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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.**

**FOR IMMEDIATE RELEASE**

**03 April 2025**

### **Possible Combination of Primary Health Properties PLC and Assura plc**

#### **Summary**

Primary Health Properties PLC ("PHP") announces that it has made an indicative cash and share proposal to the Board of Assura plc ("Assura"), based on an adjusted NTA for adjusted NTA exchange ratio, pursuant to which PHP will acquire the entire issued and to be issued share capital of Assura (the "Combination").

Under the terms of the Combination, shareholders of Assura would receive for each Assura share:

**0.3848 new PHP shares**

**and**

**9.08 pence in cash**

PHP will make a mix and match facility available to Assura shareholders in order to provide flexibility by enabling them to elect to vary the proportions in which they receive new PHP shares and cash.

In addition, Assura shareholders would be able to retain the quarterly dividend of 0.84 pence per share which is due to be paid on 9 April 2025.

Based on the PHP closing share price of 94.35 pence on 2 April 2025, being the last trading date before the date of this announcement (the "Closing Price"), the 9.08 pence cash consideration would represent 20 per cent. of the total consideration. The Combination implies an initial value of 46.2 pence for each Assura share, inclusive of the Assura dividend of 0.84 pence per share due to be paid on 9 April 2025, and values Assura's entire issued and to be issued ordinary share capital at approximately £1.5 billion, representing:

- a premium of 23.5 per cent. to Assura's closing share price of 37.4 pence on 13 February 2025 (being the last business day prior to the commencement of Assura's offer period);
- a premium of 25.2 per cent. to the 1-month volume weighted average Assura share price of 36.9 pence as of 13 February 2025 (being the last business day prior to the commencement of Assura's offer period); and
- a premium of 22.2 per cent. to the 3-month volume weighted average Assura share price of 37.8 pence as of 13 February 2025 (being the last business day prior to the commencement of Assura's offer period).

Following completion of the Combination, Assura shareholders would hold approximately 48 per cent. of the combined group's issued share capital.

#### **Benefits of the Combination**

The Board of PHP believes that a combination of Assura and PHP would deliver significant strategic and financial benefits for both sets of shareholders, including:

- Creating a UK REIT of significant scale (eighth largest UK listed REIT) benefiting from increased public markets presence, greater index weighting and improved investor flows;
- Creating a specialist of greater scale in a growth sector, underpinned by critical infrastructure assets, supported by government policy placing greater focus on primary care and increasing the demand for modern healthcare facilities;
- A combined £6 billion portfolio of long-leased, sustainable infrastructure assets principally let to government tenants and leading UK providers, benefiting from increased income security, longevity, diversity of product type, geography and mix of rent review types;
- Ability to benefit from the improving rental growth outlook reflecting the significant increases in construction costs in recent years together with the historically suppressed levels of open market rental value growth in the

costs in recent years together with the historically suppressed levels of open market rental value growth in the sector;

- Significant cost and operating synergies, supporting expected earnings accretion and dividend growth for both companies, with the combined group expected to have one of the lowest EPRA Cost Ratios in the sector;
- Improved access to capital markets, both debt and equity, with potential cost of capital benefits due to enhanced scale, liquidity and diversity;
- Embedded value of the low fixed cost, long-term, debt facilities of both Assura and PHP valued at 5.5 pence per share as at 30 September 2024 and 9.4 pence per share as at 31 December 2024 respectively, which is expected to be largely retained in the Combination to the benefit of the enlarged group's shareholders;
- Enhanced ability to pursue select developments, with operational synergies; and
- "Best of both" management approach, leveraging the significant experience and expertise of the combined management team and Boards.

Furthermore, a return to a normalised price / NAV rating provides potential for significant further valuation upside. PHP has for many years traded at a premium rating compared to Assura. On a five-year average basis, PHP has traded at a 12 per cent. premium to NTA, compared to an 8 per cent. premium to NTA for Assura, and discount to NTA of 4 per cent. over a three-year period compared to 10 per cent. The Board of PHP believes that an improved rating and longer-term value can be generated through the creation of a stronger combined group with enhanced growth driven by two highly complementary property portfolios with a lower cost of capital.

