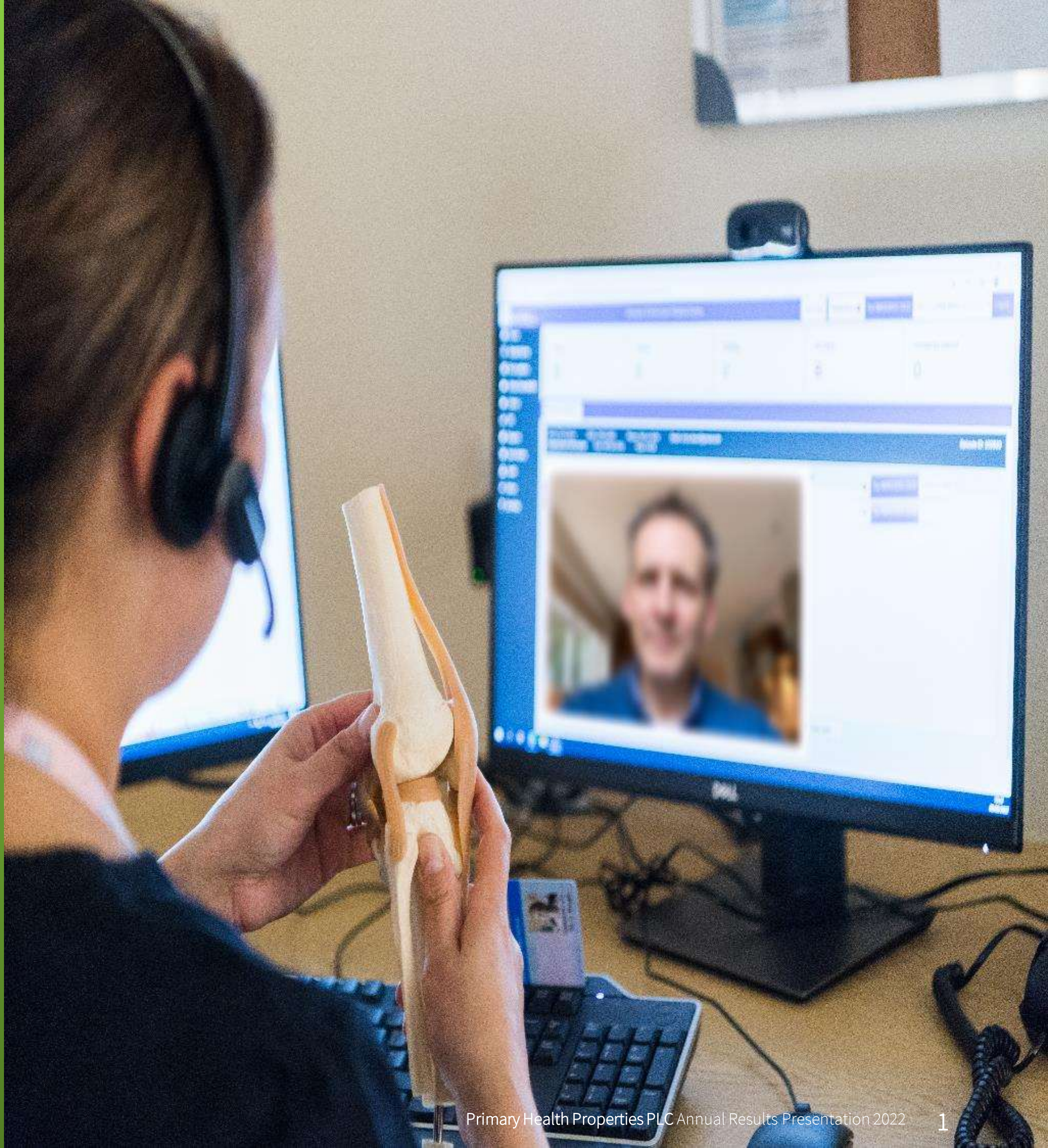
Primary Health Properties

PRIMARY HEALTH PROPERTIES PLC

HALF YEAR RESULTS PRESENTATION 2023

DELIVERING LONG TERM SUSTAINABLE INCOME

AGENDA



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.40%) 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

- ✓ 27th year of consecutive dividend growth: 6.7p per share +3.1% (2022: 6.5p +4.8%)
- ✓ Dividend cover maintained at 102% (FY 2022: 102%)
- ✓ Total property return +2.3% (FY 2022: +2.8%); valuation declines partially offset by firmer rental growth
- ✓ Strategic acquisition of Axis gives permanent presence in Ireland our preferred area for future investment
- ✓ Limited development exposure and disciplined approach to future investment only if accretive to earnings
- ✓ Disciplined pipeline, focused on Ireland, development and asset management opportunities

Focus on income growth

- ✓ Rent reviews anticipated to generate £4m+ of additional income in 2023 (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 H1 2023: £2.2m +1.5% (H1 2022: £1.8m +1.3%)
- ✓ Average cost of debt 3.2% (2022: 3.2%) with 97% of net debt fixed or hedged and £314m of undrawn headroom

27th year of consecutive dividend growth

Portfolio
£2.8 billion (2022: £2.8 billion)

Rent roll
£147 million (2022: £145 million)

Government backed income
89% (2022: 89%)

Index linked income
25% (2022: 25%)

