

# Primary Health Properties PLC

Annual Results Presentation FY24

28<sup>th</sup> February 2025



## Agenda and presentation team

1. Introduction and overview
2. Financial results
3. Rental growth
4. PHP in Ireland
5. Asset management and development
6. Summary and outlook
7. Q&A

**Mark Davies**  
CEO



**Richard Howell**  
CFO



**James Buckley**  
Axis PHP Managing Director





# PHP investment case and overview



## Demographic tailwind

UK population is growing and ageing, demand for space is leading to high occupancy



## NHS policy

Significant shift to primary care which will play a key role in NHS's future plans



## Significant opportunity

50% of existing primary care premises in the UK are not fit for purpose



## Secure income

89% is paid for by the UK and Irish Governments



## Dividend

29-year track record of dividend growth currently yielding at c.7.7%



## Rental growth

Rental growth outlook set to continue



## Long income

WAULT is close to 10 years and principal occupiers take new leases of 20-30 years



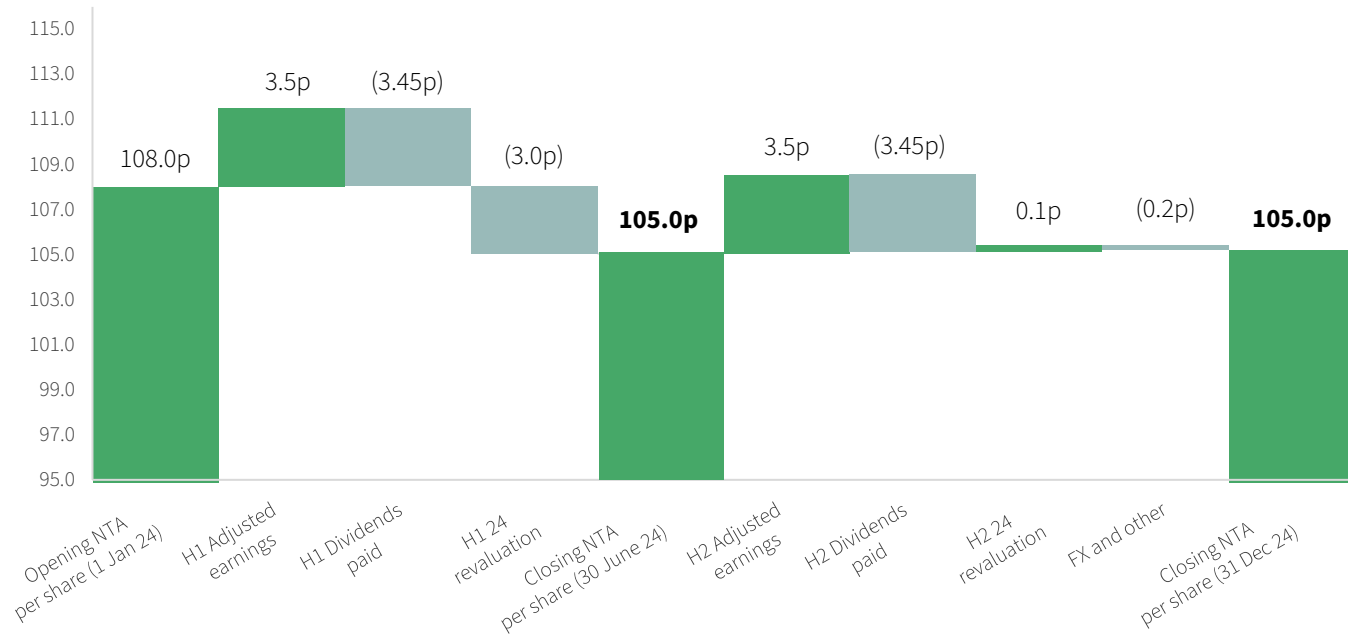
## Low costs & fixed debt

Strong control on overhead and 100% of debt fixed or hedged at a low cost of 3.4%

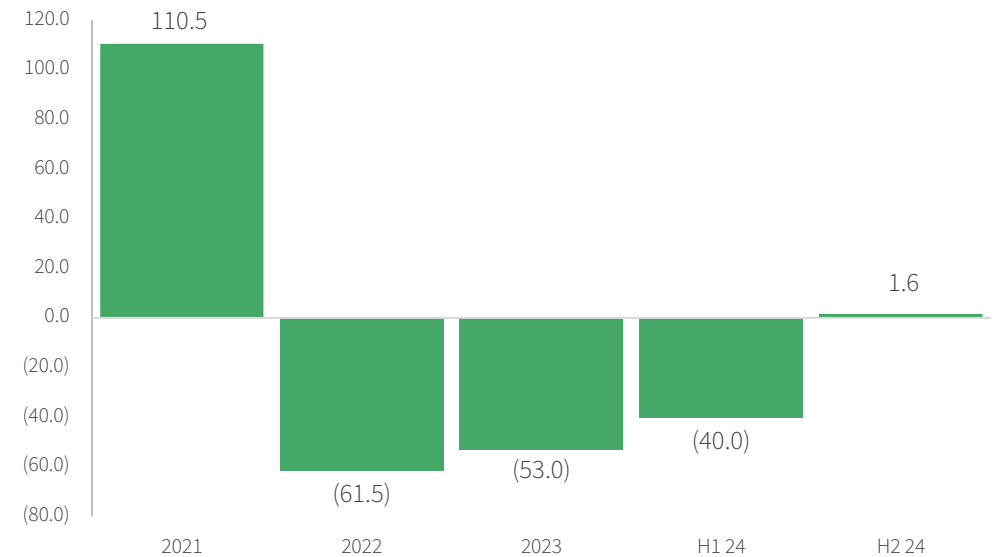
# CEO: FY24 highlights

- Solid set of results slightly ahead of market consensus
- Another year of profit and dividend growth
- Positive rental growth
- Continued disciplined approach to investment, efficiency and hands on management focused on delivering the strategy set out at the Capital Markets Day in October 2024
- Stabilisation and improvement of property valuations across the sector in the second half of the financial year

Adjusted NTA per share (pence)



Historical portfolio revaluation movement (£m)



# Acquisition in Ireland

## Laya Health and Wellbeing Clinic

- Accretive earnings yield 7.1%, fully occupied and let to Laya Healthcare Limited
- State-of-the-art health and wellbeing clinic with urgent care and diagnostics facilities
- Great relationship with the occupier who has invested €5.5 million in the building to provide a number of diagnostic and scanning services
- The recently completed investment by Laya was project managed by Axis PHP, the Group's market-leading team in Ireland
- The FRI lease has an unexpired term of just over 12 years and benefits from fixed rental uplifts in 2027 and 2032
- PHP remains committed to government backed cash flows and sees a significant opportunity ahead to grow its Irish portfolio
- This was an opportunistic acquisition at an accretive earnings yield



Laya Health and Wellbeing Clinic, Cork, Ireland

€22.0m

7.1%

# What the new 10-year plan could mean for PHP

## Fundamental changes on NHS policy anticipated with shift towards primary care

1. Hospitals to primary and community care
2. Treatment to prevention
3. Analogue to digital, with a focus on innovation

## Creating favourable momentum shift for higher demand and growth

- Modern, flexible premises will win
- Bigger, high-tech specification premises, providing a wider range of services over longer opening hours, as community assets

“

*The UK government should consider the use of private capital to fix the NHS's crumbling buildings and infrastructure...*

*....The NHS “urgently” needs more options for the renovation of its dilapidated buildings and outdated technology.*

”

