were written off and a fair value adjustment loss on derivatives. Adjusted EPS was 10.16 pence, excluding revaluation of the property portfolio and a mark to market loss on derivatives and a one off charge provided for on serving notice to repay the fixed rate debt assumed with the AMP portfolio.

PHP continued to use debt finance during the year to fund the growth of its property portfolio with total borrowings increasing to £331.0 million (net of unamortised borrowing costs of £3.2 million) from £303.0 million as at the end of the previous period. Debt as a percentage of gross assets was 60.9 per cent. reflecting increased borrowings resulting from the growth of the property portfolio. Cash balances amounted to £25.1 million, which included sums on deposit acquired with the AMP portfolio of £6 million to finance three of the forward funded commitments and £16.0 million held on deposit from the funds drawn from Aviva in December 2012 in anticipation of repaying the AIB loan on 31 January 2013.

The Company completed a portfolio revaluation that resulted in a net deficit for the year of £1.8 million. This included the writing off of costs on the acquisition of the AMP portfolio of £2.0 million and other assets acquired in the second half of the year of £0.4 million. Those assets held since the previous year end or acquired in the first half of 2012 saw an overall uplift in values of £0.73 million.

The Company also incurred a £1.6 million charge in 2012 as a result of serving notice to refinance the debt relating to the AMP portfolio. This debt had an average cost of 5.6 per cent. per annum and was refinanced after the year end with cheaper debt from other PHP facilities, the earnings benefits of which should be realised in the year ending 31 December 2013.

In March 2012, PHP entered into a £175 million four year club debt facility with RBS and Santander and fully drew upon an unused ten year facility of £25 million from Aviva in December 2012. Combined with this, the Company issued the £75 million Retail Bond in July 2012 resulting in total facilities of £508.5 million at 31 December 2012 including an overdraft facility of £5.0 million. A term facility of £27 million from AIB matured in January 2013 and was fully repaid. This reduced available facilities to £481.5 million. Taking into account further commitments of £19.9 million and restricted cash deposits of £6.0 million to partly fund these, this left approximately £83.2 million of committed headroom available to the Group to continue with its acquisition policies.

Net asset value, or equity attributable to shareholders, and net asset value per share was £179.1 million and 235.54 pence, a reduction compared to the year ended 31 December 2011 due to the deficit that arose from the property revaluation, the mark to market liability adjustment in relation to interest rate swaps and the element of dividend paid in the period from reserves. EPRA net asset value was 305.3 pence as at the end of the year.

3.2 *Year ended 31 December 2011*

As at the year end, the Company had a portfolio of investment and properties in the course of development valued at £539.7 million, which comprised 161 properties in total, a total rent roll of £32.3 million and an average rent per square metre of £180 (unaudited). Within the 161 properties there were 5 properties in the course of development, which totalled £14.7 million in value. The Company's property valuation, which valued the portfolio of properties at £525.6 million as at 31 December 2011, relates only to investment properties and not those properties in the course of development.

Of the portfolio, 75 per cent. of the floor area was let to GPs, 17 per cent. directly to the NHS and 6 per cent. to pharmacies. GPs accounted for 74 per cent. of annual rent, pharmacies for 9 per cent. and NHS bodies 16 per cent. Leases with 15-20 years outstanding represented 54 per cent. of annual rent and leases with more than 20 years outstanding represented 13 per cent. of

annual rent. At the year end, the initial yield on the portfolio stood at 5.74 per cent. and the true equivalent yield had increased to 6.06 per cent. The weighted average unexpired lease term for the portfolio was 16.3 years.

During the year, PHP completed the purchase of 8 properties for a total consideration of £45.7 million, all of which were considered in line with the Company's investment strategy. PHP did not dispose of any properties during the year. PHP had commitments including deposits and development loans of £11.0 million at the year end for a total of 5 properties, which were to be funded by the Company's existing debt facilities and cash resources.

PHP completed rent reviews in the year which added approximately £0.4 million to its unaudited rent roll although the process of agreeing rental increases on GP occupied space was slower than the Board would have liked. During the year, approximately 90 per cent. of unaudited rent roll came from directly or indirectly from GPs, and NHS bodies with most of the balance being let to pharmacy operators. As at the year end, 2 per cent. of the rent roll had fixed rental uplifts, and 12 per cent., was index-linked.

Turnover for the year was £30.7 million which was derived almost exclusively from rental income. With long term, secure underlying income streams, investor and tenant demand for modern primary healthcare facilities remained high throughout the year. The majority of costs incurred by the Company during the year related to administration expenses and financing costs. Total recurring administration expenses were £5.6 million, the majority of which related to recurring management fees of £3.9 million paid to the Joint Managers. No performance incentive fee was payable to the Joint Managers during this year as the increase in net asset value which occurred during the year was muted due the increase in the mark to market adjustment of the Company's derivative contracts as market interest rates fell. The profit before tax for the year was £12.65 million reflecting a fair value loss on derivatives of £7.9 million, a revaluation surplus on the property portfolio of £10.6 million and net interest costs of £15.4 million.

Net cash flow from operations amounted to £24.0 million for the year with the majority of cash flows arising from operating profits. Net movements in working capital were minimal.

Net cash flow used in investing activities amounted to £44.6 million with the majority of outflows caused by payments of £45.7 million to acquire additional properties.

Net cash flow generated from financing activities amounted to £20.3 million as a result of an equity issue raising a net £15.6 million and additional drawdowns of bank loans of £145.9 million. This was offset by the repayment of bank loans of £111.0 million, interest and other bank charges paid (including swap interest on swap contracts previously entered into) of £19.1 million to finance the property portfolio and equity dividends of £11.2 million in line with the Company's stated dividend policy.

During the year, the mark to market valuation of the Group's interest rate swaps showed a £18.6 million increase in value due to the movement in interest rates during the year of which £7.9 million was recognised in the Group Income Statement and £10.7 million went direct to equity. In addition, the Company crystallised a £2.9 million charge when cancelling derivative contracts with an underlying nominal value of £50 million. These costs had been charged to income in previous periods.

In line with the Company's dividend policy to pay out substantially all of its earnings in dividends and in accordance with UK-REIT legislation, PHP paid a total dividend of 18.0 pence per share during the year.

Profit for the year and EPS were £12.7 million and 18.97 pence respectively, which were reduced from the previous year as a result of a smaller surplus on revaluation of the portfolio and a higher fair value adjustment (loss) on derivatives. Adjusted EPS was 14.54 pence, excluding revaluation of the property portfolio and mark to market loss on derivatives.

PHP continued to use debt finance during the year to fund the growth of its property portfolio with total borrowings increasing to £301.3 million (net of unamortised borrowing costs of £1.67 million) from £267.4 million, as at the end of the previous period. Debt as a percentage of gross assets was 57.8 per cent. reflecting increased borrowings and the size of the property portfolio coupled with a revaluation of the portfolio. Cash balances stood at £0.1 million reflecting the Company's strategy of operating with net debt balances.

The Company completed a portfolio revaluation that resulted in a surplus for year of £10.6 million giving a closing total investment property valuation of £525.6 million. As general economic conditions remained poor through 2011 with the wider property sector outside of London seeing investment and rental values fall, the demand for long term, secure income streams as offered by the Company's portfolio saw investor demand increase. Average investment yields across the portfolio tightened marginally during the year, with the 31 December 2011 valuation reflecting an initial yield of 5.74 per cent. (31 December 2010 – 5.79 per cent.) but a true equivalent yield of 6.06 per cent. compared to 6.00 per cent. at the end of 2010.

During the year, to fund the growth of its property portfolio, PHP entered into a further £125 million of debt facilities (£50 million in July 2011 with Clydesdale Bank and £75 million in November 2011 with Aviva) resulting in total facilities of £392.3 million at 31 December 2011 including an overdraft facility of £10.0 million. The facilities available to the Company had an average maturity of 5.6 years. Taking into account commitments outstanding as at 31 December 2011 of approximately £11.0 million, approximately £68 million of committed headroom was available to the Group to continue with its acquisition policies.

Net asset value, or equity attributable to shareholders and net asset value per share was £168.1 million and 246.25 pence, an absolute increase but a reduction in the value per share compared to the year ended 31 December 2010 mainly due to the mark to market liability adjustment in relation to interest rate swaps.

In line with many other companies in this sector the Group uses the EPRA net asset calculation as a true proxy for the underlying value of its portfolio. The EPRA net asset value was 318.73 pence as at the end of the year, an increase of 2.3 per cent. over the previous year end, mainly due to the surplus that arose from the property revaluation.

3.3 Year ended 31 December 2010

As at the period end, the Company had a total portfolio of investment and development properties valued at £503.6 million, which comprised 155 properties, a total unaudited rent roll, which had increased to £28.0 million as a result of favourable rent reviews and an average rent per square metre of £180. Of the portfolio, 79 per cent. of the floor area was let to GPs, 13 per cent. directly to the NHS and 6 per cent. to pharmacies. GPs accounted for 77 per cent. of annual rent, pharmacies for 9 per cent. and NHS bodies for 12 per cent. 58 per cent. of annual rent related to leases with 15-20 years outstanding, and 17 per cent. to leases with more than 20 years outstanding. The weighted average unexpired lease term for the portfolio was 16.9 years.

During the period, PHP completed the purchase of 33 properties for a consideration of £102.6 million, all of which were considered in line with the Company's investment strategy. No properties were disposed of in the year. PHP had commitments including deposits and development loans of approximately £31.2 million at the period end which were to be funded by existing cash resources and debt facilities.

PHP completed a number of rent reviews in the period, achieving average annual growth on review of 3 per cent. During the period, approximately 90 per cent. of the rent roll came directly or indirectly from the NHS.

Turnover for the period increased to £26.9 million as a result of additions, deliveries and favourable rent reviews. Turnover was derived mainly from rental income. The majority of costs incurred by the Company during the period related to administration expenses and financing costs. Total administration expenses increased to £4.6 million mainly due to higher management fees as the

portfolio grew. The Group incurred net finance costs of £12.7 million as a result of existing loans, loans assumed with corporate acquisitions and additional loans drawn down during the period to fund property investment. Profit before tax for the period was £27.2 million, reflecting the increase in net rents partially offset by the increased administrative costs, a net increase of £3.8 million, an increased finance charge, a mark to market loss on derivatives of £4.7 million and a £22.8 million net valuation gain on the property portfolio during the year.

In line with its dividend policy and in accordance with UK-REIT legislation, PHP paid a total dividend for the year of 17.5 pence per share reflecting increased earnings and operating cash flow generated. Profit for the year and EPS for the period were £25.7 million and 41.3 pence respectively. Adjusted to remove the impact of the movement in derivative values and the property revaluation surplus, EPS for the year was 14.7 pence.

Net cash flow from operations amounted to £22.8 million mainly due to operating profits generated and minimal changes to the working capital cycle. PHP paid a further instalment of its UK-REIT conversion charge of £1.9 million negatively impacting cash flow.

Net cash flow used in investing activities was £70.8 million mainly due to payments to acquire investment properties either directly or through corporate purchases, amounting to £70.9 million. During the period, PHP paid £23.8 million to acquire Sinclair Montrose Properties Limited, the holding company of a group of companies that owned 14 primary healthcare facilities across the UK and £7.2 million for the entire share capital of Health Investments Limited which also owned 14 primary care assets. Both of these sums were net of debt commitments assumed with the transaction.

Net cash flow generated from financing activities increased to £48.1 million as a result of additional term bank loans drawdowns, which amounted to £85.7 million partially offset by loan repayments totalling £15.9 million. Interest paid, including swap interest, increased to £11.8 million as a result of increased drawdown of term loans. Dividends paid increased to £9.8 million in line with PHP's stated dividend policy.

PHP continued to use debt finance during the period to fund growth of its property portfolio with total borrowings increasing to £267.4 million from £166.1 million, as at the end of the previous period, both net of unamortised loan arrangement fees of £0.9 million and £1.2 million respectively.

Debt as a percentage of gross assets was 57.6 per cent. Cash balances were £0.4 million as the Company maximised the efficiency afforded by its revolving bank facilities to pay down debt from available cash. The amounts repaid were available to re-draw.

The Company completed a portfolio revaluation that resulted in a surplus for the year of £22.8 million giving a closing investment property valuation of £469.3 million. The valuation surplus reflected the demand from the wider investment market for assets with secure, long term occupational leases leading to a reduction in investment yields in the year. The average net initial yield of the portfolio at 31 December 2010 was 5.8 per cent. (2009: 6.0 per cent.).

During the period, the mark to market valuation of the Group's interest rate swaps showed a £6.0 million increase in value due to interest rate movements in the year, with the total liability estimated at £30.9 million at the balance sheet date.

Net asset value, or equity attributable to shareholders and net asset value per share were £164.7 million and 262.3 pence respectively (an increase of £12.8 million and 15.1 pence) mainly due to the upward property revaluation but offset partially by the increase in the mark to market valuation of the interest swaps.

4. Capital resources and liquidity

4.1 Cash flow management

As part of regular financial management, the Directors review the Group's detailed cash flow projections. These cash flow projections include capital expenditure proposals and take into account bank and other financing facilities available to PHP and assess the cash flow adequacy of the Company on a short, medium and long term basis.

4.2 Borrowings and Financing

The Group is funded by equity, debt and retained profits. Cash that is not required for investments is used to repay revolving debt facilities wherever possible, maximising the efficiency of paying down loans that are available to be redrawn as needed. Any cash that is held is normally placed on interest bearing accounts. The Joint Managers monitor closely the sources of cash as part of the overall management of the portfolio and the payment of liabilities as they fall due. Debt funding has grown in line with increases in the Company's capital base.

During 2012, the Company completed the refinancing of its main bi-lateral debt facilities resulting in a new £175 million four year, interest only, facility with RBS and Santander. In addition, the Company became the first REIT to issue a Retail Bond, issuing £75 million of stock in July 2012 for a seven year term at an annual coupon of 5.375 per cent. This Bond was issued on an unsecured basis providing flexibility to the Company as to the use of the proceeds. In December 2012, the Company drew down a 10 year, interest only, fixed rate loan from Aviva, locking into an interest rate of 3.63 per cent. for the entire term. Facilities available to the Company totalled £508.5 million at 31 December 2012, of which, £75 million was represented by the Retail Bond, £428.5 million were term loans and £5.0 million available on an overdraft basis.

On 31 January 2013, the Company fully repaid a £27 million loan provided by AIB. This loan agreement has now been terminated.

On 25 March 2013, the Company completed a new £50 million, four year revolving facility with Barclays Bank PLC. This facility was utilised to refinance the debt assumed with the AMP portfolio.

The Barclays facility was increased to £70 million by way of deed of amendment on 17 May 2013.

<i>Provider</i>	<i>Maturity</i>	<i>Facility maximum' £'m</i>
RBS (overdraft)	March 2014	5.0
Clydesdale Bank	July 2014	50.0
Royal Bank of Scotland/Santander	Mar 2016	175.0
Aviva	Nov 2018	75.0
Aviva	Dec 2022	25.0
Aviva	Jan 2032	26.7
Barclays Bank PLC	March 2017	50.0
Retail Bond	July 2019	75.0
Total		481.7

(1) As at 31 March 2013

Further details of the Company's bank facilities can be found in paragraphs 15.8 (inclusive) of Part 7.

The principal financial covenants in the Company's term loan facilities relate to a maximum LTV ratio and interest cover, which is calculated as the ratio of gross rental income to net interest payable. The maximum allowable levels of the LTV and income cover ratios vary between facilities and range between 60 per cent. and 70 per cent. and 1.3 times and 1.4 times respectively. The Group met all covenant requirements both as at 31 December 2012 and at 31 March 2013.

For each of the financial periods under review, the consolidated group LTV and income cover ratios were as follows:

	<i>As at</i> <i>31 December</i> <i>2012</i>	<i>As at</i> <i>31 December</i> <i>2011</i>	<i>As at</i> <i>31 December</i> <i>2010</i>
LTV ratio	60.9 per cent.	57.8 per cent.	57.6 per cent.
Interest cover	1.51	2.0	2.1

4.3 *Future sources of finance and management of the capital base*

The Directors' policy is to maintain a strong capital base within the Company so as to maintain investor and creditor protection, and to sustain the future development potential of the Company. The Directors monitor net assets, gearing, interest cover, LTV ratios and these benchmarks of performance are used to manage and report performance within PHP.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no material changes in PHP's approach to capital management during the operating and financial period under review.

The Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation in its operations.

Future sources of finance will be from a combination of debt and equity having regard to the Group's covenants.

4.4 *Treasury*

The Group's financial instruments comprise its Retail Bond, bank borrowings, interest rate swaps, investments in financial leases, development loans and some cash and other items such as trade debtors and creditors that arise directly from its property holding operations.

The Group's treasury operations are co-ordinated and managed in accordance with policies and procedures approved by the Board. They are designed to mitigate the financial risks faced by the Company, which primarily relate to funding, liquidity, interest rate exposure, property and gearing. The Company's policy is to enter into interest rate swaps or caps as necessary to hedge cash flow risk on bank borrowing requirements over the long term. The Company's fixed rate financial assets are represented by finance leases, the final material finance lease being redeemed on the disposal of the asset in Withernsea, Yorkshire. The Company's floating rate financial assets comprise cash at bank on which interest is earned at monthly rates and development loans on which interest is typically charged at between 3.5 per cent. and 6 per cent. above LIBOR. The other financial instruments of the Company are non interest bearing and are therefore not subject to material interest rate risk.

Interest rate swaps and caps have been entered into at various dates to hedge the Group's exposure to higher interest rates and manage cash flow. The mark to market value fluctuates with movements in term interest rates and, in the case of cancellable swaps, with market volatility. The mark to market valuation of interest rate hedging instruments represent unrealised adjustments and do not affect cash flow.

Further details of interest rate swaps, key funding policies with respect to liquidity and interest rate risks can be found in the Annual Report and Accounts for the year ended 31 December 2012 and are incorporated in this section by reference.

4.5 *Equity*

PHP has one type of equity being the Ordinary Shares. At 31 December 2012, PHP had 76,034,208 Ordinary Shares issued compared to 68,272,229 Ordinary Shares as at 31 December 2011 and 62,802,333 Ordinary Shares as at 31 December 2010.

4.6 *Cash flows*

Details of PHP's cash flows for the years ended 31 December 2012, 2011 and 2010 are set out in paragraph 3 of this Part 3.

5. **Valuation policy**

The properties in the Group's portfolio are valued on the following basis:

- investment properties are re-valued semi-annually;
- investment properties are externally valued on the basis of open market value by professionally qualified valuers in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors (the Red Book) and during the financial period under review;
- the investment properties value disclosed by the Company in its financial results is reviewed or audited by the Company's auditors; and
- properties that are in the course of construction will be reported at the lower of cost and net realisable value, including expenses, and not subject to valuation by valuers.

The net asset value attributable to the Ordinary Shares is published at the time of publication of the Company's interim and annual financial results, based on the properties' most recent valuation and calculated in accordance with IFRS, through a regulatory information service provider to London Stock Exchange as soon as practicable after review by the Board.

The Company also makes use of a DCF valuation to review the value of its portfolio and publishes a measure of net asset value calculated in accordance with EPRA guidance.

6. **Dividends and dividend policy**

Since paying its first dividend in 1997, the Company has increased its dividend per share at a compound annual growth rate of approximately 12.4 per cent., from 3.2 pence per Share for the year ended June 1997, to 18.5 pence per Share paid during the year ended 31 December 2012. The UK REIT regime also imposes certain requirements in relation to the amount of dividends paid. The Company intends to pay substantially all of its earnings as dividends in line with its current dividend policy though there can be no guarantee of the level of future dividends, if any.

As set out below, the Company has paid dividends to eligible Shareholders during the financial periods under review, being the years ended 31 December 2010, 2011 and 2012. The Board has decided in order to accelerate the timing of cash flow to Shareholders to pay interim rather than final dividends at the present time.

	<i>Year ended 31 December 2012</i>	<i>Year ended to 31 December 2011</i>	<i>Year ended 31 December 2010</i>
Interim dividend per share	9.25p	9.0p	8.75p
Number of qualifying shares	68,272,230	62,712,716	61,348,575
Further Interim dividend per share	9.25p	9.0p	8.75p
Number of qualifying shares	74,601,079	68,079,752	62,340,015
Total dividend per share relating to the period/year	18.5p	18.0p	17.5p

7. Statement of capitalisation and indebtedness

Set out below is a statement of capitalisation of the Group at 31 December 2012 and indebtedness of the Group at 31 March 2013.

	<i>As at 31 December 2012</i>
	<i>(£m)</i>
Capitalisation	
Share capital – allotted, called up and fully paid	38.0
Share premium	58.6
Capital reserve	1.6
Special reserve	59.5
Capital and reserves^{1, 2, 3}	<u>157.7</u>
	<i>As at 31 March 2013</i>
	<i>(£m)</i>
	<i>(unaudited)</i>
Indebtedness⁴	
Current debt	
Secured ⁵	0.6
Unsecured ⁵	—
Total current debt⁴	<u>0.6</u>
Non-current debt (excluding current portion of long term debt)	
Secured ⁵	320.3
Unsecured ⁶	75.0
Total non-current debt⁴	<u>395.3</u>
Total indebtedness⁴	<u>395.9</u>
	<i>As at 31 March 2013</i>
	<i>(£m)</i>
	<i>(unaudited)</i>
Net financial indebtedness	
Cash	
Cash and cash equivalents	7.8
Liquidity	<u>7.8</u>
Current financial liabilities	
Current bank debt	—
Current portion of non current debt	(0.6)
Current financial debt⁴	<u>(0.6)</u>
Net current financial indebtedness	<u>7.2</u>
Non current bank loans	(320.3)
Bonds issued	(75.0)
Non current financial indebtedness⁴	<u>(395.3)</u>
Net financial indebtedness	<u>(388.1)</u>

Notes:

- Capital and reserves excludes retained earnings and cash flow hedging reserve.
- The Group holds a derivative financial instrument portfolio that hedges the cash flows of certain borrowings. As at 31 March 2013, the mark-to-model valuation of these instruments was a net liability of £52.2 million. This sum is not reflected in the indebtedness analysis. The cash flow hedging reserve associated with these derivative financial instruments is £26.5m. The balance of this mark-to-model valuation has been charged to retained earnings.
- There has been no material change to the capitalisation and indebtedness of the Company save for the payment of the second interim dividend of £7.22 million on 22 April 2013 as announced by the Company on 28 February 2013 in the Company's preliminary announcement which has the effect of reducing the Special Reserve by £7.22 million.
- The Group's debt is shown gross of unamortised issue costs.
- Secured debt relates to the Group's term loans that are secured by fixed and floating charges over properties owned by the Group.
- Unsecured debt relates to the Group's £75 million Retail Bond.

PART 4

HISTORICAL FINANCIAL INFORMATION ON PHP

Historical financial information of PHP

The audited consolidated financial statements of PHP and its subsidiaries included in the Annual Report and Accounts of PHP for the years ended 31 December 2010, 2011 and 2012 are incorporated by reference into this document, as detailed in Part 8 of this document.

Ernst & Young LLP of 1 More London Place, London SE1 2AF is a member of the Institute of Chartered Accountants in England and Wales and has issued unqualified audit opinions on the consolidated financial statements of PHP and its subsidiaries included in the Annual Report and Accounts of PHP for the years ended 31 December 2010, 2011 and 2012.

PART 5
PROPERTY VALUATION REPORT

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("Company")
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Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Lambert Smith Hampton
Interchange Place
Edmund Street
Birmingham
B3 2TA

Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

22 May 2013

Dear Sirs,

PROPERTY PORTFOLIO VALUATION

1. Introduction

In accordance with our instructions we have considered the properties owned by Primary Health Properties PLC (PHP) in order to advise you of our opinion of the Market Value of the freehold and leasehold interests of the properties held as investments as at 31 December 2012. We have not found it necessary to qualify the definition of Market Value, as stated below, within this report. We have also provided an estimate of net annual rents receivable as at 31 December 2012.

The valuation has been prepared in accordance with paragraph 130 of ESMA's update to the CESR recommendations for the consistent implementation of the Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive (the "ESMA Guidelines"), to which we refer below. Each property has been valued individually and not as part of a portfolio.

Our valuation has been carried out in accordance with The Royal Institution of Chartered Surveyors Valuation – Professional Standards Incorporating the International Valuation Standards, Global and UK edition March 2012 (the 'Red Book') and in accordance with the Prospectus Rule 5.6.5 and paragraph 128-130 of the ESMA Guidelines. It has been undertaken by External Valuers, as defined in the Red Book (independent experts for the purposes of paragraph 130 of the ESMA Guidelines).

We understand that our valuation is required in connection with the Prospectus to be published in connection with the proposed firm placing, placing, open offer and offer for subscription of up to (19,047,618) new Ordinary Shares of 50 pence each in the capital of the Company ("New Shares") and the admission of the New Shares to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange PLC's main market for listed securities.

In accordance with Practice Statement 5 we confirm that Lambert Smith Hampton (LSH) has held a fee earning relationship with PHP for approximately 15 years with the signatory to this report having signed annual and interim valuation reports for the client for 9 years. We confirm that in the preceding year the proportion of the total fees payable by PHP to the total fee income of LSH is less than five per cent.

The RICS consider it good practice to rotate the valuer responsible when a series of valuations is provided over a period of time and we confirm that LSH follow this practice.

We do not consider that any conflict of interest arises for us in preparing our valuation, and the Company has confirmed to us that it also considers this to be the case.

We confirm that we do not have any material interest in the Company or any of the properties.

The properties were inspected on various dates in 2012 and 2013 by Mark Weller MRICS, Roger Buncombe MRICS, Sarah Everall MRICS, Sarah Williams MRICS, Joanna Beaumont MRICS and Timothy Sandford MRICS. Timothy Sandford MRICS has undertaken this Valuation Report and is qualified for the purposes of this instruction.

2. Basis of Valuation

In accordance with the Red Book and the Listing Rules (LR), our valuation has been prepared on the basis of Market Value, which under Practice Statement PS 3.2, the Red Book Defines as:

“The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

We have had no reason to qualify this definition.

Special Assumptions

Primary Health Properties PLC (PHP) is committed to acquiring various properties which are in the course of development and in various stages of construction. We understand that investment property under construction is now to be brought into the scope of IAS 40 Investment Property. Therefore we have provided Market Values of these properties on the following *Special Assumptions*:

- *That all works to construct the proposed developments have been completed fully and to an acceptable standard in accordance with plans and specifications provided to us;*
- *The leases to the various occupiers have been completed in accordance with the agreed lease terms you have provided to us;*
- *The rent and other tenant obligations under the leases commence on the Valuation Date;*

Our valuations are also carried out in accordance with the definitions, assumptions and comments as detailed within our “Terms of Engagement”.

3. Scope of Report

The scope of this report extends to the properties owned as at 31 December 2012 and those within the course of construction with a legal commitment to purchase as at that date.

4. Tenure and Tenancies

Our valuations have been based upon the details of tenure and tenancies and other information provided by Primary Health Properties PLC. In addition, we have previously been provided with Certificates of Title supplied to us by Primary Health Properties PLC’s solicitors. Where possible this information has been confirmed during our inspections of the properties and individual leases.

In considering the covenant strength of individual tenants we have not carried out any recent credit enquiries on their financial status. We have, however, reflected in our valuations our general understanding of purchasers’ likely perceptions of tenants’ financial status.

5. Net Annual Rents

When assessing values of the properties we have had regard to the annual rents receivable for each property. We have had regard to the definition of “net annual rent” given in LR Appendix 1. This defines “net annual rent” as the current income or income estimated by the valuer:

- (1) Ignoring any special receipts or deductions arising from the properties;

- (2) Excluding Value Added Tax and before Taxation (including tax on profits and allowances for interest on capital and loans);
- (3) After making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent; and
- (4) Where premises are let on effective full repairing and insuring leases, the net annual rents receivable stated in the Schedule are the presently contracted rents payable under those leases without any deductions for the cost of management or any other expenses.

6. Floor Areas

We have clarified the floor areas of the properties in the preparation of our valuations which have been prepared strictly in accordance with the RICS Code of Measuring Practice (6th Edition) and its predecessor issued by the Royal Institution of Chartered Surveyors 2001.

We have not carried out measured site surveys but site areas have been calculated from observed site boundaries and with reference to the appropriate Ordnance Survey extracts.

We confirm that all of the properties have been measured by Lambert Smith Hampton other than those under construction. All of the properties have been inspected (other than the residential elements) within the last 12 months.

7. Condition and Repair

We have not undertaken a structural survey of any of the properties, or arranged for any tests or inspections to be carried out on any of the service installations. Furthermore, no detailed examinations have been carried out to determine whether any deleterious materials such as high alumina cement, woodwool slab or blue asbestos have been used in the construction of any of the buildings and the valuations are therefore made on the assumption that no such materials exist.

We have not made exhaustive enquiries of the statutory authorities and would point out that the complexity of building regulations and other statutory enactments often have a material effect on the way in which a building is planned and used upon the cost of consequential works.

Unless otherwise stated in the Certificate of Title we have assumed that each property has a valid and up to date Fire Certificate and that it complies with the Health & Safety Act 1974, Building Regulations and all other statutory enactments. We have further assumed that there are no outstanding liabilities arising out of the provisions of the Defective Premises Act 1972.

8. Environmental Protection Act

Our valuations have been prepared on the basis that the properties have not been used for any purpose which may at a later stage be regarded as contaminative and that no contamination exists. Should it, however, be subsequently established that such contamination exists at any of the properties or any adjoining land or that any premises have been or are being put to contaminative use, this may be found to have a detrimental effect on the value reported.

9. Plant and Machinery

We have included in our valuation plant and machinery items normally regarded as forming part of the "building" service installation.

10. Town Planning

Oral enquiries of the planning and other relevant local authorities have been made in respect of each property and we have made all such enquiries as are appropriate to particular local conditions. We have assumed, except where stated to the contrary that all buildings are currently used in accordance with the relevant local authority approval and all conditions imposed on such consents have been adhered to.

Primary Health Properties PLC has confirmed to us in writing that all properties referred to in this Report have all the relevant planning permissions in accordance with the relevant local authority approval and all conditions imposed on such consents have been adhered to.

11. General Comments

We have assumed that all the properties are capable of unrestricted transfer to third party purchasers (in the case of leasehold property, subject to the lessor’s consent, not to be unreasonably withheld) and have made no allowance to reflect the balance of outstanding mortgages which may exist, either in respect of the capital or interest rolled up thereon.

No allowances have been made in our valuations for any expenses of realisation, neither have we reflected any element of “marriage value” or “special purchaser value” which could possibly be realised by a merger of interests or by a sale to an owner or occupier of an adjoining property.

No allowance has been made for any liability which may arise for payment of corporation tax or capital gains tax or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We would also specifically draw your attention to the fact that the valuations stated within this report are exclusive of any value added tax liability, which may be incurred.

To the extent that we have been supplied with information by Primary Health Properties PLC and/or its solicitors or by other professional advisers, we have assumed in preparing the valuations that such information is accurate in all respects.

In the valuation of the portfolio, we have valued each property separately and not as part of the portfolio. Accordingly, we have made no allowance, either positive or negative, in the aggregate value reported to reflect the possibility of the whole or part of the portfolio being placed on the market at any one time.

For each individual valuation we have made an allowance for hypothetical purchasers’ costs of acquisition.

12. Valuation

Subject to the comments and assumptions set out in this report and subject to the comments in the LSH “Terms of Engagement for Valuation Services”, we are of the opinion that the aggregate Market Value of the freehold and long leasehold interests in the investment properties as at 31 December 2012 is:

£641,975,000

(Six Hundred and Forty One Million and Nine Hundred and Seventy Five Thousand Pounds)

made up as follows:

<i>Category of Property</i>	
FREEHOLD/HERITABLE	
Properties held as investments	£522,670,000
LEASEHOLD	
Properties held as investments	£84,155,000
PROPERTIES WHICH ARE IN THE COURSE OF CONSTRUCTION	
Properties to be held as investments	£35,050,000
PROPERTIES HELD FOR NON SPECIALISED DEVELOPMENT	
Properties held for development	£100,000
Total	<u>£641,975,000</u>

We are not aware of any material change in circumstances between the date of the valuation and the date of this valuation report that would affect the valuation.

13. Geographical Split of Properties

A typical property will comprise a purpose built two storey medical centre with on site parking for both staff and patients. Internally the building will be arranged to provide reception area, consulting rooms, offices and normal facilities associated with a surgery. Some sites also have a pharmacy and possibly a convenience store in separate buildings.