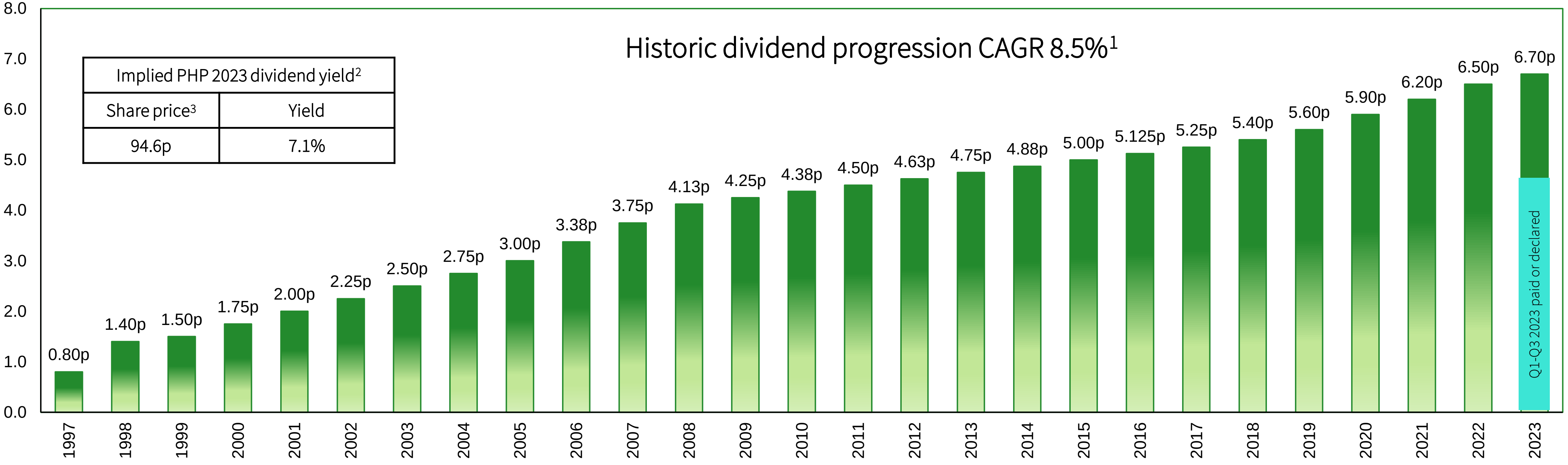
Occupancy
99.6% (2022: 99.7%)

WAULT
10.6 years (2022: 11.0 years)

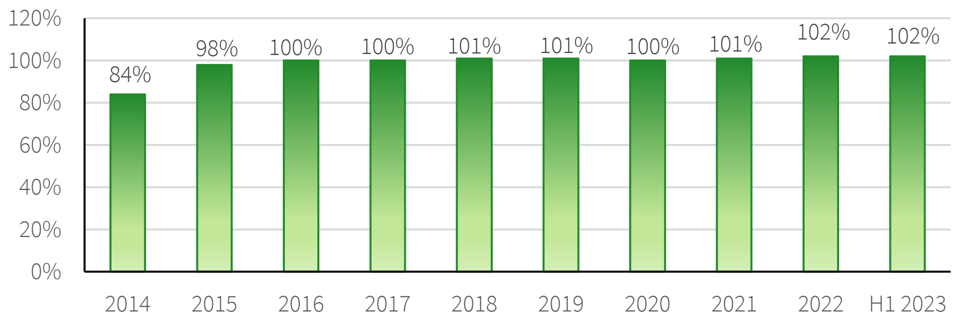
Net debt: fixed or hedged
97% (2022: 94%)

27TH YEAR OF CONSECUTIVE DIVIDEND GROWTH

Implied PHP 2023 dividend yield[2]	
Share price[3]	Yield
94.6p	7.1%



Historic dividend cover



Strong relative total property returns[4]

	PHP	Assura	MSCI UK
H1 2023 (6 months)	2.3%	n/a	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 H1 2023
2. Based on Q1-Q3 2023 dividend of 1.675p declared per share annualised and is illustrative only
3. Share price is the closing mid market price on 25 July 2023
4. Total property returns for PHP and MSCI UK relate to the years ended 31 December; Assura relate to the years ended 31 March

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

FINANCIAL REVIEW

ORGANIC RENTAL GROWTH AND EFFECTIVE COST MANAGEMENT DRIVE EARNINGS

KEY FINANCIAL HIGHLIGHTS

Performance	30 June 2023	30 June 2022	Change
Net rental income (£m)	75.5	71.1	+6.2%
Adjusted earnings (£m)	45.9	44.7	+2.7%
Adjusted earnings per share (pence)	3.4p	3.4p	No change
Dividends paid (£m)	44.8	43.3	+3.5%
Dividend cover	102%	103%	
Dividend per share (pence)	3.35p	3.25p	+3.1%
L4L rental growth (£m)	£2.2m / +1.5%	£1.8m / +1.3%	+22.2%
Revaluation (deficit) / surplus (£m)	(11.9)	51.2	

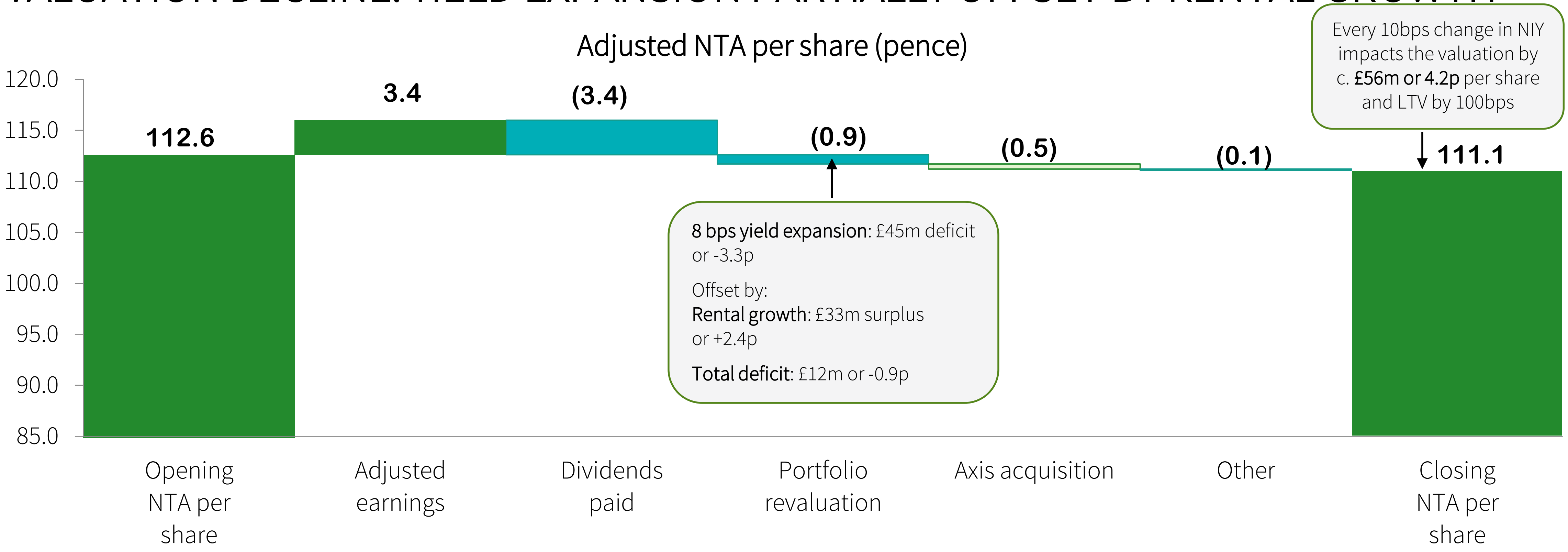
Position	30 June 2023	31 December 2022	Change
Investment property (£bn)	2.783	2.796	-0.4%
Adjusted NTA per share (pence)	111.1p	112.6p	-1.3%
Loan to value	45.6%	45.1%	+50 bps

