Primary Health Properties

PRIMARY HEALTH PROPERTIES PLC

ANNUAL RESULTS PRESENTATION 2023

SUSTAINABLE INCOME PERFORMANCE

AGENDA

KEY HIGHLIGHTS

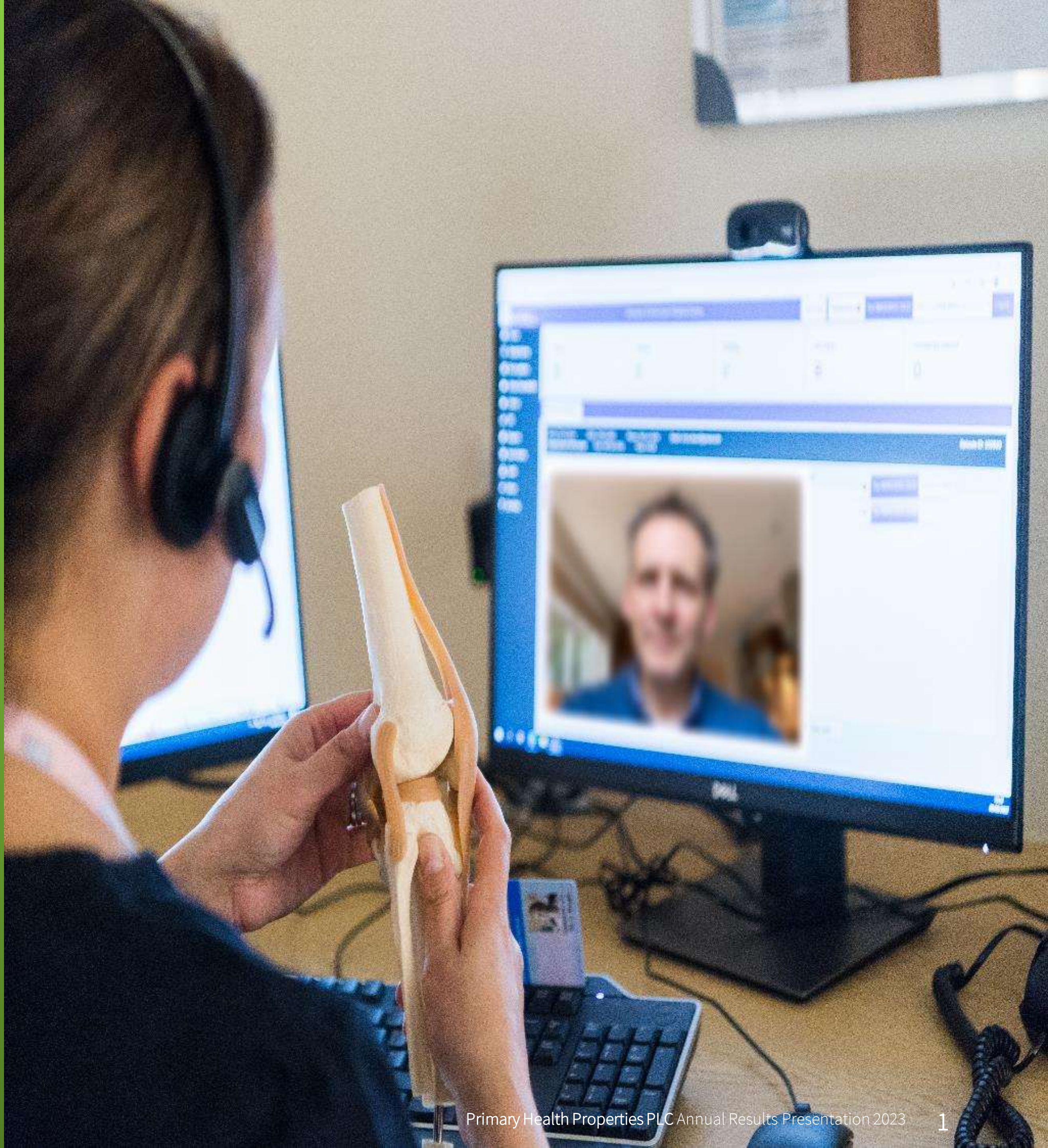
DIVIDEND TRACK RECORD

FINANCIAL REVIEW

PROPERTY REVIEW

PIPELINE AND OUTLOOK

APPENDICES



KEY HIGHLIGHTS

ORGANIC RENTAL GROWTH CONTINUING TO DRIVE SECURE AND SUSTAINABLE INCOME PERFORMANCE

KEY HIGHLIGHTS

Security and longevity of our income drives our progressive dividend policy

Long-term demographic, macro and political trends supportive across UK and Ireland

- ✓ Populations are growing, ageing and suffering more instances of chronic illness
- ✓ Increasing patient demand for services affecting service provision, patient care and outcomes
- ✓ Obsolete estate (c.33%) and COVID-19 added to increasing strain being put on healthcare systems
- ✓ NHS strategic move of transferring services away from hospital settings to modern primary care premises
- ✓ Impact of digital being outweighed by increasing demand for services (consultations back to 70% F2F post C-19)

Disciplined approach to shareholder returns and capital deployment

- ✓ 28^{th} year of consecutive dividend growth: 6.9p per share +3.0% (2023: 6.7p +3.1%)
- ✓ Fully covered dividend maintained at 101% (FY 2022: 102%)
- ✓ Increased total property return +3.5% (FY 2022: +2.8%); valuation declines partially offset by firmer rental growth
- ✓ Strategic acquisition of Axis gives permanent presence in Ireland to source new opportunities and build a competitive advantage
- ✓ Limited development exposure and disciplined approach to future investment only if accretive to earnings
- ✓ Disciplined pipeline, focused on asset management and development opportunities

Focus on continued income growth

- ✓ Record year for rental growth with rent reviews generating £4.0m of extra income (2022: £3.0m; 2021: £2.0m)
- ✓ Firmer tone of rental growth, limited exposure to rising interest rates and strong control on costs
- ✓ L4L rental growth in 2023: £4.3m +3.0% (2022: £3.3m +2.4%)
- ✓ Average cost of debt 3.3% (2022: 3.2%) with over 97% of net debt fixed or hedged and £321m of firepower

28th year of consecutive dividend growth

Portfolio
£2.8 billion (2022: £2.8 billion)

Rent roll
£151 million (2022: £145 million)

Government backed income
89% (2022: 89%)

Index linked income
27% (2022: 25%)

Occupancy
99.3% (2022: 99.7%)

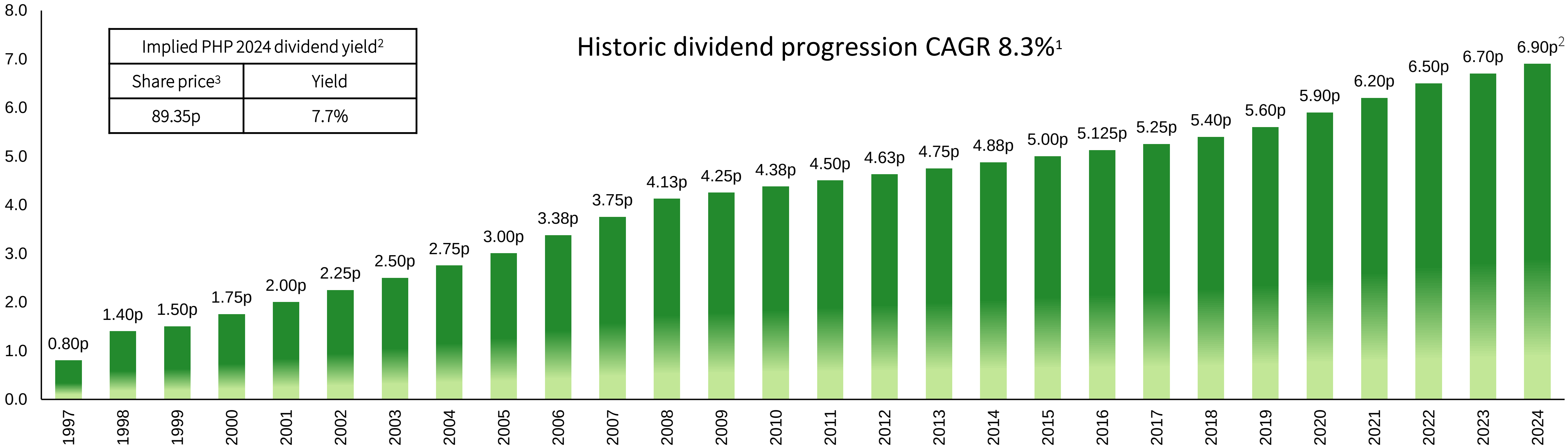
WAULT
10.2 years (2022: 11.0 years)

