Primary Health Properties

Leading investor in modern primary care premises

Primary Health Properties PLC Annual Report 2024

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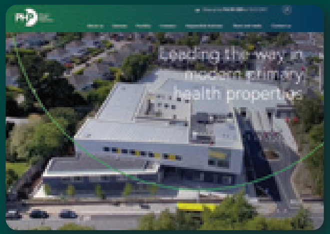
Leading investor in flexible, modern primary healthcare accommodation across the UK and Ireland



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→ Read more in our Responsible Business Report at **phpgroup.co.uk**

Highlights

Net rental income△
£153.6m
+2.9%

2024	£153.6m
2023	£149.3m
2022	£141.5m
2021	£136.7m
2020	£131.2m

Adjusted earnings△
£92.9m
+2.4%

2024	£92.9m
2023	£90.7m
2022	£88.7m
2021	£83.2m
2020	£73.1m

IFRS profit/(loss) after tax
£41.4m
+51.6%

2024	£41.4m
2023	£27.3m
2022	£56.3m
2021	£140.1m
2020	£112.0m

Dividend per share
6.9p
+3.0%

2024	6.9p
2023	6.7p
2022	6.5p
2021	6.2p
2020	5.9p

Adjusted earnings per share△
7.0p
+2.9%

2024	7.0p
2023	6.8p
2022	6.6p
2021	6.2p
2020	5.8p

IFRS profit/(loss) after tax per share*
3.1p
+55.0%

2024	3.1p
2023	2.0p
2022	4.2p
2021	10.5p
2020	8.8p

Total property portfolio
£2.8bn
-1.4%

2024	£2.8bn
2023	£2.8bn
2022	£2.8bn
2021	£2.8bn
2020	£2.6bn

Adjusted NTA per share△
105.0p
-2.8%

2024	105.0p
2023	108.0p
2022	112.6p
2021	116.7p
2020	112.9p

IFRS NTA per share
103.0p
-3.3%

2024	103.0p
2023	106.5p
2022	110.9p
2021	112.5p
2020	107.5p

Total property return△
4.2%
+70bps

2024	4.2%
2023	3.5%
2022	2.8%
2021	9.5%
2020	7.4%

Total adjusted NTA return△
3.6%
+250bps

2024	3.6%
2023	1.9%
2022	2.1%
2021	8.9%
2020	10.1%

Average cost of debt△
3.4%
+10bps

2024	3.4%
2023	3.3%
2022	3.2%
2021	2.9%
2020	3.5%

* The IFRS profit after tax per share as set out in the summarised results table on page 23.

△ Alternative performance measures ("APMs"): Measures with this symbol △ are APMs defined in the Glossary section on pages 166 to 168, and presented throughout this Annual Report. All measures reported on a continuing operations and 52-week comparable basis.

At a glance

Capturing significant opportunity

We invest in flexible, modern properties for local primary healthcare, let on long term leases with a property portfolio of 516 assets in the UK and Ireland valued at £2.8 billion.

Our purpose

To support the NHS in the UK, the HSE in Ireland and other healthcare providers in tackling the underinvestment in primary care facilities in both countries by being a leading investor in modern, primary care premises.

Capitalising on our growth drivers

Our sector has many political, economic and social growth drivers assisted by the fact that over one-third of the UK's current primary care estate is in need of modernisation or replacement.

The current capacity of existing facilities remains a significant obstacle to implementing government policies aimed at expanding social delivery within general practice, including social prescribing, clinical pharmacists, mental health and minor operations.

Political drivers

- Strong political support for Primary Care, central to the UK's reformed NHS under the 'Neighbourhood Health Scheme.'
- In Ireland, the Government prioritises Primary Care as the foundation of healthcare reform.
- Focus on accessibility and integrated services in both the UK and Ireland to reduce the record number of patients waiting for treatment whilst progressively moving services away from hospitals into primary care.

Economic drivers

- Primary Care is a cost effective alternative to Secondary Care, with significantly lower patient costs. Government initiatives, like the '10 Year Health Plan' expected in Spring 2025, aim to improve services and workforce development.
- Over one-third of UK primary care estate not fit for purpose, highlighting the urgent need for modern facilities.

Social drivers

- The need for additional space is compounded by a population that is growing, ageing and suffering from increased chronic illnesses.
- Those aged over 65 continues to increase, and is expected to increase further by over 30% by 2040 emphasising the need for expanded and integrated services.

Over
33%
of UK Primary Care centres are unfit for purpose

30%
increase in those aged over 65 years old in the UK and Ireland by 2040

At a glance continued

Delivering value through our strategy...

Huge investment is required into Primary Care to meet the increasing needs of its users, and we have the knowledge, skills, expertise and relationships to deploy in order to make this happen, through asset management and risk-controlled development and stand ready to play our part in delivering and modernising the primary care infrastructure.

Manage | Grow | Deliver | Fund

→ Read more in our Strategy section on pages 18 and 19

...and our approach to sustainability

A strategy and approach to meet the evolving sustainability needs of the healthcare sector. PHP is committed to transitioning to net zero carbon ("NZC") by 2030 for all of the Group's operational, development and asset management activities.

→ Read more in our Responsible business section on pages 28 to 43

Building on a strong and resilient portfolio

Over a six-year period we have increased adjusted earnings by around 150%, with the dividend per share paid out to investors increasing by over 28%.

Our portfolio in 2018

Contracted rent roll
£79.4m

Adjusted earnings
£36.8m

Number of properties
313

Number of tenants
709

Our portfolio in 2024

Contracted rent roll
£153.9m

Adjusted earnings
£92.9m

Number of properties
516

Number of tenants
1,207

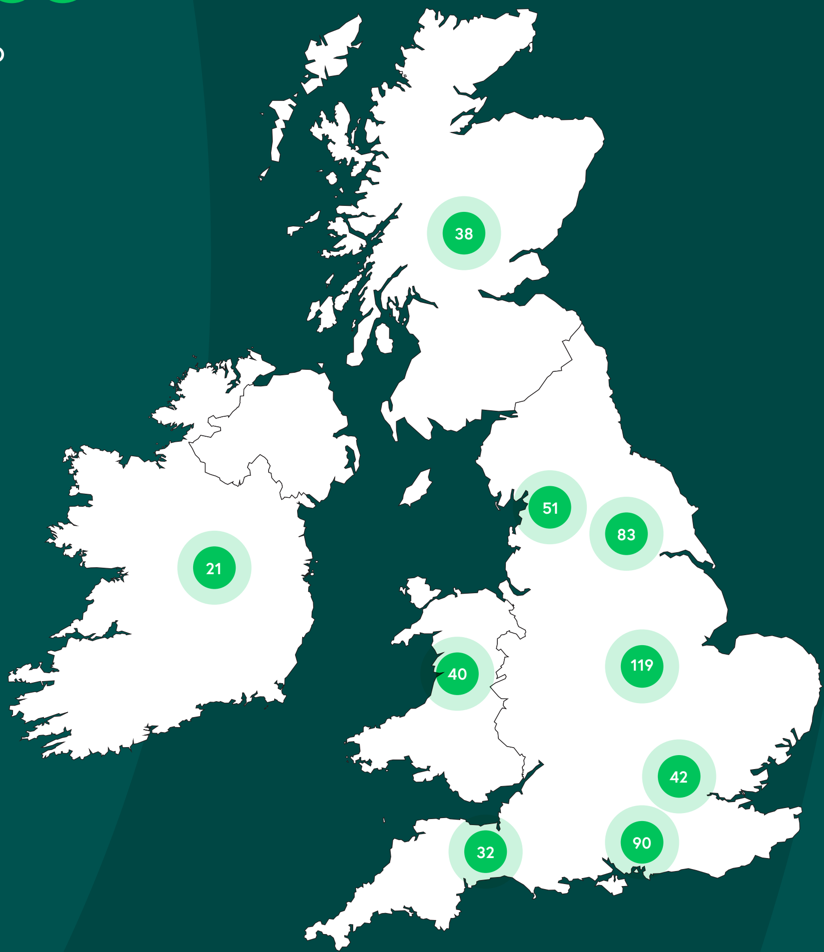
Our portfolio

Building on our strengths and maintaining resilience

The majority of our healthcare facilities are GP surgeries, with other properties let to NHS organisations, the HSE in Ireland, pharmacies and dentists.

Geographical spread by valuation

Locations	Properties	Value	% value
1 Midlands and East Anglia	119	£595m	22%
2 North East, Yorkshire and Humberside	83	£395m	14%
3 South East	90	£376m	14%
4 North West	51	£366m	13%
5 Republic of Ireland	21	£255m	9%
6 London	42	£230m	9%
7 Scotland	38	£201m	7%
8 Wales	40	£201m	7%
9 South West	32	£131m	5%
	516	**£2,750m**	**100%**



Property value
£2.8bn
(2023: £2.8bn)

Property portfolio
516
(2023: 514)

Our portfolio continued

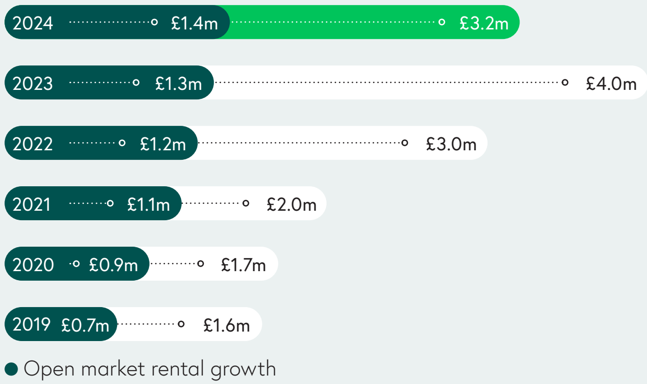
Rental growth outlook

2024 continued to see strong organic rental growth of £4.0 million, with rent review completions generating £3.2 million of additional annualised income.

Asset management projects in the year delivering a further £0.8 million of annualised rental growth from completed and committed projects. Total rent review completions compares to £4.0 million achieved in 2023, but importantly open market completions increased in the same period from £1.3 million to £1.4 million in 2024.

The progress continues the improving rental growth outlook seen over the last couple of years and it should be noted that most of the increase comes from rent reviews arising primarily in the periods prior to 2022, a period when rental growth was muted and did not reflect the higher levels of construction cost and general inflation experienced in recent years.

Additional income from rent reviews – growing momentum



Like-for-like rental growth

£4.0m

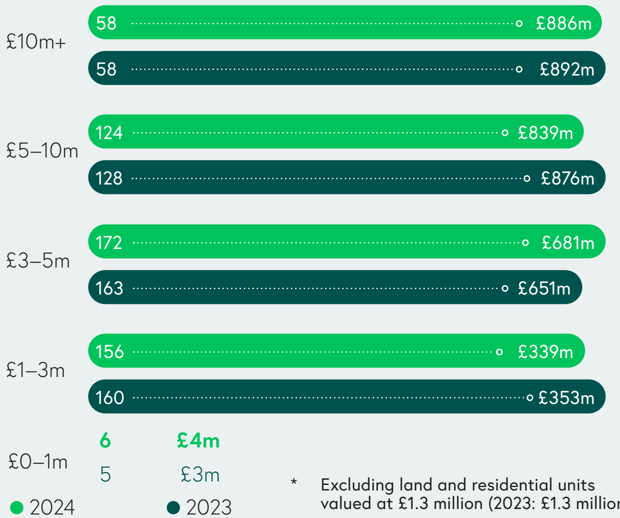
(2023: £4.3m)

Occupancy rate

99.1%

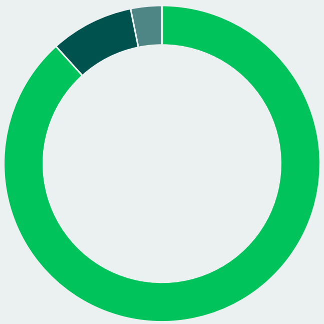
(2023: 99.3%)

Portfolio distribution by capital value analysis*



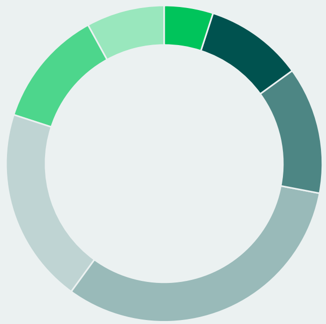
* Excluding land and residential units valued at £1.3 million (2023: £1.3 million).

Covenant analysis



Government bodies	89%
Pharmacy	8%
Other	3%

Analysis of leases unexpired – WAULT 9.4 years



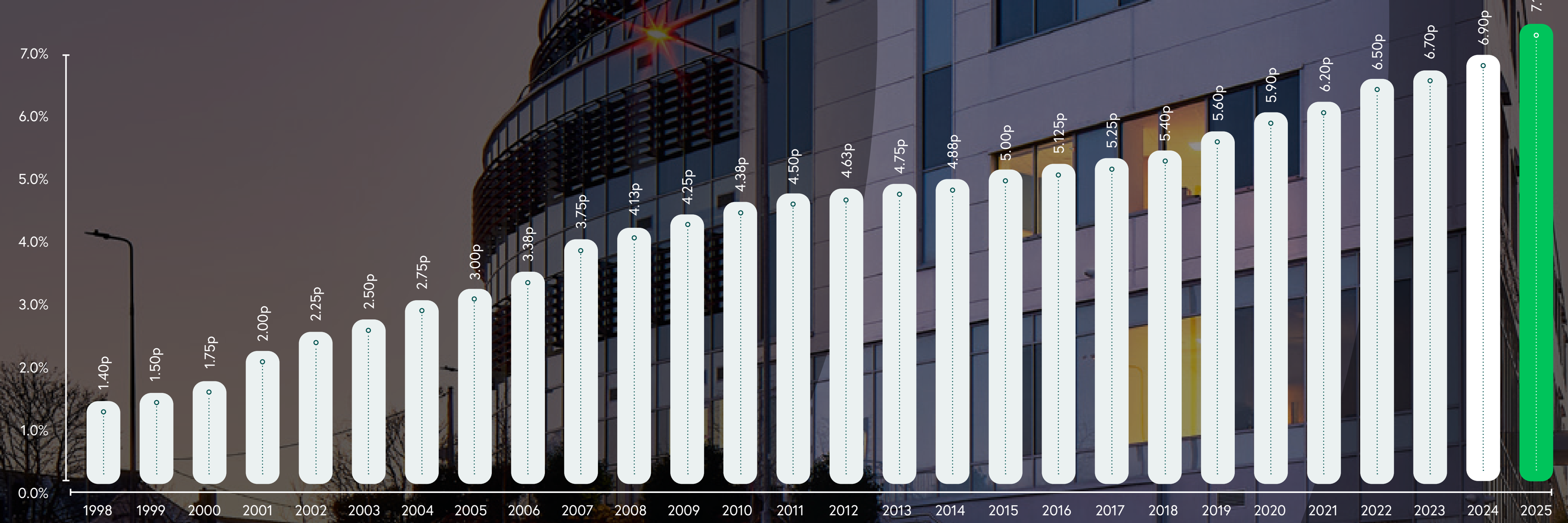
Holding over	5%
<3 years	10%
3–5 years	13%
5–10 years	32%
10–15 years	20%
15–20 years	12%
20+ years	8%

Investment case

Investing in PHP

PHP is a strong business creating progressive[1] returns for shareholders by investing in healthcare real estate let on long term leases, backed by a secure underlying covenant where the majority of rental income is funded directly or indirectly by a government body.

Entering 29 years of consecutive dividend growth



1 Progressive is where it is expected to continue to rise each year, as defined in the Glossary section on pages 166 to 168.
2 7.10 pence is an annualised amount, based on the first quarterly dividend, declared on 2 January 2025.

Investment case continued

Low risk, long term and non-cyclical market

- Two development opportunities on site in the UK
- Opportunities in Ireland that remain attractively priced, with one acquisition completed in Ireland for £18.2 million (€22.0 million) post period end
- Majority of rents in both jurisdictions funded by government for long lease terms
- WAULT of 9.4 years (2023: 10.2 years)

Rent roll funded by government bodies

89%

(2023: 89%)

Strong, high quality and growing cash flow

- Effectively upward-only or indexed rent reviews
- Continued positive rental growth outlook following another record year in open market rental growth in 2024
- Open market rental growth continues to benefit from the high inflation experienced in recent years
- Ireland continues to be the preferred area of investment with attractive returns and a lower cost of finance creating a positive yield gap
- Efficient cost structure enhances earnings

Rental growth

+£4.0m or 2.7%

(2023: +£4.3m or 3.0%)

Efficient financial management

- EPRA cost ratio continues to be one of the lowest in the sector with costs continuing to be tightly controlled
- Marginally higher EPRA cost ratio reflects the cost of a voluntary redundancy programme completed in the year as well as the write-off of one development work in progress that is no longer completing
- Notwithstanding the increase in costs, costs continue to be closely controlled and monitored, representing 10.1% if vacancy and Axis costs are excluded

EPRA cost ratio

10.8%

(2023: 10.7%)

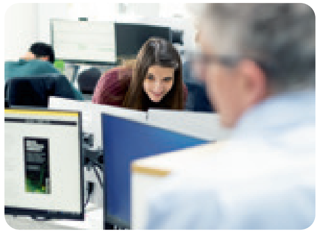
Sector demand factors dictate development of healthcare premises

- Demand from population growth, ageing and suffering from more instances of chronic illnesses
- Capacity of existing facilities remains a significant obstacle to implementing government policies
- Unwavering political support in the UK and Ireland and promotion of integrated primary care and NHS Long Term Plans to effectively manage patient needs
- Labour's pledge to reform primary care with its proposals being published in a new 10-Year Health Plan due in spring 2025

PHP's portfolio serves

6.3m patients

or 9.3% of UK population



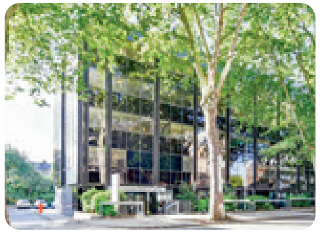
Stable, increasing income returns

- Growing shareholder return through dividend and capital appreciation
- Dividend fully covered by adjusted earnings
- Strong yield characteristics continues, supported by government backed income
- 28 consecutive years of dividend growth

Dividend per share

6.9p

(2023: 6.7p)



Investing in ESG

- Ongoing construction of PHP's first NZC development in West Sussex and commenced fit-out works on PHP's second NZC development in South Kilburn, London, with both projects due to achieve practical completion in Q2 2025
- Completed PHP's first NZC asset management project
- Continued progress made on NZC Framework with the steps to achieve the Group's target of being NZC by 2030 for all of PHP's operational, development and asset management activities
- All operational activities NZC in 2024, 2023 and 2022

Portfolio EPC ratings A–C

88%

(2023: 85%)

Chair's statement

Continuous dividend growth underpinned by another year of robust operational and financial performance in 2024

Harry Hyman
Non-executive Chair

In my first Annual Report as Chair, I am pleased to report PHP continued to deliver on its 28-year track record of continuous dividend growth underpinned by another year of robust operational and financial performance in 2024. The performance in the year is a testament to the quality of PHP's business model, portfolio, management team and people against the backdrop of a volatile and uncertain interest rate environment which continues to weigh heavily on the real estate sector and the Company's share price.

The Group's operational resilience throughout the year reflects the security and longevity of our income which are important drivers of our predictable income stream and underpin our progressive dividend policy. We have maintained our strong operational property metrics, with high occupancy at 99.1% (31 December 2023: 99.3%), 89% (31 December 2023: 89%) of our rent being securely funded directly or indirectly by the UK and Irish governments and a long weighted average unexpired lease term ("WAULT") of 9.4 years (31 December 2023: 10.2 years).

The value of the property portfolio remains broadly unchanged and currently stands at just under £2.8 billion (31 December 2023: £2.8 billion) across 516 assets (31 December 2023: 514 assets), including 21 assets in Ireland, with a total rent roll of £153.9 million (31 December 2023: £150.8 million). In the second half of the year, we have seen values start to stabilise with yield expansion starting to moderate and the impact of rental growth outweighing yield shift and we expect this trend to continue in 2025. Notwithstanding the modest fall in values in the year the portfolio's average lot size is £5.3 million (31 December 2023: £5.4 million).

We continue to focus on driving rental growth from both rent reviews and asset management activities which generated an extra £4.0 million (2023: £4.3 million) of annualised rental income during the year which is a critical factor in the Group's business model and underpins both the earnings and dividend outlook.

Importantly, we have continued to see open market value ("OMV") growth improving with reviews completed in 2024 generating an extra £1.4 million (2023: £1.3 million), an uplift of 6.0% (2023: 5.4%) over the previous passing rent equivalent to 1.9% (2023: 1.8%) on an annualised basis. This continues the positive trend in growth seen over the last couple of years. The improving rental growth outlook has also been reflected in the valuation of the portfolio with the independent valuers' assessment of estimated rental values ("ERV") increasing by 3.2% during 2024 (2023: 2.5%).

"After nearly a year in my position as Chair, it is with great privilege that I write to you for the first time as Chair. The performance in the year is a testament to the quality of PHP's business model, portfolio and management team."

Chair's statement continued

The significant increase in construction costs, together with historically suppressed levels of open market rental growth in the sector, will be significant pull factors to future growth and we are starting to see positive movement in some locations where the NHS's need for investment in new buildings is strongest. We have recently commenced work on PHP's second development at South Kilburn, London, which is an example of an Integrated Care Board ("ICB") and local authority stepping in with a capital contribution where the District Valuer's ("DV") proposals have prevented much needed schemes from progressing. This, along with the use of "top-up" rents and capital contributions, is starting to allow certain schemes to progress viably and we anticipate this will continue to accelerate to help meet the real need for additional and improved capacity.

We welcome the new Labour Government's commitment to the NHS together with its manifesto pledge to reform primary care along with a continuation of the shift of services out of hospitals and into the community. Primary care will face challenges in meeting the new objectives set, with the capacity of existing facilities creating a significant obstacle to implementing the new government's policies aimed at expanding service delivery within general practice. Further details on the government's proposals will be published in a new 10-Year Health Plan expected later in spring 2025. Many of our primary care facilities and occupiers will need to deal with future reforms along with addressing the large backlog of procedures that has built up over recent years. We continue to maintain close relationships with our key stakeholders and GP partners to ensure we are best placed to help the NHS and Health Service Executive ("HSE"), Ireland's national health service provider, evolve and deal with the ever-increasing pressures and scrutiny which they continue to face.

We recognise that the success of the Group depends on our people and I would again like to warmly thank all of our employees and the Board for their continued commitment, dedication and professionalism.

Adjusted earnings per share growth

+2.9%

Dividend per share growth

+3.0%

Overview of results

PHP's adjusted earnings increased by £2.2 million or +2.4% (2023: £2.0 million or +2.3%) to £92.9 million (2023: £90.7 million) in the year, primarily driven by organic rental growth from rent reviews and asset management projects, plus increased profit generated by Axis PHP, our Irish property management business, partially offset by higher interest costs on the Group's increased variable rate debt and additional administrative expenses. Using the weighted average number of shares in issue in the year, the adjusted earnings per share increased to 7.0 pence (2023: 6.8 pence), an increase of 2.9% (2023: +3.0%).

A revaluation deficit of £38.4 million (2023: deficit of £53.0 million) was generated in the year from the portfolio, equivalent to -2.9 pence (2023: -4.0 pence) per share. The valuation deficit was driven by net initial yield ("NIY") widening by 17bps (2023: 23bps) in the year, equivalent to a valuation reduction of around £101 million (2023: deficit of £128 million), albeit this was partially offset by gains equivalent to £63 million (2023: gain of £75 million) arising from rental growth and asset management projects.

A combined loss of £7.6 million (2023: loss of £11.6 million) on the fair value of interest rate derivatives and convertible bonds, the amortisation of the fair value adjustment on the MedicX fixed rate debt at acquisition, the amortisation of the intangible asset which arose on the acquisition of Axis PHP in 2023 and early termination fees on repayment of bond debt resulted in a profit before tax as reported under IFRS of £47.0 million (2023: £26.1 million).

The Group's balance sheet remains robust, with significant liquidity headroom, with cash and collateralised undrawn loan facilities, after capital commitments, totalling £270.9 million (31 December 2023: £321.2 million). The loan to value ratio of 48.1% (31 December 2023: 47.0%) is within the targeted range of between 40% and 50%, with significant valuation headroom across the various loan facilities and with values needing to fall by around £1.0 billion or 37% before the loan to value covenants are impacted.

Dividends

The Company distributed a total of 6.9 pence per share in 2024, an increase of 3.0% over the 2023 dividend of 6.7 pence per share. The total value of dividends distributed in the year increased by 2.9% to £92.1 million (2023: £89.5 million), which was fully covered by adjusted earnings. During 2024, the scrip dividend scheme continued to be suspended as a consequence of the ongoing weakness in the share price and a Dividend Reinvestment Plan continued to be offered in its place.

The first interim dividend of 1.775 pence per share was declared on 2 January 2025, equivalent to 7.1 pence on an annualised basis, which represents an increase of 2.9% over the dividend distributed per share in 2024. The dividend was paid to shareholders on 21 February 2025 who were on the register at the close of business on 10 January 2025. The dividend will be paid by way of a Property Income Distribution of 1.375 pence and an ordinary dividend of 0.4 pence.

The Company intends to maintain its strategy of paying a progressive dividend, paid in equal quarterly instalments, that is covered by adjusted earnings in each financial year. Further dividend payments are planned to be made on a quarterly basis in May, August and November 2025 which are expected to comprise a mixture of both Property Income Distribution and normal dividend.

Chair's statement continued

Board succession and changes

As previously reported, Mark Davies succeeded myself as Chief Executive Officer ("CEO") with effect from the conclusion of the 2024 Annual General Meeting ("AGM") on 24 April 2024. At the same time, Steven Owen retired from the Board as Non-executive Chairman and I was appointed, with strong shareholder support at the AGM, as Non-executive Chair.

Following my appointment as Non-executive Chair and in order to ensure that the Board consists of a majority of independent Non-executive Directors and is therefore compliant with the UK Corporate Governance Code 2024, Dr Bandhana (Bina) Rawal was appointed as a fourth independent Non-executive Director of the Company with effect from 27 February 2024, increasing the size of the Board to seven. Dr Rawal brings a wealth of experience from senior executive and non-executive roles across healthcare, including in strategy, partnerships, governance and risk management.

The Board is grateful to Steven for his commitment and dedication to the Company since his appointment as a Non-executive Director in 2014 and for subsequently chairing the Company from 2018 to 2024, a period of transformational growth and change, particularly following the merger with MedicX, the process of internalising the management function and establishing PHP as a key member of the FTSE 250 Index.

Secondary listing

On 24 October 2023 the Company completed a secondary listing of PHP shares on the Johannesburg Stock Exchange ("JSE"). The Board of PHP believes that the secondary listing will contribute to liquidity in the Group's shares as a result of the growing interest in the Company and its increased profile in the South African market, where a number of investors have shown strong interest in our unique healthcare property investment opportunity. Since listing on the JSE approximately 14 million shares, across 450 shareholders, have been transferred to the Company's South Africa register to date and we continue to help potential South African investors acquire PHP shares and provide further liquidity on the JSE with the objective of increasing the number of shares listed there to between 5% and 10% of the Group's total issued share capital. We are delighted that PHP is now included in a number of key South African indices as of September 2024, including the prominent FTSE/JSE All Share Index and All Property Index, helping to further increase liquidity on this market.

Environmental, social and governance ("ESG")

PHP has a strong commitment to responsible business. ESG matters are at the forefront of the Board's and our various stakeholders' considerations and the Group has committed to transitioning to net zero carbon ("NZC"). PHP published, at the start of 2022, a NZC Framework setting out the five key steps we are taking to achieve an ambitious target of being NZC by 2030 for all of PHP's operational, development and asset management activities.

We continue to make good progress on the delivery of our NZC Framework commitments and achieved our first milestone of net zero operations for the last three years, one year ahead of target. Additionally, the Group's has two NZC developments under construction at Croft, West Sussex, and South Kilburn, London, with both projects due to achieve practical completion in Q2 2025.

We continue to modernise existing buildings and improve the environmental credentials of our portfolio through the asset management programme and have completed six projects in the year, all of which saw an improvement in the EPC ratings to a B. In the year, we also completed PHP's first net zero asset management project at Long Stratton, Norfolk, where oil fired heating was replaced with air sourced heating, solar PV was installed and the residual carbon incurred was offset. A further ten projects are currently on site or committed with an advanced pipeline of additional schemes where we continue to evaluate options for energy efficiency, renewables and net zero asset management projects.

As at 31 December 2024, 47% of assets have an EPC rating of A or B (31 December 2023: 42%) and 88% at A to C (31 December 2023: 85%).

As part of establishing the wider carbon impact of the buildings and improving our access to energy performance data we have partnered with arbnco, the award-winning Protech company addressing climate change, to increase and move towards 100% energy data coverage across the portfolio, allowing us to proactively engage with and support tenants on improving their energy performance.

As a leading provider of modern primary care premises, we aim to create a lasting positive social impact, particularly on the health outcomes and wellbeing in the communities where we are invested. We believe that our activities benefit not only our shareholders but also our wider stakeholders, including occupiers, patients, the NHS and HSE, suppliers, lenders, and the wider communities in both the UK and Ireland.

Further details on our progress in the year, objectives for the future and approach to responsible business can be found throughout this report and on our website.

Market update and outlook

We welcome the new Labour Government's continued commitment to the NHS and its manifesto pledge to reform primary care along with three key proposals for change, in particular:

- changes so that more people can get care at home or in their community;
- changes so that the NHS has the workforce of the future, with the technology it needs; and
- changes so that there is a focus on prevention to reduce pressures on the NHS.

Labour's policy includes a continuation of the shift of services out of hospitals and into the community with healthcare delivered close to home and readily available for individuals when they need it. As part of this commitment Labour acknowledges there needs to be a reform of primary care with patients needing new and more varied opportunities to access healthcare, unlocking earlier diagnosis of progressive health conditions and promoting better health outcomes for the population. Amongst the proposals for primary care are:

- improve GP access;
- bring back the family doctor;
- join up community health and social care services;
- open new referral routes;
- further expand the role of community pharmacy;
- free up GP appointments by boosting mental health support; and
- create a Neighbourhood NHS Workforce.

Primary care will continue to face challenges in meeting the above objectives. The growing demand for healthcare services alongside the capacity constraints of existing facilities represent a significant obstacle to successfully implementing the new government's policies aimed at expanding service delivery within general practice and local communities.

Chair's statement continued

Market update and outlook continued

The need for additional space is compounded by a population that is growing, ageing and suffering from increased chronic illnesses, which is placing a greater burden on healthcare systems in both the UK and Ireland. The extent of the NHS backlog also remains a significant concern, with the number of patients waiting for treatment reaching record highs and hospitals struggling to meet objectives. All these factors make more urgent the need for improved and increased primary healthcare infrastructure with approximately one-third of the UK's current primary care estate in need of modernisation or replacement.

PHP stands ready to support the new Labour Government's ambition of building an NHS fit for the future but declining rents in real terms have made investing in the transformation of GP facilities less appealing. Construction costs have risen significantly over the past decade, surpassing the growth in primary care rents, driven by material and labour costs and increasing sustainability requirements, all of which have been compounded by Brexit, the COVID-19 pandemic and the volatile fiscal policy outlook. We look forward to the publication of the new 10-Year Health Plan expected later in spring 2025 with further details on the government's proposals especially around community healthcare.

PHP's mission is to support the NHS, the HSE and other healthcare providers, by being a leading investor in modern, fit-for-purpose primary care premises. We will continue to actively engage with government bodies, the NHS, the HSE in Ireland and other key stakeholders to establish, enact (where we can), support and help alleviate increased pressures and burdens currently being placed on healthcare networks.

Primary health and investment market update

The commercial property market continues to be impacted by economic turbulence and the uncertainty of interest rates continues to weigh on the real estate sector. The UK budget and rising debt levels along with the US election continue to pose ongoing risks and create added uncertainty.

We believe healthcare, and in particular primary care real estate, remains a structurally supported sector and benefits from the demographic tailwinds of a population that is growing, ageing and suffering from increased chronic illnesses, which is placing a greater burden on healthcare systems in both the UK and Ireland, which in turn compounds the need for both fit for purpose and additional space.

However, future developments will now need a significant shift of between 20% to 30% in rental values to make them economically viable. We continue to actively engage with the NHS, ICB and DV for higher rent settlements. Despite these negotiations typically becoming protracted, we are starting to see positive movement in some locations where the health system's need for investment in new buildings is strongest such as our recent development at South Kilburn, London.

Primary care asset values have continued to perform well relative to mainstream commercial property due to recognition of the security of their government backed income, crucial role in providing sustainable healthcare infrastructure and more importantly a stronger rental growth outlook enabling attractive reversion over the course of long leases.

In the first half of 2024, the continued lack of recent transactions in the period resulted in valuers continuing to place reliance primarily on sentiment to arrive at fair values. However, in the second half of the year there has been a small pool of transactional evidence, with a limited number of purchasers in the market, including distressed asset sales, which have enabled valuers to have regard to these comparables with lesser reliance on market sentiment. Yields adopted by the Group's valuers have moved out by 17bps in the year to 5.22% as at 31 December 2024 (31 December 2023: 5.05%).

We believe further significant reductions in primary care values are likely to be limited and we have now reached an inflexion point with a stronger rental growth outlook offsetting the impact of any further yield expansion.

We have also seen significant real estate sector consolidation in the UK over the last few years where poor structures and investment strategies have resulted in material share price discounts to net asset values. As a result, we believe that there are further opportunities for consolidation, with investors increasingly focused on larger, more scalable and efficient cost structures.

PHP outlook

The Company continues to operate a leading portfolio of primary care assets across the UK and Ireland.

As outlined at its 2024 Capital Markets Day, PHP has built a leading presence in Ireland following the acquisition of Axis, PHP's Irish property management business, in 2023. This market benefits from: long leases directly let to the HSE, larger lot sizes; indexed linked rent reviews; and benefits fom cheaper Euro denominated interest rates. As a result, it offers a significant opportunity for profitable growth as highlighted by the recent earnings enhancing acquisition of Laya Health Facility in Cork. The Group is strongly positioned to expand its presence in Ireland and continues to monitor and review other Eurozone opportunities and consider future expansion into new primary care markets that add further value for stakeholders and shareholders alike.

Growth in the immediate future will also continue to focus on increasing income from our existing portfolio and we are encouraged by the firmer tone of rental growth experienced over the last couple of years. We believe the dynamics of inflation in recent years, including significantly increased build costs combined with demand for new primary care facilities and the need to modernise the estate, will continue to drive future rental settlements.

We are currently on site with only two developments with costs to complete of just £2.5 million and consequently have very limited exposure to higher construction cost pressures and supply chain delays. In our immediate pipeline we have one development and 13 asset management projects with a total expected cost of £6.7 million and will continue to evaluate these, together with a wider medium-term pipeline at various stages of progress and seek to negotiate rents with the NHS at the level required to deliver an acceptable return.

Harry Hyman
Non-executive Chair
27 February 2025

Read more in our Responsible Business Report at **phpgroup.co.uk**

→ Read more about our culture on **page 66**

→ Read more about our stakeholders on **pages 42 and 43**

Organic rental growth continuing to underpin our performance

Mark Davies
Chief Executive Officer

Rental growth

PHP's sector-leading metrics remain robust and we continue to focus on delivering organic rental growth derived from our existing assets. This growth arises mainly from rent reviews and asset management projects (extensions, refurbishments and lease re-gears) which provide an important opportunity to increase income, extend lease terms and avoid obsolescence, whilst ensuring that our properties continue to meet their communities' healthcare needs as the emphasis continues to shift from treatment to prevention, as well as improving their ESG credentials.

In 2024, we have continued to see strong organic rental growth from our existing portfolio with income increasing by £4.0 million or 2.7% (2023 and 2022: £4.3 million or 3.0% and £3.3 million or 2.4% respectively) on a like-for-like basis. The progress continues the improving rental growth outlook seen over the last couple of years and it should be noted that most of the increase comes from rent reviews arising primarily in the periods prior to 2022, a period when rental growth was muted and did not reflect the higher levels of construction cost and general inflation experienced in recent years.

We have also seen the improving rental growth outlook reflected in the valuation of the portfolio with the independent valuers' assessment of estimated rental values ("ERV") increasing by 3.2% in 2024 (2023 and 2022: 2.5% and 2.2% respectively).

Rent review performance

The Group completed 341 (2023: 331) rent reviews with a combined rental value of £42.2 million (2023: £42.4 million), adding £3.2 million and delivering an average uplift of 7.7% against the previous passing rent (2023: £3.6 million/8.5%).

68% of our rents are reviewed on an open market basis, which typically takes place every three years. The balance of the PHP portfolio has either indexed (27%) or fixed uplift (5%) based reviews which also provide an element of certainty to future rental growth within the portfolio. Approximately one-third of index-linked reviews in the UK are subject to caps and collars which typically range from 6% to 12% over a three-year review cycle.

In Ireland, we concluded 12 (2023: 18) index-based reviews, adding a further £0.2 million/€0.2 million (2023: £0.4 million/€0.4 million), an uplift of 15.3% (2023: 15.2%) against the previous passing rent. In Ireland, all reviews are linked to the Irish Consumer Price Index, upwards and downwards, with reviews typically every five years. Leases to the HSE and other government bodies, which comprise 79% of the income in Ireland, have increases and decreases capped and collared at 25% over a five-year review cycle.

At 31 December 2024, 600 (31 December 2023: 585) open market rent reviews representing £88.8 million (31 December 2023: £84.9 million) of passing rent were outstanding, out of which 326 (31 December 2023: 334) have been triggered to date and are expected to add another £2.7 million (31 December 2023: £2.2 million) to the contracted rent roll when concluded and represent an uplift of 5.5% (31 December 2023: 4.5%) against the previous passing rent. The balance of the outstanding reviews will be actioned when there is further comparative evidence to support the estimated rental values.

The large number of outstanding reviews reflects the requirement for all awards to be agreed with the District Valuer. A great deal of evidence to support open market reviews comes from the completion of historical rent reviews and the rents set on delivery of new properties into the sector. NHS initiatives to modernise the primary care estate will result in previously agreed rental values having to be renegotiated to make a number of these projects viable in the current economic environment.

Strong organic rental growth

£4.0 million

EPRA cost ratio

10.8%

Business review continued

Rent review performance continued

The growth from reviews completed in the year, noted above, is summarised below:

Review type	Number	Previous rent (per annum) £m	Rent increase (per annum) £m	% increase total	% increase annualised
UK – open market[1]	175	23.7	1.4	6.0	1.9
UK – indexed	142	13.7	1.4	10.4	4.6
UK – fixed	12	3.6	0.2	6.0	2.8
UK – total	329	41.0	3.0	7.4	2.9
Ireland – indexed	12	1.2	0.2	15.3	3.9
Total – all reviews	**341**	**42.2**	**3.2**	**7.7**	**2.9**

1 Includes 35 (2023: 49 reviews) where no uplift was achieved.

Asset management projects

In the UK, we exchanged on ten (2023: five) new asset management projects, eight (2023: eight) lease regears and seven (2023: four) new lettings during 2024. These initiatives will increase rental income by £0.8 million, investing £13.0 million and extending the leases back to 20 years.

In the year, £0.8 million of income was lost to voids following the insolvency of Lloyds pharmacy at five units and lease expiries at a further four units in the UK and the restructure of three, and surrender of two pharmacy leases in Ireland where the space is to be relet to the HSE in the future as part of an asset management initiative.

PHP continues to work closely with its occupiers and has a strong pipeline of 13 similar asset management projects which are currently in legal due diligence and are being progressed to further increase rental income and extend unexpired occupational lease terms. The immediate asset management pipeline will require the investment of approximately £6.7 million, generating an additional £0.4 million of rental income and extending the WAULT on those premises back to an average of 16 years. Additionally, we continue to progress an advanced pipeline of further asset management initiatives across 24 projects.

The Company will continue to invest capital in a range of physical extensions or refurbishments through asset management projects which help avoid obsolescence, including improving energy efficiency, and which are key to maintaining the longevity and security of our income through long term occupier retention, increased rental income and extended occupational lease terms, adding to both earnings and capital values.

Robust portfolio metrics

The portfolio's annualised contracted rent roll at 31 December 2024 was £153.9 million (31 December 2023: £150.8 million), an increase of £3.1 million or +2.1% (2023: £5.5 million/+3.8%) in the year driven by organic growth from rent reviews and asset management projects of £4.0 million (2023: £4.3 million). The acquisition of Basingstoke and the development at South Kilburn, London, added a further £0.5 million of income although these gains were offset by the loss of income arising from foreign exchange movements of £0.6 million on our portfolio in Ireland and UK lease surrenders and voids of £0.8 million.

The security and longevity of our income are important drivers of our secure, long term predictable income stream and enable our progressive dividend policy.

Security: PHP continues to benefit from secure, long term cash flows with 89% (31 December 2023: 89%) of its rent roll funded directly or indirectly by the NHS in the UK or HSE in Ireland. The portfolio also benefits from an occupancy rate of 99.1% (31 December 2023: 99.3%).

Longevity: The portfolio's WAULT at 31 December 2024 was 9.4 years (31 December 2023: 10.2 years). £23.6 million or 15.4% of our income is currently holding over or expires over the next three years, of which c.70% have agreed terms or are in advanced discussions to renew their lease. £62.0 million or 40.3% expires in over ten years. The table below sets out the current lease expiry profile of our income:

Income subject to expiry	£m	%
Holding over	7.8	5.1
<3 years	15.8	10.3
4–5 years	19.3	12.5
5–10 years	49.0	31.8
10–15 years	30.3	19.7
15–20 years	19.1	12.4
>20 years	12.6	8.2
Total	**153.9**	**100.0**

As at 31 December 2024, 69 leases or £7.8 million of income (2023: 45 leases/£4.1 million) were holding over. All these leases are expected to renew but are subject to NHS approval which continues to suffer from delays as ICBs finalise their future estate strategies together with the requirement for new rents to be approved by the DV. We continue to maintain a close relationship with all parties concerned and receive NHS rent reimbursement in a timely manner. If all the currently agreed transactions completed, then the WAULT on the portfolio would increase to 10.2 years (31 December 2023: 10.6 years).

Investment and pipeline

In 2024, the Group selectively completed the opportunistic acquisition of one primary health centre at Basingstoke for a total consideration of £4.5 million. The property is fully let to a GP practice, pharmacy and dentist and benefits from a long WAULT of 17 years and three-yearly open market value rent reviews.

Post period end, the Group acquired the Laya Healthcare facility, Cork, Ireland for €22.0 million/£18.2 million delivering an earnings yield of 7.1%. The private medical facility is let to Laya Healthcare, Ireland's second largest provider of private health insurance and clinical services providing a bespoke urgent care and diagnostic facility providing some of the best medical technology available in Ireland, and has been subject to a comprehensive tenant led, €6 million, fit-out to provide a number of services including X-ray, MRI, CT, Ultrasound and DEXA scanning and is open 365 days of the year with patients guaranteed to be seen within one hour. The property also provides space for several health and wellbeing clinics providing access to a number of expert teams and services and also acts as the headquarters for Laya Healthcare in Ireland.

We continue to monitor a number of potential standing investments, direct and forward funded developments and asset management projects, with an advanced pipeline across a number of opportunities in both the UK and Ireland. These will only be progressed if accretive to earnings.

The Group's disciplined approach to investment ensures it remains focused on income growth. In 2024, PHP chose not to progress with several potential transactions that were not accretive to earnings. Ireland continues to be the preferred area of investment with attractive returns and a lower cost of finance.

The immediate pipeline of opportunities in legal due diligence continues to be focused predominantly on PHP's existing portfolio through asset management projects.