Management	30 June 2023	31 December 2022	Change
WAULT	10.6 years	11.0 years	-0.4 years
Occupancy	99.6%	99.7%	-10 bps
EPRA cost ratio	10.1%	9.9%	+20 bps
Average cost of debt	3.2%	3.2%	No change

INCOME STATEMENT

	30 June 2023 £m	30 June 2022 £m	Change
Net rental income	75.5	71.1	+6.2%
Axis contribution	0.5	-	
Administrative expenses	(6.1)	(5.5)	-10.9%
Operating profit before financing costs	69.9	65.6	+6.6%
Net financing costs	(24.0)	(20.9)	
Adjusted earnings	45.9	44.7	+2.7%
Revaluation (deficit) / surplus and profit on sales	(11.9)	51.2	
Adjusted profit excluding exceptional adjustments	34.0	95.9	-64.5%
Fair value profit on derivatives and convertible bond	3.9	10.4	-
Amortisation of MedicX debt MtM at acquisition	1.5	1.4	-
Amortisation of intangible asset arising on acquisition of Axis	(0.4)	-	-
Axis acquisition costs	(0.2)	-	-
IFRS profit before tax	38.8	107.7	-64.0%
Adjusted earnings per share	3.4p	3.4p	No change
IFRS earnings per share	3.0p	8.0p	-62.5%

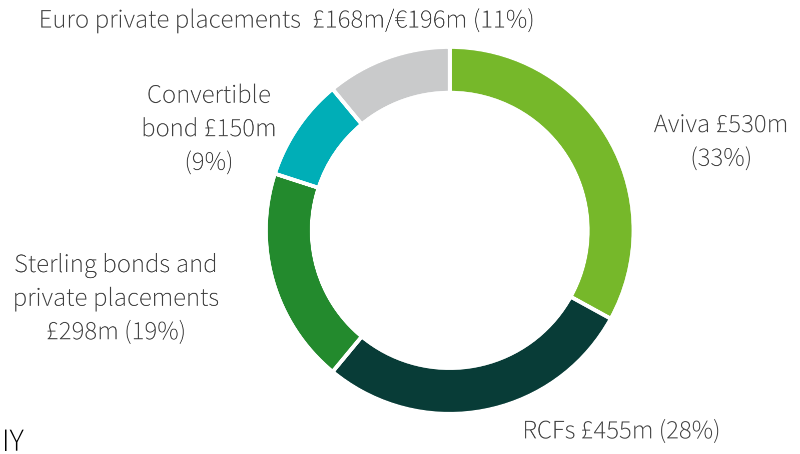
VALUATION DECLINE: YIELD EXPANSION PARTIALLY OFFSET BY RENTAL GROWTH



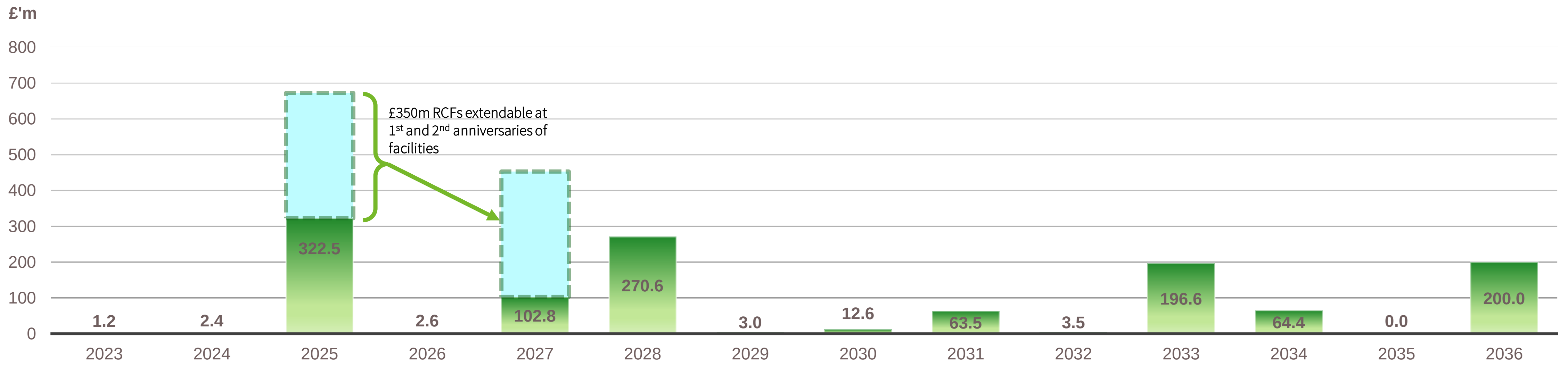
	30 June 2023	31 December 2022	Change
Adjusted net tangible assets	£1,485m	£1,505m	-1.3%
Adjusted net tangible asset value per share	111.1p	112.6p	-1.3%
Net initial yield	4.90%	4.82%	+8bps
L4L ERV growth	1.4% (H1 23)	2.2% (FY 22)	

DEBT SUMMARY

- ✓ Total debt facilities of **£1.60bn** (91% secured/9% unsecured)
- ✓ Net debt drawn **£1.27bn**
- ✓ **£314m** 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 **45.6%** (40.2% excluding £150m convertible bond)
- ✓ Long weighted average debt maturity of **6.9** years
- ✓ Average cost of debt **3.2%**
- ✓ Every 50bps increase in SONIA interest rates increases current average cost of debt by just **2bps**
- ✓ Loan to value covenant headroom of **£1.2bn or 42%** decline in values across Group and 8.6% implied NIY