Net debt: fixed or hedged
97% (2022: 94%)

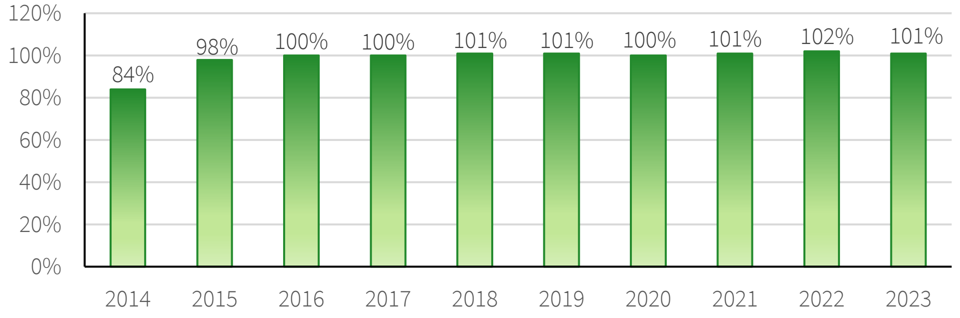
28TH YEAR OF CONSECUTIVE DIVIDEND GROWTH AND SECTOR OUTPERFORMANCE

Implied PHP 2024 dividend yield[2]	
Share price[3]	Yield
89.35p	7.7%

Historic dividend progression CAGR 8.3%[1]



Historic dividend cover



Strong relative total property returns[4]

	PHP	Assura	MSCI UK
2023	3.5%	n/a	(0.5%)
H1 2023 (6 months)	2.3%	0.1%	1.1%
2022	2.8%	(2.6%)	(10.4%)
2021	9.5%	7.1%	20.0%
2020	7.4%	6.4%	(0.8%)
2019	7.7%	5.3%	2.2%
2018	8.0%	5.9%	7.3%
2017	10.8%	9.7%	11.0%

1. CAGR: 1997 to FY 2023
2. Based on Q1 2024 dividend of 1.7255p declared and paid per share annualised and is illustrative only
3. Share price is the closing mid-market price on 27 February 2024
4. Total property returns for PHP and MSCI UK relate to the years ended 31 December; Assura relate to the years ended 31 March

ORGANIC RENTAL GROWTH AND EFFECTIVE COST MANAGEMENT DRIVE EARNINGS

KEY FINANCIAL HIGHLIGHTS

Performance	31 December 2023	31 December 2022	Change
Net rental income (£m)	149.3	141.5	+5.5%
Adjusted earnings (£m)	90.7	88.7	+2.3%
Adjusted earnings per share (pence)	6.8p	6.6p	+3.0%
Dividends paid (£m)	89.5	86.7	+3.2%
Dividend cover	101%	102%	
Dividend per share (pence)	6.7p	6.5p	+3.1%
L4L rental growth (£m)	£4.3m / +3.0%	£3.3m / +2.4%	+30.3%
Revaluation deficit (£m)	(53.0)	(61.5)	

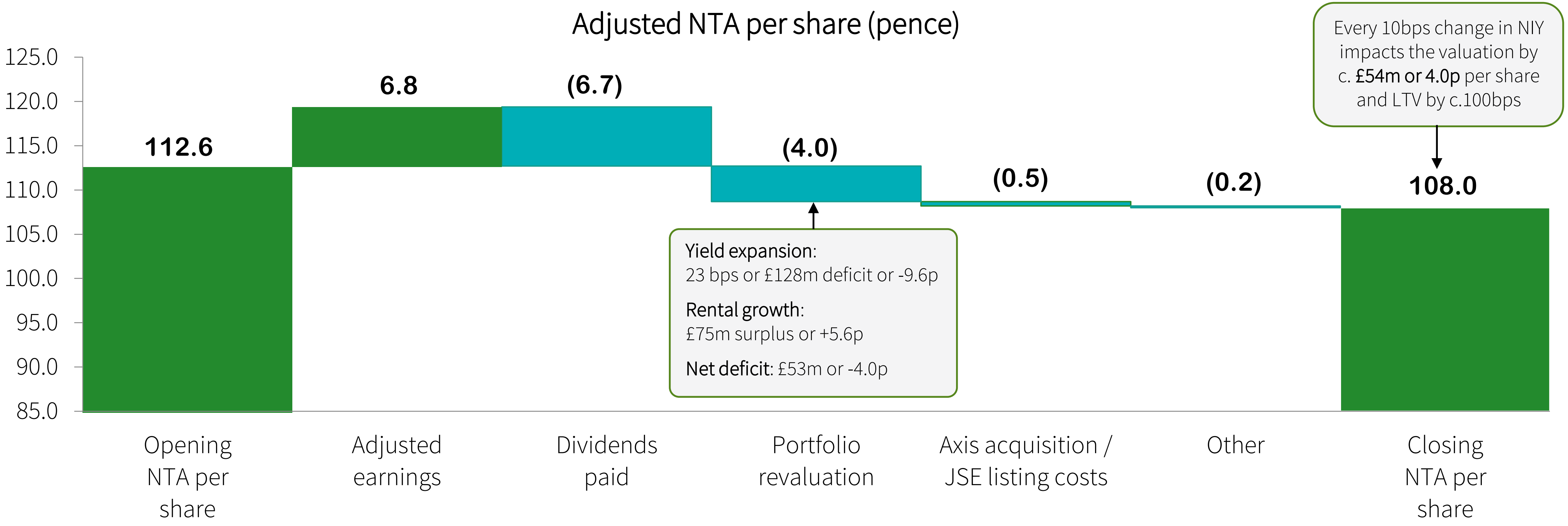
Position	31 December 2023	31 December 2022	Change
Investment property (£bn)	2.779	2.796	-1.9%
Adjusted NTA per share (pence)	108.0p	112.6p	-4.1%
Loan to value	47.0%	45.1%	+190 bps

Management	31 December 2023	31 December 2022	Change
WAULT	10.2 years	11.0 years	-0.8 years
Occupancy	99.3%	99.7%	-40 bps
EPRA cost ratio (excluding Axis and direct vacancy costs)	10.1%	9.9%	+20 bps
Average cost of debt	3.3%	3.2%	+10 bps

INCOME STATEMENT

	31 December 2023 £m	31 December 2022 £m	Change
Net rental income	149.3	141.5	+5.5%
Axis contribution	1.1	-	
Administrative expenses	(11.6)	(9.6)	-20.8%
Operating profit before financing costs	138.8	131.9	+5.2%
Net financing costs	(48.1)	(43.2)	
Adjusted earnings	90.7	88.7	+2.3%
Revaluation deficit net of profit on sales	(53.0)	(61.5)	
Adjusted profit excluding exceptional adjustments	37.7	27.2	+38.6%
Fair value profit on derivatives and convertible bond	(13.2)	26.8	-
Amortisation of MedicX debt MtM at acquisition	3.0	2.9	-
Amortisation of intangible asset arising on acquisition of Axis	(0.9)	-	-
Axis acquisition and JSE listing costs	(0.5)	-	-
IFRS profit before tax	26.1	56.9	-54.1%
Adjusted earnings per share	6.8p	6.6p	+3.0%
IFRS earnings per share	2.0p	4.2p	-52.4%