Business review continued

Investment and pipeline continued

Pipeline	In legal due diligence Number	In legal due diligence Cost	Advanced pipeline Number	Advanced pipeline Cost
UK – asset management	13	£6.7m	24	£23.9m
UK – direct development	1	£4.1m	—	—
Ireland – forward funded development	—	—	3	£62.5m (€75m)
Total pipeline	**14**	**£10.8m**	**27**	**£86.4m**

Developments

At 31 December 2024, the Group had limited development exposure with two projects on site and £2.5 million of expenditure required to complete them:

- Croft Primary Care Centre, West Sussex, is being built to NZC standards and due to complete later in Q2 2025 with £0.9 million of expenditure required to complete the project.
- In July 2024 the Group also commenced work on a second development scheme at South Kilburn, London, where we have worked with both the local council and ICB, each contributing £0.5 million, to make the scheme economically viable. The scheme comprises the fit-out of a shell unit, being constructed to NZC standards, for a total cost of £3.3 million net of the £1.0 million capital contribution which equates to a 26% uplift in the rent originally set by the DV. The scheme is expected to achieve practical completion in Q2 2025 with £1.6 million of expenditure remaining.

The Group has currently paused any further direct development activity whilst negotiations with the NHS, ICBs and DVs continue in order to increase rental levels to make schemes economically viable with rental values needing to increase by around 20%-30%. Without these necessary increases in rent primary care development will remain constrained in the UK, however the recent indications from the UK Government, particularly following Lord Darzi's report, suggests there will be an increased allocation for primary care from the NHS budget. The new 10-Year Health Plan is expected to be announced in spring 2025 which will provide the Group with greater detail and clarity on potential next steps.

We currently do not have any forward funded developments on site in Ireland although we continue to progress a near-term pipeline with an estimated gross development value of approximately €50 million.

PHP expects that all future direct developments will be constructed to NZC standards.

Valuation and returns

In the second half of the year, we have seen values start to stabilise with yield expansion starting to moderate and the impact of rental growth outweighing yield shift. We expect this trend to continue in 2025.

As at 31 December 2024, the Group's portfolio comprised 516 assets (31 December 2023: 514) independently valued at £2.750 billion (31 December 2023: £2.779 billion). After allowing for acquisition costs and capital expenditure on developments and asset management projects, the portfolio generated a valuation deficit of £38.4 million or -1.4% (2023: deficit of £53.0 million or -1.9%).

During the year the Group's portfolio NIY has expanded by 17bps to 5.22% (31 December 2023: 5.05%) and the reversionary yield increased to 5.6% at 31 December 2024 (31 December 2023: 5.4%). The expansion of yields created a deficit of approximately £101 million which has been partially offset by gains of approximately £63 million arising from an improving rental growth outlook and asset management projects.

The movement in the portfolio's valuation deficit is summarised in the table below:

£m	H1 2024	H2 2024	FY 2024
NIY expansion	(£73.0)/ +13bps	(£28.6)/ +4bps	**(£101.6)/ +17bps**
Rental growth	£33.0	£30.2	**£63.2**
Total (deficit)/surplus	(£40.0)	£1.6	**(£38.4)**

At 31 December 2024, the portfolio in Ireland comprised 21 standing and fully let properties with no developments currently on site, valued at £255.3 million or €308.6 million (31 December 2023: 21 assets/£244.6 million or €282.2 million). The portfolio in Ireland has been valued at a NIY of 5.0% (31 December 2023: 5.4%).

The portfolio's average lot size fell slightly to £5.3 million (31 December 2023: £5.4 million), reflecting the fall in values in the year; however, 88% of the portfolio (31 December 2023: 87%) continues to be valued at over £3.0 million. The Group only has six assets valued at less than £1.0 million.

	Number of properties	Valuation £m	%	Average lot size £m
>£10m	58	885.9	32.2	15.3
£5m–£10m	124	838.5	30.5	6.8
£3m–£5m	172	681.2	24.8	4.0
£1m–£3m	156	338.7	12.3	2.2
<£1m (including land £1.3m)	6	5.8	0.2	0.8
Total[1]	**516**	**2,750.1**	**100.0**	**5.3**

1 Excludes the £3.0 million impact of IFRS 16 Leases with ground rents recognised as finance leases.

The valuation deficit combined with the portfolio's growing income, resulted in a total property return of +4.2% for the year (2023: +3.5%). The total property return in the year compares with the MSCI UK Monthly Property Index of 6.5% for 2024 (2023: -0.5%).

	Year ended 31 December 2024	Year ended 31 December 2023
Income return	**5.5%**	5.3%
Capital return	**(1.3%)**	(1.8%)
Total return	**4.2%**	3.5%

Mark Davies
Chief Executive Officer
27 February 2025

CEO Q&A

"We are in a great position to maintain growth and capitalise on the significant sector-leading opportunities."

Can you discuss some of the things you have achieved during your first year?

This is my first year since taking over as CEO last year and it is pleasing to report a solid set of results that are slightly ahead of market consensus. I am very pleased to report such a positive financial performance, particularly in the second half of the year, with good momentum in rental and earnings growth. Encouragingly, we have also seen positive valuation growth in the second half of the year, the first time since 2021, which has led to stability in our adjusted NTA per share whilst the dividend per share has continued to grow by 3% and remained fully covered.

A significant portion of my time in the first year has been spent inspecting the portfolio and meeting with investors and stakeholders across the UK, Europe, North America and South Africa where we have a secondary listing on the JSE.

We also held a highly successful Capital Markets Day in October 2024 where we showcased PHP's leading position including in Ireland along with the strength of our asset management and development capabilities.

I was pleased to announce my first Irish acquisition at a very attractive yield of 7.1% which is the Laya Healthcare facility in Cork, Ireland. Through our team in Ireland I had the opportunity to get to know the building and operation very well and given the transaction is in line with strategy, pleasing to get over the line.

Finally, and perhaps most pleasing, was the successful and seamless CEO transition from Harry Hyman to myself. Harry is the founder of our business so I knew I had big shoes to fill. I feel this has gone as well as it possibly could and we now work well together as Chair and CEO.

What are the future opportunities that most excite you at PHP?

We continue to monitor a number of potential standing investments, direct and forward funded developments and asset management projects with an advanced pipeline across a number of opportunities in both the UK and Ireland but these will only be progressed if accretive to earnings. Similar primary healthcare models exist across other geographies and adjacent healthcare sectors that we continue to explore and consider.

Our sector has many political, economic and social growth drivers assisted by the fact that around 50% of all primary care centres in the UK are no longer considered fit for purpose. Huge investment is required to modernise the primary healthcare estate and PHP stands ready to play its part, with a detailed knowledge of the sector, skills, expertise and strong relationships but rental values will need to increase by around 20% to 30% to make this economically viable.

What have you learned about the corporate culture at PHP?

I have been impressed by the hard work and dedication of my colleagues along with the depth of knowledge and our relationships in both the UK and Irish healthcare markets. This gives us great confidence in the future of our business and that we can continue to deliver strong financial results and sector-leading performance especially with the demographic tailwinds and political support for primary care in both countries.

PHP also has a strong commitment to ESG matters which are at the forefront of the Board's, teams and our various stakeholders' considerations. PHP's activities create a lasting positive social impact, particularly in the health outcomes and wellbeing for the communities where we are invested.

How will the new government's plans for the health sector affect PHP?

We welcome the new Labour Government's commitment to the NHS together with its manifesto pledge to reform primary care along with a continuation of the shift of services out of hospitals and into the community. Primary care will face challenges in meeting the new objectives set, with the capacity of existing facilities creating a significant obstacle to implementing the new government's policies aimed at expanding service delivery within general practice. We look forward to further details on the government's proposals being published in a new 10 Year Health Plan due later in spring 2025.

What are your priorities for the year ahead?

We are approaching PHP's 30-year anniversary with a dedicated determination to continue growing our dividend on a fully covered basis. Our progressive dividend policy remains sacrosanct, we have already declared and paid the first quarterly dividend of 1.775 pence per share, equivalent to 7.1 pence and a 2.9% increase over 2024 marking the start of the Company's 29th consecutive year of dividend growth.

Now that valuations have stabilised and look set to improve as rental growth accelerates we are seeing more opportunities to acquire earnings accretive acquisitions and this was demonstrated by our recent acquisition in Ireland of the Laya Healthcare and diagnostic facility.

Growth in the immediate future will also continue to focus on increasing income from our existing portfolio and we are encouraged by the firmer tone of rental growth experienced over the last couple of years. We believe the dynamics of inflation in recent years, including significantly increased build costs combined with demand for new primary care facilities and the need to modernise the estate, will continue to drive future rental settlements.

Creating long term sustainable value

We invest in flexible, modern properties for local primary healthcare. The overall objective of the Group is to create progressive returns to shareholders through a combination of earnings growth and capital appreciation. To achieve this, PHP has invested in healthcare real estate let on long term leases, backed by a secure underlying covenant where the majority of rental income is funded directly or indirectly by a government body.

Our key strengths

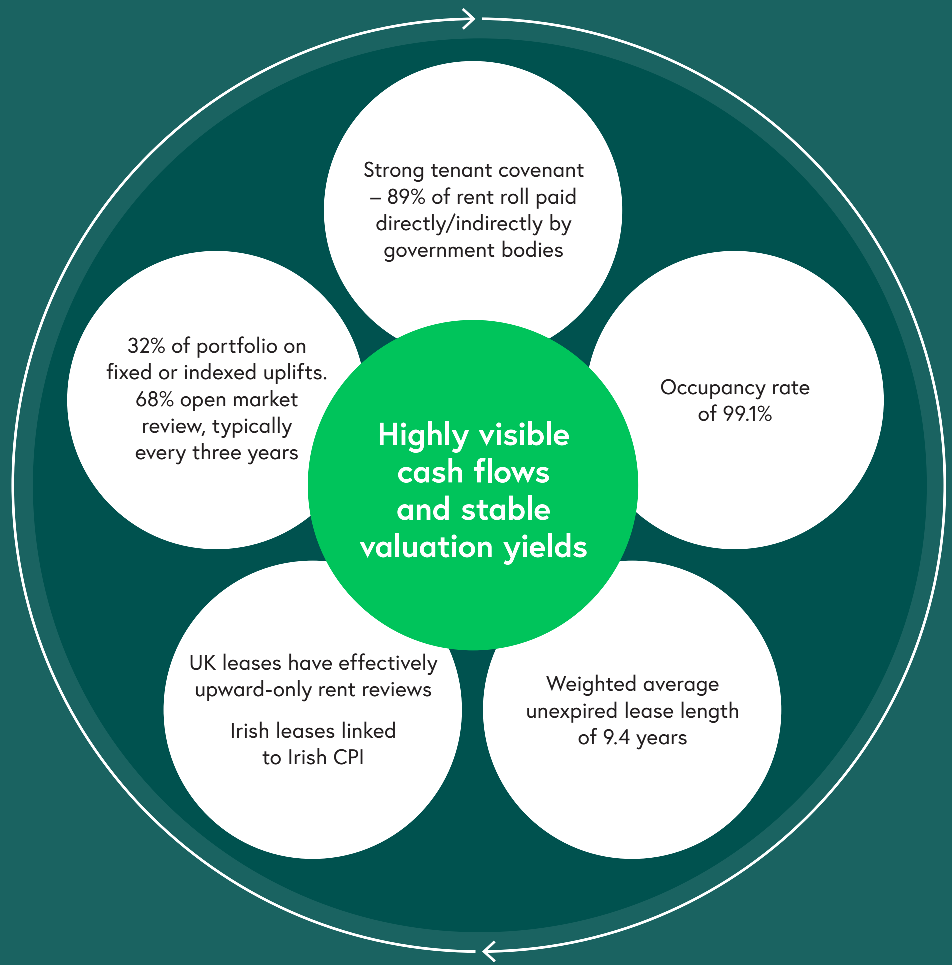
Prudent risk management:
PHP aims to operate in a relatively low risk environment to generate progressive returns to shareholders through investment in the primary healthcare real estate sector, which is less cyclical than other real estate sectors.

Long term focus:
By providing additional space facilitating the provision of additional services or extending the term of underlying leases, PHP can increase and lengthen its income streams and create the opportunity to add capital value.

Experienced and innovative management:
PHP's portfolio is managed by an experienced team within an efficient management structure, where operating costs are tightly controlled.

Appropriate capital structure:
PHP funds its portfolio with a diversified mix of equity and debt, in order to optimise risk-adjusted returns to shareholders.

Key characteristics of the portfolio

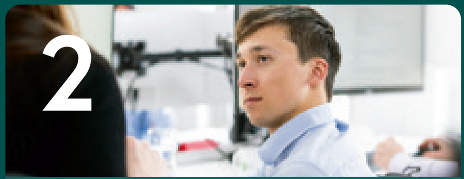


Business model continued

Our strategy

Grow

The Group looks to selectively grow its property portfolio by funding and acquiring high quality developments and newly developed facilities and investing in already completed, let properties.



Manage

PHP manages its portfolio effectively and efficiently, managing the risks faced by its business in order to achieve its strategic objectives.

Fund

The Group funds its portfolio with a diversified mix of equity and debt on a secured and unsecured basis, in order to optimise risk-adjusted returns to shareholders.

Deliver

There is a positive yield gap between acquisition and funding with continued improvements in rental growth.

Wider outcomes

Social impact

PHP aims to provide modern premises located within residential communities to enable better access to an increasing range of services being delivered locally with greater accessibility than from hospitals.

Environmental impact

Environmental impact is an integral consideration in the development, design and construction of new PHP properties. When developing new premises, PHP and its development partners seek to achieve the highest BREEAM standards in the UK or a nearly zero energy building ("nZEB") rating in Ireland, as well as improving our premises' energy performance.

We have seen continued improvement in portfolio EPC ratings with 47% and 88% (2023: 42% and 85%) rated A–B and A–C respectively, driven by the asset management programme.

Healthcare targets

The modern, flexible premises that PHP provides facilitate the provision of more wide ranging and integrated care services helping to realise the NHS's target of 24/7 access to GP services and the HSE's expansion of primary care infrastructure.

Investors

Winner of MSCI's UK Highest 10-Year Risk Adjusted Total Return Award for the third consecutive year in 2023, 2022 and 2021, reflecting PHP's market leading property performance.

The Company's share price started the year at 103.8 pence per share and closed on 31 December 2024 at 93.3 pence, a decrease of 10.1%. Including dividends, those shareholders who held the Company's shares throughout the year achieved a Total Shareholder Returns of -3.5% (2023: -0.3%).

Values

We employ sustainable design to develop, refurbish and upgrade our buildings to modern medical and environmental standards.

NHS/primary healthcare

Our flexible, modern properties benefit not only our shareholders but also our occupiers, patients, the NHS and HSE, suppliers and the wider communities in both the UK and Ireland.

Patients

PHP's portfolio serves 6.3 million patients, which is expected to further increase as primary healthcare demands increase to assist with overstretched Accident & Emergency (A&E) departments, and with the ageing and growing population.

Communities

We support initiatives that further the health, wellbeing and education of our local communities.

We look forward to the publication of the new 10-Year Health Plan due later in spring 2025 with further details on the government's proposals especially around community healthcare.

People

We conduct our business with integrity and invest in human capital, with 60 employees in the UK and 27 in Ireland, investing and supporting eleven employees in their professional development studies.

Strategic pillars

Delivering our strategic priorities

1. Grow

The Group looks to selectively grow its property portfolio by funding and acquiring high quality developments and newly developed facilities and investing in already completed, let healthcare real estate.

Activity in 2024

- Opportunistic acquisition of one standing let investment at Basingstoke for £4.5 million and commenced work on the Group's second development at South Kilburn, London, for £3.3 million
- Portfolio of 516, including 21 in Ireland at year end with one further acquisition of Laya Healthcare facility for €22.0 million/ £18.2 million in February 2025
- Total property return in the year of 4.2%, with the income return remaining strong at 5.5% offset by unfavourable movements in valuation of -1.3%; however, we saw stabilisation of values in the second half of the year

Looking forward

- Sector fundamentals of long leases and government backed income continue to drive demand in the sector
- Continue to monitor a number of potential standing investments, direct and forward funded developments and asset management projects with an advanced pipeline across a number of opportunities in both the UK and Ireland but these will only be progressed if accretive to earnings

Link to KPIs

A B C D E F G H

Link to risks

1 2

2. Manage

PHP manages its portfolio effectively and efficiently, managing the risks faced by its business in order to achieve its strategic objectives.

Activity in 2024

- £4.0 million, or 2.7% additional income from rent reviews and asset management projects
- 10 new asset management projects legally exchanged during the year, 1 of which formed part of the 6 asset management projects physically completed in the year. A further 8 lease regears and 13 new lettings were delivered, delivering £0.8 million of rental growth and investing £13.0 million
- EPRA cost ratio of 10.8% continues to be one of the lowest in the sector

Looking forward

- Strong pipeline of over 13 advanced asset management projects and lease regears being progressed over the next two years, investing £6.7 million whilst extending the WAULT on these premises back to 16 years
- Continued discussions with occupiers and the NHS to discuss requirements and opportunities as well as continue to negotiate rents in order to deliver an acceptable return

Link to KPIs

A D E F

Link to risks

3 4 5

Strategic pillars continued

KPIs
- (A) Adjusted earnings per share
- (B) Dividend cover
- (C) Total property portfolio
- (D) Total property return
- (E) Capital invested in asset management projects
- (F) EPRA cost ratio
- (G) Loan to value
- (H) Average cost of debt

→ Read more about our Key Performance Indicators on **pages 20 and 21**

Risks
1. Property pricing and competition
2. Financing
3. Lease expiry management
4. People
5. Responsible business
6. Debt financing
7. Interest rates
8. Potential over-reliance on the NHS and HSE
9. Foreign exchange risk

→ Read more about our Risks on **pages 52 to 58**

3. Fund

The Group funds its portfolio with a diversified mix of equity and debt on a secured and unsecured basis, in order to optimise risk-adjusted returns to shareholders.

Activity in 2024
- £270 million of term and revolving credit facilities refinanced for a new three-year term, with options to extend at the first and second anniversary
- Exercised options to extend £150 million of revolving credit facilities for an additional one-year term out to 2027
- Significant liquidity headroom with cash and collateralised undrawn loan facilities totalling £271 million (2023: £321 million) after taking into account capital commitments of £36 million

Looking forward
- Convertible bond will be redeemed in July 2025, and is currently expected to be repaid using undrawn headroom on the existing revolving credit facilities given the current depressed share price
- Liquidity of the Company's secondary listing of PHP shares on the JSE has increased to 1% of the total share capital of PHP, and we look to increase the number of shares listed there to between 5% and 10%

Link to KPIs
A B F G H

Link to risks
6 7

4. Deliver

Positive yield gap between acquisition and funding remains for selective investments, despite the macroeconomic environment, along with continued improvements in rental growth, delivering progressive shareholder returns.

Activity in 2024
- Adjusted earnings per share of 7.0 pence increased by 2.9% (2023: 6.8 pence)
- Dividend per share increased by 3.0% to 6.9 pence
- Total adjusted NTA return of 3.6% (2023: 1.9%)
- Strong organic rental growth from rent reviews and asset management projects, offset by the selectively muted investment in the year
- Acquisition of Axis continues to provide a critical strategic advantage in Ireland, the Group's preferred area of future investment activity

Looking forward
- Undrawn loan facilities continue to provide significant firepower to secure new investment opportunities
- 100% of the Group's net debt is fixed or hedged, protecting underlying earnings from potential future economic changes

Link to KPIs
A B C D E F G H

Link to risks
8 9

Key performance indicators

Our performance is measured against KPIs across each of our four strategic pillars

A

Link to strategy 1 2 3 4

Adjusted earnings per share△

7.0p

+2.9%

Rationale

Adjusted earnings per share is a key measure of the Group's operational performance as it excludes all elements not relevant to the underlying net income performance of the properties.

Performance

Adjusted earnings per share increased in the year reflecting the strong organic rental growth in the period and the full year benefit of the Axis acquisition partially offset by higher interest costs.

B

Link to strategy 1 3 4

Dividend cover△

101%

– bps

Rationale

The Group looks to maintain a progressive dividend policy which it aims to cover from its operational performance. Dividend cover looks at the proportion of dividends paid in the year that are funded by adjusted earnings.

Performance

Dividends paid in 2024 were fully covered by adjusted earnings and we intend to maintain a strategy of paying a progressive dividend that is covered by adjusted earnings in each financial year.

C

Link to strategy 1 4

Total property portfolio

£2.8bn

-1.4%

Rationale

The Group looks to selectively grow its portfolio in order to secure the yield gap between income returns and the cost of funds.

Performance

Opportunistic acquisition of one standing let investment at Basingstoke for £4.5 million and commenced work on the Group's second development at South Kilburn, London, for £3.3 million.

D

Link to strategy 1 2 4

Total property return△

4.2%

+70bps

Rationale

The Group invests in properties that provide the opportunity for increased returns through a combination of rental and capital growth.

Performance

Income return of 5.5% in the year was offset by unfavourable valuation movements that delivered -1.3% capital deficit, delivering a total property return of 4.2%.

Strategy

1 Grow 2 Manage 3 Fund 4 Deliver

→ Read more about our strategy on **pages 18 and 19**

△ Alternative performance measures ("APMs"): Measures with this symbol △ are APMs defined in the Glossary section on pages 166 to 168, and presented throughout this Annual Report. All measures reported on a continuing operations and 52-week comparable basis.

Key performance indicators continued

E

Link to strategy 1 2 4

Capital invested in asset management projects

£13.0m

-0.8%

Rationale

The Board is committed to keeping its assets fit for purpose and developing them to meet the needs of the Group's occupiers.

Performance

The Group exchanged 10 asset management projects, 8 lease regears and 13 lettings in the year, and is on-site with a further 10 projects, which maintain the longevity of the use of its properties and generate enhanced income and capital growth. A strong pipeline of 27 projects will continue to achieve this objective.

F

Link to strategy 1 2 3 4

EPRA cost ratio△

10.8%

+10bps

Rationale

The EPRA cost ratio is used to provide an indicator of the efficiency of the management of the Group looking at total administrative costs as a proportion of net rental income.

Performance

The slightly higher EPRA cost ratio reflects the cost of a redundancy programme performed in the year along with the write-off of development work in progress for a scheme at Colliers Wood, Merton, of £0.5 million which is no longer progressing.

G

Link to strategy 1 3 4

Loan to value△

48.1%

+110bps

Rationale

The Board seeks to maintain an appropriate balance between the use of external debt facilities and shareholder equity in order to enhance shareholder returns whilst managing the risks associated with debt funding.

Performance

Additional debt to fund acquisitions in the year, along with valuations declining, has resulted in the Group's LTV increasing to 48.1%, within the Group's targeted range of between 40% and 50%.

H

Link to strategy 1 3 4

Average cost of debt△

3.4%

+10bps

Rationale

The combination of a range of maturities and tenors of debt is key to the Group achieving the lowest blended cost of debt.

Performance

The Company successfully exercised options to extend the maturities of £150 million of RCFs by one year to 2027. Taking into account £200 million of interest rate hedges executed in January 2025, we remain fully hedged, effectively hedging out all the current net debt drawn along with providing further protection for future debt required to meet capital commitments.

Strategy

1 Grow 2 Manage 3 Fund 4 Deliver

→ Read more about our strategy on **pages 18 and 19**

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Financial review

Organic rental growth and effective cost management drive earnings to maintain a fully covered dividend

Richard Howell
Chief Financial Officer

PHP's adjusted earnings increased by £2.2 million or 2.4% to £92.9 million in 2024 (2023: £90.7 million). The increase in the year reflects the continued positive organic rental growth from rent reviews and asset management projects in both 2024 and 2023 along with increased earnings from PHP Axis' activities in Ireland, partially offset by increased interest costs on the Group's variable rate debt and administrative expenses.

Using the weighted average number of shares in issue in the year the adjusted earnings per share increased to 7.0 pence (2023: 6.8 pence), an increase of 2.9% (2023: +3.0%).

"PHP's adjusted earnings increased by £2.2 million or 2.4% to £92.9 million in 2024 (2023: £90.7 million), reflecting the continued positive organic rental growth together with the increased contribution from Axis, partially offset by increased interest costs."

Financial review continued

Summarised results

The financial results for the Group are summarised as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Net rental income	**153.6**	149.3
Axis contribution net of overheads	**1.2**	1.1
Administrative expenses	**(12.1)**	(11.6)
Operating profit before revaluation and net financing costs	**142.7**	138.8
Net financing costs	**(49.8)**	(48.1)
Adjusted earnings	**92.9**	90.7
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 amortisation of intangible asset	**(0.9)**	(0.9)
Axis acquisition and JSE listing costs	**—**	(0.5)
IFRS profit before tax	**47.0**	26.1
Corporation tax	**—**	(0.1)
Deferred tax provision	**(5.6)**	1.3
IFRS profit after tax	**41.4**	27.3

Adjusted earnings increased by £2.2 million or 2.4% (2023: £2.0 million/2.3%) in 2024 to £92.9 million (2023: £90.7 million) and the movement in the year can be summarised as follows:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Year ended 31 December	**90.7**	88.7
Net rental income	**4.3**	7.8
Axis contribution net of overheads	**0.1**	1.1
Administrative expenses	**(0.5)**	(2.0)
Net financing costs	**(1.7)**	(4.9)
Year ended 31 December	**92.9**	90.7

Net rental income received in 2024 increased by 2.9% or £4.3 million to £153.6 million (2023: £149.3 million) reflecting £3.2 million of additional income from completed rent reviews and asset management projects and £1.4 million of rent arising from the acquisition of Ballincollig in Ireland in December 2023, offset by a £0.3 million increase in non-recoverable property costs which relates primarily to the write-off of development work in progress for a scheme at Colliers Wood, Merton, of £0.5 million which is no longer progressing partially offset by other savings of £0.2 million.

Administration expenses continue to be tightly controlled and the Group's EPRA cost ratio remains one of the lowest in the sector at 10.1% (2023: 10.1%) excluding PHP Axis and direct vacancy costs. The £0.5 million increase in administration costs in the year is due primarily to the £0.4 million cost of a redundancy programme aimed at reducing staff headcount and future costs by around £1.0 million in 2025, together with the costs arising from annual pay increases and one additional Non-Executive Director recruited at the start of the year, offset by a reduction in performance related pay.

EPRA cost ratio	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Gross rent less ground rent, service charge and other income	**160.7**	155.8
Direct property expense	**26.2**	18.2
Less: direct and service charge costs recovered	**(21.0)**	(13.3)
Non-recoverable property costs	**5.2**	4.9
Administrative expenses	**12.1**	11.6
Axis overheads and costs	**0.9**	0.8
Less: ground rent	**(0.2)**	(0.2)
Less: other operating income	**(0.7)**	(0.5)
EPRA costs (including direct vacancy costs)	**17.3**	16.6
EPRA cost ratio	**10.8%**	10.7%
EPRA cost ratio excluding Axis overheads and direct vacancy costs	**10.1%**	10.1%
Total expense ratio (administrative expenses as a percentage of gross asset value)	**0.4%**	0.4%

Net finance costs in the year increased by £1.7 million to £49.8 million (2023: £48.1 million) because of a £16.5 million increase in the Group's net debt during 2024, the impact of increased interest rates on the Group's unhedged debt and the loss of interest receivable on forward funded developments which completed in H1 2023, now income producing and accounted for as rent.

IFRS profit after tax increased by £14.1 million to £41.4 million (2023: £27.3 million) predominantly driven by the lower valuation deficit of £38.4 million (2023: £53.3 million) generated in the year.

Financial review continued

Shareholder value and Total Accounting Return

The adjusted net tangible assets ("NTA") per share declined by 3.0 pence or -2.8% to 105.0 pence (31 December 2023: 108.0 pence per share) during the year with the revaluation deficit of £38.4 million or -2.9 pence per share being the main reason for the decrease.

The total adjusted NTA ("NAV") return per share, including dividends distributed, in the year was 3.9 pence or 3.6% (2023: 2.1 pence or 1.9%).

The table below sets out the movements in the adjusted NTA and EPRA Net Disposal Value ("NDV") per share over the year under review.

Adjusted NTA per share	31 December 2024 pence per share	31 December 2023 pence per share
Opening adjusted NTA per share	**108.0**	112.6
Adjusted earnings for the year	**7.0**	6.8
Dividends paid	**(6.9)**	(6.7)
Revaluation of property portfolio	**(2.9)**	(4.0)
Axis acquisition cost	**—**	(0.5)
Foreign exchange and other movements	**(0.2)**	(0.2)
Closing adjusted NTA per share	**105.0**	108.0
Fixed rate debt and derivative mark-to-market value	**9.3**	8.1
Convertible bond fair value adjustment	**0.1**	0.1
Deferred tax	**(0.7)**	(0.3)
Intangible assets	**0.4**	0.5
Closing EPRA NDV per share	**114.1**	116.4

Financing

In the year, the Group has addressed the refinancing risk of the debt maturities falling due in 2025 by refinancing two revolving credit facilities with Barclays and Lloyds totalling £270 million. The new facilities were partially used to repay the £70 million variable rate bonds ahead of maturity in December 2025 and provide the Group with sufficient headroom to repay the £150 million convertible bond which matures in July 2025. Following the completion of these refinancings the next significant refinancings fall due in October 2026. During the year the Group also exercised options to extend the maturities by one year to 2027 and 2026 on its shorter dated revolving credit facilities with HSBC (£100 million) and Santander (£50 million) respectively.

The Group's balance sheet and financing position remain strong with cash and committed undrawn facilities totalling £270.9 million (31 December 2023: £321.2 million) after contracted capital commitments of £36.3 million (31 December 2023: £14.6 million).

At 31 December 2024, total available loan facilities were £1,630.4 million (31 December 2023: £1,642.5 million) of which £1,326.7 million (31 December 2023: £1,309.9 million) had been drawn. Cash balances of £3.5 million (31 December 2023: £3.2 million) resulted in Group net debt of £1,323.2 million (31 December 2023: £1,306.7 million). Contracted capital commitments at the balance sheet date totalled £36.3 million (31 December 2023: £14.6 million) and comprise the acquisition of Laya Healthcare, Ireland, for £19.8 million, asset management projects of £14.0 million and development expenditure across two schemes of £2.5 million.

The Group's key debt metrics are summarised in the table below:

Debt metrics	31 December 2024	31 December 2023
Average cost of debt – drawn[1]	**3.4%**	3.3%
Average cost of debt – fully drawn[1]	**4.0%**	4.1%
Loan to value	**48.1%**	47.0%
Loan to value – excluding convertible bond	**42.6%**	41.6%
Total net debt fixed or hedged[1,2]	**100.0%**	97.2%
Net rental income to net interest cover	**3.1 times**	3.1 times
Net debt/EBITDA	**9.3 times**	9.4 times
Weighted average debt maturity – drawn facilities	**5.7 years**	6.6 years
Weighted average debt maturity – all facilities	**4.9 years**	5.7 years
Total drawn secured debt	**£1,176.7m**	£1,159.9m
Total drawn unsecured debt	**£150.0m**	£150.0m
Total undrawn facilities and available to the Group[2]	**£270.9m**	£321.2m
Unfettered assets	**£47.3m**	£37.0m

1 Including the impact of post year end hedging completed.
2 Including the impact of capital commitments at the year end.

Financial review continued

Average cost of debt

The Group's average cost of debt increased marginally at the year end to 3.4% (31 December 2023: 3.3%) following the completion of new interest rate hedging post year end that was put in place following the expiry of a legacy swap at the end of 2024. The new fixed rate swap arrangements will provide further protection to the Group's earnings over the course of 2025 and 2026.

Assuming the £150 million convertible bond is repaid in July 2025 using the Group's undrawn headroom on existing revolving credit facilities then the average cost of debt is expected to increase by around 20bps to 3.6%.

Interest rate exposure

The analysis of the Group's exposure to interest rate risk in its debt portfolio as at 31 December 2024 is as follows:

	Facilities		Net debt drawn	
	£m	%	£m	%
Fixed rate debt	1,105.4	67.8	1,105.4	83.5
Hedged by fixed rate interest rate swaps[1]	200.0	12.3	200.0	15.1
Hedged by interest rate caps	49.6	3.0	49.6	3.8
Floating rate debt – unhedged	275.4	16.9	(31.8)	(2.4)
Total	**1,630.4**	**100.0**	**1,323.2**	**100.0**

1 Including the impact of post year-end hedging completed.

Interest rate swap contracts

During the year the Group did not enter into any new fixed rate debt or hedging arrangements.

Post year end, in January 2025, the Group fixed, for two years, £200 million of nominal debt at a rate of 3.0% for an all-in premium of £4.5 million. The fixed rate swap will provide further protection to the Group's interest rate exposure especially whilst rates continue to remain elevated and volatile. The fixed rate swap effectively hedges out all of the current net debt drawn along with providing protection for future debt required to meet capital commitments.

Accounting standards require PHP to mark its interest rate swaps to market at each balance sheet date. During the year there was a loss of £4.5 million (2023: loss of £4.3 million) on the fair value movement of the Group's interest rate derivatives due primarily to decreases in interest rates assumed in the forward yield curves used to value the interest rate swaps and the impact of the passage of time. The net mark-to-market ("MtM") of the swap portfolio is an asset value of £0.2 million (31 December 2023: net MtM asset £4.7 million).

Currency exposure

The Group owns €308.6 million or £255.3 million (31 December 2023: €282.2 million/£244.6 million) of euro denominated assets in Ireland as at 31 December 2024 and the value of these assets and rental income represented 9% (31 December 2023: 9%) of the Group's total portfolio. In order to hedge the risk associated with exchange rates, the Group has chosen to fund its investment in Irish assets through the use of euro denominated debt, providing a natural asset to liability hedge, within the overall Group loan to value limits set by the Board. At 31 December 2024 the Group had €274.1 million (31 December 2023: €281.0 million) of drawn euro denominated debt.

Euro rental receipts are used to first finance euro interest and administrative costs and surpluses are used to fund further portfolio expansion. Given the large euro to sterling fluctuations seen in recent years and continued uncertainty in the interest rate market, the Group entered, in January 2025, a new FX forward trade hedge (fixed at €1.1459:£1) for a two-year period to cover the approximate euro denominated net annual income of €10 million per annum, minimising the downside risk of the euro remaining above €1.1459:£1.

Fixed rate debt mark-to-market ("MtM")

The MtM of the Group's fixed rate debt as at 31 December 2024 was an asset of £125.5 million (31 December 2023: asset £106.2 million) equivalent to 9.4 pence per share (31 December 2023: asset of 7.9 pence) which is not reflected in the NTA reported. The movement in the year is due primarily to the significant increases in interest rates assumed in the forward yield curves used to value the debt at the year end. The MtM valuation is sensitive to movements in interest rates assumed in forward yield curves.

Convertible bonds

In July 2019, the Group issued, for a six-year term, unsecured convertible bonds with a nominal value of £150 million and a fixed coupon of 2.875% per annum. Subject to certain conditions, the bonds are convertible into fully paid Ordinary Shares of the Company and the initial exchange price was set at 153.25 pence per Ordinary Share. The exchange price is subject to adjustment, in accordance with the dividend protection provisions in the terms of issue if dividends paid per share exceed 2.8 pence per annum. In accordance with those provisions the exchange price has been adjusted to 125.64 pence per Ordinary Share as at 31 December 2024.

The conversion of the £150 million convertible bonds into new Ordinary Shares would reduce the Group's loan to value ratio by 5.5% from 48.1% to 42.6% and result in the issue of 119.4 million new Ordinary Shares.

Richard Howell
Chief Financial Officer
27 February 2025

EPRA performance measures

Providing transparent information

The Company is a member of the European Public Real Estate Association ("EPRA"). EPRA has developed a series of measures that aim to establish best practices in accounting, reporting and corporate governance and to provide transparent and comparable information to investors.

We use EPRA and adjusted measures to illustrate PHP's underlying recurring performance and to enable stakeholders to benchmark the Group against other property investment companies. Set out opposite is a description of each measure and how PHP performed.

Adjusted earnings per share△

7.0 pence, up 2.9% (2023: 6.8 pence).

Definition

Adjusted earnings is EPRA earnings excluding the MtM adjustments for fixed rate debt acquired with the merger with MedicX in 2019, divided by the weighted average number of shares in issue during the year.

Purpose

A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.

Calculation

See Note 8 to the Group financial statements.

EPRA earnings per share△

7.2 pence, up 2.9% (2023: 7.0 pence).

Definition

EPRA earnings is the profit after taxation excluding investment and development property revaluations, gains or losses on disposals, changes in the fair value of financial instruments and associated close-out costs and their related taxation and one-off exceptional payments divided by the weighted average number of shares in issue during the year.

Purpose

A measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.

Calculation

See Note 8 to the Group financial statements.

Adjusted net tangible assets ("NTA") per share△

105.0 pence, down 2.8% (2023: 108.0 pence).

Definition

Adjusted net tangible assets are the EPRA net tangible assets excluding the MtM adjustment of the fixed rate debt, net of amortisation, acquired on the merger with MedicX, divided by the number of shares in issue at the balance sheet date.

Purpose

Makes adjustments to IFRS net assets to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long term investment strategy.

Calculation

See Note 8 to the Group financial statements.

EPRA NTA per share△

103.1 pence, down 2.6% (2023: 105.8 pence).

Definition

EPRA net tangible assets are the balance sheet net assets, excluding the MtM value of derivative financial instruments and the convertible bond fair value movement, and deferred taxes divided by the number of shares in issue at the balance sheet date.

Purpose

Makes adjustments to IFRS net assets to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long term investment strategy.

Calculation

See Note 8 to the Group financial statements.

△ Alternative performance measures ("APMs"): Measures with this symbol △ are APMs defined in the Glossary section on pages 166 to 168, and presented throughout this Annual Report. All measures are reported on a continuing operations and 52-week comparable basis.

* The Group does not have any material rent free periods and therefore the EPRA "Topped-up" NIY is the same as the EPRA net initial yield.

EPRA performance measures continued

EPRA cost ratio△

10.8%, up 10bps (2023: 10.7%) (including direct vacancy cost).

10.1%, no movement (2023: 10.1%) (excluding direct vacancy cost).

Definition

EPRA cost ratio is the ratio of net overheads and operating expenses against gross rental income (with both amounts excluding ground rents payable). Net overheads and operating expenses relate to all administrative and operating expenses, net of any service fees, recharges or other income specifically intended to cover overhead and property expenses. The Group has direct vacancy costs of £0.4 million that have been deducted.

Purpose

A key measure to enable meaningful measurement of the changes in a company's operating costs.

Calculation

See page 23, Financial Review.

EPRA vacancy rate△

0.9%, increase of 20bps (2023: 0.7%).

Definition

EPRA vacancy rate is, as a percentage, the estimated rental value ("ERV") of vacant space in the Group's property portfolio divided by the ERV of the whole portfolio.

Purpose

A measure of investment property space that is vacant, based on ERV.

Calculation

	2024 £m	2023 £m
ERV of vacant space	**1.4**	1.1
ERV of completed property portfolio	**153.9**	150.8
EPRA vacancy rate	**0.9%**	0.7%

EPRA net initial yield△

5.22%, increase of 17bps (2023: 5.05%).

Definition

Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchaser's costs.

Purpose

A comparable measure for portfolio valuations. This measure should make it easier for investors to judge for themselves how the valuation of the Group's portfolio compares with others.

Calculation

	2024 £m	2023 £m
Investment property (including those held for sale but excluding those under construction)	**2,745.4**	2,778.4
Estimated purchaser's costs and capital commitments	**194.9**	190.2
Grossed-up completed property portfolio valuation (B)	**2,940.3**	2,968.6
Annualised passing rental income	**153.4**	150.8
Property outgoings net of deemed rent increases	**—**	(1.0)
Annualised net rents (A)	**153.4**	149.8
EPRA net initial yield (A/B)*	**5.22%**	5.05%

EPRA LTV△

48.1%, increase of 110bps (2023: 47.0%).

Definition

Net debt at nominal value, divided by the fair value of properties.

Purpose

A comparable measure to assess gearing.

Calculation

	2024 £m	2023 £m
Net debt (see page 25)	**1,323.2**	1,306.7
Total property value	**2,750.0**	2,779.3
EPRA LTV	**48.1%**	47.0%

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* The Group does not have any material rent free periods and therefore the EPRA "Topped-up" NIY is the same as the EPRA net initial yield.

Responsible business

Towards net zero

PHP is committed to transitioning to net zero carbon ("NZC") across its operations and property portfolio. Our framework focuses on five key steps to achieve this across our operational, development and asset management activities by 2030 and to help our occupiers achieve NZC by 2040.

Highlights 2024

Development
Net zero project at Croft on site, due to complete in Q2 2025, and second project commenced in South Kilburn, London

Asset management
First NZC projects completed

Tenants and operations
Achieved Toitu Carbon Reduce certification and purchased 100% renewable energy

Projects
Committed to applying science-based targets and continued EPC reassessments generate significant improvements

Net Zero Carbon Framework

Our net zero targets relate to the emissions from our direct operations, embodied carbon from new build and refurbishment projects and our tenants' emissions from their use of our buildings. Purchased goods and services are not yet included in our targets as these are new sources of emissions being measured for PHP. However, we will consider a suitable target over time.

By 2023 – operations net zero
- Reduce emissions from offices, transport and assets where we procure energy for tenants
- We are now procuring 100% renewable energy where PHP controls supplies
- We are offsetting residual emissions using high quality nature-based carbon offset projects

By 2025 – all new developments net zero
- Continually reduce energy use intensity of new buildings and ensure they can operate with net zero emissions
- Measure, minimise, benchmark and improve embodied carbon performance for all new developments, setting incrementally more challenging targets for reduction
- Offset residual embodied carbon emissions via high quality projects

By 2030 – net zero asset management and EPC B
- Across the portfolio all properties to have an EPC rating of B or better, where economically feasible
- Achieve reductions in energy use intensity (kWh/m²) through asset management projects and electrify buildings where feasible, as part of net zero operational assets
- Measure, target reductions and offset residual embodied carbon from our asset management activities
- Collect and communicate energy performance data for all our occupiers and support them to transition to lower energy and carbon operations

By 2035 – 80% carbon reduction of the portfolio
- Continued energy demand reduction through upgrade and refurbishment
- Remove fossil fuel heating systems from all properties
- Increase proportion of renewable energy generation on our sites
- Reduce the carbon intensity of buildings compared to 2021 portfolio baseline

By 2040 – enabling a net zero portfolio
- Help occupiers to lease and operate our buildings with net zero carbon emissions
- Offset any remaining occupier residual carbon from 2040 for all properties where the lease was signed or renewed after 2035
- NZC achieved five years ahead of the NHS's target of 2045 and ten years ahead of the UK and Irish governments' targets of 2050

Responsible business and ESG review

Premises, Health and People: investing in the health and wellbeing of our communities.

Laure Duhot
Chair of the ESG Committee

"PHP has had another strong year in delivering on its NZC Framework through its asset management and development activities."

Dear shareholder,
PHP has a strong commitment to responsible business and ESG matters are at the forefront of the Board's and our various stakeholders' considerations. The Group has committed to transitioning to net zero carbon ("NZC") by 2030 and has published a framework setting out the five key steps it is taking to achieve this ambitious target.

In 2024, we have continued to deliver against the objectives set and I am pleased to present the Responsible Business and ESG Review highlighting the progress made in the year.

Members of the ESG Committee (the "Committee")

Member	Number of meetings and attendance
Laure Duhot (Chair)	3 (3)
David Austin	3 (3)
Ivonne Cantú	3 (3)
Mark Davies (appointed 24 April 2024)	2 (2)
Richard Howell	3 (3)
Harry Hyman	3 (3)
Ian Krieger	3 (3)
Bina Rawal	2 (2)
Steven Owen (resigned 24 April 2024)	1 (1)
Jesse Putzel (resigned 30 June 2024)	2 (2)
David Bateman (resigned 31 July 2024)	2 (2)

Bracketed numbers indicate the number of meetings the member was eligible to attend in 2024. The Company Secretary acts as the secretary to the Committee and attends all the meetings.

Responsible business continued

In 2024, we continued to deliver and make good progress on our NZC Framework and our wider ESG commitments, building on the strong progress made in previous years.

Through our development and asset management activities we have continued to invest in the portfolio, improving energy and carbon performance, driving rental growth and creating more sustainable healthcare infrastructure for the future and notable achievements included:

- completion of our first pilot NZC asset management project at Swan Lane Medical Centre, Norfolk;
- ongoing construction of our first NZC development at Croft, West Sussex due Q2 2025; and
- commencing work on a second NZC fit-out project at South Kilburn, London, which is due to be completed in Q2 2025.