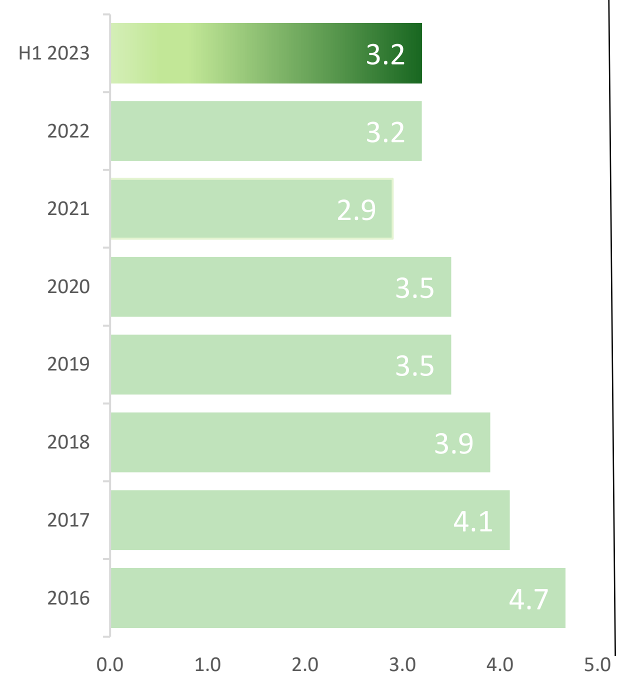
Debt Maturity Profile



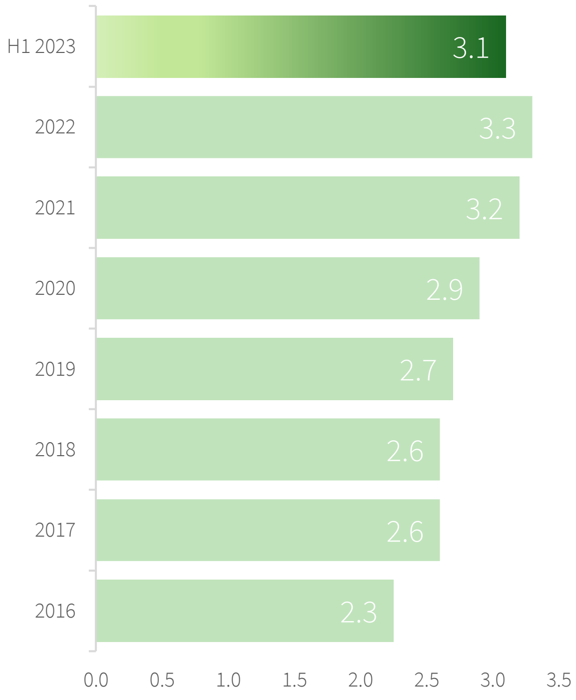
DELIVERING FINANCIAL MANAGEMENT

- ✓ 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 hedged to 97%
- ✓ No debt refinancing requirement until July 2025
- ✓ £314m undrawn headroom after capital commitments available to deal with any refinancing risk