<i>Total in no.</i>	<i>Geographical region</i>	<i>Combined Net Annual Rent £pa</i>	<i>Combined Market Value £</i>
6	London	1,368,945	21,835,000
7	South West	1,253,173	21,525,000
55	South East	9,748,510	161,735,000
4	East Anglia	576,256	9,355,000
19	East Midlands	3,447,585	58,690,000
19	West Midlands	4,330,390	72,275,000
15	North West	3,224,653	52,550,000
16	Yorkshire & Humberside	4,217,607	70,435,000
9	North	1,993,055	32,905,000
14	Scotland	3,351,613	57,465,000
18	Wales	5,016,591	83,205,000
<u>182</u>		<u>38,528,377</u>	<u>£641,975,000</u>

This valuation has been prepared for inclusion in the Prospectus.

For the purpose of Prospectus Rule 5.5.3R(2)(f), we accept responsibility for the information within this report and valuation and declare that we have taken all reasonable care to ensure that the information contained in this report and valuation is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully



T D Sanford MRICS

Director

For and on behalf of Lambert Smith Hampton

PART 6

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma financial information of the Group in this Part 6 is based on the consolidated net assets of the Group set out in the audited consolidated financial statements of the Group for the year ended 31 December 2012. The pro forma financial information has been prepared to illustrate the effect on the consolidated net assets of the Group as if the Firm Placing had taken place on 31 December 2012.

The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position.

The unaudited pro forma financial information has been prepared on the basis set out in the notes below and in accordance with the requirements of Listing Rule 13.3.3R. The unaudited pro forma financial information has been prepared on the basis of the accounting policies adopted by the Company in preparing the audited consolidated financial statements of the Group for the year ended 31 December 2012.

Unaudited pro forma statement of net assets

	<i>Consolidated net assets of the Group at 31 December 2012 Note 1 £'m</i>	<i>Firm Placing – Proceeds of the issue, net of expenses Note 2 £'m</i>	<i>Pro forma consolidated net assets at 31 December 2012 Total £'m</i>
Non current assets			
Investment properties	622.5	—	622.5
Net investment in finance leases	3.1	—	3.1
Non-current assets	625.6	—	625.6
Current assets			
Trade and other receivables	2.9	—	2.9
Cash and cash equivalents	25.1	21.5	46.6
Current assets	28.0	21.5	49.5
Total assets	653.6	21.5	675.1
Current liabilities			
Term loans	(79.9)	—	(79.9)
Derivative interest rate swaps	(7.5)	—	(7.5)
Trade and other payables	(10.7)	—	(10.7)
Deferred rental income	(7.8)	—	(7.8)
Provision for liabilities and charges	(1.6)	—	(1.6)
Current liabilities	(107.5)	—	(107.5)
Non current liabilities			
Term loans	(247.9)	—	(247.9)
Retail Bond	(73.8)	—	(73.8)
Derivative interest rate swaps	(45.3)	—	(45.3)
Non current liabilities	(367.0)	—	(367.0)
Total liabilities	(474.5)	—	(474.5)
Net assets	179.1	21.5	200.6

Notes:

- (1) The net assets of the Group as at 31 December 2012 have been extracted without material adjustment from the audited consolidated financial statements of the Group for the year ended 31 December 2012, as incorporated by reference in Part 8 of this document.
- (2) Adjustment to reflect the net proceeds from the Firm Placing receivable by the Company of £21.5 million (being gross proceeds of £23.0 million less estimated fees relating to the Firm Placing of £1.5 million). If the maximum Capital Raising is achieved, the net proceeds receivable by the Company will be £58.0 million (being gross proceeds of £60.0 million less estimated fees relating to the Capital Raising of £2.0 million). If the Board exercises its discretion to increase the size of the Issue by a maximum of 25 per cent. the net proceeds receivable by the Company will be £72.7 million (being gross proceeds of £75.0 million less estimated fees relating to the Capital Raising of £2.3 million).
- (3) The unaudited pro forma financial information does not take into account trading of the Group subsequent to the year end balance sheet date of 31 December 2012.



The Directors
Primary Health Properties PLC
Ryder Court
14 Ryder Street
London
SW1Y 6QB

Numis Securities Limited
10 Paternoster Square
London
EC4M 7LT

22 May 2013

Dear Sirs

Primary Health Properties PLC (the “Company”)

We report on the unaudited pro forma net assets statement (the “**Pro forma net assets statement**”) set out in Part 6 of the Company’s prospectus dated 22 May 2013 (the “**Prospectus**”) which has been prepared on the basis described in the notes to the Pro forma net assets statement, for illustrative purposes only, to provide information about how the Firm Placing might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the consolidated financial statements for the period ended 31 December 2012. This report is required by item 20.2 of Annex I to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro forma net assets statement in accordance with item 20.2 of Annex I to the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation as to the proper compilation of the Pro forma net assets statement and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information,

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consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma net assets statement with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma net assets statement has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- a) the Pro forma net assets statement has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART 7

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Company and each of the Directors, whose names are set out on page 24 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Property Valuer accepts responsibility for the information contained in the Property Valuation Report set out in Part 5 of this document. To the best of the knowledge and belief of the Property Valuer, and having taken all reasonable care to ensure that such is the case, the information contained in the Property Valuation Report is in accordance with the facts and do not omit anything likely to affect the import of such information.
- 1.3 PricewaterhouseCoopers LLP accepts responsibility for the information contained in their report on the pro forma net assets statement set out in Part 6 of this document.

2. Incorporation and Registered Office of PHP

- 2.1 PHP was incorporated in England and Wales on 16 March 1995 under the Companies Act 1985, as a public company limited by shares with the name Richadvance PLC with registered number 03033634. On 21 July 1995 the name of the Company was changed to Primary Health Properties PLC.
- 2.2 The Company floated on AIM in 1996 and was admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities on 5 November 1998.
- 2.3 The Company is domiciled in the UK. Its registered office is at Ground Floor, Ryder Court, 14 Ryder Street, London SW1Y 6QB and the telephone number is +44 (0)20 7 747 5678.
- 2.4 On 1 January 2007 the Company converted into a UK-REIT.
- 2.5 The principal legislation under which PHP operates, and under which the Ordinary Shares were created, is the Companies Act and subordinated legislation made under it.
- 2.6 Ernst & Young LLP, whose address is 1 More London Place, London SE1 2AF, are the auditors of PHP. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales.

3. Share Capital of PHP

- 3.1 As at 21 May 2013 (being the latest practicable date prior to the issue of this document) the issued and fully paid share capital of the Company was as follows:

<i>Class of Share</i>	<i>Issued and fully paid</i>	
	<i>Number</i>	<i>Amount</i>
ordinary shares of 50 pence each	76,098,244	38,049,122

- 3.2 The issued and fully paid Ordinary Share capital of the Company, immediately following completion is expected to be as follows:

<i>Class of Share</i>	<i>Following completion</i>	
	<i>Number</i>	<i>Amount*</i>
Issued and fully paid ordinary shares of 50 pence each	95,145,862	47,572,931

* The number of Ordinary Shares in issue immediately following completion assumes that the Issue size in connection with the Capital Raising is £60 million and that no further Ordinary Shares will be issued between the publication of this document and completion.

3.3 The number of Ordinary Shares outstanding at the beginning and end of the last financial year is as follows:

	<i>Issued and fully paid</i>
1 January 2012	68,272,229
31 December 2012	76,034,208

3.4 ***History of Ordinary Share capital***

- (a) There have been the following material changes in the amount of the issued share capital of the Company during the three years preceding the date of this document:
- (i) on 12 April 2011, in connection with a placing, the Company issued 5,284,041 Ordinary Shares;
 - (ii) on 18 May 2012, in connection with a placing, the Company issued 6,229,509 Ordinary Shares; and
 - (iii) on 20 December 2012, in connection with the acquisition of AMP, the Company issued 1,231,395 Ordinary Shares as part of the consideration.
- (b) No Ordinary Shares are held by or on behalf of the Company (including in treasury) or by its subsidiaries.
- (c) By an ordinary resolution passed on 15 April 2013 the Directors have been authorised in accordance with section 551 of the Companies Act to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £12,672,368. Such authority expires at the conclusion of the next annual general meeting of the Company or if earlier on the date which is 15 months after the date of the resolution.
- (d) By an ordinary resolution passed on 15 April 2013 the Directors have been authorised to allot equity securities (within the meaning of section 560 of the Companies Act) up to an additional aggregate nominal amount of £12,672,368. The power is limited to the allotment of equity securities in connection with a rights issue. Such authority expires at the conclusion of the next annual general meeting of the Company or if earlier on the date which is 15 months after resolution.
- (e) By a special resolution of the Company passed on 15 April 2013 the Directors have been empowered (in accordance with section 570 of the Companies Act) to allot equity securities (within the meaning of section 560(1) of the Companies Act) for cash or by way of sale of treasury shares as if section 561(1) of the Companies Act did not apply to such allotment, provided that this power is limited to the allotment of equity securities in connection with a rights issue or pursuant to any other pro-rata offer to Shareholders (but in the case of authority granted in paragraph 3.4(d) above by way of a rights issue only) and otherwise to the allotment of equity securities for cash up to an aggregate nominal amount of £1,900,855. Such authority expires at the conclusion of the next annual general meeting of the Company or if earlier on the date which is 15 months after the date of the resolution.
- (f) By a special resolution of the Company passed on 15 April 2013 the Directors have been authorised in accordance with section 701 of the Companies Act, to make market purchases (within the meaning of section 693(4) of the Companies Act) of Ordinary Shares. The maximum number of Ordinary Shares which may be purchased is 7,603,421. The minimum price which may be paid for an Ordinary Share is 50 pence and the maximum price cannot be more than the higher of (i) an amount equal to 105 per cent. of the average market value for the five Business Days immediately preceding the day on which the Ordinary Share is purchased, and (ii) the value of an Ordinary Share calculated on the basis of the higher of the last independent trade of, or the highest current independent bid for any number of Ordinary Shares on the trading venue where the market purchase by the Company will be carried out. Such authority expires at the end of the next annual general meeting of the Company.

3.5 Subject to the passing of the Resolutions and Admission, pursuant to the Firm Placing and Placing, Open Offer and Offer for Subscription up to 23,809,522 New Shares may be issued.

3.6 ***Shareholder authorities to be proposed at the General Meeting***

At the General Meeting the following Resolutions will be voted on by the Shareholders for the purposes of facilitating the Capital Raising:

ORDINARY RESOLUTIONS

1. THAT the terms of the Firm Placing and the Placing, the Open Offer and the Offer for Subscription (the “**Capital Raising**”) be and are hereby approved and the directors of the Company be and are hereby directed to implement the Capital Raising and generally and unconditionally authorised to exercise the authority conferred by this Resolution and all the powers of the Company to the extent the directors of the Company determine it necessary to implement the Capital Raising.
2. THAT, subject to the passing of Resolution 1, the directors of the Company be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of the Company to:
 - (a) allot equity securities (as defined in section 560(1) of the Companies Act 2006) in the Company up to an aggregate nominal amount of £11,904,761 in connection with one or more issues of New Shares pursuant to the Capital Raising, such authority to expire on the date three months after the passing of this resolution (save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities pursuant to any such offer or agreement as if the authority had not expired); and
 - (b) in substitution for the like authority conferred on the directors of the Company at the last annual general meeting of the Company on 15 April 2013 (but without prejudice to any allotments made pursuant to that authority), allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company (“Rights”) up to an aggregate nominal amount of £3,804,912, provided that this authority shall (unless previously renewed, varied or revoked) expire on the date three months after the passing of this resolution (save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors of the Company may allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired).

SPECIAL RESOLUTION

3. THAT, subject to the passing of Resolutions 1 and 2, the directors of the Company be and are hereby empowered:
 - (a) pursuant to section 571 of the Companies Act 2006 to allot equity securities (within the meaning of section 560(1) of the Companies Act 2006) as if section 561(1) of the Companies Act 2006 did not apply to any allotment which is the subject of the authority conferred by Resolution 2(a) above, such power to expire on the date three months after the passing of this resolution (save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities pursuant to any such offer or agreement as if the power had not expired); and
 - (b) the directors of the Company be and they are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 in substitution for the like authority given to the directors at the last annual general meeting of the Company (but without prejudice to any allotments made pursuant to that authority) to allot equity securities (within the meaning of section 560(1) of the Companies Act 2006) for cash pursuant to the authority conferred by

Resolution 2(b) above or by way of a sale of treasury shares as if section 561(1) of the Companies Act 2006 did not apply to any such allotment provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with an offer of securities in favour of the holders of ordinary shares on the register of members at such record dates as the directors may determine and other persons entitled to participate therein where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record dates, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter; and
- (ii) the allotment (otherwise than pursuant to Resolution 3(b)(i) above) to any person or persons of equity securities up to an aggregate nominal amount of £3,804,912, and shall expire upon the expiry of the general authority conferred by Resolution 2(b) above (save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities pursuant to such offer or agreement as if the power had not expired).

3.7 Following completion of the Capital Raising, the Directors of the Company will be authorised to allot up to 7,609,824 Ordinary Shares generally and 16,199,698 Ordinary Shares for cash (representing approximately 31 per cent. of the issued share capital of the Company as at 21 May 2013, being the latest practicable date before publication of this document) as if section 561(1) of the Companies Act did not apply pursuant to the above authorities.

3.8 Save for the issue of New Shares pursuant to the Capital Raising, or as otherwise disclosed in this document, the Directors have no present intention of exercising the authorities referred to in paragraph 3.6 above.

4 Summary of the Articles of Association of PHP

The Articles are available for inspection at the address specified in paragraph 2 of this Part 10.

4.1 Articles

The articles of association adopted by a special resolution on 6 October 2009 (the “Articles”) contain (amongst other things) provisions to the following effect:

(a) Votes of members

Subject to any special terms as to voting upon which any share may be issued, or may for the time being be held, upon a show of hands every member present in person and entitled to vote has one vote and every proxy who has been duly appointed by a member entitled to vote has one vote and upon a poll every member present in person or by proxy and entitled to vote shall have one vote for every share of which he is the registered holder.

No member shall be entitled to be present or to be counted in the quorum at any general meeting unless he shall be the holder of one or more shares giving right to attend thereat upon which all calls or other monies due and payable in respect of the same shall have been paid and no member shall be entitled to vote at any general meeting on a poll or show of hands either personally or by proxy in respect of any share upon which any call or other monies due and payable have not been paid.

(b) *Transmission of Shares*

Save as otherwise provided by or in accordance with the Articles, a person becoming entitled to a share in consequence of the death or bankruptcy of a member shall (upon supplying to the Company such evidence as the board may reasonably require as to his title to the share) be entitled to receive, and may give a discharge for, all benefits arising or accruing on or in respect of the share and the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof to exercise any right conferred by membership in relation to meetings until he shall have been registered as a member in respect of the share, provided always that the board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if within 60 days the notice is not complied with such person shall be deemed to have elected to be registered as a member in respect thereof and may be registered accordingly.

(c) *Disclosure of interests in Shares*

No member shall, unless the board otherwise determines, be entitled in respect of any share or shares held by him to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or to exercise any other right conferred by membership in relation to any such meeting of the Company if he or any other person appearing to be interested in such share or shares has been duly served with a notice under section 793 of the Companies Act (or under any other statutory provision or provision of the Articles for the time being in force enabling the Company by notice in writing to require any persons to give any information regarding that share or those shares) which requires him or such other person to give information to the Company in accordance with such section or provision and:

- (i) he or any such person is in default in supplying to the Company the information thereby required within (A) 14 days after service of the notice (or such longer period as may be specified in such notice) if the shares specified in such notice represent at least 0.25 per cent. of the shares of the class to which such shares belong in issue on the date of service of such notice or (B) 28 days after service of the notice (or such longer period as may be specified in such notice) in any other case; or
- (ii) in purported compliance with such notice, he or any such person has made a statement which, in the opinion of the board, is false or misleading in any material particular (and in the latter case he or any such person has failed to correct such statement within a further period of 14 days after service of a further notice in writing requiring him so to correct it).

(d) *Dividends*

Subject to any preferential or other special rights for the time being attached to any special class of shares, the profits of the Company available for distribution in accordance with the Companies Act which it shall from time to time determine to distribute by way of dividend shall be applied in payment of dividends upon the shares of the Company to the members at the date of record in accordance with their respective rights and priorities.

The Company in a general meeting may from time to time declare dividends but no such dividend shall (except as expressly authorised by the Companies Act) be payable otherwise than out of the profits of the Company available for the purpose in accordance with the Companies Act. No higher dividend shall be paid than is recommended by the board and the declaration of the board as to the amount of the profits at any time available for dividend shall be conclusive.

Subject to the provisions of the Companies Act, the board may if it thinks fit from time to time pay to the members such interim dividends as appear to the board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the

foregoing) if at any time the share capital of the Company is divided into different classes, the board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferred rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and the board may also pay half-yearly or at other suitable intervals to be settled by it any dividend which may be payable at a fixed rate if it is of the opinion that the profits justify the payment. Provided the directors act in a bona fide manner they shall not incur any responsibility to the holders of shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferred rights.

Notwithstanding any other provision of the Articles, the board may fix a date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time within six months before or after any date on which such dividend, distribution allotment or issue is declared, paid or made.

With the sanction of a general meeting, dividends may be paid wholly or in part in specie and may be satisfied in whole or in part by the distribution amongst members in accordance with the rights of fully paid up shares, debentures or other securities of the Company or of any other company or of any other property suitable for distribution as aforesaid, provided that no distribution shall be made which would amount to a reduction of capital except in the manner approved by law. The board shall have full liberty to make all such valuations, adjustments and arrangements and to issue all such certificates or documents of title as may in its opinion be necessary or expedient with a view to facilitating the equitable distribution amongst the members of any dividends or portions of dividends to be satisfied as aforesaid or to giving them the benefit of their proper shares and interests in the property and no valuation, adjustment or arrangement so made shall be questioned by any member.

Any dividend, instalment of dividend or interest or other monies payable in cash in respect of any share may be paid by cheque or warrant payable to the order of the member entitled thereto or (in the case of joint holders) of that member whose name stands first on the register in respect of the joint holding. Every such cheque or warrant shall (unless otherwise directed) be sent by post to the last registered address of the member entitled thereto and payment of the cheque or warrant shall be a good discharge to the Company for the same. If cheques or warrants in respect of dividends are returned undelivered or are left uncashed on two consecutive occasions, or having been returned undelivered or left uncashed on one occasion and the board, on making reasonable enquiries, has failed to establish any new address of the member or person concerned then the board may determine that the Company shall cease sending such cheques or warrants by post to the member or person concerned. The Company may, if so directed, pay any dividend, instalment of dividend or interest or other monies as aforesaid by credit transfer to a bank account nominated by the member entitled to such payment which transfer shall be a good discharge to the Company for the same. Every such cheque or warrant shall be sent and every credit transfer made at the risk of the person entitled to the money represented thereby. No unpaid dividend or interest shall bear interest as against the Company.

The board may deduct from any dividend or other monies payable in respect of any shares held by a member, either alone or jointly with any other member, all such sums of money (if any) as may be due and payable by him either alone or jointly with any other person to the Company on account of calls or otherwise in respect of shares of the Company.

All unclaimed dividends may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the payment of any such dividend into a separate account or the investment of such dividend shall not constitute the Company a trustee in respect thereof. No unclaimed dividend shall bear interest as against the Company. Any

dividends which remain unclaimed for a period of 12 years from the date of declaration thereof shall at the expiration of that period be forfeited and cease to remain owing to the Company and shall thenceforth belong to the Company absolutely.

The board may, in its absolute discretion, withhold the payments of any dividend to a member in respect of any share held by him in relation to which he or any other person has been duly served with a notice under section 793 of the Companies Act (or any other statutory provision or provision of the Articles for the time being in force enabling the Company by notice in writing to require any person to give any information regarding that share.

(e) *Scrip dividends*

The board may, if authorised by ordinary resolution of the Company, offer any member of the Company the right to elect to receive shares credited as fully paid, instead of cash in respect of the whole (or some part) of any dividend specified by the ordinary resolution, subject to the provisions set out in full in article 135 of the Articles.

(f) *Distribution of assets on a winding-up*

If the Company shall be wound up (whether the liquidation is altogether voluntary, under supervision or by the Court) the liquidator may, with the authority of a special resolution and subject to any provision sanctioned in accordance with section 247 of the Companies Act (without prejudice to section 187 of the Insolvency Act 1986), divide among the members in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any shares in respect of which there is a liability. Without prejudice to section 187 of the Insolvency Act 1986, the liquidator may make any provision referred to in and sanctioned in accordance with section 247 of the Companies Act.

(g) *Changes in capital*

The Company may, by ordinary resolution:

- (i) consolidate all or any of its share capital into shares of larger amounts than its existing shares;
- (ii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person; and
- (iii) subject to the Companies Act, sub-divide all or any of its shares into shares of a smaller amount and may by resolution determine that the shares resulting from such sub-division may have any preferred or other special rights or be subject to any restrictions are compared with the others.

Subject to the provisions of the Companies Act and any confirmation or consents required by law, the Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner.

(h) *General meetings*

An annual general meeting shall be held in each year (in addition to any other meetings which may be held in that year). All general meetings other than the annual general meeting shall be called general meetings. The board shall convene, and the Company shall hold, general meetings as annual general meetings in accordance with the Companies Act. The board may convene a general meeting whenever it thinks fit.

Two members present in person or by proxy and entitled to vote upon the business to be transacted, each being a member or a proxy or authorised representative of a corporation that is a member (including two persons who are proxies or corporate representatives for the same member) shall constitute a quorum for all purposes, save as otherwise provided in the Articles. If a quorum is not present within 15 minutes from the commencement time of the meeting, the meeting will be adjourned to such time and place as the Chairman shall decide, unless the meeting was convened by or on the requisition of the members, in which case it shall be dissolved.

An annual general meeting and all other general meetings shall be called by at least such minimum period as is prescribed for traded companies under the Companies Act.

(i) *Variation of rights and class meetings*

None of the rights, privileges or conditions for the time being attached or belonging to any class of shares forming part of the issued capital for the time being of the Company shall be modified, varied, abrogated in any manner except with the consent in writing of the holders of three quarters in nominal value of the issued shares of the class or the sanction of a special resolution passed at a separate meeting of the members of that class and then only subject to the provisions of section 633 of the Companies Act. To any such separate meeting all the provisions of the Articles as to general meetings shall apply *mutatis mutandis* but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons personally present and holding or representing, either by proxy or as the duly appointed representative of a corporation which is a member, at least one third of the capital paid up on the issued shares of the class, and at any adjourned meeting, one member holding shares of the class in question or his proxy, and so that any holder of shares of the class in question present in person or by proxy may demand a poll and shall be entitled on a poll to one vote for every such share held by him. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the Articles or by the terms of issue of the shares of that class, be deemed to be modified, varied or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

(j) *Transfer of Shares*

Subject to the conditions and restrictions contained in the Articles, any member may transfer all or any of his shares by instrument of transfer but not more than one class of shares shall be transferred by one instrument of transfer.

Every transfer must be in writing in the usual common form or in such other form as the board may approve, duly stamped, and must be lodged at the office of Equiniti accompanied by the certificate of shares to be transferred (save in the case of a transfer by a nominee of a recognised investment exchange to whom no certificate was issued) and such other evidence as the board may reasonably require to prove the title of the intended transferor.

The board may refuse to register a transfer of a share unless the instrument of transfer:

- (i) is in respect of only one class of shares;
- (ii) is in favour of not more than four joint transferees;
- (iii) is duly stamped (if required); and

- (iv) is delivered for registration to the registered office of the Company or such other places as the board may decide accompanied by the share certificate or such other evidence as the board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

The board may impose restrictions upon the transfer of any share which is not fully paid, provided that the restrictions are not such as to prevent dealings in the shares from taking place on an open and proper basis.

The board may, in exceptional circumstances approved by the FCA and the London Stock Exchange, disapprove the transfer of any share, provided that exercise of such powers does not disturb the market.

The board may refuse to register the transfer of an uncertificated share in any circumstances permitted by the FCA, the London Stock Exchange, the Uncertificated Securities Regulations and the rules and practices of the operator of the relevant system.

Subject to certain exceptions, the board may, in its absolute discretion, refuse to register any transfer of shares which does not appear to it to be a transfer pursuant to an arm's length sale and which relates to shares held by a member in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Companies Act (or under any other statutory provision or provision of the Articles for the time being in force enabling the Company by notice in writing to require any person to give any information regarding those shares).

(k) *Proceedings of the board*

The board or any committee of the board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit, and determine the quorum necessary (being at least two directors) for the transaction of business. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. Meetings of the board or any committee of the board may take place in any part of the world and may take place via telephonic or similar means of communication, notwithstanding that the directors or committee members present may not all be meeting in one particular place.

A director may, and on the request of a director the secretary shall, at any time summon a meeting of the board. It shall be necessary to give notice (which need not be in written form) of a meeting of the board to all of the directors. Questions arising at any meeting of the board or any committee of the board shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote.

The board or any committee of the board may from time to time elect a Chairman or Deputy Chairman who shall preside at its meetings. The board may choose one of its number to chair a meeting if the Chairman or Deputy-Chairman has not arrived within five minutes of the appointed time of the meeting. The board may delegate any of its powers to committees consisting of such member or members as it thinks fit.

All bona fide acts done by any meeting of the board or a committee of the board or by any person acting as director shall, notwithstanding it to be afterwards discovered that there was some defect in the appointment of any director or person acting as aforesaid or that they or any of them were disqualified or had ceased to be directors or a director, be as valid as if every such person had been duly appointed and was qualified to be and had continued to be a director.

The board shall cause proper minutes to be made of all general meetings of the Company and also of all appointments of officers and of the proceedings of all meetings of the board and committees of the board and of the attendances thereat.

A director may hold any other office or place of profit under the Company (except that of auditor) in conjunction with his office of director. A director may hold office as a director or other officer or otherwise be interested in any other company of which the Company is a member or in which the Company is otherwise interested and, unless otherwise agreed, shall not be liable to account to the Company for any remuneration or other benefits receivable by him as a director or officer of, or by virtue of his interest in, such other company.

(l) *Directors*

Until otherwise determined by a general meeting the number of directors shall not be less than two and there shall be no maximum number. The Company may by ordinary resolution from time to time vary the minimum and maximum number of directors.

There shall be available to be paid out of the funds of the Company to the directors as fees in each year an aggregate sum not exceeding £500,000 as the board may determine, such sum to be divided among such directors in such proportion and manner as they may agree or, in default of agreement, equally provided that any such director holding the office of director for part of a year shall, unless otherwise agreed, be entitled only to a proportionate part of such fee. The Company may by ordinary resolution increase the amount of the fees payable under this Article. The provisions of this Article shall not apply to the remuneration of any Managing Director or director holding executive office whose remuneration shall be determined in accordance with the provisions of Articles 91.1 and 91.4 or Article 84.

The directors shall also be entitled to be repaid all travelling, hotel and other expenses properly incurred by them respectively in and about the performance of their duties as directors, including their expenses of travelling to and from board or committee or general meetings.

The board (or for the avoidance of doubt a committee of the board if so authorised) may grant special remuneration to any member thereof who, being called upon, shall render any special or extra services to the Company. Such special remuneration may be made payable to such director in addition to or in substitution for his ordinary remuneration (if any) as a director, and may be payable by way of a lump sum participation in profits or otherwise as the board (or any such committee) shall determine.

(m) *Interests of directors*

A director shall not infringe his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company as a result of any such office, employment, contract, arrangement, transaction or proposal or interest.

Without prejudice to the requirements of the Companies Act, or any other legal requirement, a director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the board. Except as provided in the Articles, a director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he or any person connected with him (within the meaning of section 252 of the Companies Act) has any interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company in respect of which he has any duty which conflicts with his duty to the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution in respect of which he is debarred from voting.

Save as provided in the articles, a director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he or any person connected with him (within the meaning of section 252 of the Companies Act) has any interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company or in respect of which he has any duty which conflicts with his duty to the Company. A director shall not be counted in the quorum at a meeting in relation to any resolution in respect of which he is debarred from voting.

A director shall (in the absence of some other interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters namely:

- (i) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting thereof;
- (iv) any proposal concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he (together with any person connected with him within the meaning of section 252 of the Companies Act) is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
- (v) any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the board of HMRC for taxation purposes or which does not accord to any director as such any privilege or benefit not accorded to the employees to which the scheme or fund relate;
- (vi) any contract, arrangement or proposal for the benefit of employees of the Group under which the director benefits in a similar manner as the employees or which does not accord to any director as such any privilege or benefit not accorded to the employees to which the scheme or fund relates; and
- (vii) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons including directors.

The directors may (subject to such terms and conditions, if any, as they may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation) authorise, to the fullest extent permitted by law:

- (i) any matter which would otherwise result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or conflict of duties); and
- (ii) a director to accept or continue in any office, employment or position in addition to his office as a director of the Company and without prejudice to the generality of Article 88.1 may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises;

- (iii) provided that the authorisation is only effective if:
 - (a) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director; and
 - (v) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

If a matter, or office, employment or position, has been authorised by the directors in accordance with this Article then (subject to such terms and conditions, if any, as the directors may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation or the permissions set out below):

- (i) the director shall not be required to disclose any confidential information relating to such matter, or such office, employment or position, to the Company if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that matter, or that office, employment or position;
- (ii) the director may absent himself from discussions, whether in meetings of the directors or otherwise, and exclude himself from information, which will or may relate to that matter, or that office, employment or position; and
- (iii) a director shall not, by reason of his office as a director of the Company, be accountable to the Company for any benefit which he derives from any such matter, or from any such office, employment or position.

4.2 **Description of the REIT provisions included in the Articles**

(a) *Introduction*

The Articles contain provisions designed to enable the Company to demonstrate to HMRC that it has taken “reasonable steps” to avoid paying a dividend (or making any other distribution) to any Substantial Shareholder.

If a distribution is paid to a Substantial Shareholder and the Company has not taken reasonable steps to avoid doing so, the Company would become subject to a tax charge.

The Articles contain a special article for this purpose (the “**Special Article**”). The text of the Special Article is set out in paragraph 4.3 of this Part 10.

The Special Article:

- (a) provides directors with powers to identify its Substantial Shareholders (if any);
- (b) prohibits the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, unless certain conditions are met;
- (c) allows dividends to be paid on Ordinary Shares that form part of a Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its New Shares; and
- (d) seeks to ensure that if a dividend is paid on Ordinary Shares that form part of a Substantial Shareholding and arrangements of the kind referred to in the preceding paragraph are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend.

The effect of the Special Article is explained in more detail below.

(b) *Identification of Substantial Shareholders*

The share register of the Company records the legal owner and the number of Ordinary Shares they own but does not identify the persons who are beneficial owners of the Ordinary Shares or are entitled to control the voting rights attached to the New Shares or are

beneficially entitled to dividends. While the requirements for the notification of interests in shares provided in Part VI of the Companies Act and the Board's rights to require disclosure of such interests (pursuant to Part 22 of the Companies Act and Article 40 of the Articles) should assist in the identification of Substantial Shareholders, those provisions are not on their own sufficient.

Accordingly, the Special Article requires a Substantial Shareholder and any registered Shareholder holding New Shares on behalf of a Substantial Shareholder to notify the Company if his New Shares form part of a Substantial Shareholding. Such a notice must be given within two Business days. The Special Article gives the Board the right to require any person to provide information in relation to any Ordinary Shares in order to determine whether the shares form part of a Substantial Shareholding. If the required information is not provided within the time specified (which is seven days after a request is made or such other period as the Board may decide), the Board is entitled to impose sanctions, including withholding dividends (as described in paragraph 4.2(c) below) and/or requiring the transfer of the Ordinary Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph 4.2(f) below).

(c) *Preventing payment of a dividend to a Substantial Shareholder*

The Special Article provides that a dividend will not be paid on any Ordinary Shares that the Board believes may form part of a Substantial Shareholding unless the Board is satisfied that the Substantial Shareholder is not beneficially entitled to the dividend.

If in these circumstances payment of a dividend is withheld, the dividend will be paid subsequently if the Board is satisfied that:

- (a) the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also paragraph 4.2(d) below);
- (b) the shareholding is not part of a Substantial Shareholding;
- (c) all or some of the Ordinary Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, a Substantial Shareholder (in which case the dividends will be paid to the transferee); or
- (d) sufficient Ordinary Shares have been transferred (together with the right to the dividends) such that the Ordinary Shares retained are no longer part of a Substantial Shareholding (in which case the dividends will be paid on the retained Ordinary Shares).

For this purpose references to the "transfer" of a share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that New Ordinary Share.

(d) *Payment of a dividend where rights to it have been transferred*

The Special Article provides that dividends may be paid on Ordinary Shares that form part of a Substantial Shareholding if the Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, a Substantial Shareholder and the Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Substantial Shareholder. Such a certificate may apply to a particular dividend or to all future dividends in respect of Ordinary Shares forming part of a specified Substantial Shareholding, until notice rescinding the certificate is received by the Company. A certificate that deals with future dividends will include undertakings by the person providing the certificate:

- (a) to ensure that the entitlement to future dividends will be disposed of; and
- (b) to inform the Company immediately of any circumstances which would render the certificate no longer accurate.