The ESG Committee has also overseen the further development of our work on energy and carbon reduction and I am pleased to report that in 2024 we committed to the application of science-based targets and for the second year in succession achieved certification from Toitu Carbon Reduce and ISO 14064, which demonstrates our robust approach to carbon measurement and reduction. As part of this we continued to improve our understanding of the energy performance of the wider portfolio and continued to build on our partnership with ARBNCO Ltd to move towards 100% data coverage and to enable engagement with tenants to help them improve their performance.

Following our extensive work on climate risks and scenario analysis in previous years we have produced our fourth TCFD disclosure, which is set out on pages 44 to 50.

We have also amended our social impact programme to focus and link with our asset management projects, working directly with tenants to provide support for their chosen social prescribing initiatives in favour of their patient list and wider local community. Additionally, we continue to engage with and support our employees focusing on professional and personal development.

I trust you find this report helpful and informative and would be delighted to receive any feedback or comments you may have on our approach.

Laure Duhot
Chair of the ESG Committee
27 February 2025

Responsible business continued

Our approach

PHP's approach is based around its core activities of investment, development, and asset and property management together with its corporate activities.

PHP supports and links its strategy to the UN Sustainable Development Goals ("SDGs"), focusing on the most relevant SDGs where it can have a positive impact. Our strategy is based around three core pillars that run through our activities focused on Premises, Health and People and is supported by our ESG policies (available on our website). These are:

Our approach				Performance against our commitments		
Approach	Purpose	Aims	Focus	Commitments and targets	Progress 2024	Focus areas 2025
1. Premises – Built environment						
Investing in and developing sustainable buildings.	To employ sustainable design to develop, refurbish and upgrade our buildings to modern medical and environmental standards.	Building a more resilient portfolio for the long term.	Reducing risk by building purpose-built new developments and making quality acquisitions. Working with occupiers to improve the energy efficiency of our properties and integrate more sustainable features. Having a preference for reusing existing buildings, upgrading them in an energy and resource efficient way, reducing reliance on new resources. Sourcing responsibly and designing for future reuse of assets and materials. All new developments are to be NZC by 2025 and asset management projects by 2030.	Delivering BREEAM and nZEB certified buildings. Improving portfolio EPC ratings. Increasing visibility of energy performance across the portfolio. Delivering on our net zero carbon commitments.	Our NZC development at Croft is due to achieve practical completion in Q2 2025 and our second project at South Kilburn in London commenced on site. We plan to start a third NZC development at Spilsby, Lincolnshire, later in 2025. We completed PHP's first pilot NZC asset management project at Swan Lane Medical Centre, Norfolk, confirming good energy performance and reductions that can be applied to future projects. Future development and asset management projects (in excess of £1.0 million project cost) are targeted to achieve BREEAM Excellent or Very Good in the UK or nZEB and BER A3 in Ireland. The overall portfolio now has 47% A–B ratings and 88% A–C, by value. We have energy data points for 77% (improved from 75% in 2023 and 60% in 2022). We are now partnering with ARBNCO to get to 100% and improve data quality. We also committed to the application of science-based targets and expanded our carbon measurement to include our supply chain and gained Toitu Carbon Reduce certification for our Scope 1, 2 and 3 emissions for the second year in succession. 100% of PHP procured electricity is now from renewable sources.	Continue to focus on improving EPC ratings to B and deliver net zero ready refurbished buildings via our asset management programme. Apply the learnings from the first pilot NZC asset management project completed in 2024 and work with expert partners to carry out net zero audits for buildings to inform our approach and align with the NHS Net Zero Carbon Buildings Standard. Measure embodied carbon from our asset management projects to understand our performance and set targets as part of our NZC commitments. Roll out our partnership with ARBNCO to collect 100% of energy data, enabling tenant engagement and performance improvement. Keep under review targets for energy use intensity and embodied carbon and submit our corporate targets for approval by the Science Based Targets initiative.
		Reducing our carbon footprint.	Working with our stakeholders to improve the energy efficiency of our properties and integrate more sustainable features with a long term ambition of the whole portfolio, including occupiers' operations, being NZC by 2040.			
		Policies	*Net Zero Carbon Framework; Sustainability; Sustainable Development and Refurbishment.*			

Responsible business continued

Our approach				Performance against our commitments		
Approach	Purpose	Aims	Focus	Commitments and targets	Progress 2024	Focus areas 2025
2. Health – Community impact						
Engaging with and enhancing the right stakeholders to drive effective decision making.	To support initiatives that further the health, wellbeing and education of our local communities.	Meeting the healthcare needs of communities.	Engaging in effective communications and collaborative practices with our occupiers.	Investing, via our Community Impact Fund, into causes which enhance health and deliver social value. Demonstrating the positive impact investment in primary healthcare can generate.	We continued grant giving as part of asset management projects, awarding two grants totalling £13,000 to charitable organisations directly linked to our assets, and will continue in 2025.	Continue to expand our social prescribing programme, linked to our asset management projects, focusing on local initiatives linked directly to PHP's tenants. Capture the positive social outcomes of our initiatives and business activities.
		Creating social value.	Working with partners to enhance wellbeing and inclusivity through initiatives that contribute to the creation of healthy, supportive and thriving communities.			
		Policies	*Sustainability.*			
3. People – Responsible business						
Conducting our business with integrity and investing in human capital.	To create opportunities and maximise the potential of the stakeholders we work with.	Providing a good place to work.	Ensuring effective investment in the professional development of the Group's employees. Maintaining a culture of empowerment, inclusion, development, openness and teamwork for our people.	Continuing to promote PHP's culture and commitment to high levels of ethics and a workplace culture of inclusion, diversity and equal opportunity. Conducting an independent annual staff survey to inform and monitor continued improvement.	We increased our efforts to guard against modern slavery in our supply chain, engaging with all our supply partners, conducting third-party audits on three sites. We conducted a confidential staff survey and fed back to employees on issues raised. General sentiment was positive. We provided enhanced maternity and paternity benefits to staff and continued to promote volunteering opportunities, with two members of staff taking up the option, totalling seven days of volunteering.	Continue to engage our supply chain on ethical labour and sourcing and make use of targeted audits as part of our due diligence process. Continue to support staff with individual training and development plans. Continue to survey staff to ascertain levels of employee satisfaction and implement targeted action plan for identified areas for improvement.
		Governing an ethical business.	Being transparent and compliant in all our operations.			
		Policies	*Business Ethics, Equality, Diversity and Inclusion, Anti-bribery and Corruption.*			

Responsible business continued

Introduction

PHP invests in flexible, modern properties for the delivery of primary healthcare to the communities they are located in. The buildings are let on long term leases where the NHS, the HSE, GPs and other healthcare operators are our principal occupiers. As at 31 December 2024, the Group owned 516 properties valued at £2.8 billion which are located across the UK and Ireland.

Responsible business reflects PHP's strong commitment to ESG matters and addresses the key areas of ESG that are embedded into our investment, development, asset and property management, and corporate activities. We are committed to acting responsibly, having a positive impact on our communities, improving our responsible business disclosures, mitigating sustainability risks and capturing environmental opportunities for the benefit of all our stakeholders.

We realise the importance of our assets for the local healthcare community, making it easier for our GP, NHS and HSE occupiers to deliver effective services. We are committed to creating great primary care centres by focusing on the future needs of our occupiers and thereby ensuring we are creating long term sustainable buildings.

PHP is committed to helping the NHS achieve its target to become the world's first net zero carbon national health system by 2045 and to delivering against the aims of the NHS Net Zero Carbon Buildings Standard. PHP's Net Zero Carbon Framework sets out its own plan to transition the Company's activities to net zero by 2030 and help its occupiers achieve this for their activities by 2040, ahead of the NHS and UK and Irish governments' net zero target dates. PHP will continue to proactively engage and work with its various healthcare occupiers to help them achieve this.

This Responsible Business Report sets out our commitment and approach to environmental and social sustainability. It is reviewed annually and approved by the Board and sets the framework for establishing objectives and targets against which we monitor and report publicly on our performance.

Case study – Croft, West Sussex

- **PHP's first net zero carbon development**
- **Achieved BREEAM Excellent**

The development at Croft, West Sussex, represents the future of sustainable primary care in the UK. PHP was appointed to develop the highly sustainable premises to consolidate and expand services locally and cater for an expected significant growth in patient numbers over the next few years.

The premises support the national and local NHS strategies to move services away from over-stretched hospitals, providing a greater range of primary and community care services.

Developed on brownfield land and due to achieve practical completion in Q2 2025. The premises have been let for 25 years to the local GP partnership and pharmacy, allowing patients and the wider primary care network to access a range of services, including general practice, mental health assessments, occupational and physiotherapy, social prescribing and training for GPs, nurses and paramedics.

The building has an EPC A rating and is PHP's first net zero carbon development. The building is being delivered in a highly sustainable way, with materials from certified responsible sources, low carbon products, low waste and water and enhanced ecology on site. During construction, PHP has also carried out ethical labour audits and engaged with the main contractor to raise awareness of modern slavery risks.

→ Read more about how we are investing in and developing sustainable buildings in section **1. Premises – Built environment** on **pages 34 to 37**

→ Read more about how we are engaging and enhancing the right stakeholders to drive effective decision making in section **2. Health – Community impact** on **page 38**

→ Read more about how we are conducting our business with integrity and investing in human capital in section **3. People – Responsible business** on **pages 39 to 43**

1. Premises – Built environment

Responsible investment

Key commitments: Minimum EPC rating of C and capable of being improved to B or better.

Environmental and sustainability performance are integral elements of PHP's approach to the acquisition of existing and funding of new primary healthcare buildings. We use detailed assessments of each location, looking at building efficiency and performance, enhanced service provision for the community and support for wider healthcare infrastructure.

We undertake detailed environmental and building surveys to assess physical environmental risks for each investment, including flooding, to ensure the risk is avoided or appropriate prevention measures are developed (see our TCFD disclosures on pages 44 to 50).

During 2024 we continued applying our net zero and ESG commitments to investment activities, engaging with developers and asset owners to challenge standards and leverage our influence.

The acquisition of Gillies Health Centre, Basingstoke, demonstrates this with good environmental performance including an EPC rating of B.

Responsible development

Key commitments: All new developments to be NZC by 2025, BREEAM Excellent and Very Good for fit-outs in the UK, and nearly nZEB and BER A3 in Ireland.

PHP, together with its development partners, is committed to promoting the highest possible standards of environmental and social sustainability when designing and constructing new assets.

Our Sustainable Development and Refurbishment policy outlines our minimum requirements for BREEAM Excellent and a range of environmental issues, including energy and carbon, waste and resources, biodiversity, climate adaptation and health and wellbeing. Our development partners are also required to work to the same standards.

We aim to develop new buildings to be net zero carbon in construction (minimising embodied carbon and offsetting residual emissions) and ready to operate with net zero emissions. All developments aim to be fossil fuel free and we are working towards setting specific energy intensity benchmarks and targets.

Construction of PHP's first NZC development at Croft, West Sussex, is due to reach practical completion in Q2 2025 and the embodied carbon to practical completion has been measured with our contractor.

In July 2024 the Group commenced work on a second development at South Kilburn, London. The scheme comprises the fit-out of a shell unit which is being constructed to NZC standards and is also expected to reach practical completion in Q2 2025.

Responsible asset and property management

Key commitments: Improve EPC ratings to B, procure 100% renewable energy, achieve BREEAM Very Good for refurbishments and extensions over £1 million and engage tenants on, and improve, the visibility of energy and carbon performance.

We are committed to creating best-in-class primary care centres, focusing on the future needs of our occupiers and thereby ensuring we are creating sustainable buildings for the long term. We invest in the portfolio of properties to generate enduring occupier and patient appeal, which provides opportunities to improve rental values, the security and longevity of income, and the quality of assets. This is a key route for PHP to deliver energy efficiency improvements and to introduce low or zero carbon measures for our occupiers and their patients.

Asset and property management will play a key role in achieving our NZC target of having an NZC portfolio by 2040, with interim commitments for all properties to have an EPC rating of at least B and NZC asset management by 2030 and an 80% reduction in portfolio emissions by 2035 via targeted improvements to buildings and occupier engagement.

Case study – South Kilburn, London

As part of the regeneration of a socially deprived area of South Kilburn, London, 2,500 new homes are being constructed and the estate master plan requires the delivery of a new Civic Centre which includes a new medical centre as well as retail and community space.

The new primary care centre will accommodate the Kilburn Park Medical Centre, providing significant new investment in both primary and enhanced services for up to 13,000 patients to address significant population growth in the area.

PHP has worked collaboratively with the lead residential developer, the local ICB and the Kilburn Park Medical Centre practice to design and deliver the new centre and work has already commenced and is due for completion in Q2 2025.

The fit-out is being delivered to achieve NZC and the environmental impact is at the centre of its design. The project is on track to be delivered to BREEAM Excellent, exceeding the NHS requirement of "Very Good". Heating and cooling will be provided through electrically powered air source heat pumps.

The fit-out contractor has also worked with local community organisations to raise the profile of construction in education and we are currently working with the GP practice for wider community engagement in the run-up to practical completion and the new centre opening.

Responsible business continued

Case study – Long Stratton, Norfolk

- PHP's first NZC asset management project
- EPC A rating and BREEAM Very Good
- NZC for all future operational use
- Air source heat pumps replace oil fed system
- Solar PV and electric vehicle charging

As a consequence of significant new housing development in the local area, delivering 1,800 new homes and placing significant pressure on the existing healthcare provision, PHP has refurbished and extended the existing primary care centre which was more than 20 years old to create seven additional clinical rooms, increasing the capacity of the practice by 20% to serve more than 12,000 patients locally.

The refurbished and extended centre has now been future-proofed for the foreseeable future allowing the practice of eight GPs and 13 healthcare professionals to deliver enhanced medical services including minor operations, mental health, physiotherapy and a pharmacist.

The project represented PHP's first NZC asset management project with the environmental performance and impact of the materials used being at the heart of its design and construction. The learnings from the project will be used for future projects as the Group focuses on its target that all asset management projects will be NZC by 2030.

Responsible asset and property management continued

During 2024 we completed six (2023: eight) asset management refurbishment projects, with all achieving an EPC B rating. This includes three projects where a significant improvement was achieved from D and E. We have a further ten (2023: six) refurbishment projects on site or committed, which include energy efficiency upgrades, installation of roof-mounted solar panels and air source heat pumps and thermal efficiency upgrades. We have continued to use BREEAM for refurbishments but several projects during the year could not be certified due to their scope and size. We agreed 21 (2023: 12) new leases and regears during the year, with all including Green Lease clauses.

In addition, we carried out targeted reassessment of building EPC ratings to better reflect their current performance. Combined with annual renewals, we now have 47% of properties by value at an EPC rating of B or better (2023: 42%) and 88% at A–C (2023: 85%).

Our first net zero ready refurbishment project was completed in the year at Long Stratton in Norfolk, which was designed to move away from gas to an air source heat pump.

This has enabled us to provide benchmarks for target setting on future projects and we are assessing embodied carbon for a number of these which along with net zero audits of buildings in operation will pave the way for future NZC asset management projects as we aim to accelerate progress ahead of our current 2030 commitment.

Working with our occupiers is essential to improving the performance of buildings and during 2024 our property management and facilities management teams engaged with all of our tenants, carrying out over 830 (2023: over 1,000) site visits at which issues, including energy and utilities, were discussed. During 2024 we have continued to review ways to improve the performance of the portfolio outside of our asset management programme. This includes 283 (2023: 330) facilities management plant and equipment replacements and upgrades, including LED lighting, more efficient heating systems and building management systems. We also supported tenants to make their own building improvements, including energy efficiency upgrades and solar PV installations.

To build on this, we are planning to roll out larger solar PV installations to sites where PHP will facilitate this for tenants where they procure their own energy. This approach offers the potential to reduce costs for tenants in the long term as well as reducing carbon emissions.

Progress on energy and carbon performance

As outlined above, during 2024 our investment, development and asset and property management activities continued to deliver against targets and to support our net zero carbon commitments.

During 2024 all building electricity supplies procured by PHP were from renewable energy. We also continued to offset residual emissions using high quality nature-based carbon offset projects.

Our operational Scope 1, 2 and 3 emissions are provided on pages 36 and 37 in our SECR disclosure.

We have continued to improve our methodology for estimating whole portfolio emissions and now have data points for 77% of the portfolio by area (2023: 75%). To move towards 100% coverage and better data quality and to enable future engagement with tenants to help improve their performance, we continue to partner with ARBNCO. This is a cost effective and scalable software solution providing a direct route to access tenant energy data for our UK property portfolio and a reporting platform.

As part of our ongoing efforts to improve our approach, during 2024 we were successfully certified, for the second year in succession, by Toitu Carbon Reduce and ISO 14064 for carbon measurement and management. As part of this process, our Scope 1, 2 and 3 emissions for 2023 and 2022 gained limited assurance. We also enhanced our Scope 3 measurement, carrying out a screening of all 15 Greenhouse Gas Protocol ("GHGP") Scope 3 categories. Further details are provided on page 37. We will undergo recertification and assurance of 2024 disclosures in March 2025.

Our most significant and consistent source of Scope 3 emissions is downstream leased assets (tenants' use of our buildings), as previously reported, where we aim to achieve net zero by 2040. We are now tracking this year on year against our outline net zero trajectory.

In addition to our asset management projects, during 2024 we carried out further building-level net zero audits and assessments for a number of large assets in our portfolio, identifying routes to reduce energy use intensity and electrification of buildings. We will continue to assess buildings in this way to inform our transition plan and trajectory.

Responsible business continued

Progress on energy and carbon performance continued

SECR disclosures

PHP measures its emissions in line with the GHGP and takes an operational control approach. Emissions are based on verified data currently reviewed by a third party, Sustainable Energy First (previously called Inenco), and assured by Achilles via the Toitu Carbon Reduce certification programme (2023 emissions limited assured and 2024 pending limited assurance following audit in March 2025).

Our emissions are calculated using activity data, i.e. metered energy use, with minimal estimates used, e.g. for miles driven by employees. Scope 1 and 2 emissions are normalised by revenue and full-time employees as these relate to our direct operations and by kWh/m^2 for energy supplied to or procured by tenants. In January 2023, PHP acquired Axis, an Irish property and facilities management business, and we continue to include emissions that relate to Axis' operations arising from its one office in Cork, as well as its delivery of services to clients.

PHP's direct operations result in very limited greenhouse gas emissions. The table overleaf shows our operational Scope 1, 2 and 3 emissions. Scope 1 relates to gas used in our London office, business travel by car and diesel used in vans by Axis. The Stratford-upon-Avon and Cork offices are all electric. Scope 2 relates to grid electricity used at PHP and Axis offices. Scope 3 relates to partial emissions from downstream leased assets, for properties where PHP supplies energy to occupiers, which they hold operational control over. We view these as "operational Scope 3 emissions".

We have reported Scope 3 emissions from tenant procured energy separately along with purchased goods and services.

A detailed breakdown of portfolio emissions is provided in our EPRA sustainability disclosure which is available on our website. 100% of reported Scope 1, 2 and 3 emissions in the year were based in the UK and Ireland.

Operational Scope 1, 2 and 3 emissions

	2024		2023	
Source	tCO_2e	MWh	tCO_2e	MWh
Scope 1				
Business travel (car)	**35.9**	**149**	62.7	283
Diesel (vans)	**20.7**	**86**	18.8	79
Gas (offices)	**12.1**	**66**	10.7	59
Scope 2				
Electricity (offices)	**14.8**	**68**	15.7	75
Market based[1]	**—**	**—**	—	—
Total Scope 1 and 2	**83.5**	**369**	107.9	496
Market based[1]	**68.7**	**—**	92.2	—
Operational Scope 3				
Landlord supplied electricity	**1,190**	**5,440**	1,188	5,737
Market based[1]	**—**	**—**	35	—
Landlord supplied gas	**997**	**5,450**	1,240	6,780
Total operational Scope 3	**2,187**	**10,890**	2,428	12,517
Market based[1]	**997**	**—**	1,276	—
Total operational Scope 1, 2 and 3	**2,272**	**11,259**	2,536	13,013
Market based[1]	**1,066**	**—**	1,368	—
Upfront embodied carbon from completed asset management project	**184**	**—**	—	—
Nature-based carbon credits purchased	**(1,250)**	**—**	(1,368)	—
Net tCO_2e	**—**	**—**	—	—
Intensity metrics				
Scope 1 and 2 tCO_2e per full-time employee	**1.0**	**—**	1.3	—
Scope 1 and 2 tCO_2e per £m revenue	**0.5**	**—**	0.6	—
Scope 3 kgCO_2/m^2 and kWh/m^2	**13.8**	**68.8**	14.8	76.2
Market based[1]	**6.3**	**—**	7.8	—

1 Market-based reporting reflects the emissions from the electricity being purchased, whereas location based uses national grid average emissions for the reporting year.

Responsible business continued

Case study – Trinity Medical Centre, Wakefield

- **EPC B rating and BREEAM Very Good**
- **Hydrogen ready gas boilers**
- **LED lighting throughout**
- **Solar PV and electric vehicle charging**

The Trinity Medical Centre, originally constructed in 1998, is being repurposed and refurbished following the merger of two separate GP practices. The reconfiguration of the accommodation will create 13 additional consulting rooms to increase capacity, one new waiting area with a compliant reception desk to serve patients, new disabled WCs and baby changing facilities.

An essential part of the refurbishment work includes significant environmental improvements to the property with the current gas boilers replaced with hydrogen ready gas boilers to future proof the heating system. To enhance thermal efficiency, the external windows will be replaced and LED lights including sensor controls will be installed to reduce running costs for the practice. Additional improvements include PV solar panels and the provision of electric vehicle charging points in the car park. The improvements will result in the EPC rating being improved to a B rating (currently D) and the project will also achieve a BREEAM Very Good certification.

Community services will be introduced to the building promoting the PHP Community Impact Fund with two applications, one from Wakefield Hospice Outreach Team who care for people with progressive illnesses and a second from Memory Action Group, a local charity who provide drop in centre for people living with dementia.

Progress on energy and carbon performance continued

Operational Scope 1, 2 and 3 emissions continued

During 2024 absolute Scope 1 and 2 emissions have decreased by 23% (2023: +43%) and intensity by 23% (2023: +20%). This is primarily due to greater accuracy of readings and the removal of estimates used in the prior year calculations. The emission intensity of grid sourced electricity also increased by 5% in 2024 (2023: +7%).

Like-for-like business mileage has decreased in the year as a result of a lower number of business travel. Employees are encouraged to use public transport where possible and during the year employees continued to use the Train Hugger platform, which supports UK reforestation through every journey. Staff continue to take up our electric and hybrid vehicle benefit, with seven (2023: five) members of staff taking up the option to date.

Our office energy use has remained broadly static during 2024 and 2023.

We will continue to reduce energy demand from our offices where possible and emissions from transport; however, our wider portfolio is where we aim to focus our attention. As shown in the table above, Scope 3 emissions from landlord supplied energy (downstream leased assets) have decreased on an absolute and normalised basis. This is primarily due to a decrease in gas as assets start to transition to all electric buildings.

Electricity and gas consumption have decreased by 5% and 20% (2023: +8% and +9%) respectively. We have continued to support tenants to reduce their use of energy and resulting emissions, including through our asset management programme. We expect to see results of these and new initiatives over time.

We have now switched all electricity supply to 100% renewable energy (2023: 97%). Therefore, on a market-based reporting basis, there has been a 22% reduction (2023: 8% reduction) in absolute and 10% reduction (2023: 12% reduction) in normalised emissions.

We have offset all residual 2024 and 2023 emissions, including the energy we procure on behalf of our tenants, through purchasing high quality nature-based carbon credits from independently certified projects.

Wider Scope 3 emissions

During 2024, we have continued to expand our measurement of wider Scope 3 emissions against the 15 categories of the GHGP Scope 3 Standard.

As part of our certification to Toitu Carbon Reduce, we have determined the most material categories. Categories 3, 8, 9, 10, 11, 12, 14 and 15 are not relevant for PHP's business. Categories 5, 6 and 7 have been assessed and are de minimis at under 10 tCO_2e. We will continue to track emissions from business travel. Category 4, upstream transportation, is included within the calculation for Category 1, purchased goods and services. Embodied carbon is relevant under Category 2, capital goods. This is being measured for developments and some refurbishments and will be reported when projects are completed (including associated transport emissions).

	2024			2023		
Scope 3 source	**tCO_2e**	**MWh**	**£m**	tCO_2e	MWh	£m
Purchased goods and services	**6,659**	**—**	**36**	5,730	—	37
Downstream leased assets						
Electricity	**11,230**	**53,029**	**—**	11,284	54,492	—
Gas	**11,763**	**64,419**	**—**	12,567	68,697	—
Total wider Scope 3	**29,652**	**117,448**	**36**	29,851	123,189	37
Intensity metrics	**36kgCO_2e/m^2**	**143kWh/m^2**	**185tCO_2e/£m**	36kgCO_2e/m^2	151kWh/m^2	154tCO_2e/£m

2. Health – Community impact

Social – health and wellbeing
PHP seeks to have a positive impact on the health and wellbeing of the communities where its assets are located and has set policies and targets to improve this through the Group's asset and property management activities.

PHP is committed to supporting both the NHS and HSE in tackling the major underinvestment in primary care facilities in the UK and Ireland. PHP's aim is to provide modern, purpose-built properties let to the NHS, the HSE, GPs and other healthcare operators which enable them to provide the highest standards of modern healthcare.

The facilities are predominantly located within residential communities and enable the UK and Irish population to access better health services locally. This is central to the Group's purpose, strategic objectives and business planning processes.

PHP's portfolio serves around 6.3 million patients or 9.3% of the UK population and our portfolio is their first point of contact with the NHS when they start their patient journey.

Our interventions, when we acquire, refurbish or develop new healthcare facilities, have a significant positive social impact, whether through enhancement of experience for people using our facilities, expansion of healthcare provision locally or making healthcare more accessible to those that need it most.

Modern, high quality primary healthcare facilities also help to reduce pressure and costs for the secondary care system. Our active management of the property portfolio seeks to maintain the centres as fit for purpose and enables PHP to identify and manage opportunities and risks associated with the provision of its properties.

Occupier engagement and support
PHP is committed to ensuring that the properties it develops and owns continue to meet its GP, NHS and HSE occupiers' requirements and provide flexibility for future change, update and expansion. Our dedicated teams of asset and property managers look after our occupiers' requirements, with a policy of regular communication and a supportive approach. Our in-house facilities management ("FM") team engages with and supports occupiers, carrying out reactive and planned maintenance to optimise building performance.

Social trends of a growing and ageing population continue to highlight the need for purpose-built primary care premises to provide modern healthcare to the UK and Irish populations. This further reinforces our objectives to continue to invest in existing and new premises for the benefit of all our stakeholders.

It is crucial that we continually update our understanding of what issues matter to our occupiers. To support this, we regularly engage with them and carry out a tenant feedback survey. Throughout 2023 and 2024, we have continued to gather tenant feedback, conducting surveys directly as part of site visits. In 2024 coverage of our survey was 28% (2023: 30%) of the portfolio (by number of buildings). We continue to generate a positive Net Promoter Score for both 2024 and 2023. While positive feedback is helpful, where tenants feel more negatively about an issue, it allows us to work with them on solutions, such as engagement by our asset management team to discuss building refurbishment options. A summary of our engagement with and support for tenants is provided in the table following.

Community Impact Fund
PHP continues to support social and charitable activities and services linked to the patients and communities of our occupiers, which cannot be readily accessed elsewhere. In total, PHP provided £12,000 during 2024 (2023: £137,500).

During 2024 we amended our social impact programme to focus and link directly with the Group's asset management projects, working directly with tenants to provide support for their chosen local initiatives. Grants have been committed totalling £13,000 (2023: £20,000) and we are engaging with practices, at a number of projects whose buildings are at varying stages of refurbishment, delivering much needed support through social prescribing, and we plan to continue to offer grants in this way. We continue to monitor the positive impact of these awards.

Our experience, and that of our award recipients, continues to demonstrate the important role social prescribing has to play in addressing direct and indirect health impacts.

PHP has also continued to support a number of charities from the Community Impact Fund during the year, including The Academy of Real Assets, Children with Cancer UK, Welsh Air Ambulance, Children in Need and Insulate Ukraine and charity matched funding for employees' chosen charities.

Volunteering
PHP staff benefit from five paid days per annum for volunteering activities that are personal and meaningful to them, delivering support to local communities and benefiting from the personal development that these activities provide. Two members of staff have taken up the opportunity to volunteer during 2024 with causes including the Order of Malta taking Lebanese guests with physical and mental disabilities on a camp in Lebanon, providing a range of activities and games allowing them and their carers some much needed respite. We expect more employees to take up the opportunity going forward.

Engaging and supporting tenants...

1,100
property visits by PM, FM and AM teams

20,254
help desk jobs processed

94%
of the portfolio inspected by PM and/or FM

283
FM plant upgrades and replacements

3. People – Responsible business

People

PHP recognises the importance of the welfare of the employees who work on behalf of the Group and are critical to its success. Their experience and contribution to the business are essential to the delivery of our business strategy and ESG commitments.

The Group is highly focused with 60 (2023: 58) UK employees at the year end, with a further 27 (2023: 31) employees in the Axis team, and five Non-executive Directors which allows for a flexible and individual approach. PHP's Board has a strong commitment to maintaining, improving and promoting the highest levels of ethics and conduct and promoting a workplace culture of:

Inclusion and communication	We have a flat management structure with clear responsibilities. We strongly encourage input on decision making from all staff and wide participation in Committee and team meetings. There is strong collaboration across teams which enables good sharing of information and ideas. Regular strategy and performance updates are provided to employees from the Executive Directors and senior management team.
Modern, flexible working practices	We have flexible working arrangements allowing employees to work from home one day per week, ongoing flexibility around start and finish times and a flexible dress code.
Fair remuneration	Employee remuneration is aligned to personal, Company and ESG performance with Long Term Incentive Plans in place for senior employees that replicate arrangements for Executive Directors. All employees receive a variety of benefits which are noted later in this section.
Diversity and equal opportunity	We promote diversity across knowledge, experience, gender, age and ethnicity with a published Equality, Diversity and Inclusion policy in place. Whilst overall female employee representation is good, we recognised that we needed to specifically promote greater gender diversity in the senior team. Our female Board representation is now 43% (2023: 33%) and, in the year, we continued to support the training and professional development of several female members of the property and finance teams. Recognising the significant diversity imbalance in the real estate sector, we continue to support the promotion of diversity, both internally and externally.
Employee development and training	An appraisal process is undertaken twice a year where career progression, training needs and performance are discussed. We actively encourage training and we continue to monitor our staff training each year focusing on professional, including ESG and cyber risk awareness, and personal development.
Health and safety	Health and safety remain central to the execution of PHP's business strategy and we take our responsibilities very seriously and are committed to continued improvement but have an excellent record. See pages 41 and 42 for further details on health and safety.
Wellbeing and employee satisfaction	During 2024 we completed the refurbishment and made improvements to the IT infrastructure at our office in Stratford-upon-Avon for delivery in 2024. The results of our 2024 employee survey are shown later in this section and reflect continued high levels of employee satisfaction. Laure Duhot, the Company's designated workforce Non-executive Director, continues to be closely involved in monitoring employee satisfaction.

Feedback from our tenants...

92% are happy with PHP's level of communication

35% Net Promoter Score

94% feel net zero is important or very important

94% would recommend PHP as a landlord

76% feel their building meets their needs

Responsible business continued

People continued

Laure Duhot is the designated workforce Non-executive Director. In the year she considered the results of the staff survey and held meetings in the London, Stratford-upon-Avon and Cork (Axis) offices, which were open to all employees. The sessions aimed to gather feedback and ideas from different areas of the Company, to discuss how people feel and their experiences of working at PHP, with feedback reported back to the Board. This resulted in areas for continuing focus through 2025, including continued development and understanding of PHP's culture; continuing to enhance understanding of personal objectives and remuneration outcomes flowing from them; and cross-team working to further progress the Company's people agenda by acting on employee feedback received.

During 2024 eight (2023: four) employees left the business in the year reflecting a staff turnover rate of 14% (2023: 6%).

Employee satisfaction survey

In October 2024, we undertook PHP's third annual employee engagement survey and the first survey of the Axis team based in Ireland. Both surveys were managed by an independent third party to track staff satisfaction. In total, we asked 33 questions, receiving responses anonymously. The survey focused on several key areas and in total we had 43 and 17 responses across the PHP and Axis teams respectively with engagement from 73% (2023: 86%) of PHP employees and 55% (2023: n/a) of Axis employees.

Overall, the results of the survey showed PHP staff sentiment had weakened following a request for staff to be present in the office four days (2023: three days) a week, albeit this was limited to approximately one-third of responses received from the PHP team.

The strongest scoring areas of the survey included the following points:

- the Company's image is of a high quality organisation with a responsible approach to business contributing to reduce its environmental impact and supporting its local communities;
- the Company performs its business operations to a high standard;
- employees understood the link between their personal and the Company's objectives and receive adequate feedback;
- employees felt they are able to speak with senior managers as needed and knew who to go to if they had a query or problem; and
- overall employees were satisfied and enjoy working for PHP.

The weakest scoring areas and other issues identified for further improvements were:

- while employees felt comfortable they could have an open dialogue with management and be listened to, top-down corporate communication was identified as an area where – whilst progress has already been made in response to previous employee feedback – more could be done to keep staff informed and employees also felt there should be more prior consultation on decisions impacting their work;
- employees identified the need for better co-operation across the departments and between teams; and
- employees identified the need for better and quicker IT along with more training support and career progression.

Results of the survey were communicated to staff and identified improvement areas will be a priority objective for the Board and the senior team in the year ahead.

The Company now has a good balance of flexible working while retaining the collaboration benefits of in-office working. Overall, we believe there are significant benefits from working collaboratively in person and we are stronger together, but people are empowered to work from home for one day per week.

Employee benefits

In addition to fair remuneration which is aligned to personal and Company performance, including ESG related targets, and as part of our ongoing commitment to supporting employees and attracting and retaining talent, the Company offers the following benefits to all staff:

- Company pension contributions of 6% of salary;
- 25 days of annual leave plus an additional day of annual leave for each year of continuous service up to a maximum of five days;
- private medical insurance, health cash benefit, income protection and critical illness insurance;
- a green car salary sacrifice benefit to help individuals move to low carbon electric and hybrid personal vehicles;
- life assurance given to all employees at four times salary;
- cycle to work and season ticket loan schemes;
- all employees are eligible to participate in the PHP Sharesave plan; and
- enhanced maternity and paternity pay providing 25 weeks of leave on full pay for women and two weeks for men.

Employee development

PHP's human capital is essential to the success of the business and delivery of outstanding services to our occupiers in the healthcare sector. Attracting, retaining and developing employees is therefore a key commitment for the business.

The training programme for 2024 has continued to focus on needs identified through the appraisal process. We also concluded a mentoring programme, working with our training partner Bisarto, which had positive feedback from employees taking part.

In 2024, we rolled out a compulsory online cyber threat awareness course for all employees who are required to complete a number of modules regarding online security essentials, email and instant messaging security and defence against phishing and spear phishing attacks.

We continued with the sustainability e-learning pathways that covered net zero and embodied carbon, and a range of environmental and social impact issues specific to roles.

PHP also supported funding and facilitation of professional qualifications for six (2023: five) employees and three employees achieved their professional qualifications during the year. The supportive culture of PHP means those training for qualifications are also mentored and assisted by more experienced colleagues.

PHP continued its membership of the Supply Chain Sustainability School and UK Green Building Council. Through both, staff have access to a range of learning and development resources, including e-learning. Training has been promoted to all employees, on subjects including sustainable development, business ethics, modern slavery, climate change and net zero, social value, circular economy and sustainable procurement.

A total of 420 personal development training hours have been delivered across the Group during 2024 (2023: 460 hours) and the Company invested a total of £38,000 (2023: £60,500) or an average of £635 per employee on professional and personal development (2023: £1,040).

All employees received ESG related training during the year, including face-to-face and e-learning modules.

Responsible business continued

People continued

Diversity and equal opportunity

We promote diversity across knowledge, experience, gender, age and ethnicity.

Following the appointment of Dr Bandhana (Bina) Rawal, effective from 27 February 2024, we have further increased female and ethnic minority Board representation to 43% and 28% respectively. Whilst overall female employee representation is good, we recognised that we needed to specifically promote greater gender diversity, particularly in the senior team.

Recognising the significant diversity imbalance in the real estate sector, we continue to support and promote diversity, both internally and externally.

UK employee gender diversity at 31 December 2024

Number of employees	Male	Female
Board of Directors	4/57%	3/43%
Executive Committee	2/100%	—/—
Directors/Head of Department	4/67%	2/33%
Associate Directors	3/37%	5/63%
Associates and Senior Surveyors	6/40%	9/60%
Other	11/41%	16/59%
Total	**30/46%**	**35/54%**

The Irish employee gender diversity at 31 December 2024 for the Axis team showed 18 of the 27 employees as male, with 9 female employees. All seven of the senior management are male.

UK employee ethnicity at 31 December 2024

	2024		
Ethnic origin	No.	%	ONS[1]
White – British, English, Welsh, Irish, Other	44	74%	82%
Asian – Indian, Pakistani, Other	3	5%	9%
Black – African, Caribbean, Other	2	3%	4%
Mixed heritage	3	5%	3%
Other/prefer not to say	8	13%	2%
Total	**60**	**100%**	**100%**

1 Office for National Statistics: Census 2021 data for England and Wales published June 2022.

The Irish employee ethnicity at 31 December 2024 for the Axis team showed 25 of the 27 employees identify as white, with 4 employees from other backgrounds.

Board gender identity or sex as at 31 December 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management[1]	Percentage of executive management
Men	4	57%	4	4	100%
Women	3	43%	—	—	—

Board ethnic background as at 31 December 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management[1]	Percentage of executive management
White British or other White (including minority-white groups)	5	71%	4	4	100%
Mixed/multiple ethnic groups	—	—	—	—	—
Asian/Asian British	1	14%	—	—	—
Black/African Caribbean/Black British	—	—	—	—	—
Other ethnic group, including Arab	1	14%	—	—	—
Not specified/ prefer not to say	—	—	—	—	—

1 The Executive Committee, as set out on page 64, is considered to be the Company's Executive Management as defined in the Listing Rules.

The above data is drawn from internal information supplied by our staff. Refer to page 73 for further details on required Board diversity disclosures and the Diversity policy.

UK gender pay gap at 31 December 2024

PHP pays employees equally for doing equivalent jobs across the business and any pay gaps are the result of our employee profile and do not represent pay discrimination. PHP is not required to publish details of gender pay gaps; however, we view this as an important metric to ensure equal and fair treatment regardless of gender.

	Gender pay gap			Bonus pay gap		
	Male	Female	Pay gap	Male	Female	Pay gap
Board – NEDs	66%	34%	49%	—	—	—
Board – Executive	100%	—	100%	100%	—	100%
Executive Committee	100%	—	100%	100%	—	100%
Directors/Head of Department	63%	37%	41%	73%	27%	63%
Associate Directors	49%	51%	(5)%	59%	41%	31%
Associates and Senior Surveyors	48%	52%	(8)%	57%	43%	26%
Other	50%	50%	(1)%	50%	50%	(2)%
Total	**73%**	**27%**	**62%**	**90%**	**10%**	**89%**

Gender pay is the individual average pay divided by the sum of the averages. The Irish gender pay gap at 31 December 2024 showed 59% weighted to male, 41% to female, and an overall pay gap of 30%.

Health and safety

Health and safety remain central to the execution of PHP's business strategy and we take our responsibilities very seriously and are committed to continued improvement but have an excellent record. The Board is responsible for ensuring appropriate health and safety procedures are in place and during 2024 we maintained a regime of inspections utilising both third-party agents, including two risk management solutions providers, and in-house resources to support the portfolio.

Responsible business continued

People continued

Health and safety continued

Where risks need to be assessed under a specific duty or regulation, we ensure that an assessment is carried out and that all actions are implemented on a priority basis. The key health and safety risk areas PHP faces are:

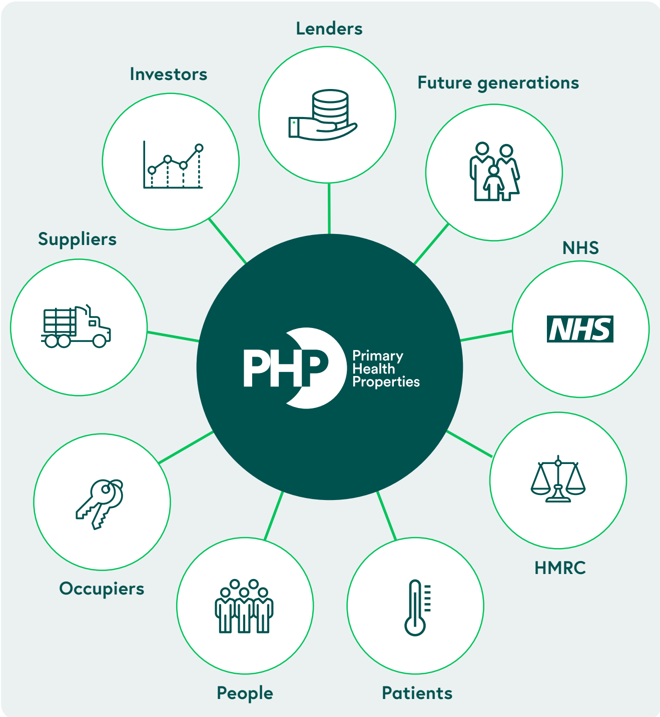
1. Managed properties – where there are multiple occupiers in the same property, a combination of third-party advisers and internal resources is used to carry out a health and safety assessment and audits relating to the common parts.
2. Asset management projects, developments and forward funded developments – all our partners are required to uphold our high standards. Procedures and processes have been developed to ensure compliance with current legislation and requirements. A Project Monitor is also appointed to oversee, manage and monitor health and safety.
3. Employees are required to uphold our high standards and separate procedures and processes are in place to ensure compliance with current legislation and requirements.

During 2024 there were no reported major accidents nor any health and safety prosecutions or enforcements (2023: no incidents). Across the Group 20 out of 21 members of the property and facilities management team hold the Institute of Occupational Safety and Health ("IOSH") accreditation, with no training required during the year. Our Board approved Health and Safety policy is available on the Company's website.

Other stakeholders

While our investment, asset management and development activities focus on the sustainability risks and opportunities that are most material to our business, there are a number of additional issues that are of lower material impact but are of interest to specific stakeholder groups:

- we are transparent and our policies are available on our website and we expect our principal advisers, suppliers and occupiers to follow them;
- we expect organisations we employ to meet the standards we set ourselves; and
- we engage with stakeholders to ensure we are aware of, and are able to respond to, their expectations.



Contractors and suppliers

Delivering developments, asset management projects and property services on time, on budget and in adherence with our high standards is a key priority. Our supply chain is checked (accredited by the SafeContractor scheme) to ensure it is high quality, has a proven track record and applies appropriate standards on areas such as labour, human rights, modern slavery, health and safety and environmental management. During 2024 we have continued to engage with all our suppliers to make them aware of our ESG policies (available on our website) and in particular have focused on the issue of modern slavery. Our Modern Slavery Statement is available on our website and no human rights concerns arose within the year.

We have approximately 820 suppliers across the Group ranging from small local businesses to large multi-national companies. We also acknowledge the importance of our suppliers, which are often small businesses and sole traders, especially those involved with the upkeep and maintenance of our assets. We aim to pay all invoices and amounts due promptly and well within stated payment terms in an effort to preserve the cash flows of these small businesses.

Tax

The Group is committed to complying with tax laws in a responsible manner and has open and constructive relationships with the UK and Irish tax authorities. Whilst the Group enjoys REIT status and therefore is not directly assessable for corporation or capital gains tax on property investments, the dividends that the Group pays are assessed for income tax when they reach investors. During 2024 the Group has directly paid £31.3 million (2023: £32.7 million) of taxes in the form of VAT, income tax, stamp duty land tax, stamp duty and National Insurance contributions to the UK and Irish governments. The Company has also published a tax strategy which is available on its website.

Investors and lenders

The support of our shareholders, banking partners and lenders is crucial to sustaining our investment in the health infrastructure of the UK and Ireland and we continue to enjoy strong relationships with these partners.