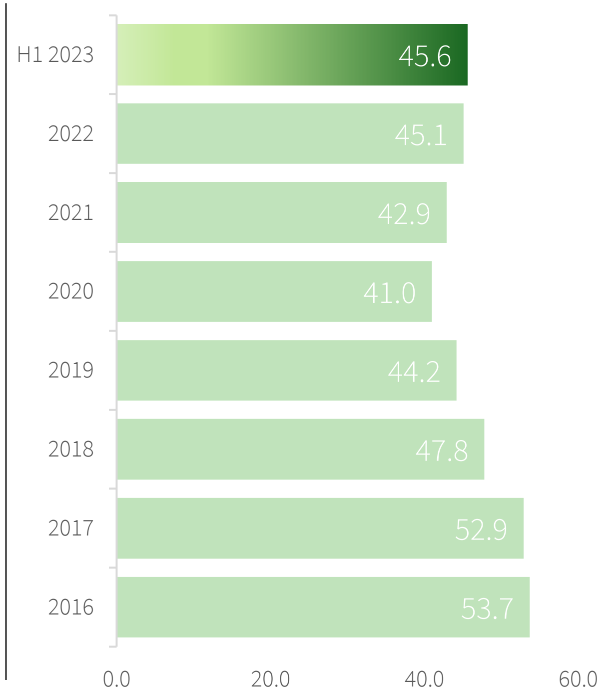
Cost of debt
3.2%



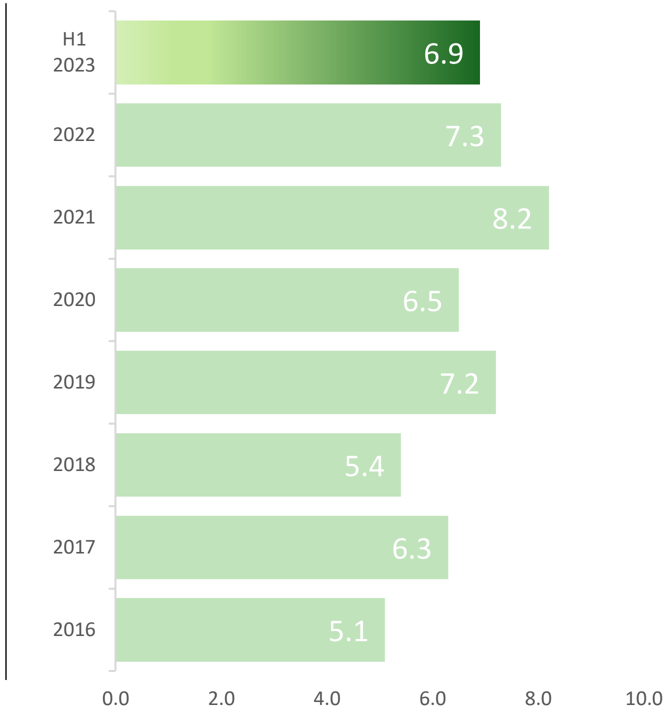
Interest cover ratio
3.1x



Loan to value ratio
45.6%



Debt maturity
6.9 years



PROPERTY REVIEW

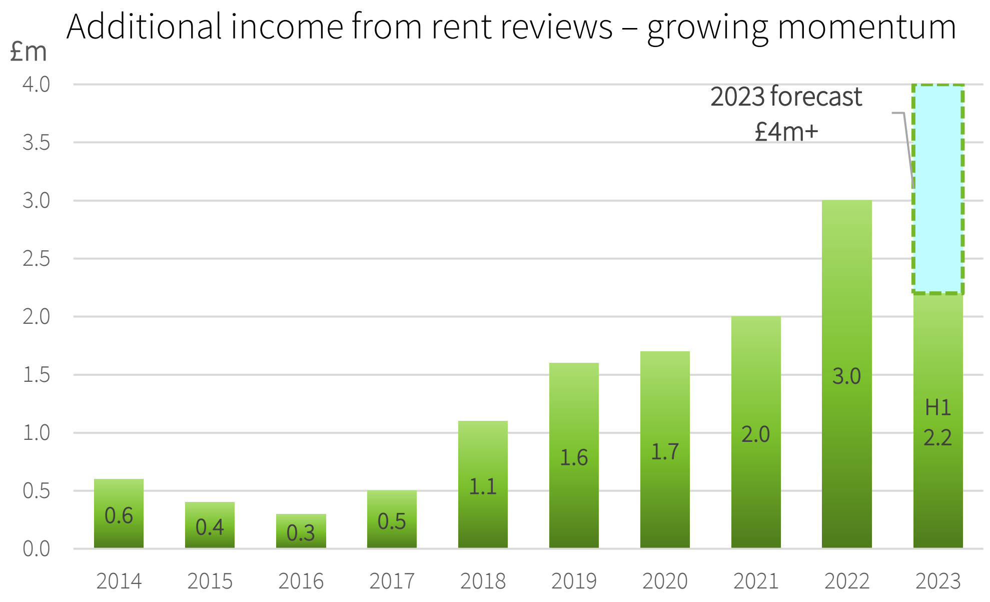
IMPROVING RENTAL GROWTH OUTLOOK FROM RENT REVIEWS AND ASSET MANAGEMENT PROJECTS

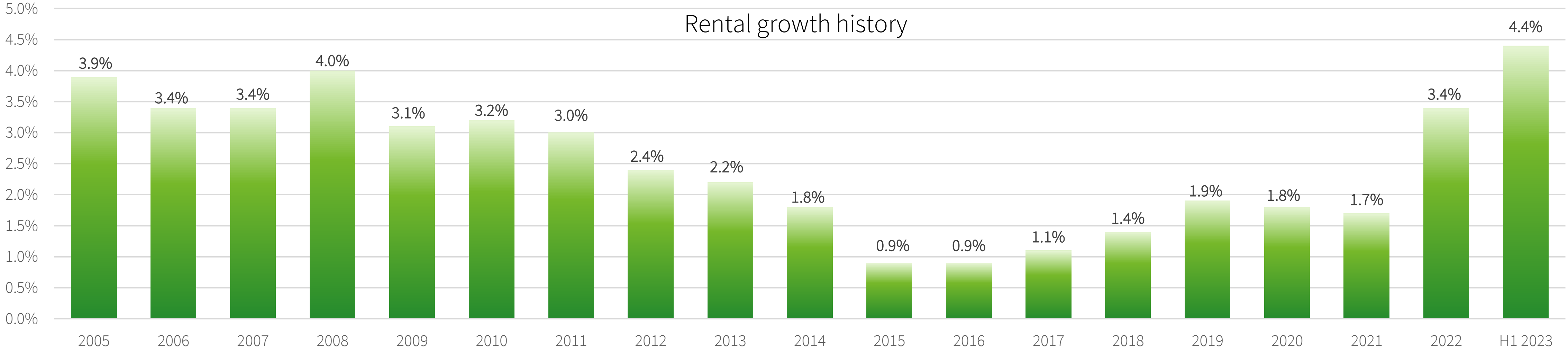
RENT REVIEWS - LONG LEASES WITH IMPROVING RENTAL GROWTH OUTLOOK

- ✓ Effectively upward only rent roll in UK
- ✓ Rents in Ireland linked to Irish CPI
- ✓ **£2.2m** additional rent in year from rent reviews a **9.9%** increase over previous passing rent
- ✓ Total weighted average rental growth: **4.4%** p.a.
- ✓ 69% reviewed to open market (ave. **2.0%** p.a.)
- ✓ 25% index linked (ave. **8.1%** p.a.)
- ✓ 6% on fixed uplift (ave. **2.5%** p.a.)
- ✓ Ireland – 100% index linked (ave. **3.4%**. p.a.)
- ✓ Most reviews settled relate to 2020 – 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





RENT REVIEW RESULTS

- ✓ **£2.2m or 9.9%** (4.4% p.a.) increase over previous passing rent increase from 172 rent reviews completed in UK and Ireland
- ✓ **£2.6m or 3.1%** uplift expected on 607 open market value reviews outstanding with ERV £87.2m
- ✓ **2.0%** p.a. achieved on 83 open market value reviews, including 24 nil increases
- ✓ **8.1%** p.a. achieved on 67 indexed linked reviews in UK
- ✓ **3.4%** p.a. achieved on 13 indexed linked reviews in Ireland
- ✓ **2.5%** p.a. achieved on 9 fixed reviews in UK

Outstanding reviews focused by region	
Midlands	25%
North	21%
London and South East	14%
Scotland	14%
Wales	11%
Eastern	8%
South West	7%
Ireland	0%
	100%

Six months to 30 June 2023	Open market rent reviews completed		Number of outstanding reviews (current rent)	
Reviews relating to calendar years:	No	%	No	£m
<=2017	8	4.0%	22	2.9
2018	6	2.1%	29	2.9
2019	6	1.3%	39	6.0
2020	14	2.4%	69	11.0
2021	19	2.3%	145	19.6
2022	6	2.3%	210	28.4
2023	0	-	93	13.8
Open market increases	59	2.5%	607	84.6
Nil increases	24	0.0%		
Total open market reviews	83	2.0%		

ASSET MANAGEMENT – UPDATING OUR CURRENT PORTFOLIO

- ✓ **Limited lease expiry risk,** £13m or 9% of income expiring in next 3 years, in excess of 70% are engaged/agreed to renew
- ✓ **5 projects completed to-date and further 8 currently on site,** investing £9.4m, £0.2m additional rent and extending leases back to 20 years on average
- ✓ **4 lease regears and one new letting** completed in the period
- ✓ **Advanced pipeline** of 32 projects, investing £23.7m capex, creating c.1,930 sqm of new space and £1.2m of additional income (5.0% YOC)

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 (YOC: 6.4%)**
Return on capital:	73%
Number of GPs:	**10**
Patients:	**14,500**
WAULT:	20 years
ESG:	New air-cooling system
BREEAM/EPC:	Not applicable / B

Refurbishment

Falcon Road, Battersea

Description: Internal refurbishment to upgrade the existing accommodation, air source heat pump and new windows to be installed to improve the EPC to a B rating. On site and due to complete in Sept 2023.
Services: The improved facilities will enable the GP practice to offer a wider range of additional PCN led roles from within the existing premises, including social prescribing and mental health clinics.