**Financial Times, 13th Feb 2025**



# Financial results

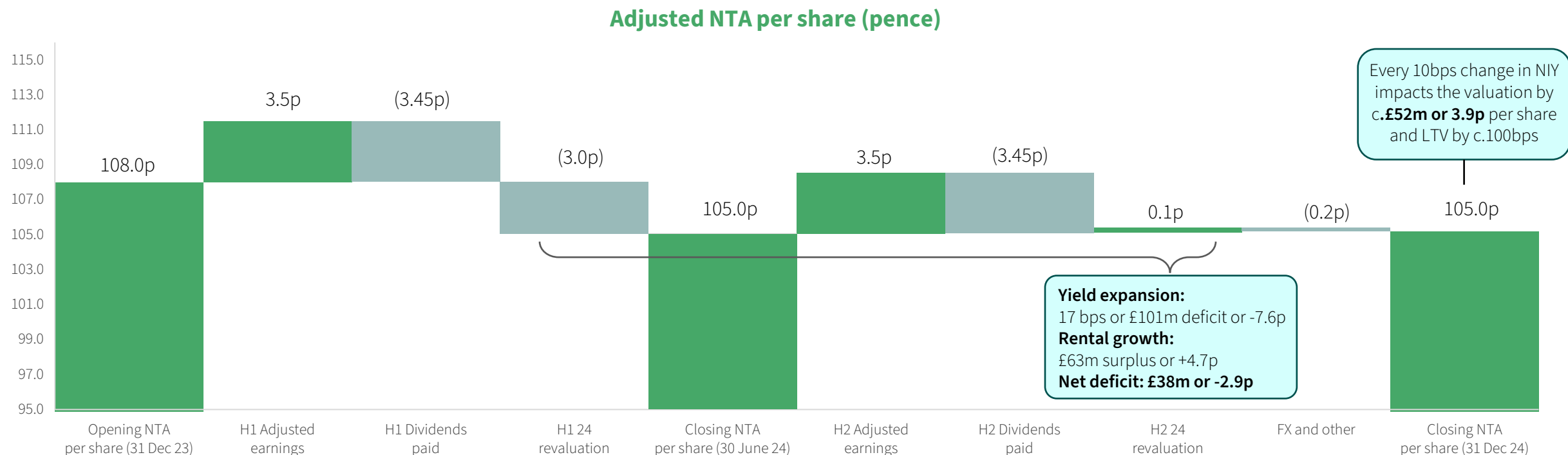


# Financial and operational highlights

Performance	31 December 2024	31 December 2023	Change
Net rental income (£m)	153.6	149.3	+2.9%
Adjusted earnings (£m)	92.9	90.7	+2.4%
Adjusted earnings per share (pence)	7.0p	6.8p	+2.9%
Dividends paid (£m)	92.1	89.5	+2.9%
Dividend cover	101%	101%	–
Dividend per share (pence)	6.9p	6.7p	+3.0%
LFL rental growth (£m)	£4.0m / +2.7%	£4.3m / +3.0%	-7.0%
Revaluation deficit (£m)	(38.4)	(53.0)	–
Position	31 December 2024	31 December 2023	Change
Investment property (£bn)	£2.750bn	£2.779bn	-1.4%
Adjusted NTA per share (pence)	105.0p	108.0p	-2.8%
Loan to value	48.1%	47.0%	+110 bps
Management	31 December 2024	31 December 2023	Change
WAULT	9.4 years	10.2 years	-0.8 years
Occupancy	99.1%	99.3%	-20 bps
EPRA cost ratio	10.1%	10.1%	No change
Average cost of debt	3.4%	3.3%	+10 bps



# Property valuation stabilising in the second half of the financial year

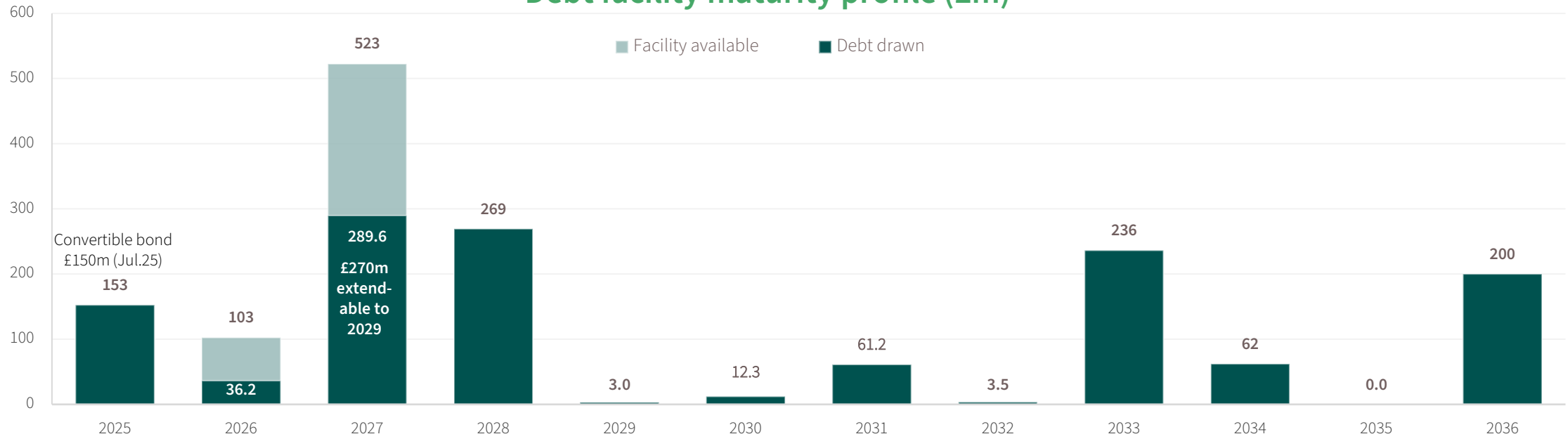


Performance	31 December 2024	30 June 2024	31 December 2023	YoY Change
Adjusted net tangible assets	<b>£1,403m</b>	£1,403m	£1,443m	-2.8%
Adjusted net tangible asset value per share	<b>105.0p</b>	105.0p	108.0p	-2.8%
Net initial yield	<b>5.22%</b>	5.18%	5.05%	+17bps
LFL ERV Growth	<b>3.2%</b>	1.7% (6 months)	2.5%	+70 bps

# Delivering financial management

- **£271m** undrawn headroom after capital commitments available to deal with future refinancings
- **£200m nominal fixed at 3.0%** for two years until January 2027 increasing proportion of Group debt fixed or hedged to 100%
- **£170m** term and RCF facility with Barclays used to refinance £70m variable bond maturing in Dec.25 with c.90 bps saving in margin
- **£100m** Lloyds RCF with an extra £25m accordion option for three-year term with options to extend at the first and second anniversary of new facility
- **£100m** HSBC RCF extended by a further year to December 2027
- **£50m** Santander RCF extend by a further year to January 2026 with option to extend by one more year

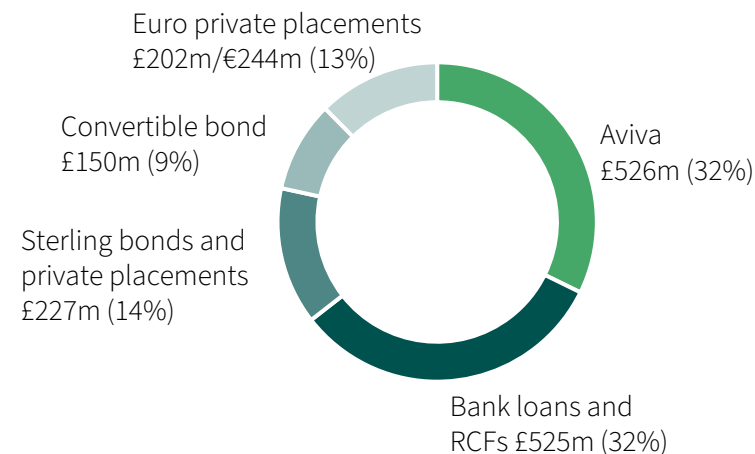
## Debt facility maturity profile (£m)



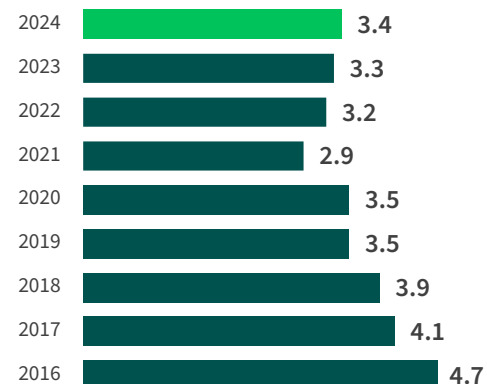
# Debt summary

- Total debt facilities of £1.63bn (91% secured / 9% unsecured)
- Net debt drawn £1.32bn
- **£271m** undrawn headroom after capital commitments and post period end transactions
- **100%** of net debt fixed or capped with broad and diverse range of lending partners
- Group LTV **48.1%** (2023: 47.0%)
- Long weighted average debt maturity of **5.7** years
- Average cost of debt **3.4%** (2023: 3.3%)
- Average cost of debt forecast to rise to 3.6% following repayment of convertible bond in July 2025
- Loan to value covenant headroom of £1.0bn or 38% decline in values across Group and 8.0% implied NIY
- Net debt/EBITDA 9.3x (2023: 9.4x)