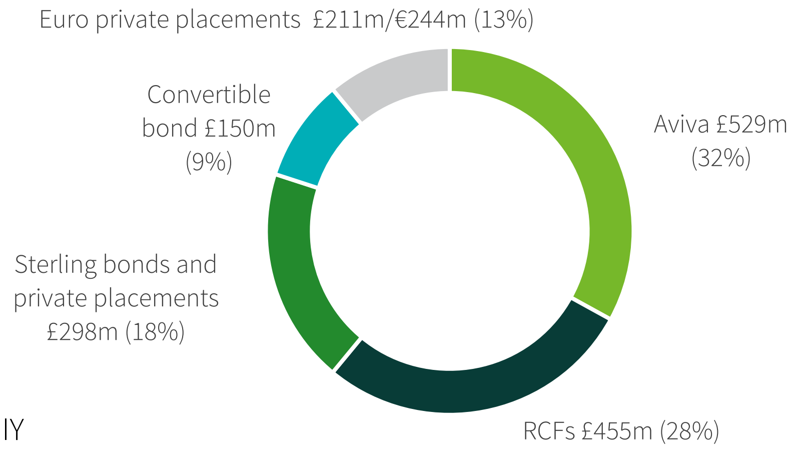
VALUATION: YIELD EXPANSION PARTIALLY OFFSET BY RENTAL GROWTH



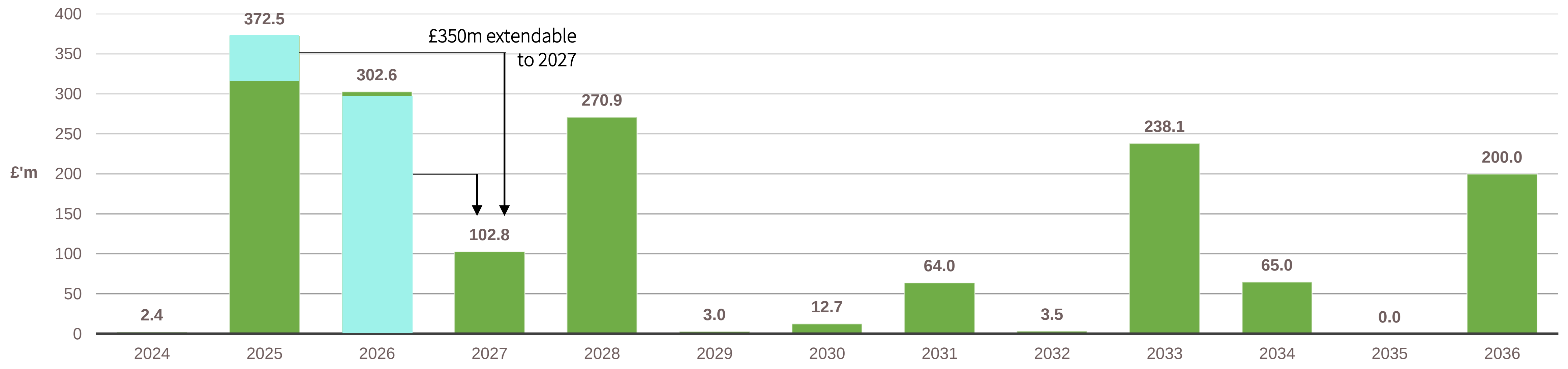
	31 December 2023	31 December 2022	Change
Adjusted net tangible assets	£1,443m	£1,505m	-4.1%
Adjusted net tangible asset value per share	108.0p	112.6p	-4.1%
Net initial yield	5.05%	4.82%	+23bps
L4L ERV growth	3.5%	2.2%	+130bps

DEBT SUMMARY

- ✓ Total debt facilities of **£1.64bn** (91% secured/9% unsecured)
- ✓ Net debt drawn **£1.31bn**
- ✓ **£321m** undrawn headroom after capital commitments and post period end transactions
- ✓ **97%** of net debt fixed or capped with broad and diverse range of lending partners
- ✓ Group LTV **47.0%** (41.6% excluding £150m convertible bond)
- ✓ Long weighted average debt maturity of **6.6** years
- ✓ Average cost of debt **3.3%** (2022: 3.2%)
- ✓ Every 50bps increase in SONIA interest rates increases current average cost of debt by just **2bps**
- ✓ Loan to value covenant headroom of **£1.1bn or 39%** decline in values across Group and 8.0% implied NIY
- ✓ Net debt / EBITDA **9.4x** (2022: 9.6x)



Debt Maturity Profile

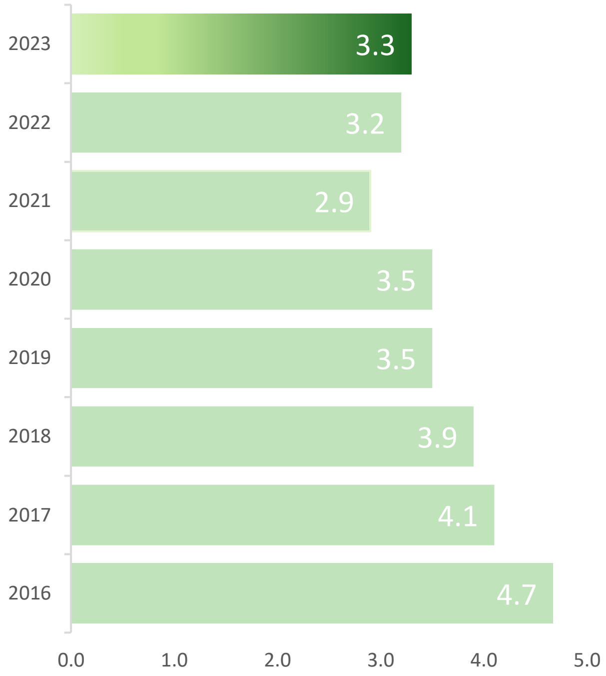


DELIVERING FINANCIAL MANAGEMENT

- ✓ €47.8m (£41.4m) private placement tap, fixed at 4.195% for 10 years, proceeds used to repay expensive variable rate debt
- ✓ c. £52m of sterling debt converted to €60m euro debt taking advantage of cheaper euro denominated debt and capped at 2.0% for 2.5 years increasing proportion of net debt fixed or hedged to over 97%
- ✓ £321m undrawn headroom after capital commitments available to deal with any refinancing risk