Tenants:	GP Practice
Cost:	£0.8 m
Additional rent:	**£34k (YOC: 4.1%)**
Return on capital:	151%
Number of GPs:	**9**
Patients:	**9,300**
WAULT:	15 years
ESG:	ASHP, new windows
BREEAM/EPC:	Not applicable / B

Extension and Refurbishment

Long Stratton, Norfolk

Description: 153 sqm ground floor extension, creating 7 new clinical rooms plus an internal refurbishment to bring the clinical rooms up to current standards. Air source heat pump will replace the existing oil fed heating system.
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 (YOC: 3.2%)**
Return on capital:	21%
Number of GPs:	**8**
Patients:	**11,500**
WAULT:	21 years
ESG:	ASHP
BREEAM/EPC:	Very Good / B

Refurbishment

Sprowston, Norwich

Description: Reconfiguration of 192 sqm of vacant space, plus refurbishment of the existing space which was designed for two Practices who have subsequently merged. Aiming to legally complete in September, with a start on site October 2023.
Services: The works will enable the GP practice to meet the demands of an increasing patient list due to housing growth and provide PCN roles.

Tenants:	GP Practice
Cost:	£1.2 m
Additional rent:	**£74k (YOC: 6.1%)**
Return on capital:	67%
Number of GPs:	**7**
Patients:	**15,200**
WAULT:	21 years
ESG:	Solar PV
BREEAM/EPC:	Very Good / B

PROPERTY PORTFOLIO OVERVIEW

70%+ agreed terms or advanced discussions to renew

Key Figures[1]	30 June 2023
Total number of properties	513
Including properties in Ireland	20
Investment portfolio value (£bn)	2.8
Floor area (000's sqm / 000's sq. ft.)	703 / 7,562
Capital value (£ per sqm / £ per sq. ft.)	3,958 / 368
Contracted rent roll (£m)	147.4
Average rent (£ per sqm / £ per sq. ft.)	210 / 19
Net initial yield (NIY) – UK / Ireland	4.9% / 5.4%
Average lot size (£m)	5.4
Average WAULT (years)	10.6
Occupancy	99.6%
Government backed rent	89%

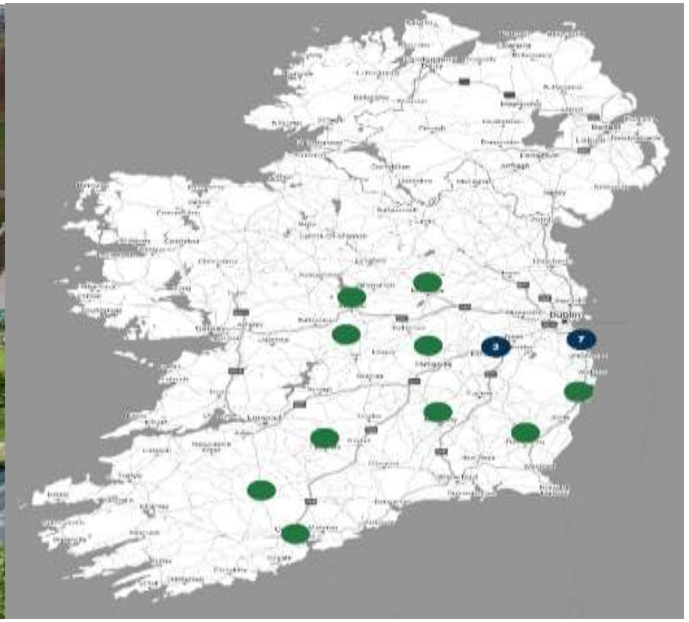
Income Expiry Profile	£m	%
< 3 years	13.3	9%
4-5 years	14.8	10%
5-10 years	53.5	36%
10-15 years	31.9	22%
15-20 years	22.6	15%
> 20 years	11.3	8%
Total	147.4	100%

Capital Value[1]	Number	Value (£m)	%
> £10m	58	886	32%
£5m - £10m	137	929	34%
£3m - £5m	155	616	22%
£1m - £3m	158	344	12%
< £1m (incl. land £1.3m)	5	5	0%
Total	513	2,780	100%

1. All data as at 30 June 2023

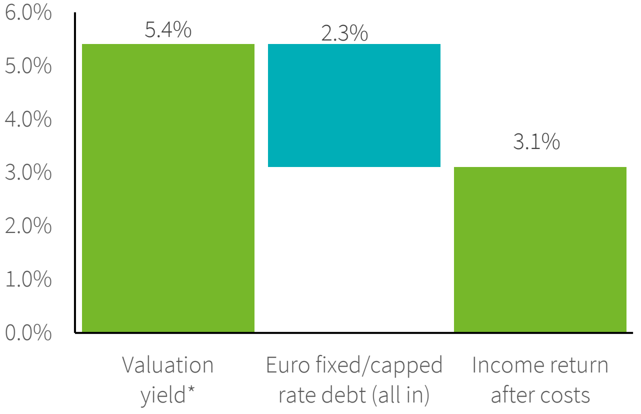
IRELAND OPPORTUNITY – CONTINUED STRATEGIC EXPANSION

- ✓ **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 20 assets, valued at £219m (€255m) with a large average lot size of £11m (€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 £40m (€47m)** across three properties
- ✓ **Irish rent roll** €15.1m with 75% let directly to Health Service Executive or government agencies with long leases (WAULT: 20 years). All rents linked to Irish CPI (+6.1% June 2023) capped at 25% over 5-years