During 2024 we have successfully continued to value existing and potential relationships with our investors with just under 200 (2023: 210) meetings during the course of the year. Shareholders and analysts are regularly updated about our performance and are given the opportunity to meet management throughout the year and attend presentations, including a Capital Markets Day, both physical and virtual, and attend site visits to gain a better understanding of our business and strategy.

Governance and business ethics

We conduct our business with integrity and require that our Directors, employees and other businesses engaged by us, including developers, contractors, suppliers and agents, do the same.

We believe that good governance practices are essential to a successful and sustainable business and therefore we ensure that they are integral to us. We are compliant with the provisions of the UK Corporate Governance Code except one instance where we have not met criteria, and we have explained why on page 61 in our Corporate Governance Statement.

Responsible business continued

Other stakeholders continued

Governance and business ethics continued

We believe in transparency of our business to stakeholders, ensuring we report comprehensively and fairly in our Annual and Interim Reports and engage with our stakeholders throughout the year.

Responsibility for business ethics lies with the PHP Board and Chief Executive Officer and is overseen by the ESG Committee.

We will:

- be honest, open, transparent, helpful and polite;
- obey all relevant laws and regulations;
- be prepared to admit and correct mistakes without delay and facilitate "whistleblowing" by employees and other stakeholders;
- declare any potential conflicts of interest which may compromise our business dealings;
- not give or receive illegal or inappropriate inducements in order to retain or bestow business or financial advantages; and
- at all times promote the ethical conduct of business.

These principles are supported by policies which address anti-bribery and corruption, business ethics, equality, diversity and inclusion, sustainability, sustainable development and refurbishment, whistleblowing, money laundering, prompt payment and management of the supply chain and which are available on our website.

We provide training to staff on these key issues and communicate our policies to key stakeholders and our supply chain and expect them to uphold the same standards in their operations and with their own supply chains.

Anti-corruption and anti-bribery

The Group's policy is to conduct all of its business in an honest and ethical manner. The Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever it operates and implements and enforces effective systems to counter bribery. There were no reported incidents of non-compliance during 2024 (2023: no incidents).

Enhanced disclosure and benchmarking

We have published our fourth disclosure against the guidance and requirements of the Task Force on Climate-related Financial Disclosures ("TCFD") which are provided on pages 44 to 50.

GRESB – During 2024, PHP completed its fifth submission to the Global Real Estate Sustainability Benchmark ("GRESB"). We received a sector leader award for development, with a score of 95% (2023: 92%) and a four-star rating. Our standing asset score decreased to 66% (2023: 72%) during the year because a number of tenants had not renewed their Display Energy Certificates which expired in the period. Albeit we remained at a one-star rating, the same as 2023. We aim for continual improvement in GRESB and view it as a useful tool. However, circa 30% of the available score is very difficult to achieve for a portfolio like PHP's, made up of a large number of smaller healthcare buildings which are largely tenant controlled.

MSCI – In February 2025, MSCI rated PHP as A for the 2024 Annual Report, retaining our 2023 rating. We will continue to engage with MSCI to ensure our rating best reflects the actions we are taking, although the current methodology restricts us in some areas. For example, a large proportion of our environmental score relies on having a high proportion of BREEAM certified assets, which is not an area that we can influence quickly.

CDP – We responded in full for the third time to the CDP climate questionnaire in 2024, retaining our 2023 rating in receiving a B rating and achieving A levels of performance for several aspects. We see CDP as a key tool to disclose our performance and approach and to help us improve over time. Our rating of B demonstrates we have a high quality approach to managing climate related risks and being transparent in our disclosures and we believe we will achieve an A rating as we deliver on our strategy in the coming years.

EPRA – PHP disclosures are in line with EPRA Sustainability Best Practices Recommendations ("sBPR"). In 2024 and 2023 PHP achieved a Gold award in recognition of our enhanced disclosures and performance. Our latest disclosures are available in the standalone version of this Responsible Business Report, on our website.

PHP also received an EPRA Best Practices Recommendations Gold award for the 2023 and 2022 Annual Report.

In October 2024, Institutional Shareholder Services Inc. ("ISS") rated PHP as "Prime" in its Corporate Rating Report. ISS considers "Prime" rated companies are industry leaders which are well equipped to mitigate the most prevalent ESG risks. This is a testament to our efforts fulfilling ISS ESG's requirements regarding sustainability performance.

Non-financial information statement

Following best practice, the Group has included certain non-financial information within the Strategic Report. This can be found as follows:

The Group's business model is on pages 16 and 17.

Information regarding the following matters, including policies, the due diligence process implemented in pursuance of the policies and the outcomes of those policies, can be found on the following pages:

- environmental matters on pages 28 to 37;
- social matters on page 38;
- health and safety matters on pages 41 and 42;
- respect for human rights on page 42; and
- anti-corruption and anti-bribery matters on this page 43.

Responsible business and ESG matters have been identified as a principal risk and further details can be found on page 56.

All key performance indicators of the Group are on pages 20 and 21.

The Business Review section on pages 12 to 14 includes, where appropriate, references to, and additional explanations of, amounts included in the entity's annual accounts.

Laure Duhot
Chair of the ESG Committee
27 February 2025

Task Force on Climate-related Financial Disclosures

PHP TCFD disclosure for 2024 Annual Report and Accounts

This year, we are making our fourth disclosure against TCFD guidelines and reporting in line with the TCFD reporting requirements for UK premium listed companies. We have outlined how climate change is incorporated into our governance processes, its impact on our business strategy and planning, our approach to risk management and the climate related metrics, targets and commitments we use.

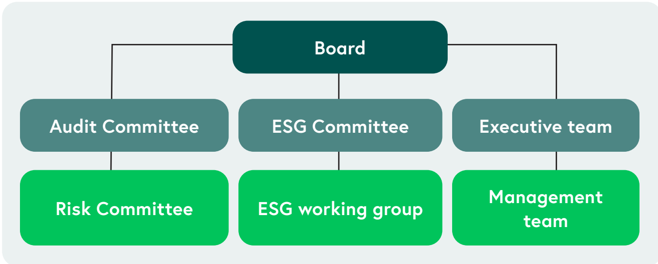
Governance

Board oversight

The Board is responsible for the Group's risk management framework, including the consideration of climate related risks and opportunities as part of its wider oversight of responsible business. The Board reviews climate related risks and opportunities within our existing reporting and governance structure (as detailed on page 56) and has established a specific ESG Committee, which is made up of all members of the Board and relevant members of the Executive team to review, plan, approve and act on climate related issues. The Board and ESG Committee's review of key issues typically happen through relevant update papers presented at each meeting from the relevant members of the Executive Committee, through the ESG Committee and the Risk Committee reporting into the Audit Committee.

The Board and members of the Executive team consider climate related issues when setting objectives, in budget setting and through the Board's annual strategic review of the business. The ESG Committee monitors progress against the business' responsible business objectives and key strategic climate related workstreams, including progress towards PHP's NZC commitment (see page 28) at all meetings of the ESG Committee (which meets at least three times a year) and at the annual Strategy Day, held in October.

Climate related issues are also considered by the Board and Executive team in key investment, development, asset and property management decision making.



The ESG Committee oversaw and approved PHP's Net Zero Carbon Framework in 2022 and subsequent plans and actions to deliver against it. The Committee reviews and approves the ESG budget each year, with specific allowances in 2023 and 2024 made for climate related work, including energy performance measurement of the portfolio and delivering net zero (operational and embodied) carbon projects for developments and asset management. The Board regularly reviews and approves acquisitions made by the Group and takes into consideration ESG and climate related commitments, specifically minimum EPC ratings and progress towards net zero carbon ready buildings.

Management team's role

The ESG Committee monitors progress on responsible business matters, including climate risks. Implementation and management of responsible business are delegated to the Executive team, with its members leading the ESG working group; other members consist of a representative from each of the investment, development, asset management, property and facilities management teams. The ESG working group met five times during 2024 to consider progress against commitments and proposals for improvement. Climate related action points included a commitment to apply science-based targets across the Group's activities, embodied carbon measurement for asset management and development projects, EPC improvement, operational energy and carbon assessments of buildings. Outside of these meetings, the Executive team ensures that responsible business and ESG targets are delivered or re-evaluated where not achieved and engages throughout the year regarding progress against planned actions. The Executive and management teams make it clear to relevant employees what is expected and required. Where relevant, specific actions or targets form part of both team and individual personal objectives for each year, for example the improvement of EPC ratings. The Executive team also leads engagement and training across the Group on responsible business and ESG matters, including climate related risks.

The Executive and management teams have specific ESG and climate related performance objectives relevant to their roles and area of the business along with other personal performance objectives which are linked to bonuses to incentivise performance.

Strategy

PHP's NZC Framework (see page 28) details the five key steps it is taking to achieve an ambitious target of being NZC by 2030 for all of PHP's operational, development and asset management activities and to help its occupiers achieve NZC by 2040, five years ahead of the NHS's target of becoming the world's first net zero carbon national health system by 2045 and ten years ahead of the UK and Irish governments' targets of 2050. The Responsible Business Report on pages 28 to 43 provides further detail on our strategy, actions taken and progress made in 2024 and objectives for future years to address climate risks, such as improving EPC ratings within the portfolio.

Climate related risks and opportunities

During the year, PHP reviewed its existing analysis of climate risks and opportunities and identified no major changes from its extensive analysis carried out during 2022. During 2024 we have continued to operate in a turbulent economic and political climate, particularly in relation to the new UK Government's approach including the

Task Force on Climate-related Financial Disclosures continued

Strategy continued

Climate related risks and opportunities continued

transition to clean home-grown energy, and the climate and health policy landscape causing significant uncertainty, including the UK Government's approach to future EPC. Despite this, our overarching view on risk and opportunity and our business strategy in relation to climate change have not changed.

Analysis that was carried out in 2022 by Willis Towers Watson ("WTW") to assess physical and transition risks and undertake quantitative physical and transition scenario analysis is still applicable in the current year. The analysis included engagement and input from across PHP's operational teams.

Transition risks and scenario analysis were assessed over the short (to 2026) and medium (to 2030) terms. Physical risks and scenario analysis are assessed over the short, medium and long terms (2030–2100). We have not assessed beyond 2030 for transition risks given the high level of uncertainty in determining impacts of transition risks over the longer term.

The short and medium term time horizons have been chosen based on the Group's detailed knowledge of the portfolio and the estimated time required to implement the NZC Framework (see page 28). The long term time horizon reflects the nature of real estate assets and long leases typical of the primary care sector.

To assess the potential impact of transition risks, an initial risk screening was carried out, based on PHP's existing identified risks and with input from WTW and in relation to relevant risks for other real estate companies. The impact of transition risks was assessed via workshops with key disciplines within PHP and analysis was carried out by WTW, based on the findings. The potential annualised estimated financial impact associated with risks and opportunities has been quantified where possible and categorised using PHP's risk impact scales, which consider impacts to revenue and/or the balance sheet. Risks are scored 1 (very low) to 5 (very high) with financial impact bands for each level. Risk 2a has not been quantified separately as it is included within the impact of risk 1c.

The current potential climate related risks and opportunities we have identified that could have the most material financial impact are outlined on the right. We do not, however, believe these impacts are currently material enough to impact our financial statements.

Assessed range of annual impact and likelihood of transition risks

Residual risk on medium term time horizon (2030) under an NZC 2050 1.5°C scenario

Policy

1a. Pricing of GHG emissions (PHP)
1b. Pricing of GHG emissions (tenant)
1c. EPC requirements
1d. Enhanced emissions reporting obligations
1e. Climate change litigation
1f. Increasingly stringent planning requirements

Technology

2a. Substitution of existing technologies with lower emissions options (included in 1c)

Market

3a. Increased cost of raw materials
3b. Increased cost and availability of electricity (PHP)
3c. Increased cost and availability of electricity (tenant)
3d. Cost of capital
3e. Change in tenant demands
3f. Emissions offsets

Reputation

4a. Investment risk/opportunities
4b. Stakeholder risk/opportunities
4c. Employee risk/opportunities

Task Force on Climate-related Financial Disclosures continued

Strategy continued

Climate related risks and opportunities continued

Below represents the transition and physical risks and opportunities that the Group faces, applicable to both our UK and Ireland businesses.

Category	Risk/opportunity	Time frame	Potential £ impact	Business response/mitigation
Transition risks				
EPC requirements and change in customer demands 1e 3e **Transition risks impacted**	The NHS, and the HSE, accounts for 89% of revenue and is targeting to be NZC by 2045. Costs related to meeting proposed Minimum Energy Efficiency Standards ("MEES") and fines associated with non-compliance.	Medium term	Medium (P&L and BS)	• Commitment to getting all properties to a minimum of EPC B by 2030. • Group's asset management programme actively targeting reductions in carbon emissions and improving energy/EPC performance. • Assets are being extended and refurbished with improvements made to the environmental performance including the installation of LED lights, move away from gas heating and integration of renewable energy generation resulting in improved EPC ratings. • The additional costs are reflected in appraisals and typically supported by increased lease terms and increases in rent.
Increasing cost of energy and GHG emissions 1a 1b 3b 3c **Transition risks impacted**	The cost of energy has increased significantly and in the 1.5°C low carbon world scenario GHG emissions pricing will need to be implemented from 2025–2030.	Short–medium term	PHP – low (P&L) Tenants – medium	• PHP procures energy for a limited number of properties in the portfolio and has operational control over none of the buildings' GHG emissions. • Consequently, the risk of energy and GHG pricing from energy consumption is minimal to PHP. To mitigate risk in PHP's value chain, embodied and supply chain carbon are being measured and actions put in place to minimise and reduce these over time. • Tenants are responsible for their own energy bills and large increases in pricing have a significant impact on them, which could adversely impact the desirability of our assets. • Improving the energy efficiency and reducing the carbon emissions from buildings mitigates these risks, helping tenants to save money in the long term.
Restricted access to capital 3d **Transition risks impacted**	Investors and debt providers only willing to invest in climate resilient businesses.	Medium–long term	Low (P&L)	• PHP has a strong and clearly articulated NZC Framework and strategy developed with clear targets for reduction of direct and indirect emissions and to reach NZC in the future. • Strong stewards of underinvested key social infrastructure assets delivering healthcare and wellbeing to the UK and Irish populations. • Green loan framework developed for several existing and future loan facilities and ongoing engagement with lenders.

Task Force on Climate-related Financial Disclosures continued

Strategy continued

Climate related risks and opportunities continued

Category	Risk/opportunity	Time frame	Potential £ impact	Business response/mitigation
Physical risks				
Flood risk (current and future climates)	Losses from assets located in high flood risk zones, primarily the costs of repair and business interruption, reflected in increased insurance costs.	Long term	Low (medium for potential uninsured losses under high emissions scenario) (P&L)	• PHP has flood alleviation and response plans in place, is appropriately insured and assesses these risks for any new developments and acquisitions. • Under current climate conditions, nine sites have a moderate risk and 15 sites have a very high risk from flood. This equates to under 5% of total asset value. • Our remaining assets have a very low exposure. In a future high emissions climate scenario, the number of sites does not increase, but the potential frequency and severity of floods increase.
Increased severity and frequency of extreme weather events and windstorms	Increased costs to develop climate resilient properties and physical damage requiring repair. Costs of business interruption, reflected in increased insurance costs.	Medium term	Low (medium for potential uninsured losses) (P&L)	• All assets in the portfolio are insured for physical damage and loss of rent with cost of insurance predominantly recovered from occupiers. • Mitigation strategies in operation at assets with identified potential risk. • Comprehensive business continuity plan in place and commitment to repeat physical risk impact and scenario analysis periodically.
Heat stress (future climates)	The UK has very low exposure to heat stress today, increasing beyond 2050 under the 4°C scenario. Costs associated with retrofitting buildings to mitigate overheating and tenant discomfort.	Long term	Low (P&L)	• Sensitivity analysis for heat stress has determined that the overall risk is low. • Approximately 10% of PHP's buildings have air conditioning and therefore additional cooling may be necessary in the future. • PHP also monitors instances of overheating and works with tenants to mitigate this.
Opportunities				
Change in tenant demand	The NHS is aiming for net zero and primary healthcare tenants will increasingly covet or insist on low carbon, sustainable buildings.	Short–medium term	Medium (P&L and BS)	• PHP's strategy to improve the performance of buildings via asset management and NZC developments will maximise rental income in the future. • Existing buildings brought up to modern, low carbon standards will be best placed to achieve occupier contentment and lease renewals and attract the highest rents, performing closer to newly built properties.
Substitution of existing technologies	Potential to help tenants reduce their carbon footprint and their energy costs via introduction of new low carbon technology to buildings.	Medium	PHP – low (P&L) Tenants – medium	• Introducing renewable energy as part of lease regears will help PHP to secure high quality, long term income from tenants. • Supporting and enabling tenants to make use of on-site renewable energy, in particular solar, can reduce tenant costs. Review of entire portfolio for solar potential and active targeting of installation to suitable properties via different delivery models.

Task Force on Climate-related Financial Disclosures continued

Strategy continued

Scenario analysis

In 2022, WTW undertook a physical climate risk assessment of the Company's portfolio on an asset-by-asset basis, assessing exposure to a range of acute and chronic climate risks and a transition risk assessment based on PHP's current corporate strategy and action planning.

For physical risks, each is assessed against different scenarios and potential impact is scored 1–5 with scoring for each different physical risk based on Munich RE models and projections. For example, flood risk is scored 1–5 where 1 indicates a minimal flood risk and 5 indicates an asset in a known flood zone with a 1 in 100-year return period.

Our scenario analysis has been based on the Representative Concentration Pathways ("RCP") designed by the IPCC in its Fifth Assessment Report ("AR5"), which are mapped to the latest IPCC AR6 report's Shared Social Economic Pathway ("SSPs") scenarios. The methodology evaluates risks and opportunities for PHP's business under three plausible climate scenarios: a "low carbon world" 1.5°C scenario (for physical and transition risks), 2–3°C scenario and a 4°C scenario (for physical risks only)[1].

These scenarios have been chosen as the best available at the time of assessment. In particular, the "low carbon world" scenario represents the greatest potential transition risks for PHP and the "hot house world" scenario the greatest physical risks to PHP's portfolio.

In the low carbon world scenario, limiting global warming to 1.5°C will be achieved through stringent climate policies, innovation and demand-led change, where global net zero CO_2 emissions will be reached around 2050. The scenario assumes proactive and sustained action to reduce carbon emissions over the next 30 years to build a low carbon economy. It assumes a carbon price of $130/t$CO_2$ by 2030, low growth in material consumption and increasing consumer pressure on businesses to drive sustainability.

The hot house world scenario is aligned with RCP 8.5. It envisions that, due to limited government policy and international effort, emissions continue to grow and consequently global warming exceeds 4°C temperature rise by the end of the century. The scenario assumes current policies promoting sustainability are removed, there is no carbon pricing and there is increasing adoption of resource and energy intensive lifestyles around the world. As a result, economies fail to transition to a low carbon world and the physical impacts of climate change become increasingly severe.

There are assumed to be longer and more severe heatwaves and droughts and there is an increase in frequency and severity of flooding and other natural catastrophic events.

We regularly review risks internally and will reassess risks and perform scenario analysis on a periodic basis (currently every three years, reflective of changes to real estate climate models, policy, regulatory, market and technology advances).

Resilience of the business to scenarios

By delivering on the strategy put in place by PHP and commitments and actions outlined in its Net Zero Carbon Framework, and given the low exposure to physical climate risks and relatively low potential financial impact, the business is resilient to the assessed scenarios under current conditions.

Based on our asset specific assessment of physical hazard exposure, our portfolio's exposure to all physical climate impacts is low. Our exposure to material levels of flood risk is limited to 5% of properties (by value). We regularly review flood risks of standing assets, have plans and appropriate levels of insurance in place for them and consider resilience to long term flood risk for any new acquisitions or developments.

In the post 2030 scenarios assessed, only flood and windstorm risk was assessed as somewhat "material" under the 4°C scenario. We view heat stress as a potential risk given the nature of our buildings and the desire to offer optimum comfort levels for our healthcare related buildings. PHP is already addressing instances of overheating in today's climate by working with our tenants and taking remedial action where necessary. When refurbishing buildings we consider overheating through the addition of solar shading, insulation and, where needed, energy efficient cooling.

Through our Net Zero Carbon Framework and commitments and our asset management activities, we have a robust approach to meeting energy efficiency, EPC and carbon performance requirements that are expected as part of the low carbon world 1.5°C scenario. Our strategy also supports PHP's ability to meet or surpass the NHS's net zero commitments.

During 2024, we have continued to analyse the newly published NHS Net Zero Carbon Building Standard against our current approach and requirements for new build and refurbishment and intend to align our projects where relevant.

Under a high emissions scenario from the 2050s, drought stress and heat stress increase and become a moderate risk which could impact water scarcity and tenant wellbeing; however, in the short term or under a low emissions scenario, these risks are relatively low. We will continue to assess potential risks in due diligence for future acquisitions and to make appropriate adaptations where required.

Impact on business strategy and financial planning

Climate related risks and opportunities impact and inform PHP's business strategy for asset management and refurbishment, property management, development and acquisition of buildings.

The Group's continued focus on flexible, modern primary care properties, which generally have low energy consumption, means the overall carbon footprint of the portfolio is minimised. In addition, the Group's continued investment in asset and property management initiatives means that its typically slightly older and less energy efficient assets are being upgraded, where feasible, to the latest energy efficient standards.

We are improving and adapting our assets to be more resilient to climate change through maintenance, energy efficiency upgrades and the provision of renewable energy supplies for the Group's occupiers. Furthermore, whilst development is only a small part of our activities, we are focusing on the energy and carbon performance of our developments, including measuring, minimising and offsetting residual embodied carbon impacts.

1 This is in line with the Intergovernmental Panel on Climate Change ("IPCC") Representative Concentration and Shared Social Economic Pathways ("RCPs" mapped to "SSPs") RCP 2.6 ("SSP1"), RCP 4.5 ("SSP2") and RCP 8.5 ("SSP5") respectively.

Task Force on Climate-related Financial Disclosures continued

Strategy continued

Impact on business strategy and financial planning continued

During 2024 we commenced work on the Group's second net zero carbon development and in early 2025 completed construction of the Group's first net zero carbon development and all new developments in the UK are being designed to be net zero. During 2024 we have financed and implemented a number of actions to deliver our strategy, including bringing forward work and completing PHP's first net zero for asset management project, targeted reassessment of buildings' EPC ratings, committing to applying science-based targets, funding net zero audits of buildings, extending our carbon measurement including purchased goods and services, and achieving certification via Toitu Carbon Reduce and ISO 14064.

During our investment process, we review the locational flood risks, the building fabric and the energy efficiency of potential acquisitions and current assets to understand the climate related risks and costs involved in mitigating those risks.

These actions help to future-proof our buildings and allow us to take advantage of opportunities with the NHS, and our other occupiers, as it transitions towards net zero carbon with its multi-year plan to become the world's first NZC national health system by 2045 and with an ambition for an interim 80% reduction by 2036–2039.

By improving occupier contentment, we enhance the desirability and value of our assets together with our reputation with the NHS and GP occupiers.

Risk management

Approach to identifying and assessing climate risks

PHP assesses climate risks alongside other business risks but also specifically as part of a dedicated climate risk management process. A climate risks and opportunities register is reviewed and updated by the ESG working group and the ESG Committee along with the Risk Committee reporting to the Audit Committee.

The most material (highest scoring) risks are pulled out and action plans put in place, which are reviewed by the Risk and ESG Committees. The longlist of risks is revisited annually to ensure changes, such as to regulation, market or customer demand, have not altered the likelihood or potential impact of the less material risks.

In identifying and assessing the impact of risks, we consider impacts to PHP's direct operations and stakeholders, including our supply chain, partners and tenants. The size and scope of risks are assessed using the internal expertise of our teams supplemented by data relating to impact where available, for example spend data, GHG emissions and energy and any associated future projections. The potential financial impact is estimated and quantified against defined impact scales and value bandings.

To supplement our approach, PHP engages with expert advisers such as Cushman & Wakefield, WTW, Carbon Trust and MSCI, accessing the latest climate science and transition data sets, to further assess and understand potential risks, quantify potential impacts and consider planned and potential actions to address risks posed by climate change.

Approach to managing climate risks

The Company's overall approach to risk management, including management of climate related risks, is set out on pages 52 to 58.

Strategic risks are recorded in a risk register and are assessed and rated within a defined scoring system. The Risk Committee reports its processes of risk management and rating of identified risks to the Audit Committee. The risk register is reviewed and updated twice annually by members of the Risk Committee, and assesses inherent risks the business faces, as well as the residual risk after specific safeguards, mitigation and/or management actions have been overlaid. The risk register forms an appendix to the report which details risks that have (i) an initial high inherent risk rating, and (ii) higher residual risk ratings. The Audit Committee in turn agrees those risks that will be managed by the Executive and management teams and those where the Board will retain direct ownership and responsibility for managing and monitoring.

The Board has also undertaken a robust assessment of the emerging and principal risks faced by the Group that may threaten its business model, future performance, solvency or liquidity and its ability to meet the overall objective of the Group of delivering progressive returns to shareholders through a combination of earnings growth and capital appreciation. The Group has identified "responsible business" as a principal risk which includes environmental issues but a specific climate change risk is still considered to be emerging within the risk management process.

As a response to these risks, PHP developed and launched the NZC Framework, which reduces the overall inherent risk to a much smaller residual risk, should the framework be implemented successfully over time. Business planning and strategy now take into account the commitments set out in the framework and key decisions are made with these commitments in mind, primarily decisions related to investment, development and asset management activities.

Integration with wider corporate risk management process

Responsible business, including climate change, is one of the principal risks faced by the Group as set out on page 56. Climate related risks and opportunities are identified and assessed as part of our risk management framework and are considered by the Board which recognises that this is an increasingly important area.

The Executive and management teams assist the Board in its assessment and monitoring of operational and financial risks. A Risk Committee is formed of members of the senior management team and chaired by the Chief Financial Officer, who is experienced in the operation and oversight of risk management processes, with independent standing invitees attending throughout the year.

The Audit Committee reviews the Group's systems of risk management and their effectiveness on behalf of the Board.

Metrics and targets

Details of PHP's target to achieve NZC across operational, development and asset management activities by 2030 and to help our occupiers achieve NZC by 2040 are set out on page 28.

Relevant material energy and carbon metrics include EPC ratings for our standing assets which are tracked and reported below along with revenue from BREEAM certified buildings and rental increase from energy efficient refurbishments. These directly link to our targets to achieve NZC, and minimum EPC and BREEAM ratings, set out in our Responsible Business Report on pages 28 to 43. At present, PHP does not have an internal carbon price. Under the Directors' remuneration, for the 2024 and 2025 LTIP, an environmental metric linked to improving portfolio EPC ratings has been included with a weighting of 15%. Senior management's annual bonuses also have wider ESG objectives. This is set out in more detail on page 94.

Task Force on Climate-related Financial Disclosures continued

Metrics and targets continued

We measure and disclose Scope 1, 2 and 3 emissions on pages 36 and 37 and in our EPRA sustainability disclosures within the Responsible Business Report on our website. Our most material Scope 3 emissions are included, with the exception of capital goods (embodied carbon), which will be reported for projects in the future when they are completed. We also measure and track flood risk across the portfolio based on asset value. These metrics are consistent with cross-industry climate related metrics for GHG emissions, and transition and physical risks and opportunities.

We also report our GRESB benchmark performance score, and ratings provided by the CDP climate programme, MSCI and ISS, with results set out in our Responsible Business Report on pages 28 to 43. We review our metrics and targets annually and update TCFD disclosures for any changes made.

Financial category	Climate category	Metric	Unit	2024	2023
Revenues	Products and services	Revenue from BREEAM Very Good and Excellent properties	% revenue	**16%**	15%
	Products and services	Revenue from DEC A–C rated properties	% revenue	**49%**	47%
	Products and services	Rent increase from completed AM projects with energy improvement measures	£k	**173**	211
Assets	Energy source	Portfolio energy data coverage (by m^2)	%	**77%**	75%
	Energy source	Electricity procured by PHP from renewable sources	%	**100%**	97%
	Policy and legal	EPC A	% asset value	**11%**	12%
		EPC B	% asset value	**36%**	30%
		EPC C	% asset value	**41%**	43%
		EPC D	% asset value	**11%**	13%
		EPC E–F	% asset value	**1%**	2%
	Extreme weather	Portfolio value assessed as at material exposure to flood risk	% asset value	**5%**	5%

The current potential climate related risks and opportunities we have identified that could have the most material financial impact are set out on pages 44 to 47 and these have been used to inform and determine the key metrics and targets noted above.

Compliance statement

PHP confirms that:

1. We believe our climate related financial disclosures for the year ended 31 December 2024 are consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations and Recommended Disclosures (as defined in Appendix 1 of the Financial Conduct Authority Listing Rules). Concerning 4b (relating to our Scope 3 emissions), we have assessed all 15 categories but only disclose our material emissions, which are from downstream leased assets and purchased goods and services.
2. Our annual disclosures are contained on the previous pages and in the Responsible Business Report on pages 28 to 43, including commentary on data gaps and performance improvement measures. Further details on our policies and approach to responsible business are also available on our website.
3. We believe that the details of these climate related financial disclosures are conveyed in a decision-useful format to the users of this report.

Section 172 statement

Companies Act 2006 Section 172 Statement

How does the Board consider the interests of key stakeholders?

Our responsibility to stakeholders, together with consideration of the long term consequences of our decisions and maintaining high standards of business conduct, is integral to the way the Board operates.

The Board of Directors, both individually and collectively, are required by law under Section 172 of the Companies Act 2006 to act in the way that it considers, in its good faith judgement, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and in doing so needs to take into account a number of factors, including the views of the Group's key stakeholders, and describe in the Annual Report how their interests have been considered in Board discussions and decision making. The Board considers that throughout the year, it has acted in a way and made decisions that would most likely promote the success of the Group for the benefit of its members as a whole, with particular regard to:

Section 172 matter	How the matter is brought into Board decision making	Read more
a) The likely consequences of any decision in the long term	The very nature of our business model means that the Board has to have the long term consequences of its investment decisions in mind. The leases which we grant on primary care medical centres are generally over 20 years in length as these facilities form a key component in the delivery of healthcare in a locality. The practices operating from these premises need modern, flexible premises from which to operate and the security of a long term commitment from the landlord to deliver their crucial front-line health services. We seek to improve and enhance existing premises so they remain fit for purpose, incorporate new technologies and meet the latest environmental standards. We strive to build lasting relationships with our occupiers and build a partnership with them. The Board undertook a comprehensive review and update of the business' long term strategy during the year.	Our business model **(page 16)** Financial Review **(page 22)** Responsible Business Report **(page 28)** Corporate Governance Statement **(page 66)**
b) The interests of the Company's employees	The Group's employees are at the heart of the business and our people strategy focuses on delivering a culture of empowerment, inclusion, development, openness and teamwork. Staff turnover remains low and the small number of staff allows for a flexible and individual approach. Laure Duhot is the Non-executive Director representative for workforce engagement and attended five staff meetings during the year.	People **(pages 39 to 42)**
c) The need to foster the Company's business relationships with suppliers, customers and others	The relationships with our occupiers, suppliers and key partners are critical to our ability to maintain our high quality, resilient rental income. Strong relationships with occupiers support retention and we treat our suppliers fairly, ensuring prompt settlement of their invoices.	Stakeholders **(page 42)** Directors' Report **(page 108)** Corporate Governance Statement **(page 66)**
d) The impact of the Company's operations on the community and the environment	We have continued to support our tenants during the year with dedicated property and facilities management services and in adapting their premises to ensure they provide modern, fit for purpose and energy efficient healthcare premises. This year we continued our ESG focus to enable the Group's operational, development and asset management activities to transition to NZC by 2030 and help our occupiers achieve NZC by 2040.	Responsible Business Report **(page 28)** Corporate Governance Statement **(page 66)**
e) The desirability of the Company maintaining a reputation for high standards of business conduct	We have a clear purpose to deliver progressive returns for shareholders through creating outstanding spaces for primary healthcare services in our communities. We adhere to the highest standards of good governance and business conduct in interaction with all our stakeholders and seek to comply with all legal and regulatory standards.	Responsible Business Report **(page 28)** Corporate Governance Statement **(page 66)**
f) The need to act fairly as between members of the Company	The Board embraces open dialogue with shareholders and engages with them through a range of channels and has communicated with them on the most important corporate events through the year, including the appointment of a new Chief Executive Officer and Chair in 2024, Capital Markets Day and the interim and full year results, to understand their views.	Stakeholders – investors and lenders **(page 42)** Corporate Governance Statement **(page 66)**

Examples of how we have exercised our Section 172 duties in practice are set out in the case studies on pages 33, 34, 35 and 37.

Flexible and responsive to risks

Our risk management processes enable us to be flexible and responsive to the impact of risks on the business.

Risk management overview

Effective risk management is a key element of the Board's operational processes. Risk is inherent in any business, and the Board has determined the Group's risk appetite, which is reviewed on an annual basis. Group operations have been structured in order to accept risks within the Group's overall risk appetite and to oversee the management of these risks to minimise exposure and optimise the returns generated for the accepted risk. The Group aims to operate in a low risk environment appropriate for its strategic objective of generating progressive returns for shareholders. Key elements of maintaining this low risk approach are:

- investment focuses on the primary healthcare real estate sector which is traditionally much less cyclical than other real estate sectors;
- the majority of the Group's rental income is received directly or indirectly from government bodies in the UK and Ireland;
- the Group benefits from long initial lease terms, largely with upwards-only review terms, providing clear visibility of income;
- the Group has a small (£0.9 million) exposure as a direct developer of real estate, which means that the Group is not exposed to risks that are inherent in property development;
- the Board funds its operations so as to maintain an appropriate mix of debt and equity; and
- debt funding is procured from a range of providers, maintaining a spread of maturities and a mix of terms so as to fix or hedge the majority of interest costs.

The structure of the Group's operations includes rigorous, regular review of risks and how these are mitigated and managed across all areas of the Group's activities. The Group faces a variety of risks that have the potential to impact on its performance, position and longer term viability. These include external factors that may arise from the markets in which the Group operates, government and fiscal policy, general economic conditions and internal risks that arise from how the Group is managed and chooses to structure its operations.

Approach to risk management

Risk is considered at every level of the Group's operations and is reflected in the controls and processes that have been put in place across the Group. The Group's risk management process is underpinned by strong working relationships between the Board and the management team which enables the prompt assessment and response to risk issues that may be identified at any level of the Group's business.

The Board is responsible for effective risk management across the Group and retains ownership of the significant risks that are faced by the Group. This includes ultimate responsibility for determining and reviewing the nature and extent of the principal risks faced by the Group and assessing the Group's risk management processes and controls. These systems and controls are designed to identify, manage and mitigate risks that the Group faces but will not eliminate such risks and can provide reasonable but not absolute assurance.

The management team assists the Board in its assessment and monitoring of operational and financial risks and PHP has in place robust systems and procedures to ensure risk management is embedded in its approach to managing the Group's portfolio and operations. PHP has established a Risk Committee that comprises the Chair of the Audit Committee and members of its senior management team and is chaired by the Chief Financial Officer, who is experienced in the operation and oversight of risk management processes, along with independent standing invitees attending throughout the year.

The Board has delegated to the Audit Committee the process of reviewing the Group's systems of risk management and their effectiveness. These systems and processes have been in place for the year under review and remained in place up to the date of approval of the Annual Report and Accounts.

PHP has implemented a wide-ranging system of internal controls and operational procedures that are designed to manage risk as effectively as possible, but it is recognised that risk cannot be totally eliminated. Staff employed by PHP are intrinsically involved in the identification and management of risk. Strategic risks are recorded in a risk register and are assessed and rated within a defined scoring system.

The Risk Committee reports its processes of risk management and rating of identified and emerging risks to the Audit Committee. The risk register is reviewed and updated every six months by the Director of Finance assisted by members of the Risk Committee, and assesses inherent and emerging risks the business faces, as well as the residual risk after specific safeguards, mitigation and/or management actions have been overlaid.

The risk register forms an appendix to the report which details risks that have (i) an initial high inherent risk rating and (ii) higher residual risk ratings. The Board retains ultimate responsibility for determining and reviewing the effectiveness of risk management but has delegated the process to the Audit Committee which is assisted by the Risk Committee. The Audit Committee agrees which risks are managed by management in fulfilling its duties which is reviewed by the Risk Committee.

The Board recognises that it has limited ability to control a number of the external risks that the Group faces, such as the macroeconomic environment and government policy, but keeps the possible impact of such risks under review and considers them as part of its decision-making process.

Risk management and principal risks continued

Our risk management structure

Structure	Responsibility
Board	Sets strategic objectives and considers risk as part of this process. Determines appropriate risk appetite levels.
Audit Committee	Reports to the Board on the effectiveness of risk management processes and controls: • External audit • Risk surveys • Health and safety • Insurance • Need for an internal audit function
Risk Committee	Reports to and assists the Audit Committee, monitoring and reviewing: • Attitude to and appetite for risk and future risk strategy • Company's systems of internal controls and risk management • How risk is reported internally and externally • Processes for compliance with law, regulators and ethical codes of practice • Prevention of fraud
Senior management	Implements and monitors risk mitigation processes: • Policies and procedures • Risk management and compliance • Key performance indicators • Specialist third-party reviews

Monitoring of identified and emerging risks

In completing this assessment the Board continues to monitor recently identified and emerging risks and their potential impact on the Group. The manner in which we have addressed the challenges of the last few years has demonstrated the resilience of our business model, and our robust risk management approach, to protect our business through periods of uncertainty and adapt to a rapidly changing environment.

Since the completion of our 2024 financial year, the interest rate market has remained volatile, driven in part by the inauguration of President Trump in the US, rising UK debt levels and the market's lack of confidence in the Labour Government's longer term funding plans. However, despite seeing 10 year gilts reach record highs of 4.9% in January 2025, these rates have abated and at the time of writing are back at 4.6% and there is quiet optimism in the market that there will be several further interest rate cuts during 2025. We welcome the Labour Government's commitment to the NHS together with its manifesto pledge to reform primary care and look forward to the government's proposal in the 10-Year Health Plan due later in 2025.

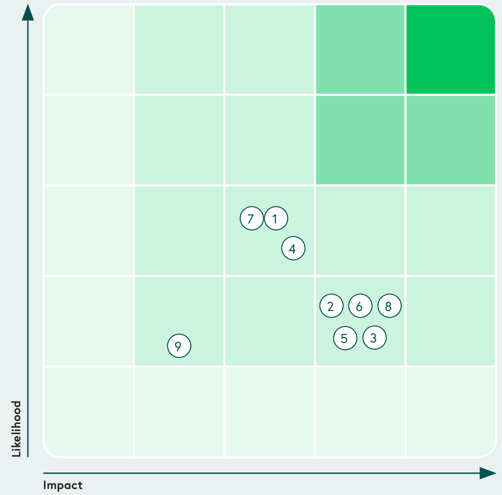
The potential adverse impact of these factors on our business includes reduced demand for our assets impacting property values in the investment market, increased financing costs and our ability to continue to execute our acquisition and development strategy which could impact our rental income and earnings. The Board and key Committees have overseen the Group's response to the impact of these challenges on our business and the wider economic influences throughout the year.

The Board has considered the principal risks and uncertainties as set out in this Annual Report, in light of the challenging macroeconomic environment, and does not consider that the fundamental principal risks and uncertainties facing the Group have changed. Whilst economic uncertainty remains over the coming years, we have set out in our principal risk tables on the following pages, an update on the changes to our principal risks and expected impact on our business of the macroeconomic uncertainty, along with the mitigating actions and controls we have in place. The Group's continued ability to be flexible to adjust and respond to these external risks as they evolve will be fundamental to the future performance of our business.

The Board also considered, at its annual Strategy Day, emerging risks affecting the current primary care delivery model, in particular the impact of artificial intelligence increasing cyber and security threats on our digital technologies.

Mapping our key risks and residual risk movement

We use a risk-scoring matrix to ensure we take a consistent approach when assessing their overall impact. Overall, we do not feel there has been any movement in the types or quantum of risks PHP faces, given that despite volatility in 2024 there remains quiet optimism of further interest rate cuts during 2025, balanced against PHP's robust business model. The residual risk exposures of the Company's principal risks are shown in the heat map below, being the risk after mitigating actions have been taken to reduce the initial inherent risks.



Grow property portfolio
1. Property pricing and competition
2. Financing

Diversified, long term funding
6. Debt financing
7. Interest rates

Manage effectively and efficiently
3. Lease expiry management
4. People
5. Responsible business

Deliver progressive returns
8. Potential over-reliance on the NHS and HSE
9. Foreign exchange risk

→ Indicates risk movement from last year

Risk management and principal risks continued

Principal risks and uncertainties

The Board has undertaken a robust assessment of the emerging and principal risks faced by the Group that may threaten its business model, future performance, solvency or liquidity and its ability to meet the overall objective of the Group of delivering progressive returns to shareholders through a combination of earnings growth and capital appreciation. As a result of this assessment there have been no changes to the number of principal risks faced by the business in the year, which are all still deemed appropriate. These are set out below, presented within the strategic objective that they impact:

Residual risk movement in the year

Increased | Unchanged | Decreased | Low 0–5 | Medium 6–14 | High 15–20

Grow property portfolio

1. Property pricing and competition

KPIs impacted A C D

The primary care property market continues to be attractive to investors attracted by the secure, government backed income, low void rates and long lease.

The emergence of new purchasers in the sector and the recent slowing in the level of approvals of new centres in the UK may restrict the ability of the Group to secure new investments.

Inherent risk rating

2 4 6 8 10 12 14 16 18 20

High
Likelihood is high and impact of occurrence could be major.

Residual risk rating

2 4 6 8 10 12 14 16 18 20

Medium
The Group's position within the sector and commitment to and understanding of the asset class mean PHP is aware of a high proportion of transactions in the market and potential opportunities coming to market.

Active management of the property portfolio generates regular opportunities to increase income and lease terms and enhance value.

Commentary on risk in the year

In terms of values, the Group has previously benefited from a flight to income as a consequence of the wider economic uncertainty seen in previous years, with demand increasing from investors seeking its long term, secure, government backed cash flows against a backdrop of limited supply.

A revaluation deficit of £38.4 million was generated in the year, driven by NIY widening of 17bps in the year.

Elevated interest rates, including volatility, in particular, for gilts and bonds, have had a negative impact on the property yields in the sector. This reduced investor sentiment, competition and attractiveness of PHP's assets and consequently impacted valuations.

Mitigation

The reputation and track record of the Group in the sector mean it is able to source forward funded developments and existing standing investments from developers, investors and owner-occupiers.

As a result, the Group has several formal pipeline agreements and long-standing development relationships that provide an increased opportunity to secure developments that come to market in the UK and Ireland.

Despite the unprecedented market conditions faced, the Group continues to have a strong, identified pipeline of investment opportunities in the UK and Ireland.

2. Financing

KPIs impacted G H

The Group uses a mix of shareholder equity and external debt to fund its operations. A restriction on the availability of funds would limit the Group's ability to fund investment and development opportunities and implement strategy.

Furthermore, a more general lack of equity or debt available to the sector could reduce demand for healthcare assets and therefore impact values.

Inherent risk rating

2 4 6 8 10 12 14 16 18 20

High
Likelihood is high and impact of occurrence could be major.

Residual risk rating

2 4 6 8 10 12 14 16 18 20

Medium
The Group takes positive action to ensure continued availability of resource, maintains a prudent ratio of debt and equity funding and refinances debt facilities in advance of their maturity.

Commentary on risk in the year

The Company successfully completed two debt refinances during the year, including a new £170 million facility with Barclays and refinancing the £100 million revolving credit facility with Lloyds for a further three years. Additionally we extended both the HSBC £100 million and Santander £50 million revolving credit facility by exercising the +1 extensions.

The credit margin agreed on this new facility remains in line with previous facilities at c.1.6%, reiterating the confidence in PHP's business model shown by lenders.

The Group's undrawn facilities mean it currently has headroom of £271 million.

All covenants have been met with regard to the Group's debt facilities and these all remain available for their contracted term.

Mitigation

Existing and new debt providers are keen to provide funds to the sector and specifically to the Group, attracted by the strength of its cash flows.

