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FOR IMMEDIATE RELEASE

10 December 2020

Primary Health Properties PLC

(“PHP”, the “Group” or the “Company”)

Proposed acquisition of Nexus and management internalisation

Cost savings to drive immediate earnings enhancement as PHP positions for next stage of growth

The Board of PHP (the “Board”) announces that it has entered into a conditional share purchase agreement, subject to shareholder approval, to internalise the Company’s management function (the “Internalisation”) by acquiring Nexus Tradeco Holdings Limited which is the holding company of its longstanding external property adviser Nexus Tradeco Limited and certain subsidiaries, including Nexus’s primary care development business (together “Nexus”) (the “Acquisition”). PHP has agreed to acquire the entire issued ordinary share capital of Nexus Tradeco Holdings Limited for a total consideration of £33.1 million (subject to a completion net assets adjustment), made up of £16.55 million payable in cash and £16.55 million satisfied by the issue of 11,485,080⁽¹⁾ new ordinary shares of 12.5 pence each in the share capital of PHP at a price of 144.1 pence per share.

The Board believes that there are a number of compelling financial and strategic benefits of the Acquisition, as the Internalisation is expected to result in immediate and longer-term Adjusted EPRA EPS enhancement, with some minor one-off EPRA NAV dilution. The Board further believes that the Internalisation will:

- Secure a structure that is more appropriate to a UK-REIT of the scale of PHP which will broaden interest in the investment community, reduce costs and improve Shareholder returns;
- Help to secure the continuity of the well-regarded and experienced Nexus management team; including the services of Harry Hyman as CEO of PHP from completion of the Acquisition, consistent with the commitments he made at the time of the MedicX merger; and
- Enhance management succession for the Group for the longer-term.

Financial benefits:

- The Company is anticipating achieving annual cost savings of approximately £4.0 million following completion of the Acquisition as a result of the Internalisation.
- Material Adjusted EPRA EPS enhancement expected from the Acquisition following completion of the Acquisition, giving further scope for increased dividends.
- The Company will assume Nexus’s existing management and overhead costs which are anticipated to result in lower ongoing administrative costs to the Company and the EPRA cost ratio, which is already among the lowest in the sector, is therefore expected to fall further.

- The delinking of the Company's administrative costs from its gross asset value will provide further cost benefits as the gross asset value of PHP's portfolio is anticipated to grow in the future.
- Potential for the Company's equity valuation to be enhanced and its cost of capital to be reduced.

Strategic benefits:

- Acquisition by the Group of a fully operational management platform with the transfer of the systems, know-how and proprietary market knowledge that Nexus has developed since 1996.
- Helps to secure a well-regarded and experienced management team who have a deep understanding of both the sector and the portfolio assets.
- Secures control of the pipeline of opportunities that Nexus has been evaluating, including those developments being pursued by Nexus Developments.
- Succession planning, operational security and long-term stability is expected to be enhanced as a result of the Internalisation.
- Confers operational benefits with a simpler decision-making process and a more transparent and accountable management structure.
- Integration of the Nexus team expected to be straightforward given the existing arrangements with Nexus.
- Removes potential or perceived conflicts of interest between Nexus and PHP and reliance on Nexus as a third party adviser.
- An internally managed structure is expected to appeal to more investors, in particular those investors unwilling or unable to invest in externally managed vehicles, thus broadening the universe of potential investors in the Company.

The Board believes that now is also the appropriate time to acquire the development expertise and pipeline of Nexus which will allow PHP to bring forward future primary care developments utilising its own balance sheet. The Board believes that momentum is growing in the NHS for the approval of new medical centre developments and, if PHP has its own capabilities in development, it will be a more attractive partner for such new development opportunities.

The Board believes that the Internalisation will further benefit the long-term future of the business and help underpin the next stage of the Company's growth.

Commenting on the Acquisition Steven Owen, Chairman of PHP said:

“We believe that now is the right time to internalise this relationship and secure the well-regarded people, systems and structure of the Nexus operations, in a move which will deliver material financial and operational benefits to PHP. The new structure will deliver material annual cost savings, driving immediate EPRA EPS enhancement to further shareholder returns, whilst simultaneously broadening our appeal to a wider investment community.