The Directors may require that any such certificate is copied or provided to such persons as they may determine, including HMRC.

If the Board believes a certificate given in these circumstances is or has become inaccurate, then it will be able to withhold payment of future dividends (as described in paragraph 4.2(c) above). In addition, the Board may require a Substantial Shareholder to pay to the Company the amount of any tax payable (and other costs incurred) as a result of a dividend having been paid to a Substantial Shareholder in reliance on the inaccurate certificate. The Board may require a sale of the relevant shares and retain the amount claimed from the proceeds.

Certificates provided in the circumstances described above will be of considerable importance to the Company in determining whether dividends can be paid. If the Company suffers loss as a result of any misrepresentation or breach of undertaking given in such a certificate, it may seek to recover damages directly from the person who has provided it. Any such tax may also be recovered out of dividends to which the Substantial Shareholder concerned may become entitled in the future.

The effect of these provisions is that there is no restriction on a person becoming or remaining a Substantial Shareholder provided that the person who does so makes appropriate arrangements to divest itself of the entitlement to dividends.

(e) *Trust arrangements where rights to dividends have not been disposed of by Substantial Shareholder*

The Special Article provides that if a dividend is in fact paid on Ordinary Shares forming part of a Substantial Shareholding (which might occur, for example, if a Substantial Shareholding is split among a number of nominees and is not notified to the Company prior to a dividend payment date) the dividends so paid are to be held on trust by the recipient for any person (who is not a Substantial Shareholder) nominated by the Substantial Shareholder concerned. The person nominated as the beneficiary could be the purchaser of the Ordinary Shares if the Substantial Shareholder is in the process of selling down their holding so as not to cause the Company to breach the Substantial Shareholder rule. If the Substantial Shareholder does not nominate anyone within 12 years, the dividend concerned will be held on trust for the Company or such charity as the Board may nominate.

If the recipient of the dividend passes it on to another without being aware that the Ordinary Shares in respect of which the dividend was paid were part of a Substantial Shareholding, the recipient will have no liability as a result. However, the Substantial Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

(f) *Mandatory sale of Substantial Shareholdings*

The Article also allows the Board to require the disposal of shares forming part of a Substantial Shareholding if:

- (i) a Substantial Shareholder has been identified and a dividend has been announced or declared and the Board has not been satisfied that the Substantial Shareholder has transferred the right to the dividend (or otherwise is not beneficially entitled to it);
- (ii) there has been a failure to provide information requested by the Board; or
- (iii) any information provided by any person proves materially inaccurate or misleading.

In these circumstances, if the Company incurs a charge to tax as a result of one of these events, the Board may, instead of requiring the Shareholder to dispose of the Ordinary Shares, arrange for the sale of the relevant Ordinary Shares and for the Company to retain from the sale proceeds an amount equal to any tax so payable.

(g) *Takeovers*

The Special Article does not prevent a person from acquiring control of the Company through a takeover or otherwise, although as explained above, such an event may cause the Group to cease to qualify as a group UK-REIT.

(h) *Other*

The Special Article also gives the Company power to require any Shareholder who applies to be paid dividends without any tax withheld to provide such certificate as the Board may require to establish the Shareholder's entitlement to that treatment.

The Special Article may be amended by special resolution passed by the Shareholders in the future, including to give powers to the Directors to ensure that the Company can comply with the close company condition described in paragraph 4.3 of this Part 10, which powers may include the ability to arrange for the sale of New Shares on behalf of Shareholders.

4.3 ***REIT Articles 158 to 164***

“158 *Cardinal principle*

158.1 It is a cardinal principle that, for so long as the Company is the principal company in a UK-REIT for the purposes of Appendix 4 of the Finance Act 2006, as such Part may be modified, supplemented or replaced from time to time it should not be liable to pay tax under Regulation 10 of the Real Estate Investment Trusts (Breach of Conditions) Regulations 2006 (as such legislation may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution.

158.2 This Article 3 supports such cardinal principle by, among other things, imposing restrictions and obligations on the shareholders of the Company and, indirectly, certain other Persons who may have an interest in the Company, and shall be construed accordingly so as to give effect to such cardinal principle.

159 *Definitions and interpretation*

159.1 For the purposes of this Article, the following words and expressions shall bear the following meanings:

“Business day”	means a day (not being a Saturday or Sunday) on which banks are normally open for business in London;
“Distribution”	means any dividend or other distribution on or in respect of the shares of the Company and references to a Distribution being paid include a distribution not involving a cash payment being made;
“Distribution Transfer”	means a disposal or transfer (however effected) by a Person of his rights to a Distribution from the Company such that he is not beneficially entitled (directly or indirectly) to such a distribution and no Person who is so entitled subsequent to such disposal or transfer (whether the immediate transferee or not) is (whether as a result of the transfer or not) a Substantial Shareholder;
“Distribution Transfer Certificate”	means a certificate in such form as the directors may specify from time to time to the effect that the relevant Person has made a Distribution Transfer, which certificate may be required by the directors to satisfy them that a Substantial Shareholder is not beneficially entitled (directly or indirectly) to a Distribution;

“Excess Charge”	means, in relation to a Distribution which is paid or payable to a Person, all tax or other amounts which the directors consider may become payable by the Company or any other member of the Group under Regulation 10 of the Real Estate Investment Trusts (Breach of Conditions) Regulations 2006 (as such legislation may be modified, supplemented or replaced from time to time) and any interest, penalties, fines or surcharge attributable to such tax as a result of such Distribution being paid to or in respect of that Person;
“Group”	means the Company and the other companies in its group for the purposes of section 134 of the Finance Act 2006 (as such section may be modified, supplemented or replaced from time to time);
“HMRC”	means HM Revenue & Customs;
“interest in the Company”	includes, without limitation, an interest in a Distribution made or to be made by the Company;
“Person”	includes a body of persons, corporate or unincorporated, wherever domiciled;
“Relevant Registered Shareholder”	means a shareholder who holds all or some of the shares in the Company that comprise a Substantial Shareholding (whether or not a Substantial Shareholder);
“Reporting Obligation”	means any obligation from time to time of the Company to provide information or reports to HMRC as a result of or in connection with the Group’s status as a group UK-REIT;
“Substantial Shareholder”	means any Person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause the Company to be liable to pay tax under Regulation 10 of the Real Estate Investment Trusts (Breach of Conditions) Regulations 2006 (as such legislation may be modified, supplemented or replaced from time to time) on or in connection with the making of a Distribution to or in respect of such Person including, at the date of adoption of this Article, any holder of excessive rights as defined in the Real Estate Investment Trusts (Breach of Conditions) Regulations 2006; and
“Substantial Shareholding”	means the shares in the Company in relation to which or by virtue of which (in whole or in part) a Person is a Substantial Shareholder.

159.2 Where under this Article any certificate or declaration may be or is required to be provided by any Person (including, without limitation, a Distribution Transfer Certificate), such certificate or declaration may be required by the directors (without limitation):

- (a) to be addressed to the Company, the directors or such other Persons as the directors may determine (including HMRC);
- (b) to include such information as the directors consider is required for the Company to comply with any Reporting Obligation;

- (c) to contain such legally binding representations and obligations as the directors may determine;
- (d) to include an undertaking to notify the Company if the information in the certificate or declaration becomes incorrect, including prior to such change;
- (e) to be copied or provided to such Persons as the directors may determine (including HMRC); and
- (f) to be executed in such form (including as a deed or deed poll) as the directors may determine.

159.3 This Article shall apply notwithstanding any provisions to the contrary in any other Article (including, without limitation, articles 126 to 135 (Dividends)).

160 *Notification of Substantial Shareholder and other status*

160.1 Each shareholder and any other relevant Person shall serve notice in writing on the Company at the Office on:

- (a) him becoming a Substantial Shareholder (together with the percentage of voting rights, share capital or dividends he controls or is beneficially entitled to, details of the identity of the shareholder(s) who hold(s) the relevant Substantial Shareholding and such other information, certificates or declarations as the directors may require from time to time);
- (b) him becoming a Relevant Registered Shareholder (together with such details of the relevant Substantial Shareholder and such other information, certificates or declarations as the directors may require from time to time); and
- (c) any change to the particulars contained in any such notice, including on the relevant Person ceasing to be a Substantial Shareholder or a Relevant Registered Shareholder.

Any such notice shall be delivered by the end of the second Business day after the day on which the Person becomes a Substantial Shareholder or a Relevant Registered Shareholder or the change in relevant particulars or within such shorter or longer period as the directors may specify from time to time.

160.2 The directors may at any time give notice in writing to any Person requiring him, within such period as may be specified in the notice (being seven days from the date of service of the notice or such shorter or longer period as the directors may specify in the notice), to deliver to the Company at the Office such information, certificates and declarations as the directors may require to establish whether or not he is a Substantial Shareholder or a Relevant Registered Shareholder or to comply with any Reporting Obligation. Each such Person shall deliver such information, certificates and declarations within the period specified in such notice.

161 *Distributions in respect of Substantial Shareholdings*

161.1 In respect of any Distribution, the directors may, if the directors determine that the condition set out in Article 161.2 is satisfied in relation to any shares in the Company, withhold payment of such Distribution on or in respect of such shares. Any Distribution so withheld shall be paid as provided in Article 161.3 and until such payment the Persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

161.2 The condition referred to in Article 161.1 is that, in relation to any shares in the Company and any Distribution to be paid or made on and in respect of such shares:

- (a) the directors believe that such shares comprise all or part of a Substantial Shareholding of a Substantial Shareholder; and

- (b) the directors are not satisfied that such Substantial Shareholder would not be beneficially entitled to the Distribution if it was paid,

and, for the avoidance of doubt, if the shares comprise all or part of a Substantial Shareholding in respect of more than one Substantial Shareholder this condition is not satisfied unless it is satisfied in respect of all such Substantial Shareholders.

161.3 If a Distribution has been withheld on or in respect of any shares in the Company in accordance with Article 161.1, it shall be paid as follows:

- (a) if it is established to the satisfaction of the directors that the condition in Article 161.2 is not satisfied in relation to such shares, in which case the whole amount of the Distribution withheld shall be paid; and
- (b) if the directors are satisfied that sufficient interests in all or some of the shares concerned have been transferred to a third party so that such transferred shares no longer form part of the Substantial Shareholding, in which case the Distribution attributable to such shares shall be paid (provided the directors are satisfied that following such transfer such shares concerned do not form part of a Substantial Shareholding); and
- (c) if the directors are satisfied that as a result of a transfer of interests in shares referred to in (b) above the remaining shares no longer form part of a Substantial Shareholding, in which case the Distribution attributable to such shares shall be paid.

In this Article 161.3, references to the “transfer” of a share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that share.

161.4 A Substantial Shareholder may satisfy the directors that he is not beneficially entitled to a Distribution by providing a Distribution Transfer Certificate. The directors shall be entitled to (but shall not be bound to) accept a Distribution Transfer Certificate as evidence of the matters therein stated and the directors shall be entitled to require such other information, certifications or declarations as they think fit.

161.5 The directors may withhold payment of a Distribution on or in respect of any shares in the Company if any notice given by the directors pursuant to Article 161.1 in relation to such shares shall not have been complied with to the satisfaction of the directors within the period specified in such notice. Any Distribution so withheld will be paid when the notice is complied with to the satisfaction of the directors unless the directors withhold payment pursuant to 161.1 and until such payment the Persons who would otherwise be entitled to the Distribution shall have no right to the Distribution or its payment.

161.6 If the directors decide that payment of a Distribution should be withheld under Article 161.1 or Article 161.5, they shall within seven Business days give notice in writing of that decision to the Relevant Registered Shareholder.

161.7 If any Distribution shall be paid on a Substantial Shareholding and an Excess Charge becomes payable, the Substantial Shareholder shall pay the amount of such Excess Charge and all costs and expenses incurred by the Company in connection with the recovery of such amount to the Company on demand by the Company. Without prejudice to the right of the Company to claim such amount from the Substantial Shareholder, such recovery may be made out of the proceeds of any disposal pursuant to Article 163.2 or out of any subsequent Distribution in respect of the shares to such Person or to the shareholders of all shares in relation to or by virtue of which the directors believe that Person has an interest in the Company (whether that Person is at that time a Substantial Shareholder or not).

162. *Distribution trust*

- 162.1 If a Distribution is paid in respect of a Substantial Shareholding in circumstances where the Substantial Shareholder is not beneficially entitled to the Distribution, the Distribution and any income arising from it shall be held by the payee or other recipient to whom the Distribution is transferred by the payee on trust absolutely for the Persons nominated by the relevant Substantial Shareholder under Article 162.2 in such proportions as the relevant Substantial Shareholder shall in the nomination direct or, subject to and in default of such nomination being validly made within 12 years after the date the Distribution is made, for the Company or for such charity as may be nominated by the directors from time to time.
- 162.2 The relevant Substantial Shareholder of shares of the Company in respect of which a Distribution is paid shall be entitled to nominate in writing any two or more Persons (not being Substantial Shareholders) to be the beneficiaries of the trust on which the Distribution is held under Article 162.1 and the Substantial Shareholder may in any such nomination state the proportions in which the Distribution is to be held on trust for the nominated Persons, failing which the Distribution shall be held on trust for the nominated Persons in equal proportions. No Person may be nominated under this Article 162.1 who is, or would on becoming a beneficiary in accordance with the nomination become, a Substantial Shareholder. If the Substantial Shareholder making the nomination is not by virtue of Article 162.1 the trustee of the trust, the nomination shall not take effect until it is delivered to the Person who is the trustee.
- 162.3 Any income arising from a Distribution which is held on trust under Article 162.1 shall until the earlier of (i) the making of a valid nomination under Article 162.2 and (ii) the expiry of the period of 12 years from the date when the Distribution is paid be accumulated as an accretion to the Distribution. Income shall be treated as arising when payable, so that no apportionment shall take place.
- 162.4 No Person who by virtue of Article 162.1 holds a Distribution on trust shall be under any obligation to invest the Distribution or to deposit it in an interest-bearing account.
- 162.5 No Person who by virtue of Article 162.1 holds a Distribution on trust shall be liable for any breach of trust unless due to his own wilful fraud or wrongdoing or, in the case of an incorporated Person, the fraud or wilful wrongdoing of its directors, officers or employees.

163 *Obligation to dispose*

163.1 If at any time, the directors believe that:

- (a) in respect of any Distribution declared or announced, the condition set out in Article 161.2 is satisfied in respect of any shares in the Company in relation to that Distribution;
- (b) a notice given by the directors pursuant to Article 160.2 in relation to any shares in the Company has not been complied with to the satisfaction of the directors within the period specified in such notice; or
- (c) any information, certificate or declaration provided by a Person in relation to any shares in the Company for the purposes of the preceding provisions of this Article 158 to 164 (inclusive) was materially inaccurate or misleading,

the directors may give notice in writing (a “Disposal Notice”) to any Persons they believe are Relevant Registered Shareholders in respect of the relevant shares requiring such Relevant Registered Shareholders within 21 days of the date of service of the notice (or such longer or shorter time as the directors consider to be appropriate in the circumstances) to dispose of such number of shares the directors may in such

notice specify or to take such other steps as will cause the condition set out in Article 161.2 no longer to be satisfied. The directors may, if they think fit, withdraw a Disposal Notice.

163.2 If:

- (a) the requirements of a Disposal Notice are not complied with to the satisfaction of the directors within the period specified in the relevant notice and the relevant Disposal Notice is not withdrawn; or
- (b) a Distribution is paid on a Substantial Shareholding and an Excess Charge becomes payable,

the directors may arrange for the Company to sell all or some of the shares to which the Disposal Notice relates or, as the case may be, that form part of the Substantial Shareholding concerned. For this purpose, the directors may make such arrangements as they deem appropriate. In particular, without limitation, they may authorise any officer or employee of the Company to execute any transfer or other document on behalf of the holder or holders of the relevant share and, in the case of a share in uncertificated form, may make such arrangements as they think fit on behalf of the relevant holder or holders to transfer title to the relevant share through a relevant system.

163.3 Any sale pursuant to Article 163.2 above shall be at the price which the directors consider is the best price reasonably obtainable and the directors shall not be liable to the holder or holders of the relevant share for any alleged deficiency in the amount of the sale proceeds or any other matter relating to the sale.

163.4 The net proceeds of the sale of any share under Article 163.2 (less any amount to be retained pursuant to Article 161.7 and the expenses of sale) shall be paid over by the Company to the former holder or holders of the relevant share upon surrender of any certificate or other evidence of title relating to it, without interest. The receipt of the Company shall be a good discharge for the purchase money.

163.5 The title of any transferee of shares shall not be affected by an irregularity or invalidity of any actions purportedly taken pursuant to Articles 158 to 164 (inclusive).

164 *General*

164.1 The directors shall be entitled to presume without enquiry, unless any director has reason to believe otherwise, that a Person is not a Substantial Shareholder or a Relevant Registered Shareholder.

164.2 The directors shall not be required to give any reasons for any decision or determination (including any decision or determination not to take action in respect of a particular Person) pursuant to Articles 158 to 164 (inclusive), and any such determination or decision shall be final and binding on all Persons unless and until it is revoked or changed by the directors. Any disposal or transfer made or other thing done by or on behalf of the board or any director pursuant to Articles 158 to 164 (inclusive) shall be binding on all Persons and shall not be open to challenge on any ground whatsoever.

164.3 Without limiting their liability to the Company, the directors shall be under no liability to any other Person, and the Company shall be under no liability to any shareholder or any other Person, for identifying or failing to identify any Person as a Substantial Shareholder or a Relevant Registered Shareholder.

164.4 The directors shall not be obliged to serve any notice required under Articles 158 to 164 (inclusive) upon any Person if they do not know either his identity or his address. The absence of service of such a notice in such circumstances or any accidental error

in or failure to give any notice to any Person upon whom notice is required to be served under Articles 158 to 164 (inclusive) shall not prevent the implementation of or invalidate any procedure under this Articles 158 to 164 (inclusive).

164.5 The provisions of Articles 148 to 155 (Notices) shall apply to the service upon any Person of any notice required by this Article. Any notice required by Articles 158 to 164 (inclusive) to be served upon a Person who is not a shareholder or upon a Person who is a shareholder but whose address is not within the United Kingdom and who has failed to supply to the company an address within the United Kingdom pursuant to Article 150, shall be deemed validly served if such notice is sent through the post in a pre-paid cover addressed to that Person or shareholder at the address if any, at which the directors believe him to be resident or carrying on business or, in the case of a holder of depository receipts or similar securities, to the address, if any, in the register of holders of the relevant securities. Service shall, in such a case be deemed to be effected on the day of posting and it shall be sufficient proof of service if that notice was properly addressed, stamped and posted.

164.6 Any notice required or permitted to be given pursuant to Articles 158 to 164 (inclusive) may relate to more than one share and shall specify the share or shares to which it relates.

164.7 The directors may require from time to time any Person who is or claims to be a Person to whom a Distribution may be paid without deduction of tax under Regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006 to provide such certificates or declarations as they may require from time to time.

164.8 These Articles may be amended by special resolution from time to time, including to give powers to the directors to take such steps as they may require in order to ensure that the Company can satisfy Condition 4 of Section 106 of the Finance Act 2006 (as such section may be modified, supplemented or replaced from time to time) which relates to close company status, which powers may include the ability to arrange for the sale of shares on behalf of shareholders.”

5. Mandatory takeover bids and Squeeze-out and Sell-out Rules

5.1 *Mandatory bids*

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of an acquirer and its concert parties to an interest in Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, its concert parties, would be required (except with the consent of The Panel on Takeovers and Mergers) to make a cash offer for the outstanding Ordinary Shares in the Company at a price not less than the highest price paid for the Ordinary Shares in the Company by the acquirer or its concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of Ordinary Shares by a person holding (together with its concert parties) Ordinary Shares carrying between 30 to 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

5.2 *Squeeze-out*

Under the Companies Act, if an offeror were to acquire, or unconditionally contract to acquire 90 per cent. of the shares to which the offer relates and 90 per cent. of the voting rights attached to those shares, within three months of the last day on which its offer can be accepted, it could compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The

consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

5.3 *Sell-out*

The Companies Act would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of the right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

5.4 *Takeover bids*

No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

6 **Directors of the Company**

6.1 The Directors, and their principal functions are as follows:

<i>Name</i>	<i>Position</i>
Directors	
Graeme Elliot	Non-Executive Chairman
Alun Jones	Senior Independent Director
Harry Hyman	Managing Director
Mark Creedy	Non-Executive Director
William Hemmings	Non-Executive Director
James Hambro	Non-Executive Director
Ian Rutter	Non-Executive Director

6.2 The business address of each of the Directors is Ground Floor, Ryder Court, 14 Ryder Street, London SW1Y 6QB (Tel: +44 (0)20 7747 5678).

6.3 The biographical details of the Directors are set out in paragraph 9 of Part 2 of this document.

6.4 In addition to their directorships of PHP and companies in the PHP Group, the Directors hold or have held the following directorships and/or have been partners of the following partnerships in the five years before the date of this document:

(i) ***Graeme Arthur Elliot***

<i>Current</i>	<i>Former</i>
	Automotive Precision Holdings PLC (dissolved 2009) AMH Investments (dissolved 2010) Ferbico Unlimited (dissolved 2010)

(ii) ***Alun Jones***

<i>Current</i>	<i>Former</i>
The Bothy Limited	—

(iii) **Harry Abraham Hyman**

Current

Landor Productions Limited (in liquidation)
Nexus Group Holdings Limited
Nexus Structured Finance Limited
Nexus Fund Management Limited
Investor Publishing Limited
Education Investor Limited
Health Investor Limited
Nexus Capital Finance Limited
Nexus Property Management Services Limited
Nexus Health Finance Limited
Nexus Consulting (UK) Limited
Nexus Management Services Limited
Nexus PINE (Management) Limited
Nexus PHP Management Limited
Nexus General Partner Limited
The Quoted Companies Alliance
Pine Property Services Limited
Nexus Central Management Services Ltd
Nexus Healthcare REIT Management Limited
NHR Acquisitions Limited
The Healthcare REIT Limited
Nexus Tradeco Limited
Nexus Investco Limited
Nexus Code Limited
The Opera Awards Limited
I Value PLC (in liquidation)
The Opera Awards Foundation

Former

General Medical Clinics PLC
Cashew Holdings Limited
Nexus Financial Limited
Royal London UK Equity & Income Trust PLC
Royal London UK Equity & Income Securities PLC
Barrett's Oesophagus Campaign
Skinklinic Limited (dissolved 2008)
UK Israel Business
Oak Tree Nursery Investments Limited
Freshtl PLC
Aberdeen High Income Trust PLC (dissolved 2012)
Griffin House (2011) Ltd (dissolved 2012)
Nexus Structured Communications Limited

(iv) **Mark Creedy**

Current

LSAV (GP) Limited

Former

UK Logistics Fund GP Limited
Arlington Business Parks GP Limited
Legal and General Property Fund Managers Limited (dissolved 2011)
PSCP (General Partner) Limited
Legal and General Property Partners (Leisure) Limited
Gresham Street General Partner Limited
Legal and General Property Limited
Ealing General Partner Limited
Chineham General Partner Limited
The New Bracknell Company Limited
Lawgra (No. 240) Limited
Arndale Centre Nominee (No. 2) Limited
The Grange Birkenhead Nominee (No. 1) Limited
The Grange Birkenhead Nominee (No. 2) Limited
Arndale Centre Nominee (No. 1) Limited
Golden Square Nominee (No. 1) Limited
Golden Square Nominee (No. 2) Limited
Legal and General Leisure Fund
Trustee Limited

Current

Former

Latchmore Park Nominee No. 1 Limited
Broad St. Reading Nominee (No. 1) Limited
Broad St. Reading Nominee (No. 2) Limited
The UK Logistics General Partner Limited
Logistics Management Limited
Sauchiehall Trustee Limited
Legal and General (Meteor) Limited
Meteor (GP) Limited
Meteor Properties No. 2 Limited
Meteor Properties No. 1 Limited
Warrington (General Partner) Limited
Warrington Nominee Limited
Performance Retail (Nominee) Limited
Performance Retail (General Partner) Limited
Legal and General Property Partners
(Operator) Limited
Northampton General Partner Limited
Central Saint Giles General Partner Limited
Bucklersbury House General Partner Limited
Legal and General Property Partners
(Industrial Fund) Limited
Corby (General Partner) Limited

(v) William Hemmings

Current

—

Former

—

(vi) James Daryl Hambro

Current

Wiltons (St. James's) Limited
Wiltons Holdings Limited
Henniker Mews Resident's Association Limited
Circle Property Management Limited
Franco's Limited
Hansteen Holdings PLC
I Henning & Co Limited
James Hambro & Partners LLP
Runnall Limited
J O Hambro Capital Management
Holdings Limited
JH & P Holdings Limited

Former

J O Hambro Capital Management Limited
J O Hambro Capital Management Unit Trust
Managers Limited (dissolved 2012)
J O Hambro Capital Limited
J O Hambro Unit Trust Managers Limited
Barrett & Cooke Limited
Merchant Properties General Partner Limited
Wichford Carlisle Limited
Merchant Properties Two General
Partner Limited
Merchant Properties Two Nominee 1 Limited
Merchant Properties Two Nominee 2 Limited
Merchant Properties Nominees Limited
Wichford (Coventry Road) Limited
(in liquidation)
JO Hambro Capital Management (America)
Limited (dissolved 2008)
Circle General Partner Limited
Circle Investment Advisers Limited
Enterprise Capital Trust PLC
(dissolved 2012)
Wichford Property General Partner Limited
Harwood Holdco Limited
Redefine International Property
Management Limited
Amati VCT 2 PLC

Current

Former

CCH Advisers Limited
Harwood Real Estate Limited
JOHCMG Share Trustee Limited
Harwood Capital Management Limited
Ceres Investments Limited (dissolved 2010)
Further Signed Limited (dissolved 2009)

(vii) Ian Rutter

Current

Former

Selective Networks Ltd
Aaicann Limited (dissolved 2013)
Westcliffe Pharma Ltd

Harry Hyman was and remains a director of Landor Productions Limited, over which liquidators were appointed on 28 February 2013 pursuant to a members' voluntary winding up. The liquidation is ongoing. He also was and remains a director of I Value PLC, over which liquidators were appointed on 10 June 2004 pursuant to a members' voluntary winding up. The liquidation of this company is also ongoing.

6.7 Save as disclosed in this paragraph 6 of this Part 7 and at the date of this document none of the Directors of PHP has at any time in the five years preceding the date of this document:

- (a) been a director or partner of any companies or partnerships; or
- (b) had any convictions in relation to fraudulent offences (whether spent or unspent); or
- (c) been adjudged bankrupt or entered into an individual voluntary arrangement; or
- (d) been a director of a company which has been placed into receivership, compulsory liquidation, creditors' voluntary liquidation or administration, or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or with any class of its creditors, at any time while he was a director of that company or within 12 months after his ceasing to be a director; or
- (e) been a partner or senior manager in a partnership which, while he was a partner or senior manager or within 12 months of his ceasing to be a partner or senior manager, was put into compulsory liquidation or administration or entered into any partnership voluntary arrangement or had a receiver appointed over any partnership asset; or
- (f) had a receiver appointed with respect to any assets belonging to him or a partnership of which he has been a partner; or
- (g) been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) or been disqualified by a court from acting as a director or other officer of a company or from acting in the management or conduct of the affairs of any company.

6.8 None of the Directors has any family relationship with another Director. Save as disclosed in paragraphs 7.8 below, none of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties.

7 Terms of Appointment, Remuneration and Benefits of Directors

7.1 No director has a service contract with the Company nor are they appointed for a specific term of office.

7.2 The contracts for the services of Messrs Hambro and Hyman are with JOHCML and Nexus respectively pursuant to the Management Agreement.

- 7.3 There are letters of appointment in place for the five other Directors. These provide, subject to the appointment and any re-appointment being in accordance with the terms of the Articles, and to retirement by rotation, that such appointment can be terminated upon either party giving not less than three months' prior written notice, with no compensation for loss of office.
- 7.4 Directors' fees are determined by the Company's remuneration committee subject to the limits set out in the Articles. Fee increases are reviewed by the remuneration committee at three yearly intervals most recently from 1 January 2013. Directors' fees are currently £27,500 per annum for the Directors and £36,000 per annum for the Chairman. In addition, Alun Jones receives a fee of £5,500 per annum, reviewed annually, in respect of his services as chairman of the audit committee.
- 7.5 There are no outstanding loans granted by the Company or its subsidiaries to the Directors.
- 7.6 There are no guarantees provided by the Company or its subsidiaries entered into for the benefit of any Director.
- 7.7 No amounts have been set aside or accrued by the Group to provide pension, retirement or similar benefits to the Directors.
- 7.8 Harry Hyman is a director of Nexus and a director and shareholder of Nexus Group Holdings Limited. James Hambro is Chairman of J O Hambro Capital Management Holdings Limited, parent company of JOHCML, and an indirect shareholder in, JOHCML. Messrs Hambro and Hyman are therefore deemed to have an interest in the Management Agreement which gives rise to a conflict of interests, further details of which are set out in paragraph 15.6 of this Part 7.
- 7.9 The aggregate remuneration paid to the Directors for the year ended 31 December 2012 was as follows:

	<i>Year ended 31 December 2012 (£)</i>
Graeme Elliot	32,500
Harry Hyman	25,000
Alun Jones	30,000
James Hambro	25,000
Martin Gilbert (resigned 14 June 2012)	11,575
Williams Hemmings (appointed 18 June 2012)	13,425
Ian Rutter	25,000
Mark Creedy	25,000
	<u>187,500</u>

No Director received any benefits in kind.

- 7.10 The estimated aggregate remuneration likely to be paid to the Directors for the financial period of the Company ending on 31 December 2013 is £206,500.

8. Interests of Directors in the Company

Save as set out in paragraphs 8.1 and 8.2 below, no Director has any interests (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.

8.1 *Directors' shareholdings*

The interests (all of which are beneficial unless otherwise stated) of the Directors (as well as their immediate families) in the share capital of the Company or (so far as is known or could with reasonable due diligence be ascertained by the relevant Director) interests of a person connected (within the meaning of the Disclosure and Transparency Rules) with a Director and the existence

of which was known to or could, with reasonable diligence, be ascertained by the Directors as at 21 May 2013 (the latest practicable date prior to the publication of this document), together with such interests as are expected to be held immediately following Admission are as follows:

<i>Name</i>	<i>As at 21 May 2013</i>		<i>Immediately following the date of Admission ⁽¹⁾</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Ordinary share capital</i>
Graeme Elliot	15,000	0.02	16,500	0.02
Alun Jones	19,177	0.03	21,094	0.02
Harry Hyman	4,078,737 ⁽²⁾	5.36	4,095,140	4.30
Mark Creedy	12,635 ⁽⁴⁾	0.02	12,635	0.01
James Hambro	547,743 ⁽³⁾	0.72	552,184	0.58
William Hemmings	4,939	0.01	4,939	0.01
Ian Rutter	8,915	0.01	9,806	0.01

(1) Assuming the Issue size pursuant to the Capital Raising on Admission is £60.0 million

(2) This includes 6,412 Ordinary Shares held beneficially on behalf of Anita Hyman, and 3,989,680 ordinary Shares held non-beneficially on behalf of Nexus Group Holdings Limited, and 21,811 held on behalf of Directors of Nexus Group Holdings Limited.

(3) This includes 503,327 Ordinary Shares held non-beneficially on behalf of J O Hambro Capital Management Limited.

(4) This includes 635 Ordinary Shares held non-beneficially on behalf of Ann Mogridge.

Taken together, the combined percentage interest of the Directors in the issued ordinary share capital of the Company as at 21 May 2013 (being the latest practicable date prior to the publication of this document) was approximately 6.16 per cent. Taken together the combined percentage interest in the issued ordinary share capital of the Company of the Directors immediately following Admission is expected to be approximately 4.95 per cent. assuming the Issue size pursuant to the Capital Raising is £60.0 million.

The interests set out in this paragraph 8.1 are based upon the interests of Directors in Ordinary Shares, which:

- (a) have been notified by each Director pursuant to Chapter 3 of the Disclosure and Transparency Rules before 21 May 2013 (being the latest practicable date prior to the publication of this document); or
- (b) are interests of a connected person (within the meaning of the Disclosure and Transparency Rules) of a Director who have been notified to the Company by each such connected person pursuant to Chapter 3 of the Disclosure and Transparency Rules.

There are no outstanding loans or guarantees granted or provided by PHP or any of its subsidiaries for the benefit of any of the Directors.