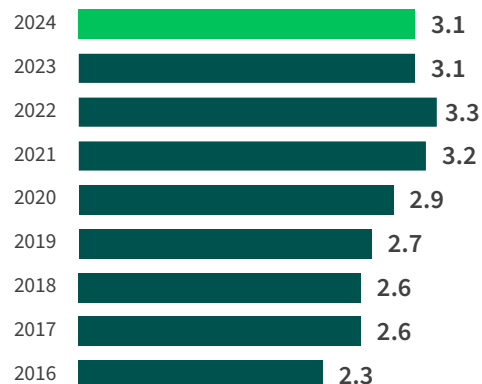
## Broad range of lending partners



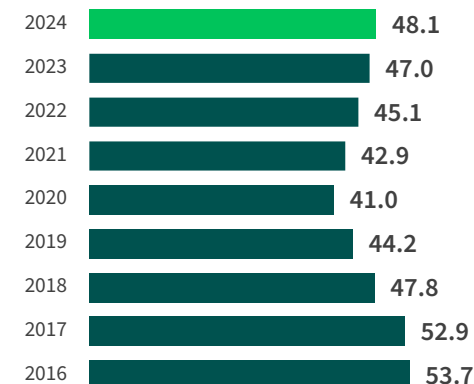
### Cost of Debt 3.4%



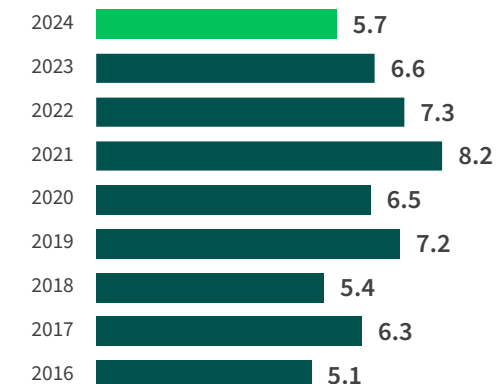
### Interest Cover Ratio 3.1X



### Loan to Value Ratio 48.1%



### Debt Maturity 5.7 Years





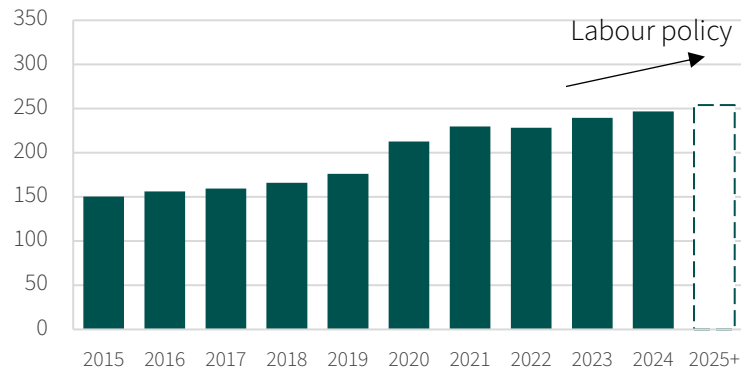
# Growth drivers – rental growth



# Drivers of rental growth supported by favourable Government policies

## Increased spend on the NHS

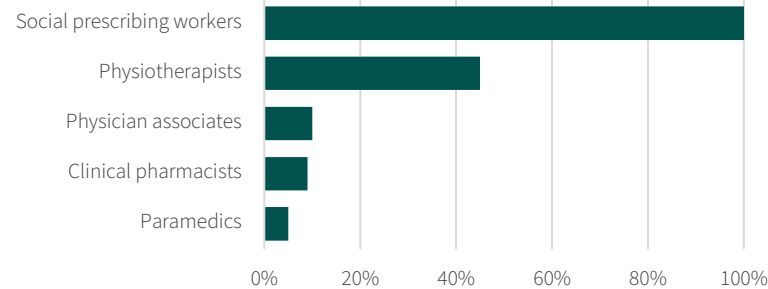
Healthcare expenditure, £bn



- £22bn increase announced in the budget
- Shift from hospital to community
- Benefiting the primary care sector

## Sickness to prevention

% increase in number of staff from Jun-19



- Focus on preventive health
- Emphasis on preventive care and early intervention
- Encourages more resources to be allocated to primary care services

## Analogue to digital

The King's Fund's suggestions for digitally enabled care in the local community:

Leverage diagnostic investigation in community settings

Adoption of AR technology in training

Utilise robotics and 3D printing in the front line

***“The reality of, and potential for, digitally enabled care in the community“ August 2024***

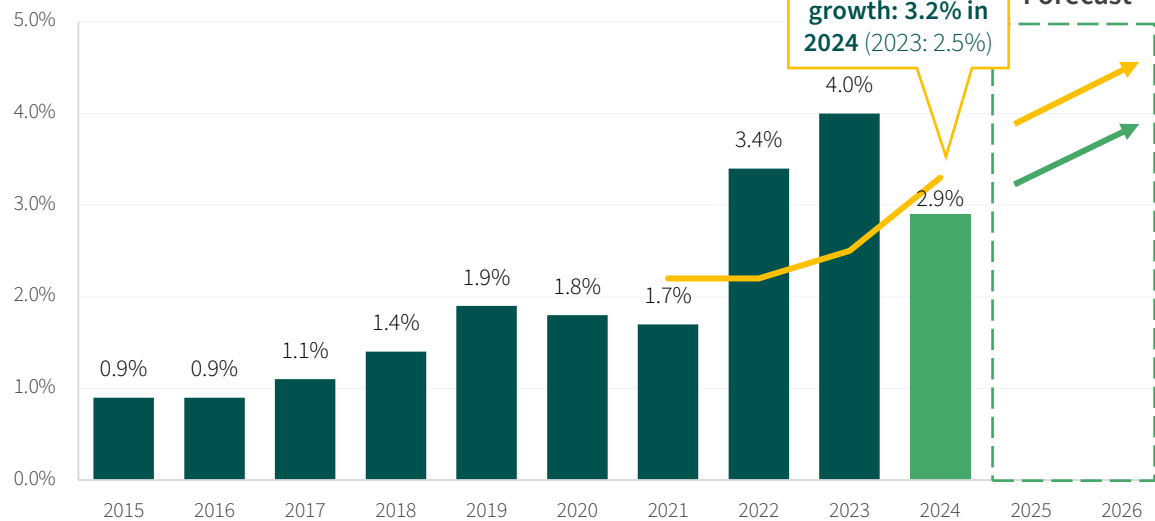
- Future NHS spend will be allocated differently
- Reallocation of expenditure and investment from secondary to primary care

PHP is well positioned with a high-quality portfolio with growing demand for space, underpinned by the team's knowledge and skills

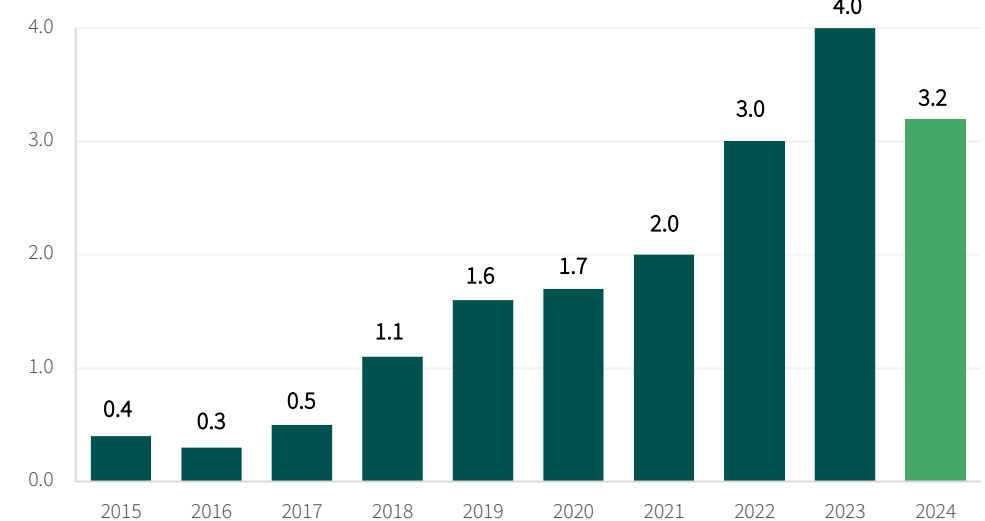
# Rent reviews – improving open market rental growth outlook

- Effectively upward only rent roll in UK
- **£3.2m** additional rent in 2024 from rent reviews, **7.7%** increase over previous rent
- Total weighted average rental growth: **2.9%** p.a.
- 68% reviewed to open market (ave. **1.9%** p.a.), most reviews settled relate to 2021 – 2022
- 27% index linked (ave. **4.6%** p.a.), 25% of UK indexed reviews include caps and collars, typically between 6-12% over a 3-year review cycle
- 5% on fixed uplift (ave. **2.8%** p.a.)
- Ireland – 100% index linked (ave. **3.9%** p.a.)