The Board monitors its capital structure and maintains regular contact with existing and potential equity investors and debt funders. Management also closely monitors debt markets to formulate its most appropriate funding structure.

The terms of the completed revolving credit facilities are three years with the option to extend for a further two years at the lender's discretion.

Risk management and principal risks continued

Principal risks and uncertainties continued

Residual risk movement in the year

Increased | Unchanged | Decreased | Low 0–5 | Medium 6–14 | High 15–20

Manage effectively and efficiently

3. Lease expiry management

E F **KPIs impacted**

The bespoke nature of the Group's assets can lead to limited alternative use. Their continued use as fit-for-purpose medical centres is key to delivering the Group's strategic objectives.

Inherent risk rating

2 4 6 8 10 12 14 16 18 20

Medium

Likelihood of limited alternative use value is moderate but the impact of such values could be serious.

Residual risk rating

2 4 6 8 10 12 14 16 18 20

Medium

Management employs an active asset and property management programme and has a successful track record of securing enhancement projects and securing new long term leases.

Commentary on risk in the year

Lease terms for all property assets will erode and the importance of active management to extend the use of a building remains unchanged.

The amount of income that is currently holding over or is expiring in the next three years has increased from 11% to 15% in the year.

Mitigation

The asset and property management teams meet with occupiers on a regular basis to discuss the specific property and the tenants aspirations and needs for its future occupation.

Six asset management projects physically completed in the year, with a further ten projects on site, enhancing income and extending occupational lease terms.

In addition, there is a strong pipeline of over 13 projects that will be progressed in 2025 and the coming years.

Despite the income holding over or expiring in the next three years increasing, all these leases are expected to renew with 75% of these having agreed terms or are in advanced discussions to renew the lease.

The increase is driven by a delay in NHS approval as ICBs finalise their future estate strategies together with the requirement for new rents to be approved by the DV. We continue to maintain a close relationship with all parties concerned and receive NHS rent reimbursement in a timely manner.

4. People

F **KPI impacted**

The inability to attract, retain and develop our people to ensure we have the appropriate skill base in place in order for us to implement our strategy.

Inherent risk rating

2 4 6 8 10 12 14 16 18 20

Medium

Likelihood and potential impact could be medium.

Residual risk rating

2 4 6 8 10 12 14 16 18 20

Medium

The Remuneration Committee has benchmarked remuneration with the help of remuneration consultants, and reviewed and updated policies to ensure retention and motivation of the management team.

Commentary on risk in the year

Whilst there was a change in senior management during the year with the appointment of a new CEO, the strong culture continued with staff attrition levels remaining low.

Despite the overall real estate market sentiment remaining muted in the year there is quiet optimism as we look towards 2025, with the risk of losing the highly skilled and specialist staff remaining.

Mitigation

Succession planning is in place for all key positions and will be reviewed regularly by the Nomination Committee.

Remuneration incentives are in place such as bonuses and an LTIP for Executive Directors and senior management to incentivise and motivate the team which are renewed annually and benchmarked to the market.

Notice periods are in place for key employees.

Risk management and principal risks continued
Principal risks and uncertainties continued

Residual risk movement in the year

Increased | Unchanged | Decreased | Low 0–5 | Medium 6–14 | High 15–20

Manage effectively and efficiently continued

5. Responsible business

D E H **KPIs impacted**

Risk of non-compliance with responsible business practices, including climate mitigation and ethical business consideration, not meeting stakeholders' expectations, leading to possible reduced access to debt and capital markets, weakened stakeholder relationships and reputational damage.

Inherent risk rating

2 4 6 8 10 12 14 16 18 20

High
Likelihood is high and impact of occurrence could be major.

Residual risk rating

2 4 6 8 10 12 14 16 18 20

Medium
The Group is committed to meeting its obligations in line with its Responsible Business Framework and feels it has introduced sufficient mitigants to continue to deliver its objectives.

Commentary on risk in the year

Properties no longer meet occupiers' expected environmental requirements.

Stakeholders including investors and debt providers see ESG as a key issue and want to see a sufficiently developed plan to decarbonise the property portfolio and to operate to the highest standards of business ethics and due diligence.

There is a risk that we may not meet the hurdles sought by stakeholders including equity and debt investors should PHP not focus enough on ESG matters, potentially impacting the funding of the business significantly.

Additionally, political and regulatory changes to corporate governance and disclosure, energy efficiency and net zero carbon requirements are expected to be mandated in the short to medium term. The recent introduction of the Corporate Sustainability Reporting Directive ("CSRD") and International Sustainability Standards Board ("ISSB"), amongst other policies, is a key example of increasing requirements, although not all are applicable to PHP at present.

Mitigation

PHP's ESG credentials remain at the forefront of its strategic planning and it has established an ESG Committee to review and drive the Group's ESG agenda forward. During the year PHP has:

- worked with Achilles to provide limited third-party assurance of our disclosures and achieved certification to Toitu Carbon Reduce and ISO 14064;
- provided staff training covering individual personal development and ESG;
- commissioned third-party audits for development and refurbishment projects to guard against the risks of modern slavery and unethical supply chain standards;
- engaged with external experts to assess and inform our net zero carbon approach for developments and refurbishments;
- set, monitored and reported sustainability targets and hurdles to ensure acquired assets or asset management schemes meet specific ESG criteria, with these same criteria aligned to investors and debt providers;
- achieved EPC rating benchmarks to ensure compliance with the Minimum Energy Efficiency Standard ("MEES") that could otherwise impact the quality and desirability of our assets, leading to higher voids, lost income and reduced liquidity;
- worked with its occupiers to improve the resilience of its assets to climate change as well as with contractors which are required to conform to PHP's sustainable development and refurbishment requirements; and
- reported sustainability performance under EPRA sBPR guidelines, reported to external rating benchmarks including GRESB and CDP, and rated by MSCI and ISS ESG Corporate Rating.

Risk management and principal risks continued
Principal risks and uncertainties continued

Residual risk movement in the year

Increased Unchanged Decreased Low 0–5 Medium 6–14 High 15–20

Diversified, long term funding

6. Debt financing

KPIs impacted: G H

Without appropriate confirmed debt facilities, PHP may be unable to meet current and future commitments or repay or refinance debt facilities as they become due.

Inherent risk rating

2 4 6 8 10 12 14 16 18 20

Medium

The likelihood of insufficient facilities is moderate but the impact of such an event would be serious.

Residual risk rating

2 4 6 8 10 12 14 16 18 20

Medium

The Board regularly monitors the facilities available to the Group and looks to refinance in advance of any maturity. The Group is subject to the changing conditions of debt capital markets.

Commentary on risk in the year

Negotiations with lenders have confirmed that the Group enjoys the confidence of the lending markets both in terms of the traditional high street lenders and the bond markets.

The Company successfully completed two debt refinances during the year, including a new £170 million facility with Barclays and refinancing the £100 million revolving credit facility with Lloyds for a further three years. Additionally, we extended both the HSBC £100 million and Santander £50 million revolving credit facilities by exercising the +1 extensions.

Mitigation

Existing lenders remain keen to finance PHP and new entrants to debt capital markets have increased available resources. Credit margins agreed on the new facilities and revolving credit facility +1 extensions in the year remained in line with what has been achieved in previous years, reiterating the confidence in PHP's business model shown by the lending banks.

Management regularly monitors the composition of the Group's debt portfolio to ensure compliance with covenants and continued availability of funds.

Management regularly reports to the Board on current debt positions and provides projections of future covenant compliance to ensure early warning of any possible issues.

7. Interest rates

KPIs impacted: A B F G H

Adverse movement in underlying interest rates could adversely affect the Group's earnings and cash flows and could impact property valuations.

Inherent risk rating

2 4 6 8 10 12 14 16 18 20

High

The likelihood of volatility in interest rate markets is high and the potential impact if not managed adequately could be major.

Residual risk rating

2 4 6 8 10 12 14 16 18 20

Medium

The Group is currently well protected against the risk of interest rate rises but, due to its continued investment in new properties and the need to maintain available facilities, is increasingly exposed to rising interest rate levels.

Property values are still subject to market conditions which will continue to be impacted by the interest rate environment.

Commentary on risk in the year

Despite three rate cuts during 2024, interest rates remained at elevated levels during the year, driven mainly by the uncertain macroeconomic/political environment in the UK and overseas in the period.

Since the completion of our 2024 financial year, the interest rate market has remained volatile, driven in part by the inauguration of President Trump in the US, rising UK debt levels and the market's lack of confidence in the Labour government's longer term funding plans. Despite this there is quiet optimism in the market that there will be several further interest rate cuts during 2025.

Despite these risks we continue to believe further significant reductions in primary care values are likely to be limited with a stronger rental growth outlook offsetting the impact of any further yield expansion.

Aside from the £150 million convertible, there are no immediate refinances required until 2026.

Mitigation

The Group holds the majority of its debt in long term, fixed rate loans and mitigates its exposure to interest rate movements on floating rate facilities through the use of interest rate swaps.

MtM valuations on debt and derivative movements do not impact the Group's cash flows and are not included in any covenant test in the Group's debt facilities.

The Group continues to monitor and consider further hedging opportunities in order to manage exposure to rising interest rates.

Following the £200 million interest rate swap put in place in January 2025 we are fully hedged, effectively hedging out all of the current net debt drawn along with providing protection for future debt required to meet capital commitments.

Risk management and principal risks continued
Principal risks and uncertainties continued

Residual risk movement in the year

Increased · Unchanged · Decreased · Low 0–5 · Medium 6–14 · High 15–20

Deliver progressive returns

8. Potential over-reliance on the NHS and HSE

D C **KPIs impacted**

PHP invests in a niche asset sector where changes in healthcare policy, the funding of primary care, economic conditions and the availability of finance may adversely affect the Group's portfolio valuation and performance.

Inherent risk rating

2 4 6 8 10 12 14 16 18 20

Medium
Likelihood is low but impact of occurrence may be major.

Residual risk rating

2 4 6 8 10 12 14 16 18 20

Medium
Policy risk and general economic conditions are out of the control of the Board, but proactive measures are taken to monitor developments and to consider their possible implications for the Group.

Commentary on risk in the year

The UK and Irish governments continue to be committed to the development of primary care services and initiatives to develop new models of care increasingly focusing on greater utilisation of primary care.

Despite the UK's economic outlook and the continued backlog of treatments created by the COVID-19 pandemic, staff shortages and recruitment issues that the NHS faces, we expect the demand for health services to continue to grow, driven by demographics. We welcome the new Labour government's commitment to the NHS together with its manifesto pledge to reform primary care along with a continuation of the shift of services out of hospitals and into the community. Further details on the government's proposals will be published in a new 10-Year Health Plan due later in spring 2025.

Whilst supported by the government, the NHS, HSE and District Valuer do need to acknowledge that higher build costs and inflation need to be reflected in future rent settlements for new schemes to be economically viable.

Mitigation

The commitment to primary care is a stated objective of both the UK and Irish governments. We await the detail of how new Labour's commitment of spending £25 billion on the NHS in future years will materialise into the primary care sector. Never has the modernisation of the primary care estate been more important in order to reduce the huge backlog of treatments and to avoid patients being directed to understaffed and over-burdened hospitals.

Management engages directly with government and healthcare providers in both the UK and Ireland to promote the need for continued investment in modern premises.

This continued investment provides attractive long term, secure income streams that characterise the sector, leading to stability of values.

PHP continues to appraise and invest in other adjacent, government funded healthcare related real estate assets.

9. Foreign exchange risk

A B C D **KPIs impacted**

Income and expenditure that will be derived from PHP's investments in Ireland will be denominated in euros and may be affected unfavourably by fluctuations in currency rates, impacting the Group's earnings and portfolio valuation.

Inherent risk rating

2 4 6 8 10 12 14 16 18 20

Medium
Likelihood of volatility is high but the potential impact at present is low due to the quantum of investment in Ireland, albeit this is increasing.

Residual risk rating

2 4 6 8 10 12 14 16 18 20

Low
PHP has implemented a natural hedging strategy to cover balance sheet exposure and has hedged out the income exposure for the period until January 2027.

Commentary on risk in the year

The Group now has 21 investments in Ireland. Asset values, funding and net income are denominated in euros.

The wider macroeconomic and political environment across the world continues to cause exchange rate volatility.

Mitigation

The Board has funded and will continue to fund its investments in Ireland with euros to create a natural hedge between asset values and liabilities in Ireland.

To hedge out the euro denominated income exposure post year end in January 2025 PHP entered into a euro foreign exchange forward (fixed at €1.1459:£1) to cover net annual income of €10 million per annum, which expires in January 2027.

Management closely monitors the euro to GBP currency rates with its banks to formulate a formal hedging strategy against Irish net cash flow.

Viability statement

In accordance with the 2018 UK Corporate Governance Code, the Board has assessed the prospects of the Group over the longer term, taking account of the Group's current position, business strategy, principal risks and outlook.

The Board believes the Company has strong long term prospects, being well positioned to address the need for better primary care health centres in the UK and Ireland.

The Directors confirm that, as part of their strategic planning and risk management processes, they have undertaken an assessment of the viability of the Group, considering the current position and the potential impact of the principal risks and prospects over a three-year time horizon. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2027. Although individually the Group's assets may have relatively long unexpired lease terms and will all have a defined asset management strategy, the Board has undertaken its detailed financial review over a three-year period because:

- the Group's financial review and budgetary processes cover a three-year look forward period; and
- occupational leases within the Group's property portfolio typically have a three-yearly rent review pattern and so modelling over this period allows the Group's financial projections to include a full cycle of reversion, arising from open market, fixed and index-linked rent reviews.

The Group's financial review and budgetary processes are based on an integrated model that projects performance, cash flows, position and other key performance indicators including earnings per share, leverage rates, net asset values per share and REIT compliance over the review period. In addition, the forecast model looks at the funding of the Group's activities and its compliance with the financial covenant requirements of its debt facilities. The model uses a number of key parameters in generating its forecasts that reflect the Group's strategy and operating processes and the Board's expectation of market developments in the review period. In undertaking its financial review, these parameters have been flexed to reflect severe, but realistic, scenarios both individually and collectively.

Sensitivities applied are derived from the principal risks faced by the Group that could affect solvency or liquidity.

The sensitivities applied are generally the same as used for the 31 December 2023 year-end financial statements which included a 10% decline in valuations and 15% tenant default rate. We believe these remain realistic, reasonable worst-case scenarios, having seen an absolute valuation decline of 1.4% in 2024.

Across our various loan facilities, valuations will need to fall by a further £1.0 billion or 37% before the loan to value covenants are impacted. During the year, Bank of England base rates have started to fall from their peak of 5.25% to 4.50% at the time of writing, with the trend expecting to continue as inflation is now in line with the target set by the Bank of England. We therefore feel the increase in variable interest rates should remain a sensitivity at 1%.

The sensitivities applied are as follows:

- declining attractiveness of the Group's assets or extenuating economic circumstances impact investment values – valuation parameter stress tested to provide for a one-off 10%/£278 million fall in June 2025;
- 15% tenant default rate;
- rental growth assumptions amended to see nil uplifts on open market reviews;
- variable rate interest rates rise by an immediate 1% effective from 1 January 2025; and
- tightly controlled NHS scheme approval restricts investment opportunity – investment quantum flexed to remove non-committed transactions.

We have assessed the impact of these assumptions on the Group's key financial metrics over the assessment period including covenant compliance, profitability, net debt, loan to value ratios and available financial headroom which are as follows:

Key metrics at 31 December 2027	31 December 2024	Viability scenario
Loan to value ratio	**48.1%**	55.0%
Net debt	**£1,323m**	£1,442m
Interest cover ratio	**3.1x**	2.3x
Adjusted net assets	**£1,403m**	£1,156m
Available financial headroom	**£271m**	£156m

All covenants have been monitored throughout the viability period that has been assessed and were the sensitivities to come to fruition, any breaches would be minor and could be remedied with cash or property collateral.

In making its assessment, the Board has made a number of specific assumptions that overlay the financial parameters used in the Group's models. The Board has assumed, in addition to the specific impact of new debt facilities, the Group will be able to refinance or replace other debt facilities that mature within the review period in advance of their maturity and on terms similar to those at present. See Note 14 to the financial statements for a profile of the Group's debt maturity.

Mark Davies
Chief Executive Officer
27 February 2025

Chair's introduction to governance

Our long-established and effective governance framework supports efficient management of the business

Harry Hyman
Non-executive Chair

"The quality of our governance framework, which we continue to refine in line with evolving best practice, serves as a platform for the crucial role which the Board plays in continuing to successfully lead the business."

Dear shareholder

Introduction

I am pleased to introduce the governance section of this year's Annual Report which gives more detail on the governance structures we have in place and how the Board and its Committees worked on behalf of shareholders and other stakeholders, driving the culture necessary for PHP to achieve its strategic goals.

The Board is responsible to our shareholders, customers, employees and other stakeholders for the Company's long term success. The long term success of the Company in delivering excellent property returns for its shareholders, many of whom are also employees, was recognised by PHP being judged the winner of MSCI's Highest Ten-Year Risk Adjusted Total Return Award for the third year in succession for 2023, having previously won the award in 2022, 2021 and 2017.

These accolades are in no small part thanks to the sound governance framework we have in place and the excellent work and dedication of our highly experienced team, led by the CEO, Mark Davies, in delivering high quality, modern medical centres for GPs and other primary care professionals in the UK and Ireland.

Implementation of Board succession plan

As described in the Company's 2023 Annual Report, 2024 saw the evolution of PHP's Board through implementation of its three-stage succession plan. The first step involved the recruitment and appointment, further to a thorough and extensive search process, of Mark Davies as the Company's new CEO. Mark's term duly commenced, following a well planned handover process and then his appointment as a Director at the 2024 AGM, on 24 April 2024.

Also following approval by more than 80% of shareholders at the 2024 AGM, I was appointed as Non-executive Chair from that point in time. This formed the second step in the succession plan. This phase was led by Ian Krieger, the Company's Senior Independent Director, and involved consultation with major shareholders (representing approximately 60% of the register). It was pleasing to see the feedback from the process translate into strong shareholder support at the AGM.

The Board, conscious of best practice and shareholder feedback, determined that my term as Chair will be for a maximum of three years from the 2024 AGM – allowing the Company to benefit from my experience through the extended period of health system evolution under the Labour Government elected during 2024 – subject to annual review by an experienced and robust group of independent Non-executive Directors and subject also to annual shareholder re-appointment during that time in the usual way. In accordance with Code requirements, I do not sit on the Remuneration or Audit Committees, and the Company will otherwise continue to adhere to corporate governance best practice.

The third step in the Company's plan saw the appointment of Dr Bina Rawal as a fourth independent Non-executive Director of the Company and we were delighted to welcome Bina to the Board with effect from 27 February 2024, enhancing the Board's mix of skills and ensuring compliance with the Code.

I am pleased to confirm that the successful implementation of the plan has resulted in a strong Board, with the right combination of skills, experience and knowledge and a majority of independent Non-executive Directors, well placed to provide effective and entrepreneurial leadership to promote the sustainable success of the Company in the long term, to the benefit of shareholders and wider society.

Chair's introduction to governance continued

Evaluation

The annual Board evaluation process is an important part of our governance process as it provides an opportunity for reflection on aspects of the Board's work that went well and considers areas for further improvement.

To support the Board's continuing effectiveness, in 2024 we undertook the latest iteration in PHP's programme of externally facilitated Board reviews. Gould Consulting, which has no other involvement with the Company or Board members, carried out an external evaluation in line with the recommendations of the Code. I am pleased that the feedback confirms my view that the Board, further to a well-managed and successful transition to its new configuration in 2024 – a transition undertaken in consultation with major shareholders, whose strong support for the plan was secured at the 2024 AGM – functions highly effectively, is of an appropriate size and possesses an excellent balance of skills and experience to challenge, motivate and support the business. Details of the evaluation and the main findings of the process are set out on pages 73 to 75.

I am also pleased to report that, following an evaluation of the performance of the Directors and their other commitments, each of the Directors standing for re-election at the Annual General Meeting on 7 May 2025 has been recommended by the Board for re-election.

Culture and strategy

Culture and strategy need to be aligned for us to achieve our corporate purpose and governance has a key role to play in establishing the culture that we want to create. We aim to be a key partner working in collaboration with the health services in the United Kingdom and Ireland to deliver much needed investment into primary care facilities which have been demonstrated to improve health outcomes and reduce referral rates to overstretched hospitals, all in a manner which maximises health system value for money.

Accordingly, the Board culture seeks to foster an environment where we conduct our operations with honesty, integrity and respect for the many people, organisations and localities that our business touches. In addition to monitoring and assessing culture with this objective in mind (as further described on page 67), the Board also seeks to maintain an environment which encourages openness, respect, trust and fairness.

Stakeholders and sustainability

The nature of our business, from investing in and developing properties to managing and improving our spaces for the delivery of primary care, means we have a continuous dialogue with a wide group of stakeholders and we consider our environmental and social impacts in all that we do. This approach is central to our purpose and our stakeholders' views are a key consideration when making decisions which may affect them. More detail on the Board's engagement with shareholders, employees and other stakeholders can be found on pages 39 to 42.

In 2024, we evolved our social impact programme to focus and link with our asset management projects, working directly with tenants to provide support for their chosen local initiatives. Additionally, we continue to engage with and support our employees focusing on professional and personal development.

Our ESG Committee continued to drive forward our environmental, social and governance agenda. We provide further details on our initiatives to engage with all our stakeholders on pages 42 to 43 and how we discharge our duties under Section 172 of the Companies Act 2006 on page 51.

AGM

We will be holding our Annual General Meeting on 7 May 2025 and the Notice of the meeting, a covering letter from me about the meeting, explanatory notes for the resolutions to be put to the meeting and details of how you vote are set out on pages 153 to 164 of the Annual Report. I hope that you will be able to join us at the meeting. If you are not able to do so, please either use the form of proxy that you should find with the Annual Report or cast your vote electronically as explained on pages 162 to 164.

Looking ahead

I would like to conclude by thanking members of the Board for their continued support and commitment over the past year. Building on the successful implementation of the succession plan, I am confident that PHP, with a focused and experienced Board, skilled senior management team and committed workforce, is well positioned to take the opportunities that lie ahead, and that its governance structures provide a robust platform to develop and deliver its strategy.

I hope that you find the remaining pages of this Governance Report informative and useful.

Harry Hyman
Non-executive Chair
27 February 2025

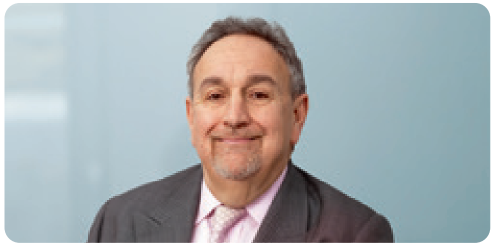
Statement of compliance with the Code

This report sets out the Company's governance structures and practices and explains how the Board discharges its duties and applies the principles and complies with the provisions of the 2018 UK Corporate Governance Code (the "Code"), issued by the Financial Reporting Council ("FRC") and available at www.frc.org.uk. The Company is mindful that the FRC published a revised version of the Code in January 2024, which applies to accounting periods beginning on or after 1 January 2025 (with the exception of Provision 29 regarding risk management and internal control, which is applicable for accounting periods beginning on or after 1 January 2026).

The Board has considered the Company's compliance with the provisions of the Code during the year ended 31 December 2024.

The Board confirms that, throughout the year ended 31 December 2024 and to the date of this report, the Company was compliant with all the relevant provisions as set out in the Code, save that the Chair was not considered independent on appointment for the purposes of Provision 9, given his previous role as Chief Executive. That said, major shareholders were consulted ahead of his appointment, as required by the Code in these circumstances, and his appointment was approved by more than 80% of the Company's shareholders at its 2024 Annual General Meeting, with further explanatory content set out on page 82.

Board of Directors



E N S

Harry Hyman
Non-executive Chair
Election to the Board
Harry Hyman founded the Company in 1996 and served on the Board as Managing Director from that time and represented the former adviser to the Company, Nexus Tradeco Limited ("Nexus"), on the Board. On completion of the internalisation on 5 January 2021, Harry was appointed as Chief Executive Officer. Shareholders approved his appointment as Non-executive Chair with effect from the end of the 2024 AGM. The Board believes that Harry's appointment continues to be in the best interests of the Group and all of its stakeholders, particularly as his knowledge and expertise gained over nearly 30 years in the primary care property sector will continue to be invaluable and highly relevant to the Group's future success. The Board has determined that the term will be a maximum of three years from the 2024 AGM.

Career
Harry graduated from Cambridge University and trained as a Chartered Accountant and Corporate Treasurer. He established the Company in 1996 and was the Managing Director of Nexus Tradeco Limited, which until 5 January 2021 was the Adviser to PHP.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Fellow of the Association of Corporate Treasurers.

Skills, competence and experience
Harry has extensive experience in investing in the primary healthcare sector, having developed the Company's business from inception over 20 years ago to its current position with an investment portfolio of over £2.8 billion. He also brings entrepreneurial flair to the Board having established a number of successful private companies.

Other listed directorships
Non-executive Chair of Biopharma Credit PLC, an externally managed investment trust which invests in the fast-growing science industry and is listed on the London Stock Exchange.

E S

Mark Davies
Chief Executive Officer
Election to the Board
Mark Davies was appointed to the Board from the 2024 AGM.

Career
Mark was a Co-founder Director of NewRiver REIT plc ("NewRiver") in 2009 and played an important role in taking NewRiver from IPO into the FTSE 250 Index in seven years. He was CFO of NewRiver for over twelve years and, alongside his role as CFO, was also CEO/Executive Chair of Hawthorn Leisure Limited ("Hawthorn") for five years. Mark stood down from the board of NewRiver following the successful sale of Hawthorn in July 2021 to private equity at a premium price.

Skills, competence and experience
Mark has considerable capital markets experience and over the last 14 years has raised over £3 billion of equity and debt in public and private markets.

Other listed directorships
Senior Independent Director of Palace Capital plc.

E S

Richard Howell
Chief Financial Officer
Election to the Board
Richard Howell was appointed to the Board from 31 March 2017, having joined Nexus on 13 March 2017, and following completion of the internalisation of the advisory and management functions previously carried out by Nexus, he was appointed Chief Financial Officer.

Career
Richard is a Chartered Accountant and has over 20 years' experience working with London-listed commercial property companies, gained principally with LondonMetric Property plc and Brixton plc. Richard was part of the senior management team that led the merger of Metric Property Investments plc and London & Stamford Property plc in 2013 to create LondonMetric Property plc. In May 2022 he was appointed as a Non-executive Director at Life Science REIT plc, an AIM-listed, externally managed real estate investment trust.

Skills, competence and experience
Richard has extensive finance experience, having previously held senior accounting positions within listed property companies operating across the UK. Whilst working for LondonMetric Property plc and Brixton plc, he has been involved in over £5 billion of property transactions.

Other listed directorships
Senior Independent Non-executive Director and Audit Chair of Life Science REIT plc.

A E N R

Laure Duhot
Independent Non-executive Director
Election to the Board
Laure Duhot was appointed to the Board from 14 March 2019 following completion of the merger with MedicX Fund Limited. She is Chair of the ESG Committee.

Career
Laure started her career in the investment banking sector and has developed a focus on the property sector. She has held senior roles at Lehman Brothers, Macquarie Capital Partners, Sunrise Senior Living Inc., Grainger plc and Lendlease.

Skills, competence and experience
Laure brings over 30 years of senior executive level experience in the investment banking and property sectors, specialising in alternative real estate assets, and has been a Non-executive Director at a number of funds and property companies.

Other listed directorships
Non-executive Director of Safestore Holdings plc and NB Global Monthly Income Fund Limited (until July 2024).

Independent Non-executive
Yes.

Board of Directors continued

A E N R S

Ian Krieger
Senior Independent Non-executive Director

Election to the Board
Ian Krieger was elected a Director at the 2018 Annual General Meeting, having been appointed to the Board in February 2018, and is Chair of the Audit Committee.

Career
Ian is a Chartered Accountant and was a Partner and Vice-Chair at Deloitte until his retirement in 2012.

Skills, competence and experience
Ian qualified as and practised as a Chartered Accountant and brings a wealth of recent financial experience to the Board as well as his experience as Chair of the audit committees of two other UK-listed companies in the property sector (having been Senior Independent Non-executive Director and Chair of the audit committee at both Safestore Holdings plc and Capital & Regional plc until his retirement in 2024 as noted below).

Other listed directorships
Safestore Holdings plc and Capital & Regional plc (until March and June 2024, respectively).

Independent Non-executive
Yes.

A E N R

Ivonne Cantú
Independent Non-executive Director

Election to the Board
Ivonne Cantú was appointed to the Board from 1 January 2022.

Career
Ivonne has significant public company experience having spent over 20 years advising listed businesses. She is currently the Director of Investor Relations, Communications and Sustainability as well as a member of the executive management team and the sustainability committee of Benchmark Holdings plc, a biotechnology aquaculture company. She is also a Non-executive Director and Chair of the remuneration committee at Creo Medical Group plc and a Trustee of two non-profit charitable organisations, La Vida and Info Latinos, and TEH Advisory Board.

Skills, competence and experience
Prior to taking up her position at Benchmark Holdings plc, Ivonne spent 13 years as a Senior Corporate Finance Adviser at Cenkos Securities plc, and prior to that seven years as an Investment Banker at Merrill Lynch. She has a degree in engineering from the Universidad Panamericana in Mexico City and an MBA from the Wharton School of Business at the University of Pennsylvania.

Other listed directorships
Creo Medical Group plc.

Independent Non-executive
Yes.

A E N R

Dr Bandhana (Bina) Rawal
Independent Non-executive Director

Election to the Board
Bina Rawal was appointed to the Board from 27 February 2024.

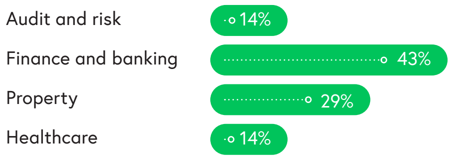
Career
Bina is a medical professional with 25 years' senior executive experience in healthcare, including with blue chip pharmaceutical companies such as Roche and global research funding charity Wellcome Trust. She is currently Senior Independent Director at Worldwide Healthcare Trust plc, a FTSE 250-listed investment trust specialising in healthcare and life sciences companies where she is board lead for ESG and chairs the nominations committee.

Skills, competence and experience
Bina has a wide breadth of experience spanning patient care, digital and population health, ESG, strategy, partnerships and EDI, alongside extensive networks in UK healthcare through her senior level executive and non-executive roles to date in large, complex organisations within the public, private and not-for-profit sectors.

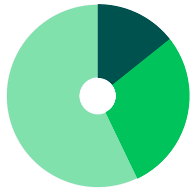
Other listed directorships
Worldwide Healthcare Trust plc.

Independent Non-executive
Yes.

Composition of the Board
Board skills and experience



Balance of the Board



Gender

Key to Committee membership

- A Audit Committee
- E ESG Committee
- N Nomination Committee
- R Remuneration Committee
- S Standing Committee
- Indicates Chair of Committee

Senior leadership team

Executive Committee

The team is listed opposite, along with the dates they joined the business.

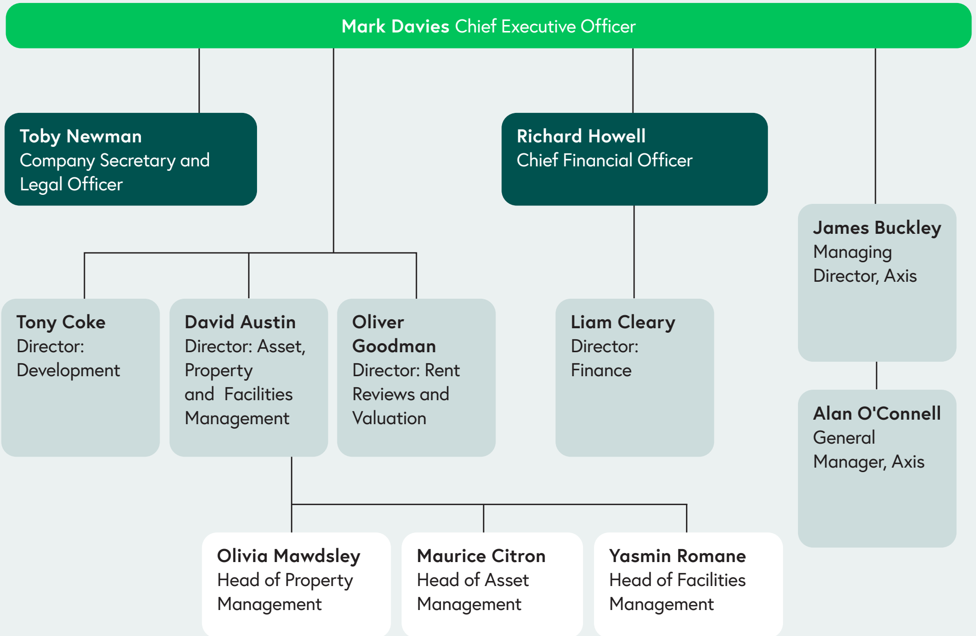
Management team at PHP

Executive and senior leadership teams

Set out below is a chart showing the structure of the Executive and senior leadership teams which managed the day-to-day operations of the business during the year. Further details of the team are set out opposite and on page 65.

The Executive team operates under the direction and leadership of the Chief Executive and meets weekly to oversee the day-to-day running of the business and progress in delivering the Board's approved strategic objectives.

The senior leadership team comprises departmental heads from all key business functions with a diverse range of skills and experience. To further enhance efficient, joined-up working, asset, property and facilities management were brought together during 2023.



Mark Davies
Chief Executive Officer

Full biography on **page 62**.

Richard Howell
Chief Financial Officer

Full biography on **page 62**.

Toby Newman
Company Secretary and Chief Legal Officer

Toby joined PHP at the start of 2023, having, since 2017, been General Counsel and Company Secretary at national independent hospital, gym and healthcare services provider Nuffield Health, where he led a multi-disciplinary team responsible for all legal matters across its businesses. Toby is a solicitor with more than 20 years' experience, gained in private practice in the City specialising in M&A, capital markets and corporate governance, then focusing on the healthcare sector before moving in house.

David Austin
Director: Asset, Property and Facilities Management

David has worked in the PHP business since August 2016 and was appointed to head up the asset management team in 2019 following the merger with the MedicX Fund. David now leads the combined asset, property and facilities management teams, managing value across the existing portfolio, and was promoted to the Executive Committee during 2023. David is a Chartered Surveyor with over 20 years' post qualified experience with Jones Lang LaSalle, Axa, LandSec and MWB.

Senior leadership team continued

Senior management

Oliver Goodman
Director: Rent Reviews and Valuation

Oliver joined following the merger with the MedicX Fund in 2019, and heads up the team responsible across the portfolio for negotiating and securing rent reviews, both when provided for under the terms of the lease and on asset management projects when the lease is re-geared. Oliver is a Chartered Surveyor and he has an in-depth understanding of the process of agreeing rent reviews with District Valuers in accordance with the detailed regulations that govern the reimbursement of rents on GP surgeries.

Tony Coke
Director: Development

Tony is a Chartered Surveyor with over 20 years' experience in primary care development. Tony's teams have delivered some 30 new premises across the South of the UK, with a particular focus on the South East and Greater London. Tony is conversant with all aspects of primary care premises development from the initial project brief right through to achieving practical completion on the premises.

Liam Cleary
Director: Finance

Liam joined following the merger with the MedicX Fund in 2019, and is now responsible for the finance function including commercial finance, debt raising, financial reporting and treasury. Liam is a Chartered Accountant who has over 15 years' experience working in private and public companies. Before working at MedicX Fund he worked at both PwC and Deloitte Touche Tohmatsu in the UK and Australia on capital market and merger and acquisition transactions.

James Buckley
Managing Director, Axis PHP

James leads the Axis business in Ireland and joined following the acquisition of Axis Technical Services in 2023 and is responsible for all aspects of the Ireland business including new investments. James has an MBA from London and has over 40 years' experience in property and construction, founding and growing several property and facilities management businesses. James has unique experience of healthcare asset development in Ireland from design, construction and long term management of the properties.

Alan O'Connell
General Manager, Axis PHP

Alan is the general manager of the Axis business in Ireland and joined following the acquisition of Axis Technical Services in 2023 and is responsible for the day-to-day running of the business. Alan has over 30 years' experience in property and construction, with particular experience in healthcare property management and developments. Prior to PHP he worked as Assistant National Director of Estates within the HSE in Ireland with oversight of healthcare capital infrastructure investment.

Olivia Mawdsley
Head of Property Management

Olivia joined following the merger with the MedicX Fund in 2019 and heads up the UK property management team. Before working at MedicX Fund, she worked in commercial property management at Workman LLP, where she qualified as a Chartered Surveyor. Olivia's experience includes retail, industrial, offices and healthcare facilities.

Maurice Citron
Head of Asset Management

Maurice joined in 2019 and heads up the asset management team, responsible for managing value across the existing portfolio through lease regears and capital intensive asset management schemes. Maurice holds an MA in Psychology and MSc in Property Finance and has over 20 years' experience in managing retail and residential assets in the UK and Ireland.

Yasmin Romane
Head of Facilities Management

Yasmin joined in 2020 and heads up the facilities management team, responsible for all service charge properties. She has over 22 years of real estate and facilities management experience within commercial property. Before working at PHP, she held similar facilities management roles at Sodexo Ltd and Pfizer Ltd.

Corporate governance statement

Part A: Board leadership and Company purpose

Purpose, strategy, values and culture

The Board has determined that the Company's purpose is to support the NHS in the United Kingdom and the HSE in Ireland in tackling the underinvestment in primary care facilities in both countries. We exist to facilitate the NHS, the HSE, GPs and our other customers in delivering close-to-home health services for the communities that they serve. We are proud that our buildings serve a total patient list of over 6.3 million. We also continually invest in our estate through asset management projects designed to improve the quality of the buildings, making them more energy efficient and increasing the number of consulting rooms and other facilities available to deliver key services.

As described in more detail on pages 18 and 19 of the Strategic Report, our strategy is built around four pillars: Grow, Manage, Fund and Deliver. Set out in the table on the right is how the decisions taken by the Board have supported the delivery of this strategy during the year.

How governance supports our strategy

At the same time our strategy has delivered strong and secure returns to shareholders which has been recognised by PHP being judged the winner of MSCI's Highest Ten-Year Risk Adjusted Total Return Award for the third year in succession. The Board believes that the Group's portfolio of properties offers long term and sustainable sources of rental income to underpin the steadily growing returns we offer to shareholders.

1. Grow

With development activity still muted in a volatile economic and geopolitical environment, the Board scrutinised far fewer acquisition and development proposals than it would ordinarily expect to, approving the Basingstoke acquisition and South Kilburn development. PHP's focus has accordingly been on continuing to successfully deliver asset management projects (of which 2024 saw ten new schemes legally exchange, one of which making up the six schemes physically completed in the year, with an aggregate value of £13.0 million), together with rental improvements (with an aggregate of £0.8 million in 2024).

The Board also supported a range of training programmes and mentoring opportunities for staff at all levels across the business to support their career development and personal growth.

Read more on page 18

2. Manage

In the economic conditions referred to above, a major area of focus for PHP has been successfully delivering asset management projects. To enhance the capital value of the portfolio, regear leases and improve the energy efficiency of properties, the Board agreed capital expenditure investment of £13.0 million on asset management projects completed and exchanged in the year and interim reallocation of staff from the investment to asset management team to undertake more projects.

Proposals to invest in new facilities software systems to improve the maintenance of the portfolio and deliver facilities management services where PHP is required to do under the terms of its leases were approved.

Read more on page 18

3. Fund

The Board approved £270 million of term and revolving credit facilities for a three-year term, as well as exercising the options to extend £150 million of revolving credit facilities for a further one-year term.

The Board considered the reports of the ESG Committee after each of its meetings and approved investment required to meet the ESG targets proposed by the ESG Committee to drive forward our sustainability initiatives, details of which are set out in the Responsible Business Report, and decided to re-focus its community impact funding to more closely align with benefiting the communities served by buildings at which asset management projects took place.

Read more on page 19

4. Deliver

The Board critically reviewed the level of quarterly interim dividends for the year in light of a likely reduction in the level of revaluation reserves and increased income from rent reviews to ensure a fully covered dividend.

Following its previous decision to introduce a Dividend Reinvestment Plan in light of the fall in the premium over net asset value in the Group's share price, the Board continued to make the plan available for shareholders as a means for them to increase their shareholding in a cost-effective manner.

Read more on page 19

Corporate governance statement continued

Part A: Board leadership and Company purpose continued

Purpose, strategy, values and culture continued

Culture and values

The Company's purpose is core to every decision taken by the Board. As detailed on pages 18 to 19, the Company has a framework of values and strategic measures that underpin our purpose to ensure that the strategy and culture of the Company are aligned. We recognise that, as guardian of our culture, the Board plays a vital role in defining the way in which we do business and the Board sets the tone for the Company. An appropriate governance structure for decision making, together with promoting an environment of trust, respect and accountability, is fundamental to our culture. This attitude and mindset to do what is right shapes the environment within which the Executive Committee and wider PHP team work and the way PHP behaves towards its stakeholders. Our strong culture supports our strategic priority of partnering with the NHS in the UK and the HSE in Ireland in the modernisation of the primary care estate and promotes employee engagement, retention and productivity. We are genuine and passionate about what we do, working collaboratively and using our expertise to find high quality solutions for our occupiers and improve the experience of the people who use our buildings.

Our size, being only 87 employees in the UK and Ireland combined, and the regular interaction of the Executive Committee members and senior leadership team with the wider workforce, facilitate the monitoring of culture, which we do in a number of ways, as follows:

- inclusion of culture and value-led questions within our employee surveys as detailed below;
- regular reporting and feedback from the Executive Directors and the designated workforce NED following staff engagement meetings, highlighting what we do well and where improvements can be made;
- regular face-to-face engagement with employees through Board site visits and exposure to the senior management team; and
- monitoring of staff turnover rates, whistleblowing and health and safety incidents.

Going forward, we will continue to remain open minded to efficient, tech-enabled ways of working, which can also assist us as we continue to further drive down our environmental impact.

Leadership

The Board, supported by an expert management team, continues to maximise the competitive advantage of the Company by utilising the team's deep knowledge of the primary care sector to create sustainable value for shareholders. The Company is led by the Board in its entrepreneurial approach and continues to innovate to produce sector-leading healthcare facilities in both the United Kingdom and Ireland.

Our stakeholders and the Board's engagement with them

Our tenants

Whether in working on the development of new facilities, planning asset management projects to further improve our existing sites or working with our tenants day to day to optimise the functioning of our buildings, we engage deeply with the NHS in the UK and the HSE in Ireland, as well as with local GPs and other healthcare professionals at our facilities, to understand their evolving requirements. We continue to engage with NHS integrated care systems in England to understand their key priorities for the improvement of care in their regions and develop an effective partnership with them to deliver their vision for improved primary care provision. We also continue to find new ways to collaborate with NHS partner organisations to continually progress the high compliance standards which are central to PHP's stakeholder offer.

The Board reviewed the results of the tenant survey conducted in October 2024 based on a face-to-face interview format with a sample of the tenant base to better understand tenants' views and ensure that we are engaging with the right individuals to gain feedback on, and continually improve, our property management performance.

Our communities

In 2024, we have amended our social impact programme to focus and link with our asset management projects, working directly with tenants to provide support for their chosen local initiatives.

Our employees

In 2024, PHP:

- continued to focus on staff career pathway support and development, including through continued evolution of our objective and appraisal approach; and
- continued to engage with our teams, including through changes to internal structure.

PHP's annual staff engagement survey took place in October 2024 to gauge the current level of staff satisfaction and seek our people's views on areas where we can do even better. Responses were received from 67% of staff (86% in 2023), with positive feedback on the team culture and ethic, together with suggestions on areas for further improvement, which the management team will take forward.

Following on from the survey, Laure Duhot, as the designated NED to lead and support workforce engagement for the Board, held two face-to-face meetings this year with staff in both the London and Stratford-upon-Avon offices (two of five meetings with staff across the year, including two in Ireland). The sessions ranged openly across a wide number of areas, including the feedback from the staff surveys and management communication style in a hybrid working environment. She reported back her detailed feedback from these sessions, on a non-attributable basis, to the Board, which discussed proposals to address matters raised in these sessions.

