

16 October 2024

Primary Health Properties PLC
("PHP", the "Company" or the "Group")

Q3 2024 Trading Update and Capital Markets Day

Primary Health Properties PLC, one of the UK's leading investors in modern primary healthcare facilities, publishes a trading update for the third quarter of the year to 30 September 2024 ("Q3 2024") ahead of the Group's Capital Markets Day today at 1.00 pm (2.00 pm SAST) for institutional investors and sell-side analysts.

Mark Davies, CEO of Primary Health Properties, commented:

"At today's Capital Markets Day we will focus on the significant opportunity ahead in primary care and PHP's continued dedication to dividend growth. We will be demonstrating PHP's capabilities in this regard across both the UK and Ireland and how extremely well placed the Company is to benefit from the growth drivers and political momentum we see in our sector and how this will deliver future earnings and rental growth.

"We welcome the new Government's commitment to reforming the NHS and specifically the need for increased investment in primary care which will add further resilience to the business model. As highlighted in the Lord Darzi report, the current primary care estate in the UK is not fit for purpose and there is an urgent need to provide more high-quality, multidisciplinary care in the community in modern facilities with digital infrastructure and diagnostics. In the future this will result in a shift in resources from hospitals towards primary care and community led health services that PHP has been successfully delivering for nearly 30 years.

"PHP is very well placed to capture the significant opportunity ahead and this will be the focus of our capital markets day."

Q3 2024 Trading Update

Rental growth

In the nine months to 30 September 2024 the Company generated an additional £2.7 million (Q3 2023: £3.3 million) of extra rental income from its rent review and asset management activities, both in the UK and in Ireland.

An extra £2.4 million (Q3 2023: £3.1 million) of income was generated in the nine months from 241 reviews that have been settled, representing a 7.9% increase over the previous passing rent, equivalent to 3.0% (2023: 4.4%) on an annualised like for like basis.

Importantly, the Company continues to see an improving open market value ("OMV") rent review outlook continuing the positive trend seen in recent years. The growth from rent reviews completed in the nine months to 30 September 2024, is summarised below:

	Number	Previous rent (per annum) £ million	Rent increase (per annum) £ million	Total increase %	Annualised increase %
UK - open market ¹	114	15.7	1.0	6.3	2.0
UK - indexed	109	10.5	1.0	9.8	4.5
UK - fixed	8	2.9	0.2	5.7	2.8
UK - total	231	29.1	2.2	7.5	3.0
Ireland - indexed	10	1.0	0.2	17.1	4.4
Total - all reviews	241	30.1	2.4	7.9	3.0

¹ includes 28 reviews where no uplift was achieved.

PHP remains on course to generate in excess of £3.0 million (2023: £4.0 million) of extra income from rent reviews in 2024 driven by the improving OMV review outlook, partially offset by the impact of declining inflation on indexed-linked reviews.

A further £0.3 million (Q3 2023: £0.2 million) has been generated from asset management activities where the Company has exchanged on four new projects, completed seven lease regears and six new lettings in the UK together with a further six asset management initiatives in Ireland. There is a growing momentum driven by demand for space and a strong pipeline of a further 39 asset management projects which, in addition to extending lease lengths and increasing rents, will improve the environmental performance of the buildings we own.

Investment and development

The Group continues to adopt a very disciplined approach to further investment and risk-controlled development activity, which will only take place if accretive to earnings.

Investment activity during this period has been deliberately held back but we are now seeing a range of interesting and accretive opportunities as the market adjusts to the new interest rate environment.

On the development side we legally completed and have now commenced construction of the new South Kilburn Medical Centre which is part of a large housing redevelopment in the London Borough of Brent. To ensure the viability of the project the Integrated Care Partnership and Brent Council contributed £1.0m towards the infrastructure and fit out costs for the medical centre. The project will be accretive to a yield on cost of 6.2% and a profit on cost in excess of 10%.

The management team will be commenting further at the Capital Markets Day on the growing opportunities it can see in its risk-controlled development pipeline in the UK and Ireland.

Financing

In the period, the Group positively addressed the refinancing of debt maturities falling due in 2025 and has completed a new £170 million facility with Barclays with £70 million of the proceeds from the new facility being used to repay the variable rate bond ahead of maturity in December 2025. The Group has also agreed terms with Lloyds to extend its £100 million facility for a further three years with an option to increase the size to £125 million. The new facilities have options to extend by a further year on each of the first and second anniversaries.