8.2 ***Pledges of Ordinary Shares***

As at 21 May 2013 (the latest date practicable prior to the publication of this document), the 3,989,680 Ordinary Shares held by Nexus Group Holdings Limited are subject to a debenture and fixed charge over all of that company's assets to its bank. The Company has been informed that Nexus Group Holdings Limited, which has drawn down approximately £4.51 million of its term loan with its bank, is not currently in default in any of its banking commitments and has no current intention of selling any of its shares in the Group.

8.3 ***Directors' options and awards***

As at 21 May 2013 (being the last practicable date prior to the publication of this document), the Directors held no options or awards to subscribe for Ordinary Shares, under any share plans which may be satisfied by a subscription for Ordinary Shares, save for Harry Hyman, who had 6,480 shares in the PHP Share Scheme, and William Hemmings, who had 4,939 shares in the PHP Share Scheme.

9 Interests of Significant Shareholders in the Company

- 9.1 As at 21 May 2013 (being the last practicable date prior to the publication of this document), the Company had been notified of or was otherwise aware of the following Shareholders who were directly or indirectly interested in three per cent. (and in the case of Nexus Group Holdings Limited, five per cent.) or more of the issued Ordinary Shares:

<i>Name</i>	<i>As at 21 May 2013</i>	
	<i>Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>
Nexus Group Holdings Limited ⁽¹⁾	3,989,680 ⁽²⁾	5.25
Brooks Macdonald Asset Management	3,771,506	4.96
Troy Asset Management	3,450,000	4.54
Charles Stanley	3,327,717	4.38
Brewin Dolphin	3,261,291	4.29
BlackRock	3,028,129	3.98
Hargreaves Lansdown	2,662,813	3.50
Investec Wealth & Investment	2,462,177	3.24
Legal & General Investment Management	2,403,282	3.16
Barclays Stockbrokers	2,398,297	3.15
Cheviot Asset Management	2,334,728	3.07
Rathbones	2,299,465	3.02

(1) Nexus Group Holdings Limited is connected to Harry Hyman.

(2) These Ordinary Shares are subject to a debenture and fixed charge over all of Nexus Group Holdings Limited's assets to its bank.

- 9.2 Save as disclosed in this paragraph 9, the Company is not aware of any person who, as at 21 May 2013 (being the latest practicable date prior to the publication of this document), directly or indirectly, has a holding which exceeds three per cent. (and in the case of a fund management holding company, five per cent.) of the total voting rights attaching to its issued share capital.
- 9.3 The Company is not aware of any person who, as at 21 May 2013 (being the latest practicable date prior to the publication of this document), directly or indirectly, jointly or severally, exercises or could exercise control over the Company, nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 9.4 None of the Shareholders referred to in this paragraph 9 has different voting rights from any other holder of Ordinary Shares in respect of such shares held by them.

10. Corporate Governance and Shareholders' Safeguards

10.1 *General*

Throughout the financial year ended 31 December 2012 and up to and including the date of this Prospectus the Company considers that it has complied with the Corporate Governance Code with the exception that:

- (a) it does not have an internal audit function;
- (b) non-executive directors are not appointed for a specific term; and
- (c) certain Directors have served on the Board for more than three terms of three years.

The Board believes that, due to the size of the Group, compliance with these provisions of the Corporate Governance Code is not necessary to ensure that the Board and the Group operates consistently with the overriding principles of good corporate governance encompassed in the Corporate Governance Code. All Directors are subject to rigorous review and performance evaluation procedures and will be subject to annual re-election.

The Corporate Governance Code provides that the board of directors of a United Kingdom company should include a balance of executive and non-executive directors, with independent non-executive directors (excluding the Chairman) comprising at least one half of the board. The Corporate Governance Code states that the board should determine whether a director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement.

The Corporate Governance Code sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. Listed companies are required to report on how they have applied the main principles of the Corporate Governance Code, and either to confirm that they have complied with the Corporate Governance Code's provisions or, where they have not, to provide an explanation.

The Board consists of seven directors, one Managing Director (Harry Hyman), one Non-Executive Chairman (Graeme Elliott) and five non-executive directors. PHP regards three of the non-executive directors (Alun Jones, Ian Rutter and Mark Creedy) to be independent within the meaning of the Corporate Governance Code.

The Corporate Governance Code recommends that a board of directors should appoint one of its independent non-executive directors to be the SID. The SID should be available to shareholders if they have concerns that the normal channels of chairman, Managing Director or other non-executive directors have failed to resolve or if such channel of communication is inappropriate. PHP's SID is Alun Jones.

10.2 *Committees*

The Board is currently assisted in fulfilling its responsibilities by five committees, being the audit, remuneration, nomination, management engagement and standing committees. The terms of reference for these committees are set out below.

(a) *Audit committee*

The audit committee comprises Alun Jones (Chairman), Graeme Elliott, Ian Rutter and Mark Creedy, though other directors may be invited to attend. The committee meets at least twice each year and the committee holds regular meetings with representatives of the Joint Managers, and with the external auditors.

The committee's main objectives are, *inter alia*: to monitor the integrity of the Group's financial statements and the robustness of the financial, operational, compliance controls and systems of risk management relied on by the Group.

The committee also reviews any matters raised by the external auditors. The external auditors are invited to attend meetings regularly. The external auditors have unrestricted access to the members of the audit committee, and the committee ensures that meetings are used as an open avenue of communication between the external auditors and the Board. The committee receives regular updates and monitors the status of actions taken by management to address issues raised. The Joint Managers provide risk management reports to the Audit Committee on risk assessment and internal controls in place. The Joint Managers also meet with the Audit Committee to review the audit plans and progress, accounting processes and early drafts of the financial reports.

The audit committee is responsible for recommending the appointment and termination of external auditors and their terms of reference; assessing their performance; receiving regular reports, independently of the Joint Managers where necessary; determining their independence; approving their fees and conducting an audit tender process when appropriate.

- (b) *Nomination committee*
The nomination committee comprises Ian Rutter (Chairman), Alun Jones and Mark Creedy. It reviews from time to time the combination and balance of experience, core competencies and other attributes which the non-executive directors should bring to the board in discharging its role in nominating any new directors and in considering succession planning.
- (c) *Remuneration committee*
The remuneration committee comprises Ian Rutter (Chairman), Alun Jones and Mark Creedy. The remuneration committee determines appropriate levels of remuneration for Directors. The remuneration committee currently reviews the Directors' fees for increases on an annual basis.
- (d) *Management Engagement Committee*
The Management Engagement Committee comprises Mark Creedy (Chairman), Alun Jones and Ian Rutter and meets at least annually to review the terms of the Management Agreement and the performance of the Joint Managers.
- (e) *Standing committee*
The standing committee consists of Graeme Elliot, Harry Hyman and James Hambro. The committee has the authority to and sets procedures to deal with the implementation of board decisions, routine business and to deal with any urgent items arising between scheduled board meetings not requiring debate.

11 UK Taxation

11.1 General

The following statements are intended to apply only as a general guide to current UK tax law and to the current published practice of HMRC. They are intended to apply only to Shareholders who are resident or ordinarily resident in the UK for UK tax purposes, who hold the Ordinary Shares as investments and who are the beneficial owners of the Ordinary Shares. The statements may not apply to certain classes of Shareholders such as dealers in securities. Any Shareholders who are in any doubt as to their tax position regarding the acquisition, ownership or disposal of the Ordinary Shares or New Shares, or who are subject to tax in a jurisdiction other than the UK, should consult their own tax advisers.

11.2 Capital gains

(a) *New Shares acquired pursuant to the Open Offer*

As a matter of UK law, the acquisition of Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer may not be regarded as a reorganisation of the share capital of the Company for the purposes of UK taxation of chargeable gains. The published practice of HMRC to date has been to treat an acquisition of shares by an existing shareholder up to his pro-rata entitlement pursuant to the terms of an open offer as a reorganisation but it is understood that HMRC may not apply this practice in circumstances where an open offer is not made to all Shareholders. Specific confirmation as to whether the Open Offer will be treated as a reorganisation has not been requested from HMRC.

To the extent that the issue of the New Shares by the Company will be regarded as a reorganisation of the Company's share capital for the purposes of UK taxation on chargeable gains a Shareholder will not be treated as acquiring a new asset nor will it be treated as making a disposal of any part of his corresponding holding of Ordinary Shares by reason of taking up all or part of his entitlements to New Shares. No liability to UK taxation on chargeable gains should arise in respect of the issue of New Shares to the extent that a Shareholder takes up his Basic Entitlements and Excess CREST Open Offer Entitlements.

To the extent that a Qualifying Shareholder takes up the New Shares allotted to him under the Open Offer, the New Shares so allotted, will, for the purposes of UK tax on chargeable gains, be treated as having been acquired at the same time as the Qualifying Shareholder's

existing holding was acquired. The amount of subscription monies paid for such New Shares will be added to the allowable expenditure for the Qualifying Shareholder's existing holding(s). In the case of a corporate Qualifying Shareholder, indexation allowance will apply to the new amount paid for such New Shares only from the date the monies for the New Shares are paid or liable to be paid.

If, or to the extent that, the acquisition of Open Offer Shares under the Open Offer is not regarded by HMRC as a reorganisation, the Open Offer Shares acquired by each Qualifying Shareholder under the Open Offer will, for the purposes of UK taxation of chargeable gains, be treated as acquired as part of a separate acquisition of Shares when computing any gain or loss on any subsequent disposal. When computing any gain or loss on a disposal of Shares, for UK chargeable gains purposes, HMRC's share identification provisions will need to be taken into consideration.

(b) *New Shares acquired pursuant to the Placing or the Offer for Subscription*

The issue of New Shares under the Placing or the Offer for Subscription which are not subject to the Open Offer will not constitute a reorganisation of share capital for the purposes of the UK taxation of chargeable gains and, accordingly, any New Shares acquired pursuant to the Placing or the Offer for Subscription will be treated as acquired as part of a separate acquisition of shares.

(c) *Disposal of New Shares*

The disposal by a Qualifying Shareholder of all or part of the New Shares issued to him under the Open Offer may, depending on the Qualifying Shareholder's circumstances, render him liable to UK tax on capital gains. If the proceeds resulting from the disposal do not exceed the greater of five per cent. of the market value (on the date of the disposal) of his corresponding shareholding in the capital of the Company or three thousand pounds (£3,000) (or in exceptional circumstances a greater amount), the Qualifying Shareholder is not treated as making a disposal for the purposes of UK tax on capital gains but instead the proceeds are deducted from the acquisition cost of his corresponding holding. A UK resident Shareholder who holds Ordinary Shares in a PEP and ISA will be exempt from capital gains tax on disposal.

A disposal by a Shareholder within the charge to UK capital gains tax, such as an individual, trustee or personal representative, will, subject to the availability to the Shareholder of any exemptions, reliefs and/or allowable losses, be subject to tax on any gain arising at the rate of 18 per cent. or 28 per cent.

Individuals who are temporarily non-UK resident may, in certain circumstances, be subject to tax in respect of gains realised whilst they are not resident in the UK.

11.3 **Dividends**

A REIT may distribute property income distribution ("PID") dividends and non property income dividends. The tax treatment may vary in each case.

(a) *PID dividends*

(i) Withholding tax

(A) General

Subject to certain exemptions, the Company is required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs. The Company must on request provide Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld and the net amount of the PID. A reduced treaty rate must be reclaimed by the recipient.

(B) Shareholders solely resident and ordinarily resident in the UK

Where tax has been withheld at source, shareholders who are individuals may, depending on their individual circumstances, either be liable to further tax on their PID at their applicable marginal rate, or be entitled to claim repayment of some or all of the tax withheld on their PID. Shareholders who are corporates will in general, depending on their individual circumstances, be liable to pay corporation tax (currently 23 per cent.) on their PID and if income tax has been withheld at source that tax can be set against the liability to corporation tax in the period in which the PID is received.

(C) Shareholders who are not resident for tax purposes in the UK

It is not possible for a Shareholder to make a claim under a double taxation treaty for a PID to be paid by the Company gross or at a reduced rate. The right of a Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double tax convention between the UK and the country in which the Shareholder is resident. Any refund claim under a double tax treaty would need to be made to HMRC.

(D) Exceptions to requirement to withhold income tax

Shareholders should note that in certain circumstances the Company must not withhold income tax at source from a PID. These (as set out in regulation 7 of the Real Estate Investment Trusts (Assessment and Recovery of Tax) Regulations 2006) include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK (or a company resident for tax purposes outside the UK which is trading through a permanent establishment in the UK) or a charity or a body mentioned in section 468 of the Corporation Tax Act 2010 which is allowed the same exemption from tax as charities. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, or the sub-scheme administrator of certain pension sub-schemes, the account manager of an Individual Savings Account (ISA), or the account provider for a child trust fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

The Company will also not be required to withhold income tax at source from a PID where the Company reasonably believes that the body beneficially entitled to the PID is a partnership each member of which is a body described in the paragraph above. In order to pay a PID without withholding tax, the Company will need to be satisfied that the shareholder concerned is entitled to that treatment. For that purpose, the Company will require such shareholders to submit a valid claim form (copies of which may be obtained on request) from the Company's Registrars. Shareholders should note that the Company may seek recovery from shareholders if the statements made in their claim form are incorrect and the Company suffers tax as a result. The Company will, in some circumstances, suffer tax if its reasonable belief as to the status of the shareholder turns out to have been mistaken.

(ii) Individuals

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in section 264 of the Income Tax (Trading and other Income) Act 2005. A PID is, together with any property income distributions from any other company which is within the REIT regime, treated as a separate UK property business from any other UK property business (a "different UK property business") carried on by the relevant Shareholder. This means that surplus expenses from a Shareholder's different UK

property business cannot be off-set against a PID as part of a single calculation of the profits of the Shareholder's UK property business. Please also refer to the paragraph above relating to withholding tax.

(iii) Companies

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a property business (as defined in section 204 of the Corporation Taxes Act 2009). This means that, subject to the availability of any exemptions or reliefs, such Shareholders should be liable to corporate tax on income on the entire amount of their PID. A PID is, together with any property income distribution from any other company which is within the REIT regime, treated as separate from any other property business (a "different property business") carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's different property business cannot be offset against PID as part of a single calculation of the Shareholder's property profits. A withholding will not generally be made on a PID paid to a Shareholder within the charge to corporation tax.

(iv) Non-residents

Where a Shareholder who is resident outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding (please refer to the paragraph relating to withholding tax above). Such shareholders may also be subject to tax on such PIDs under any law to which they are subject outside the UK. Such shareholders should consult their own tax adviser concerning their tax liabilities on any PIDs received from the Company.

(b) *Non-PID Dividends*

(i) Withholding tax

Under current UK tax law, the Company will not be required to withhold tax at source from Non-PID Dividend payments it makes.

(ii) Individuals

An individual Shareholder who is resident in the UK for tax purposes and who receives a Non-PID Dividend from the Company will be entitled to a tax credit which may be set off against his total income tax liability on the Non-PID Dividend. Such an individual Shareholder's liability to income tax is calculated on the aggregate of the Non-PID Dividend and the tax credit (the gross dividend) which will be regarded as the top slice of the individual's income. The tax credit will be equal to 10 per cent. of the gross dividend (i.e. the tax credit will be one-ninth of the amount of the cash Non-PID Dividend received).

A UK resident individual Shareholder who is not liable to income tax in respect of the gross dividend will not be entitled to any payment from HMRC in respect of any part of the tax credit. A UK resident individual Shareholder who is liable to income tax at a rate not exceeding the basic rate will be subject to income tax on the Non-PID Dividend at the rate of 10 per cent. of the gross Non-PID Dividend so that the tax credit will satisfy in full such Shareholder's liability to income tax on the Non-PID Dividend. A UK resident individual Shareholder liable to income tax at the higher rate will be subject to income tax on the gross dividend at 32.5 per cent. but will be able to set the tax credit off against part of this liability. The effect of that set-off of the tax credit is that such a Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash Non-PID Dividend received).

UK tax resident individual Shareholders who have taxable income above £150,000 will be liable to income tax at the additional rate of 42.5 per cent. The effective rate of tax to a higher rate taxpayer is 36.1 per cent. of the cash dividend received. UK tax resident individual Shareholders who have taxable income above £150,000 will be liable to income tax at the additional rate of 37.5 per cent. The effective rate of tax to a higher rate taxpayer is 30 and 5/9 per cent. of the cash dividend received.

(iii) Companies

Non-PID Dividends received by a UK company from another UK resident company are taxable subject to a number of exemptions. It is expected that generally one of these exemptions would apply to exempt a UK resident corporate shareholder from tax on the receipt of any Non-PID Dividend received from the Company in respect of the New Shares.

(iv) Non-residents

Non-UK resident Shareholders may be liable to foreign taxation on Non-PID Dividends paid by the Company. Shareholders who are not resident in the UK will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to Non-PID Dividends paid by the Company. Such shareholders should consult their own tax advisers concerning their tax liabilities on Non-PID Dividends received from the Company, whether they are entitled to claim a repayment of any part of the tax credit and, if so, the procedure for doing so.

(v) Pension funds

UK pension funds will not be entitled to any payment from HMRC in respect of the tax credit attaching to any Non-PID Dividend paid by the Company.

11.4 *Stamp duty and SDRT*

Where New Shares are issued there is generally no charge to stamp duty or SDRT, subject to the special rules referred to below.

The transfer or sale of New Shares will be liable to ad valorem stamp duty, generally at the rate of 0.5 per cent. (rounded up to the next multiple of five pounds (£5)) of the consideration paid. Stamp duty is normally the liability of the purchaser or transferee of the New Shares. An unconditional agreement to transfer such shares will normally give rise to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration paid for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. SDRT is normally the liability of the purchaser or transferee of the New Shares.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT (at a rate of 0.5 per cent. of the consideration paid) rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to the HMRC by Euroclear.

The above statements are intended as a general guide to the current stamp duty and SDRT position. Certain categories of person, including market makers, brokers, dealers and persons connected with depositary arrangements and clearance services, are not liable to stamp duty or SDRT and others including persons connected with depositary arrangements and clearance services, may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986. There are certain specific exemptions and reliefs from Stamp duty and SDRT to which specific conditions attach, for example for reconstructions and transactions between group companies.

12. Subsidiary Undertakings

The Company is the parent company of the Group. Details of those companies and entities which will be the Company's principal subsidiaries and associated undertakings (each of which is considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, the financial position and/or the profits and losses of the Combined Group) are as follows:

12.1 *PHP*

The Company is the holding company of the Group and has the following principal subsidiary undertakings each of which is directly or indirectly owned by the Company. In each case the issued share capital of each is fully paid. Each of the companies listed below are incorporated in England and Wales.

<i>Subsidiary</i>	<i>Holding</i>	<i>Percentage of equity and voting rights held</i>	<i>Country of incorporation</i>	<i>Principal activity</i>
Primary Health Investment Properties Limited (PHIP)*	Ordinary Shares	100	UK	Property investment
Primary Health Investment Properties (No. 2) Limited (PHIP No. 2)*	Ordinary Shares	100	UK	Property investment
Primary Health Investment Properties (No. 3) Limited (PHIP No. 3)*	Ordinary Shares	100	UK	Property investment
Primary Health Investment Properties (No. 4) Limited (PHIP No. 4)	Ordinary Shares	100	UK	Non-trading
PHP Empire Holdings Limited*	Ordinary Shares	100	UK	Property investment
PHIP (5) Limited*	Ordinary Shares	100	UK	Property investment
PHIP (6) Limited	Ordinary Shares	100	UK	Property investment
PHIP CHH Limited	Ordinary Shares	100	UK	Property investment
PHIP CH Limited	Ordinary Shares	100	UK	Property investment
PatientFirst Partnership Limited	Ordinary Shares	100	UK	Property investment
PatientFirst (Wingate) Limited	Ordinary Shares	100	UK	Property investment
PatientFirst (Leamington Spa) Limited	Ordinary Shares	100	UK	Property investment
PatientFirst (Hinckley) Limited	Ordinary Shares	100	UK	Property investment
PatientFirst (Burnley) Limited	Ordinary Shares	100	UK	Property investment
PHP Investments No 1 Limited*	Ordinary Shares	100	UK	Property investment
PHP Investments No 2 Limited*	Ordinary Shares	100	UK	Property investment
Health Investments Limited*	Ordinary Shares	100	UK	Property investment
Motorstep Limited	Ordinary Shares	100	UK	Property investment

<i>Subsidiary</i>	<i> Holding</i>	<i>Percentage of equity and voting rights held</i>	<i>Country of incorporation</i>	<i>Principal activity</i>
PHP Investments (2011) Limited*	Ordinary Shares	100	UK	Property investment
PHP AssetCo (2011) Limited*	Ordinary Shares	100	UK	Property investment
PHP Healthcare Investments Limited*	Ordinary Shares	100	UK	Property investment
PHP Healthcare (Holdings) Limited*	Ordinary Shares	100	UK	Non-trading
PHP Healthcare Investments (Holdings) Limited*	Ordinary Shares	100	UK	Non-trading
PHP Glen Spean Limited	Ordinary Shares	100	UK	Property investment
PHP Medical Properties Limited	Ordinary Shares	100	UK	Non-trading
PHP Clinics Limited	Ordinary Shares	100	UK	Property investment
PHP (Project Finance Limited)	Ordinary Shares	100	UK	Property investment
PHP St. Johns Limited	Ordinary Shares	100	UK	Property investment
PHIP (Stourbridge) Limited	Ordinary Shares	100	UK	Property investment
PHIP (Gorse Stacks) Limited	Ordinary Shares	100	UK	Property investment
PatientFirst (GPFC) Holdings Limited	Ordinary Shares	100	UK	Non-trading
PatientFirst (RBS) Holdings Limited	Ordinary Shares	100	UK	Non-trading
PHIP (RHL) Limited	Ordinary Shares	100	UK	Non-trading
PHIP (SSG Norwich) Limited	Ordinary Shares	100	UK	Non-trading
PHIP (Hetherington Road) Limited	Ordinary Shares	100	UK	Non-trading
PHIP (Hoddesdon) Limited	Ordinary Shares	100	UK	Non-trading
PHIP (Milton Keynes) Limited	Ordinary Shares	100	UK	Non-trading
PHIP (Sheerness) Limited	Ordinary Shares	100	UK	Non-trading
AHG (2006) Limited	Ordinary Shares	100	UK	Non-trading
SPCD (Shavington) Limited	Ordinary Shares	100	UK	Non-trading
SPCD (Northwich) Limited	Ordinary Shares	100	UK	Non-trading
Anchor Meadow Limited	Ordinary Shares	100	UK	Non-trading

* Indicates material subsidiary as at the date of this Prospectus

Save for the material subsidiaries disclosed in this paragraph 12 above the Company does not hold capital in any other undertakings that have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses.

13. Employees

The Group has never employed any employees.

14. Keyman Insurance

Nexus Central Management Services Limited, a wholly owned subsidiary of Nexus, maintains a keyman life insurance policy in respect of Harry Hyman.

15. PHP'S Material Contracts

15.1 The following is a summary of each contract (not being a contract entered into in the ordinary course of business) that has been entered into by PHP or any member of the Group:

- (a) within the two years immediately preceding the date of this document which are, or may be, material to the Group; or
- (b) at any time and contains obligations or entitlements which are, or may be, material to the Group, as at the date of this document.

15.2 *Placing Agreement*

The Company has entered into a Placing Agreement dated 22 May 2013 with Numis and Peel Hunt. Under the terms of the Placing Agreement, Numis and Peel Hunt have been appointed as the Company's agents in relation to the Capital Raising and joint underwriters in relation to the Firm Placing and Numis has been appointed as the Company's sponsor for the purposes of the Listing Rules in relation to the Capital Raising.

Under the terms of the Placing Agreement, subject to certain conditions, Numis and Peel Hunt have agreed to use their respective reasonable endeavours to procure subscribers for, or failing which to subscribe as principal for, the Firm Placed Shares. Numis and Peel Hunt have agreed to use their respective reasonable endeavours to procure subscribers for, but not underwrite, the Placing Shares.

The Company has agreed to pay:

- (a) a corporate finance success fee of £100,000 payable to Numis only upon Admission in respect of Numis' work as the Company's sponsor under the Listing Rules in connection with the Capital Raising;
- (b) a fee equal to 2.5 per cent. of the gross proceeds raised in the Capital Raising from certain agreed investors (the "Agreed Investors") payable only upon Admission and to be split between Numis and Peel Hunt; and
- (c) a commission equal to 1 per cent. of the gross proceeds raised in the Capital Raising raised by the Company from investors other than Agreed Investors payable to Numis only upon Admission.

In addition, the Company will pay or reimburse Numis' and Peel Hunt's costs, charges and expenses of, or incidental to, the Firm Placing and the Placing, the Open Offer and the Offer for Subscription. Should the payment or reimbursement of the relevant cost or expense by the Company to Numis or Peel Hunt be deemed to be in respect of an exempt supply by Numis or Peel Hunt pursuant to the Firm Placing and Placing, Open Offer and Offer for Subscription for VAT purposes, it is noted that Numis or Peel Hunt will not be able to recover any applicable VAT on the cost or expense incurred by them. Accordingly in this event, the Company agrees to pay or reimburse Numis or Peel Hunt the full amount of the cost or expense inclusive of such irrecoverable VAT. Such costs or expenses will be invoiced by Numis or Peel Hunt to the Company on a periodic basis.

The Company has given certain customary warranties and undertakings to Numis and Peel Hunt including, amongst others, warranties in relation to the business, the accounting records and the legal compliance of the Company and in relation to the information contained in this document. The Company has agreed to indemnify Numis and Peel Hunt against certain liabilities, including, in respect of the accuracy of the information contained in this document, losses arising from a breach of the Placing Agreement and in respect of certain other losses suffered or incurred in connection with the Capital Raising. The liability of the Company under the Placing Agreement is not limited in time or amount.

The Company has agreed that it will not without the prior approval of Numis and Peel Hunt, for a period of 120 days from Admission (subject to certain exceptions), directly or indirectly, issue, allot, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of any Ordinary Shares or securities convertible into or exchangeable for Ordinary Shares or other shares in the Company, or do anything with the same economic effect as the foregoing.

15.3 *Receiving Agent Agreement*

Pursuant to a receiving agent agreement dated 22 May 2013 between the Company, Receiving Agent, Newco, Numis and Peel Hunt (the “Receiving Agent Agreement”), the Receiving Agent agrees to provide receiving agent services to the Company in relation to the Capital Raising. Under the Receiving Agent Agreement, the Company agrees to indemnify and hold the Receiving Agent harmless against all loss, liability or expense, including any costs and expenses of defending any claim or liability incurred in connection with the Receiving Agent’s functions under the Receiving Agent Agreement, other than with respect to any loss, liability or expense arising as a result of the Receiving Agents wilful default, negligence or bad faith. The Receiving Agent agrees to indemnify and hold harmless the Company, Newco, Numis and Peel Hunt against all direct loss, liability or expense, including the costs and expenses of investigating, preparing for or defending any, or any threatened or pending, claims or liability incurred arising out of a breach by the Receiving Agent of its obligations in connection with the Receiving Agent Agreement or its wilful default, fraud, negligence or bad faith or material breach of the Receiving Agent Agreement up to four times the total charges payable for provision of services under the Receiving Agent Agreement (whether such liability arises under any express or implied terms, in tort, for misrepresentation, for breach of contract, or in any other way).

15.4 *Subscription and Transfer Agreements*

In connection with the Capital Raising the Company, Newco and the Newco Subscribers, have entered into a subscription and transfer agreement and an initial subscription and put and call option agreement (together, the “Subscription and Transfer Agreements”) each dated 22 May 2013 in respect of the subscription and transfer of ordinary shares and redeemable preference shares in Newco. Under the terms of the Subscription and Transfer Agreements:

- (a) the Company and the Newco Subscribers have agreed to subscribe for ordinary shares in Newco and enter into put and call options in respect of the ordinary shares in Newco subscribed for by the Newco Subscribers that are exercisable if the Capital Raising does not proceed;
- (b) following the Placing Agreement becoming unconditional, payments received from Qualifying Shareholders subscribing for New Shares under the Open Offer and Offer for Subscription shall be held by the Receiving Agent on behalf of the Newco Subscribers, and payments received by Numis and Peel Hunt from investors subscribing for New Shares under the Firm Placing and/or the Placing shall be held by Numis and Peel Hunt as the Newco Subscribers, in each case solely for the purpose of enabling the Newco Subscribers to subscribe for redeemable preference shares in the capital of Newco to an aggregate value equal to such monies, after deduction of the amount of certain commissions and expenses; and

- (c) the Company will allot and issue the New Shares conditional on Admission to those persons entitled thereto in consideration of the Newco Subscribers transferring their respective holdings of redeemable preference shares pursuant to the terms of the Capital Raising and ordinary shares in the capital of Newco to the Company.

Accordingly, instead of receiving cash as consideration for the issue of the New Shares, at the conclusion of the Capital Raising, the Company will own the entire issued ordinary and redeemable preference share capital of Newco whose only assets will be its cash reserves, which will represent an amount equivalent to the net proceeds of the Capital Raising. The Company will be able to utilise this amount by exercising its right of redemption over the redeemable preference shares it will hold in Newco and, during any interim period prior to redemption, by procuring that Newco lends the amount to the Company (or one of the Company's subsidiaries).

Qualifying Shareholders are not party to these arrangements and so will not acquire any direct right against the Newco Subscribers pursuant to these arrangements. The Company will be responsible for enforcing the Newco Subscribers' obligations thereunder.

On 18 May 2012, the Company entered into a subscription and transfer agreement and a subscription and put and call option agreement with Numis and Peel Hunt in connection with a placing by the Company of 6,229,509 new Ordinary Shares in May 2012. The terms of the May 2012 subscription and transfer agreement were substantially the same as those of the Subscription and Transfer Agreements described above.

15.5 ***Retail Bond Documents***

On 23 July 2012 the Company issued £75,000,000 5.375 per cent. bonds due 23 July 2019 (the "Retail Bonds"). The Retail Bonds are constituted by a trust deed dated 23 July 2012 made between the Company and Prudential Trustee Company Limited (the "Trustee"). Interest on the Notes is payable semi-annually in arrears, commencing on 31 January 2013. The Retail Bonds are direct, unconditional, unsubordinated and unsecured obligations of the Company.

The Company may, at its option, redeem all, but not some only, of the Retail Bonds at any time at a price which shall be the higher of their principal amount and an amount calculated by reference to the yield of the relevant United Kingdom government stock, together with accrued interest, as described under "Conditions of the Bonds – 5.3 Redemption at the Option of the Issuer" in the offering circular dated 29 June 2012 (the "Offering Circular"). Additionally, the Company may, at its option, redeem all, but not some only, of the Retail Bonds at any time at par plus accrued interest, in the event of certain tax changes as described under "Conditions of the Bonds – 5.2 Redemption for Taxation Reasons".

On the occurrence of a Change of Control Put Event (as defined in the Offering Circular), the holder of each Retail Bond will have the option (unless prior to the giving of the relevant Put Event Notice (as defined below) the Company has given notice of redemption under Condition 5.2 or 5.3) to require the Company to redeem that Retail Bond on the Put Date (as defined in the Offering Circular) at its principal amount outstanding together with interest accrued to (but excluding) the Put Date.

An event of default, such as non-payment of any principal or interest due in respect of the Retail Bonds, would trigger the right of Retail Bond to request the Trustee to give notice to the Company for the repayment of the Retail Bonds and interest thereon.

The net proceeds from the Retail Bonds were to be used for the general corporate purposes of the Company.

In connection with issue of the Retail Bonds, the Company entered into a subscription agreement dated 17 July 2012 with Mirabaud Securities LLP, acting where permitted through its registered representative Independent Debt Capital Markets LLP. Pursuant to the subscription agreement, Mirabaud Securities LLP agreed to procure subscribers for the Retail Bonds and the Company

agreed to pay Mirabaud Securities LLP an arrangement and management fee and a total distribution fee. The Company also made certain representations and warranties regarding, amongst other things, the Company and the Offering Circular.

15.6 *Management Agreement*

Pursuant to a management agreement dated 14 March 1996 (as amended, restated and novated from time to time) (the “Management Agreement”) between the Company and the Joint Managers (Nexus and JOHCML) the Company appointed:

- Nexus to provide property advisory and management services and the services of the Managing Director of the Company; and
- JOHCML to provide administrative and accounting services and is the appointed company secretary.

Each Joint Manager has the continuing right to appoint and remove one person as a Director of the Company and receive a Director’s fee (currently £27,500 per annum).

The current annual fee payable to the Joint Managers is calculated as a percentage of the gross asset value of the Group as follows:

<i>Gross Assets</i>	<i>Total Fee</i>
First £50 million	1.00 per cent.
Between £50 million and £500 million	0.75 per cent.
Between £500 million and £750 million	0.525 per cent.
Between £750 million and £1 billion	0.4375 per cent.

