



Primary Health Properties

Convertible Bond Offering

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Primary Health Properties PLC

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News Release

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Primary Health Properties PLC Convertible Bond Offering

Primary Health Properties PLC (the "Company" or "PHP" and together with its subsidiaries, the "Group") today announces the launch of an offering (the "Offering") of approximately £75m of senior, unsecured guaranteed Convertible Bonds due 2019, subject to a greenshoe option (the "Bonds").

The Company plans to use the proceeds of the Bonds to provide funds for its portfolio growth programme. Upon issue the net proceeds will be used to repay existing revolving debt facilities within the Group so as to maximise the earnings potential that the Offering creates.

The Bonds will be issued by PHP Finance (Jersey) Limited (the "Issuer"), a wholly-owned subsidiary of the Company incorporated in Jersey, and will be guaranteed by the Company. The Bonds will be

senior and unsecured obligations of the Issuer and will be subject to a negative pledge.

The Bonds will mature in May 2019, will be issued at par and are expected to carry a coupon of between 3.75% and 4.25% per annum payable semi-annually in arrear. Subject to certain conditions, the Bonds will be convertible into preference shares of the Issuer which will be automatically and mandatorily exchangeable into fully paid ordinary shares of the Company (the "Shares"). The initial exchange price is expected to be set at a premium of between 15% and 25% above the volume weighted average price of the Shares between launch and pricing and will be subject to adjustments pursuant to the terms and conditions of the Bonds. Under the terms of the Bonds, the Company will have the right to elect to settle exercise of any conversion rights entirely in Shares, cash or with a combination of Shares and cash.

If not previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed at par in May 2019. The final terms of the Bonds are expected to be announced today and settlement is expected to take place on or about 20 May 2014 (the "Settlement Date").

It is intended that an application will be made for the Bonds to be listed on the Channel Islands Securities Exchange and admitted to trading after the Settlement Date but prior to the first interest payment date in respect of the Bonds.

ISM Capital LLP is acting as Sole Global Coordinator and Bookrunner in relation to the Offering, The Royal Bank of Scotland plc is acting as Co-Bookrunner in relation to the Offering and Peel Hunt LLP is acting as Co-Lead Manager and corporate broker to the Company (together the "Managers").

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About Primary Health Properties PLC

Primary Health Properties PLC (LSE: PHP) a UK Real Estate Investment Trust ("REIT") and the UK's leading investor leading investor in modern primary healthcare premises.

PHP was listed on AIM in 1996 and moved to the Official List of the London Stock Exchange on 5 November 1998. As at 10 April 2014, PHP owned some 262 assets with a total book value of £981 million. PHPs contracted rent roll as at 31 March 2014 totalled £59.2 million (including assets under development) and its portfolio had a Weighted Average Unexpired Lease Term of 16 years.

www.phpgroup.co.uk

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Canada, Japan or South Africa.

The Offer is addressed to, and directed in member states of the European Economic Area which have implemented the Prospectus Directive (the "Prospectus Directive") at, persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (directive 2003/71/EC, as amended) ("qualified investors"). In addition, in the United Kingdom, the Offer is directed only at qualified investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and qualified investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated under the Order (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons in the United Kingdom or qualified investors as the case may be. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons or qualified investors as the case may be.

Each of the Managers, each of which is authorised and regulated by the Financial Conduct Authority, is acting exclusively for the Company and no one else in connection with the Offering and will not be responsible to any other person for providing the protections afforded to clients of such Manager respectively or for providing advice in relation to the Offering, the Bonds or any other transaction, matter or arrangement referred to in this announcement.

Each of the Company, the Issuer, the Managers and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any statement contained in this announcement whether as a result of new information, future developments or otherwise.

Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Bonds. The value of the Bonds can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Bonds for the person concerned.

In connection with the Offering, the Managers and any of their affiliates, acting as investors for their own accounts, may subscribe for or purchase securities and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such securities and any other securities of the Company or the Issuer or related investments in connection with the Bonds or the Company,

the Issuer or otherwise. Accordingly, references to the securities being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Managers and any of their respective affiliates acting as investors for their own accounts. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

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