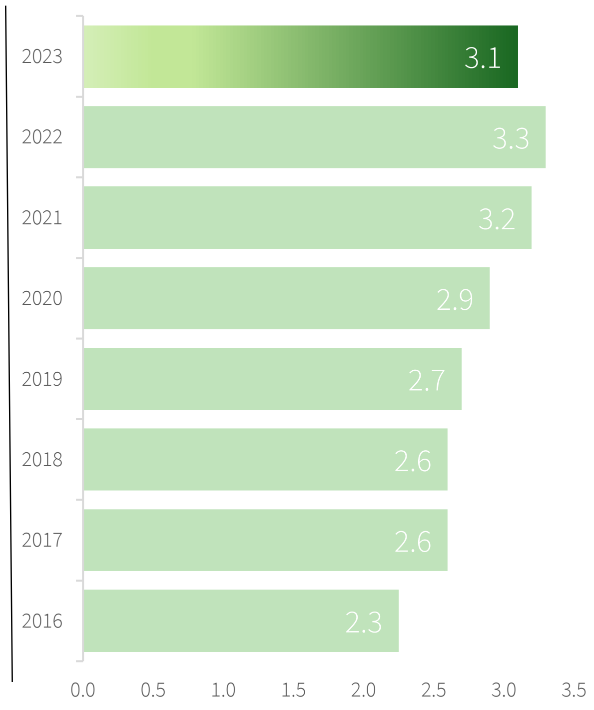
Cost of debt

3.3%



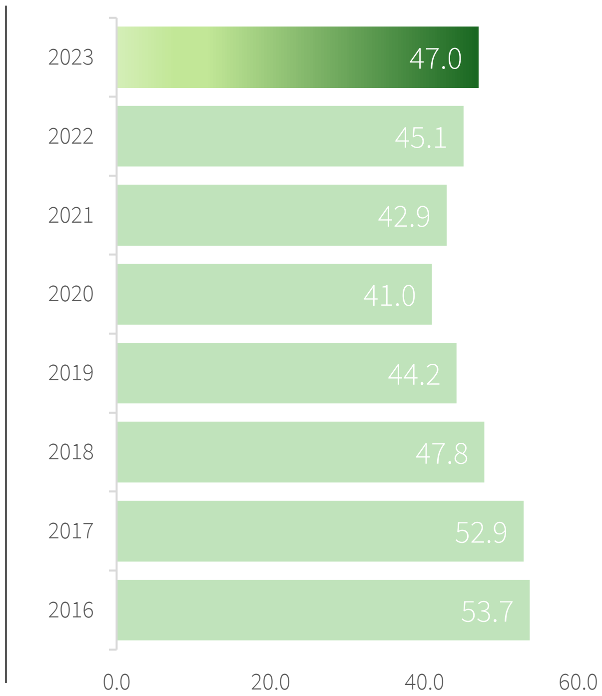
Interest cover ratio

3.1x



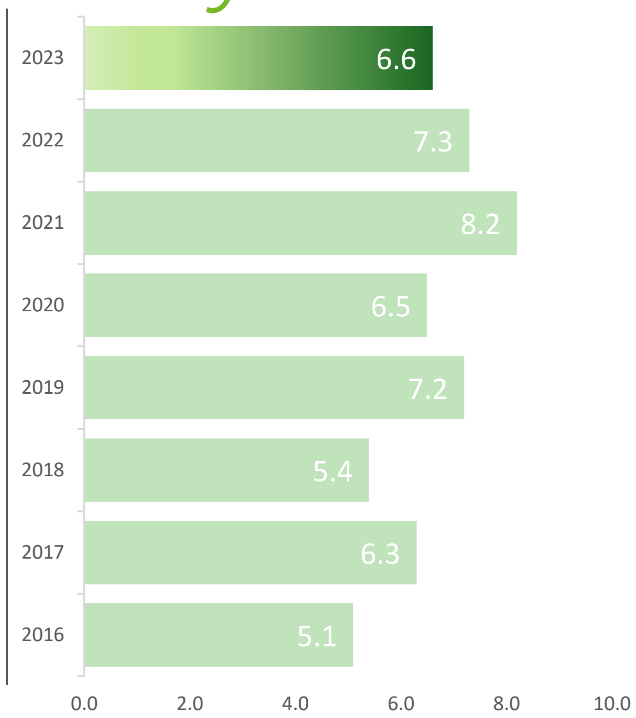
Loan to value ratio

47.0%



Debt maturity

6.6 years



PROPERTY REVIEW

IMPROVING RENTAL GROWTH OUTLOOK FROM RENT REVIEWS AND ASSET MANAGEMENT PROJECTS

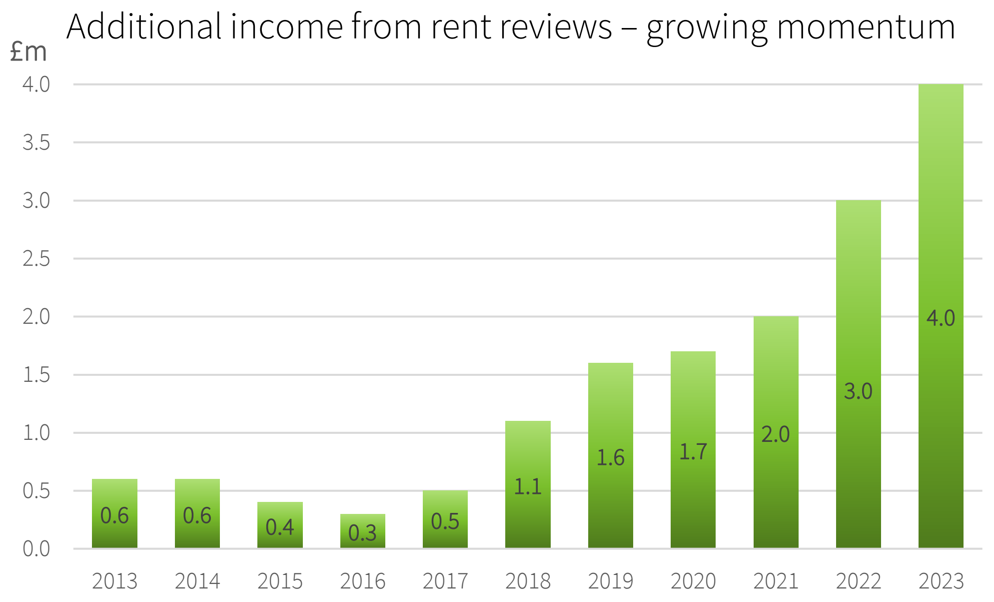
RENT REVIEWS - IMPROVING RENTAL GROWTH OUTLOOK

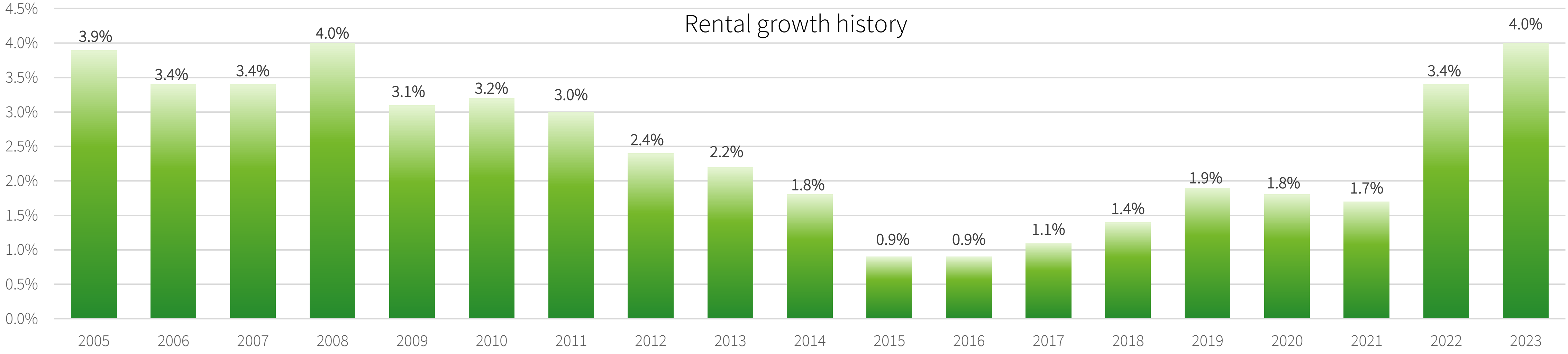
- ✓ Effectively upward only rent roll in UK
- ✓ Rents in Ireland linked to Irish CPI
- ✓ **£4.0m** additional rent in year from rent reviews

  8.9% increase over previous passing rent
- ✓ Total weighted average rental growth: **4.0%** p.a.
- ✓ 67% reviewed to open market (ave. **1.8%** p.a.)
- ✓ 27% index linked (ave. **8.4%** p.a.)
- ✓ 6% on fixed uplift (ave. **2.7%** p.a.)
- ✓ Ireland – 100% index linked (ave. **3.3%**. p.a.)
- ✓ Most reviews settled relate to 2019 – 2021
- ✓ 25% of UK indexed reviews include caps and collars, typically between 12% and 6% over a three-year review cycle

Drivers of 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





RECORD RENT REVIEW RESULTS

- ✓ **£4.0m or 8.9%** (4.0% p.a.) increase over previous passing rent increase from 331 rent reviews completed in UK and Ireland
- ✓ **£2.2m or 4.5%** uplift expected on 334 open market value reviews triggered to date with ERV of £51.0m. Further 251 reviews still to be actioned
- ✓ **1.8%** p.a. achieved on 184 open market value reviews, including 49 nil increases
- ✓ **8.4%** p.a. achieved on 114 indexed linked reviews in UK
- ✓ **3.3%** p.a. achieved on 18 indexed linked reviews in Ireland
- ✓ **2.7%** p.a. achieved on 15 fixed reviews in UK

Outstanding reviews focused by region	
London and South-East	30%
North	23%
Midlands	20%
Wales	9%
Scotland	7%
Eastern	6%
South-West	5%
Ireland	0%
	100%