The Management Agreement contains a provision giving the Company the ability to pay Nexus and JOHCML a payment in lieu of notice in the event that the Company terminates the agreement. Such payment will be calculated by reference to the unexpired notice period and the gross asset value at the time of the termination and cannot be greater than the fees they are contractually entitled to receive. The Management Agreement is terminable by not less than two years’ written notice.

Additional payments may be made to Nexus for non-standard real estate related services have been capped at 10 per cent. of the total annual fee payable to Nexus.

The Management Agreement contains no provisions to amend, alter or terminate the Management Agreement upon a change of control of the Group following a takeover bid.

15.7 *Deed of variation*

Pursuant to a deed of variation dated 23 November 2006 (the “Deed”) between the Company (1), Nexus (2) and JOHCML (3) the parties acknowledged that the management options granted to JOHCML and Nexus were exercised in full on 21 September 2006 and accordingly, that the management options agreement had expired. The Deed also provided that the Joint Managers are entitled with effect from 23 November 2006 to a performance incentive fee equal to 15 per cent. of any performance in excess of an eight per cent. per annum increase in the Company’s “Total Return” (such Total Return being derived from the audited accounts for the financial period ending on such date as shall be the accounting reference date of the Company in the year immediately preceding the proposed date of payment), provided that if the Total Return was less than eight per cent. in any one year the deficit must be made up in subsequent years before any subsequent performance incentive fee is paid.

On the basis of relevant audited accounts, the Total Return is determined by calculating the change in the net asset value per Ordinary Share, on a fully diluted basis, after adjustment for any increase or reduction in the issued share capital of the Company and adding back gross dividends paid per Ordinary Share. In addition, the Company pays a property management fee and a fee for the preparation of the tax provisions to Nexus, being the reimbursement for the services of its employees engaged direct on the Group’s activities.

15.8 *Banking facilities*

Allied Irish Banks PLC Facility Agreement

The Company and certain of its UK subsidiaries entered into a bilateral loan agreement with Allied Irish Banks, PLC (“AIB”) dated 13 October 2004 as amended and restated from time to time and as most recently amended and restated on 2 April 2012 when the Company and each of the other borrowers resigned as borrowers and PHP Empire Holdings Limited acceded as the sole borrower and the facility was reduced from £30,000,000 to £27,000,000. The loan facility was repaid on 31 January 2013 but the guarantee and security over the shares of PHP Empire Holdings Limited granted by the Company in favour of AIB remain in force as security for any close out amounts arising on termination of the Swaps (as defined and more particularly described in paragraph 15.8 below) to which AIB remains a counterparty.

Clydesdale Bank PLC Facility Agreement

The Company and certain of its UK subsidiaries entered into a facility agreement with Clydesdale Bank PLC (“Clydesdale”) dated 28 July 2011 under which Clydesdale granted PHP Investments (2011) Limited a secured term loan facility for a maximum principal amount of £50,000,000. The loan must be repaid in full on or before 31 July 2014 and any amount of the loan which is repaid before that date is available for redrawing. Interest is payable on the principal amount outstanding at a rate of LIBOR plus the lender’s mandatory cost and a margin which varies according to the proportion which the aggregate of all loans outstanding bears to the aggregate market value of the properties which constitute the security for the loan, calculated in accordance with the most recent valuation. A commitment fee is payable on the unused portion of the facility. The facility agreement contains customary representations, covenants and events of default. The facility contains a number of financial covenants including that (i) PHP Investments (2011) Limited must ensure that the actual interest cover percentage exceeds 130 per cent. and (ii) from the date of utilisation the proportion which the aggregate of all loans outstanding bears to the aggregate market value of the properties does not exceed 70 per cent. The facility is secured by fixed and floating charges including legal mortgages over a designated pool of property assets. The Company is a guarantor of the facility.

The Royal Bank of Scotland PLC and Abbey National Treasury Services PLC Facility Agreement

The Company and certain of its UK subsidiaries entered into a facility agreement with The Royal Bank of Scotland PLC (“RBS”) and Abbey National Treasury Services PLC (“Abbey”) dated 16 March 2012 under which RBS and Santander Corporate Banking and/or Abbey granted Primary Health Investment Properties Limited a secured term loan facility for a maximum principal amount of £125,000,000 (“Facility A”), secured revolving credit facility for a maximum principal amount of £50,000,000 (“Facility B”) and overdraft facility for a maximum principal amount of £5,000,000 (“Overdraft Facility”). The repayment date for Facility A is 16 March 2016. Each loan made under Facility B must be repaid on the last day of its interest period and any amounts repaid under Facility B are available for redrawing. The final repayment date for Facility B is 16 March 2016. Each loan made under the Overdraft Facility must be repaid on the last day of its interest period or otherwise on demand by the lender. Interest is payable on the principal amount outstanding under each facility at a rate of 2.50 per cent. per annum plus LIBOR and mandatory cost (if any). Certain fees and expenses, including a commitment fee, arrangement fee, agent’s and security agent’s fee and overdraft fee are also payable. The facilities are secured by fixed and floating charges granted by, among others, Primary Health Investment Properties Limited and also the Company which is a guarantor of the facilities. Legal mortgages have also been granted over a designated pool of property assets. The facility agreement requires Primary Health Investment Properties Limited to comply with financial covenants including (i) a minimum net rental income to interest cover ratio of 140 per cent. and (ii) a maximum loan to value ratio of 65 per cent. The Company undertakes that during the term of the loan the ratio of consolidated rental income to group interest paid is at least 130 per cent.

The facility agreement contains customary representations, covenants and events of default.

Barclays Bank Facility Agreement

The Company and certain of its UK subsidiaries entered into a facility agreement with Barclays Bank PLC (“Barclays”) dated 25 March 2013 under which Barclays granted Primary Health Investment Properties (No.4) Limited a revolving credit facility for a maximum principal amount of £50,000,000. The repayment date is 25 March 2017. Interest is payable on the principal amount outstanding at a rate of 2.20 per cent. per annum plus LIBOR and mandatory cost (if any). A commitment fee is payable on the undrawn balance of the facility. Certain other fees and expenses, including an arrangement fee, management fee and cancellation fee are also payable. The facility agreement contains a number of financial covenants including (i) that the loan shall not at any time exceed 60 per cent. of the market value of the property in accordance with the latest valuation and (ii) the ratio of net rental income to financing costs must exceed 1.5x at all times. The facility agreement contains customary representations, covenants and events of default. The facility is secured by fixed and floating charges including legal mortgages over a designated pool of property assets. The Company is a guarantor of the facility and has entered into a full interest and capital guarantee in favour of Barclays. On 17 May 2013, the parties to the facility agreement agreed to increase the facility from £50,000,000 to £70,000,000 by way of a deed of amendment. All other terms of the facility remained materially the same.

15.9 *Interest rate swaps*

Specific subsidiaries of the Company have entered into interest rate swaps (“Swaps”) in respect of senior debt facilities held by them and secured upon assets owned by those respective subsidiaries. Below are details of the Swaps:

<i>Counterparty</i>	<i>Contracted Rate</i>	<i>Start Date</i>	<i>Maturity Date</i>	<i>Current Notional Value £000s</i>
Royal Bank of Scotland PLC	4.805%	02-Jan-07	02-Jul-16	63,300
	4.760%	24-Jul-17	24-Jul-27	20,000
	4.740% ⁽¹⁾	20-Sep-07	11-Aug-21	38,000
	4.835% ⁽¹⁾	04-Sep-07	11-Aug-21	50,000
Allied Irish Bank PLC	4.530%	31-Aug-05	28-Aug-15	10,000
	4.810%	08-Jun-06	08-Jun-26	10,000
	4.510%	07-Jun-16	08-Jun-26	10,000
	4.400%	01-Jul-16	01-Jul-26	10,000
	4.475%	04-Jul-16	02-Jul-26	10,000
	4.47875%	04-Jul-16	02-Jul-26	20,000
Barclays Bank PLC	4.455%	04-Jul-16	02-Jul-26	10,000
	0.9%	25-Mar-13	25-Mar-17	28,000

(1) These contracts are cancellable at the option of the counterparty on 11 February 2016 and each date quarterly thereafter until their termination date.

All Swaps are with reference to three month GBP-LIBOR-BBA and are settled on a quarterly basis.

15.10 *Agreements in relation to ordinary share issues*

(a) *April 2011 Placing*

Pursuant to the terms of a placing agreement dated 12 April 2011 in connection with a placing by the Company of 5,284,041 new Ordinary Shares, the Company gave Numis and Peel Hunt certain standard warranties and indemnities.

(b) *May 2012 Placing*

Pursuant to the terms of a placing agreement dated 18 May 2012 in connection with a placing by the Company of 6,229,509 new Ordinary Shares, the Company gave Numis and Peel Hunt certain standard warranties and indemnities.

15.11 *Sale and purchase agreement in relation to AMP*

An agreement for the sale and purchase of shares in AMP (the “AMP Acquisition Agreement”) was entered into on 13 December 2012 by the Company, Primary Health Investment Properties (No. 4) Limited and Clive Eminson, John Dryburgh, Michael John Parker and Richard Drew (together the “Sellers”). Primary Health Investment Properties (No. 4) Limited is wholly owned by the Company.

Under the AMP Acquisition Agreement, the Sellers agreed to sell and Primary Health Investment Properties (No. 4) Limited agreed to purchase the entire issued share capital of AMP. The consideration payable was approximately £10.2 million. The consideration was to be settled by the payment of £4.2 million in cash on completion, £1.8 million in cash deferred until the delivery of assets under construction and by the issue of 1,231,395 Ordinary Shares to certain Sellers on completion.

The Company agreed to guarantee certain payment and performance obligations of Primary Health Investment Properties (No. 4) Limited with regard to the AMP Acquisition Agreement.

The Sellers have given certain warranties, including in relation to their capacity and title to the AMP shares, the properties owned by AMP and the tax and financial affairs of AMP. There are monetary and time limitations on the warranties and the warranties are qualified by the disclosures given in a disclosure letter. Primary Health Investment Properties (No. 4) Limited has provided covenants as to its capacity to enter into the AMP Acquisition Agreement.

16. **Legal and Arbitration Proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had during the 12 month period prior to the publication of this document, a significant effect on the Company’s and/or the Group’s financial position or profitability.

17. **Dividends**

The following table sets out the dividend per Ordinary Share paid in respect of each of the financial periods ended 31 December 2010, 31 December 2011 and 31 December 2012:

<i>Period ended</i>	<i>Dividend per Ordinary Share in pence reported</i>
12 months to 31 December 2012	18.50p
12 months to 31 December 2011	18.00p
12 months to 31 December 2010	17.50p

A second interim cash dividend of 9.50p for the year ended 31 December 2012 was paid to shareholders on 22 April 2013.

There are no arrangements in existence under which future dividends are to be waived or agreed to be waived.

18. **Working Capital**

In the opinion of PHP, after taking into account existing bank facilities available to the Group and the net proceeds of the Firm Placing, the working capital available to the Group is sufficient for its present requirements, that is, for at least the 12 months following the date of this document.

19. **No Significant Change**

There has been no significant change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest annual report of the Group was prepared.

There has been no material change to the PHP Property Valuation Report set out in Part 5 of this document since 31 December 2012, being the effective date the PHP Property Valuation Report was prepared.

20. Related Party Transactions

Save as disclosed in this paragraph and the financial information incorporated by reference into this document (see note 31 to the financial statements for the year ended 31 December 2010, note 30 to the financial statements for the year ended 31 December 2011 and note 30 to the financial statements for the year ended 31 December 2012) there are no related party transactions between PHP and any related party that were entered into during the aforementioned periods.

In the four months to 30 April 2013, the Company paid £1,504,567 pursuant to the Management Agreement, as summarised in paragraph 15.6 of this Part 7.

21. Statutory Auditors and Consents

21.1 Ernst & Young LLP, whose address is 1 More London Place, London SE1 2AF, and which is a member of the Institute of Chartered Accountants in England and Wales has audited and reported on the annual accounts of PHP for the financial years ended 31 December 2010, 2011 and 2012. Statutory accounts of PHP for each of the years ended 31 December 2010, 2011 and 2012 have been delivered to the Registrar of Companies. The auditors of PHP have made reports under the relevant provisions in English company law in respect of these statutory accounts and each report was an unqualified report.

21.2 PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion of its report on the unaudited pro forma statement of net assets in Part 6 of this document in the form and context in which it appears and has authorised the contents of that report for the purposes of item 5.5.3R(2)(f) of the Prospectus Rules.

21.3 Lambert Smith Hampton Limited has given and not withdrawn its written consent to the inclusion in this document of its report in Part 5 of this document and the references to its name in the form and context in which they appear and has authorised the contents of these parts of the document which comprise its reports for the purposes of Rule 5.5.3(R(2)(f) of the Prospectus Rules.

21.4 Numis Securities Limited has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

21.5 Peel Hunt LLP has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

22. General

22.1 The total costs and expenses of, and incidental to, the Capital Raising, assuming the Issue size is £60 million, are estimated to be £2.0 million and are payable by PHP. Accordingly, the net proceeds of the Capital Raising are estimated to be £58.0 million.

22.2 The Company remains subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of section 561 of the Companies Act (which confers on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be paid up in cash) apply to the balance of the authorised but unissued share capital of the Company which is not the subject of a disapplication approved by the Shareholders in a General Meeting.

22.3 The Ordinary Shares are in registered form, are capable of being held in uncertificated form and are admitted to the Official List and are traded on the main market for listed securities of the London Stock Exchange.

22.4 The New Shares will be in registered form and, from the respective Admission of the New Shares, will be capable of being held in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where New Shares are held in certificated form, share certificates will be sent to the registered members by first-class post. Where New Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Basic Entitlements will be admitted, with the ISIN GB00B97CBL99, the Excess CREST Open Offer Entitlements will be admitted with the ISIN GB00B97CBM07,

the Subscription Entitlements will be admitted with the ISIN GB00B99K3H16 and the New Shares will be admitted with the ISIN GB007015521, being the same ISIN under which the Existing Ordinary Shares are admitted.

22.5 The New Shares will be issued at 315 pence per share. This represents a premium of 265 pence per Ordinary Share to the nominal value of 50 pence per Ordinary Share.

22.6 The financial information contained in this document, unless otherwise stated, has been extracted from the Annual Reports and Accounts for the years ended 31 December 2010, 2011 and 2012.

23. Documents Available for Inspection

Copies of the following documents are available for inspection at the registered office of PHP, Ground Floor, Ryder Court, 14 Ryder Street, London SW1Y 6QB during normal business hours on any Business Day from the date of this document until close of business on 13 June 2013 and will also be available for inspection at the General Meeting for at least 15 minutes before and during the meeting:

- (a) the Articles;
- (b) the annual reports and audited consolidated accounts of the Group for the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012;
- (d) the consent letters referred to in paragraph 21 of this Part 7;
- (e) the Property Valuation Report contained in Part 5 of this document;
- (f) this document; and
- (g) all documents incorporated by reference into this document.

24. Announcement of Results

The Company will make (an) appropriate announcement(s) to a Regulatory Information Service giving details of the results of the Capital Raising on or about 12 June 2013.

Dated: 22 May 2013

PART 8

DOCUMENTATION INCORPORATED BY REFERENCE

The following documentation, which was sent to Shareholders at the relevant time and/or is available as described below, contains information which is relevant to the Capital Raising.

The Annual Report and Accounts of PHP for each of the financial years ended 31 December 2010, 2011 and 2012. The annual reports contain the audited consolidated financial statements of the Company for the financial years ended 31 December 2010, 2011 and 2012 prepared in accordance with IFRS, together with audit reports in respect of each such period. These documents are also available on the Company's website at www.phpgroup.co.uk.

The table below sets out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Prospectus Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of PHP and of the Ordinary Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of PHP.

<i>Document</i>	<i>Section</i>	<i>Pages numbers in such documents</i>
Annual Report and Accounts for the year ended 31 December 2012	Chairman's Statement	2
	Managing Director's report	4
	Director's Report	26
	Independent Auditors' Report	37
	Group Income Statement	38
	Group Balance Sheet	39
	Group Cashflow Statement	40
	Notes to the financial statements	42
Annual Report and Accounts for the period ended 31 December 2011	Chairman's Statement	2
	Managing Director's report	4
	Director's Report	14
	Independent Auditors' Report	35
	Group Income Statement	36
	Group Balance Sheet	37
	Group Cashflow Statement	38
Annual Report and Accounts for the period ended 31 December 2010	Notes to the financial statements	40
	Group director's Report	23
	Independent Auditors' Report	37
	Group Income Statement	39
	Group Balance Sheet	40
	Group Cashflow Statement	42
	Notes to the financial statements	44

PART 9

DEFINITIONS

In this document the following expressions have the meaning ascribed to them unless the context otherwise requires:

Admission	one or more admissions of the New Shares to the Official List becoming effective in accordance with the Listing Rules and the admission of such shares to trading on the premium segment of the London Stock Exchange's main market for listed securities becoming effective in accordance with the Admission and Disclosure Standards
Admission and Disclosure Standards	the "Admission and Disclosure Standards" of the London Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's main market for listed securities
AIB	Allied Irish Banks, PLC
AIB Loan Facility	the bi-lateral loan agreement provided to a wholly owned subsidiary of PHP dated 13 October 2004 as amended and restated on 14 February 2007, 17 March 2008, 23 April 2008, 15 December 2010, 28 July 2011, 23 November 2011 and 2 April 2012, that expired on 31 January 2013
AIM	the AIM market of the London Stock Exchange
AMP	PHP Medical Properties Limited (formerly Apollo Medical Partners Limited), a company incorporated in England and Wales with company number 04246742, whose registered address is at Ground Floor, Ryder Court, 14 Ryder Street, London SW1Y 6QB
Applicant	a Qualifying Shareholder or a person entitled by virtue of a bona fide market claim who lodges an Application Form or a relevant CREST instruction under the Open Offer or Excess Application Facility
Application Form	the application form accompanying this document on which Qualifying Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer (including under the Excess Application Facility)
Articles	the articles of association of the Company, details of which are set out in paragraph 4 of Part 7 of this document
Aviva	Aviva Public Private Finance Limited
Basic Entitlements	the <i>pro rata</i> entitlement of Qualifying Shareholders to subscribe for 1 Open Offer Share for every 10 Existing Ordinary Shares registered in their name as at the Record Date
Board	the Directors of PHP
Business Day	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in the City of London for the transaction of normal banking business

Capital Raising	the Firm Placing and the Placing, Open Offer and the Offer for Subscription
Capital Raising Shares	all New Shares to be issued pursuant to the Capital Raising
CCSS	the CREST Courier and Sorting Service established by Euroclear UK to facilitate, amongst other things, the deposit and withdrawal of securities
certificated or in certificated form	in relation to a share or other security, a share or other security which is not in uncertificated form
Closing Price	the closing middle market quotation as derived from the Daily Official List of the London Stock Exchange on a particular day
Companies Act	the Companies Act 2006 as amended
Company	Primary Health Properties PLC
Corporate Governance Code	the UK Corporate Governance Code published in June 2010 by the Financial Reporting Council
CREST	the relevant system, as defined in the CREST Regulations (in respect of which Euroclear is the operator as defined in the CREST Regulations)
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)
CREST Member	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations)
CREST Participant	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
CREST Regulations or Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended
CREST Sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST Sponsored Member	a CREST Member admitted to CREST as a sponsored member
DCF	discounted cash flow
Daily Official List	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange
Directors	the executive director and non-executive directors of the Company, whose names appear on page 24 of this document
Disclosure and Transparency Rules	the rules relating to the disclosure of information made in accordance with section 73A(3) of the FSMA
EPRA	the European Public Real Estate Association

EPRA net assets	balance sheet net assets including the revaluation result on trading properties excluding fair value adjustments for debt and related derivatives
EPS	earnings per share
Equiniti	Equiniti Limited
Equiniti Shareview	a trading name for Equiniti Financial Services Limited
ESMA	European Securities and Markets Authority
EU or European Union	the European Union
Euroclear	Euroclear & Ireland Limited, the operator of CREST
Excess Application Facility	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of their Basic Entitlements in accordance with the terms and conditions of the Open Offer
Excess CREST Open Offer Entitlements	in respect of each Qualifying CREST Shareholder, the entitlement (in addition to their basic entitlement) to apply for Existing Ordinary Shares pursuant to the Excess Application Facility
Excess Shares	Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility
Excluded Territories	Australia, Canada, Japan, South Africa and New Zealand and any other jurisdiction where the extension or availability of the Capital Raising (and any other transaction contemplated thereby) would breach any applicable law or regulation
ex-entitlement date	the date on which the Ordinary Shares trade ex-entitlement to participate in the Open Offer, expected to be 23 May 2013
Existing Ordinary Shares	the 76,098,244 Ordinary Shares in issue as at the date of this document
Financial Conduct Authority or FCA	the Financial Conduct Authority of the United Kingdom
Firm Placed Shares	the 7,301,587 new Ordinary Shares which are to be allocated pursuant to the Firm Placing
Firm Placees	any persons who have agreed to subscribe for Firm Placed Shares pursuant to the Firm Placing
Firm Placing	the conditional placing by Numis and Peel Hunt on behalf of the Company of the Firm Placed Shares pursuant to the Placing Agreement
Form of Proxy	the form of proxy for use at the General Meeting
FSMA	the Financial Services and Markets Act 2000, as amended
General Meeting	the general meeting of PHP to be held at 10.00 a.m. on 12 May 2013, notice of which is set out in Part 10 of this document
GDP	gross domestic product
GP	General Practitioner
Group	the Company and its subsidiaries at the date of this document

HSC Act	Health and Social Care Act 2012
HMRC	HM Revenue & Customs
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board and, for the purposes of this document, as adopted by the European Union
IPD	Investment Property Database Ltd, a company that produces an independent benchmark of property returns
ISA	Individual Savings Account
ISIN	International Securities Identification Number
Issue	the issue of New Shares pursuant to the Capital Raising
Issue Price	315 pence per New Share
JOHCML	J O Hambro Capital Management Limited of Ground Floor, Ryder Court, 14 Ryder Street, London SW1Y 6QB (a wholly-owned subsidiary of J O Hambro Capital Management Group Limited)
Joint Managers	Nexus and JOHCML
LIBOR	London inter-bank offered rate
Listing Rules	the Listing Rules made by the FCA under Part VI of FSMA
London Stock Exchange	London Stock Exchange PLC
LTV	loan-to-value
Management Agreement	the management agreement described at paragraph 15.6 of Part 7 of this document
Member Account ID	the identification code or number attached to any member account in CREST
Member State	a sovereign state which is a member of the European Union
Memorandum of Association	the memorandum of association of the Company
Newco	PHP Ottoman (Jersey) Limited
Newco Subscribers	Numis and Peel Hunt
New Shares	the Ordinary Shares to be issued under the terms set out in this document
Nexus	Nexus Tradeco Limited of Greener House, 66-68 Haymarket, London SW1Y 4RF
NHS	the National Health Service
NHS PS	NHS Property Services Limited
Non-CREST Shareholder	a Shareholder who holds their Ordinary Shares in certificated form, that is not in CREST
Non-Firm Placees	any persons who have agreed to subscribe for Placed Shares pursuant to the Placing
Non-PID Dividend	any dividend of the Company other than a PID received by a Shareholder of the Company

Notice of General Meeting	the notice of the General Meeting contained in Part 10 of this document
Numis	Numis Securities Limited
Offer for Subscription	the offer for subscription to the public in the UK of the New Shares on the terms set out in this document and (where applicable) the Subscription Form
Official List	the Official List of the Financial Conduct Authority pursuant to Part VI of FSMA
Open Offer	the conditional invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document and in the case of Qualifying Non-CREST Shareholders only, the Application Form
Open Offer Shares	means the New Shares being offered in aggregate pursuant to the Open Offer together, where the context requires, with the Excess Application Facility
Ordinary Shares or Shares	ordinary shares of 50 pence each in the share capital of the Company
PHP or the Company	Primary Health Properties PLC, a public limited company incorporated in England and Wales with registered number 03033634
PHP Group or Group	the Company and each of its subsidiaries and subsidiary undertakings from time to time
PHP Share Scheme	the Primary Health Properties PLC Share Scheme operated by Equiniti
Overseas Applicants	persons who apply for New Shares under the Offer for Subscription with registered addresses outside of the United Kingdom or who are citizens or residents of countries outside the United Kingdom;
Overseas Shareholders	Shareholders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside the United Kingdom
Participant ID	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant
PCT	Primary Care Trust
Peel Hunt	Peel Hunt LLP
PEP	personal equity plan
Permitted Transferees	has the definition given under the HSC Act
PID	property income distribution
Placed Shares	the New Shares to be allotted and issued by the Company pursuant to the Placing
Placees	Firm Placees and Non-Firm Placees
Placing	the conditional placing by Numis and Peel Hunt on behalf of the Company of the Placed Shares pursuant to the Placing Agreement

Placing Agreement	the placing agreement dated 22 May 2013 between the Company, Numis and Peel Hunt relating to the Capital Raising and further described in paragraph 15.2 of Part 7 of this document
Pounds Sterling or £	the lawful currency of the United Kingdom
Property Valuation Report	the property valuation report prepared by the Property Valuer and set out in Part 5 of this document
Property Valuer	Lambert Smith Hampton Limited, chartered surveyors and valuers, of Interchange Place, Edmund Street, Birmingham B3 2TA. Lambert Smith Hampton Limited is the trading name of Lambert Smith Hampton Group Limited
Prospectus	this document dated 22 May 2013 comprising a combined prospectus and notice of general meeting
Prospectus Rules	the Prospectus Rules published by the FCA under Section 73A of FSMA
psm	per square metre
Qualifying CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in uncertificated form in CREST at close of business on the Record Date
Qualifying Non-CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in certificated form at close of business on the Record Date
Qualifying Shareholders	holders of Ordinary Shares on the register of members of the Company at the Record Date with the exclusion (subject to certain exemptions) of Overseas Shareholders
RBS	the Royal Bank of Scotland PLC
Record Date	5.00 p.m. on 16 May 2013
Registrar of Companies	the Registrar of Companies in England and Wales
Registrars or Receiving Agent	Equiniti Limited
Regulatory Information Service	one of the regulatory information services authorised by the Financial Conduct Authority to receive, process and disseminate regulatory information in respect of listed companies
REIT	Real Estate Investment Trust
Resolutions	the resolutions to be proposed at the General Meeting set out in the Notice of General Meeting
Retail Bonds	the 5.375 per cent. bonds due 23 July 2019 issued by the Company
RPI	retail price index
Santander	Santander Banking Group or Abbey National Treasury Services PLC
SDRT	stamp duty reserve tax
Shareholder	a holder of Ordinary Shares from time to time
SID	Senior Independent Director
sqm	square metre

stock account	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
Subscription Entitlement	in respect of each Selected Subscription Applicant the entitlement to apply for New Shares pursuant to the Offer for Subscription
Subscription Form	the application form in Appendix 4 to this document for use in connection with the Offer for Subscription
Substantial Shareholding	the shares in the Company in relation to which a person has an interest (whether beneficial, legal, direct or indirect) which may cause a member of the Group to be liable to tax under Regulation 10 of the Real Estate Investment Trusts (Breach of Conditions) Regulations 2006
Takeover Code	the City Code on Takeovers and Mergers
UK-REIT	a real estate investment trust established in the United Kingdom
uncertificated or in uncertificated form	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
US Securities Act	the United States Securities Act of 1933, as amended
United States	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
VAT	value added tax.

PART 10

NOTICE OF GENERAL MEETING

PRIMARY HEALTH PROPERTIES PLC

(incorporated in England and Wales under the Companies Act 1985 with registered number 03033634)

NOTICE IS HEREBY GIVEN that a General Meeting of Primary Health Properties PLC (the “**Company**”) will be held on 12 May 2013 at 10.00 a.m. at Ground Floor, Ryder Court, 14 Ryder Street, London SW1Y 6QB for the purpose of considering, and if thought fit, passing the following Resolutions.

Unless expressly stated otherwise, terms defined in the Prospectus of the Company dated 22 May 2013 shall have the same meaning in this Notice of General Meeting.

ORDINARY RESOLUTIONS

1. THAT the terms of the Firm Placing and the Placing, the Open Offer and the Offer for Subscription (the “**Capital Raising**”) be and are hereby approved and the directors of the Company be and are hereby directed to implement the Capital Raising and generally and unconditionally authorised to exercise the authority conferred by this Resolution and all the powers of the Company to the extent the directors of the Company determine it necessary to implement the Capital Raising.
2. THAT, subject to the passing of Resolution 1, the directors of the Company be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of the Company to:
 - (a) allot equity securities (as defined in section 560(1) of the Companies Act 2006) in the Company up to an aggregate nominal amount of £11,904,761 in connection with one or more issues of New Shares pursuant to the Capital Raising, such authority to expire on the date three months after the passing of this resolution (save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities pursuant to any such offer or agreement as if the authority had not expired); and
 - (b) in substitution for the like authority conferred on the directors of the Company at the last annual general meeting of the Company on 15 April 2013 (but without prejudice to any allotments made pursuant to that authority), allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company (“**Rights**”) up to an aggregate nominal amount of £3,804,912, provided that this authority shall (unless previously renewed, varied or revoked) expire on the date three months after the passing of this resolution (save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors of the Company may allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired).

SPECIAL RESOLUTION

3. THAT, subject to the passing of Resolutions 1 and 2, the directors of the Company be and are hereby empowered:
 - (a) pursuant to section 571 of the Companies Act 2006 to allot equity securities (within the meaning of section 560(1) of the Companies Act 2006) as if section 561(1) of the Companies Act 2006 did not apply to any allotment which is the subject of the authority conferred by Resolution 2(a) above, such power to expire on the date three months after the passing of this resolution (save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities pursuant to any such offer or agreement as if the power had not expired); and

- (b) the directors of the Company be and they are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 in substitution for the like authority given to the directors at the last annual general meeting of the Company (but without prejudice to any allotments made pursuant to that authority) to allot equity securities (within the meaning of section 560(1) of the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 2(b) above or by way of a sale of treasury shares as if section 561(1) of the Companies Act 2006 did not apply to any such allotment provided that this power shall be limited to:
- (i) the allotment of equity securities in connection with an offer of securities in favour of the holders of ordinary shares on the register of members at such record dates as the directors may determine and other persons entitled to participate therein where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record dates, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter; and
- (ii) the allotment (otherwise than pursuant to Resolution 3(b)(i) above) to any person or persons of equity securities up to an aggregate nominal amount of £3,804,912, and shall expire upon the expiry of the general authority conferred by Resolution 2(b) above (save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities pursuant to such offer or agreement as if the power had not expired).

Dated: 22 May 2013

Registered Office:

Ground Floor,
Ryder Court
14 Ryder Street
London SW1Y 6QB

By order of the Board
J O Hambro Capital Management Limited
Company Secretary

Notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the annual general meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. To appoint more than proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which in aggregate should not exceed the number of shares held by you). Please indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
 2. An appointment of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid, a completed appointment of proxy must be returned to the Company by one of the following methods:
 - in hard copy form by post, by courier or by hand to the Company's Registrar, Equiniti at the address shown on the form of proxy to be received not less than 48 hours before the time fixed for the meeting or any adjournment(s) thereof (excluding any part of any day that is not a working day); or
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, and in each case must be received by Equiniti not less than 48 hours before the time fixed for the meeting. Please note that any electronic communication sent to Equiniti in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted.
- As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically by logging onto the website www.sharevote.co.uk and entering your Voting ID, Task ID and Shareholder Reference Number shown on your form of proxy. For an electronic proxy appointment to be valid, your appointment must be received by Equiniti no later than 10.00 a.m. on 10 June 2013
3. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.

4. The return of a completed proxy form will not prevent a shareholder attending the annual general meeting and voting in person if he/she wishes to do so.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.
6. In order for a proxy appointment or instruction made using a CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Equiniti agent ID RA19 no later than 48 hours before the meeting for receipt of proxy appointment specified in the notice of meeting.
7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal systems timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act ("Nominated Persons"). The right to appoint proxies does not apply to Nominated Persons: they can only be exercised by the member. However, in accordance with section 149(2) of the Companies Act, a Nominated Person may have a right under an agreement with the registered member who has nominated him to be appointed, or to have someone else appointed, as a proxy for this meeting. If a Nominated Person does not have such right, or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated Persons should contact the registered member by whom they were nominated in respect of these arrangements.
10. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
11. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the form of proxy) to communicate with the company for any purposes other than those expressly stated.
12. To be entitled to attend and vote at the annual general meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00 p.m. on 10 June 2013 or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the time of the adjourned meeting (excluding any part of any day that is not a working day). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
13. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
 - to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
14. A copy of this notice, and other information required by section 311A of the Companies Act, can be found at www.phpgroup.co.uk.
15. As at 21 May 2013 the Company's issued share capital consisted of 76,098,244 Ordinary Shares carrying one vote each and therefore the total number of voting rights is 76,098,244.