In response to feedback received from the designated workforce NED's meetings and the staff surveys referred to above, the Board, alongside continued evolution of the actions above, will focus on the key action points of the employee satisfaction survey presented on page 40 in order to continue driving the right behaviours and supporting the development of employees.

Our investors

Regular communication with investors continues to be a top priority for the Board, which believes that understanding the views of shareholders is an important contributor to the Company's strategic direction and success.

Following appointment of Mark Davies as CEO with effect from April 2024, which was informed by the views of major shareholders, the Senior Independent Director, together with the Chair, also engaged with major shareholders, of whom shareholders contacted, representing more than 60% of PHP's register, positively received PHP's Chair succession and Board composition plans (detailed in the 2023 Annual Report), which were duly approved at the Company's 2023 AGM and have been implemented accordingly.

Corporate governance statement continued

Part A: Board leadership and Company purpose continued

Our stakeholders and the Board's engagement with them continued

Our investors continued

Any shareholders wishing to raise any governance issues may contact the Chair at any time. The Senior Independent Director is also available to respond to shareholder concerns when contact through the normal channels is not appropriate.

We want to create sustainable value for all three types of investors in our business: institutional, private and debt. It is important to us that our investors understand our strategy and equity story, so that they can support the execution of our strategy and our capital recycling.

Institutional investors	Private investors	Debt investors
Our Executive Directors once again held a series of meetings with institutional investors as part of roadshows following our full year and interim results. The results presentation was conducted in a hybrid format, with live conference call and webcast facilities available, which were well attended. The Board works with its brokers, Deutsche Numis and Peel Hunt, to ensure that an appropriate level of communication is facilitated through a series of investor relations activities around the issue of our full year and interim results. The feedback received by the brokers from these meetings is relayed to the Board for its review. The Company also held a Capital Markets Day in October 2024 at which investors had the opportunity to learn more about the Company's business and its plans to capture the significant opportunities which it has identified. These meetings are an important method of keeping investors informed of the Company's performance and plans, answering questions they may have and understanding their views. Topics discussed include the development and implementation of strategy, financial and operational performance, ESG matters, the strength of the Company's income, the debt structure and the real estate market in general, including as the new government in England develops its ten-year plan for the NHS.	Private investors are an important part of our shareholder base for whom we aim to deliver progressive dividend growth and steady capital appreciation. Our private investors are encouraged to give feedback and communicate with the Board via the Company Secretary throughout the year. The whole Board attended the 2024 Annual General Meeting and was available to answer shareholder questions. All the resolutions put to the meeting received strong support from investors. The results of the voting at all general meetings are published on our website. We work closely with our registrar, Equiniti – and, following the secondary listing of the Company's shares on the Johannesburg Stock Exchange, with JSE Investor Services in South Africa – to maintain an efficient share register, make limited paper distributions and to address all queries that we receive from our private shareholders throughout the year.	In the year, the Group addressed the refinancing risk of the debt maturities falling due in 2025 by refinancing two revolving credit facilities with Barclays and Lloyds totalling £270 million. The new facilities were partially used to repay the £70 million variable rate bonds ahead of maturity in December 2025. The Group also exercised options to extend the maturities by one year on its shorter dated revolving credit facilities with HSBC (£100 million) to December 2027 and with Santander (£50 million) to January 2026. Post year end, in January 2025, the Group fixed, for two years, £200 million of nominal debt at a rate of 3.0% for an all-in premium of £4.5 million. The fixed rate swap will provide further protection to the Group's interest rate exposure especially whilst rates continue to remain elevated and volatile. Regular dialogue is maintained with all our relationship banks, including meetings and/or conference calls.

The Board received detailed feedback from management, PHP's brokers and its registrar following shareholder meetings, roadshows and results presentations and the Capital Markets Day, and noted a generally high level of satisfaction with the performance.

Please refer to our Strategic Report and the Responsible Business section of the Annual Report for further details on wider stakeholders of the business.

Corporate governance statement continued

Part B: Division of responsibilities

There is a clear written division of responsibilities between the Chair (who is responsible for the leadership and effectiveness of the Board) and the Chief Executive Officer (who is responsible for the day-to-day operations of the business) and the Senior Independent Director (who is responsible for supporting the Chair on all governance issues).

When running Board meetings, the Chair maintains a collaborative atmosphere and ensures that all Directors have the opportunity to contribute to the debate. The Directors are able to voice their opinions in a calm and respectful environment, allowing coherent discussion. The Chair meets with individual Directors outside formal Board meetings to allow for open, two-way discussion about the effectiveness of the Board, its Committees and its members. The Chair is therefore able to remain mindful of the views of the individual Directors.

Five Committees of the Board have been operating throughout the year, the Audit, Remuneration, Nomination, ESG and Standing Committees, to which certain powers have been delegated as set out in their terms of reference which can be viewed on our website at www.phpgroup.co.uk/about-us/corporate-governance. The reports of each of the Audit, Remuneration and ESG Committees are set out in the following pages.

This governance structure, set out on page 70, ensures that the Board is able to focus on strategic proposals, property acquisitions, major transactions and governance matters which affect the long term success of the business.

The Board has delegated authority for the day-to-day management of the business to the Chief Executive Officer, who is supported in discharging these duties by two standing executive committees as shown on page 70.

There is a clear statement of delegated authorities setting out the financial parameters within which the Executive Directors and senior management team may act without reference to the Board, although any proposal could still be taken to the full Board for consideration and approval where this is considered appropriate.

Corporate governance statement continued

Part B: Division of responsibilities continued

Our governance structure

Board of Directors

Chair: Harry Hyman
- The Board sets the Group's strategic aims, ensuring that the necessary resources are available for the Group to meet its objectives, and oversees the execution of the strategy within an acceptable risk management framework

Audit Committee

Chair: Ian Krieger
- Oversees the quality of financial and narrative reporting
- Scrutinises significant judgements made by management
- Provides assurance on internal controls, risk management and audit processes
- Evaluates the performance of the external auditor, with responsibility for audit tender
- Obtains assurance regarding the objectivity of the valuers

Members: Ian Krieger, Ivonne Cantú, Laure Duhot and Bina Rawal

Remuneration Committee

Chair: Ivonne Cantú
- Determines and implements Remuneration Policy
- Sets remuneration packages and incentives for Executive Directors and the senior management team
- Approves annual bonus and LTIP targets and outcomes for the senior management team
- Oversees the operation of the PHP Sharesave plan and approves the grant of options under the plan
- Has oversight of workforce remuneration arrangements and alignment of these with the Group's strategy

Members: Ivonne Cantú, Laure Duhot, Ian Krieger and Bina Rawal

Nomination Committee

Chair: Harry Hyman
- Leads process for Board appointments
- Considers Board composition and succession
- Reviews balance of skills and diversity on the Board
- Oversees the annual Board evaluation process

Members: Harry Hyman, Ian Krieger, Ivonne Cantú, Laure Duhot and Bina Rawal

ESG Committee

Chair: Laure Duhot
- Assists in the development of ESG strategy
- Develops and monitors policies on ESG matters
- Develops and monitors social impact initiatives
- Considers opportunities for environmental initiatives in the portfolio

Members: Laure Duhot, Ivonne Cantú, Harry Hyman, Ian Krieger, Bina Rawal, Mark Davies and Richard Howell

Standing Committee

Chair: Harry Hyman
- Approves dividend announcements and implementation
- Approves the allotment and issue of new shares in connection with the Company's share plans or dividend plans
- Approves other formal matters that require the approval of the Board or a duly authorised committee between scheduled meetings of the Board and acts as the disclosure committee

Members: Harry Hyman, Ian Krieger, Mark Davies and Richard Howell

Other non-Board committees

Executive Committee

- Reviews investment opportunities for consideration by the Board and approves any investment decisions of less than £5 million
- Reviews operational performance of the business and approves proposals for asset management projects involving capital expenditure of less than £2 million
- Undertakes day-to-day management of the PHP portfolio
- Reports to the Board at each meeting through formal reporting from the CEO, CFO and CLO

Members: Mark Davies (**Chair**), Richard Howell, David Austin and Toby Newman

Risk Committee

- Reviews strategic and operational risks in achieving delivery of PHP's strategic goals
- Reviews operational risk management processes
- Recommends appropriate risk appetite levels and monitors risk exposure
- Reports to the Audit Committee at each of its meetings

Members: Richard Howell (**Chair**), Ian Krieger, Mark Davies, Liam Cleary, David Austin and Toby Newman

Corporate governance statement continued

Part B: Division of responsibilities continued

How the Board functions

Regular Board and Committee meetings are scheduled throughout the year with five scheduled meetings held in 2024. The Board has a formal schedule of matters specifically reserved for its decision, which includes (amongst other things) various strategic, financial and operational responsibilities. A summary of the key activities of the Board during the year can be found on page 72.

The Standing Committee has certain matters delegated to it as noted above. In addition, if the Board needs to meet to make a decision on significant investment opportunities or other matters outside the authority of the Executive Directors that arise between scheduled meetings, the Board can do so by unanimous approval by email or meet by video-conference but will only do so in such situations where a detailed investment proposal has been circulated to the Board or the matter discussed at a previous meeting so that all the Directors are fully apprised, have the opportunity to ask questions and are in a position to make a fully informed decision on the matter. There is also regular informal contact between the Executive and Non-executive Directors between scheduled Board meetings.

Care is taken to ensure that information is circulated in good time before Board and Committee meetings and that papers are presented clearly and with the appropriate level of detail to assist the Board in discharging its duties. The Company Secretary assists the Board and Committee Chairs in agreeing the agenda in sufficient time before the relevant meeting to allow input from key stakeholders and senior executives.

Further, the members of the senior management team regularly attend meetings of the Board and have developed a strong understanding of the Board's approach and culture.

Role	Responsibilities
Non-executive Chair Harry Hyman	• Leads the Board and ensures it runs effectively • Sets Board culture to promote boardroom debate • Regularly meets with the CEO to stay informed about developments between Board meetings • Monitors progress against strategy and performance • Ensures all stakeholders' views are considered
Senior Independent Director Ian Krieger	• Provides a sounding board for the Chair • Leads performance evaluation of the Chair • Is available to respond to shareholders' concerns when contact through the normal channels is not appropriate
Non-executive Directors Ivonne Cantú Laure Duhot Bina Rawal	• Scrutinise and constructively challenge the performance of executive management • Bring independent judgement to investment decisions brought to the Board and approve decisions reserved for the Board as a whole • Contribute to developing strategy and monitor the delivery of the agreed strategy • Contribute a broad range of skills and experience
Chief Executive Officer Mark Davies	• Manages the day-to-day running of the business • Manages dialogue with investors, shareholders and key stakeholders and relays views back to the Board • Helps develop and formulate strategy for the Board and is responsible for its implementation
Chief Financial Officer Richard Howell	• Responsible for the preparation of accounts and integrity of financial reporting • Implements decisions on financing and capital structure determined by the Board • Responsible for day-to-day treasury management • Ensures robust accounting systems and internal controls are implemented
Company Secretary and Chief Legal Officer Toby Newman	• Advises the Board and is responsible to the Chair on corporate governance matters • Ensures good flow of information to the Board and its Committees • Promotes compliance across the business with statutory and regulatory requirements and Board procedures

Corporate governance statement continued

Part B: Division of responsibilities continued

Meetings in the year

Details of the attendance of each of the Directors who served during the year are set out below:

Director	Board (total in year – 5)	Audit Committee (total in year – 5)	Nomination Committee (total in year – 2)	ESG Committee (total in year – 3)	Remuneration Committee (total in year – 3)
Harry Hyman	5	—	2	3	—
Mark Davies	5	—	—	2	—
Richard Howell	5	—	—	3	—
Ivonne Cantú	5	5	2	3	3
Laure Duhot	5	5	2	3	3
Ian Krieger	5	5	2	3	3
Bina Rawal	5	3	1	2	2

The diagram below sets out a summary of the key issues considered by the Board at its meetings during the year.

February

- Strategic planning for the year ahead against the backdrop of continuing economic headwinds and geopolitical uncertainty
- Critical examination of the year-end property valuations
- Approval of the preliminary announcement of results and the 2023 Annual Report, incorporating the Notice of AGM
- Received and approved various recommendations from the ESG Committee, including with respect to equality, diversity and inclusion and prevention of modern slavery

April

- Consideration of the voting at the Annual General Meeting, the reasons for any votes against resolutions and any follow-up actions
- In its new configuration following Mark Davies' formal appointment at the AGM and Harry Hyman's appointment as Chair, and with a UK general election upcoming, strategy discussion including in relation to the use of technology, growth and communication of PHP's proposition

July

- Careful consideration of the results of the interim valuation
- Approval of the interim results for release
- Received and discussed external strategic market update
- Considered and approved: (i) the Barclays £170 million facility with proceeds used to repay the £70 million variable rate bond; (ii) refinancing the Lloyds £100 million RCF to 2027; and (iii) exercising the option to extend the £50 million Santander RCF to January 2026 and £100 million HSBC RCF to December 2027, together with discussion of hedging arrangements
- Discussion of cyber security risk management and mitigations
- Received an update on regulatory matters

October

- Reflected on key themes from strategy discussions
- Received and discussed an update on current and emerging ESG trends
- Considered a number of investment opportunities

December

- Received and considered updates in connection with 2024 audit process, including internal controls and risk register
- Reviewed and approved 2025 budget

Corporate governance statement continued

Part B: Division of responsibilities continued

Strategy meeting

The strategy meeting is held as a separate meeting outside the regular Board schedule and attended by all the Directors and the Executive Committee. It was this year followed by a wider meeting, providing an opportunity for the members of the Board to meet and discuss issues relating to the business with members of the senior management team who do not attend Board meetings on a regular basis.

The 2024 strategy meeting was held in South West London. The location of the meeting allowed the Board, alongside its strategy discussions, to visit two of the Group's properties: the Cobham Health Centre (where tenants include Cobham Day Surgery – a day case hospital facility – and NHS Property Services, which sub-lets to a GP surgery) and Kingston Health Centre, a practice with 19 GPs serving a patient list of 27,000. The Board was grateful for the opportunity to meet and speak with the management and healthcare professionals at these facilities about their requirements for the properties.

These visits reinforced the Board's conclusions about the importance of investment in modern primary and community care centres and supported its view that the Group's strategy of focusing on hub primary care centres, with a large lot size, flexible floor plans and the ability to offer a variety of healthcare services, is the correct response to the evolving requirements for the delivery of primary care and associate services, close to patients' homes. The session also provided the Board with a valuable understanding of the challenges facing GPs and other healthcare workers and how innovative practices have continued to develop in response to these.

In preparation for the strategy meeting the Board received a background reading pack that included content relating to finance, asset management, forecasting and equity markets to support an in-depth strategic discussion. The meeting also received valuable insights from external speakers on strategic issues.

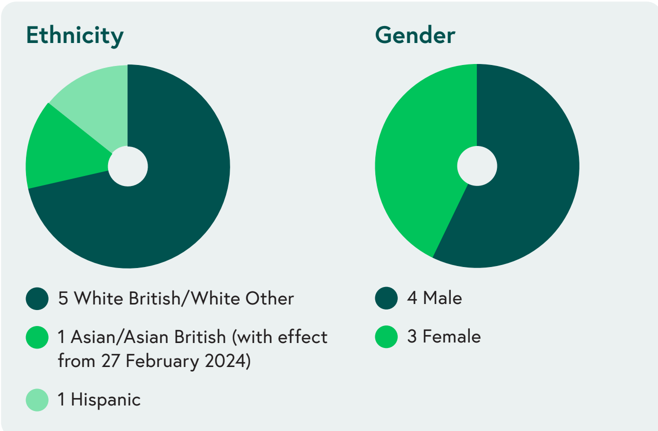
Part C: Composition, succession and evaluation

Board composition

The current Board of Directors of the Company consists of the Chair, four independent Non-executive Directors and two Executive Directors and complies with the Code in that at least half of the Board are independent Non-executive Directors. Details of the composition of the Board by gender and ethnicity are set out below.

In 2024:

- following appointment of Dr Bina Rawal on 27 February 2024, 43% of the Board were women, such that the 40% target in the Listing Rules was met;
- the target for at least one of the senior Board positions specified in the Listing Rules (being Chair, Chief Executive, Senior Independent Director or Chief Financial Officer) being held by a woman was not met. The Company considers that the experience and expertise in these roles best positioned PHP for success in the year, and at the same time will continue to approach Board recruitment having due regard to its Listing Rules obligations aligned with the best interests of the Company and its stakeholders; and
- the Listing Rules target that at least one individual on a company's board of directors is from an ethnic minority background was met.



Biographical information on each of our Directors can be found on pages 62 and 63, which shows the breadth of strategic and financial management insight brought to our Board and that Ms Cantú, Ms Duhot, Mr Krieger and Dr Rawal are all considered to be independent.

The composition of the Board is fundamental to its success. We continue to have a strong mix of experienced individuals on the Board. The Non-executive Directors are not only able to offer an external perspective on the business, but also constructively challenge the Executive Directors, particularly when developing the Company's strategy.

As previously noted, the Company increased the Board to seven Directors with Dr Bina Rawal's appointment on 27 February 2024 as a further independent Non-executive Director. We believe that a Board of seven Directors will continue to be of a size that is appropriate for an agile business with a clear and focused strategy, at the same time as delivering on the evolving corporate governance requirements to which the Company is subject. We believe this size of Board will continue to facilitate all members of the Board developing a close understanding of PHP's business and foster open debate.

Board induction and training

The Code provides that all Directors should receive a full, formal and tailored induction on joining the Board. On joining the Board new Directors are provided with an induction programme to enable them to integrate into the Board as quickly as possible and feel able to contribute to business and strategy discussions with enough background knowledge.

A tailored induction programme for Dr Rawal was implemented by the Company Secretary and Chief Legal Officer. The induction process included the following elements:

- one-to-one meetings with the Chair, other Board members, members of the Executive Committee and the senior management team;
- a full supporting pack of relevant materials to give insight into strategy, structure and operations, as well as the Group's governance framework, policies and procedures; and
- meeting with the Company's advisers, including with Korn Ferry, PHP's remuneration advisers, to understand the design and implementation of the Group's remuneration policies.

Corporate governance statement continued

Part C: Composition, succession and evaluation continued

Board induction and training continued

Ahead of his tenure as Chief Executive Officer commencing following the 2024 AGM, Mark Davies worked at the Company on a two days per week consultancy basis from January 2024. This provided Mark with valuable insights and understanding of the business to best support the successful transition which has been delivered.

The Directors receive regular updates in their Board papers, facilitating greater awareness and understanding of the Group's business as well as legal and regulatory developments. PHP's preparatory work for the implementation of regulatory changes, including implementation of the January 2024 update of the Code, has continued in order to underpin the Company's ongoing adherence to best practice governance and assurance practices.

All Directors have access to the advice and services of the Company Secretary and Chief Legal Officer and a procedure is in place for them to take independent professional advice at the Company's expense should this be required.

Board evaluation

The Code indicates that FTSE 350 companies should have an externally facilitated Board evaluation at least every three years. Continuing PHP's adherence to the Code in this regard, in 2024 an external firm, Gould Consulting, was appointed to assess the effectiveness of the Board and its Committees. Given the Company plans a further external review in 2025, it was decided to undertake this by means of an online questionnaire that covered a combination of standard items, such as Board dynamics and relationships, individual participation and contribution, along with more topical matters, such as consideration of how the Board succession process has operated. The Directors were also asked to comment on the performance of the Board Committees.

The results of the survey were collated by Gould Consulting and reviewed together with the Chair to consider any themes that had been identified ahead of discussion of these issues by the Directors at the Nomination Committee, which also considered next steps and recommendations, as set out opposite. The Chair conducted an evaluation of the performance of each of the individual Directors as a separate exercise. Ian Krieger, Senior Independent Non-executive Director, had private meetings with each of the individual Directors to take their feedback on the performance of the Chair. Overall, the results of the evaluation process reflected very well on the Board and the tone set by the Chair and the Chief Executive Officer and concluded that each of the Committees is operating effectively. The Chair and Chief Executive Officer have already developed a strong, supportive relationship providing clear and effective leadership and focus that are instrumental to the long term success of the Company. The members of the Board and its Committees are seen as being engaged and committed and able to raise challenges openly while the culture remains open, respectful and constructive.

Details of the outcomes of the 2023 evaluation and the 2024 evaluation, as well as the actions taken in response to the 2023 evaluation, are set out below:

2023 evaluation outcomes	Actions in 2024	2024 evaluation outcomes
As the Company continues its journey following internalisation in 2021 and welcomes its new Chief Executive Officer, to continue to develop its strategy and culture and implement its values for the benefit of all its stakeholders.	Alongside continuing to develop its inclusive culture where staff are encouraged to input to decision making in a progressive and supportive environment, the Company refreshed the format for its Strategy Day such that members of the wider team were encouraged to contribute to the discussion and development of strategy, enriching the dialogue with their expertise as well as providing development opportunities through Board level exposure and engagement.	Continue to embed and refine the Company's culture, ensuring it is both understood and lived throughout the Company, including through successful ongoing employee engagement.
In the context of continuing geopolitical and economic volatility, to maintain a strategic view on the further horizon to best support the Company's long term success.	The Board, Executive Committee and senior leadership team continued to apply their deep knowledge of the Company's business to plot the Company's strategic course through continuing volatility in the best long term interests of its shareholders and stakeholders, with sufficient time allocated to strategy discussion and debate at all Board and management meetings.	Ensure due strategic consideration of the NHS 10-year plan once published in 2025 to best position the Company for long term success.
To continue to seek and benefit from expert third-party insights relating to developments in medical practice, primary care and policy that are relevant to the Company's business and delivery.	The Company continued to remain mindful of the needs and priorities of the health systems which its buildings support, and accordingly continued to leverage expert connections and insights throughout the year to best shape its successful alignment to the needs of those systems and their service users.	To continually keep in view future Board skills to ensure the Company continues to position itself to best effect.

The Board intends to review the implementation of these recommendations as part of its evaluation process in 2025, which as noted above it intends will also be externally supported to support and maintain best governance practice, and will report on progress in next year's Annual Report.

Corporate governance statement continued

Part C: Composition, succession and evaluation continued

Conflicts and commitment

The Board operates a policy to identify and, when appropriate, manage actual or potential conflicts of interest affecting Directors. Directors are required to submit any actual or potential conflicts of interest they may have with the business of the Company to the Board for approval. Any conflicts of interest are recorded and reviewed by the Board at each meeting. Directors have a duty to keep the Board updated about any changes to these conflicts.

The Company Secretary and Chief Legal Officer maintains the register of approved conflicts of interest through this process. In certain circumstances any conflicted Director may be required to absent themselves while such matters are being discussed. No such situations arose in the year.

The Board has delegated to the Nomination Committee the process of formally reviewing conflicts disclosed on an annual basis and the authorisations given (including such conditions as the Board may determine in each case). Any conflicts or potential conflicts are considered by the Board and any authorisations given are recorded in the Board minutes and in the register referred to above.

The letters of appointment for Non-executive Directors set out the time commitment expected to be necessary to perform their duties. All Directors are aware of the need to allocate sufficient time to the Company in order to discharge their responsibilities effectively. Directors must obtain prior approval from the Board when they take on any additional responsibilities or external appointments and it is their responsibility to ensure that such appointments will not prevent them meeting their time commitments.

The Board has delegated to the Nomination Committee the review of the external commitments of the Directors and further detail on how the Nomination Committee has undertaken this work is set out in its report on pages 81 to 83.

The Company provides the Non-executive Directors with appropriate support and facilities for the consideration of the Company's strategy and performance, and dialogue with the Chair is encouraged so that any issues regarding time pressures or conflicting commitments are addressed appropriately.

Information and support

A comprehensive budgeting process is in place, with an annual budget and three-year forecast prepared for consideration and approval by the Board. The Directors are provided with relevant and timely information to monitor financial performance against the budget. Defined authorisation levels regulate capital expenditure. Investment decisions that require Board approval in accordance with the authorisation matrices are governed by defined appraisal criteria, which include anticipated financial returns, the quality of the building and its environmental rating. The Board is also provided with details of the healthcare services to be delivered from the medical centre (including details of the patient numbers and the local healthcare need) and other stakeholder considerations. In this way, the Board monitors that agreed approaches and processes are well understood and adhered to.

The Company Secretary and Chief Legal Officer is responsible for ensuring good and timely information flows within the Board and its Committees and between the senior management and the Non-executive Directors and assists the Board and Committee Chairs in agreeing the agenda in sufficient time before the meeting to allow input from key stakeholders and senior executives.

The Board uses a web-based system which provides ready access to Board papers and materials. Prior to each Board meeting the Directors receive the agenda and supporting papers in good time through this system to ensure that they have all the latest and relevant information in advance of the meeting. After each Board meeting, the Company Secretary and Chief Legal Officer operates a comprehensive follow-up procedure to ensure that actions are completed as agreed by the Board.

Part D: Audit, risk management and internal control

The Board is responsible for:

- the Company's risk management and internal control systems and for reviewing their effectiveness;
- the ongoing processes for identifying, evaluating and managing the principal risks faced by the Company;
- ensuring that the systems have been in place for the year under review and up to the date of approval of the Annual Report and Accounts; and
- regularly reviewing these systems.

Audit Committee

The Audit Committee is responsible for monitoring the integrity of the financial statements and the narrative reporting and results announcements of the Company, as well as the appointment, remuneration and effectiveness of the external auditor. The detailed Report of the Audit Committee is on pages 76 to 80.

Financial and business reporting

The Board is responsible for preparing the Annual Report and confirms in the Directors' Responsibility Statement set out on page 112 that it believes that the Annual Report, taken as a whole, is fair, balanced and understandable. The process for reaching this decision is outlined in the Report of the Audit Committee. The basis on which the Company creates and preserves value over the long term is described in the Strategic Report.

Risk management

The Risk Committee is tasked with reviewing the Group's risk horizon and preparing a detailed risk register which it presents for consideration by the Audit Committee. The Audit Committee subsequently makes recommendations in respect of the Group's principal and emerging risks, mitigations, risk appetite and key risk indicators to the Board which determines the extent and nature of the risks it is prepared to take in order to achieve the Company's strategic objectives. Further information on the Group's principal risks and risk management processes can be found in the Risk Management and Principal Risks section of the Strategic Report on pages 52 to 58.

During the course of its review for the year ended 31 December 2024, and to the date of this report, the Audit Committee has not identified, nor been advised of, a failing or weakness which it has determined to be significant. In recognition of Directors' responsibilities under Provision 29 of the Corporate Governance code becoming applicable to the Group for the year ending December 2026, the Audit Committee recognises the need to further develop documentation of controls.

Part E: Remuneration

The UK Corporate Governance Code requires that a board should establish a Remuneration Committee of at least three, or in the case of smaller companies, two, independent Non-executive Directors. In addition the Company Chair may also be a member of, but not chair, the Committee if he or she was considered independent on appointment as Chair.

As Harry Hyman was not considered independent on appointment for the purposes of the Code, and in accordance with the recommendation of the Code he is not a member of the Remuneration Committee (nor, as Chair, of the Audit Committee).

Audit Committee report

Ian Krieger
Chair of the Audit Committee

"The Audit Committee is responsible for independently overseeing and challenging the integrity of the financial reporting processes at PHP, which supports and ensures the accuracy of the financial results, as well as the related internal controls."

Members of the Audit Committee (the "Committee")

Member	Number of meetings and attendance while in post
Ian Krieger (Chair)	5 (5)
Ivonne Cantú	5 (5)
Laure Duhot	5 (5)
Bina Rawal	3 (3)

Bracketed numbers indicate the number of meetings the member was eligible to attend.

Key responsibilities

Financial and narrative reporting

- Monitor the integrity of the financial statements
- Scrutinise the full and half year financial statements
- Consider and challenge the key financial judgements

For further information see page 77

Risk management and internal control

- Oversee the internal control processes
- Assess the need for an internal audit function
- Review the risk management framework
- Ensure risks are carefully identified, assessed and mitigated

For further information see page 77

External audit

- Review the performance, independence and effectiveness of the external auditor and audit process, including the quality of the same

For further information see page 77

Regulatory compliance

- Review the viability statement and going concern basis of preparation of the financial statements
- Consider whether the Annual Report is "fair, balanced and understandable"
- Monitor compliance with applicable laws and regulations

For further information see page 77

Dear shareholder,

I am delighted to present my report as Chair of the Audit Committee and over the coming pages you will see how the Committee has discharged its responsibilities during the year.

Composition

Membership of the Committee is restricted solely to independent Non-executive Directors. All the members of the Committee have considerable commercial knowledge and industry experience necessary to fulfil the Committee's duties and responsibilities and receive regular updates on business, regulatory, financial reporting and accounting matters. I am the Committee's designated financial expert for the purposes of the Code.

In addition to the members of the Committee, the following individuals attended by invitation: the Chief Financial Officer and the Director: Finance; the Chief Executive Officer and the Chair; the Company Secretary and Chief Legal Officer; the audit partner and senior managers from the auditor; and representatives from PHP's valuers.

As Chair, in conjunction with the Nomination Committee, I review on an annual basis the composition of the Committee to ensure that it comprises members with skills and competencies relevant to the primary care real estate sector and recent and relevant financial experience. The members of the Committee also evaluate the performance of the Committee during the year.

Meetings

During the year the Committee met five times: four of these meetings followed our annual programme which is aligned to the Company's financial reporting timetable and agreed at the start of the year. The additional meeting in October related to audit planning for 2024, also discussing cyber security testing and assurance. At the December meeting, the Committee reviewed the Company's risk management and internal control processes and received an update on the audit, including control findings.

Time is allocated for the Committee to meet the external auditor independently of management. In addition to formal Committee meetings, I have regular contact and meetings with the Chief Financial Officer. This allows me to gain and maintain a good understanding of key and emerging issues in advance of Committee meetings, facilitating informed and constructive debate.

Audit Committee report continued

Meetings continued

The Committee is satisfied that it receives sufficient, reliable and timely information and support from management and the Company's external auditor to allow it to fulfil its obligations.

At least once a year, during an Audit Committee meeting, the Committee meets separately with Deloitte without any other member of management being present.

The Committee has formal, agreed terms of reference which are available for viewing on the Company's website at www.phpgroup.co.uk/about-us/corporate-governance.

Our work in 2024

Our remit is unchanged from previous years, primarily to independently oversee and challenge the integrity of the financial reporting processes at PHP, which supports and ensures the accuracy of the financial results. Alongside this, we review the valuation of the Group's portfolio at both the half year and at the year end and require the valuers to attend our meetings so that we can interrogate them on the assumptions and methodologies used in reaching their valuations.

The other important aspect of our work is the Committee's review of the Company's risk management framework and internal control procedures to ensure they remain robust and are implemented effectively.

Regular tasks

The work undertaken this year has included the consideration, review and approval of the following:

Financial and narrative reporting

- reviewing and monitoring the integrity of the financial statements including reviewing significant financial reporting judgements and estimates made by management, to ensure that the quality of the Company's financial reporting is maintained, in the Company's half and full year financial statements;
- reviewing and commenting on the alternative performance measures, not defined under IFRS or "non-GAAP" measures, to ensure these were consistent with how management measures and judges the Company's performance, including reviewing the balance between statutory and non-statutory measures;
- reviewing the content of the Annual Report and Accounts and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy and whether it informs the Board's statement in the Annual Report on these matters that is required under Provision 27 of the Code;
- assessing the independence and objectivity of the Group's valuers and gaining assurance around the integrity of the conduct of valuation processes at the year end and at the half year;
- reviewing the process undertaken to ensure that the financial statements are fair, balanced and understandable; and
- ensuring compliance with applicable accounting standards, monitoring developments in accounting regulations as they affect the Group and reviewing the appropriateness of accounting policies and practices in place.

Risk management and internal control

- reviewing the Group's risk register, in particular with regard to the potential impact of climate change and principal and emerging risks including digital technology;
- challenging the effectiveness of the Group's risk management systems and considering the adequacy of the process being undertaken to identify risks and mitigate the exposure of the Group to them;
- considering the adequacy and effectiveness of the Group's internal controls and whether there was a need to establish an internal audit function; and
- ensuring the process followed to support the making of the going concern and viability statements remained robust and was correctly followed.

External audit

- examining the performance of the external auditor, its objectivity, effectiveness and independence, as well as the terms of its engagement and scope of its audit, and agreeing the annual audit plan;
- monitoring the ratio and level of audit to non-audit fees paid to the external auditor and agreeing its remuneration for the year; and
- recommending external auditor appointment or re-appointment following any tender process from time to time.

Regulatory compliance

- reviewing the Committee's composition, performance, terms of reference and constitution;
- ensuring appropriate safeguards are in place for the detection of bribery and fraud and reviewing the process by which employees may raise concerns and ensuring that these have been effectively communicated to and understood by the workforce, so that concerns could be raised with me, the Company Secretary or the auditor;
- reviewing the Company's REIT compliance and tax strategy, which may impact the integrity of the financial statements;
- considering the robustness of the Group's assessment of viability over a period of three years, in particular the assumptions underlying the assessment; and
- determining the appropriateness of adopting a going concern basis for the preparation of the financial statements.

Audit Committee report continued

Significant issues considered in relation to the financial statements

During the year, the Committee considered key accounting matters and judgements in respect of the financial statements as detailed below:

Significant issue	Actions taken
Valuation of the property portfolio	
The Group has property assets of £2.8 billion as detailed in the Group Balance Sheet and valuation is central to business performance. Accordingly, the key judgement in the financial statements relates to the valuation of the property portfolio which is driven by the yields and ERVs applied in the valuation process. This is a recurring risk for the Group as it is key to its IFRS profitability, balance sheet portfolio value, net asset value, total property return and employee incentives. It also affects investment decisions. Further, the judgemental nature of the yields and ERVs used in the valuation is compounded by the continued uncertain and volatile global economic environment, high inflation and the previous, rapid rise of interest rates. Combined, these have led to another period of subdued transactional evidence of primary care transactions during the year, which is in contrast with more mainstream property sectors, such as offices.	The portfolio is independently valued by Avison Young and Jones Lang LaSalle in the UK and by CBRE in Ireland (the "Valuers"), in accordance with IAS 40 Investment property. The Committee ensured that there was a robust process in place to satisfy itself that the valuation of the property portfolio by the valuers – all leading firms in the UK and Irish property markets – was carried out appropriately and independently. Given the significance of the valuation, the Committee met twice with the valuers to review, challenge, debate and consider the valuation process; understand any particular issues encountered in the valuation; and discuss the processes and methodologies used. The Chair of the Audit Committee also discussed with the valuers such matters that allowed the Committee to scrutinise the valuation process and ensure each of the valuers remained independent, objective and effective. The auditor also met with the valuers and deployed the services of its own in-house property valuation expert to test the assumptions made. It reported to the Audit Committee on its findings. The Committee confirmed that it was satisfied that the valuation was not subject to undue influence and had been carried out fairly, appropriately and in accordance with industry valuation standards, and therefore is suitable for inclusion in the financial statements.
Accounting for significant acquisitions, disposals and transactions	
The accounting treatment of significant property acquisitions, disposals and financing and leasing transactions is a recurring risk for the Group with non-standard accounting entries required, and in some cases management judgement applied.	Whilst transactional activity continued to be muted during 2024 due to wider economic conditions, the Group made one standing let investment and commenced work on the Group's second development during the year. The Committee reviewed management papers on key judgements, scrutinising and challenging accounting treatments and judgements. Following a review of the accounting treatment of the significant transactions, in particular the point at which each transaction should be recognised, the Committee was satisfied that all relevant matters had been fully and adequately addressed and that the approach adopted by the Company was appropriate in each case, and in accordance with IFRS. The Committee concluded that the accounting treatment of the acquisitions was appropriate.
Financing	
The Group uses a mixture of equity and debt finance to grow its portfolio and has a number of debt finance arrangements and swaps to hedge exposure to interest rate risk. The accounting treatment of these transactions under IFRS 9 is by its nature complex.	During the year, the Group: (i) increased its Barclays £100 million RCF to £170 million, with the £70 million variable rate bond repaid with the proceeds; (ii) refinanced the Lloyds £100 million RCF to 2027; and (iii) exercised the option to extend both the £100 million NatWest and £50 million Santander revolving credit facilities to 2027 and 2026 respectively. The Committee considered the finance team's paper on the proposed treatment of these transactions under IFRS 9 and agreed that they had been appropriately accounted for.

Audit Committee report continued

Financial and narrative reporting

The integrity of the financial reporting and consolidation processes and the completeness and accuracy of financial information are subject to review by the Audit Committee and the Board. In undertaking its review, the Committee considered:

- the suitability of the accounting policies adopted and whether management had made appropriate estimates and judgements;
- the systems and controls operated by management around the preparation of the accounts;
- the procedures included in these to bring relevant information to the attention of those who prepare the accounts;
- the consistency of the reports; and
- whether they are in accordance with the information provided to the Board during the year.

The Committee reviewed accounting papers prepared by management which provided details on the main financial reporting judgements. The Committee also reviewed reports by the external auditor on the full year and half year results which highlighted any issues with respect to the work undertaken on the year-end audit and half year review.

The Committee paid particular attention to matters it considered important by virtue of their impact on the Group's results and remuneration, and particularly those which involved a high level of complexity, judgement or estimation by management, as noted above.

Developments in accounting regulations and best practice in financial reporting are monitored by the Company and, where appropriate, reflected in the financial statements. The Committee and the Board review the draft consolidated financial statements and the Committee receives reports from management and the auditor on significant judgements, changes in accounting policies, and other relevant matters relating to the consolidated financial statements.

Fair, balanced and understandable assessment

At the request of the Board, the Audit Committee also reviewed the Annual Report to consider whether it is fair, balanced and understandable and provides the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

The Committee was provided with, and commented on, a draft copy of the Annual Report and Financial Statements. In carrying out the process, key considerations included ensuring that there was consistency between the financial results and the narrative provided. The Committee is satisfied that alternative performance measures used, not defined under IFRS, are consistent with how management measures and judges the Group's financial performance.

After reviewing the contents of this year's Annual Report and Financial Statements the Committee has confirmed to the Board that, in its view, the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. In forming this view, the Committee considered the overall review and confirmation process around the Annual Report and Financial Statements, and going concern and viability statements.

Review of risk management

The Committee is responsible for reviewing the adequacy and effectiveness of the Group's risk management processes and systems of internal controls, including financial, operational and compliance controls.

Risk management is taken seriously at PHP. The preparation of a detailed risk register is the responsibility of the Risk Committee, which reports to the Committee at least twice a year on risk matters, following which the principal risks identified are brought to the Board. The Board considers the principal risks identified and whether appropriate action is being taken to remove or reduce their likelihood and impact. This is discussed in detail in the Risk Management section on pages 52 to 58.

The Board as a whole, including the Audit Committee members, considered whether the nature and extent of PHP's risk management framework were satisfactory to achieve the Group's strategic objectives. There is a culture of risk awareness embedded into the decision-making process and robust processes are in place to support the identification and management of risk.

The Group has worked with Willis Towers Watson to develop a separate environmental risk register to seek to identify the main emerging physical and transition risks associated with climate change and the associated governmental policy responses. In particular, increasing legislative requirements pertaining to operational building energy efficiency standards, and the stated ambition of the NHS to achieve a net zero health service for direct emissions by 2040, have been identified as key risks as well as opportunities for the Group.

The register was tabled and agreed by the ESG Committee, and subsequently reviewed by the Audit Committee as part of its monitoring of the risk management process of the Group.

Review of internal control processes

The Committee is responsible for reviewing the adequacy and effectiveness of internal control systems (covering all material controls, including financial, operational and compliance controls and risk management systems) on behalf of the Board.

Key features of PHP's internal control systems include a comprehensive system of budgeting, financial reporting and business planning, formal documentation procedures and the close involvement of the Executive Committee in all aspects of the Company's day-to-day operations. The Committee has reviewed the adequacy of these systems through various activities including:

- reviewing the effectiveness of the risk management processes;
- reviewing and challenging management's self-assessment of the internal controls framework;
- reviewing the work undertaken by the external auditor in relation to internal controls; and
- reporting of any control or fraud-related whistleblowing issues.

In reviewing the periodic financial reports of the Group, the Committee is reliant on the policies and procedures followed by management to ensure that the records accurately reflect transactions so as to facilitate the production of consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and other applicable reporting standards. During the year the Audit Committee received a recommendation from the external auditor that internal control procedures need to be improved and documented ahead of Provision 29 becoming applicable in 2026. Management will look to develop these in the next financial year and consider whether any additional assurance is required on controls ahead of the implementation of Provision 29.

At the time of reviewing the half-yearly and annual financial reports, the Audit Committee also receives a report from the Chief Financial Officer to assist the Board in assessing the policies and procedures and making the disclosures.

Audit Committee report continued

Review of internal control processes continued

The Board reviewed the various guidance issued during the year to the UK Corporate Governance Code 2024, including Provision 29 which is applicable to PHP for its 2026 financial year end. Under Provision 29, the Board will be required to monitor the Company's risk management and internal control framework and at least annually carry out a review of its effectiveness. The monitoring and review should cover all material controls, including financial, operational, reporting and compliance controls. The management team will determine what this will look like in the 2026 annual accounts.

Separately, the Board also assessed the implications of the Corporate Sustainability Reporting Directive ("CSRD") that introduces reporting in accordance with European Sustainability Reporting Standards and related assurance but noted that this is not currently applicable to the Group.

Effectiveness of external auditor and audit process

One of the key responsibilities of the Audit Committee was to assess the effectiveness and quality of the external audit process, making enquiries consistent with, and having regard to, the FRC's "Audit Committees and the External Audit: Minimum Standard". In turn, the effectiveness of the audit process is dependent on appropriate audit risk identification at the start of the audit cycle. Ahead of the commencement of the audit, the Committee received from Deloitte LLP a detailed audit plan, identifying its assessment of these key risks. For the audit of the 31 December 2024 financial statements, the primary risks identified were in relation to the valuation of the property portfolio and subjective areas of ERVs and the application of yields, as well as management override of controls. It is also standard practice for the Audit Committee to meet privately with the external auditor to gauge the effectiveness of its processes. In addition, the Audit Committee seeks feedback from management on the effectiveness of the audit process. The Committee is satisfied that the Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 published by the CMA on 26 September 2014.

Following its review of the effectiveness, independence, objectivity and expertise of the external auditor (including through direct interactions with the auditor without management present), the Committee is satisfied with the effectiveness of the external auditor and therefore recommends the re-appointment of Deloitte LLP as external auditor for 2025.

It is the Committee's policy to ensure that there is audit partner rotation every five years to safeguard the external auditor's independence and objectivity. Daryl Winstone led the 2024 audit, his second year as Deloitte LLP lead audit partner for PHP.

Auditor independence

The Group's policy on the use of its external auditor for non-audit services precludes the external auditor from being engaged to perform valuation, tax or accounting services work. More broadly, the policy prohibits the external auditor from performing services where there may be perceived to be a conflict with its role as external auditor or which may compromise its independence or objectivity.

All proposed engagements must be submitted to the Committee for approval prior to engagement and all non-audit fees are reported to the Committee.

The Committee considers the remuneration of the external auditor at least on a semi-annual basis and approves its remuneration. It also keeps under close review the ratio of audit to non-audit fees to ensure that the independence and objectivity of the external auditor are safeguarded.

In 2024, fees for audit services amounted to £0.6 million and the non-audit fees amounted to £0.1 million.

The non-audit fee for 2024 equates to 14% of the average audit fees of the last three years. These relate to half year review work, which the Committee considers appropriate and in the Company's interests in order to provide continuing assurance with respect to its processes, procedures and published information.

The chart below sets out the ratio of audit to non-audit fees for each of the past three years.

	2024	2023	2022
Audit fee	**£627,000**	£649,000	£603,000
Non-audit fee	**£85,000**	£82,000	£77,000

Evaluation of the performance of the Audit Committee

The performance of the Committee was assessed as part of the annual Board evaluation. The overall conclusion was that the Committee remained effective at meeting its objectives.

Internal audit

The Group does not have a separate internal audit function and the Board, at least annually, reviews the requirement for establishing one. Due to the size of the organisation, relatively simple nature of the Group's business and structure and close involvement of the senior management team in day-to-day operations, the Committee did not feel an internal audit function was either appropriate or necessary.