As at 30 September 2023 the Group's net debt stood at £1,322.7 million (30 June 2024: £1,318.5 million) and on a pro-forma basis the Loan to Value ("LTV") ratio was 48.1% (30 June 2024: 48.0%), within its target range. The Group has £301 million (30 June 2024: £308 million) of undrawn loan facilities available, net of capital commitments. 95% of the Group's debt is fixed or hedged at a weighted average cost of 3.3%.

Dividend

As previously announced, on 3 October 2024 the Company declared its fourth quarterly interim dividend of 1.725p per Ordinary Share which will be paid on 22 November 2024 to shareholders who were on the share register at the close of business on 11 October 2024. The dividend will be paid by way of a property income distribution of 1.45 pence and a normal dividend of 0.275 pence. The dividend is equivalent to 6.9p on an annualised basis and represents a 3.0% increase over the 6.7p paid in 2023.

MSCI's Highest 10-Year Risk Adjusted Total Return Award

During the period, PHP was announced as the winner of MSCI's Highest 10-Year Risk Adjusted Total Return Award for the UK in 2023 for the third year in succession. The award reflects the Group's continued operational resilience and security of its income stream which underpins its progressive dividend policy as PHP completes its 28th year of continued dividend growth.

The company also qualified for the FTSE/JSE All Share Index and the All-Property Index reflecting improved liquidity and global investor interest in PHP and good progress following the completion of the listing on the Johannesburg Stock Exchange ("JSE") just 12 months ago.

Separately, we have also achieved EPRA Gold awards for both the 2023 Annual Report and Responsible Business Report.

Capital Markets Day presentation and webcast:

An in-person Capital Markets Day presentation will be held today, 16 October 2024 at 1.00 pm (2.00 pm SAST) at the offices of Deutsche Numis, 45 Gresham Street, London EC2V 7BF. Lunch will be provided at 12.30pm ahead of the meeting.

CEO, Mark Davies, and CFO, Richard Howell, will be joined by a number of PHP's senior management team, as well as Dr Arvind Madan, Former NHS National Director of Primary Care and National Deputy Medical Director of NHS England.

Speakers will discuss the role that primary care will play in Labour's 10-year healthcare plan for radical reform and management will focus on how this is expected to improve growth prospects for PHP across its development and asset management activities along with opportunities for continued expansion in Ireland.

For those who cannot attend in person, the meeting will be accessible via live video webcast as follows:

Webcast: <https://stream.brrmedia.co.uk/broadcast/66fe702cb9b59034b9319227>

If you would like to register your interest in attending the meeting, please contact Burson Buchanan via php@buchanan.uk.com. A recording of the webcast will be made available on the PHP's website after the event, <https://www.phpgroup.co.uk/>

For further information contact:

Mark Davies
CEO
Primary Health Properties PLC
E: mark.davies@phpgroup.co.uk

Richard Howell
CFO
Primary Health Properties PLC
E: richard.howell@phpgroup.co.uk

Stephanie Whitmore/ Verity Parker/Jesse McNab
Buchanan Communications
T: +44 (0) 20 7466 5000
E: php@buchanan.uk.com

Notes to Editors

Primary Health Properties (LSE and JSE: PHP) is a leading investor in modern primary healthcare properties across the UK and Ireland. Since listing on the London Stock Exchange ("LSE") in 1998, it has created progressive returns for shareholders through a combination of rental growth and capital appreciation, generating 28 years of consecutive dividend growth.

Its primary listing is on the LSE (Equity shares (commercial companies) category) and is included on the FTSE 250 Index. It has a secondary listing on the JSE and is included in the FTSE/JSE All-Share index and All-Property index.

The Group owns and manages a £2.8 billion portfolio of 516 healthcare assets that generate strong, high quality rent roll of over £153 million. Its internal management team delivers sector leading financial management, with one of the lowest peer cost ratios. In particular PHP is positioned for growth in the emerging Irish market following its 2023 acquisition of Axis Technical Services, the Irish property management business to create Axis PHP in Ireland.

PHP's long-term leases offer unique security with c.90% of rental income directly or indirectly backed by the government, via the NHS in the UK or HSE in Ireland. Growing and ageing patient populations are placing increasing and significant pressure on the government's under-invested healthcare systems; the provision of better front line primary care offers a proven solution. The Board has a strong commitment to responsible growth and has set out a clear plan to transition operational, development and asset management activities to Net Zero Carbon by 2030.

Further information about PHP can be found here: <https://www.phpgroup.co.uk/>

Legal Entity Identifier: 213800Y5CJHXOATK7X11

Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

TSTGPGQCUUPCGUA