Rental growth history



Additional income from rent reviews (£m)



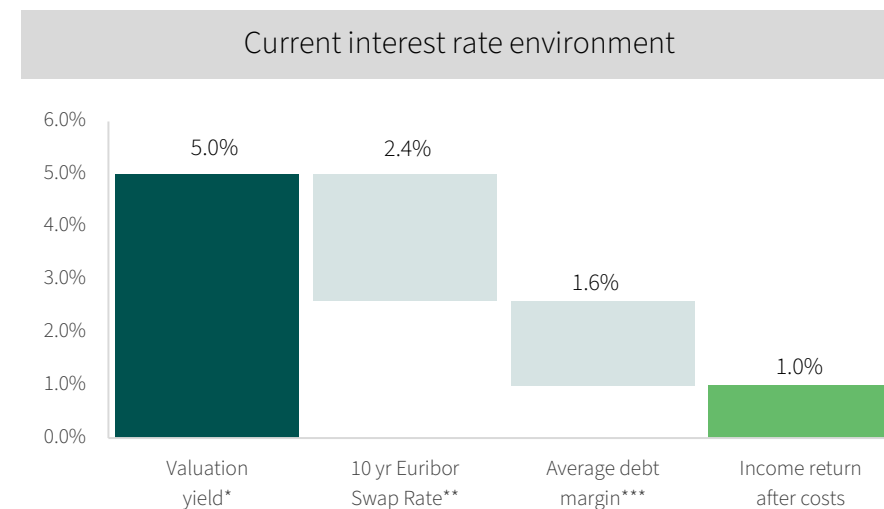
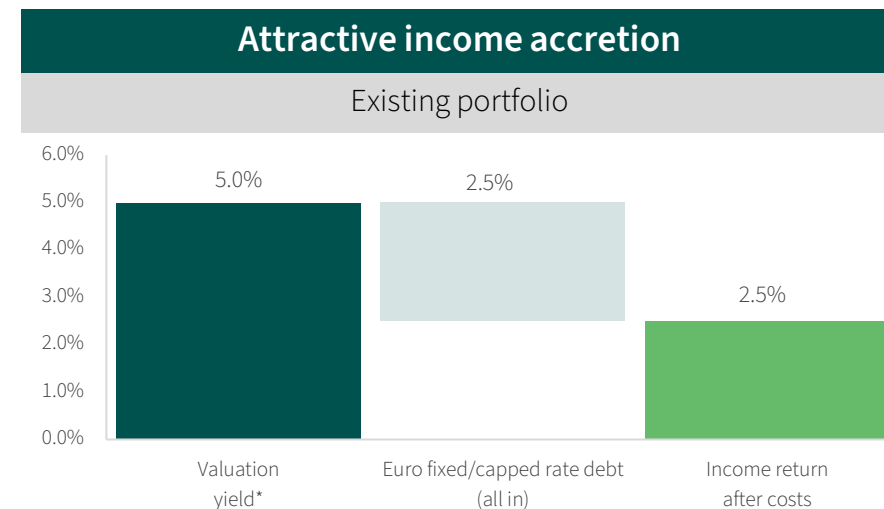
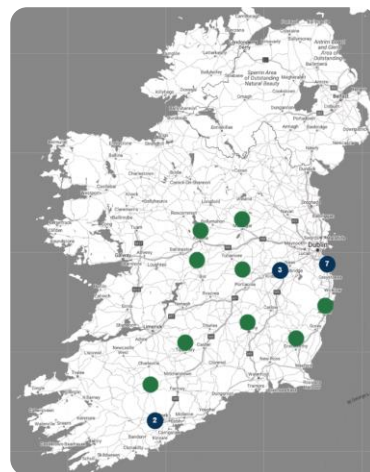


# Growth drivers – Ireland



# PHP in Ireland

- **Growing and ageing population:** 5.38 million people growing to 6+ million by 2050
- **Government support:** programme to modernise healthcare in Ireland and establish a network of 350 purpose-built primary care centres (c.160 operational) with healthcare budgets and demand for services under pressure
- **PHP one of the largest investors in Ireland:** portfolio comprises 22 assets, valued at £275m (€330m) with a large average lot size of £12.5m (€15m)
- **Strategic acquisition of Axis PHP** gives permanent presence in Ireland to source new opportunities
- Target: grow portfolio to around **€500m or c.15%** of total group portfolio
- Pipeline £63m (c.€75m) across three projects
- **Irish rent roll** €18.5m with 73% let directly to Health Service Executive or government agencies with long leases (WAULT: 18 years). All rents linked to Irish CPI capped at 25% over 5 years



\* PHP portfolio valuation yield 31 December 2024 (as proxy for purchases)

\*\* Sourced from Chatham Financial – 19 February 2025

\*\*\* Company incremental margin on debt facilities



# Axis PHP

- Provides a permanent presence on the ground in Ireland, further strengthening our position as we seek out new investment, development and asset management opportunities
- Property manager looking after 30 commercial properties located across Ireland focused on healthcare, pharmaceuticals and distribution; providing facilities management and fit-out services
- Strong, long-term partner with all their clients, including the Health Service Executive (“HSE”)
- Extensive healthcare relationships through understanding of issues, compliance and reporting requirements
- 27 people providing national coverage, mobile technicians, helpdesk, on-site concierge, digitalised maintenance management systems and extensive reliable subcontractor network
- Partner of choice to various entities for fit-out projects of completed buildings demonstrated at the acquisition of Laya Healthcare, Cork
- Extensive technical expertise in healthcare and diagnostic facilities





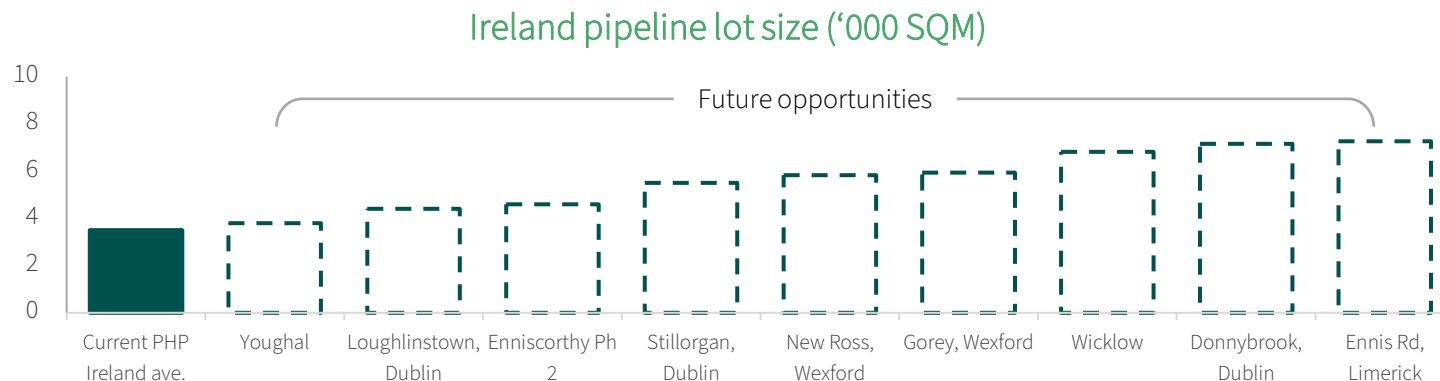
# Ireland – source of future growth

## Attractive property fundamentals

- 25+ year lease with the HSE
- Larger lot size, increased rent with yield and valuation improvements
- CPI rent reviews
- Modern building stock – “A” Energy rated