From time to time external advisers are engaged to carry out reviews to supplement existing arrangements and provide further assurance.

The Committee considers that this structure, with external assurance sought for any complex, specialist or high risk matters, is appropriate for the Company at this stage.

I will be delighted to receive any written questions on the work of the Committee. Please submit your questions by email to cosec@phpgroup.co.uk, or by post, marked for my attention at 5th Floor, Burdett House, 15–16 Buckingham Street, London WC2N 6DU.

Ian Krieger
Chair of the Audit Committee
27 February 2025

Nomination Committee report

Harry Hyman
Chair of the Nomination Committee

"This year has been an important milestone in the implementation of the Company's three-stage succession plan: the appointment of Mark Davies as the new CEO, the appointment of myself as Non-executive Chair and the addition of Dr Bina Rawal as our fourth Independent Non-executive Director."

Members of the Nomination Committee (the "Committee") during the year

Member	Number of meetings and attendance while in post
Steven Owen (former Chair)	1 (1)
Harry Hyman (Chair)	1 (1)
Ivonne Cantú	2 (2)
Laure Duhot	2 (2)
Ian Krieger	2 (2)
Bina Rawal	1 (1)

Bracketed numbers indicate the number of meetings the member was eligible to attend.

Additional attendees invited to attend meetings as appropriate:

Mark Davies – Chief Executive Officer

Richard Howell – Chief Financial Officer

Toby Newman – Company Secretary and Chief Legal Officer

Dear shareholder,

I am pleased to present the report of the Nomination Committee to shareholders for the year to 31 December 2024.

Last year's Nomination Committee Report provided an update on the Committee's activity in relation to implementation of the Company's leadership succession plan.

The Committee continues to play a crucial role in supporting PHP's strategy by ensuring the Board and its Committees have an appropriate balance of skills, experience and knowledge, with robust succession plans in place to ensure continuity, promote diversity for Board and senior management positions and implement a robust evaluation process to ensure the Board and Committees are working effectively.

Key responsibilities

Board composition and succession

- Reviews and evaluates the size, structure and composition of the Board and its Committees
- Ensures the Board comprises individuals with the necessary skills, knowledge and experience to be effective in discharging its responsibilities
- Considers the diversity of the appointments and balance of skills, knowledge and experience of each Director
- Considers succession planning for the Board and the senior management

For further information see page 82

Board appointments

- Leads the process for new appointments to the Board and its Committees
- Ensures that all new Directors receive an appropriate induction programme and reviews the training requirements of the Board
- Ensures that all potential conflicts of interest are declared on appointment and that all disclosed potential conflicts of interest are reviewed regularly

For further information see page 82

Diversity

- Promotes the Company's policy on diversity at Board level and to senior management

For further information see page 82

Performance evaluation

- Leads the annual Board and Committee evaluation exercise

For further information see page 83

Re-appointment of Directors

- Reviews the time required from Non-executive Directors and their external commitments
- Considers the annual election and re-election of Directors to the Board at the Annual General Meeting

For further information see page 83

Nomination Committee report continued

Activities of the Committee during the year

Succession planning – implementation

As described in the Company's 2023 Annual Report, 2024 saw the evolution of PHP's Board through implementation of its three-stage succession plan. The first step involved the recruitment and appointment, further to a thorough and extensive search process, of Mark Davies as the Company's new CEO. Mark's term duly commenced, following a well planned handover process and then his appointment as a Director at the 2024 AGM, in late April 2024.

Also following approval by more than 80% of shareholders at the 2024 AGM, I was appointed as Non-executive Chair from that point in time. This formed the second step in the succession plan, this element being led by Ian Krieger, the Company's Senior Independent Director, and involving consultation with major shareholders (representing approximately 60% of the register). It was pleasing to see the largely positive feedback from the process translate into strong shareholder support at the AGM. We continue to engage with the Company's major shareholders to deliver strong governance and promote the success of the Company to the benefit of shareholders and stakeholders as a whole.

The Board, conscious of best practice and shareholder feedback, determined that my term as Chair will be for a maximum of three years from the 2024 AGM – allowing the Company to benefit from my experience through the extended period of health system evolution under the Labour Government elected during 2024 – subject to annual review by an experienced and robust group of independent Non-executive Directors (who make up the majority of the Board in accordance with the Code) and subject also to annual shareholder re-appointment during that time in the usual way. In accordance with Code requirements, I do not sit on the Remuneration or Audit Committees, and the Company will otherwise continue to adhere to corporate governance best practice.

The third step in the Company's plan saw the appointment of Dr Bina Rawal as a fourth independent Non-executive Director of the Company and we were delighted to welcome Bina to the Board with effect from 27 February 2024, enhancing the Board's mix of skills and delivering compliance with the Code.

I am pleased to confirm that the successful implementation of the plan has resulted in a strong Board, with the right combination of skills, experience and knowledge and a majority of independent Non-executive Directors, well placed to provide effective and entrepreneurial leadership to promote the sustainable success of the Company in the long term, to the benefit of shareholders and wider society.

The Committee continues to oversee succession plans across the senior management team and has continued to work with the Executive Directors to develop succession plans for every member of the senior management team as a part of the annual appraisal process. This will ensure that the execution of the Company's strategy is not dependent on any one individual and continually improve our processes for identifying and developing our internal talent.

Appointments

It is the responsibility of the Nomination Committee to maintain an appropriate combination of skills and capabilities among our Directors. The Nomination Committee seeks to ensure that all Board appointments are made on merit and measured against objective criteria and with due regard for the benefits of diversity on the Board. The Board is committed to ensuring a broad mix of gender, age, nationality, experience and skills throughout the business.

During 2024, following the appointment of Dr Bina Rawal on 27 February, our Board comprised seven Directors, three of whom are female, one of whom is from an Asian/Asian British background and one of whom is from a Hispanic ethnic background.

Diversity

The Board's policy on equality, diversity and inclusion recognises the importance of diversity in the broadest sense and the benefits it brings to the organisation in terms of skills and experience, wider perspectives and fresh ideas. We are committed to the creation of an inclusive culture where our colleagues reflect the diverse communities we serve and where each person can operate in a working environment which promotes a culture of mutual respect and inclusion throughout the organisation. Senior management's annual objectives are linked to the diversity of the business and how they promote this within their teams.

In setting the tone on diversity, the Board applies PHP's Equality, Diversity and Inclusion policy, whose terms apply to and are applied throughout PHP's governance structure, including by and in relation to every Board Committee. The policy's overarching objectives are:

- to remove barriers to entry and encourage people from diverse backgrounds to join the Company and consider a career in real estate;
- to maintain a working environment where individual differences and the contributions of our people are recognised and valued equally and where direct or indirect discrimination, bullying and harassment are not tolerated;
- to raise awareness of equality, diversity and inclusion among all our people so that they can recognise and take an active role in contributing towards our goals and objectives;
- to ensure that remuneration, benefits, terms and conditions and recruitment and promotion procedures do not discriminate, discourage or create barriers directly or indirectly;
- to help all employees through training and other opportunities to develop to their full potential;
- to promote and uphold our commitment to equality, diversity and inclusion amongst our stakeholders;
- to ensure that we review our policies and approach, updating when needed, and that our people know how to raise any thoughts, issues or concerns;
- to effectively measure and report on our progress on diversity and inclusion; and
- to recognise and celebrate the power of diversity, creating a truly inclusive environment where all our people can always be the best they can be and feel treated as equals.

Our policy is kept under review to align with best practice and expressly extends to all appointments across our organisation.

The PHP Equality, Diversity and Inclusion policy is available on the Company's website at www.phpgroup.co.uk/responsible-business/.

Independence

The Nomination Committee has responsibility for ensuring that at appointment each Director is independent and that they have formally declared to the Company any actual or potential conflicts of interest that may exist at the time of their appointment. Annually, the Nomination Committee reviews the formal register of Directors' interests tabled at each meeting of the Board to assess whether any circumstances or relationships exist which could affect the judgement or independence of each of the Non-executive Directors. In addition, the Nomination Committee considered their independence of character and judgement.

Nomination Committee report continued

Activities of the Committee during the year continued

Independence continued

During the year, the Nomination Committee formally reviews requests from the Directors for approval of new Board appointments they may wish to take up and also annually reviews each of the Directors' external commitments on both a quantitative and qualitative basis to assess whether these commitments impact negatively on their commitment or performance. Details of the results of this process are set out on page 75 in the Corporate Governance Statement.

It was considered that Harry Hyman's role as Non-executive Chairman of BioPharma Credit PLC, an externally managed investment trust involving only four scheduled meetings a year, did not affect his time commitment to the Company or his ability to continue to contribute effectively as Chair.

As anticipated in the Company's 2023 Annual Report, Ian Krieger retired from his roles (previously disclosed to and approved by the Committee as not affecting his time commitment to the Company) as Senior Independent Non-executive Director and Chairman of the audit committees at Safestore Holdings plc and Capital & Regional plc on 13 March 2024 and 3 June 2024, respectively. Ivonne Cantú's other commitments were also not considered to detract from the time commitment expected of her or to create any conflicts of interest.

Acknowledging that Harry Hyman is not considered to be independent under the Code, the Nomination Committee is confident that each of the other Non-executive Directors remains independent and all will be in a position to discharge their duties and responsibilities in the coming year.

Directors standing for election and re-election

All the Directors will stand for re-election at the 2025 AGM. Following the annual reviews of individual Directors, it is considered that:

- each Director subject to re-election continues to operate as an effective member of the Board; and
- each Director subject to re-election has the skills, knowledge and experience that enable them to discharge their duties properly and contribute to the effective operation of the Board.

The Board, on the advice of the Committee, recommends the election or re-election of each Director and the skills and experience of each Director are available on pages 62 and 63.

Evaluation

In accordance with its terms of reference, the Nomination Committee's performance was reviewed in the context of the results of the annual Board evaluation, paying particular attention to any issues raised with respect to the composition of the Board and its skills, experience and diversity. The review found that the Committee functions effectively and should continue to develop and refresh its responsibilities. The Board evaluation noted the effective way in which the Board succession plan had been implemented in 2024, and the Committee will continue to support the Board – on which an experienced and robust group of independent Non-executive Directors make up the majority – in continuing actively to review performance and working to ensure the delivery of effective governance at all times.

Details of the evaluation process and its outcomes are set out in more detail on page 74.

Harry Hyman
Chair of the Nomination Committee
27 February 2025

Remuneration Committee report

Ivonne Cantú
Chair of the Remuneration Committee

"The Remuneration Policy provides the necessary tools to effectively attract, retain, and motivate a high quality leadership team to deliver continued growth and sustained strong financial performance for the Company and its shareholders."

Members of the Remuneration Committee (the "Committee") during the year

Member	Number of meetings and attendance while in post
Ivonne Cantú (Chair)	3 (3)
Laure Duhot	3 (3)
Ian Krieger	3 (3)
Bina Rawal	2 (2)

Bracketed numbers indicate the number of meetings the member was eligible to attend.

Additional attendees invited to attend meetings as appropriate:

Mark Davies – CEO
Harry Hyman – Chair
Korn Ferry
Toby Newman – Company Secretary and Chief Legal Officer

No individual participated in any matters that involved their own remuneration.

Dear shareholder,

On behalf of the Remuneration Committee (the "Committee"), I am pleased to provide an overview of our work in relation to both Director and wider workforce remuneration for the year ended 31 December 2024.

We were encouraged by the strong level of shareholder support for the Directors' Remuneration Policy and the Directors' Remuneration Report (98.45% and 84.22% of votes cast, respectively) at the Annual General Meeting held in April 2024 and I would like to thank all our shareholders for their continued engagement and support on remuneration matters throughout the year.

Key responsibilities

Policy • Setting the remuneration policy for the Chair, Executive Directors and senior executives (the "Remuneration Policy") and ensuring it is aligned to the Company's purpose and values and linked to delivery of the Company's long term strategy • Reviewing the continued appropriateness and relevance of the Remuneration Policy	For further information see page 86

Remuneration
• Within the terms of the approved Remuneration Policy and the Company's remuneration framework:
  • setting the relevant performance objectives and targets for short and long term incentive pay; and
  • determining the remuneration of the Directors, the Company Secretary and the senior executives
• Reviewing and considering remuneration across the Group to ensure appropriate alignment between the remuneration of the Directors, senior executives and the Group as a whole
• Appointing and setting out the terms of reference for any remuneration consultants to advise the Committee
• Agreeing policy on the recovery by the Directors of expenses incurred in performance of their duties
	For further information see page 86

Reporting • Preparing the Directors' Remuneration Report and reporting to shareholders on the implementation of the Company's Remuneration Policy in accordance with relevant statutory and corporate governance requirements	For further information see page 94

Remuneration Committee report continued

This report is divided into three parts:

1. this Annual Statement on pages 84 to 86 in which I provide an overview of the work of the Committee during the year and the key decisions which it took in relation to the remuneration of Executive Directors, senior executives and the wider workforce remuneration for the year ended 31 December 2024;
2. a summary of the Directors' Remuneration Policy (the "Policy") approved by shareholders at the Annual General Meeting on 24 April 2024 and applicable throughout the year, which details the link between Company performance and remuneration, set out on pages 87 to 93; and
3. the Annual Report on Remuneration, which provides information on how the Policy adopted at the 2024 General Meeting has been applied during the year and how we intend to apply it for 2025, set out on pages 94 to 107.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Remuneration Report and to state whether, in its opinion, those parts of the report have been properly prepared in accordance with applicable regulations. The parts of the Annual Report on Remuneration that are subject to audit are indicated in the report.

Company performance

As you will have read earlier in this Annual Report, the Company once again delivered increased income, with a 28th consecutive year of dividend growth. The strong continuous growth of the business was highlighted by the award of MSCI's Highest 10-Year Risk Adjusted Total Return Award.

These outcomes are, to a large extent, the result of the expertise and hard work of the Executive Directors and the senior management team.

The Remuneration Committee's activities during the year

The Committee met three times, in February, July and December.

In 2024, the Committee oversaw the implementation of the Policy as updated and approved at the 2024 Annual General Meeting. The Committee continued to have regard to evolving guidance and market norms, with a strong focus on driving continued high performance through the right remuneration approach. This included implementation of ESG metrics in the LTIP, as detailed in the 2023 Annual Report, to further drive delivery of the Company's ESG commitments.

ESG metrics

The Committee worked alongside the ESG Committee and its external adviser in determining what ESG metrics and targets were most suited to support our ESG strategy for inclusion in the LTIP as well as the appropriate weighting. In determining the metrics to be included in the LTIP we had in mind the following core principles:

- measures should be aligned with the Company's business strategy;
- targets should be quantitative;
- targets should incentivise a stretch in management's performance;
- performance against targets should be capable of being externally assured/validated; and
- weighting should be meaningful, but not excessive in the context of the other LTIP measures.

We concluded that it is most appropriate to include environmental metrics in the LTIP measured over three years, and that these should have up to 20% weighting in the LTIP. For 2024, being the first year of operation, we included a single metric with a weighting of 15%.

Other ESG objectives will continue to be considered when determining the annual bonus for the Executive Directors and senior executives. These include: executing on the roadmap to net zero for our existing portfolio; continuing to improve access to energy data for the portfolio; and ensuring direct developments meet our ESG commitments.

CEO appointment

As part of the managed Board succession process, the Committee determined the package for our new full-time CEO, Mark Davies, and our Company Chair, Harry Hyman, both of whom took up their roles following the Company's 2024 AGM.

Mark Davies' remuneration is fully in line with our Policy and there were no awards made to replace any incentives lost on joining the Company.

Chair appointment

In 2024, Harry Hyman was paid an annual fee of £195,600 (being the same fee level paid to Steven Owen in 2024).

Other activities of the Committee during the year

The other areas of focus for the Committee in 2024 were:

- approval of salary increases for senior managers alongside the wider workforce salary increase;
- agreeing annual bonus targets for 2024 for the Executive Directors and senior management team;
- review and approval of the 2024 LTIP grant and the associated performance conditions;
- discussion and approval of Executive Director and senior manager remuneration outcomes for 2023;
- consideration and approval of the Directors' Remuneration Report set out in the Annual Report for 2023;
- consideration of the merits for the inclusion of an ESG element in LTIP awards in 2025; and
- a review of pay, pensions and benefits across the workforce to ensure that they continue to be aligned with executive pay and sufficient to retain and attract quality staff. We recognise that it is critical that our employees feel valued and this needs to be reflected in fair pay.

Remuneration Committee report continued

The Remuneration Committee's activities during the year continued

Other activities of the Committee during the year continued

Meetings are generally attended by a representative of Korn Ferry, the remuneration advisers to the Committee. Korn Ferry is a signatory of the Remuneration Consultants' Code of Conduct and has no connection with the Company other than in the provision of advice on remuneration.

Remuneration in 2024

Base salaries

The annualised base salaries for the CEO of £525,000, and for the CFO of £387,000 applied for the whole year. The former CEO received an annualised base salary of £445,000 for the period up to the 2024 AGM. It is important to note that the former CEO was not full time during his appointment. On a full time equivalent basis, the former CEO's salary was £593,000.

Annual bonus outcome

The CEO and CFO both participate in the Annual Bonus Plan (as did the former CEO in respect of the year up to 24 April 2024, with the same targets as applied for the CEO and CFO). Targets for the 2024 annual bonus set by the Committee were based as to 70% of the total opportunity on the achievement of financial targets (adjusted earnings and total property return) and 30% on the achievement of personal targets. The rationale for selecting EPRA earnings and total property return ("TPR") is that these are the key indicators of value creation for shareholders capturing the income received less expenses, and property valuation changes.

The adjusted earnings outcome for the year was £92.9 million against a threshold target of £92.7 million and maximum of £95.2 million and the total property return in the year was 4.2% against a threshold target of 3.0% and maximum of 6.0%. The Committee assessed that 90% of the personal targets should be paid out for the both the CEO and CFO in respect of the period to 31 December 2024, with 100% for the former CEO in respect of the period up to 24 April 2024. Full details of how this assessment was carried out are set out on pages 96 to 102.

In total, the overall bonus pay-outs were 60% of maximum, representing 90% of annualised salary for each of the CEO and CFO (maximum 150% of salary) and 94% of annualised salary for the former CEO, pro rata of which 30%, net of tax, was deferred into PHP shares for each of them, to be held for a period of three years in accordance with the Policy.

LTIP

In 2024, Mark Davies, the CEO, was awarded a nil-cost option over 886,824 Ordinary Shares in PHP. Richard Howell as CFO was awarded a nil-cost option over 539,779 Ordinary Shares in PHP. In line with the Policy the awards have a face value of 160% and 125% of salary, respectively, and will vest after three years subject to achievement of performance targets (Total Accounting Return 42.5%, EPRA earnings per share 42.5% and environmental rating 15%). The award is also subject to a two-year post-vesting holding period and is subject to clawback in the event of malus.

Full details of the performance conditions attaching to the award can be found on page 89.

The LTIP award granted in 2022 (including to Richard Howell) partially met the performance targets set at the time of its grant. As a result 50% of the award vested. Full details of the performance against the targets are included on page 102.

The Committee did not feel that there were any circumstances that warranted it to exercise discretion over the last twelve months.

Remuneration for 2025

The Committee considered and approved the remuneration arrangements which will apply in 2025 and which are fully aligned with the Remuneration Policy. The salaries of the CEO and CFO have been increased by 3%, slightly below the average increase for the workforce across the Group. The fees for the Chair and Non-Executive Directors were increased by the same percentage.

In line with policy, the maximum bonus opportunity in 2025 for the CEO and CFO is 150% and the bonus framework is in line with that which operated in 2024, with 70% of the bonus determined by financial measures split equally between EPRA earnings and total property return and the balance linked to personal objectives. The Committee approved the performance measures underpinning the 2025 LTIP award which, in line with 2024, include total accounting return, EPRA earnings per share and an ESG target. Further information on how the Remuneration Policy was implemented in 2025 can be found on pages 94 and 95. The Committee decided to increase the LTIP award for the CFO from 125% to 150% of salary. The increase reflects Richard Howell's development and increased experience in the role since the internalisation of the management team in 2021. This brings his award level up to the lower quartile against the market from a level that the Committee was not satisfied was appropriate. The Committee sets challenging targets for LTIP awards as is evidenced by the recent levels of vesting.

Planned activities for 2025

We set out below the activities which the Committee expects to undertake in 2025:

- our normal oversight of the annual remuneration cycle including approving Company-wide salary increases, approving the annual bonus and LTIP targets for 2025 and determining remuneration outcomes for 2024;
- review of Executive Director and senior manager salaries; and
- review of wider workforce pay policies and practices and feedback from workforce engagement.

Committee composition

The Committee welcomed Dr Bina Rawal as a new Committee member in 2024 following her appointment to the Board on 27 February 2024. There were otherwise no changes in the composition of the Committee during the year.

Conclusion

I trust you find this report helpful and informative and thank you for your support and engagement during the year.

Overall, the Company has performed robustly against challenging market and economic conditions. The Committee believes that the 2024 remuneration outcomes are appropriate and reflective of the business performance, and that the Remuneration Policy operated as intended during the year.

I believe that we have put in place appropriate remuneration structures to reward and retain the Executive Directors and the senior management team. We always welcome feedback and hearing the views of our shareholders, so if you have any questions about this report or remuneration generally at PHP, do please contact me through our Company Secretary at cosec@phpgroup.co.uk.

I look forward to your support for the advisory resolution to approve the Directors' Remuneration Report at our forthcoming 2025 AGM.

Ivonne Cantú

Chair of the Remuneration Committee
27 February 2025

Directors' remuneration report

Part 1: Summary of the Directors' Remuneration Policy (the "Policy")

The Directors' Remuneration Policy was put to a binding shareholder vote at the 2024 AGM and, following approval, was effective immediately thereafter.

The overall Remuneration Policy of the PHP Group (the "Company") has been developed in compliance with the principles of the 2018 UK Corporate Governance Code, UK institutional investor guidance and the Listing Rules.

Key principles of the Policy

The Company is committed to ensuring that its remuneration practices enable the Company to appropriately compensate employees for the services they provide to the Company, attract and retain employees with skills required to effectively manage the operations and growth of the business and motivate employees to perform in the best interests of the Company.

The Company's remuneration principles ensure that:

- the Company offers a suitable package to attract, retain and motivate people with the skills and attributes needed to deliver the Company's business goals, while recognising the unique nature of the organisation and the requirements of its shareholders and other stakeholders;
- the Company's policy and practices aim to drive behaviours that support the Company strategy, culture and business objectives; and
- the Company's incentive plans are linked to Company and individual performance to encourage high performance from staff at both an individual and team level.

These policy objectives will be achieved by ensuring remuneration is reflective of applicable market conditions, statutory obligations and the level of accountability (responsibility, objectives and goals) assigned to the provision of incentives to deliver outstanding performance, whilst providing organisational flexibility and operational efficiency.

In addition, the new Policy is tested against six factors listed in the Corporate Governance Code:

- **Clarity** – the new Policy is well understood by the management team and is clearly articulated to shareholders;
- **Simplicity** – the Committee is very mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, one of the Committee's objectives is to ensure that the executive remuneration policies and practices are as simple to communicate and operate as possible, while also supporting strategy;
- **Risk** – the new Policy is designed to ensure that inappropriate risk taking is not encouraged and will not be rewarded via: (i) the balanced use of both short and long term incentive plans which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in the incentive plans (together with shareholding guidelines); and (iii) malus/clawback provisions;
- **Predictability** – the incentive plans are subject to individual caps, with the share plans also subject to market standard dilution limits;
- **Proportionality** – there is a clear link between individual awards, delivery of strategy and long term performance. In addition, the significant role played by incentive/"at-risk" pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded; and
- **Alignment to culture** – the executive pay policies are fully aligned to the Company's culture.

Directors' remuneration report continued

Part 1: Summary of the Directors' Remuneration Policy (the "Policy") continued

Key elements of the Policy

Pay element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Base salary			
Provide a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	Salaries are normally reviewed annually and any changes are normally effective from the beginning of the financial year, although there is no obligation to increase salary. When determining an appropriate level of salary, the Committee considers: • remuneration practices within the Company; • the performance of the individual Executive Director; • the individual Executive Director's experience and responsibilities; • the general performance of the Company; • salaries within the ranges paid by comparable companies used for remuneration benchmarking; and • the economic environment.	Base salaries will be set at an appropriate level within a comparator group(s) of comparable companies and will normally increase at a rate no higher than increases made to the wider employee workforce (save where a higher increase is appropriate to reflect a change in role/responsibilities). Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.	None.
Benefits			
Provide a market competitive level of benefits to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	The Executive Directors may receive benefits which include, but are not limited to, family private health cover, critical illness cover, life assurance cover, income protection and accident/sickness/business travel insurance (including tax payable if any). The Committee recognises the need to maintain suitable flexibility in the determination of benefits that ensure it is able to support the objective of attracting and retaining key personnel. Accordingly, the Committee would expect to be able to adopt other benefits including (but not limited to) relocation expenses, tax equalisation and support in meeting specific costs incurred by Directors. Any reasonable business related expenses can be reimbursed in accordance with the Company's expenses policy, including the tax thereon if determined to be a taxable benefit. The Executive Directors may also participate in any all-employee share plans operated by the Company.	The maximum will be set at the cost of providing the benefits described.	None.
Pensions			
Provide appropriate levels of pension benefits to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	The Committee has the ability to provide pension funding in the form of a salary supplement or as an employer contribution to a defined contribution pension plan. Any pension payments would not be considered "salary" when determining the extent of participation in the Company's incentive arrangements.	For existing and any future Executive Directors, the maximum pension contribution/allowance as a percentage of basic salary will be in line with the contribution level provided to the majority of the workforce (currently 6% of salary).	None.

Directors' remuneration report continued

Part 1: Summary of the Directors' Remuneration Policy (the "Policy") continued

Key elements of the Policy continued

Pay element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Annual Bonus Plan The Annual Bonus Plan provides an incentive to the Executive Directors linked to achievement in delivering goals in a sustainable manner that are closely aligned with the Company's strategy and the creation of value for shareholders.	The Committee will determine the bonus payable after the year end based on performance against targets. Annual bonuses are paid in cash after the end of the financial year to which they relate. However, Executive Directors who participate in the Annual Bonus Plan will be required to defer 30% of the bonus, normally net of tax, into shares which should be held for at least three years. The Committee may award dividend equivalents on deferred shares to the extent they vest. Malus and clawback provisions will apply to the award, up to the date of the bonus determination and for three years thereafter. Bonus payments are not pensionable.	The maximum bonus opportunity is 150% of salary.	Discretionary bonus pay-outs will be determined on the satisfaction of a range of key financial and personal/strategic objectives set annually by the Committee. No more than 30% of the overall bonus opportunity can be based on performance against personal/strategic targets. The performance targets applied will be disclosed in the relevant Annual Report, following the end of the performance period. Discretion will apply, enabling the Committee to adjust the bonus outcome upwards or downwards, where the formulaic outcome is, in the view of the Committee, not a fair and accurate reflection of business performance. No more than 25% of the relevant portion of the bonus is payable for delivering a threshold level of performance, and no more than 50% is payable for delivering a target level of performance (where the nature of the performance metric allows such an approach).
Long Term Incentive Plan ("LTIP") Awards are designed to incentivise the Executive Directors to maximise returns to shareholders by successfully delivering the Company's objectives over the long term in a sustainable manner.	Awards can be granted annually to Executive Directors under the LTIP in the form of nil-cost options or conditional awards of shares. These would vest at the end of a three-year period, normally subject to: • the Executive Director's continued employment at the date of vesting; and • satisfaction of the performance conditions. The Committee may award dividend equivalents on awards to the extent that they vest. The net of tax number of shares that vest after the end of the three-year performance period will be subject to an additional two-year holding period, during which the shares cannot be sold (irrespective of whether the individual remains employed). Malus and clawback provisions will apply to the award, up to the date of the LTIP determination and for three years thereafter.	Awards may be made up to 200% of base salary in normal circumstances. No more than 25% of the award will vest for threshold performance. 100% of the award will vest for maximum performance.	Awards vest subject to the achievement of challenging performance conditions set by the Committee prior to each grant. Discretion will apply, enabling the Committee to adjust the outcome upwards or downwards, where the formulaic outcome is, in the view of the Committee, not a fair and accurate reflection of business performance.
All-employee share plan To encourage share ownership.	The Company currently operates an all-employee savings related share option plan. To the extent the Company operates this or any future all-employee share plan, the Executive Directors will be able to participate on the same terms as other employees.	Actual participation in these plans will be disclosed in the relevant Annual Report following the implementation and participation in these plans.	None.

Directors' remuneration report continued

Part 1: Summary of the Directors' Remuneration Policy (the "Policy") continued

Key elements of the Policy continued

Pay element and purpose	Operation	Opportunity	Performance metrics, weighting and assessment
Shareholding requirement			
To support long term commitment to the Company and the alignment of Executive Director interests with those of shareholders.	The Committee has adopted formal shareholding guidelines that will encourage the Executive Directors to build up and then subsequently hold a shareholding equivalent to a multiple of their base salary. Requirements will continue for two years after an Executive Director ceases to be employed.	200% of salary.	None.
Non-executive Directors			
To provide a competitive fee for the performance of NED duties, sufficient to attract high calibre individuals to the role.	Fees are set in conjunction with the duties undertaken. Normally only increased when an individual takes on additional duties or where benchmarking indicated fees require realignment to remain competitive.	Overall fees will not exceed the maximum in the Company's Articles of Association of £750,000.	None. The NEDs are not entitled to receive any remuneration which is performance related. As a result, there are no performance conditions.

Choice of performance measures

Each year, the Committee will choose the appropriate performance measures and targets to apply to the Annual Bonus Plan and LTIP. The measures will be closely aligned with the Company's strategy and business priorities at the time and will be consistent with a Board approved level of business risk.

Malus and clawback

Malus and clawback provisions within the Annual Bonus Plan, PIF (a legacy plan) and LTIP apply in the following circumstances:

- material misstatement of results;
- gross misconduct;
- error in calculating the number of shares subject to an award or the amount of cash paid;
- corporate failure; or
- serious reputational damage.

Discretion

The Committee will operate the Annual Bonus Plan, PIF and LTIP according to their respective rules and in accordance with the Listing Rules where relevant. Consistent with market practice, the Committee retains certain discretions in respect of the operation and administration of these arrangements which include, but are not limited to, the following:

- the participants;
- the timing of the grant of an award or payment;
- the size of an award;
- the determination of the extent to which performance measures have been met and the corresponding vesting or payment levels;
- discretion required when dealing with a change of control or restructuring of the Group;
- determination of the treatment of leavers based on the rules of the respective arrangement and the appropriate treatment chosen, including the pro-rating of awards;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends);
- the annual review of performance measures, weighting and targets from year to year; and
- the manner in which share awards can be satisfied (i.e. through the use of new issue, market purchased or treasury shares or by way of a cash payment).

In addition, the Committee retains the ability to adjust the targets and/or set different measures if events or circumstances occur (e.g. a material acquisition and/or divestment of a Group business) which cause it to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose. Any use of the above discretions would be explained in the Annual Report on Remuneration for the relevant year and may, as appropriate, be the subject of consultation with the Company's major shareholders. Furthermore, the Committee has the discretion to amend the new Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, in the best interests of the Company, and disproportionate to seek or await shareholder approval.

Directors' remuneration report continued

Part 1: Summary of the Directors' Remuneration Policy (the "Policy") continued

The Policy and the wider employee population

The Group aims to provide a remuneration package for all employees that is market competitive and operates the same reward and performance philosophy throughout the business. The Group operates variable pay plans primarily focused on mid to senior management level. In some cases, incentive structures and performance conditions apply which are different to those used for Executive Directors in order to ensure the performance targets set can be influenced and controlled by the participant. In addition, the Committee takes into account workforce remuneration and related policies and the alignment of incentives and rewards with culture when setting the policy for Executive Directors' remuneration.

Recruitment policy

The Company's strategy is to attract and retain a talented and diverse workforce.

The Company's approach is that the remuneration of any newly recruited Executive Directors will be assessed in line with the same principles as apply to the existing Executive Directors.

The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure the preferred candidate and will have regard to guidelines and shareholder sentiment regarding enhanced short term or long term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award. Subject to the paragraph opposite, the incentive awards that can be received in any one year will not exceed the maximum individual limits as set out in the new Policy.

The Committee's policy is not to provide sign-on compensation. In addition, the Committee's policy is not to provide buyouts as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of a Director's previous employment will be estimated. This will take into account, among other things, the performance conditions attached to the vesting of these incentives, the timing of vesting, the likelihood of vesting and the nature of the awards (cash or equity). The Committee may then grant a buyout of a value that takes account of the value of the lapsed award, where possible, under the Company's incentive plans. To the extent that it is not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, the Committee may, in exceptional circumstances, consider it appropriate to grant an award under a different structure to facilitate a buyout of outstanding awards held by an individual on recruitment.

Where an existing employee is promoted to the Board, or was previously remunerated by a company that subsequently becomes a Group company, the policy set out above would apply from the date of promotion or that company becoming part of the Group but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Annual Report on Remuneration for the relevant financial year.

The Company's approach is that the remuneration of any newly recruited Non-executive Director will be assessed in line with the same principles as apply to the existing Non-executive Directors.

The Company will not pay any introductory fee or incentive to any person to encourage them to become a Director but may pay fees to search and selection consultants in connection with the appointment of any Non-executive Director.

Service agreements and letters of appointment

Executive Directors

Mark Davies' service contract has a twelve-month mutual notice period. Richard Howell's contract has a six-month mutual notice period. The Company's policy is for Executive Directors to have service agreements with no fixed term, but which may be terminated by the Company for breach by the Executive or with no more than twelve months' notice from the Company to the Executive and twelve months' notice from the Executive to the Company.

If notice is served by either party, the Executive Director can continue to receive base salary, contractual benefits and pension for the duration of their notice period during which time the Company may require the individual to continue to fulfil their current duties or may assign a period of garden leave. Service contracts do not contain liquidated damages clauses.

The Company may elect to make a payment in lieu of notice equivalent in value to a maximum of twelve months' base salary and contractual benefits including pension contribution but excluding variable pay, payable in equal monthly instalments. Alternatively, the Committee retains the discretion to make payments in lieu of notice as a lump sum.

In the event of termination for cause (e.g. gross misconduct) neither notice nor payment in lieu of notice will be given and the Executive Director will cease to perform their services immediately.

In addition, and consistent with market practice, the Company may pay a contribution towards the Executive Director's legal fees for entering into a statutory agreement, may pay a contribution towards fees for outplacement services as part of a negotiated settlement, or may make a payment to compromise claims the Executive Director may have. There is no provision for additional compensation on termination following a change of control. Payment may also be made in respect of accrued benefits, including untaken holiday.

The contracts of the Executive Directors and the appointment letters of the Non-executive Directors will be available for inspection at the 2025 AGM and at the Company's registered office during business hours from the date of the Notice convening the meeting.

Directors' remuneration report continued

Part 1: Summary of the Directors' Remuneration Policy (the "Policy") continued

Service agreements and letters of appointment continued

Incentive awards – treatment on cessation

Remuneration element	Treatment on exit
Salary, benefits and pension	Salary, benefits and pension will be paid over the notice period. The Company has discretion to make a lump sum payment on termination equal to the salary, value of contractual benefits and value of Company pension contributions payable during the notice period. In all cases the Company will seek to mitigate any payments due.
Annual Bonus Plan	Good leaver reason (reasons outlined below) – normally pro-rated to time and performance for year of cessation, and payable at the year end. Deferred shares delivered in full at normal vesting date. Other reason – no bonus payable for year of cessation and unless they are already owned by the Director, deferred shares normally lapse.
LTIP	Good leaver reason – normally pro-rated to time and performance in respect of each subsisting LTIP award, with awards vesting at the original date. The Company will have the discretion to allow awards to vest early in exceptional circumstances. Other reason – lapse of any unvested LTIP awards. Vested LTIP awards will be retained by Executive Directors. The Committee has the following elements of discretion: • to treat a leaver as a "good leaver". It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case to do so; • whether to measure performance over the original performance period or at the date of cessation; and • the Committee's policy is generally to pro-rate awards from the date of grant to the date of cessation. The Committee has the discretion to adopt a different approach to pro-rating and the timing of vesting where it is felt appropriate and there is an appropriate business case to do so.

A good leaver reason may include cessation in the following circumstances:

- death;
- ill health;
- injury or disability; or
- at the discretion of the Committee.

Directors' remuneration report continued

Part 1: Summary of the Directors' Remuneration Policy (the "Policy") continued

Service agreements and letters of appointment continued

Incentive awards – treatment on a change in control

The Committee's normal policy on the vesting of incentives on a change of control is summarised below:

Name of incentive plan	Change of control	Discretion
Annual Bonus Plan	Pro-rated to time and performance to the date of the change of control and paid at that time. Deferred shares released at the change of control.	The Committee has discretion to continue the operation of the plan to the end of the bonus year (subject to the agreement of the acquiring company).
LTIP	The number of shares subject to subsisting LTIP awards vesting on a change of control will be pro-rated to time and performance.	The Committee retains absolute discretion regarding the proportion vesting, taking into account time and performance. There is a presumption that the Committee will pro-rate for time, although it may adopt a different approach if it considers appropriate.

Non-executive Directors

The Non-executive Directors each have specific letters of appointment, rather than service contracts. Non-executive Directors are appointed for an initial term of three years and, under normal circumstances, would be expected to serve for additional three-year terms, up to a maximum of nine years, subject to satisfactory performance, which is reviewed annually by the Nomination Committee. The Board shall have discretion to extend a term beyond nine years in order to retain specialist skills and experience which are hard to replace and provided always that the individual is considered to remain independent. The Company requires that all Directors are re-elected at each Annual General Meeting.

Non-executive Directors do not have any entitlement to payment upon a loss of office over and above payment for any notice period and any fees or expenses due to them but unpaid at the time of termination.

There is no provision for the recovery of sums paid to a Non-executive Director or the withholding of the payment of any sum due to a Non-executive Director.

External appointments

The Board recognises the benefit which the Company can obtain if Executive Directors serve as Non-executive Directors of other companies. Subject to review in each case, the Board's general policy is that an Executive Director can accept one non-executive directorship of another listed company (but not the chairmanship) and can retain the fees in respect of such appointment. Such appointments require Board approval and the time commitment the appointment will require is taken into consideration.

Statement of employment conditions elsewhere in the Company

The Committee considers pay and employment conditions across the Company when reviewing the remuneration of the Executive Directors and other senior employees. In particular, the Committee considers the range of base pay increases across the Group as well as wider workforce remuneration and related policies. The Policy for the Executive Directors has been designed with regard to the policy for the workforce as a whole. The Committee is kept updated through the year on general employment conditions and it approves the budget for annual salary increases. The Company did not consult with employees in formulating the new Policy.

Consideration of stakeholders' views

The Company is committed to engagement with shareholders and will seek major shareholders' views in advance of making significant changes to its Policy and how it is implemented. The Chair of the Committee will attend the Annual General as usual to hear the views of shareholders and to answer any questions in relation to remuneration.

Having regard to Provision 41 of the Code, in the course of her meetings as designated workforce Non-executive Director, Laure Duhot engaged in the year with employees on alignment of executive remuneration with wider Company pay policy. We remain confident that Executive remuneration is aligned with the wider Company pay policy, and – having regard also to engagement in year and previously; the Company's small number of staff; low level of staff turnover; and continuity of approach as regards Executive pay – that the workforce continues to be appropriately appraised on these matters.

Directors' remuneration report continued

Part 2: Annual report on remuneration

On the following pages we set out the Annual Report on Remuneration for the year ending 31 December 2024 which provides details of how the Policy was applied during the year and the remuneration received by each of the Directors. It also sets out how we intend to operate the Policy for 2025.

This part of the report has been prepared in accordance with the Companies Act, various company regulations, and relevant sections of the Listing Rules. The Annual Report on Remuneration will be put to an advisory shareholder vote at the 2025 AGM.

Implementation of the Policy for 2025

How the Policy will operate in 2025 is set out below:

Summary of Policy	Implementation in the year to 31 December 2025
Base salary An Executive Director's base salary is set on appointment and reviewed annually with changes normally taking effect from the beginning of the year or when there is a change in position or responsibility.	The salaries of the CEO and the CFO were increased by 3% to £541,000 and £399,000 respectively, slightly below the average rate of increase for our workforce across the Group, with effect from 1 January 2025.
Pension Pension funding as an employer contribution to a defined contribution pension plan or as a salary supplement. Any pension payments are not to be considered "salary" when determining the extent of participation in the Company's incentive arrangements.	An employer pension contribution or cash allowance of 6% of pensionable salary, in line with all other employees of the Group, will be provided for the CEO and CFO.
Benefits The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy.	In line with the Policy, each Executive Director receives: • life insurance. In addition, in line with the rest of the workforce, the CEO and CFO receive private health cover, income protection cover and critical illness cover.
Annual bonus Annual bonuses are paid in cash shortly after the end of the financial year to which they relate. However, Executive Directors who participate in the Annual Bonus Plan are required to defer 30% of the bonus net of tax into shares which should be held for at least three years. Dividend equivalents will be added on deferred shares.	The maximum opportunity under the bonus plan is 150% of salary for the CEO and CFO. The bonus will operate as follows: (i) Financial measures: 70% of opportunity, split equally between (a) EPRA earnings as adjusted by the Committee to ensure consistency with the basis on which the targets are set; and (b) total property return. (ii) Strategy and personal measures: 30% of opportunity split between key goals of the business for the year ahead, which include ESG goals that will be cascaded through the Company. Full disclosure of the targets set and performance achieved will be made in next year's report as due to the nature of the business these targets are felt to be commercially sensitive at the current time.

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

Implementation of the Policy for 2025 continued

Summary of Policy	Implementation in the year to 31 December 2025
Long Term Incentive Plan	
Awards are to be granted annually under the LTIP in the form of nil-cost options or conditional awards of shares. These awards will vest at the end of a three-year period, normally subject to continued employment at the date of vesting and achieving the performance conditions. Dividend equivalents will be added to awards to the extent that they vest. The net of tax number of shares that vest after the end of the three-year performance period will be subject to an additional two-year holding period, during which the shares cannot be sold (irrespective of whether the individual remains employed).	The CEO and CFO will be granted an LTIP award of shares with a value at grant of 160% and 150% of their salaries respectively. The CFO's LTIP award has increased from 125% in 2024. The Committee decided to increase the LTIP award for the CFO from 125% to 150% of salary. The increase reflects Richard Howell's development and increased experience in the role since the internalisation of the management team in 2021. This brings his award level up to the lower quartile against the market from a level that the Committee was not satisfied was appropriate. The Committee sets challenging targets for LTIP awards as is evidenced by the recent levels of vesting. Other senior executives will also be granted LTIP awards. The structure and performance conditions of the awards will include an environmental metric with a weighting of 15%. This metric will be a calculation of the percentage of the property portfolio at 31 December 2027 that has at least a B EPC rating. LTIP awards will vest by calculating the growth from the 2024 base level to the level for 2027.

Performance measure	Weighting	Threshold vesting (25%)	Stretch vesting (100%)
Total Accounting Return	42.5%	4% pa CAGR	8% pa CAGR
EPRA earnings Per Share	42.5%	3% pa CAGR	8% pa CAGR
% of portfolio with at least a B rating	15%	48%	52%

Awards vest on a straight line basis for performance between the threshold and stretch targets and lapse if the threshold is not achieved. The Committee will have a discretion to change the formulaic outcome of (both downwards and upwards) if it is out of line with the underlying performance of the Company.

Summary of Policy	Implementation in the year to 31 December 2025
Shareholding requirement	
Executive Directors are required to build up and hold a shareholding equivalent to a percentage of base salary. The requirements continue for two years after an Executive Director ceases to be employed.	The shareholding requirement is 200% of base salary.
Non-executive Directors	
To provide a competitive fee for the performance of NED duties, sufficient to attract high calibre individuals to the role.	The fees payable to the NEDs have been increased with effect from 1 January 2025 by 3% to the following levels: Base fee £67,500, SID fee £11,500 and Committee Chair fee £11,500. The Chair's fee has also been increased with effect from 1 January 2025 by 3% to £202,000.

