

# GLOSSARY OF TERMS

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

## GLOSSARY OF TERMS (CONTINUED)

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