## Favourable market conditions

- Euro area interest rates falling
- Solid pipeline of development opportunities
- HSE retender process – 50+ locations – scale typically increased
- 3-year period of inactivity – rents uneconomic but expected to increase by 20-30% for brand new space in 2025





# Growth drivers – asset management and risk controlled development





# Asset management – South Petherton

## South Petherton Medical Centre, Somerset

- Community medical centre situated adjacent to South Petherton Community hospital
- Expansion space created to meet demand
- Hub site for South Somerset West PCN services
- Capex of £0.3m delivered a yield on cost of 9%
- Importantly the new rent of £230 psm (+ 18%) compares to £195 psm on existing spaces providing positive rental evidence for the future
- Good relationship with local ICB who is working with us to replicate further asset management initiatives in this region





# Asset management – Rosyth

## Primrose Lane Medical Centre, Fife

- Primrose Lane Medical Centre is a 2000 purpose-built primary care facility located in Rosyth, 3 miles north of the Forth Bridge and 16 miles northwest of Edinburgh city centre
- Repurposed void unit and underutilised space to create new clinical wing as well as refurbishing existing GP accommodation and improving environmental rating
- Medical centre set up to provide continuing GMS services and accommodate Community Treatment and Care Services (CTAC) provided by Fife Health and Social Care Partnership (HSCP) to the local population
- Capex £0.8m delivered a yield on cost of 5.4% with profit on cost >10%
- The new rent breaks back to an FRI rate of £194 psm as compared to the existing £165 psm generating an uplift of 17%, £42,000 of additional new rent and strong regional evidence to drive future rental growth
- New 25-year FRI lease – previous lease had <2 years unexpired



# Asset management – Leeds

## East Park Medical Centre, Leeds

- GP and Dental Practices expansion in Leeds health facility through reconfiguration, refurbishment and lease renewal and letting of expansion space
- Multi tenant medical centre; occupied by a GP Practice, Dental Surgery and Pharmacy
- Expansion requirements of both the GP and Dental practices to meet demand incorporating a void. Providing a fully occupied building
- Through reconfiguration and expansion, the clinical accommodation has been increased by over 55%
- The scheme is designed to achieve BREEAM Very Good and improving the EPC to B rating
- Capex of £0.8m delivered a yield on cost of >6%
- Works commenced February 2025 due to complete Q3 2025
- New 25-year lease to the GP practice who were previously holding over



# Risk controlled development

- Short-cycle and de-risked development activity: Adding high quality assets, capturing attractive development margins and supporting ESG commitments
- Direct developments: Advanced pipeline of one further project being progressed and rents being renegotiated
- Irish forward funded developments: Three projects in pipeline with a total cost of £63m/c.€75m

## Forward funded development

### Youghal Primary Care Centre, Ireland

Tenants:

- HSE
- GP's

Start on site: Q3 2025  
 PC date: Q4 2026  
 GDV: €15m (£12.5m)  
 Size: 3,800 sqm  
 No. of GP's: 3  
 Patients: N/A  
 WAULT: 25 years  
 Rent Review: Irish CPI  
 BER rating: A3  
 Net Zero Carbon: N/A



## Forward funded development

### Enniscorthy Enhanced Community Care Centre, Ireland

Tenants:

- HSE
- TUSLA

Start on site: Q1 2026  
 PC date: Q2 2027  
 GDV: €20m (£16.7m)  
 Size: 4,600 sqm  
 No. of GP's: N/A  
 Patients: N/A  
 WAULT: 25 years  
 Rent Review: Irish CPI  
 BER rating: A3  
 Net Zero Carbon: N/A



## Forward funded development

### Donnybrook Primary Care Centre, Ireland

Tenants:

- HSE / TUSLA
- GP's

Start on site: Q1 2026  
 PC date: Q2 2027  
 GDV: €40m (£33.3m)  
 Size: 7,100 sqm  
 No. of GP's: 4  
 Patients: N/A  
 WAULT: 25 years  
 Rent Review: Irish CPI  
 BER rating: A3  
 Net Zero Carbon: N/A



## Direct development (on site)

### Peel Precinct Health Centre, South Kilburn

Tenants:

- GP Practice

Start on site: Q3 2024  
 PC date: Q2 2025  
 Cost: £4.3m  
 Size: 809 sqm  
 No. of GP's: 3  
 Patients: 9,000 rising to 14,000  
 WAULT: 25 years  
 Rent Review: OMV  
 BREEAM rating: Excellent  
 Net Zero Carbon: Yes (fit-out)





# Summary and outlook



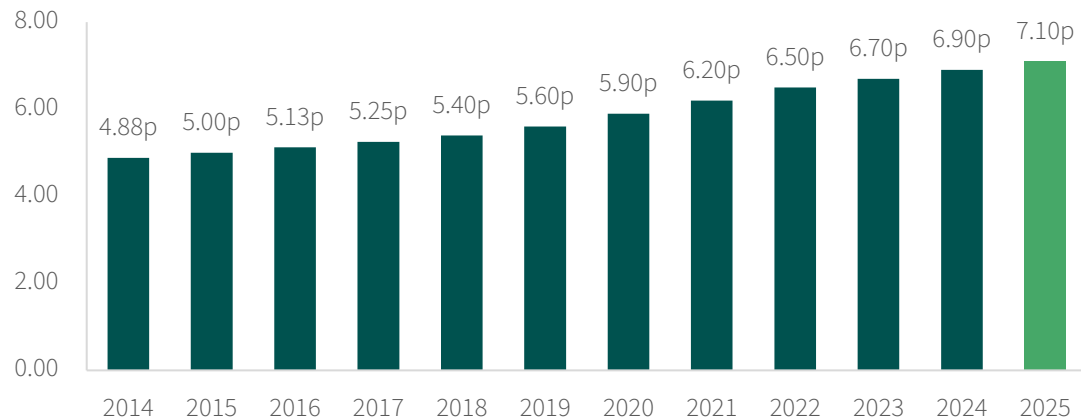


# Significant opportunity ahead as a focused primary care property business

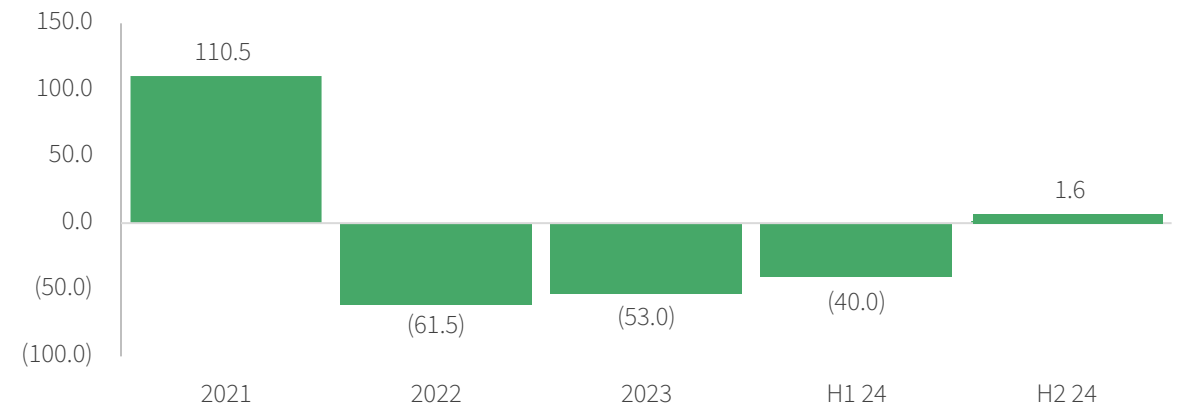
## Strategic direction

- Our long-term goal remains to be the leading owner, manager and developer of primary care property
- Government-backed secure income will remain at the core of our business model
- We will increase the scale of our portfolio in the UK and Ireland and look at other health care markets where there are growing healthcare infrastructure needs
- We can increase our income in a capital light way through asset management, rent reviews, development and joint ventures
- Our target annual rental growth rate is 3% but positive demographic and policy tailwinds could enable us to outperform this scenario