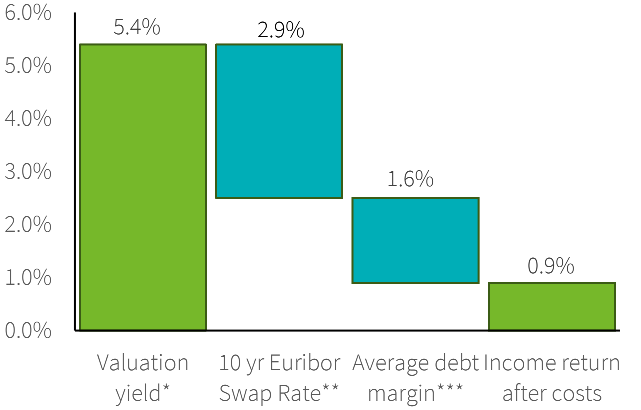


Attractive income accretion

Existing portfolio



Current volatile interest rate environment

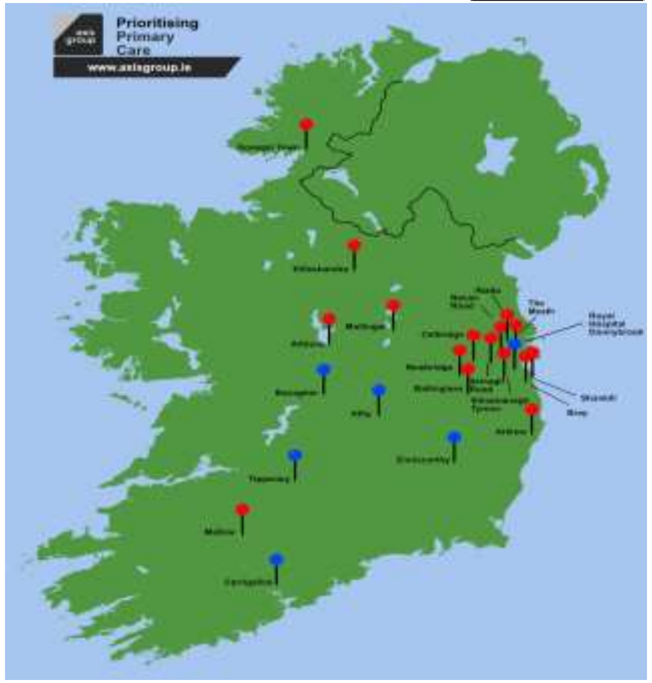


* PHP portfolio valuation yield 30 June 2023 (used as proxy for market purchases)
** Sourced from Chatham Financial – 19 July 2023
*** Company incremental margin on debt facilities

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

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. £80m over the next 1-2 years to fund a mix of future acquisition pipeline, direct developments and asset management projects

Funding requirement

1 Pipeline

Pipeline of active opportunities, include:

Region	In legals		Advanced pipeline		Total Cost
	Number	Est. cost	Number	Est. cost	
Ireland	1	£12.8m (€14.8m)	2	£27.4m (€31.8m)	£40.2m (€46.6m)
UK - Direct Developments	-	-	3	£15.2m	£15.2m
UK - Investment	-	-	-	-	-

Irish pipeline of £40.2m (€46.6m)

UK development pipeline of £15.2m

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	
20	£16.8m	12	£6.9m	£23.7m

Estimated capex on projects over next 1 - 2 years of £23.7m

- 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:** significantly advanced pipeline across three projects expected on site during 2024, with an estimated cost of £15.2m. Medium-term pipeline of further projects being progressed
- ✓ **Irish forward funded developments:** one project with a total cost of £12.8m/€14.8m, in legals and expected to be on site in Q4 2023

Direct Development (shell fit-out)

Peel Precinct Health Centre, South Kilburn

Tenants
- ✓ GP Practice

Start on site:	Q1 2024
PC date:	Q4 2024
Cost:	£3.7m
YOC:	**5.6%**
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:	Q2 2024
PC date:	Q2 2025
Cost:	£4.5m
YOC:	**4.8%**
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 2024
PC date:	Q2 2025
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

Forward Funded Development

Birr, Co. Offaly, Ireland

Tenants
- ✓ Health Service Executive (HSE)
- ✓ GP Practice
- ✓ Pharmacy

Start on site:	Q4 2023
PC date:	Q1 2025
Cost:	€14.8m
YOC:	**5.3%**
Size:	4,641 sqm
WAULT:	**23.8 years**
Rent review:	Irish CPI
BER rating :	A3
nZEB:	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.40% of all 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 in our preferred location for future investment
- ✓ Continued focus on income and dividend growth
- ✓ Strategy supports a low carbon approach with positive social impact

27th year of consecutive dividend growth

Portfolio
£2.8 billion (2022: £2.8 billion)

Rent roll
£147 million (2022: £145 million)

Government backed income
89% (2022: 89%)

Index linked income
25% (2022: 25%)

Occupancy
99.6% (2022: 99.7%)

WAULT
10.6 years (2022: 11.0 years)

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

FURTHER BACKGROUND ON PHP

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 2022
- ✓ 2025 – All new developments to be NZC
- ✓ 2030 – All asset management activities to be NZC and properties to have an EPC of B or better
- ✓ 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 (ALREADY NZC), 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
- ✓ Committed to play a key role in UK's Levelling-Up agenda focused 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, EV 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