Year to 31 December 2023	Open market rent reviews completed		Number of outstanding reviews (current rent)	
Reviews relating to calendar years:	No	%	No	£m
<=2017	14	3.1%	14	1.7
2018	9	2.0%	24	2.6
2019	19	1.6%	26	4.4
2020	31	2.1%	50	8.0
2021	42	2.5%	112	15.8
2022	19	2.4%	194	26.2
2023	1	2.1%	165	26.2
Open market increases	**135**	**2.3%**	**585**	**84.9**
Nil increases	49	0.0%		
Total open market reviews	**184**	**1.8%**		

ASSET MANAGEMENT – UPDATING OUR CURRENT PORTFOLIO

- ✓ **Limited lease expiry risk,** £17m or 11% of income holding over or expiring in next 3 years with c. 70% subject to a future project or terms agreed to renew
- ✓ **8 AM projects completed 2023 with a further 6 currently on site,** investing £8m, £0.21m additional rent and extending leases back to 23 years on average
- ✓ **8 lease regears and 4 new lettings** completed in the year
- ✓ **Pipeline** of 23 projects in legals investing £19m capex and further advanced pipeline of 20 projects being progressed

Extension and refurbishment

Rochdale, Lancashire

Description: 144m^2 two storey extension, internal refurbishment and reconfiguration providing five additional clinical rooms. Completed Q2 2023 with new 25-year GP lease and full NHS rent reimbursement.

Services: The improved facilities will enable the GP practice to offer a wider range of additional PCN/ARRS led roles from within the existing premises, including social prescribing.

Tenants:	GP Practice
Cost:	£1.1m
Additional rent:	£32k
Return on capital:	16%
Number of GPs:	8
Patients:	12,450
WAULT:	25 years
ESG:	LED lights, new boilers and PV
BREEAM/EPC:	Very Good / B

Refurbishment

The Lyng, West Bromwich

Description: Internal refurbishment of ex-council accommodation to provide 330 sqm of clinical space for Linkway Medical, allowing them to relocate their branch site to the building. Works and new lease completed in May 2023.

Services: The relocation of the branch surgery means all extended and PCN based services will now be delivered from the Lyng, including social prescribing and mental health clinics.

Tenants:	GP Practice
Cost:	£1.3m
Additional rent:	£85k
Return on capital:	73%
Number of GPs:	10
Patients:	14,500
WAULT:	20 years
ESG:	New air-cooling system
BREEAM/EPC:	Not applicable / B

Extension and refurbishment

Long Stratton, Norfolk

Description: 153 sqm ground floor extension, creating seven new clinical rooms plus an internal refurbishment. A new 21-year lease, fully reimbursed by the NHS. Works due to complete March 2024.

Services: The works will enable the GP practice to meet the demands of their growing patient list and to provide a wider range of primary care services in a rural location.

Tenants:	GP Practice
Cost:	£1.8m
Additional rent:	£57k
Return on capital:	21%
Number of GPs:	8
Patients:	11,500
WAULT:	21 years
ESG:	Installing ASHP
BREEAM/EPC:	Very Good / B

Reconfiguration and refurbishment

Rosyth, Fife

Description: New 25-year FRI lease to NHS Fife with internal refurbishment works. Reconfigured void unit provides a new clinical wing with eight consulting rooms. On site and due to complete May 2024.

Services: Practice will continue to provide GMS services. New clinical wing will accommodate Community Treatment and Care Services (CTAC) provided by NHS Fife.

Tenants:	Scottish Ministers
Cost:	£0.8 m
Additional rent:	£42k
Return on capital:	84%
Number of GPs:	10
Patients:	9,500
WAULT:	25 years
ESG:	LEDs, electric heating in part
BREEAM/EPC:	Very Good / B

PROPERTY PORTFOLIO OVERVIEW

Key Figures[1]	31 December 2023
Total number of properties	514
Including properties in Ireland	21
Investment portfolio value (£bn)	2.78
Floor area (000's sqm / 000's sq. ft.)	708 / 7,624
Capital value (£ per sqm / £ per sq. ft.)	3,920 / 364
Contracted rent roll (£m)	150.8
Average rent (£ per sqm / £ per sq. ft.)	213 / 20
Net initial yield (NIY) – UK / Ireland	5.0% / 5.4%
Average lot size (£m)	5.4
Average WAULT (years)	10.2
Occupancy	99.3%
Government backed rent	89%

70%+ agreed terms or advanced discussions to renew

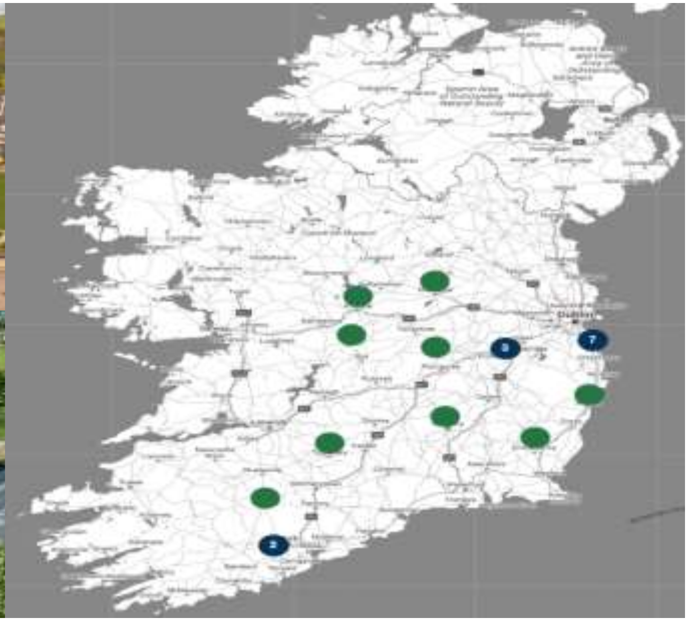
Income Expiry Profile	£m	%
Holding over	4.1	3%
< 3 years	13.0	8%
4-5 years	17.0	11%
5-10 years	52.4	35%
10-15 years	30.1	20%
15-20 years	22.5	15%
> 20 years	11.7	8%
Total	150.8	100%

Capital Value[1]	Number	Value (£m)	%
> £10m	58	892	32%
£5m - £10m	128	875	32%
£3m - £5m	163	651	23%
£1m - £3m	160	353	13%
< £1m (incl. land £1.3m)	5	5	0%
Total	514	2,776	100%

1. All data as at 31 December 2023

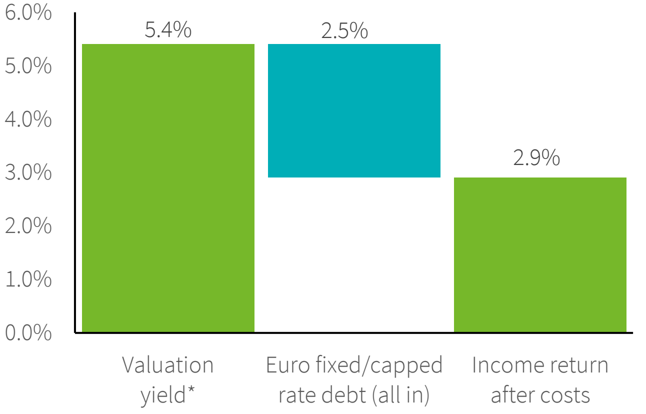
IRELAND OPPORTUNITY – CONTINUED STRATEGIC EXPANSION

- ✓ **Growing and ageing population:** 5 million people growing to 6 million by 2050
- ✓ **Government support:** programme to modernise healthcare in Ireland and establish a network of **200** purpose-built Primary Care Centres with healthcare budgets and demand for services under pressure
- ✓ **PHP one of the largest investors in Ireland:** portfolio comprises 21 assets, valued at £245m (€282m) with a large average lot size of £12m (€13m)
- ✓ **Strategic acquisition of Axis** gives permanent presence in Ireland to source new opportunities
- ✓ **Target:** grow portfolio to around **€500m or c.15%** of total Group portfolio
- ✓ **Pipeline £43m (c. €50m)** across two projects
- ✓ **Irish rent roll** €17.0m with 78% let directly to Health Service Executive or government agencies with long leases (WAULT: 20 years). All rents linked to Irish CPI (+4.6% December 2023) capped at 25% over 5-years