“Exacerbated by the disruption seen this year, demand for new and improved primary care centres to alleviate pressure on hospitals and A&E departments is at an all-time high. We believe that acquiring Nexus will help position PHP to play a key role in these opportunities, underpinning the next stage of the Company's growth and benefitting the long-term future of the business.”

PHP expects to publish a Circular in connection with the Acquisition on or around 11 December 2020 which will contain a notice convening a General Meeting to be held on 4 January 2021 to approve certain matters necessary to implement the Acquisition. As will be set out in the Circular, at the General Meeting the Board is also proposing the adoption of a new directors' remuneration policy, which will provide a framework for the remuneration arrangements of the executive directors following completion of the Acquisition (the “New Policy”), as well as separately proposing the adoption by the Company of new articles of association (the “New Articles”) with changes primarily relating to the holding of virtual shareholder meetings and updating for changes to market practice and law (together with the Acquisition, the New Policy and the New Articles, the “Proposals”). The Board considers the Proposals to be in the best interests of PHP and the Shareholders as a whole. Accordingly, the

Independent Directors, unanimously recommend that Shareholders vote or procure votes in favour of the Acquisition which will include adoption of the New Policy. All the Directors unanimously recommend that Shareholders vote or procure votes in favour of adopting the New Articles.

As Harry Hyman owns the entire ordinary issued share capital of Nexus (other than the Preference Shares which are to be repurchased by Nexus at completion of the Acquisition) and is a Director of the Company, Harry Hyman and Nexus are considered to be related parties of PHP for the purposes of Chapter 11 of the Listing Rules. Due to its size under the Listing Rules, the Acquisition constitutes a 'smaller related party transaction' falling within Listing Rule 11.1.10R and, as such, does not require the approval of Shareholders. The Acquisition however constitutes a 'substantial property transaction' under section 190 of the Companies Act 2006 which requires that the Acquisition is conditional upon the approval of Shareholders being obtained. This will be achieved by the passing of the Acquisition Resolution to be set out in the Notice of General Meeting set out in the Circular expected to be published on or around 11 December 2020.

The expected timetable for the Acquisition is as follows:

Publication of Circular	On or around 11 December 2020
Latest time and date for receipt of Forms of Proxy	10.30 a.m. on 30 December 2020
General Meeting	10.30 a.m. on 4 January 2021
Expected completion date of the Acquisition	5 January 2021⁽⁵⁾
Expected date of Admission and commencement of dealings in the New Shares on the London Stock Exchange	8.00 a.m. on or around 6 January 2021 ⁽⁵⁾

Notes:

- (1) Number of new ordinary shares to be issued is determined by the average PHP share price over the 20 business days preceding this announcement, being a price of 144.1 pence per share, which represents a 3.8% premium to PHP's closing share price on 9 December 2020 of 138.8 pence per share.
- (2) The times set out in the expected timetable of principal events above and to be mentioned throughout the Circular are times in London unless otherwise stated, and may be subject to change, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Shareholders.
- (3) Subject to certain restrictions relating to certain Shareholders with registered addresses, or who are resident, outside the UK.
- (4) In light of mandatory measures imposed by the UK Government relating to the COVID-19 pandemic, Shareholders will not be permitted to attend the General Meeting in person. For further information regarding the action to take in respect of the General Meeting, see the Circular to be published on or around 11 December 2020.
- (5) These times and dates are indicative only and will depend on, amongst other things, the date upon which the Condition is satisfied.

Capitalised terms used in this announcement have the meanings given to them in the Circular to be published in connection with the Acquisition on or around 11 December 2020.

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Legal Entity Identifier of the Company is: 213800Y5CJHXOATK7X11. The person responsible for arranging the release of this information is Nexus Management Services Limited, Company Secretary to the Company.

This announcement is for information purposes only and does not constitute an offer to sell or an invitation to purchase any securities or the solicitation of an offer to buy any securities, pursuant to the Proposals. Persons who wish to vote in favour of the Proposals are reminded that such decision should only be made on the basis of the information in the Circular to be published in connection with the Proposals and not on the information contained in this announcement.

This announcement may contain forward-looking statements. Forward-looking statements contain the words “anticipate”, “believe”, “intend”, “estimate”, “project”, “forecast”, “plan”, “expect”, “will”, “could”, “may”, “might”, or words of a similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements. Nothing in this announcement is intended to be, or intended to be construed as a profit forecast.