Net Zero Carbon by 2030

Portfolio EPC ratings A-C
84%
2022: 81%

Projects EPC B or better
100%
2022: 100%

nZEB Standard (Ireland)
100%
2022: 100%

Development BREEAM Excellent or Very Good
100%
2022: 100%

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 and making up 26% of the total population.
- ✓ In the immediate short term, NHS waiting lists are currently estimated to now stand at c. 7.5m procedures following the Covid pandemic, with estimates that this could peak at 13m before the backlog is 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. 27m, including delivery of around 1m COVID-19 vaccines, per month in 2022. 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	30 June 2023	31 December 2022
Investment properties	2,783.4	2,796.3
Cash	2.4	29.1
Debt	(1,272.2)	(1,290.4)
Net debt	(1,269.8)	(1,261.3)
Other net current liabilities	(28.9)	(30.2)
Adjusted net tangible assets (NTA)	1,484.7	1,504.8
Convertible bond fair value adjustment	12.7	7.1
Axis intangible asset (amortised value)	6.6	-
Fixed rate debt and swap MtM	(20.8)	(24.3)
Deferred tax	(4.5)	(5.4)
IFRS net assets	1,478.7	1,482.2
Fixed rate debt and swap MtM adjustment	188.3	165.6
EPRA NDV (NNNAV)	1,667.0	1,647.8
Loan to value	*45.6%*	*45.1%*
Adjusted NTA per share (pence)	*111.1p*	*112.6p*
IFRS NTA per share (pence)	*110.6p*	*110.9p*
EPRA NDV per share (pence)	*124.7p*	*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-2025	Oct-2025	Nov-2025	Dec-2025	Dec-2025	Mar-2027	Sept-2028
Facility	£150m	£50m	£100m	£100m	£100m	£100m	£70m	£100m	£78m
Drawn	£150m	£38m	£nil	£33m	£35m	£22m	£70m	£100m	£78m
Collateral[2]	-	£101m	£209m	£205m	£183m	£186m	£119m	£172m	£124m
Contracted rent	-	£5m	£10m	£11m	£9m	£9m	£7m	£9m	£6m
LTV Max	-	60%	60%	55%	67.5%	65%	74%	70%	74%
LTV actual	-	37%	n/a	16%	19%	12%	59%	58%	62%
ICR Min	-	1.75x	1.5x	1.5x	1.75x	1.75x	1.15x	1.15x	1.15x
ICR actual	-	2.4x	n/a	5.4x	4.6x	7.2x	1.4x	3.1x	2.2x
Valuation fall to breach	-	£39m	£210m	£145m	£132m	£153m	£25m	£29m	£19m
Income fall to breach	-	£1m	£10m	£8m	£5m	£7m	£1m	£6m	£3m

1. Excludes unsecured £5m overdraft facility
2. Includes only assets mortgaged to the applicable facility
3. All data proforma as at 30 June 2023

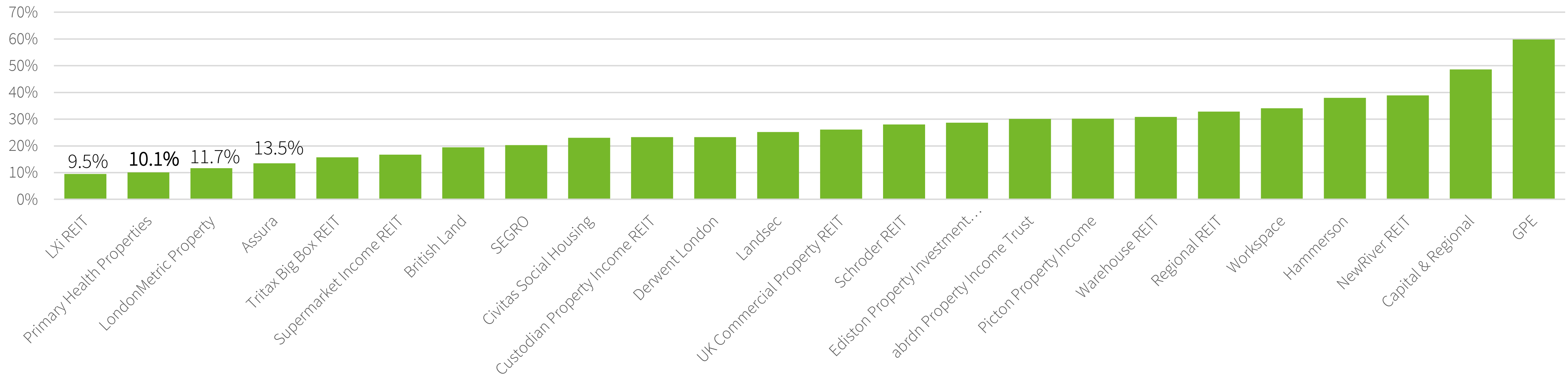
SPREAD OF FUNDING SOURCES (CONTINUED)

		Secured facilities[3]						Cash/ Unfettered assets	Total
Provider	Aviva	Ignis	Euro PP	Euro PP	Aviva	MetLife Euro PP	Aviva		
Tenor	Bullet	Bullet	Bullet	Bullet	Amortising	Bullet	Bullet		
Expiry	Nov-2028	Dec-2028	Dec-2028 Dec-2030	Sept-2031	Sept-2028 Sept- 2033	Feb-2034	Oct-2036		
Facility	£75m	£50m	£44m (€51m)	£60m (€70m)	£255m	£64m (€75m)	£200m	-	£1,596m
Drawn	£75m	£50m	£44m (€51m)	£60m (€70m)	£255m	£64m (€75m)	£200m	(£2m)	£1,272m
Collateral[2]	£154m	£85m	£74m	£102m	£467m	£122m	£396m	£84m	£2,783m
Contracted rent	£8m	£5m	£5m (€5m)	£6m (€7m)	£25m	£6m	£21m	£5m	£147m
LTV Max	65%	74%	70%	70%	75%	70%	65%	-	
LTV actual	49%	59%	59%	59%	55%	53%	50%	-	
ICR Min	1.6x	1.15x	1.15x	1.15x	1.4x	1.15x	2.25x	-	
ICR actual	3.4x	2.5x	4.1x	6.6x	2.2x	5.8x	4.1x	-	
Valuation fall to breach	£38m	£17m	£11m	£16m	£128m	£30m	£89m	£86m	£1,167m
Income fall to breach	£4m	£3m	£4m	£5m	£9m	£5m	£9m	£5m	£85m

1. Excludes unsecured £5m overdraft facility
2. Includes only assets mortgaged to the applicable facility
3. All data proforma as at 30 June 2023

EPRA COST RATIO

	30 June 2023 £m	30 June 2022 £m	31 December 2022 £m
Gross rent less ground rent, service charge and other income	78.2	73.5	147.0
Direct property expense	7.9	5.7	12.6
Less: service charge and recharged costs recovered	(5.7)	(3.2)	(7.0)
Non-recoverable property costs	2.2	2.5	5.6
Administrative expenses	6.1	5.5	9.6
Less: ground rent	(0.1)	(0.1)	(0.2)
Less: other operating income	(0.3)	(0.2)	(0.4)
EPRA costs (including direct vacancy costs)	7.9	7.7	14.6
EPRA cost ratio	10.1%	10.5%	9.9%
Administrative expenses as a percentage of gross asset value	0.4%	0.4%	0.3%



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July 2023