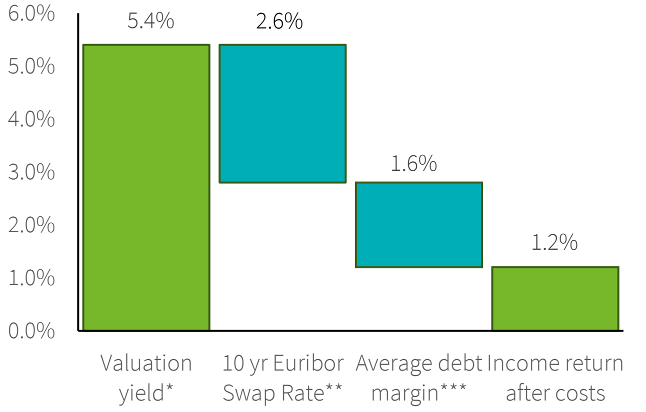


Attractive income accretion

Existing portfolio



Current interest rate environment



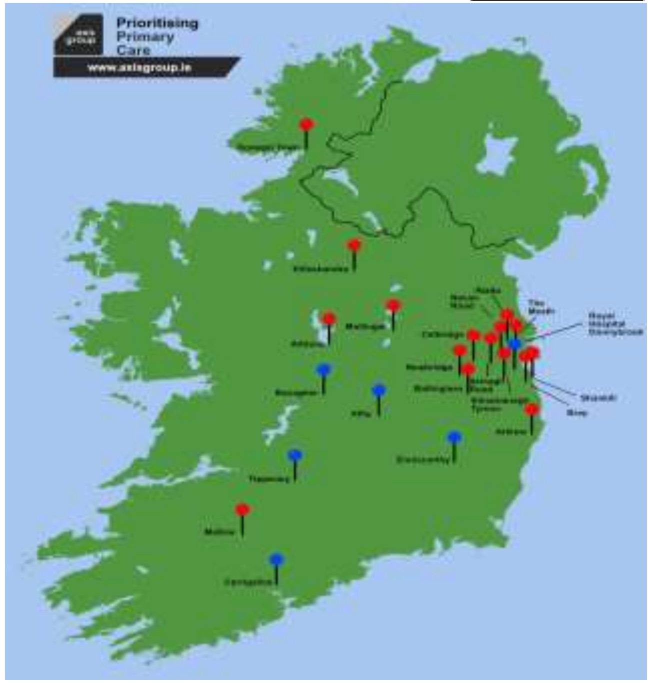
* PHP portfolio valuation yield 31 December 2023 (used as proxy for market purchases)
** Sourced from Chatham Financial – 26 February 2024
*** Company incremental margin on debt facilities

STRATEGIC ACQUISITION OF AXIS TECHNICAL SERVICES AND LONG-TERM DEVELOPMENT AGREEMENT

axis group

Axis Technical Services Limited

- ✓ 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, digitalised maintenance management systems and extensive reliable subcontractor network



Long-term development pipeline agreement

- ✓ Leading developer of modern primary care centres in Ireland with a strong track-record of developing primary care centres in Ireland
- ✓ Option to acquire development pipeline over the next 5 years with an estimated value of £43m (€50m)
- ✓ Important source of further medium-term opportunities using extensive knowledge and market relationships in Ireland

PROPERTY REVIEW

DISCIPLINED APPROACH TO INVESTMENT, DEVELOPMENT AND ASSET MANAGEMENT

DISCIPLINED APPROACH TO PIPELINE

Total funding requirement of c. £94m over the next three years to fund a mix of future asset management projects, direct and forward funded developments

Funding requirement

1

Pipeline

Pipeline of active opportunities, include:

Region	In legals		Advanced pipeline		Total Cost
	Number	Est. cost	Number	Est. cost	
Ireland	-	-	2	£43.3m (€50.0m)	£43.3m (€50.0m)
UK - Direct Developments	1	£3.3m	2	£11.5m	£14.8m
UK - Investment	-	-	-	-	-

Irish pipeline of £43.3m (€50.0m)
UK development pipeline of £14.8m

2

Asset management projects

Active management of existing assets to create additional value

In legals		Advanced pipeline		Total Cost
Number	Est. cost	Number	Est. cost	
23	£19.3m	20	£16.3m	£35.6m

Estimated capex on projects over next 1 - 3 years of £35.6m

- Further medium-term pipeline opportunities being monitored

DEVELOPMENT ACTIVITY

- ✓ **Short-cycle and de-risked development activity** adding high quality assets, capturing attractive development margins and supporting ESG commitments
- ✓ **Direct developments:** in legals across one projects expected on site during 2024, with an estimated cost of £3.3m. Advanced pipeline of further two projects being progressed and rents being renegotiated
- ✓ **Irish forward funded developments:** two projects in pipeline with a total cost of £43m/c. €50m

Direct Development (shell fit-out)

Peel Precinct Health Centre, South Kilburn

Tenants
- ✓ GP Practice

Start on site:	Q2 2024
PC date:	Q1 2025
Cost:	£3.3m
YOC:	**6.2%**
Size:	826 sqm
Number of GPs:	3
Patients:	9,000 rising to 14,000
WAULT:	**25 years**
Rent review:	OMV
BREEAM rating:	Excellent
Net Zero Carbon:	Yes (fit-out)

Direct Development

Spilsby Primary Care Centre, Lincolnshire

Tenants
- ✓ NHS Trust
- ✓ GP Practice

Start on site:	Q4 2024
PC date:	Q4 2025
Cost:	£4.5m
YOC:	**5.2%**
Size:	905 sqm
No. of GPs:	4
Patients:	7,500 rising to 10,000
WAULT:	**25 years**
Rent review:	OMV
BREEAM rating :	Excellent
Net Zero Carbon	Yes

Direct Development

Colliers Wood Primary Care Centre, Merton

Tenants
- ✓ GP Practice

Start on site:	Q1 2025
PC date:	Q2 2026
Cost:	£7.0m
YOC:	**4.9%**
Size:	1,679 sqm
Number of GPs:	5
Patients:	12,000
WAULT:	**25 years**
Rent review:	OMV
BREEAM rating:	Excellent
Net Zero Carbon:	Yes

OUTLOOK

- ✓ Long-term demographic, macro and political trends supportive across UK and Ireland
- ✓ Strong stewards of under-invested, key social infrastructure assets with c.33% of assets in the UK considered unfit for purpose and in need of modernisation
- ✓ Impact of digital being outweighed by increasing demand for modern primary care accommodation and transfer of services out of hospitals
- ✓ Improving rental growth outlook will be principal driver to maintaining and increasing future values in an uncertain economic environment
- ✓ Construction cost inflation and historically suppressed levels of rental growth will be significant pull factors to future growth
- ✓ Disciplined approach to shareholder returns and capital deployment
- ✓ Strategic acquisition of Axis gives permanent presence in Ireland to source new opportunities and build a competitive advantage
- ✓ Continued focus on income and dividend growth
- ✓ Strong control on costs with one of the lowest EPRA cost ratios in the sector
- ✓ Significant capacity to fund future expansion when opportunities arise
- ✓ Strategy supports a low carbon approach with positive social impact

28th year of consecutive dividend growth

Portfolio
£2.8 billion (2022: £2.8 billion)

Rent roll
£151 million (2022: £145 million)

Government backed income
89% (2022: 89%)

Index linked income
27% (2022: 25%)

Occupancy
99.3% (2022: 99.7%)

WAULT
10.2 years (2022: 11.0 years)

Net debt: fixed or hedged
97% (2022: 94%)