APPENDIX 1

QUESTIONS AND ANSWERS ON THE OPEN OFFER

The questions and answers set out in this Appendix 1 are intended to be in general terms only and, as such, you should read Appendix 2 of this document for full details of what action you should take. If you are in any doubt as to what action you should take, please consult your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser, duly authorised under FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised financial adviser.

This Appendix 1 deals with general questions relating to the Open Offer and more specific questions relating to Ordinary Shares held by persons resident in the United Kingdom who hold their Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Appendix 2 of this document and you should take professional advice as to whether you are eligible and/or need to observe any formalities to enable you to take up any entitlements. If you hold your Ordinary Shares in uncertificated form (that is, through CREST), you should read Appendix 2 of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST Sponsor. If you do not know whether your Ordinary Shares are in certificated or uncertificated form, please call the Shareholder Helpline on 0871 384 2894 or if telephoning from outside the UK, on +44 (0) 121 415 0273 between 8.30 a.m. and 5.30 p.m. Monday to Friday. Calls to the 0871 384 2894 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Shareholder Helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

For legal reasons, the Shareholder Helpline will be unable to give advice on the merits of the Capital Raising or to provide legal, financial, tax or investment advice.

1. What is an Open Offer?

An open offer is a way for companies to raise money. Companies do this by giving their existing shareholders a right to buy further shares in proportion to their existing shareholdings.

The offer under the Open Offer is 1 Open Offer Share for every 10 Existing Ordinary Shares at a price of 315 pence per Open Offer Share. If you held Ordinary Shares on the Record Date and did not sell them before the ex-entitlement date, and are a Qualifying Shareholder you will be entitled to subscribe for Open Offer Shares under the Open Offer. If you hold your Ordinary Shares in certificated form, your entitlement will be set out in your Application Form.

Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the share price on the last dealing day before the details of the Open Offer were announced on 21 May 2013. The Issue Price of 315 pence per Open Offer Share represents a discount of approximately 6.3 per cent. to the Closing Price as derived from the Daily Official List of 336.25 pence per Ordinary Share on 21 May 2013, the last Business day prior to the date of announcement of the terms of the Open Offer.

An Open Offer is not a rights issue and therefore, if you are a Qualifying Shareholder and you do not want to buy the Open Offer Shares to which you are entitled, you will not be able to sell or transfer your entitlement to those Open Offer Shares.

Qualifying Shareholders are also being given the opportunity to apply, under the Excess Application Facility, for Excess Shares in excess of their Basic Entitlements under the Excess Application Facility may be allocated in such manner as the Directors determine in their absolute discretion. As such, no assurance can be given that applications under the Excess Application Facility will be met in full or in part or at all.

2. I hold my Ordinary Shares in certificated form. How do I know if I am able to acquire Open Offer Shares under the Open Offer?

If you receive an Application Form and you are a Qualifying Shareholder then you should be eligible to acquire Open Offer Shares under the Open Offer (as long as you did not sell all of your Ordinary Shares before 8.00 a.m. on 23 May 2013 (the time when the Ordinary Shares were marked “ex-entitlements” by the London Stock Exchange)).

3. I hold my Ordinary Shares in certificated form. What do I need to do in relation to the Open Offer?

If you hold your Ordinary Shares in certificated form and are not an Overseas Shareholder, you should have received an Application Form with this document that shows:

- (a) how many Ordinary Shares you held at the close of business on 16 May 2013 (the Record Date for the Open Offer);
- (b) how many Open Offer Shares you are entitled to buy; and
- (c) how much you need to pay if you want to take up your entitlement to buy all the Open Offer Shares which you are entitled to buy.

If you are an Overseas Shareholder, subject to certain exceptions, you will not have received and will not receive an Application Form.

4. I am a qualifying Shareholder and I hold my Ordinary Shares in certificated form. What are my choices and what should I do with the Application Form?

(a) *If you want to take up all of your Basic Entitlements*

If you want to take up all of your Basic Entitlements to acquire Open Offer Shares, you should complete and sign your Application Form, and send this, together with your cheque or banker’s draft in pounds sterling for the full amount of your Basic Entitlements, payable to ***Equiniti Limited re: Primary Health Properties PLC – Open Offer a/c*** and crossed ***A/C Payee Only***, by post or by hand (during normal business hours only) to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, to arrive by no later than 11.00 a.m. on 11 June 2013. Within the UK only, you can use the reply-paid envelope which will be enclosed with the Application Form. Full instructions are set out in Appendix 2 of this document and in the Application Form.

Please note third party cheques may not be accepted other than building society cheques or banker’s drafts. If payment is made by building society cheque (not being drawn on an account of the Applicant) or a banker’s draft, the building society or bank must endorse on the cheque or draft the Applicant’s name and the number of an account held in the Applicant’s name at the building society or bank, such endorsement being validated by a stamp and an authorised signature.

Subject to Shareholders approving the Resolutions at the General Meeting to be held on 12 June 2013 and Admission occurring thereafter, a definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 18 June 2013.

(b) *If you want to take up more than your Basic Entitlements*

If you want to take up more than your Basic Entitlements to acquire Open Offer Shares, you should complete Boxes 5, 6, 7 and 8 of the Application Form in addition to completing the remainder of and signing the Application Form, and send this, together with your cheque or banker’s draft in pounds sterling for the full amount of your Basic Entitlements plus the amount of Excess Shares you wish to subscribe for, in accordance with paragraph (a) above.

Please note that applications for Excess Shares will only be satisfied to the extent that other Qualifying Shareholder do not apply for their Basic Entitlements in full and will be allocated as the Directors determine in their absolute discretion.

(c) ***If you do not want to take up your Basic Entitlements at all***

If you do not want to take up your Basic Entitlements to Open Offer Shares, you do not need to do anything. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 11 June 2013 and to the extent such Open Offer Shares are not taken up under the Excess Application Facility, the size of the Open Offer will be reduced. You will not receive any payment in respect of any entitlement which is not taken up by you.

(d) ***If you want to take up some but not all of your Basic Entitlements***

If you want to take up some but not all of your entitlement, you should complete Boxes 5, 6, 7 and 8 on the Application Form and return it together with your cheque or banker's draft in pounds sterling for the full amount due, payable to ***Equiniti Limited re: Primary Health Properties PLC – Open Offer a/c*** and crossed ***A/C Payee Only***, by post or by hand (during normal business hours only) to Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, to arrive by no later than 11.00 a.m. on 11 June 2013. Within the UK only, you can use the reply-paid envelope which will be enclosed with the Application Form. Full instructions are set out in Appendix 2 of this document and in the Application Form.

5. I acquired my Ordinary Shares prior to the record date and hold my Ordinary Shares in certificated form. What if I do not receive an Application Form?

If you have not received an Application Form with this document but hold your Ordinary Shares in certificated form, this probably means that you are not able to participate in the Open Offer. Some Qualifying Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to acquire Open Offer Shares under the Open Offer, namely:

- (a) Qualifying CREST Shareholders who held their Ordinary Shares in uncertificated form on 16 May 2013 and who have converted them to certificated form;
- (b) Shareholders who bought Ordinary Shares before 16 May 2013 and who hold such Ordinary Shares in certificated form but were not registered as the holders of those Ordinary Shares at the close of business on 16 May 2013; and
- (c) certain Overseas Shareholders.

If you have not received an Application Form but think that you should have received one, please contact the Shareholder Helpline on 0871 384 2894 within the UK or, if telephoning from outside of the UK on +44 (0) 121 415 0273 between 8.30 a.m. and 5.30 p.m. Monday to Friday. Calls to the 0871 384 2894 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Shareholder Helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. For legal reasons, the Shareholder Helpline will only be able to provide information contained in this document (and in addition information relating to PHP's register of members) and will be unable to give advice on the merits of the Capital Raising or to provide financial, tax or investment advice.

If you bought your shares before the Record Date but were not the registered holder of those shares at close of business on the Record Date you should consult your stockbroker, bank manager or other appropriate financial adviser or whoever arranged your share purchase to ensure you can claim your entitlement.

6. If I buy Ordinary Shares after the record date will I be eligible to participate in the Open Offer?

If you bought Ordinary Shares after the Record Date but prior to 8.00 a.m. on 23 May 2013 (the time when the Ordinary Shares are expected to start trading ex-entitlements on the London Stock Exchange), you may be eligible to participate in the Open Offer.

If you are in any doubt, please consult your stockbroker, bank manager or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. If you buy Ordinary Shares at or after 8.00 a.m. on 16 May 2013, you will not be eligible to participate in the Open Offer in respect of those Ordinary Shares.

7. I hold my Ordinary Shares in certificated form. If I take up my entitlement, when will I receive the certificate representing my Open Offer Shares?

If you take up your entitlement under the Open Offer, share certificates for the Open Offer Shares are expected to be posted by no later than 18 June 2013.

8. What if the number of Open Offer Shares to which I am entitled is not a whole number, am I entitled to fractions of Open Offer Shares?

Your Basic Entitlements to Open Offer Shares were calculated at the Record Date (other than in the case of those who bought shares after the Record Date but prior to 8.00 a.m. on 23 May 2013 who are eligible to participate in the Open Offer). If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of an Open Offer Share and your Basic Entitlements have been rounded down to the nearest whole number. Any fractional entitlements to Open Offer Shares will be aggregated and sold for the benefit of the Company under the Excess Application Facility and/or the Placing and/or the Offer for Subscription.

9. Will I be taxed if I take up my entitlement?

If you are resident in the UK for tax purposes, you should not have to pay UK tax when you take up your entitlement, although the Open Offer will affect the amount of UK tax you may pay when you subsequently sell your Ordinary Shares.

Further information for Qualifying Shareholders who are resident in the UK for tax purposes is contained in paragraph 11 of Part 7 of this document. This information is intended as a general guide to the current tax position in the UK and Qualifying Shareholders should consult their own appropriately qualified tax advisers regarding the tax treatment of the Open Offer in light of their own circumstances. Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible. Please note that the Shareholder Helpline will not be able to assist you with taxation issues.

10. I hold my Ordinary Shares in Certificated Form. What if I want to sell the Open Offer Shares for which I have paid?

Provided the Open Offer Shares have been paid for and Admission occurs, you will be able to sell your Open Offer Shares in the normal way. The share certificate relating to your Open Offer Shares is expected to be despatched to you by no later than 18 June 2013. Pending despatch of the share certificate, instruments of transfer will be certified by the Registrar against the register.

Further details are set out in Appendix 2 of this document.

11. What if I hold Ordinary Shares under the PHP investment account?

If you have acquired Ordinary Shares pursuant to the PHP Investment Account operated by Equiniti Financial Services Limited and you still held them on the Record Date and the date the Ordinary Shares are traded ex-entitlement to the Open Offer, you will be entitled to participate up to your Basic Entitlements and you may also apply for Excess Shares in accordance with the Excess Application Facility. If you have any queries in connection with your entitlements under the PHP investment account you should contact Equiniti Shareview by post at Primary Health Properties PLC Share Service, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or the Equiniti Shareview Shareholder Helpline on: 0845 300 0430 or +44 121 415 0105 between 8.30 a.m. and 5.30 p.m. Monday to Friday. Local rate callers should check their own tariff to find out what the charges would be for calling these numbers.

12. What should I do if I live outside the UK?

Whilst you may have an entitlement to participate in the Open Offer, your ability to take up entitlements to Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any

other formalities to enable you to take up your entitlement. Shareholders with registered addresses outside the UK are not generally able to acquire Open Offer Shares under the Open Offer. Your attention is drawn to the information in paragraph 6 of Appendix 2 of this document.

13. How do I transfer my entitlement into the CREST System?

If you are a Qualifying Non-CREST Shareholder but are a CREST Member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST Deposit Form (set out in Box 13 of the Application Form), and ensure they are delivered to CCSS to be received by 3.00 p.m. on 6 June 2013 at the latest. CREST Sponsored Members should arrange for their CREST Sponsors to do this.

If you have transferred your entitlement into the CREST system, you should refer to paragraph 2 of Appendix 2 of this document for details on how to pay for the Open Offer Shares.

14. What should I do if I think my holding of Shares is incorrect?

If you have bought or sold Ordinary Shares shortly before 23 May 2013, your transaction may not be entered on the register of members in time to appear on the register at the Record Date. If you are concerned about the figure in the Application Form or otherwise concerned that your holding of Shares is incorrect, please contact the Shareholder Helpline on 0871 384 2894 within the UK or, if telephoning from outside the UK, on +44 (0) 121 415 0273 between 8.30 a.m. and 5.30 p.m. Monday to Friday. Calls to the 0871 384 2894 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the shareholder Helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

For legal reasons, the Shareholder Helpline will only be able to provide information contained in this document (and, in addition, information relating to PHP's register of members) and will be unable to give advice on the merits of the Capital Raising or to provide legal, financial, tax or investment advice.

APPENDIX 2

TERMS AND CONDITIONS OF THE OPEN OFFER

INTRODUCTION

As explained in the letter from the Chairman set out in Part 1 of this document, the Company is proposing to raise approximately £60.0 million (approximately £58.0 million net of expenses), with the ability to increase the size of the Issue by up to 25 per cent. to approximately £75.0 million, by way of the Capital Raising. Assuming an Issue size of approximately £60.0 million, of the New Shares being issued, 7,301,587 of the New Shares will be issued through the Firm Placing and 11,746,031 of the New Shares will be issued through the Placing, Open Offer and Offer for Subscription. Qualifying Shareholders are being offered the right to subscribe for Open Offer Shares in accordance with the terms of the Open Offer. Qualifying Shareholders are not being offered the right to subscribe for the Firm Placed Shares or the Placed Shares.

This Appendix 2 and, where applicable, the accompanying Application Form, contain the formal terms and conditions of the Open Offer. Your attention is drawn to the letter from the Chairman in Part 1 of this document, which sets out the background to and reasons for the Capital Raising.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is 5.00 p.m. on 16 May 2013. Application Forms are expected to be posted to Qualifying Non-CREST Shareholders on the date of this document. Basic Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST on the date of this document. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 11 June 2013 with Admission and commencement of dealings in the New Shares expected to take place at 8.00 a.m. on 13 June 2013.

The Open Offer is an opportunity for Qualifying Shareholders to apply for, in aggregate, 7,609,824 Open Offer Shares *pro rata* to their current holdings at the Issue Price of 315 pence per share in accordance with the terms of the Open Offer.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Ordinary Shares prior to 5.00 p.m. on 16 May 2013 is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

1. Details of the Open Offer

Qualifying Shareholders are hereby invited to apply for Open Offer Shares at the Issue Price, payable in full on application.

The Issue Price of 315 pence per Open Offer Share represents a discount of approximately 6.3 per cent. to the Closing Price of an Ordinary Share of 336.25 pence on 21 May 2013 (the latest practicable date prior to the announcement of the Capital Raising on 22 May 2013).

The Open Offer is made on the terms and subject to the conditions set out in this Appendix 2 and in the Application Form accompanying this document.

Qualifying Shareholders have Basic Entitlements of:

1 Open Offer Share for every 10 Existing Ordinary Shares

registered in their name at the close of business on the Record Date and so in proportion for any greater or lesser number of Ordinary Shares then held.

Where appropriate, Basic Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares and any fractional entitlements to Open Offer Shares will not be allocated but will be aggregated and sold for the benefit of the Company under the Excess Application Facility and/or the Placing and/or the Offer for Subscription.

The Basic Entitlements, in the case of Qualifying Non-CREST Shareholders, is set out in Box 3 on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST.

The Excess Application Facility enables Qualifying Shareholders to apply for any whole numbers of Excess Shares in excess of their Basic Entitlements. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlements should complete Boxes 5, 6, 7 and 8 on the Application Form. There is no limit on the amount of New Shares that can be applied for by Qualifying Shareholders under the Excess Application Facility, save that the maximum amount of New Shares to be allotted under the Excess Application Facility will be limited by the maximum size of Issue (as may be increased by the Directors by up to 25 per cent. to approximately £75.0 million) less the aggregate of the Firm Placed Shares, the New Shares issued under the Open Offer pursuant to Qualifying Shareholders' Basic Entitlements and any New Shares that the Directors determine to issue under the Placing and the Offer for Subscription.

Excess applications may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

Assuming that the size of the Issue is approximately £60.0 million, if a Qualifying Shareholder does not take up his Basic Entitlements in full, such Qualifying Shareholder's holding will be diluted by up to approximately 20.0 per cent. as a result of the Firm Placing and the Placing, Open Offer and Offer for Subscription. Furthermore, a Qualifying Shareholder who takes up his Basic Entitlements in full in respect of the Open Offer (and does not receive any other New Shares pursuant to the Capital Raising) will suffer dilution of approximately 12.0 per cent. to his shareholding in the Company as a result of the Firm Placing.

If the Directors increase the Issue by 25 per cent., the size of the Issue will be approximately £75.0 million and if a Qualifying Shareholder does not take up his Basic Entitlements in full, such Qualifying Shareholder's holding will be diluted by up to approximately 23.8 per cent. as a result of the Firm Placing and the Placing, Open Offer and Offer for Subscription. Furthermore, a Qualifying Shareholder who takes up his Basic Entitlements in full in respect of the Open Offer (and does not receive any other New Shares pursuant to the Capital Raising) will suffer dilution of approximately 16.2 per cent. to his shareholding in the Company as a result of the Firm Placing and the increase in size of the Issue.

The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that, although the Basic Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by the CREST claims processing unit. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Open Offer Shares not applied for under the Open Offer will not be sold in the market for those who do not apply to take up their Basic Entitlements and Excess CREST Open Offer Entitlements. Any Open Offer Shares not applied for under the Open Offer may be taken up pursuant to the Placing and/or the Offer for Subscription and the net proceeds held for the benefit of the Company.

The attention of Overseas Shareholders is drawn to paragraph 6 of this Appendix 2.

The Open Offer will remain open for acceptance until 11.00 a.m. on 11 June 2013.

The Open Offer Shares will when issued and fully paid, rank in full for all dividends and other distributions declared, made or paid after the date of this document and otherwise *pari passu* in all respects with the Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer and the Offer for Subscription.

The Capital Raising is conditional on the Placing Agreement becoming or being declared unconditional in all respects and not being terminated before Admission. The principal conditions to the Placing Agreement are:

- the passing of the Resolutions without amendment to be proposed at the General Meeting to be held on 12 June 2013;
- the Placing Agreement having become unconditional in all respects save for the condition relating to Admission and not being terminated in accordance with its terms before Admission occurs; and
- Admission occurring by not later than 8.00 a.m. on 13 June 2013 (or such later time and date as the Company, Numis and Peel Hunt may agree, not being later than 8.00 a.m. on 30 June 2013).

All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a separate account by the Receiving Agent.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

2. Procedure for application and withdrawal rights

If you are in any doubt as to the action you should take, or the contents of this document, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

The action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have an Application Form in respect of your entitlement under the Open Offer or you have Basic Entitlements credited to your CREST stock account in respect of such entitlement.

CREST Sponsored Members should refer to their CREST Sponsor, as only their CREST Sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Basic Entitlements of such members held in CREST. CREST Members who wish to apply under the Open Offer in respect of their Basic Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Subject to the provisions of paragraph 4 of this Appendix 2 entitled “Settlements and Dealings”, Qualifying Shareholders who hold their Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form to the extent that their entitlement to the Open Offer Shares arises as a result of holding Ordinary Shares in certificated form. Qualifying Shareholders who hold part of their Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to the Open Offer Shares arises as a result of holding Ordinary Shares in uncertificated form.

Qualifying Shareholders who do not want to apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

2.1 If you have an Application Form in respect of your entitlement under the Open Offer

2.1.1 General

Subject as provided in paragraph 6 of this Appendix 2 in relation to certain Overseas Shareholders, Qualifying Non-CREST Shareholders will have received an Application Form enclosed with this document. The Application Form shows the number of Ordinary Shares registered in your name at the close of business on the Record Date. It also shows the number of Open Offer Shares which represent your Basic Entitlements. You may apply for more than

your Basic Entitlements pursuant to the Excess Application Facility should you wish to do so (see paragraph 2.1.3 below). You may also hold such an Application Form by virtue of a bona fide market claim.

Your Basic Entitlements to Open Offer Shares will be rounded down to the nearest whole number. Fractional entitlements arising will not be allocated but will be aggregated and sold for the benefit of the Company under the Excess Application Facility and/or the Placing and/or the Offer for Subscription.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

2.1.2 *Market claims*

Applications for the Open Offer Shares may only be made on the Application Form which is personal to the Qualifying Non-CREST Shareholder named thereon, and may not be sold, assigned or transferred, except to satisfy bona fide market claims in relation to purchases of Ordinary Shares through the market prior to the date on which, pursuant to the Listing Rules, the Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer. Application Forms may be split, but only to satisfy bona fide market claims, up to 3.00 p.m. on 7 June 2013. A Qualifying Non-CREST Shareholder who has, prior to the “ex-entitlement” date, sold or otherwise transferred some or all of their Ordinary Shares should contact their stockbroker, bank or other agent authorised under FSMA through whom the sale or transfer was effected as soon as possible and refer to the instructions regarding split applications set out in the accompanying Application Form, since the invitation to subscribe for Open Offer Shares under the Open Offer may, under the Listing Rules, represent a benefit which can be claimed from them by purchasers or transferees.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 2.2.7 below entitled “Deposit of Basic Entitlements into, and withdrawal from, CREST”.

2.1.3 *Excess Applications*

Qualifying Non-CREST Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Qualifying Non-CREST Shareholders wishing to apply for Excess Shares may do so by completing Boxes 5, 6, 7 and 9 of the Application Form. There is no limit on the amount of New Shares that can be applied for by Qualifying Shareholders under the Excess Application Facility, save that the maximum amount of New Shares to be allotted under the Excess Application Facility will be limited by the maximum size of Issue (as may be increased by the Directors by up to 25 per cent. to approximately £75.0 million) less the aggregate of the Firm Placed Shares, the New Shares issued under the Open Offer pursuant to Qualifying Shareholders’ Basic Entitlements and any New Shares that the Directors determine to issue under the Placing and the Offer for Subscription. The total number of Open Offer Shares is fixed and will not be increased in response to any excess applications. Applications for Excess Shares will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Non-CREST Shareholders under the Excess Application Facility will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the Applicant (at the Applicant’s risk) without interest as soon as practicable thereafter by way of cheque.

2.1.4 *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply for all or any of the Open Offer Shares to which they are entitled should complete and sign the enclosed Application Form in accordance with the instructions thereon and send or deliver it, in the reply-paid envelope provided, together with a remittance for the full amount payable, to Equiniti, either by post or by hand (during normal business hours only) to Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive as soon as possible and, in any event, so as to arrive no later than 11.00 a.m. on 11 June 2013, at which time the Open Offer will close. Application Forms received after this time will not be accepted. Applications, once made, will be irrevocable (save for any statutory withdrawal rights arising after the publication of a prospectus supplementing this document) and will not be acknowledged. Multiple applications will not be accepted.

Numis, Peel Hunt and the Company reserve the right (but shall not be obliged) to treat an Application Form as valid and binding on the person(s) by whom or for whose benefit it is lodged even if such an Application Form is not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required or which otherwise does not strictly comply with the terms and conditions of the Open Offer. Numis, Peel Hunt and the Company further reserve the right (but shall not be obliged) to accept either Application Forms and remittances received after 11.00 a.m. on 11 June 2013 but not later than 2.00 p.m. on 11 June 2013 or applications in respect of which remittances are received before 2.00 p.m. on 11 June 2013 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days. If an Application Form is sent by post, Qualifying Non-CREST Shareholders are recommended to allow at least four working days for delivery.

2.1.5 *Payments*

All payments by Qualifying Non-CREST Shareholders must be made by cheque or banker's draft in pounds sterling drawn on an account at a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man, which is either a settlement member of the Cheque and Credit Clearing Company Limited or of the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for members of either of those companies, and must bear the appropriate sort code number in the top right-hand corner. Any application which does not comply with these requirements will be treated as invalid.

Cheques or banker's drafts should be made payable to "Equiniti Limited re Primary Health Properties PLC – Open Offer a/c" and crossed "A/C Payee Only".

Any person returning an Application Form with a remittance in the form of a cheque thereby warrants that the cheque will be honoured on first presentation. If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are satisfied, the monies will be kept in a separate bank account until the conditions are fully met. In the event that the Capital Raising does not become unconditional by 8.00 a.m. on 13 June 2013 (or such later time and/or date, being not later than 8.00 a.m. on 30 June 2013, as Numis and Peel Hunt may agree), the Open Offer will lapse and all application monies will be returned (at the Applicant's sole risk) to Applicants as soon as practicable thereafter. If any cheque is not honoured on first presentation, the relevant application may be deemed to be invalid. The Placee indemnifies on an after-tax basis and hold harmless the Bookrunner and each person affiliated with the Bookrunner and any person acting on their behalf from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix 2 of the document and further agrees that the provisions of this Appendix 2 of the document shall survive after completion of the Firm Placing and the Placing.

2.1.6 *Effect of application*

All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk. By completing and delivering an Application Form, you (as the Applicant(s)):

- (a) agree with the Company, Numis and Peel Hunt that all applications under the Open Offer, and contracts resulting therefrom, and any non-constitutional obligations related thereto, shall be governed by, and construed in accordance with, the laws of England;
- (b) confirm to the Company, Numis and Peel Hunt that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and you further agree that, having had the opportunity to read this document, you will be deemed to have had notice of all the information concerning the Company contained herein (including information incorporate by reference);
- (c) confirm to the Company, Numis and Peel Hunt that no person has been authorised to give any information or make any representation concerning the Company or the Group or the New Shares (other than as contained in this document) and if given or made any such information or representation should not be relied upon as having been authorised by the Company, Numis and Peel Hunt;
- (d) represent and warrant to the Company, Numis and Peel Hunt that you are the Qualifying Shareholder originally entitled to the Basic Entitlements or, if you have received some or all of your Basic Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Basic Entitlements by virtue of a bona fide market claim;
- (e) represent and warrant to the Company, Numis and Peel Hunt that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (f) request that the Open Offer Shares to which you will become entitled be issued to you on the terms set out in this document and the Application Form and subject to the Articles;
- (g) represent and warrant to the Company, Numis and Peel Hunt that you are not, and you are not applying on behalf of any Shareholder who is, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction outside the United Kingdom and you are not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction outside the United Kingdom (in each case except where proof satisfactory to the Company, Numis and Peel Hunt has been provided to the Company that you are able to accept the invitation by the Company free of any requirement which the Company, Numis and Peel Hunt, in their absolute discretion, regard as unduly burdensome) nor are you acting on behalf of any such person on a non-discretionary basis;
- (h) represent and warrant to the Company, Numis and Peel Hunt that you are not and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986; and

- (i) confirm to the Company, Numis and Peel Hunt that in making the application you are not relying and have not relied on Numis or Peel Hunt or any person affiliated with Numis or Peel Hunt in connection with any investigation of the accuracy of any information contained in this document or your investment decision.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Please note Equiniti cannot provide financial advice on the merits of the Open Offer or as to whether you should take up your entitlement.

If you do not wish to apply for the Open Offer Shares under the Open Offer, you should take no action and should not complete or return the Application Form. You are, however, encouraged to vote at the General Meeting by completing and returning the enclosed Form of Proxy.

2.2 *If your Basic Entitlements and Excess CREST Open Offer Entitlements are credited to your stock account in CREST*

2.2.1 *General*

Subject as provided in paragraph 6 of this Appendix 2 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Basic Entitlements under the Open Offer plus an Excess CREST Open Offer Entitlement of 25 million Excess Shares (due to CREST limits on size) in order for any applications for Excess Shares to be settled through CREST. If a Qualifying Shareholder wishes to apply for more Excess Shares, such Qualifying CREST Shareholder should contact Equiniti to arrange for a further credit up to the maximum amount of New Shares to be issued under the Excess Application Facility.

Basic Entitlements to Open Offer Shares will be rounded down to the nearest whole number. Any fractional entitlements to New Shares arising will be aggregated and sold for the benefit of the Company under the Excess Application Facility and/or the Placing and/or the Offer for Subscription.

The CREST stock account to be credited will be an account under the Participant ID and Member Account ID that apply to the Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Basic Entitlements have been allocated.

If for any reason the Basic Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by 5.00 p.m. on 23 May 2013 or such later time as the Company may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess CREST Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

CREST Members who wish to apply for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Equiniti on the telephone number set out on page 21 of this document. Please note that Equiniti cannot provide financial advice on the merits of the Open offer or as to whether applicants should take up their Basic Entitlements. If you are a CREST Sponsored Member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

2.2.2 *Market claims*

The Basic Entitlements will constitute a separate security for the purposes of CREST. Although Basic Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements may only be made by the Qualifying CREST

Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim transaction. Transactions identified by the CREST claims processing unit as “cum” the Basic Entitlements will generate an appropriate market claim transaction and the relevant Basic Entitlements will thereafter be transferred accordingly.

2.2.3 *Excess applications*

Qualifying CREST Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares in excess of their Basic Entitlements. There is no limit on the amount of New Shares that can be applied for by Qualifying Shareholders under the Excess Application Facility, save that the maximum amount of New Shares to be allotted under the Excess Application Facility will be limited by the maximum size of Issue (as may be increased by the Directors by up to 25 per cent. to approximately £75.0 million) less the aggregate of the Firm Placed Shares, the New Shares issued under the Open Offer pursuant to Qualifying Shareholders’ Basic Entitlements and any New Shares that the Directors determine to issue under the Placing and the Offer for Subscription.

Excess CREST Open Offer Entitlements may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Appendix 2 in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with Excess CREST Open Offer Entitlements in order for any applications for Excess Shares to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Basic Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a bona fide market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraph 2.2.6 below and must not return a paper form and cheque.

Should a transaction be identified by the CREST claims processing unit as “cum” the Basic Entitlements and the relevant Basic Entitlements are transferred, the Excess CREST Open Offer Entitlements will not transfer with the Basic Entitlements claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more bona fide market claims, the Excess CREST Open Offer Entitlements credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that a separate USE instruction must be sent to Euroclear in respect of any application under the Excess CREST Open Offer Entitlements.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number. Any fractional Excess Shares will be aggregated and sold for the benefit of the Company.

The total number of Open Offer Shares is fixed and will not be increased in response to applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility and/or the Placing and/or the Offer for Subscription. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant’s risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

All enquiries in connection with the procedure for application to the Excess Application Facility and your Excess CREST Open Offer Entitlement should be addressed to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Equiniti can be contacted on 0871 384 2894 or, if telephoning from outside the UK, on +44 (0) 121 415 0273 between 8.30 a.m. and 5.30 p.m. Monday to Friday. Calls to the Equiniti 0871 384 2894 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Shareholder Helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Please note Equiniti cannot provide financial advice on the merits of the Capital Raising or as to whether you should take up your entitlement.

2.2.4 USE instructions

Qualifying CREST Shareholders who wish to apply for Open Offer Shares in respect of all or some of their Basic Entitlements in CREST must send (or, if they are CREST Sponsored Members, procure that their CREST Sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of Equiniti under the Participant ID and Member Account ID specified below, with Basic Entitlements corresponding to the number of Open Offer Shares applied for; and
- (b) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Equiniti in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 2.2.4(a) above.

2.2.5 Content of USE instructions in respect of Basic Entitlements

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlements being delivered to Equiniti);
- (b) the ISIN of the Basic Entitlements. This is GB00B97CBL99;
- (c) the Participant ID of the accepting CREST Member;
- (d) the Member Account ID of the accepting CREST Member from which the Basic Entitlements is to be debited;
- (e) the Participant ID of Equiniti, in its capacity as a CREST Receiving Agent. This is 2RA20;
- (f) the Member Account ID of Equiniti, in its capacity as a CREST Receiving Agent. This is RA124901;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 2.2.5(a) above;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 11 June 2013; and
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 11 June 2013.

In order to assist prompt settlement of the USE instruction, CREST Members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (a) a contact name and telephone number (in the free format shared note field); and
- (b) a priority of at least 80.

CREST Members and, in the case of CREST Sponsored Members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 11 June 2013 in order to be valid is 11.00 a.m. on that day.

In the event that the Capital Raising does not become unconditional by 8.00 a.m. on 13 June 2013 (or such later time and date as Numis and Peel Hunt shall agree, being not later than 8.00 a.m. on 30 June 2013), the Capital Raising will lapse, the Basic Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter.

2.2.6 *Content of USE instruction in respect of Excess CREST Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Open Offer Shares for which the application is being made (and hence the number of the Excess CREST Open Offer Entitlements being delivered to the Registrar);
- (b) the ISIN of the Excess CREST Open Offer Entitlements. This is GB00B97CBM07;
- (c) the CREST Participant ID of the accepting CREST Member;
- (d) the CREST Member Account ID of the accepting CREST Member from which the Excess CREST Open Offer Entitlements is to be debited;
- (e) the Participant ID of Equiniti, in its capacity as a CREST Receiving Agent. This is 2RA29;
- (f) the Member Account ID of Equiniti, in its capacity as a CREST Receiving Agent. This is RA124902;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Shares referred to in paragraph 2.2.6.(a) above; and
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 11 June 2013;
- (i) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of Excess CREST Open Offer Entitlements under the Open Offer to be valid, the USE instruction must comply with the requirement as to authentication and contents set out above and must settle on or before 11.00 a.m. on 11 June 2013.