### Historic dividend progression (p)



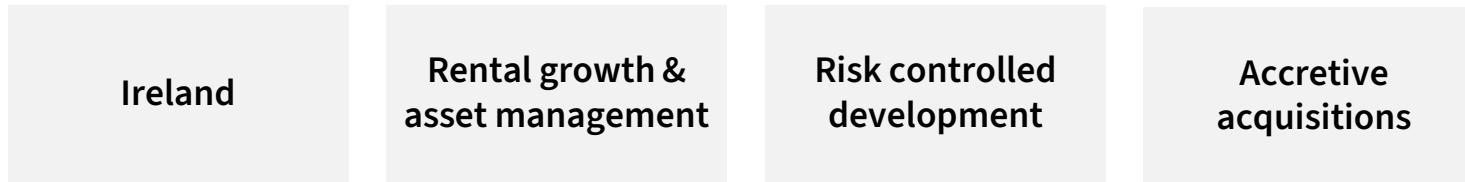
### Historic portfolio revaluation movement (£m)



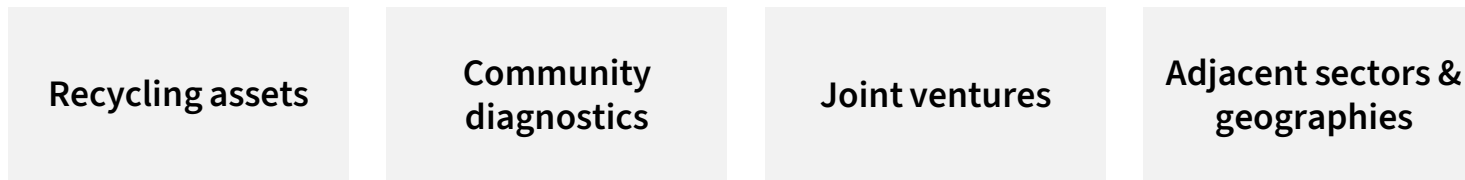
# Summary and outlook

- Solid set of results – earnings and dividend growth plus values stabilising
- Growth opportunities particularly in Ireland, supported by improving rental growth, asset management and developments in the UK
- Supportive government and NHS policy
- Resilience of the business model
- Dividend is sacrosanct and earnings growth will drive strategic decisions and future capital allocation

## Current opportunities:



## Future opportunities:



**Mark Davies**  
CEO



# Appendices



# PHP's property portfolio overview

	31 December 2024	Rent expiry profile	
		£m	%
Total number of properties	516	7.8	5.1
Including properties in Ireland	21		
Investment portfolio value (£m)	2,750	15.8	10.3
Floor area (000's sqm / 000's sq. ft.)	712 / 7,668	19.3	12.5
Capital value (£ per sqm / £ per sq. ft.)	3,861 / 359	49.0	31.8
Contracted rent roll (£m)	153.9	30.3	19.7
Average rent (£ per sqm / £ per sq. ft.)	216 / 20	19.1	12.4
Net initial yield (NIY) – UK / Ireland	5.2% / 5.0%	12.6	8.2
Average lot size (£m)	5.3		
Average WAULT (years)	9.4		
Occupancy	99.1%		
Government backed rent	89%		
		<b>153.9</b>	<b>100%</b>

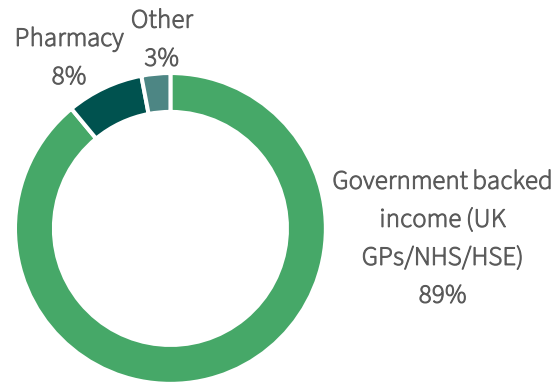
Capital value	Number	Value (£m)	%
> £10m	58	886	32
£5m - £10m	124	839	31
£3m - £5m	172	681	25
£1m - £3m	156	339	12
< £1m (incl. land £1.3m)	6	5	0
<b>Total</b>	<b>516</b>	<b>2,750</b>	<b>100</b>

1. 70%+ agreed terms or advanced discussions to renew

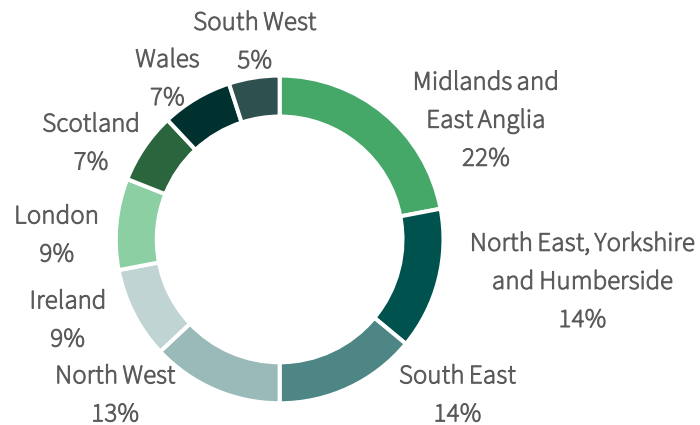


# PHP's property portfolio overview

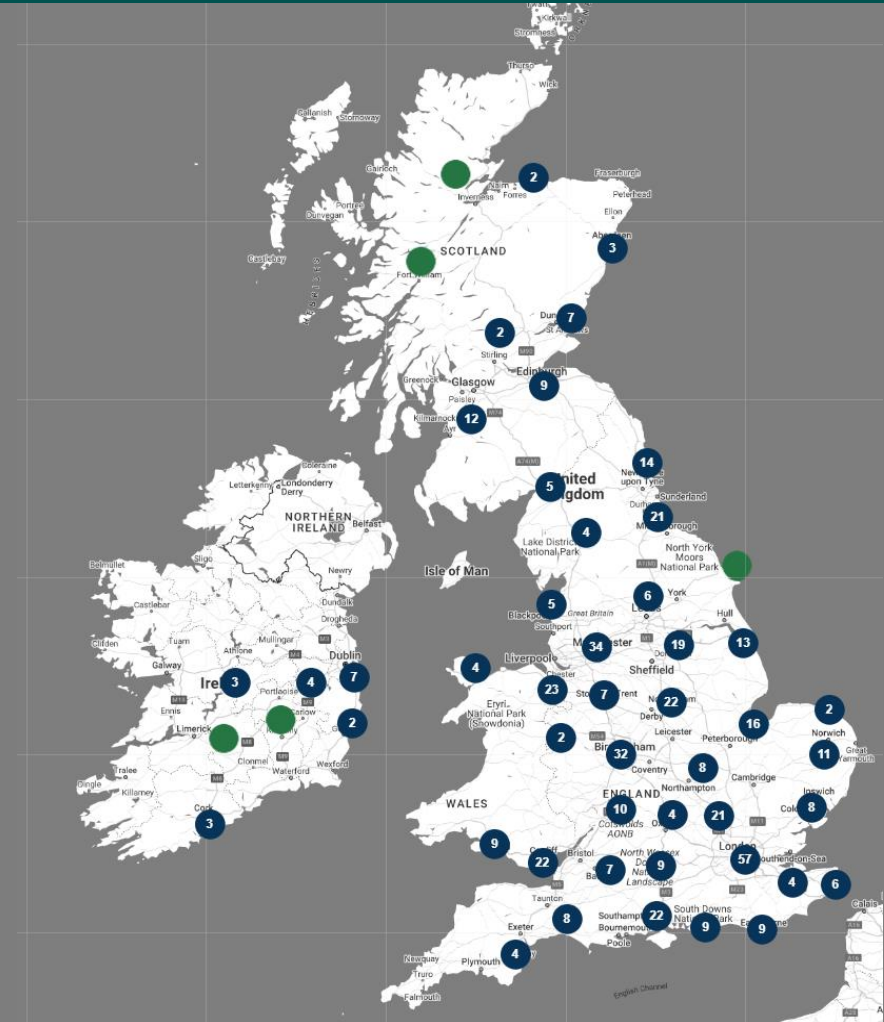
## Covenant exposure by rent (£154 million)