## Dividends

Pursuant to the Combination, Assura shareholders would retain:

- the declared quarterly dividend of 0.84 pence per share which is due to be paid to Assura shareholders on 9 April 2025;
- the quarterly dividend expected to be paid on 9 July 2025 of no more than 0.84 pence per share; and
- further quarterly dividends, on Assura's usual timetable and at a level to be specified by PHP, up to the date any offer becomes unconditional, further details of which will be set out in any firm offer announcement.

## Financial effects of the Combination and track record

The Combination is based on an adjusted NTA to adjusted NTA ratio, taking into account the respective fair value of fixed cost debt of each company. The Combination is expected to be adjusted NTA neutral (pre-transaction costs), while providing Assura with credit for its proportionally higher embedded fair value of debt.

The Combination is expected to be earnings enhancing in the first full financial year post completion of the Combination for both companies' shareholders, taking account of PHP management's view of the annualised, run-rate synergies.

PHP has experience of successfully executing a public merger, demonstrated by the successful acquisition of MedicX PLC in 2019 with a net asset value of approximately £367 million. In this transaction, PHP disclosed £4 million of annualised cost saving synergies.

The cash consideration will be fully financed through new third-party debt for which PHP is in discussions with a number of highly reputable lenders. Following the Combination, PHP's loan to value ("LTV") ratio is expected to be initially above its target of between 40 per cent. and 50 per cent. with the expectation that the combined group's leverage would return to within the target range within 12 to 18 months of completion of the Combination. PHP is actively engaged in discussions with potential partners to reduce leverage following completion of the transaction to return to the target LTV ratio and is confident that the combined group would continue to benefit from an Investment Grade credit rating.

## Conclusion and next steps

PHP firmly believes that the Combination represents a highly compelling proposition for Assura's shareholders at a significant premium to relevant trading metrics, providing participation in the future potential value creation of the combined group and part of the consideration in cash.

The future outlook for primary care real estate is positively compelling at a time that both the UK and Irish Governments look to reform their healthcare systems using primary care as the foundation. The combined group would be extremely well placed to work with and alongside Government to deliver its plans, allowing both sets of shareholders to share in future growth.

In light of the upcoming deadline under Rule 2.6(a) of the Code on 7 April 2024, PHP is announcing the possible terms of the Combination to provide shareholders of both companies with the opportunity to make their views known regarding the attractiveness of the Combination, and to urge Assura shareholders to encourage the Board of Assura to provide PHP with an extension to the deadline.

There can be no certainty that an offer for Assura will be made. A further announcement will be made as appropriate.

## Important Code Notes

In accordance with Rule 2.6(a) of the Code, PHP is required, by not later than 5:00 pm (London time) on 7 April 2025, to either announce a firm intention to make an offer for Assura in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer for Assura, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline may only be extended with the consent of the Takeover Panel in accordance with Rule 2.6(c) of the Code.

In accordance with Rule 2.5(a) of the Code, PHP reserves the right to: (i) introduce other forms of consideration and / or vary the mix or composition of consideration of any offer; and (ii) make an offer for Assura at a lower value and/or on less favourable terms than those described in this announcement: (a) with the agreement or recommendation of

the Board of Assura; (b) if a third party announces a firm intention to make an offer for Assura; or (c) following the announcement by Assura of a Rule 9 waiver transaction pursuant to Appendix 1 of the Code or a reverse takeover (as defined in the Code). If after the date of this announcement Assura declares, makes or pays any dividend or distribution or other return of capital to its shareholders, other than (i) the previously announced quarterly dividend of 0.84 pence per Assura share due to be paid to Assura shareholders on 9 April 2025; (ii) a quarterly dividend yet to be declared but expected to be paid on 9 July 2025, provided that it does not exceed 0.84 pence per Assura share; and (iii) any other quarterly dividend paid on the usual timetable and at a level specified by PHP, up to the date any offer becomes unconditional, further details of which will be set out in any firm offer announcement, PHP reserves the right to make an equivalent reduction to terms of the Combination or an equalisation dividend to a common date.