In order to assist prompt settlement of the USE instruction, CREST Members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST Members and, in the case of CREST Sponsored Members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 11 June 2013 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlements security.

In the event that the Capital Raising does not become unconditional by 8.00 a.m. on 13 June 2013 or such later time and date as Numis and Peel Hunt shall agree, being not later than 8.00 a.m. on 30 June 2013, the Open Offer will lapse, the Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Registrar will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

2.2.7 Deposit of Basic Entitlements into, and withdrawal from, CREST

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Basic Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a bona fide market claim). Similarly, Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 11 June 2013. After depositing their Basic Entitlements into their CREST account, CREST holders will, shortly after that, receive a credit for their Excess CREST Open Offer Entitlements.

In particular, having regard to normal processing times in CREST and on the part of Equiniti, the recommended latest time for depositing an Application Form with the CCSS, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Basic Entitlements or Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 6 June 2013, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Basic Entitlements or Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 5 June 2013, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlements or Excess CREST Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlements or Excess CREST Open Offer Entitlements prior to 11.00 a.m. on 11 June 2013.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company, Numis, Peel Hunt and Equiniti by the relevant CREST Member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing Open Offer entitlements into CREST" on page 3 of the Application Form, and a declaration to the Company, Numis, Peel Hunt and Equiniti from the relevant CREST Member(s) that it/ they is/are not citizen(s) or resident(s) of any countries outside the United Kingdom and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST Member(s) is/are entitled to apply under the Open Offer by virtue of a bona fide market claim.

2.2.8 *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 11 June 2013 will constitute a valid application under the Open Offer.

2.2.9 *CREST procedures and timings*

CREST Members and (where applicable) their CREST Sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Sponsored Member, to procure that his CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 11 June 2013. In this connection CREST Members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

2.2.10 *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through Equiniti reserves the right:

- (a) to reject the application in full and refund the payment to the CREST Member in question (without interest);
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST Member in question (without interest); or
- (c) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST Member in question (without interest).

2.2.11 *Effect of valid application*

A CREST Member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (a) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Equiniti payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST Member to pay to the Company the amount payable on application);
- (b) agree with the Company, Numis and Peel Hunt that all applications under the Open Offer and contracts resulting therefrom and any non-contractual obligations related thereto shall be governed by, and construed in accordance with, the laws of England;
- (c) confirm to the Company, Numis and Peel Hunt that in making such application he is not relying on any information in relation to the Company other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such other information and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information concerning the Company contained herein (including information incorporated by reference);
- (d) represent and warrant to the Company, Numis and Peel Hunt that he is the Qualifying CREST Shareholder originally entitled to the Basic Entitlements and Excess Open Offer Entitlements or, if he has received some or all of his Basic Entitlements and

Excess Open Offer Entitlements from a person other than the Company, that he has received such Basic Entitlements and Excess Open Offer Entitlements by virtue of a bona fide market claim;

- (e) represent and warrant to the Company, Numis and Peel Hunt that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis; and
- (f) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles;
- (g) represent and warrant to the Company, Numis and Peel Hunt that he is not, and is not applying on behalf of any Shareholder, who is, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction outside the United Kingdom and he is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction outside the United Kingdom (in each case except where proof satisfactory to the Company, Numis and Peel Hunt has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which the Company or Numis or Peel Hunt (in their absolute discretion) regard as unduly burdensome), nor is he acting on behalf of any such person on a non-discretionary basis;
- (h) represent and warrant to the Company, Numis and Peel Hunt that he is not, and nor is he applying as, nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986; and
- (i) confirm to the Company, Numis and Peel Hunt that in making the application he is not relying and has not relied on Numis or Peel Hunt or any person affiliated with Numis or Peel Hunt in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

2.2.12 Company's discretion as to rejection and validity of applications

The Company, Numis and Peel Hunt may in their sole discretion:

- (a) treat as valid (and binding on the CREST Member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Appendix 2;
- (b) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (c) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which Equiniti receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Equiniti have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

- (d) accept an alternative instruction or notification from a CREST Member or CREST Sponsored Member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST Member or CREST Sponsored Member or (where applicable) CREST Sponsor, the CREST Member or CREST Sponsored Member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Equiniti in connection with CREST.

2.3 *Withdrawal rights*

Persons wishing to exercise statutory withdrawal rights pursuant to section 87Q(4) of FSMA after the publication by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal (which shall include a notice sent by any form of electronic communication) with Equiniti, by post to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be sent, not later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by the Receiving Agent after expiry of such period will not constitute a valid withdrawal.

3. **Money laundering**

3.1 *Holders of Application Forms*

The verification of identity requirements of the Money Laundering Regulations 2007 will apply and verification of the identity of the Applicant(s) for Open Offer Shares may be required. If an Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations 2007, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted in the Application Form. If the value at the Issue Price of the Open Offer Shares for which you are applying does not exceed fifteen thousand euros (€15,000) (or the sterling equivalent) (and is not one of a series of linked applications, the aggregate value of which exceeds that amount), you will not be required to satisfy the verification of identity requirements described below. However, if such a value exceeds that amount, then failure to provide the necessary evidence of identity may result in your application being treated as invalid or in delaying acceptance of your application. In order to avoid this, all payments should be made by means of a cheque drawn by the person named in the Application Form (or one of such persons). If this is not practicable and you use a cheque drawn by a third party (for example, a building society cheque or banker's draft), you should:

- (a) write the name, address and date of birth of the person named on the Application Form (or one of such persons) on the back of the cheque, building society cheque or banker's draft;
- (b) if a building society cheque or banker's draft is used, ask the building society or bank to endorse the name and account number of the person whose building society or bank account is being debited on the cheque or banker's draft; and
- (c) if you are making the application as agent for one or more persons, indicate on the Application Form whether you are a UK or EC regulated person or institution (e.g. a bank or broker) and specify your status. If you are not a UK or EC regulated person or institution, you should contact Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

If you deliver your Application Form personally by hand, you should ensure that you have with you evidence of your identity bearing your photograph (e.g. your passport). In any event, if it appears to Equiniti that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting may be required. In relation to any application in respect of which the necessary verification of the identity of the

Applicant or the person on whose behalf the Applicant appears to be acting has not been received on or before 11.00 a.m. on 11 June 2013 the Company may, in their absolute discretion, elect to treat the relevant application as invalid and/or delay the allotment of the relevant number of Open Offer Shares until the necessary verification has been provided. If an Application Form is treated as invalid the money paid in respect of the application will be returned (at the Applicants' risk and without interest).

By lodging an Application Form, each Qualifying Shareholder undertakes to provide such evidence of its identity at the time of lodging the Application Form or, at the absolute discretion of the Company, Numis and Peel Hunt, at such specified time thereafter as may be requested to ensure compliance with the Money Laundering Regulations 2007.

Equiniti is entitled, in its absolute discretion, to determine whether verification of identity requirements apply to any Applicant and whether such requirements have been satisfied. Neither Equiniti, nor the Company nor Numis nor Peel Hunt shall be responsible or liable to any person for any loss or damage suffered as a result of the exercise of their discretion hereunder.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, Equiniti has not received evidence satisfactory to it as aforesaid, the Company or Numis or Peel Hunt may treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, Equiniti, Numis and Peel Hunt from the applicant that the Money Laundering Regulations 2007 will not be breached by application of such remittance.

3.2 ***Basic Entitlements and Excess CREST Open Offer Entitlements in CREST***

If you hold your Basic Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Basic Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Equiniti is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Equiniti before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to Equiniti such information as may be specified by Equiniti as being required for the purposes of the Money Laundering Regulations 2007. Pending the provision of evidence satisfactory to Equiniti as to identity, Equiniti may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

4. Settlements and dealings

The result of the Open Offer is expected to be announced on 12 June 2013. Application will be made to the London Stock Exchange and the FCA for Admission. Subject to the Capital Raising becoming unconditional in all respects (save only as to Admission), it is expected that Admission will become effective and that dealings in the New Shares will commence at 8.00 a.m. on 13 June 2013 for normal rolling settlement.

Application has been made for the Basic Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST. The conditions to such admission having already been met, the Basic Entitlements and Excess CREST Open Offer Entitlements are expected to be admitted to CREST with effect from 13 June 2013. Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 11 June 2013 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 11.00 a.m. on 11 June 2013). On this day, Equiniti will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 13 June 2013). The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

Subject to the conditions of the Open Offer being satisfied or waived, all Open Offer Shares to be issued in uncertificated form are expected to be credited to the appropriate CREST stock accounts on 13 June 2013, unless the Company exercises the right to issue such Open Offer Shares in certificated form, in which case definitive certificates are expected to be despatched by post on or before 18 June 2013. No temporary documents of title will be issued. Pending despatch of definitive share certificates, transfers of the Open Offer Shares by Qualifying Non-CREST Shareholders will be certified against the share register held by Equiniti. All documents or remittances sent by or to an Applicant (or his agent as appropriate) will (in the latter case) be sent through the post and will (in both cases) be at the risk of the Applicant. Qualifying Shareholders whose Ordinary Shares are held in CREST should note that they will be sent no confirmation of the credit of the Open Offer Shares to their CREST stock account nor any other written communication by the Company in respect of the issue of the Open Offer Shares.

Notwithstanding any other provision in this document, the Company reserves the right to send you an Application Form instead of crediting the relevant stock account with Basic Entitlements and Excess CREST Open Offer Entitlements and/or to issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and systems operated by the Receiving Agent in connection with CREST.

5. Taxation

Your attention is drawn to the section headed "UK Taxation" set out in paragraph 11 of Part 7 of this document.

6. Overseas shareholders

The document has been approved by the FCA, being the competent authority in the United Kingdom, in accordance with Section 85 of FSMA.

6.1 General

The making of or acceptance of the Open Offer to or by persons who have registered addresses outside the United Kingdom, or who are resident in countries outside the United Kingdom, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to take up their rights.

It is also the responsibility of all persons (including, without limitation, custodians, nominees, agents and trustees) outside the United Kingdom wishing to take up their entitlements under the Open Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer

or other taxes due in such jurisdiction. **The comments set out in this paragraph 6.1 are intended as a general guide only and any Shareholders who are in doubt as to their position should consult their professional adviser without delay.**

No public offer of the New Shares is being made by virtue of this document or the Application Form into the United States or any other jurisdiction outside the United Kingdom in which such offer would be lawful. No action has been or will be taken by the Company, Numis, Peel Hunt or any other person to permit a public offering or distribution of this document (or any other offering or publicity materials or Application Form(s) relating to the Open Offer Shares) or the New Shares in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this document and/or any Application Form and/or the crediting of any Basic Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document and/or an Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to Shareholders with registered addresses outside the United Kingdom or their agent or intermediary, except where the Company, Numis and Peel Hunt are satisfied at their absolute discretion that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction. Neither Basic Entitlements nor Excess CREST Open Offer Entitlements will be credited to the CREST accounts of Shareholders with a registered address or resident outside the United Kingdom unless the Company, Numis and Peel Hunt are satisfied at their absolute discretion such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or receiving Basic Entitlements and/or Excess CREST Open Offer Entitlements in a stock account in CREST with a bank or financial institution in any jurisdiction other than the United Kingdom may treat the same as constituting an invitation or offer to him nor should he in any event use the Application Form unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to him or the Application Form could lawfully be used or dealt with without contravention of any registration or other legal requirements. In such circumstances, this document and the Application Form are to be treated as sent for information only and should not be copied or redistributed.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this document and/or an Application should not, in connection with the Open Offer, distribute or send the same or in or into any jurisdiction where to do so would or might contravene local security laws or regulations. If an Application Form is received by any person in any such jurisdiction, or by his agent or nominee, he must not seek to take up the Basic Entitlements referred to in the Application Form or in this document unless the Company, Numis and Peel Hunt (at their absolute discretion) determine that such actions would not violate applicable registration or other legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or an Application Form into any such jurisdictions (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 6.

Subject to paragraphs 6.2 and 6.3 below, any person (including, without limitation, agents, nominees and trustees) outside the United Kingdom wishing to accept his Basic Entitlements and the Excess CREST Open Offer Entitlements under the Open Offer must satisfy himself as to full observance of the applicable laws of any relevant jurisdiction, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such jurisdictions. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

The Company, Numis and Peel Hunt reserve the right to treat as invalid and will not be bound to allot or issue any Open Offer Shares in respect of any acceptance or purported acceptance of the offer of Open Offer Shares which:

- (a) appears to the Company or its agents to have been executed, effected or despatched from outside the United Kingdom unless the Company, Numis and Peel Hunt are satisfied that such action would not result in the contravention of any registration or other legal requirement; or
- (b) in the case of an Application Form, provides an address for delivery of the share certificates in or, in the case of a credit of Open Offer Shares in CREST, to a CREST Member or CREST Sponsored Member whose registered address would be in any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement.

The attention of Overseas Shareholders is drawn to paragraphs 6.2 and 6.3 below.

The provisions of paragraph 2 above will apply to Overseas Shareholders who are not credited with Basic Entitlements or Excess CREST Open Offer Entitlements or do not or are unable to take up Open Offer Shares provisionally credited to them because such action would result in a contravention of applicable registration or other legal or regulatory requirements. Accordingly, such Shareholders will be treated as Shareholders that have not taken up their entitlement for the purposes of paragraph 2 above.

Despite any other provision of this document or the Application Form, the Company, Numis and Peel Hunt reserve the right to permit any Shareholder to take up under the Open Offer his entitlements if the Company, Numis and Peel Hunt in their sole and absolute discretion are satisfied that the transaction in question is exempt from or not subject to the registration or other legal or regulatory requirements giving rise to the restrictions in question.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 2.1 (Qualifying Non-CREST Shareholders) and 2.2 (Qualifying CREST Shareholders) above.

Overseas Shareholders should note that all subscription monies must be in pounds sterling by cheque or banker's draft and should be drawn on a bank in the UK, made payable to ***Equiniti Limited – re: Primary Health Properties PLC – Open Offer a/c*** and crossed ***A/C payee only***.

6.2 ***Representations and warranties relating to Overseas Shareholders***

The attention of Overseas Shareholders is drawn to the representations and warranties set out in paragraphs 2.1.6 (in the case of Qualifying Non-CREST Shareholders) and 2.2.11 (in the case of Qualifying CREST Shareholders) of this Appendix 2.

6.3 ***Times and dates***

The Company shall, in agreement with Numis and Peel Hunt and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances notify the Financial Conduct Authority, and make an announcement on a Regulatory Information Service and, if appropriate, by Shareholders but Qualifying Shareholders may not receive any further written communication.

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

6.4 Further information

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

6.5 Waiver

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, Numis and Peel Hunt in their absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. Structure of Capital Raising

For technical reasons, at the conclusion of the Capital Raising, the Company will issue the Capital Raising Shares in consideration for the transfer to it by Numis and Peel Hunt (the “Newco Subscribers”) of the issued ordinary shares of Newco held by the Newco Subscribers and the entire issued redeemable preference share capital of Newco, which will result in the Company owning the entire issued share capital of Newco the only assets of which will be its cash resources. These resources will represent the net proceeds of the Capital Raising. The Company will be able to utilise this amount by redeeming the redeemable preference shares it will then hold in Newco and, during any interim period prior to redemption, by procuring that Newco lends the amount to the Company or another member of the Group. The structure of the Capital Raising is expected to have the effect of creating distributable reserves equal to the net proceeds of the Capital Raising less the par value of the Capital Raising Shares. Accordingly, by applying for New Shares in the Open Offer and submitting a valid payment in respect thereof, a Qualifying Shareholder instructs the Receiving Agent to (i) hold such payments on the Applicant’s behalf until Admission and, if Admission does not take place, to return such payment, without interest, to the Applicant, (ii) following Admission and to the extent of a successful application under the Open Offer, to apply such payment (after deduction of certain agreed fees, costs and expenses) on behalf of the Newco Subscribers solely for the purposes of acquiring preference shares in Newco and (iii) to the extent of an unsuccessful application under the Open Offer, to return the relevant payment without interest to the Applicant.

The Board may elect to implement all or part of the Capital Raising without using the structure described above if it deems it to be in the Company’s interest to do so.

8. Governing Law

The terms and conditions of the Open Offer as set out in this Appendix 2 and the Application Form shall be governed by, and construed in accordance with, English law. The Courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document and the Application Form.

By taking up their entitlements under the Open Offer in accordance with the instructions set out in this document and (where applicable) the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient form.

APPENDIX 3

TERMS AND CONDITIONS OF THE FIRM PLACING AND THE PLACING

1. Definitions

“Bookrunners”	means, in this section of the Prospectus only, Numis and/or Peel Hunt, as applicable;
“Regulation S”	means Regulation S as promulgated under the Securities Act; and
“Securities Act”	means the United States Securities Act of 1933, as amended.

2. Introduction

Participation in the Firm Placing and/or the Placing is only available to persons who are invited to participate by the Bookrunners. These terms and conditions apply to persons making an offer to subscribe for Firm Placed Shares under the Firm Placing and/or Placed Shares under the Placing. The Placee hereby agrees with the Bookrunners and the Company to be bound by these terms and conditions as being the terms and conditions upon which Firm Placed Shares will be sold under the Firm Placing and Placed Shares will be sold under the Placing (as applicable). A Placee shall, without limitation, become so bound if a Bookrunner confirms its allocation of Firm Placed Shares under the Firm Placing and/or Placed Shares under the Placing (as applicable) to such Placee.

Upon being notified of its allocation of Firm Placed Shares under the Firm Placing and/or Placed Shares under the Placing, a Placee shall, subject to the provisions of paragraph 6 of this section with respect to the Placed Shares, be contractually committed to acquire the number of Firm Placed Shares and/or Placed Shares allocated to them at the Issue Price and to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment. Dealing may not begin before any notification is made.

3. Agreement to acquire Firm Placed Shares and/or Placed Shares

Each of the Firm Placing and the Placing is conditional upon the following conditions:

- (I) the Resolutions being passed at the General Meeting;
- (II) the Placing Agreement having become unconditional in all respects save for the condition relating to Admission, and not being terminated in accordance with its terms before Admission becomes effective; and
- (III) Admission becoming effective by not later than 8.00 a.m. (London time) on 13 June 2013 (or such later time and/or date as the Company, Numis and Peel Hunt may agree (being no later than 30 June 2013) in accordance with the terms of the Placing Agreement).

Subject to the above conditions, a Placee agrees to become a Shareholder and agrees to acquire Firm Placed Shares and/or Placed Shares (as applicable) at the Issue Price. The number of Firm Placed Shares issued to such Placee under the Firm Placing and/or Placed Shares issued to such Placee under the Placing (as applicable) shall be in accordance with the arrangements described above, subject to the provisions of paragraph 6 of this section with respect to the Placed Shares.

4. Payment for Firm Placed Shares and/or Placed Shares

Each Placee undertakes to pay the Issue Price for the Firm Placed Shares and/or Placed Shares (as applicable) issued to such Placee in such manner as shall be directed by the Bookrunner. In the event of any failure by a Placee to pay as so directed by the Bookrunner, the relevant Placee shall be deemed hereby to have appointed the Bookrunner or any nominee of the Bookrunner to sell (in one or more transactions) any or all of the Firm Placed Shares and/or Placed Shares (as applicable) in respect of which

payment shall not have been made as so directed and to have agreed to indemnify on demand the Bookrunner in respect of any liability for UK stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales.

5. Representations and Warranties

By receiving this document, each Placee and, in the case of paragraph 5.15 of this section, any person confirming his agreement to subscribe for Firm Placed Shares and/or Placed Shares on behalf of a Placee or authorising the Bookrunner to notify a Placee's name to the Registrars, is deemed to acknowledge, agree, undertake, represent and warrant to each of the Bookrunners, the Registrars and the Company that:

- 5.1 the Placee has read this document in its entirety and acknowledges that its participation in the Firm Placing and/or the Placing (as applicable) shall be made solely on the terms and subject to the conditions set out in these terms and conditions, the Placing Agreement and the Articles. Such Placee agrees that these terms and conditions and the contract note issued by the Bookrunner to such Placee represents the whole and only agreement between the Placee, the Bookrunner and the Company in relation to the Placee's participation in the Firm Placing and/or the Placing (as applicable) and supersedes any previous agreement between any of such parties in relation to such participation. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these terms and conditions. Such Placee agrees that none of the Bookrunner nor any of its officers or directors will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;
- 5.2 the Placee has the power and authority to subscribe for the Placed Shares under the Placing and/or the Firm Placed Shares under the Firm Placing (as applicable) and to execute and deliver all documents necessary for such subscription;
- 5.3 neither the Bookrunner nor any person affiliated with the Bookrunner or acting on its behalf is responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by a Placee to participate in the Firm Placing and/or the Placing based on any information, representation or statement contained in this document or otherwise;
- 5.4 the Placee acknowledges that the New Shares will be admitted to the Official List, and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the FCA (collectively, the "Exchange Information"), which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that the Placee is able to obtain or access such Exchange Information without undue difficulty and is able to obtain access to such information or comparable information concerning any other publicly traded company without undue difficulty;
- 5.5 the Placee acknowledges that neither of the Bookrunner, nor any person affiliated with the Bookrunner, nor any person acting on its behalf is making any recommendations to it or advising it regarding the suitability or merits of any transaction it may enter into in connection with the Firm Placing and/or the Placing, and that participation in the Firm Placing and/or the Placing is on the basis that it is not and will not be a client of the Bookrunner for the purposes of the Firm Placing and/or the Placing (as applicable) and the Placee acknowledges that neither the Bookrunner, nor any person affiliated with the Bookrunner, nor any person acting on its behalf has any duties or responsibilities to the Placee for providing the protections afforded to its clients or for providing advice in relation to the Firm Placing and/or the Placing or in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or for the exercise or performance of any of the Bookrunner's rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;

- 5.6 the Placee has not relied on the Bookrunner or any person affiliated with the Bookrunner in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision and the Placee has relied on its own investigation with respect to the Firm Placed Shares and/or the Placed Shares and the Company in connection with its investment decision;
- 5.7 in agreeing to purchase Firm Placed Shares under the Firm Placing and/or Placed Shares under the Placing (as applicable), the Placee is relying on this Prospectus and/or any supplementary prospectus issued by the Company in connection with the Capital Raising (as the case may be) or any regulatory announcement that may be issued by the Company and not on any other information or representation concerning the Group, the Firm Placing, the Placing, the Firm Placed Shares or the Placed Shares;
- 5.8 save in the event of fraud on its part (and to the extent permitted by the rules of the FCA), neither the Bookrunner nor any of its directors or employees shall be liable to a Placee for any matter arising out of the role of the Bookrunner as the Company's adviser and broker or otherwise, and that where any such liability nevertheless arises as a matter of law each Placee will immediately waive any claim against the Bookrunner and any of its directors and employees which a Placee may have in respect thereof;
- 5.9 the Placee has complied with all such laws and such Placee will not infringe any applicable law as a result of such Placee's agreement to purchase Firm Placed Shares under the Firm Placing and/or Placed Shares under the Placing (as applicable) and/or acceptance thereof or any actions arising from such Placee's rights and obligations under their agreement to purchase Firm Placed Shares under the Firm Placing and/or Placed Shares under the Placing (as applicable) and/or acceptance thereof or under the Articles;
- 5.10 the Placee has accepted that its application is irrevocable and if for any reason it becomes necessary to adjust the expected timetable as set out in this Prospectus, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates. In particular, the Company shall, in agreement with Numis and Peel Hunt, be entitled to extend the last time and/or date for applications under the Firm Placing and/or the Placing, and any such extension will not affect applications already made, which will continue to be irrevocable;
- 5.11 to the fullest extent permitted by law, the Placee acknowledges and agrees to the disclaimers contained in this Prospectus and acknowledges and agrees to comply with the selling restrictions set out in this Prospectus;
- 5.12 the Ordinary Shares have not been and will not be registered under the Securities Act, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of the Excluded Territories or where to do so may contravene local securities laws or regulations;
- 5.13 the Placee is not a person located in the United States and is subscribing for New Shares only in "offshore transactions" as defined in and pursuant to Regulation S and not as a result of any "directed selling efforts" as defined in Regulation S;
- 5.14 the Placee is not a resident of the Excluded Territories or the United States and acknowledges that the Firm Placed Shares and the Placed Shares have not been and will not be registered nor will a prospectus be prepared in respect of the Firm Placed Shares and/or the Placed Shares under the securities legislation of the Excluded Territories or the United States and, subject to certain exceptions, may not be offered or sold, directly or indirectly, in or into those jurisdictions;
- 5.15 in the case of a person who confirms to the Bookrunner on behalf of a Placee an agreement to purchase Firm Placed Shares under the Firm Placing and/or Placed Shares under the Placing and/or who authorises the Bookrunner to notify such Placee's name to the Registrars, that person represents and warrants that he has authority to do so on behalf of the Placee;

- 5.16 the Placee has complied with its obligations in connection with money laundering and terrorist financing under the Criminal Justice Act 1993, the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Anti-Terrorism Crime and Security Act 2001, and the Money Laundering Regulations 2007 (the “Regulations”) and undertakes to provide satisfactory evidence of its identity within such reasonable time (in each case to be determined in the absolute discretion of the Bookrunner) to ensure compliance with the Money Laundering Regulations 2007 and that if it is making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
- 5.17 the Placee is not, and is not applying as nominee or agent for, a person to whom the issue would give rise to a liability under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Firm Placed Shares and/or the Placed Shares (as applicable) are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer Firm Placed Shares and/or Placed Shares (as applicable) into a clearing system;
- 5.18 if you are a resident in the European Economic Area, you are a “qualified investor” within the meaning of the law in the Relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive (Directive 2003/71/EC);
- 5.19 the Placee has not offered or sold and will not offer or sell any Firm Placed Shares and/or Placed Shares (as applicable) to persons in the UK prior to Admission except to “qualified investors” as defined in Article Article 2(1)(e) of the Prospectus Directive;
- 5.20 the Placee is (a) a person falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “FPO”) or (b) a person falling within Article 49(2)(a) to (d) of the FPO and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business or (c) a person to whom this document may otherwise be lawfully communicated;
- 5.21 the Placee has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Firm Placed Shares and or the Placed Shares (as applicable) in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
- 5.22 the exercise by the Bookrunner of any rights or discretions under the Placing Agreement shall be within its absolute discretion and the Bookrunner need not have any reference to any Placee and shall have no liability to any Placee whatsoever in connection with any decision to exercise or not to exercise any such right and each Placee agrees that it shall have no rights against the Bookrunner or its directors or employees under the Placing Agreement; and
- 5.23 the Placee acknowledges that any money held in an account with the Bookrunner on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA. The Placee further acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the Bookrunner’s money in accordance with the client money rules and will be used by the Bookrunner in the course of its own business; and the Placee will rank only as a general creditor of the Bookrunner.

The Placee acknowledges and understands that the Company and the Bookrunner will rely upon the truth and accuracy of the foregoing representations, warranties, agreements, acknowledgements and undertakings.

The Placee indemnifies on an after-tax basis and hold harmless the Bookrunner and each person affiliated with the Bookrunner and any person acting on their behalf from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix 3 of the document and further agrees that the provisions of this Appendix 3 of the document shall survive after completion of the Firm Placing and the Placing.

6. Scale back of the Placing Shares

The number of Placed Shares to be issued under the Placing may be scaled back at the discretion of the Directors (in consultation with the Bookrunner) in favour of:

- (i) the Excess Application Facility of the Open Offer; and/or
- (ii) the Offer for Subscription.

7. Miscellaneous

The rights and remedies of the Bookrunner, the Registrars and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, each Placee may be asked to disclose, in writing or orally to the Bookrunner:

- (I) if he is an individual, his nationality; or
- (II) if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

All documents will be sent at the Placee's risk. They may be sent by post to such Placee at an address notified to the Bookrunner.

The provisions of these terms and conditions of the Firm Placing and/or the Placing may be waived, varied or modified as regards specific Placees or on a general basis by the Bookrunner.

The contract to subscribe for Firm Placed Shares and/ or Placed Shares (as applicable) and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Bookrunner, the Company and the Registrars, each Placee irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Firm Placed Shares and/or Placed Shares (as applicable), references to a "Placee" in these terms and conditions are to each of such Placees and such joint Placees' liability is joint and several.

In addition to the provisions of paragraph 6 of this section, the Bookrunner and the Company each expressly reserve the right to modify the Firm Placing and/or the Placing (including, without limitation, its timetable and settlement) at any time before allocations of Firm Placed Shares under the Firm Placing and/or of Placed Shares under the Placing are determined.

APPENDIX 4

TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

Introduction

As explained in the letter from the Chairman set out in Part 1 of this document, the Company is proposing to raise approximately £60.0 million (approximately £58.0 million net of expenses), with the ability to increase the size of the Issue by up to 25 per cent. to approximately £75.0 million, by way of the Capital Raising. Assuming an Issue size of approximately £60.0 million, of the New Shares being issued, 7,301,587 of the New Shares will be issued through the Firm Placing and 11,746,031 of the New Shares will be issued through the Placing, Open Offer and Offer for Subscription.

This Appendix 4 and, where applicable, the accompanying Subscription Form, contain the formal terms and conditions of the Offer for Subscription. The Offer for Subscription is only being made in the UK but, subject to applicable law, the Company may allot New Shares on a private placement basis to applicants in other jurisdictions. Your attention is drawn to the letter from the Chairman in Part 1 of this document, which sets out the background to and reasons for the Capital Raising.

If you have been invited in writing by either of Numis or Peel Hunt to apply for the Offer for Subscription through CREST, your attention is drawn to paragraphs 2 to 8 of this Appendix 4. If you have not been invited in writing by either of Numis or Peel Hunt to apply for the Offer for Subscription through CREST, your attention is drawn to paragraphs 1, 3, 4, 5, 6, 7 and 8 of this Appendix 4.

The Capital Raising and the contract created under the Offer for Subscription by the acceptance of a Subscription Application (as defined below), in the case of a Subscription Applicant (as defined below), or the sending of valid USE instruction, in the case of a Selected Subscription Applicant (as defined below), will be conditional on:

- the passing of the Resolutions without amendment to be proposed at the General Meeting to be held on 12 June 2013;
- the Placing Agreement having become unconditional in all respects save for the condition relating to Admission and not being terminated in accordance with its terms before Admission occurs; and
- Admission occurring by not later than 8.00 a.m. on 13 June 2013 (or such later time and date as the Company, Numis and Peel Hunt may agree, not being later than 8.00 a.m. on 30 June 2013).

In the case of a joint application, references to you in these terms and conditions of application are to each of you, and your liability is joint and several.

The Company reserves the right to reject in whole or part or to scale back or limit any application under the Offer for Subscription.

Unless otherwise defined herein, defined terms in the Prospectus shall have the same meaning in these terms and conditions and in the notes on how to complete the Subscription Form, and:

“Overseas Applicants” means persons who apply for New Shares under the Offer for Subscription with registered addresses outside of the United Kingdom or who are citizens or residents of countries outside the United Kingdom;

“Selected Subscription Application” means an application for New Shares made by sending a USE instruction through CREST in accordance with these terms and conditions;

“Selected Subscription Applicant” means a person invited in writing by either of Numis and Peel Hunt to apply under the Offer for Subscription through CREST;

“Subscription Applicant” means a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details (Box 2A) of a Subscription Form;

“Subscription Application” means the offer made by a Subscription Applicant by completing a Subscription Form and posting (or delivering) it to the Receiving Agent as specified in the Prospectus; and

“Subscription Entitlement” means in respect of each Selected Subscription Applicant the entitlement to apply for New Shares pursuant to the Offer for Subscription.

1. Terms and conditions for all applicants other than selected subscription applicants

1.1 Procedure for application and withdrawal rights

If you are in any doubt as to the action you should take, or the contents of this document, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

1.1.1 General

(a) Application procedures

Persons wishing to apply for New Shares pursuant to the Offer for Subscription should complete and sign the enclosed Subscription Form in accordance with the instructions thereon and send or deliver it, together with a remittance for the full amount payable, to Equiniti, either by post or by hand (during normal business hours only) at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive as soon as possible and, in any event, so as to arrive no later than 11.00 a.m. on 11 June 2013, at which time the Offer for Subscription will close. Subscription Forms received after this time will not be accepted. Subscription Applications, once made, will be irrevocable (save for any statutory withdrawal rights arising after the publication of a prospectus supplementing this document) and will not be acknowledged. Multiple applications will not be accepted.