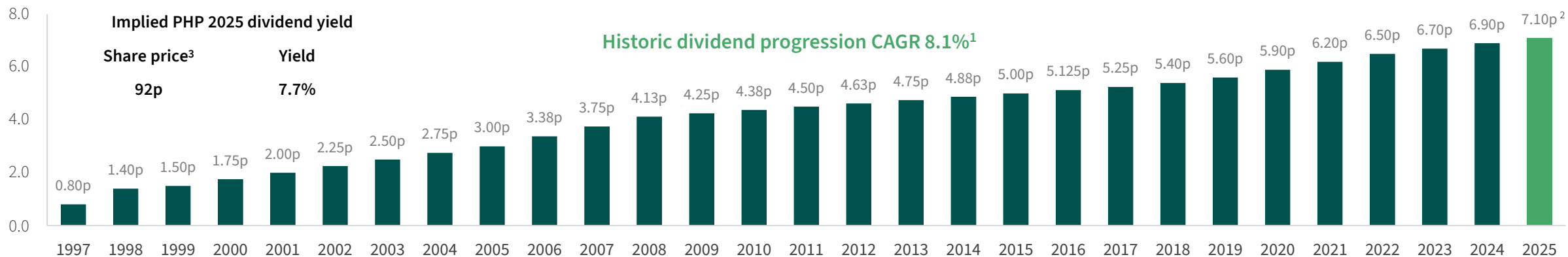
## Geographical spread by value (£2.75 billion)



## 516 Assets, inc. 21 in Ireland, with over 99% occupancy



# 29th year of consecutive growth and sector outperformance



## Historic dividend cover



## Strong relative returns and disciplined approach to investment<sup>4</sup>

Year	Total property returns %			Revaluation movement (£m)	
	PHP	Assura	MSCI UK	PHP	Assura
2024	4.2%	n/a	6.5%	(38.4)	n/a
H1 2024	1.4%	3.2%	2.2%		25.4
2023	3.5%	0.4%	(0.5%)	(53.0)	(130.5)
2022	2.8%	(2.6%)	(10.4%)	(61.5)	(215.2)
2021	9.5%	7.1%	20.0%	110.5	69.7
2020	7.4%	6.4%	(0.8%)	51.4	42.5
2019	7.7%	5.3%	2.2%	49.8	11.4
2018	8.0%	5.9%	7.3%	36.1	20.2
2017	10.8%	9.7%	11.0%	64.5	79.1
				159.4	(97.4)

1. CAGR: 1997 to 2025

2. 7.1p is based on Q1 2025 dividend of 1.775p paid per share annualised and is illustrative only

3. Share price is the closing mid-market price on 27 February 2025

4. Total property returns for PHP and MSCI UK relate to the years ended 31 December; Assura relate to the years ended 31 March

# Robust rent review results

## Drivers of future rental growth

- Typically 3-yearly review cycle
- Building cost inflation
- Completion of historic rent reviews
- Increased development activity
- Replacement cost
- Building regulations and specification creep
- Reducing the NHS carbon footprint
- £2.7m or 5.5% uplift expected on 326 open market value reviews triggered to date with ERV of £51.5m
- Further 274 reviews still to be actioned

2024	Open market rent reviews completed		Number of outstanding reviews (current rent)	
	No.	% p.a.	No.	£m
Reviews relating to calendar years:	No.	% p.a.	No.	£m
<=2019	18	2.0	39	5.8
2020	16	2.4	28	4.6
2021	43	2.1	61	8.6
2022	42	2.5	124	18.2
2023	20	2.1	142	21.5
2024	1	3.0	206	30.1
Open market increases	140	2.2	600	88.8
Nil increases	35	0.0		
Total open market reviews	175	1.9		

## Outstanding Reviews Focused by Region



# Income statement

	2024 £m	2023 £m	Change
Net rental income	153.6	149.3	+2.9%
Axis PHP contribution net of overheads	1.2	1.1	+9.1%
Administrative expenses	(12.1)	(11.6)	+4.3%
<b>Operating profit before revaluation and net financing costs</b>	<b>142.7</b>	138.8	+2.8%
Net financing costs	(49.8)	(48.1)	+3.5%
<b>Adjusted earnings</b>	<b>92.9</b>	90.7	+2.4%
Revaluation deficit on property portfolio	(38.4)	(53.0)	-
Fair value loss on interest rate derivatives and convertible bond	(7.6)	(13.2)	-
Amortisation of MedicX debt MtM at acquisition	3.0	3.0	-
Exceptional item – early termination cost on refinancing variable rate bond	(2.0)	-	-
Axis PHP amortisation of intangible asset	(0.9)	(0.9)	-
Axis PHP and JSE listing costs	-	(0.5)	-
<b>IFRS profit before tax</b>	<b>47.0</b>	26.1	+80.0%
<b>Adjusted earnings per share</b>	<b>7.0p</b>	6.8p	+2.9%
IFRS earnings per share	3.1p	2.0p	+55.0%



# Balance sheet

	2024 £m	2023 £m
Investment properties	2,753	2,779
Cash	4	3
Debt	(1,327)	(1,310)
<b>Net debt</b>	<b>(1,323)</b>	<b>(1,307)</b>
Other net current liabilities	(27)	(29)
<b>Adjusted net tangible assets (NTA)</b>	<b>1,403</b>	<b>1,443</b>
Convertible bond fair value adjustment	2	3
Axis PHP intangible asset (amortised value)	5	6
Fixed rate debt and interest rate derivatives MtM	(25)	(24)
Deferred tax	(9)	(4)
<b>IFRS net assets</b>	<b>1,376</b>	<b>1,424</b>
Fixed rate debt and swap MtM adjustment	149	132
<b>EPRA NDV (NNNAV)</b>	<b>1,525</b>	<b>1,556</b>
Loan to value	48.1%	47.0%
Adjusted NTA per share (pence)	105.0p	108.0p
IFRS NTA per share (pence)	103.0p	106.5p
EPRA NDV per share (pence)	114.1p	116.4p
Numbers of shares (millions)	1,336.5	1,336.5

# Spread of funding sources

	Unsecured Facilities <sup>1</sup>	Secured Facilities <sup>3</sup>							
Provider	Convertible bond	Santander	Barclays	RBS <sup>1</sup>	HSBC	Lloyds	Secured bond	Standard Life	Aviva
Tenor	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet
Expiry	Jul-2025	Jan-2026	Oct-2027	Oct-2026	Dec-2027	Oct-2027	Mar-2027	Sept-2028	Nov-2028
Facility	£150m	£50m	£170m	£100m	£100m	£100m	£100m	£77m	£75m
Drawn	£150m	£24m	£105m	£34m	£39m	£19m	£100m	£77m	£75m
Collateral <sup>2</sup>	-	£98m	£313m	£193m	£179m	£180m	£165m	£122m	£147m
Contracted rent	-	£6m	£17m	£11m	£10m	£10m	£9m	£6m	£8m
LTV Max	-	60%	60%	55%	67%	65%	70%	74%	65%
LTV actual	-	25%	34%	17%	22%	10%	61%	64%	51%
ICR Min	-	1.75x	1.5x	1.5x	1.75x	1.75x	1.15x	1.15x	1.6x
ICR actual	-	3.4x	2.5x	4.8x	3.8x	8.3x	3.2x	2.3x	3.5x
Valuation fall to breach	-	£58m	£138m	£132m	£122m	£152m	£22m	£17m	£32m
Income fall to breach	-	£3m	£5m	£7m	£5m	£8m	£6m	£3m	£5m

1. Excludes unsecured £5m overdraft facility
2. Includes only assets mortgaged to the applicable facility
3. All data as at 31 December 2024