A property portfolio valuation in respect of PHP in accordance with Rule 29 of the Code will be published when required by the Panel at the appropriate point in the course of the offer period and by no later than the date of any offer document.

#### **Enquiries:**

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CMS Cameron McKenna Nabarro Olswang LLP are retained as legal adviser to PHP.

The person responsible for arranging the release of this announcement on behalf of PHP is Toby Newman, Company Secretary.

#### **Sources of information and bases of calculation**

- Issued share capital of PHP is 1,336.5 million ordinary shares of 12.5 pence each, with no shares held in treasury
- Issued share capital of Assura is 3,250.6 million ordinary shares of 10 pence each, with no shares held in treasury
- Share price and volume weighted average share price data is derived from FactSet
- Financial information relating to PHP is extracted from the audited financial results for the year ended 31 December 2024, released on 28 February 2025
- Financial information relating to Assura is extracted from the unaudited financial results for the six months ended 30 September 2024, released on 14 November 2024
- NTA rating figures are presented to 13 February 2025 (being the last business day prior to the commencement of Assura's offer period)
- The share ratio under the Combination is based on the PHP 31 December 2024 Adjusted NTA of 105.0 pence per share plus the fair value of fixed cost debt facilities (9.4 pence / £124 million) and the Assura 30 September 2024 EPRA NTA of 49.5 pence per share plus the fair value of fixed cost facilities (5.5 pence / £179 million), multiplied by 80 per cent.
- Combined portfolio value is calculated as PHP portfolio value of £2.8 billion as at 31 December 2024, and stated in the PHP preliminary audited results released on 13 March 2025 and the Assura portfolio value of £3.2 billion as at 30 September 2024, stated in the Assura unaudited interim results released on 14 November 2024

#### **Further information**

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### ***Disclosure requirements of the Code***

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

### ***Rule 2.4 information***

In accordance with Rule 2.4(c)(iii) of the Code, PHP confirms that it is not aware of any dealings in Assura shares that would require it to offer a minimum level, or a particular form, of consideration under Rule 6 or Rule 11 of the Code. However, it has not been practicable for PHP to make enquiries of all persons acting in concert with it prior to the date of this announcement in order to confirm whether any details are required to be disclosed under Rule 2.4(c)(iii) of the Code. To the extent that any such details are identified following such enquiries, PHP will make an announcement disclosing such details as soon as practicable, and in any event by no later than the time it is required to make its Opening Position Disclosure under Rule 8.1 of the Code.

### ***Rule 2.9 information***

In accordance with Rule 2.9 of the Code, PHP confirms that, as at the close of business on 2 April 2025 (being the business day immediately prior to the date of this announcement), it had in issue 1,336,493,786 ordinary shares of 12.5 pence each. PHP does not hold any ordinary shares in treasury. The International Securities Identification Number (ISIN) of the ordinary shares is GB00BYRJ5J14.

### ***Rule 26.1 disclosure***

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at [www.phpgroup.co.uk](http://www.phpgroup.co.uk) promptly and in any event by no later than 12 noon on the business day following this announcement. The content of this website is not incorporated into and does not form part of this announcement.

#### **Profit Forecasts and Estimates**

No statement in this announcement is intended to constitute a profit forecast or profit estimate, no statement in this announcement is subject to the requirements of Rule 28 of the Code and no statement in this announcement should be interpreted to mean that the earnings or future earnings per share of or dividends or future dividends per share of PHP and/or Assura for current or future financial years will necessarily match or exceed the historical or published earnings or dividends per share of PHP or Assura, as appropriate.

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