Numis, Peel Hunt and the Company reserve the right (but shall not be obliged) to treat a Subscription Form as valid and binding on the person(s) by whom or for whose benefit it is lodged even if such a Subscription Form is not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required or which otherwise does not strictly comply with the terms and conditions of the Offer for Subscription. Numis, Peel Hunt and the Company further reserve the right (but shall not be obliged) to accept either Subscription Forms and remittances received after 11.00 a.m. on 11 June 2013 but not later than 2.00 p.m. on 11 June 2013 or applications in respect of which remittances are received before 2.00 p.m. on 11 June 2013 from authorised persons (as defined in FSMA) specifying the New Shares applied for and undertaking to lodge the Subscription Form in due course but, in any event, within two Business days. If a Subscription Form is sent by post, the person applying is recommended to allow at least four working days for delivery.

(b) Payments

All payments must be made by cheque or banker's draft in pounds sterling drawn on an account at a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man, which is either a settlement member of the Cheque and Credit Clearing Company Limited or of the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for members of either of those companies, and must bear the appropriate sort code number in the top right-hand corner. Any application which does not comply with these requirements will be treated as invalid.

Cheques or banker's drafts should be made payable to *Equiniti Limited* – re: *Primary Health Properties PLC* – *Open Offer a/c* and crossed *A/C payee only*.

Any person returning a Subscription Form with a remittance in the form of a cheque thereby warrants that the cheque will be honoured on first presentation. If cheques or banker's drafts are presented for payment before the conditions of the Offer for Subscription are satisfied, the monies will be kept in a separate bank account until the conditions are fully met. In the event that the Capital Raising does not become unconditional by 8.00 a.m. on 13 June 2013 (or such later time and/or date, being not later than 8.00 a.m. on 30 June 2013, as Numis and Peel Hunt may agree), the Offer for Subscription will lapse and all application monies will be returned (at the Subscription Applicant's sole risk) to Subscription Applicants as soon as practicable thereafter. If any cheque is not honoured on first presentation, the relevant application may be deemed to be invalid. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity.

(c) Effect of application

All documents and remittances sent by post by or to a Subscription Applicant (or as the Subscription Applicant may direct) will be sent at the Subscription Applicant's own risk. By completing and delivering a Subscription Form, you (as the Subscription Applicant(s)):

- (i) agree with the Company, Numis and Peel Hunt that all applications under the Offer for Subscription, and contracts resulting therefrom, and any non-constitutional obligations related thereto, shall be governed by, and construed in accordance with, the laws of England;
- (ii) confirm to the Company, Numis and Peel Hunt that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and you further agree that, having had the opportunity to read this document, you will be deemed to have had notice of all the information concerning the Company contained herein (including information incorporate by reference);
- (iii) confirm to the Company, Numis and Peel Hunt that no person has been authorised to give any information or make any representation concerning the Company or the Group or the New Shares (other than as contained in this document) and if given or made any such information or representation should not be relied upon as having been authorised by the Company, Numis and Peel Hunt;
- (iv) represent and warrant to the Company, Numis and Peel Hunt that you have the right, power and authority, and have taken all action necessary, to make the application under the Offer for Subscription and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for New Shares or acting on behalf of any such person on a non-discretionary basis;
- (v) request that the New Shares to which you will become entitled be issued to you on the terms set out in this document and the Subscription Form and subject to the Articles;
- (vi) represent and warrant to the Company, Numis and Peel Hunt that you are not, and you are not applying on behalf of any person who is, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction outside the United Kingdom and you are not applying with a view to reoffering, reselling, transferring or delivering any of the

New Shares which are the subject of this application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction outside the United Kingdom (in each case except where proof satisfactory to the Company, Numis and Peel Hunt has been provided to the Company that you are able to accept the invitation by the Company free of any requirement which the Company, Numis and Peel Hunt, in their absolute discretion, regard as unduly burdensome) nor are you acting on behalf of any such person on a non-discretionary basis;

- (vii) represent and warrant to the Company, Numis and Peel Hunt that you are not and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986
- (viii) confirm to the Company, Numis and Peel Hunt that in making the application you are not relying and have not relied on Numis or Peel Hunt or any person affiliated with Numis or Peel Hunt in connection with any investigation of the accuracy of any information contained in this document or your investment decision;
- (ix) irrevocably authorise the Company or any person authorised by it to do all things necessary to effect registration of any New Shares subscribed by or issued to you into your name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such New Shares has been transferred and authorise any representative of the Company to execute any document required; and
- (x) warrant that, if you are an individual, you are not under the age of 18.

All enquiries in connection with the procedure for application and completion of the Subscription Form should be addressed to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Please note Equiniti cannot provide financial advice on the merits of the Offer for Subscription.

1.1.2 *Withdrawal rights*

Persons wishing to exercise statutory withdrawal rights pursuant to section 87Q(4) of FSMA after the publication by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal (which shall include a notice sent by any form of electronic communication) with Equiniti, by post to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be sent, not later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by the Receiving Agent after expiry of such period will not constitute a valid withdrawal.

2 Terms and conditions for selected subscription applicants

2.1 Procedure for application and payment

Selected Subscription Applicants should refer to the CREST Manual for further information on the CREST procedures referred to below.

2.1.1 General

Each Selected Subscription Applicant will receive a credit to its stock account in CREST of its Subscription Entitlement equal to the maximum number of New Shares for which it is entitled to apply to acquire under the Offer for Subscription and Selected Subscription Applicants may apply for any whole number of New Shares up to and including such number. Selected Subscription Applications under the Offer for Subscription will be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Selected Subscription Applicants will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the Selected Subscription Applicant (at the Selected Subscription Applicant's risk) without interest as soon as practicable by way of CREST payment or cheque if required.

The CREST stock account to be credited will be an account under the Participant ID and Member Account ID advised to Numis and Peel Hunt by the Selected Subscription Applicant prior to 3 June 2013.

If, for any reason, the Subscription Entitlements cannot be admitted to CREST by, or the stock accounts of Selected Subscription Applicants cannot be credited on 5 June 2013, or such later time and/or date as the Company may decide, Selected Subscription Applicants will be advised by Numis and Peel Hunt to apply in the Offer for Subscription using the Subscription Form attached to the Prospectus and in accordance with the "Terms and Conditions of Application under the Offer for Subscription for all Applicants other than Selected Subscription Applicants" in paragraph 1 of this Appendix 4 above.

A Subscription Entitlement may not be sold or otherwise transferred.

Selected Subscription Applicants should note that, although the Subscription Entitlements will be admitted to CREST, they will have limited settlement capabilities. The Subscription Entitlements will be neither tradable nor listed and applications may only be made by the Selected Subscription Applicants originally entitled. There will be no market claims in respect of Subscription Entitlements. Nor will it be permitted to withdraw Subscription Entitlements from CREST.

All enquiries from Selected Subscription Applicants in connection with the procedure for application of Subscription Entitlements should be addressed to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Equiniti can be contacted on 0871 384 2894 or, if telephoning from outside the UK, on +44 (0) 121 415 0273 between 8.30 a.m. and 5.30 p.m. Monday to Friday. Calls to the Equiniti 0871 384 2894 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Shareholder Helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Please note Equiniti cannot provide financial advice on the merits of the Offer for Subscription.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to send Selected Subscription Applicants a Subscription Form instead of crediting the relevant stock account with Subscription Entitlements, and to allot and/or issue any New Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

2.1.2 *USE instructions*

Selected Subscription Applicants who want to apply for New Shares must send a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of the Receiving Agent under the Participant ID and Member Account ID specified below, with a number of Subscription Entitlements corresponding to the number of New Shares applied for; and
- (b) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of New Shares referred to in 2.1.2(a) above).

2.1.3 *Content of USE instruction in respect of Subscription Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of the New Shares for which the application is being made (and hence the number of the Subscription Entitlement(s) being delivered to the Receiving Agent);
- (b) the ISIN of the Subscription Entitlement. This is GB00B99K3H16;
- (c) the CREST Participant ID of the accepting CREST member;
- (d) the CREST Member Account ID of the accepting CREST Member from which the Subscription Entitlements are to be debited;
- (e) the Participant ID of the Receiving Agent. This is 2RA34 ;
- (f) the Member Account ID of the Receiving Agent. This is RA124903 ;
- (g) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Shares referred to in 2.1.3(a) above;
- (h) the intended settlement date. This must be before 11.00 a.m. on 11 June 2013; and
- (i) the corporate action number for the Offer for Subscription. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of a Subscription Entitlement under the Offer for Subscription to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 11 June 2013.

In order to assist prompt settlement of the USE instruction, CREST members may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

Selected Subscription Applicants should note that the last time at which a USE instruction may settle on 11 June 2013 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Subscription Entitlement facility.

In the event that the Offer for Subscription does not become unconditional by 11.00 a.m. on 13 June 2013 or such later time and date as the Company and Numis and Peel Hunt may agree (being no later than 30 June 2013), the Offer for Subscription will lapse, the Subscription Entitlements admitted to CREST will be disabled and the Receiving Agent will

refund the amount paid by a Selected Subscription Applicant by way of a CREST payment, without interest, as soon as practicable thereafter (or if required by cheque). Any interest earned on such monies, will be retained for the benefit of the Company.

2.1.4 *Validity of application*

A USE instruction complying with the requirements set out in these terms and conditions of this Appendix 4 which settles by no later than 11.00 a.m. on 11 June 2013 will constitute a valid and irrevocable application under the Offer for Subscription.

2.1.5 *CREST procedures and timings*

Selected Subscription Applicants should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Offer for Subscription. It is the responsibility of the CREST Member concerned to take such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 11 June 2013. In this connection Selected Subscription Applicants are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

In addition, it should be noted that this paragraph 2 only applies to selected persons invited by Numis or Peel Hunt. Interested persons will need to have registered their interest in applying through CREST and to have been formally invited by Numis and Peel Hunt to do so by 3 June 2013 in order to allow time for the crediting of Subscription Entitlements. Persons who have not been invited by Numis and Peel Hunt but wishing to have New Shares applied for pursuant to the Offer for Subscription credited to their CREST accounts should refer to paragraph 1 of this Appendix 4 and the Subscription Form.

2.1.6 *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (a) to reject the application in full and refund the payment to the CREST Member in question (without interest);
- (b) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST Member in question (without interest); and
- (c) in the case that an excess sum is paid, to treat the application as a valid application for all the New Shares referred to in the USE instruction, refunding any unutilised sum to the CREST Member in question (without interest), save for amounts less than £5 which will be retained for the benefit of the Company.

2.1.7 *Effect of valid application*

A Selected Subscription Applicant who makes or is treated as making a valid application in accordance with the procedures set out in these terms and conditions of this Appendix 4 shall:

- (a) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Equiniti payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST Member to pay to the Company the amount payable on application);
- (b) agree with the Company, Numis and Peel Hunt that all applications under the Offer for Subscription and contracts resulting therefrom and any non-contractual obligations related thereto shall be governed by, and construed in accordance with, the laws of England;

- (c) confirm to the Company, Numis and Peel Hunt that in making such application he is not relying on any information in relation to the Company other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such other information and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information concerning the Company contained herein (including information incorporated by reference);
- (d) represent and warrant to the Company, Numis and Peel Hunt that he is the Selected Subscription Applicant originally entitled to the Subscription Entitlements;
- (e) represent and warrant to the Company, Numis and Peel Hunt that he has the right, power and authority, and has taken all action necessary, to make the application under the Offer for Subscription and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Shares or acting on behalf of any such person on a non-discretionary basis; and
- (f) request that the New Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles;
- (g) represent and warrant to the Company, Numis and Peel Hunt that he is not, and is not applying on behalf of any person, who is, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction outside the United Kingdom and he is not applying with a view to reoffering, reselling, transferring or delivering any of the New Shares which are the subject of this application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any jurisdiction outside the United Kingdom (in each case except where proof satisfactory to the Company, Numis and Peel Hunt has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which the Company or Numis or Peel Hunt (in their absolute discretion) regard as unduly burdensome), nor is he acting on behalf of any such person on a non-discretionary basis;
- (h) represent and warrant to the Company, Numis and Peel Hunt that he is not, and nor is he applying as, nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (i) confirm to the Company, Numis and Peel Hunt that in making the application he is not relying and has not relied on Numis or Peel Hunt or any person affiliated with Numis or Peel Hunt in connection with any investigation of the accuracy of any information contained in this document or his investment decision; and
- (j) irrevocably authorise the Company or any person authorised by it to do all things necessary to effect registration of any New Shares subscribed by or issued to you into your name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such New Shares has been transferred and authorise any representative of the Company to execute any document required.

2.1.8 *Company's discretion as to the rejection and validity of applications*

The Company may in its sole discretion:

- (a) treat as valid (and binding on the Selected Subscription Applicant concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in these terms and conditions of this Appendix 4;

- (b) accept an alternative properly authenticated dematerialised instruction from a Selected Subscription Applicant as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (c) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (d) accept an alternative instruction or notification from a Selected Subscription Applicant, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any Selected Subscription Applicant, the Selected Subscription Applicant is unable validly to apply for New Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

2.1.9 *Settlement*

Subscription Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 13 June 2013. If the conditions to the Offer for Subscription described above are satisfied, New Shares will be issued in uncertificated form to those persons who submitted a valid application for New Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. The stock accounts to be credited will be accounts under the same CREST Participant IDs and CREST Member Account IDs in respect of which the USE instruction was given.

Subscription Entitlements are expected to be credited to stock accounts of Selected Subscription Applicants in CREST as soon as possible after 8.00 a.m. on 13 June 2013. The latest time and date for payment in full under the Offer for Subscription and settlement of relevant CREST instructions is expected to be 11.00 a.m. on 11 June 2013 with Admission and commencement of dealings in New Shares expected to take place at 8.00 a.m. on 13 June 2013.

Selected Subscription Applicants should note that, although the Subscription Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Subscription Entitlements may only be made by the Selected Subscription Applicant originally entitled.

3. Money Laundering

3.1 *Holders of Subscription Forms*

The verification of identity requirements of the Money Laundering Regulations 2007 will apply and verification of the identity of the Subscription Applicants for New Shares may be required. If a Subscription Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations 2007, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted in the Subscription Form. If the value at the Issue Price of the New Shares for which you are applying does not exceed fifteen thousand euros (€15,000) (or the sterling equivalent) (and is not one of a series of linked applications, the aggregate value of which exceeds that amount), you will not be required to satisfy the verification of identity requirements described below. However, if such a value exceeds that amount, then failure to provide the necessary evidence of identity may result in your application being treated as invalid

or in delaying acceptance of your application. In order to avoid this, all payments should be made by means of a cheque drawn by the person named in the Subscription Form (or one of such persons). If this is not practicable and you use a cheque drawn by a third party (for example, a building society cheque or banker's draft), you should:

- (a) write the name, address and date of birth of the person named on the Subscription Form (or one of such persons) on the back of the cheque, building society cheque or banker's draft;
- (b) if a building society cheque or banker's draft is used, ask the building society or bank to endorse the name and account number of the person whose building society or bank account is being debited on the cheque or banker's draft; and
- (c) if you are making the application as agent for one or more persons, indicate on the Subscription Form whether you are a UK or EC regulated person or institution (e.g. a bank or broker) and specify your status. If you are not a UK or EC regulated person or institution, you should contact Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

If you deliver your Subscription Form personally by hand, you should ensure that you have with you evidence of your identity bearing your photograph (e.g. your passport). In any event, if it appears to Equiniti that a Subscription Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Subscription Applicant appears to be acting may be required. In relation to any application in respect of which the necessary verification of the identity of the Subscription Applicant or the person on whose behalf the Subscription Applicant appears to be acting has not been received on or before 11.00 a.m. on 11 June 2013 the Company may, in their absolute discretion, elect to treat the relevant application as invalid and/or delay the allotment of the relevant number of New Shares until the necessary verification has been provided. If a Subscription Form is treated as invalid the money paid in respect of the application will be returned (at the Subscription Applicants' risk and without interest).

By lodging a Subscription Form, each Subscription Applicant undertakes to provide such evidence of its identity at the time of lodging the Subscription Form or, at the absolute discretion of the Company, Numis and Peel Hunt, at such specified time thereafter as may be requested to ensure compliance with the Money Laundering Regulations 2007.

Equiniti is entitled, in its absolute discretion, to determine whether verification of identity requirements apply to any Subscription Applicant and whether such requirements have been satisfied. Neither Equiniti, nor the Company nor Numis nor Peel Hunt shall be responsible or liable to any person for any loss or damage suffered as a result of the exercise of their discretion hereunder.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, Equiniti has not received evidence satisfactory to it as aforesaid, the Company or Numis or Peel Hunt may treat the relevant application as invalid, in which event the monies payable on acceptance of the Offer for Subscription will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of a Subscription Form with the appropriate remittance will constitute a warranty to each of the Company, Equiniti, Numis and Peel Hunt from the applicant that the Money Laundering Regulations 2007 will not be breached by application of such remittance.

3.2 *Subscription Entitlements in CREST*

If you hold your Subscription Entitlements in CREST and apply for New Shares in respect of all or some of your Subscription Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Equiniti is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Equiniti before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Selected Subscription Applicant to provide promptly to Equiniti such information as may be specified by Equiniti as being required for the purposes of the Money Laundering Regulations 2007. Pending the provision of evidence satisfactory to Equiniti as to identity, Equiniti may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the New Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the New Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

4 Taxation

Your attention is drawn to the section headed “UK Taxation” set out in paragraph 11 of Part 7 of this document.

5 Overseas Applicants

The document has been approved by the FCA, being the competent authority in the United Kingdom, in accordance with Section 85 of FSMA.

5.1 General

The making of or acceptance of the Offer for Subscription to or by persons who have registered addresses outside the United Kingdom, or who are resident in countries outside the United Kingdom, may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to take up their rights.

It is also the responsibility of all persons (including, without limitation, custodians, nominees, agents and trustees) outside the United Kingdom wishing to take up New Shares to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. **The comments set out in this paragraph 5.1 are intended as a general guide only and any persons who are in doubt as to their position should consult their professional adviser without delay.**

No public offer of the New Shares is being made by virtue of this document or the Subscription Forms into the United States or any other jurisdiction outside the United Kingdom in which such offer would be lawful. No action has been or will be taken by the Company, Numis, Peel Hunt or any other person to permit a public offering or distribution of this document (or any other offering or publicity materials or Subscription Form(s) relating to the New Shares) or the New Shares in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this document and/or any Subscription Form will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document and/or a Subscription Form must be treated as sent for information only and should not be copied or redistributed.

No person receiving a copy of this document and/or a Subscription Form in any jurisdiction other than the United Kingdom may treat the same as constituting an invitation or offer to him nor should he in any event use the Subscription Form unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to him or the Subscription Form could lawfully be used or dealt with without contravention of any registration or other legal requirements. In such circumstances, this document and the Subscription Form are to be treated as sent for information only and should not be copied or redistributed.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this document and/or a Subscription Form should not distribute or send the same in or into any jurisdiction where to do so would or might contravene applicable security laws or regulations. If a Subscription Form is received by any person in any such jurisdiction, or by his agent or nominee, he must not seek to take up New Shares referred to in the Subscription Form or in this document unless the Company, Numis and Peel Hunt (at their absolute discretion) determine that such actions would not violate applicable registration or other legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or a Subscription Form into any such jurisdictions (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 5.

Subject to paragraphs 5.2 and 5.3 below, any person (including, without limitation, agents, nominees and trustees) outside the United Kingdom wishing to participate in the Offer for Subscription must satisfy himself as to full observance of the applicable laws of any relevant jurisdiction, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such jurisdictions. The comments set out in this paragraph 5 are intended as a general guide only and any Overseas Applicants who are in any doubt as to their position should consult their professional advisers without delay.

The Company, Numis and Peel Hunt reserve the right to treat as invalid and will not be bound to allot or issue any New Shares in respect of any acceptance or purported acceptance of the offer of New Shares which:

- (a) appears to the Company or its agents to have been executed, effected or despatched from outside the United Kingdom unless the Company, Numis and Peel Hunt are satisfied that such action would not result in the contravention of any registration or other legal requirement; or
- (b) in the case of a Subscription Form, provides an address for delivery of the share certificates in or, in the case of a credit of New Shares in CREST, to a CREST Member or CREST Sponsored Member whose registered address would be in any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement.

Despite any other provision of this document or the Subscription Form, the Company, Numis and Peel Hunt reserve the right to permit any person to take up New Shares under the Offer for Subscription if the Company, Numis and Peel Hunt in their sole and absolute discretion are satisfied that the transaction in question is exempt from or not subject to the registration or other legal or regulatory requirements giving rise to the restrictions in question.

All subscription monies must be in pounds sterling by cheque or banker's draft and should be drawn on a bank in the UK, made payable to **Equiniti – re: Primary Health Properties PLC – Offer for Subscription a/c** and crossed **A/C payee only**.

5.2 Representations and warranties relating to Overseas Applicants

The attention of Overseas Applicants is drawn to the representations and warranties set out in paragraphs 2.1.6 (NON CREST) and 2.2.11 (CREST) of this Appendix 4.

5.3 Further information

Your attention is drawn to the further information set out in this document and to the terms, conditions and other information printed on the accompanying Subscription Form.

5.4 Waiver

The provisions of this paragraph 5 and of any other terms of the Offer for Subscription relating to Overseas Applicants may be waived, varied or modified as regards specific applicants or on a general basis by the Company, Numis and Peel Hunt in their absolute discretion. Subject to this, the provisions

of this paragraph 5 supersede any terms of the Offer for Subscription inconsistent herewith. References in this paragraph 5 to Shareholders shall include references to the person or persons executing a Subscription Form and in the event of more than one person executing a Subscription Form, the provisions of this paragraph 5 shall apply to them jointly and to each of them.

6. Times and dates

The Company shall, in agreement with Numis and Peel Hunt and after consultation with its financial and legal advisers, be entitled to amend the dates that Subscription Forms are despatched or amend or extend the latest date for acceptance under the Offer for Subscription and all related dates set out in this document and in such circumstances notify the Financial Conduct Authority, and make an announcement on a Regulatory Information Service.

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Offer for Subscription specified in this document, the latest date for acceptance under the Offer for Subscription shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

If for any reason it becomes necessary to adjust the expected timetable as set out in the Prospectus, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates. In particular, the Directors have the discretion to extend the last time and/or date for Applications, and any such extension will not affect Selected Subscription Applications already made, which will continue to be irrevocable.

7. Structure of Capital Raising

For technical reasons, at the conclusion of the Capital Raising, the Company will issue the Capital Raising Shares in consideration for the transfer to it by Numis and Peel Hunt (the “Newco Subscribers”) of the issued ordinary shares of Newco held by the Newco Subscribers and the entire issued redeemable preference share capital of Newco, which will result in the Company owning the entire issued share capital of Newco the only assets of which will be its cash resources. These resources will represent the net proceeds of the Capital Raising. The Company will be able to utilise this amount by redeeming the redeemable preference shares it will then hold in Newco and, during any interim period prior to redemption, by procuring that Newco lends the amount to the Company or another member of the Group. The structure of the Capital Raising is expected to have the effect of creating distributable reserves equal to the net proceeds of the Capital Raising less the par value of the Capital Raising Shares. Accordingly, by applying for New Shares in the Offer for Subscription and submitting a valid payment in respect thereof, a subscriber instructs the Receiving Agent to (i) hold such payments on its behalf until Admission and, if Admission does not take place, to return such payment, without interest, to the Applicant, (ii) following Admission and to the extent of a successful application under the Offer for Subscription, to apply such payment (after deduction of certain agreed fees, costs and expenses) on behalf of the Newco Subscribers solely for the purposes of acquiring preference shares in Newco and (iii) to the extent of an unsuccessful application under the Offer for Subscription, to return the relevant payment without interest to the applicant.

The Board may elect to implement all or part of the Capital Raising without using the structure described above if it deems it to be in the Company’s interest to do so.

8. Governing law

The terms and conditions of the Offer for Subscription as set out in this Appendix 4 and the Subscription Form shall be governed by, and construed in accordance with, English law. The Courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offer for Subscription, this document and the Subscription Form.

Persons who take up New Shares in accordance with this Appendix 4 and the Subscription Form irrevocably submit to the jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient form.

NOTES ON HOW TO COMPLETE THE SUBSCRIPTION FORM

If you are a Qualifying shareholder you should first read the Terms and Conditions of the Open Offer in the Prospectus.

Applications should be returned so as to be received by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than 11.00 a.m. on 11 June 2013.

HELP DESK: If you have any questions relating to the completion and return of the Subscription Form, please telephone 0871 384 2894 or, if telephoning from outside the UK, on +44 (0) 121 415 0273 between 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the Equiniti 0871 384 2894 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Shareholder Helpline from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Please note Equiniti cannot provide financial advice on the merits of the Capital Raising or as to whether you should take up your entitlement.

1. Application

Fill in (in figures) in Box 1 the amount you wish to subscribe for. Applications should be for a minimum of £1,000 and thereafter in multiples of £500. Financial intermediaries who are investing on behalf of clients should make separate applications for each client.

2A. Holder details

Fill in (in block capitals) the full name and address of the first holder and the names only of any joint holders. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Subscription Form at section 3.

2B. CREST

If you wish your New Shares to be deposited in a CREST Account in the name of the holders given in section 2A, enter in section 2B the details of that CREST Account. Where it is requested that New Shares be deposited into a CREST Account please note that payment for such Shares must be made prior to the day such New Shares might be allotted and issued. It is not possible for an applicant to request that New Shares be deposited in their CREST Account on a delivery against payment basis. Any Subscription Form received containing such a request will be rejected.

3. Signature

All holders named in section 2A must sign section 3 and insert the date. The Subscription Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Subscription Form.

4. Cheque/banker's draft, payment details

Payment must be made by a cheque or banker's draft accompanying your application. Payment by cheque or banker's draft must accompany your Subscription Form and be for the exact amount entered in Box 1 of your Subscription Form. Your cheque or bankers draft must be made payable to "**Equiniti Limited re: Primary Health Properties PLC – Offer for Subscription A/C**" and crossed "**A/C Payee Only**". Third party cheques will not be accepted with the exception of building society cheques or bankers drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the

building society cheque or bankers draft to such effect. Your cheque or bankers draft must be drawn in sterling on an account at a bank branch in the UK or the Channel Islands and must bear a UK bank sort code number in the top right hand corner. No receipt will be issued.

5. Reliable introducer declaration

Applications with a value greater than fifteen thousand euros (€15,000) (or the sterling equivalent) will be subject to the United Kingdom's verification of identity requirements. This will involve you providing the verification of identity documents listed below UNLESS you can have the declaration provided at section 5 of the Subscription Form given and signed by a firm acceptable to the Company. In order to ensure your application is processed in time and efficiently all applicants are strongly advised to have the declaration provided in section 5 of the Subscription Form completed and signed by a suitable firm.

If the declaration in section 5 cannot be completed and the value of the application is greater than fifteen thousand euros (€15,000) (or the sterling equivalent), in accordance with internationally recognised standards for the prevention of money laundering, the documents listed below must be provided with the completed Subscription Form as appropriate. Notwithstanding that the declaration in section 5 has been completed and signed, the Receiving Agent and the Company reserves the right to request of you the identity documents listed below and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application may be rejected or revoked.

Where certified copies of documents are requested below, such copy documents should be certified by a senior signatory of a firm which is either a government approved bank, stockbroker, investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation, and the name of the firm should be clearly identified on each document certified.

A. For each holder being an individual enclose:

- (1) a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport, Government or Armed Forces identity card, driving licence; and
- (2) certified copies of at least two of the following documents which purport to confirm that the address given in section 2 is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill, a recent bank statement, a council rates bill, or similar document issued by a recognised authority; and
- (3) if none of the above documents show the date and place of birth of the Applicant enclose a note of such information; and
- (4) details of the name and address of their personal bankers from which the Receiving Agent may request a reference, if necessary.

B. For each holder being a company (a "Holder Company") enclose:

- (1) a certified copy of the certificate of incorporation of the holder company; and
- (2) the name and address of the holder company's principal bankers from which the Receiving Agent may request a reference, if necessary; and
- (3) a statement as to the nature of the holder company's business, signed by a director; and
- (4) a list of the names and residential addresses of each director of the holder company; and
- (5) for each director provide documents and information similar to that mentioned in A above; and
- (6) a copy of the authorised signatory list for the holder company; and

- (7) a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent, of the issued share capital of the holder company and, where a person is named, also complete C below and, if another company is named (hereinafter a “**beneficiary company**”), also complete D below.

If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

- C. For each person named in B(7) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(1) to (4)**
- D. For each beneficiary company named in B(7) as a beneficial owner of a holder company enclose:**
- (1) a certified copy of the certificate of incorporation of that beneficiary company; and
 - (2) a statement as to the nature of that beneficiary company’s business signed by a director; and
 - (3) the name and address of that beneficiary company’s principal bankers from which the Receiving Agent may request a reference, if necessary; and
 - (4) enclose a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent, of the issued share capital of that beneficiary company.
- E. If the payor is not the Applicant and is not a bank providing its own cheque or banker’s payment on the reverse of which is shown details of the account being debited with such payment (see note 4 on how to complete this form) enclose:**
- (1) if the payor is a person, for that person the documents mentioned in A(1) to (4); or
 - (2) if the payor is a company, for that company the documents mentioned in B(1) to (7); and
 - (3) an explanation of the relationship between the payor and the holder(s).

The Receiving Agent reserves the right to ask for additional documents and information.

6. Contact details

To ensure the efficient and timely processing of your Subscription Form, please provide contact details of a person that Receiving Agent may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are entered here and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

SUBSCRIPTION FORM

Instructions for Delivery of Completed Subscription Forms

Completed Subscription Forms should be returned, by post or by hand (during normal business hours only), to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, so as to be received no later than 11.00 a.m. on 11 June 2013, together in each case with payment in full in respect of the application. If you post your Subscription Form, you are recommended to use first class post and to allow at least two days for delivery. Subscription Forms received after this date may be returned.

For Office Use Only

Log No.

Important: Before completing this form, you should read the accompanying notes. If you are a qualifying shareholder you should first read terms and conditions of the open offer in the prospectus.

To: Equiniti Limited, acting as receiving agent for Primary Health Properties PLC

1. Application

I/We the person(s) detailed in section 2A below offer to subscribe the amount shown in Box 1 for New Shares subject to the Terms and Conditions set out in the Prospectus dated 22 May 2013 and subject to the memorandum of association and articles of the Company.

Box 1 Subscription monies

(minimum subscription of £1,000 and then in multiples of £500.)

2A. Details of holder(s) in whose name(s) shares will be issued (block capitals)

Mr, Mrs., Miss or Title

Forenames (in full)

Surname/Company Name:

Address (in Full)

Designation (if any)

Mr, Mrs., Miss or Title

Forenames (in full)

Surname/Company

Mr, Mrs. Miss or Title

Forenames (in full)

Surname/Company Name

Mr, Mrs., Miss or Title

Forenames (in full)

Surname/Company Name

2B. CREST details

(Only complete this section if New Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 2A).

CREST Participant ID

CREST Member Account ID

3. Signature(s) all holders must sign

First holder signature:

Name (Print)

Dated:

Third holder signature:

Name (Print)

Dated:

Second holder signature:

Name (Print)

Dated:

Fourth holder signature:

Name (Print)

Dated:

4. Cheques/banker's draft details

Pin or staple to this form your cheque or bankers draft for the exact amount shown in section 1 made payable to **“Equiniti Limited re: Primary Health Properties PLC – Offer for Subscription A/C”**. Cheques and bankers payments must be drawn in sterling on an account at a bank branch in the UK or the Channel Islands and must bear a UK bank sort code number in the top right hand corner.

5. Reliable introducer declaration

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 5 of the notes on how to complete this Subscription Form.

The declaration below may only be signed by a person or institution (such as a government approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the **“firm”**) which is itself subject in its own country to operation of “customer due diligence” and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom. Acceptable countries include Austria, Belgium, Canada, Denmark, Finland, France, Germany, Gibraltar, Greece, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, the UK and the United States of America.

Declaration: To the Company and the Receiving Agent

With reference to the holder(s) detailed in section 2A, all persons signing at section 3 and the payor identified in section 6 if not also the Applicant (collectively the **“subjects”**) WE HEREBY DECLARE:

1. we operate in one of the above mentioned countries and our firm is subject to money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in the United Kingdom;
2. we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
3. each of the subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
4. we confirm the accuracy of the names and residential/business address(es) of the holder(s) given at section 2A and if a CREST Account is cited at section 2B that the owner thereof is named in section 2A;
5. having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the New Shares mentioned; and
6. where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed

Name:

Position

having authority to bind the firm.

Name of regulatory authority.....

Firm's Licence number:

Website address or telephone number of regulatory authority: STAMP of firm giving full name and business address

6. Contact details

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the (or one of the) person(s) signing in section 3. If no details are entered here and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