## Spread of funding sources (continued)

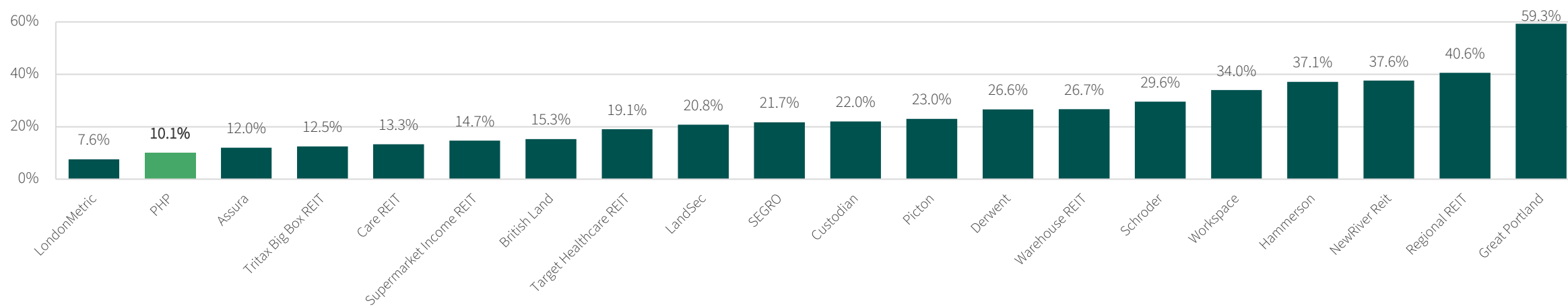
	Secured Facilities <sup>3</sup>							Cash / unfettered assets	Total
Provider	Ignis	Euro PP	Euro PP	Euro PP	Aviva	MetLife Euro PP	Aviva		
Tenor	Bullet	Bullet	Bullet	Bullet	Amortising	Bullet	Bullet		
Expiry	Dec-2028	Dec-2028 Dec-2030	Sept-2031	Dec-2033	Sept- 2033	Feb-2034	Oct-2036		
Facility	£50m	£42m (€51m)	£58m (€70m)	£40m (€48m)	£251m	£62m (€75m)	£200m		£1,625m
Drawn	£50m	£42m (€51m)	£58m (€70m)	£40m (€48m)	£251m	£62m (€75m)	£200m	(£3m)	£1,323m
Collateral <sup>2</sup>	£86m	£74m	£106m	£76m	£458m	£121m	£385m	£50m	£2,753m
Contracted rent	£5m	£4m (€5m)	£6m (€7m)	£4m (€5m)	£26m	£6m	£22m	£3m	£153m
LTV Max	74%	70%	70%	70%	70%	70%	65%		
LTV actual	58%	57%	55%	52%	55%	51%	52%		
ICR Min	1.15x	1.15x	1.15x	1.15x	1.4x	1.15x	2.25x		
ICR actual	2.5x	4.0x	6.7x	2.4x	2.3x	6.2x	4.3x		
Valuation fall to breach	£18m	£13m	£23m	£19m	£99m	£33m	£77m	£54m	£1,009m
Income fall to breach	£3m	£3m	£5m	£2m	£11m	£5m	£10m	£2m	£83m

1. Excludes unsecured £5m overdraft facility
2. Includes only assets mortgaged to the applicable facility
3. All data as at 31 December 2024



# EPRA cost ratio – A strong control on costs

	31 December 2024 (£m)	31 December 2023 (£m)
Gross rent less ground rent, service charge and other income	<b>160.7</b>	155.8
Direct property expense	<b>26.2</b>	18.2
Less: service charge and recovered costs	<b>(21.0)</b>	(13.3)
Non-recoverable property costs	<b>5.2</b>	4.9
Administrative expenses including Axis PHP	<b>13.0</b>	12.4
Less: ground rent	<b>(0.2)</b>	(0.2)
Less: other operating income	<b>(0.7)</b>	(0.5)
<b>EPRA costs (including direct vacancy costs)</b>	<b>17.3</b>	16.6
<b>EPRA cost ratio</b>	<b>10.8%</b>	10.7%
<b>EPRA cost ratio excluding Axis PHP overheads and direct vacancy costs</b>	<b>10.1%</b>	10.1%
<b>Administrative expenses as a percentage of gross asset value</b>	<b>0.4%</b>	0.4%



# Top predictions for what will change in primary care in the new NHS 10-year plan

Topic area	Prediction
<b>Premises strategy</b>	National programme of primary care premises refurbishments and new developments
<b>Practice entity</b>	Mixed model of GP partnerships, super-practices, Foundation Trusts and perhaps Primary Care Provider Trusts
<b>Integration</b>	Horizontal and vertical integration of processes, estate and teams across primary, community and acute care
<b>Pathway transformation</b>	Joining the doors between care settings – general practice, urgent care, outpatients – fluidity of data transfer
<b>Chronic disease care</b>	Growth of at scale multi-disciplinary teams doing remote patient monitoring and virtual wards
<b>Patient experience</b>	Growth of personalisation and consumerism in healthcare. Global health and wellbeing brands likely to follow
<b>Digital transformation</b>	Patient held record, NHS and companion apps, devices, tracking, AI productivity and finding of unmet needs
<b>Population health</b>	Data and population health driven focus on service design and addressing inequalities
<b>Payment reform</b>	For example, budget holding, gain share of acute savings with primary care and deprivation payments
<b>Government policy</b>	Whole of Government approach with focus on reducing economic inactivity
<b>Public health</b>	Step change in prevention, strong public health push, building on COVID approach

# The Darzi Diagnosis – September 2024

## Rising Demand

Population growth

Ageing and multi-morbidity

Worst patient satisfaction results ever

7.6m on waiting lists

1m waiting for mental health services

Reducing healthy life expectancy

## Reducing Supply

Staff shortages

Reducing productivity in hospitals

Low morale and risk of burnout

Loss of discretionary effort

Industrial action

Weakened infrastructure

Hospital beds occupied by patients needing social care

## Health Inequality Gap Growing

Housing

Income disparity growing

Insecure employment

Cancer care targets missed since 2015

Growing waits for Primary Care and ED

Fragile social care system reduces public health

## Call for Reform of Funding Allocation

No change to NHS principle but reform will be required

Focus on prevention, primary and social care

Hard wire in capital funding for Primary Care and technology

Reduce economic inactivity and long-term sickness

Further boost Primary Care productivity

Too much spent in hospitals with low productivity



# PHP's approach to ESG

## Strategy supports a low carbon approach

- Operations, developments and asset management activities to be NZC by 2030
- Operationally light portfolio, assets with low carbon intensity
- Asset management activity supporting carbon reduction of existing portfolio
- Supporting occupiers to be NZC by 2040, 5 years ahead of NHS's 2045 target

## Strong stewards of underinvested, key social infrastructure assets

- Experience and capital to improve and extend buildings
- Six million patients or 9% of UK population registered at PHP's buildings
- Strong social focus around good health and wellbeing

## Cost effective improvements through lease regears

- Upgrades to building fabric and systems improving energy consuming features and technologies
- LED lights, heat pumps, insulation, solar, electric vehicle charging

## PHP's net zero carbon (NZC) framework

### 2023 Operations to be NZC

- Achieved in 2022, 2023 and 2024 using high quality nature-based carbon offset projects

### 2025 All new developments to be NZC

- Achieved with developments at Croft, West Sussex at South Kilburn, London both NZC

### 2030 All asset management activities to be NZC and properties to have an EPC of B or better

- First NZC project at Long Stratton, Norfolk completed in 2024 with findings applied to future projects

### 2035 All buildings to achieve an 80% reduction in carbon footprint

### 2040 All buildings are NZC across the portfolio



Long Stratton, Norfolk – PHP's first NZC asset management project


## Continued progress on ESG commitments

EPC ratings	2024	2023	2022
A	11%	12%	9%
B	36%	30%	26%
C	41%	43%	46%
D	11%	13%	15%
E - F	1%	2%	4%

PHP renewable energy supply **100%**


Occupier energy data collected **77%**


**MSCI**  rating **A**


 EPRA sBPR rating **Gold**

 CDP rating **B**

**ISS ESG**  rating **Prime**

 **GRESB** rating overall score of 66 and sector leader in healthcare for development with a 4- star rating

 **Science Based Targets (SBTi)** – Committed to **Science Based Targets (SBTi)** – being submitted for validation

 **Toitu Carbon Reduce** – PHP disclosed emission data assured

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**February 2025**