FURTHER BACKGROUND ON PHP

THE FUTURE OF PRIMARY CARE IN THE UK

Case study: Eastbourne

Rationale

- ✓ Failing GP practices unable to cope with increasing patient demand which has affected service provision, patient care, outcomes and staff retention
- ✓ Merged into one super-practice operating as a single Primary Care Network
- ✓ Existing premises deemed inadequate for the current population which is expected to grow with major local population growth
- ✓ Nationally and locally the NHS is implementing a strategic move of transferring services away from hospital settings to modern purpose-built space

New Primary Care Centre

- ✓ Flexible building to meet future demand and changing requirements
- ✓ The building achieved a BREEAM Excellent rating
- ✓ Helps with staff recruitment and retention

The Future

Let for 25 years to allow patients and the wider Primary Care Network to access a wide range of health and care services including:

- ✓ General practice (physical, telephone and video)
- ✓ Minor operations and procedures
- ✓ Mental health assessments and practitioners
- ✓ Training for GPs, nurses and paramedics
- ✓ Walk-in centre
- ✓ Clinics for various issues i.e. asthma, diabetes, cryotherapy
- ✓ Non-NHS services (medicals, insurance, vaccinations)
- ✓ Physiotherapy
- ✓ Occupational therapy
- ✓ Social prescribing
- ✓ Care co-ordination
- ✓ Clinical pharmacy
- ✓ Family planning

3 separate GP practices merged into one super-practice, under new management, in purpose-built accommodation

THE FUTURE OF PRIMARY CARE IN IRELAND

Case study: Enhanced Community Care Facility, Ballincollig

Property Details	
Property Price	€29.64m
Tenant	Health Service Executive (100%)
WAULT	25 years
Rent Reviews	5-yearly Irish CPI (compounded)
Size	6,000 sqm or 64,500 sq.ft.
Completion	December 2023

- ✓ Ireland’s first Enhanced Community Care facility and part of a €240m initiative which aims to increase community healthcare services and reduce pressure on hospitals.
- ✓ The asset will provide a variety of services primarily to support elderly care and those suffering from a variety of chronic diseases including cardio, respiratory and endocrine issues.
- ✓ Single let to the HSE on a 25-year lease benefitting from five yearly, annually compounded, Irish CPI indexed rent reviews.
- ✓ Strong ESG credentials with a Building Energy Rating of A3 equivalent to Near Zero Emission Building status and a pending BREEAM rating of “Very Good”.

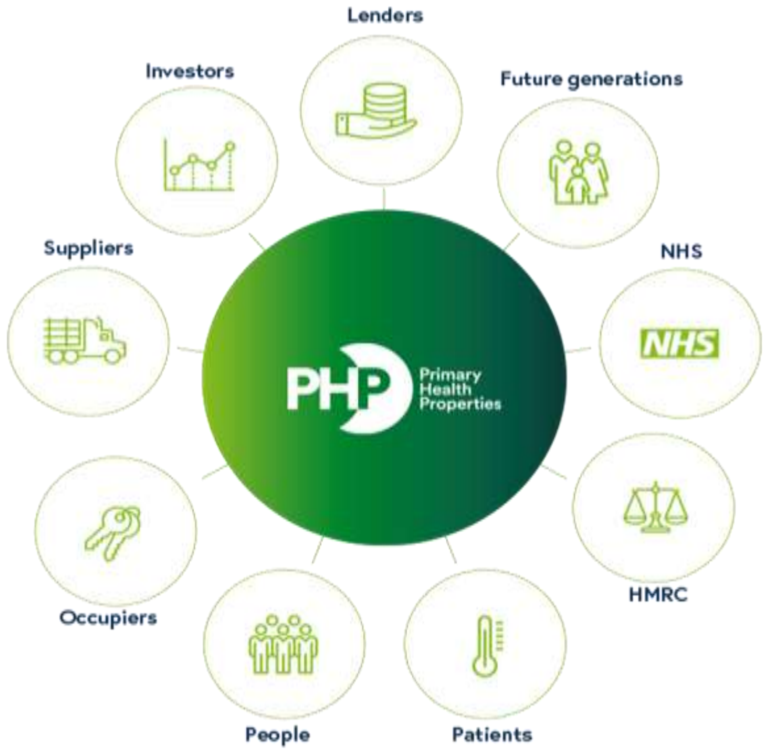
PHP'S APPROACH TO ESG

- ✓ **Environmental** - committed to transitioning to net zero carbon (NZC) by 2030 for all operational, development and asset management activities
- ✓ **Social** - activities result in better patient experiences and have a positive impact on health and wellbeing in our communities
- ✓ **Governance** - strong commitment to acting responsibly with integrity and transparency

Our NZC targets:

All operational, development and asset management activities to be NZC by 2030 and to help our occupiers achieve NZC by 2040

- ✓ 2023 – Operations to be NZC with offsetting: Achieved 2023
- ✓ 2025 – All new developments to be NZC: Achieved in 2023
- ✓ 2030 – All asset management activities to be NZC and properties to have an EPC of B or better: first two NZC projects underway in 2023
- ✓ 2035 – All buildings to achieve an 80% reduction in carbon footprint
- ✓ 2040 – all buildings are NZC across the portfolio



PHP'S APPROACH TO ESG

Strategy supports a low carbon approach

- ✓ Operations and developments (ALREADY NZC), 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
- ✓ Community Impact Program promoting social prescribing and charitable activities linked to our buildings

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
- ✓ Estimated cost to bring portfolio to EPC rating of B: £15m to £20m, where economically viable, increasing to £35m to £40m for the whole portfolio and will be incurred as part of planned asset management program

Operations and developments all net zero carbon in 2023

Asset management: first two NZC projects underway

Continued improvement in portfolio EPC ratings A-C: 85%
2022: 81%

Portfolio EPC ratings	2023	2022
A	12%	9%
B	30%	26%
C	43%	46%
D	13%	15%
E-F	2%	4%

UKCOMMUNITY FOUNDATIONS
GIVING FOR LOCAL GOOD

PRIMARY HEALTH CARE OPPORTUNITY IN THE UK

- ✓ The UK population has been steadily getting older and this trend is projected to continue in the future.
- ✓ By 2066, it is estimated there will be a further 8.6 million UK residents aged 65 years and over, an increase broadly equivalent to the size of the population of London today, taking the total number in this group to 20.4 million or around 26% of the total UK population.
- ✓ In the short term, NHS waiting lists are currently estimated to now stand at c. 7.6m procedures following the COVID-19 pandemic, with estimates that this could peak at 8m by the summer of 2024 before the backlog starts to be cleared.
- ✓ Meanwhile, the NHS is adopting a new service model where, amongst other targets, patients get joined-up care, including the right to online digital GP consultations.
- ✓ Creation of Integrated Care Systems (“ICS”) in 2022 will focus on ‘collaboration rather than competition’ and bring together budgets that were previously ‘siloed’ to better serve the overall healthcare needs of a local population.
- ✓ At the same time, GP practices have been encouraged to form Primary Care Networks (“PCN’s”), typically covering 30-50,000 people, to deliver integrated services at scale.
- ✓ To encourage this, practices will be funded to work together and create genuinely integrated teams of GPs, community health and social care staff.
- ✓ Over the current five-year period, investment in primary medical and community services will grow faster (excluding the impact of the pandemic) than the overall NHS budget, with a ringfenced local fund worth at least an extra £4.5 billion a year in real terms by 2023/24. This includes a target to recruit an additional 26,000 Allied Health Professionals.

PRIMARY HEALTH CARE OPPORTUNITY IN THE UK

- ✓ However, many GP Premises in the UK remain unfit for their current purpose, let alone this expanded role. Common challenges include lack of space in waiting rooms, consultation rooms and administration space together with growing list sizes and lack of disabled access.
- ✓ In England, the number of consultations being delivered in primary care is now higher at c.31m, including delivery of around 1m COVID-19 vaccines, per month in 2023. Around 70% of all consultations are carried out face to face, with approximately half by GPs, 20% by nurses and 30% by other healthcare professionals.
- ✓ PHP believes that primary health premises have a vital role to play in the immediate short term in alleviating some of the immediate consequences of COVID-19, including the delivery of some of the backlog of treatments as well as new challenges, such as treating ‘long-COVID’ and increase in mental health issues.
- ✓ Over the medium to longer term, PHP believes its modern, purpose-built premises and its program of active asset management, means its assets are well placed to benefit under the new ICS arrangements shift of services away from acute hospitals into the community setting.
- ✓ This could particularly be the case in the provision of services to an ageing population, living for longer, with higher incidence of chronic illnesses.
- ✓ PHP also believes that modern, purpose-built premises can aid staff retention and recruitment, support the NHS in its drive to become a net zero health care system and have a valuable role to play in the Governments levelling up agenda, where health inequalities continue to exist across the UK.
- ✓ This is in line with fundamental demographic trends and NHS plans, including funding, for primary care to deliver integrated services and ‘operate at scale’.

BALANCE SHEET

£m	31 December 2023	31 December 2022
Investment properties	2,779.3	2,796.3
Cash	3.2	29.1
Debt	(1,309.9)	(1,290.4)
Net debt	(1,306.7)	(1,261.3)
Other net current liabilities	(29.6)	(30.2)
Adjusted net tangible assets (NTA)	1,443.0	1,504.8
Convertible bond fair value adjustment	2.3	7.1
Axis intangible asset (amortised value)	6.2	-
Fixed rate debt and interest rate derivatives MtM	(23.8)	(24.3)
Deferred tax	(3.8)	(5.4)
IFRS net assets	1,423.9	1,482.2
Fixed rate debt and swap MtM adjustment	132.3	165.6
EPRA NDV (NNNAV)	1,556.2	1,647.8
Loan to value	*47.0%*	*45.1%*
Adjusted NTA per share (pence)	*108.0p*	*112.6p*
IFRS NTA per share (pence)	*106.5p*	*110.9p*
EPRA NDV per share (pence)	*116.4p*	*123.3p*
Number of shares (millions)	*1,336.5*	*1,336.5*

SPREAD OF FUNDING SOURCES

	Unsecured facilities[1]	Secured facilities [3]							
Provider	Convertible bond	Santander	Barclays	RBS[1]	HSBC	Lloyds	Secured bond	Secured bond	Standard Life
Tenor	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet	Bullet
Expiry	Jul-2025	Jan-2025	Sept-2026	Oct-2026	Dec-2026	Dec-2025	Dec-2025	Mar-2027	Sept-2028
Facility	£150m	£50m	£100m	£100m	£100m	£100m	£70m	£100m	£77m
Drawn	£150m	£24m	£nil	£32m	£64m	£2m	£70m	£100m	£77m
Collateral[2]	-	£99m	£205m	£200m	£181m	£180m	£118m	£169m	£122m
Contracted rent	-	£5m	£10m	£11m	£10m	£10m	£7m	£9m	£6m
LTV Max	-	60%	60%	55%	67%	65%	74%	70%	74%
LTV actual	-	25%	n/a	16%	36%	1%	59%	59%	64%
ICR Min	-	1.75x	1.5x	1.5x	1.75x	1.75x	1.15x	1.15x	1.15x
ICR actual	-	3.2x	n/a	4.9x	2.2x	76.0x	1.2x	3.1x	2.2x
Valuation fall to breach	-	£58m	£205m	£142m	£86m	£177m	£24m	£26m	£17m
Income fall to breach	-	£2m	£10m	£7m	£2m	£10m	£1m	£6m	£3m

1. Excludes unsecured £5m overdraft facility
2. Includes only assets mortgaged to the applicable facility
3. All data as at 31 December 2023

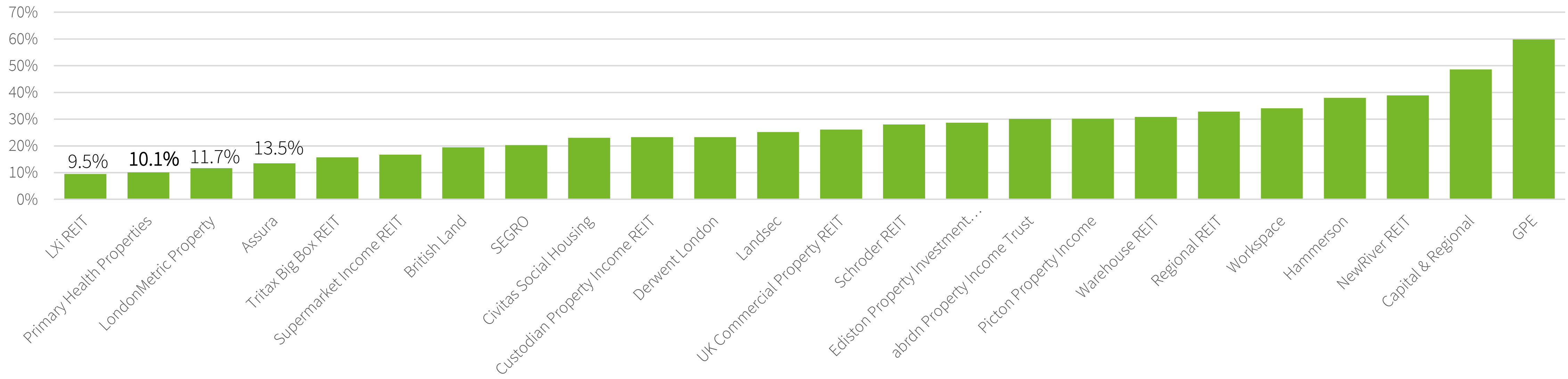
SPREAD OF FUNDING SOURCES (CONTINUED)

	Secured facilities[3]								Cash / unfettered assets	Total
Provider	Aviva	Ignis	Euro PP	Euro PP	Euro PP	Aviva	MetLife Euro PP	Aviva		
Tenor	Bullet	Bullet	Bullet	Bullet	Bullet	Amortising	Bullet	Bullet		
Expiry	Nov-2028	Dec-2028	Dec-2028 Dec-2030	Sept-2031	Dec-2033	Sept- 2033	Feb-2034	Oct-2036		
Facility	£75m	£50m	£44m (€51m)	£61m (€70m)	£42m (€48m)	£254m	£65m (€75m)	£200m	-	£1,638m
Drawn	£75m	£50m	£44m (€51m)	£61m (€70m)	£42m (€48m)	£254m	£65m (€75m)	£200m	(£3m)	£1,307m
Collateral[2]	£152m	£87m	£74m	£101m	£69m	£466m	£121m	£395m	£40m	£2,779m
Contracted rent	£8m	£5m	£4m (€5m)	£6m (€7m)	£4m (€5m)	£26m	£6m	£21m	£2m	£150m
LTV Max	65%	74%	70%	70%	70%	70%	70%	65%	-	
LTV actual	49%	57%	60%	60%	60%	54%	54%	51%	-	
ICR Min	1.6x	1.15x	1.15x	1.15x	1.15x	1.4x	1.15x	2.25x	-	
ICR actual	3.4x	2.5x	4.1x	6.7x	2.3x	2.2x	5.9x	4.1x	-	
Valuation fall to breach	£36m	£20m	£11m	£15m	£10m	£103m	£29m	£87m	£43m	£1,089m
Income fall to breach	£4m	£3m	£3m	£5m	£2m	£10m	£5m	£10m	£2m	£85m

1. Excludes unsecured £5m overdraft facility
2. Includes only assets mortgaged to the applicable facility
3. All data as at 31 December 2023

EPRA COST RATIO – A STRONG CONTROL ON COSTS

	31 December 2023 £m	31 December 2022 £m
Gross rent less ground rent, service charge and other income	155.8	147.0
Direct property expense	18.2	12.6
Less: service charge and recharged costs recovered	(13.3)	(7.0)
Non-recoverable property costs	4.9	5.6
Administrative expenses	11.6	9.6
Axis overheads and costs	0.8	-
Less: ground rent	(0.2)	(0.2)
Less: other operating income	(0.5)	(0.4)
EPRA costs (including direct vacancy costs)	16.6	14.6
EPRA cost ratio	10.7%	9.9%
EPRA cost ratio excluding Axis overheads and direct vacancy costs	10.1%	9.9%
Administrative expenses as a percentage of gross asset value	0.4%	0.3%



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February 2024