The performance of the Company during the year would not have been possible without a skilled and motivated workforce. We recognise that it is critical for our colleagues to feel valued as well as to be paid fairly.

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

Wider workforce pay

To this end we undertook a formal review of pay and benefits across the Company at the end of the year pursuant to which we have increased basic salary across the workforce and continue to keep our overall benefits package under review so our colleagues feel valued. Our CEO pay ratio can be seen on page 104. Widespread share ownership is an objective of the Committee as it rewards our colleagues for the successful execution of our strategy across several years and aligns their interests more closely with our shareholders. We were pleased to be able to again offer options to our UK colleagues under our PHP Sharesave plan in April, which we expect to offer annually.

Executive Directors

Single total figure of remuneration (audited information)

The following tables detail all elements of remuneration receivable by the Executive Directors in respect of the year ended 31 December 2024 and show the comparative figures for the year ended 31 December 2023 in a separate table below. Amounts for 2024 represents remuneration earned during the period in their roles as Executive Directors, being amounts paid to Harry Hyman as CEO up to 24 April 2024 and Mark Davies' as CEO from the same date:

	Salary 2024 £000	Benefits[2] 2024 £000	Pension[3] 2024 £000	Total fixed 2024 £000	Annual bonus[1] 2024 £000	LTIP[4] 2024 £000	SAYE[5] 2024 £000	Total variable 2024 £000	Total 2024 £000
Mark Davies[6]	**416**	**1**	**22**	**439**	**322**	**—**	**—**	**322**	**761**
Harry Hyman	**142**	**2**	**—**	**143**	**133**	**—**	**—**	**133**	**276**
Richard Howell	**387**	**2**	**23**	**412**	**348**	**182**	**—**	**530**	**942**

1 The CFO earned an annual bonus of £347,720; Mark Davies as the CEO earned an annual bonus of £322,337 with Harry Hyman earning £132,955 as the former CEO, both pro-rated for the period of employment from/to the AGM on 24 April 2024. The annual bonus is set by the Committee and is discretionary, of which 30% (net of tax) is deferred into Ordinary Shares which have to be held for three years and are subject to malus and clawback.

2 The CEO and CFO both receive life cover, private health cover, income protection cover and critical illness cover in line with the remainder of the workforce.

3 Mark Davies as the CEO and the CFO receive a pension allowance of 6% of their full salary, the same employer contribution as other members of the PHP pension plan. Harry Hyman as the former CEO did not receive a pension.

4 The long term incentive value for 2024 reflects the outturn for the 2022 LTIP scheme that vests in March 2025 at 50%. The vesting share price has been estimated at 95.5 pence, based on the three-month average share price ended 31 December 2024. A total of 190,383 shares were awarded to the CFO. None of the 2022 LTIP scheme was attributable to share price appreciation.

5 Mark Davies was granted an option to acquire up to 25,383 Ordinary Shares in the Company at a price of 73.08 pence per share under the PHP 2024 Sharesave plan. On leaving his role as CEO during the year, Harry Hyman left the PHP 2023 Sharesave plan but will accrue a pro rata portion of these shares for his period of savings.

6 Mark Davies's salary includes £56,535 he received under a consultancy agreement for the 3 month period before, and in anticipation of, him becoming CEO.

	Salary 2023 £000	Benefits[2] 2023 £000	Pension[3] 2023 £000	Total fixed 2023 £000	Annual bonus[1] 2023 £000	LTIP[4] 2023 £000	SAYE[5] 2023 £000	Total variable 2023 £000	Total 2023 £000
Harry Hyman	413	4	—	417	437	—	—	437	854
Richard Howell	360	2	22	384	381	24	—	405	789

1 The CFO earned an annual bonus of £380,700; Harry Hyman as CEO earned an annual bonus of £437,210. The annual bonus is set by the Committee and is discretionary, of which 30% (net of tax) was deferred into Ordinary Shares which have to be held for three years and are subject to malus and clawback.

2 The CEO and CFO both received life cover, private health cover, income protection cover and critical illness cover in line with the remainder of the workforce.

3 The CFO received a pension allowance of 6% of his full salary, the same employer contribution as other members of the PHP pension plan. The CEO did not receive a pension.

4 The long term incentive value for 2023 reflects the outturn for the 2021 LTIP scheme that vested on 1 March 2024 at 7.7%. The actual vesting share price was 90.2 pence, based on the lower of the two prices shown in the Stock Exchange Daily Official List for that day as the closing price for the shares, securities or strips on that day plus one-half of the difference between those two figures. A total of 25,081 shares were awarded to the CFO, and nil to the CEO who did not participate in the LTIP scheme. None of the 2021 LTIP scheme was attributable to share price appreciation.

5 The CEO and CFO were each granted an option to acquire up to 22,233 Ordinary Shares in the Company at a price of 80.96 pence per share under the PHP 2023 Sharesave plan.

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

2024 annual bonus outcome

The bonus scheme for the CEO and CFO in 2024 was based on a mixture of financial targets and personal targets. The maximum potential bonus awards were 150% of salary. The table below includes details of the specific targets and the extent that they were met.

Metric	Weight	Threshold (25%)	Maximum (100%)	Outcome	Bonus achieved
Financial targets					
Adjusted earnings	35%	£92.7m	£95.2m	£92.9m	30%
Total property return	35%	3.0%	6.0%	4.2%	64%
Personal targets					
Individual targets	30%	See below	See below	See below	See below

Personal objectives (30% of total bonus)

The personal objectives for Harry Hyman (relating to that period of the year up to his retirement as CEO on 24 April 2024, and applied pro rata accordingly) were set based on Harry Hyman's individual areas of responsibility and are set out below:

Objective	Achievement	Committee assessment
Effective CEO transition plan, evidenced by stakeholder support and continuity in strength of business performance	The CEO together with the Chair led a robust, efficient and transparent recruitment process with the appointment of the new CEO well received by investors and employees. The implementation of the transition plan is progressing well. This is evidenced by a strong working relationship developing between Harry Hyman and Mark Davies.	The Committee has witnessed the success of the ongoing transition plan including during Board meetings. The Committee also considered feedback obtained from investors and key personnel and determined that the objective had been fully met. 100%
Effective development and communication of the Company's strategy and vision to stakeholders	During the relevant part of the year the CEO led an active stakeholder engagement programme with the Company's key stakeholders including investors, employees and NHS bodies. In particular, the CEO was effective in communicating the Company's strategy and reasons for focusing on rental growth in the short term, maintaining investor support.	The Committee assessed the CEO's performance, including through feedback received from investors and from the Board's engagement activities with employees. 100%
Provide effective leadership to the Company underpinned by the Company's values	The CEO provided effective leadership to the Company translating into stability and continued strong performance against a challenging economic backdrop affecting the Company's sector.	The Committee assessed the CEO's leadership through the Company's performance, the cohesiveness of the management team and feedback obtained through the Board's employee engagement activities. 100%
Develop the talent in the team evidenced in succession plans/ promotion readiness, and the Company's diversity agenda	The CEO is closely involved in the development, promotion and succession plan for the senior team and proactively communicates with the Board and the Nomination and Remuneration Committees on these matters. As a result, the Company has a stable, capable and committed team. The CEO supports the diversity agenda.	The Committee has high visibility of the CEO's actions against this objective. The CEO demonstrated a proactive approach to implementing the Company's diversity agenda. 100%
Maintain a strong ESG programme	The CEO has shown support for the Company's ESG agenda, encouraging greater awareness which contributed to the continued progress towards its ESG objectives.	The Committee assessed the CEO's performance, evidenced by the Company's strong and improving ESG ratings and robust ESG agenda. 100%

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

2024 annual bonus outcome continued

Personal objectives (30% of total bonus) continued

The Committee assessed Harry's performance against his personal targets after the year end and agreed that a bonus of 63% was payable pro rata having regard to his retirement as CEO on 24 April 2024, in respect of the Annual Bonus Plan, in light of his performance against these objectives. In reaching this conclusion the Committee determined that Harry had performed strongly during the relevant part of the year and had succeeded in meeting most of the targets set for him.

In total, the bonus payable to the CEO in light of his performance against both the financial targets and personal objectives was equivalent to 63% of the maximum payable, pro rata. This resulted in a bonus award of £132,955 of which, in line with the Policy, £21,140 representing 30% of the award, after tax, will be deferred into shares to be held for three years. The deferred shares are not subject to any further conditions.

In light of the financial performance of the Company in the year in an increasingly challenging economic environment, the Committee is satisfied that the bonus pay-out is appropriate. Specifically, the Committee took account of the following factors:

- The Company achieved a strong set of financial results with substantial year-on-year growth in EPRA earnings and in EPRA earnings per share despite a challenging environment for the property sector.
- The Company paid £92.1 million in dividends for 2024 to shareholders. The full year dividend for the year ended 31 December 2024, which was over 100% covered, increased by 3.0% from 6.7 pence to 6.9 pence.
- The Company maintained a strong control over costs, continuing to have one of the lowest EPRA cost ratios in the sector.

On this basis, the Committee felt comfortable that the formulaic bonus outcome reflected the individual Executive Director and Company performance and, as a result, the Committee determined that no overriding discretion will be applied to the bonus outcome. Accordingly, the Committee is comfortable that an overall bonus pay-out of 63% of maximum is reasonable.

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

2024 annual bonus outcome continued

Personal objectives (30% of total bonus) continued

The personal objectives (relating to that period of the year following his appointment as CEO on 24 April 2024, and applied pro rata accordingly) were set based on Mark Davies' individual areas of responsibility and the main objectives set out below:

Objective	Achievement	Committee assessment
Effective development and communication of the Company's strategy and vision to stakeholders, including NHSPS and ICB senior contacts	Following his appointment, the new CEO led an active stakeholder introduction and engagement programme with the Company's key stakeholders including investors, employees and NHS bodies. In particular, the CEO was effective in communicating the Company's strategy and reasons for focusing on rental growth in the short term, maintaining investor support.	The Committee assessed the CEO's performance, including through feedback received from investors and from the Board's engagement activities with employees. 100%
Hold an effective Strategy Day	The CEO led the Company's annual Strategy Day bringing together the Board and senior management to discuss the Group's future development.	Having participated directly in the Strategy Day and received feedback from other participants, the Committee determined that the objective had been fully met. 100%
Effective CEO transition plan, evidenced by stakeholder support and continuity in strength of business performance	The CEO together with the Chair realised the highly effective implementation of the transition plan. This is evidenced by a strong working relationship which has developed between Harry Hyman and Mark Davies.	The Committee has witnessed the success of the ongoing transition plan including during Board meetings. The Committee also considered feedback obtained from investors and key personnel, and determined that the objective had been fully met. 100%
Provide effective leadership to the Company underpinned by the Company's values, including further development of its culture	The CEO provided effective leadership to the Company translating into stability and continued strong performance against a challenging economic backdrop affecting the Company's sector.	The Committee assessed the CEO's leadership through the Company's performance, the cohesiveness of the management team and feedback obtained through the Board's employee engagement activities. 100%
Develop the talent in the team evidenced in succession plans/promotion readiness, and the Company's diversity agenda	The CEO is closely involved in the development, promotion and succession plan for the senior team and proactively communicates with the Board and the Nomination and Remuneration Committees on these matters. As a result, the Company has a stable, capable and committed team. The CEO supports the diversity agenda.	The Committee has high visibility of the CEO's actions against this objective. The CEO also demonstrated a proactive approach to implementing the Company's diversity agenda. 100%
Maintain a strong ESG programme	The CEO has shown support for the Company's ESG agenda, encouraging greater awareness which contributed to the continued progress towards its ESG objectives.	The Committee assessed the CEO's performance, evidenced by the Company's strong and improving ESG ratings, project investment having a social impact and robust ESG agenda. 100%
Invest time building a strong relationship with the Chair and rest of the Board including new NED	The CEO has invested considerable time building a strong relationship with the Chair and the rest of the Board.	The Committee determined that the objective had been fully met. 100%
Expand the share register in South Africa and take the PHP story to social impact investors with a target over time of 10% of the total share register	During the year the CEO undertook two investor roadshows in South Africa and the JSE register has increased five fold.	The Committee determined that the objective had been partially met. 80%
Oversee and support Richard on refinancing the convertible bond and support the adjacency joint venture initiative	The CEO has worked closely with the CFO throughout the year to ensure the capital structure of the Company is effective and time has been invested in implementing a joint venture.	The Committee determined that the objective had been partially met. 75%

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

2024 annual bonus outcome continued

Personal objectives (30% of total bonus) continued

Objective	Achievement	Committee assessment
Explore opportunities for the business with artificial intelligence ("AI")	The CEO has set up an AI committee which he Chairs and AI is being used as a management tool on a daily basis.	The Committee determined that the objective had been partially met. 75%
Best practice improvements in PM and FM in the UK, looking at the Irish model and how this could be adopted/used to improve the UK portfolio management	The CEO has invested considerable time in Ireland looking at ways of expanding and improving the business and the adoption of best practice across the Group.	The Committee determined that the objective had been partially met. 75%
Maintain PHP's progressive dividend policy	The CEO and the management team have a clear focus to maintain the progress dividend policy and 29 years of dividend growth.	The dividend grew by c. 3% in the year and remains fully covered. 100%

The Committee assessed Mark's performance against his personal targets and agreed that a bonus of 60% was payable pro rata having regard to his appointment as CEO on 24 April 2024, in respect of the Annual Bonus Plan, in light of his performance against these objectives. In reaching this conclusion the Committee determined that Mark had performed strongly in his new role during the relevant part of the year and had succeeded in meeting most of the targets set for him.

In total, the bonus payable to the CEO in the light of his performance against both the financial targets and personal objectives was equivalent to 60% of the maximum payable, pro rata. This resulted in a bonus award of £322,337 of which, in line with the Policy, £51,252 representing 30% of the award, after tax, will be deferred into shares to be held for three years. The deferred shares are not subject to any further conditions.

In light of the financial performance of the Company in the year in an increasingly challenging economic environment, the Committee is satisfied that the bonus pay-out is appropriate. Specifically, the Committee took account of the following factors:

- The Company achieved a good set of financial results with a year-on-year growth in EPRA earnings and in EPRA earnings per share despite a challenging environment for the property sector.
- The Company paid £91.2 million in dividends for 2024 to shareholders. The full year dividend for the year ended 31 December 2024, which was over 100% covered, increased by 3.0% from 6.7 pence to 6.9 pence.
- The Company maintained a strong control over costs, continuing to have one of the lowest EPRA cost ratios in the sector.

On this basis, the Committee felt comfortable that the formulaic bonus outcome reflected the individual Executive Director and Company performance and, as a result, the Committee determined that no overriding discretion will be applied to the bonus outcome. Accordingly, the Committee is comfortable that an overall bonus pay-out of 60% of maximum is reasonable.

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

2024 annual bonus outcome continued

Personal objectives (30% of total bonus) continued

The personal objectives were set based on Richard Howell's individual areas of responsibility and the main objectives are set out below:

Objective	Achievement	Committee assessment
Focus on the portfolio, including joint venture and adjacency opportunities, rental growth and income quality to deliver opportunities for sustainable and progressive earnings growth	During the year the CFO and his team continued to support the investment teams and provided significant levels of input and assistance including with respect to developing proposals for potential JV opportunities.	The Committee assessed that the performance of the CFO had been strong in this area. 80%
Assist the investment, asset, property and facilities management teams to deliver their respective objectives and strategy	The CFO's team continued to support and provide advice to investment, asset management, rent review and Axis teams during the year in what has been a very difficult market.	The Committee noted the positive level of organic rental growth in a challenging market and the important part played by the CFO in delivering that. 90%
Optimise the funding structure to support the real estate strategy, including refinancing the convertible bond	£420 million of refinancings completed in year addressing all refinancing risk in the next two years, together with detailed planning to optimise debt structure moving forward.	The Committee assessed that the performance of the CFO had been very strong in this area. 100%
Maintain appropriate LTV, cost of finance and debt maturity metrics	Cost of debt maintained at 3.4% (FY23: 3.3%) following completion of recent £200 million hedging. LTV increased slightly in year to 48.1% (2023: 47.0%) in a very difficult investment market and still within target range of 40% to 50% and significant liquidity headroom of c. £300 million across undrawn facilities.	The Committee assessed that the performance of the CFO had been very strong in this area. 100%
Keep costs in line or below budget and the EPRA cost ratio amongst the lowest in the UK REIT sector	EPRA cost ratio kept at 10.1% (2023: 10.1%) and now the second lowest in UK REIT sector.	The Committee assessed that the performance of the CFO had been very strong in this area. 100%
Deliver an effective investor relations strategy and positive feedback including reinforcing the position of the Company as the leading investor in primary healthcare	The CFO continued to play a vital part in clearly implementing PHP's message with c. 200 investor meetings in year and positive investor feedback received. Successful Capital Markets day, again with strong feedback received.	The Committee assessed that the performance of the CFO had been strong in this area. 90%
Deliver risk management/corporate governance agenda to increasing satisfaction of stakeholders	This continues to be delivered to a high standard building on the work completed in previous years. In 2024 the team worked hard to improve the control environment documentation along with evidence (for audit purposes) that the controls are operating effectively to ensure the Board can attest that they operated effectively throughout the year in future annual reports as this new requirement becomes effective.	The Committee noted the work undertaken and continued positive progress made in this area during the year and concluded this objective had been met. 100%
Ensure smooth and timely running of audit and positive feedback from auditor	Auditor feedback for FY23 and H1'24 audits was very positive. Significant work has been undertaken to improve control documentation.	The Committee assessed that the performance of the CFO had been very strong in this area. 100%
Position the Company as an employer of choice and continue to generate positive employee feedback and low staff turnover rates	The CFO continued to be closely involved in progress in this area, including improvements to IT infrastructure and team career progression.	The Committee assessed that the performance of the CFO had been very strong in this area. 90%
Drive the overall ESG strategy as set out in more detail in the Responsible Business Report	The CFO lead the overall ESG strategy for the Group, which is clearly articulated and well developed. In 2024 PHP completed its first NZC asset management scheme as a pilot to work towards all AM projects being NZC by 2030. PHP is already at NZC for operational and developments (with a second scheme started) both achieved one-year ahead of target. PHP also agreed to implement Science Based Targets to provide a more robust approach measuring our NZC targets, improved data coverage on Scope 3 emissions and refocused community impact fund to focus on asset management projects.	The Committee assessed that the performance of the CFO had been very strong in this area. 100%
Work with Mark Davies to create a strong working relationship and support his integration and handover as CEO	The new CEO transition has gone very well and with a strong working relationship established over the course of 2024 and alignment on the future strategy/plans for the Group going forward.	The Committee assessed that the performance of the CFO had been very strong in this area. 100%

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

2024 annual bonus outcome continued

Personal objectives (30% of total bonus) continued

The Committee assessed Richard's performance against his personal targets after the year end and agreed that a bonus of 60% was payable in respect of this aspect of the Annual Bonus Plan, in light of his performance against these objectives. In reaching this conclusion the Committee determined that Richard had performed strongly during the year and had succeeded in meeting many of the targets set for him.

In total, the bonus payable to the CFO in light of his performance against both the financial targets and personal objectives was equivalent to 60% of the maximum payable. This resulted in a bonus award of £347,720 of which, in line with the Policy, £55,287 representing 30% of the award, after tax, will be deferred into shares to be held for three years. The deferred shares are not subject to any further conditions.

In light of the financial performance of the Company in the year in an increasingly challenging economic environment, the Committee is satisfied that the bonus pay-out is appropriate. Specifically, the Committee took account of the following factors:

- The Company achieved a strong set of financial results with substantial year-on-year growth in EPRA earnings and in EPRA earnings per share despite a challenging environment for the property sector.
- The Company paid £92.1 million in dividends for 2023 to shareholders. The full year dividend for the year ended 31 December 2023, which was over 100% covered, increased by 3.0% from 6.7 pence to 6.9 pence.
- The Company maintained a strong control over costs, continuing to have one of the lowest EPRA cost ratios in the sector.

On this basis, the Committee felt comfortable that the formulaic bonus outcome reflected the individual Executive Director and Company performance and, as a result, the Committee determined that no overriding discretion will be applied to the bonus outcome. Accordingly, the Committee is comfortable that an overall bonus pay-out of 60% of maximum is reasonable.

LTIP vesting in 2025

The 2022 LTIP awards will vest in March 2025, subject to Total Accounting Return and EPRA earnings per share targets.

Richard Howell was granted a nil-cost option over 313,745 Ordinary Shares in PHP (the "Award") which was subject to the following performance targets over a three-year period to 31 December 2024:

Performance measure	Weighting	Threshold vesting (10%)	Stretch vesting (100%)
Total Accounting Return	50%	5% per annum CAGR	10% per annum CAGR
EPRA earnings per share	50%	5% per annum CAGR	10% per annum CAGR

The Award vests on a straight line basis for performance between the applicable threshold and stretch targets.

Performance achieved and the level of vesting of the Award are as follows:

Performance measure	Performance achieved	Level of vesting
Total Accounting Return	3.1% per annum CAGR	0% of the whole award
EPRA earnings per share	12.5% per annum CAGR	50% of the whole award
Total		**50% of the award**

The Committee is comfortable that the current Policy operated as intended and that the overall 2024 remuneration paid to Executive Directors was appropriate.

Share scheme interests awarded during the year

Mark Davies and Richard Howell participated in the LTIP during the year.

Mark Davies was granted a nil-cost option over 886,824 Ordinary Shares in PHP. In line with the Policy the Award has a face value of 160% of salary (calculated on the basis of a share price of £0.9472, being the average of the closing middle market quotations on 2, 3 and 7 May 2024) and will vest after three years subject to achievement of performance targets (Total Accounting Return 42.5%, EPRA earnings per share 42.5% and percentage of properties EPC rated A or B 15%).

Richard Howell was granted a nil-cost option over 539,779 Ordinary Shares in PHP (the "Award"). In line with the Policy the Award has a face value of 125% of salary (calculated on the basis of a share price of £0.8962, being the average of the closing middle market quotations for the Company's Ordinary Shares on 28 February 2024, 1 March 2024 and 2 March 2024) and will vest after three years subject to achievement of performance targets (Total Accounting Return 42.5%, EPRA earnings per share 42.5% and percentage of properties EPC rated A or B 15%).

The Award is subject to the following performance targets over a three-year period to 31 December 2026:

Performance measure	Weighting	Threshold vesting (25%)	Stretch vesting (100%)
Total Accounting Return	42.5%	4% per annum CAGR	8% per annum CAGR
EPRA earnings per share	42.5%	3% per annum CAGR	8% per annum CAGR
Percentage of properties EPC rated A or B	15%	46% of portfolio	50% of portfolio

The Award vests on a straight line basis for performance between the applicable threshold and stretch targets and lapses to the extent the applicable threshold is not achieved. Any fractional result shall be rounded to the nearest whole number of shares.

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

Share scheme interests awarded during the year continued

The rationale for selecting EPRA EPS and Total Accounting Return (EPRA NTA per share growth plus dividends) is that these are also key indicators of value creation for shareholders out of which the dividends are paid, and the share values are driven. TAR provides continuity with the way the legacy PIF calculated value creation and reflects the impact of gearing as experienced by shareholders. Targets are absolute, rather than relative because there is not felt to be a suitably large list of peer companies against which to make comparison. The inclusion of total shareholder return was considered by the Committee, but potential volatility that is outside of management control and a very small peer group made the use of absolute and relative targets difficult to justify.

The Committee will determine whether, and the extent to which, the performance targets have been met, in accordance with the rules of the plan.

Mark Davies and Richard Howell also participate in the PHP Sharesave plan. Mark Davies entered into a savings contract to save £500 per month (the maximum sum permitted under the plan rules) and holds options granted in 2024 to acquire 25,383 Ordinary Shares of 12.5 pence at a price of 73.08 pence per share. Richard Howell entered into a savings contract to save £500 per month (the maximum sum permitted under the plan rules) and hold options granted in 2023 to acquire 22,223 Ordinary Shares of 12.5 pence at a price of 80.96 pence per share.

The Company may fund its share incentives through a combination of new issue and/or market purchase shares. The Company monitors the level of share grants and the impact of these on the continuing requirements for shares. In accordance with guidelines set out by the Investment Association at the time of adopting the share plans, the Company can issue a maximum of 10% of its issued share capital in a rolling ten-year period to employees under all its share plans, with an inner limit of 5% applying to discretionary plans.

Non-executive

	Fees		Taxable benefits		Total	
	2024 £000	2023 £000	**2024 £000**	2023 £000	**2024 £000**	2023 £000
Harry Hyman (Chair)[1]	**133**	n/a	**—**	n/a	**133**	n/a
Steven Owen[2]	**62**	182	**—**	—	**62**	182
Ian Krieger (Senior Independent Director)	**88**	82	**—**	—	**88**	82
Ivonne Cantú	**77**	71	**—**	—	**77**	71
Laure Duhot	**77**	71	**—**	—	**77**	71
Bina Rawal[3]	**55**	—	**—**	—	**55**	—

1 Harry Hyman was appointed Chair of the Board at the 2024 AGM and his remuneration figure represents Directors' fees from 24 April 2024.
2 Steven Owen retired from the Board as Chair at the 2024 AGM and his remuneration figure represents Directors' fees to 24 April 2024.
3 Bina Rawal was appointed to the Board on 27 February 2024 and her remuneration figure represents Directors' fees from this date.

The Committee agreed to increase the fee paid to the Chair by 3% with effect from 1 January 2025 at its meeting in December 2024 and the Board agreed to increase the fees payable to the remaining Non-executive Directors for 2025 by the same amount.

Executive Directors: contracts

Name	Date of appointment	Date of service agreement or letter of appointment
Harry Hyman	5 February 1996	5 January 2021
Mark Davies	24 April 2024	24 April 2024
Richard Howell	1 April 2017	1 April 2017

Mr Hyman entered into a contract of employment with the Company on 5 January 2021. Mr Hyman's contract was for an initial fixed period of twelve months and was capable of termination by either party on giving twelve months' notice. Consistent with previously announced plans, Mr Hyman retired as CEO with effect from the Company's Annual General Meeting in 2024.

Mr Davies entered into a contract of employment with the Company which commenced on 24 April 2024 and Mr Howell entered into a revised contract of employment with the Company on 15 April 2021 to reflect the terms of the Policy. Mr Davies' contract is a rolling contract that can be terminated by either party on giving twelve months' notice. Mr Howell's contract of employment is a rolling contract that can be terminated by either party on giving six months' notice.

Non-executive Directors: contracts

Name	Date of appointment	Date of service agreement or letter of appointment	Length of appointment Years[1]
Harry Hyman	24 April 2024	24 April 2024	1
Ivonne Cantú	1 January 2022	14 December 2021	3
Laure Duhot	14 March 2019	14 March 2019	6
Ian Krieger	15 February 2018	15 February 2018	7
Bina Rawal	27 February 2024	27 February 2024	1

1 Subject to annual re-election at the Company's AGM in accordance with the Code.

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

Non-executive Directors: contracts continued

The Non-executive Directors each have specific letters of appointment, rather than service contracts. Non-executive Directors are appointed for an initial term of three years and, under normal circumstances, would be expected to serve for additional three-year terms, up to a maximum of nine years, subject to satisfactory performance, which is reviewed annually by the Nomination Committee. The Board shall have discretion to extend a term beyond nine years in order to retain specialist skills and experience which are hard to replace and provided always that the individual is considered to remain independent. Pursuant to its previously announced plans, Mr Hyman's term as Chair will be for a maximum of three years.

The appointment of the Chair and any Non-executive Directors may be terminated immediately if they are not re-appointed by shareholders or if they are removed by the Board under the Company's Articles of Association or if they resign and do not offer themselves for re-election. In addition, appointments may be terminated by either the individual or the Company giving three months' written notice of termination.

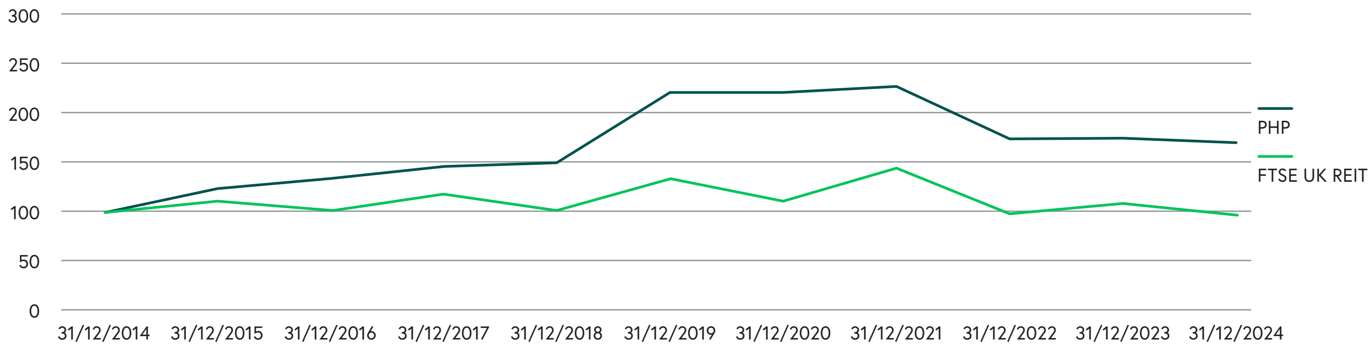
In accordance with the Code, the Company requires that all Directors are re-elected at each Annual General Meeting.

The Company's performance

The following graph compares the total shareholder return of the Company's Ordinary Shares relative to a return on a hypothetical holding over the same period in the FTSE All-Share Real Estate Investment Trust Index. This index has been chosen by the Board as the Company is a constituent member of that index. Total shareholder return is the measure of returns provided by a company to shareholders reflecting share price movements and assuming reinvestment of dividends.

For the year ended 31 December 2024, the highest and lowest mid-market prices of the Company's Ordinary Shares were 103.8 pence and 88.5 pence respectively.

Total shareholder return performance %



CEO pay

This table shows how pay for the role of the CEO has changed in the last five years. This table will be expanded over future periods until a ten-year history has been provided. Prior to 2020 the Group was externally managed. Amounts for 2024 represents remuneration earned during the period in their roles as Executive Directors, being amounts paid to Harry Hyman as CEO up to 24 April 2024 and Mark Davies' as CEO from the same date:

Year	2024 £000	2024 £000	2023 £000	2022 £000	2021 £000	2020 £000
Incumbent	**Mark Davies**	**Harry Hyman**	Harry Hyman	Harry Hyman	Harry Hyman	Harry Hyman
Single figure of remuneration	**761**	**276**	854	263	836	574
% of max bonus earned*	**60%**	**63%**	71%	n/a	n/a	n/a
% of max LTIP awards vesting*	**n/a**	**n/a**	n/a	n/a	n/a	n/a

* Mr Hyman did not participate in the LTIP scheme in any period, nor the Annual Bonus Plan in 2021 and 2022. He received £nil, £nil, £589k and £524k in 2023, 2022, 2021 and 2020 under the PIF.

Remuneration adviser

The Remuneration Committee's appointed adviser is Korn Ferry which provides advice on Directors' remuneration and governance. Korn Ferry has no other connection with the Company and is a signatory to the voluntary code of conduct of the Remuneration Consultants Group in relation to executive remuneration consulting. The Committee is satisfied that its advice is independent and objective. The fees paid for its services, calculated on a time and materials basis during the calendar year, were £33,318.

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

Relative importance of spend on pay

The following table shows the total remuneration paid to Directors and total management fees paid compared to the dividends paid to shareholders:

	2024 £	2023 £	Difference
Directors' remuneration	**2,265,455**	2,024,394	12%
Pay overall (including Executive Directors)	**7,710,447**	7,686,775	0%
Dividends	**92,125,295**	89,545,084	3%

Note: The items listed in the table are as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 Section 20. The figures for this measure are as shown in Note 4 to the financial statements.

Statement of Directors' shareholding and share interests (audited)

The interests of each person who served as a Director at any time during the financial year in the share capital of the Company (all of which are beneficial unless otherwise stated) and any interests of a person connected with such persons (within the meaning of Section 96B(2) of the Financial Services and Markets Act 2000) are shown below:

Director	Number of shares owned beneficially	Number of shares owned by connected persons	% of salary held	Total interest subject to conditions (LTIP nil-cost awards)	Total interests subject to continued service condition only	Outstanding Sharesave options	Total interests as at 31 December 2024
Mark Davies	287,610	—	55%	886,824	n/a	25,383	**1,199,817**
Richard Howell	262,826	281,633	141%	1,111,526	—	22,233	**1,678,218**
Steven Owen[1]	124,358	70,923	n/a	n/a	n/a	n/a	**195,281**
Harry Hyman[2]	12,125,568	12,381,736	n/a	n/a	n/a	7,411	**24,529,537**
Ian Krieger	101,481	—	n/a	n/a	n/a	n/a	**101,481**
Laure Duhot	—	23,169	n/a	n/a	n/a	n/a	**23,169**
Ivonne Cantú	25,000	—	n/a	n/a	n/a	n/a	**25,000**
Bina Rawal	27,549	—	n/a	n/a	n/a	n/a	**27,549**

1 Figure as at date of retirement as Chair.
2 Harry Hyman left the 2023 Sharesave scheme on leaving his role as CEO, but will receive a pro rata portion of these shares for his period of savings.

Shareholding guidelines

In accordance with the Policy, in order to ensure that the Executive Directors' interests are aligned with those of shareholders, the shareholding guideline (as a percentage of salary) for the Executive Directors is 200%. In addition, the Executive Directors are required to retain shares equal to the level of this guideline (or if they have not reached the guideline, the shares that count at that point in time) for the two years following their departure.

The guideline shareholdings for the year ended 31 December 2024 are shown below:

Executive Director	Requirement	Guideline holding	Qualifying holding	% of salary held
Mark Davies	200%	1,125,402	287,610	55%
Harry Hyman*	200%	953,912	24,418,410	over 200%
Richard Howell	200%	829,582	544,459	141%

* As at date Mr Hyman retired as CEO.

The shareholding definition includes shares beneficially owned by the Executive Directors and their connected persons, and shares subject to a holding period, but net of tax if not yet exercised (e.g. shares which have vested but are subject to a sale restriction and vested but not exercised (net of tax)). The 31 December 2024 closing share price has been used to determine the guideline holdings.

To the extent that there is a shortfall against the minimum holding at any time during an Executive Director's employment, he/she will be required to retain 50% of deferred bonus and LTIP shares (net of taxes and exercise costs) until such time as the guideline is satisfied.

The shareholding guidelines will continue to apply for two years post cessation of employment.

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

CEO pay ratio

Although PHP does not have more than 250 employees, and is thus not formally required to publish the ratio of the CEO's pay to the wider UK workforce, we have decided to include this figure as good practice.

Our CEO to colleague pay ratio is set out in the table below. For comparative purposes, the analysis below represents actual amounts paid to both Harry Hyman and Mark Davies in their role as CEO during the year and have been aggregated including salary, pension and bonuses:

Financial year	Method used	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2024	**Option A**	**15.7:1**	**9.5:1**	**6.0:1**
2023	Option A	11.5:1	6.8:1	4.4:1
2022	Option A	3.8:1	2.2:1	1.4:1

The Company has chosen to use Option A as the method for calculating the CEO pay ratio. This method had been selected because PHP has a small number of employees, and this method is considered to be the most up to date and statistically accurate method of calculation. It is also recommended by the UK Government and the Investment Association. The CEO pay ratio increased from 2023 to 2024 as a result of the CEO base pay increasing in the period by 27%, higher than the average rate of increase for our workforce of 5%, reflecting an increased market adjustment and full time nature of the role for the new CEO and a 3% inflationary salary increase (below the average workforce increase). Additionally for the 2024 period, the CEO's bonus was 90% of his annualised base pay, compared to 20% for the wider workforce. The Company believes that the median pay ratio is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole.

	2024			
	CEO £	25th £	50th £	75th £
Basic salary[1]	558,070	52,000	78,000	102,000
Benefits	3,642	1,177	1,577	2,409
Pension	21,597	3,120	4,680	6,600
Annual Bonus Plan	455,292	10,000	25,000	61,997
Total pay	**1,038,600**	**66,297**	**109,257**	**173,006**

1 Mark Davies's salary includes £56,535 he received under a consultancy agreement for the 3 month period before, and in anticipation of, him becoming CEO.

CEO pay for 2024 has been calculated for the period 1 January 2024 to 31 December 2024 based on the single figure remuneration. The annualised salary and pension of the incumbent CEO has been included within the analysis.

The calculation for the pay of employees at the different levels has been calculated as at 31 December 2024. Where relevant, full-time equivalent pay was calculated by applying a proportionate increase to the pay and benefits of any part-time employees.

For the purpose of the calculations, the following elements of pay were included in the total pay figure for the employee at each quartile in the year to 31 December 2024:

- annual basic salary;
- bonus earned in the year;
- employer pension contributions;
- Sharesave; and
- life cover.

Directors' remuneration report continued

Part 2: Annual report on remuneration continued

Percentage change in remuneration of the Board of Directors

The table below shows the percentage change in remuneration of the Executive and Non-executive Directors against PHP employees as a whole. For comparative purposes, the analysis represents actual amounts paid to Harry Hyman in aggregation in his roles as CEO and Chair during the year. New joiners in the year have not been included given the movement in the year would be n/a.

	% change 2023 to 2024			% change 2022 to 2023			% change 2021 to 2022			% change 2020 to 2021		
	Base salary/ fees	Benefits	Bonus	Base salary/ fees	Benefits	Bonus	Base salary/ fees	Benefits	Bonus	Base salary/ fees	Benefits	Bonus
Harry Hyman	(33)%	(63)%	(70)%	57%	175%	0%	6%	0%	(100)%	400%	0%	12%
Richard Howell	8%	8%	(9)%	7%	116%	46%	5%	309%	(43)%	7%	0%	(24)%
Steven Owen[1]	(66)%	n/a	n/a	5%	n/a	n/a	5%	n/a	n/a	32%	n/a	n/a
Ian Krieger[1]	8%	n/a	n/a	12%	n/a	n/a	4%	n/a	n/a	11%	n/a	n/a
Ivonne Cantú[1]	8%	n/a	n/a	9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Laure Duhot[1]	8%	n/a	n/a	13%	n/a	n/a	5%	n/a	n/a	9%	n/a	n/a
PHP employees	5%	(4)%	(24)%	10%	18%	7%	7%	135%	(2)%	n/a	n/a	n/a

1 The Non-executive Directors receive no benefits and do not participate in the annual bonus scheme.

Statement of shareholder voting

At the 2024 AGM, shareholder voting on the Directors' Remuneration Report was as follows:

	Number of votes	% of votes cast
Votes cast in favour	718,248,823	84.22
Votes cast against	134,558,949	15.78
Votes withheld[1]	1,029,803	—
Total votes cast	**853,837,575**	**—**

At the 2024 AGM, shareholder voting on the Directors' Remuneration Policy was as follows:

	Number of votes	% of votes cast
Votes cast in favour	834,480,067	98.45
Votes cast against	13,150,253	1.55
Votes withheld[1]	6,207,255	—
Total votes cast	**853,837,575**	**—**

1 A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes for or against a resolution.

Payments to past Directors or for loss of office

There have been no payments made to past Directors and no payments made for loss of office in the year.

Approval

The Directors' Remuneration Report has been approved by the Board of Directors.

Signed on behalf of the Board of Directors

Ivonne Cantú
Chair of the Remuneration Committee
27 February 2025

Directors' report

The Directors present their Annual Report and Accounts, together with the financial statements and the Auditor's Report, for the year ended 31 December 2024 to shareholders.

Company status

Primary Health Properties PLC is a public limited liability company incorporated under the laws of England and Wales and is the holding company of the Group, which has no branches. Its primary listing is on the London Stock Exchange (equity shares (commercial companies) category) (LON: PHP) and is a constituent of the FTSE 250 Index. It also has a secondary listing on the Johannesburg Stock Exchange (JSE: PHP) and is included in the FTSE/JSE All-Share Index and All-Property Index.

Principal activity

The principal activity of the Group remains investment in primary healthcare property in the United Kingdom and Ireland.

The purpose of the Annual Report is to provide information to the members of the Company, as a body, that is a fair, balanced and understandable assessment of the Group's performance, business model and strategy. A detailed review of the Group's business and performance during the year, the principal risks and uncertainties facing the Group, its approach to responsible business, an indication of future likely developments in the Company and details of important events since the year ended 31 December 2024 are contained in the Group's Strategic Report on pages 1 to 59 and should be read as part of this report.

The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report. Nothing in this Annual Report should be construed as a profit forecast.

Tax status

The Group became a Real Estate Investment Trust ("UK REIT") on 1 January 2007. It is the opinion of the Directors that the Group has conducted its affairs so as to be able to continue as a UK REIT.

Directors

The names and biographical information for the current Directors can be found on pages 62 and 63. Details of the Directors who served during the year and the interests of the Directors and their connected persons in the Company's Ordinary Shares can be found in the Directors' Remuneration Report on page 105.

The Company's Articles require that Directors should submit themselves for election at the first Annual General Meeting following their appointment and thereafter for re-election at least every three years. The Company has, however, adopted the requirements of the UK Corporate Governance Code (the "Code", specifically, Provision 18 of the Code) in requiring the annual re-election of all Directors.

A proposal to re-elect such Directors is to be included within the Notice calling the 2025 AGM. The Chair confirms to shareholders that, following formal performance evaluation, all the Directors standing for re-election continue to be effective and their contribution is valuable and they demonstrate full commitment to and independence in their roles.

Appointment and removal of Directors

Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two and there shall be no maximum number of Directors.

Dividends

The results for the year are shown in the Group Statement of Comprehensive Income on page 121.

The Company has paid four interim dividends each of 1.725 pence per Ordinary Share of 12.5 pence ("Ordinary Shares") for the year, totalling 6.9 pence per share, each of which has been paid as 1.45 pence by way of Property Income Distribution ("PID") and the remainder, being 0.275 pence, as an ordinary dividend.

Powers of Directors

Subject to the provisions of the Companies Act 2006 (the "Act"), the memorandum and Articles of Association (the "Articles") of the Company and any directions given by special resolution, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company.

Appointment of Directors

Subject to the Articles, and without prejudice to the power of the Company to appoint any person to be a Director, the Board has power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed in accordance with the Articles.

Any Director so appointed shall hold office only until the next Annual General Meeting of the Company following such appointment and shall then be eligible for election.

Retirement of Directors

Under the Articles at each Annual General Meeting any Director who shall have been a Director at each of the two preceding Annual General Meetings is required to stand for re-election as a Director. However, the Company has adopted the requirements of the Code in requiring the annual re-election of all Directors.

Removal of Directors

In addition to any powers of removal conferred by the Act, the Company may by special resolution remove any Director before the expiration of their period of office and may (subject to the Articles) by ordinary resolution appoint another person to act in their place.

Indemnities

The Company has procured directors' and officers' liability insurance in respect of itself, the Directors and the directors of its subsidiaries. These indemnities are qualifying third-party indemnity provisions as defined by Section 234 of the Act.

The Company has agreed to indemnify each Director against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties. The indemnity only applies to the extent permitted by law. A copy of the deed of indemnity is available for inspection at PHP's registered office and will be available at the 2025 AGM. No indemnity was provided and no payments were made pursuant to these provisions during the year.

Directors' report continued

Substantial interests

As at 31 January 2025, the Company had been notified under the Disclosure Rules or was otherwise aware of the following shareholders who were directly or indirectly interested in 3% or more of the voting rights in the Company's issued share capital. These positions have not materially changed since year end:

Name	Shares	%
BlackRock	111,502,674	8.34
Hargreaves Lansdown	92,574,662	6.93
Vanguard Group	74,240,694	5.55
Legal & General Investment Management	69,934,595	5.23
Interactive Investor	47,926,735	3.59
Investec Wealth & Investment	47,855,549	3.58

Share capital

At the date of this report, the Company has one class of share in issue, being 1,336,493,786 million Ordinary Shares of 12.5 pence each, each carrying the right to one vote at general meetings of the Company and to participate in any dividends declared in accordance with the Articles. There are no Ordinary Shares held in treasury. No person has any special rights of control over the Company's share capital.

At the 2024 AGM shareholders authorised the Company to make market purchases of Ordinary Shares representing up to 10% of its issued share capital at the time to allot equity securities (as defined by the Act) for cash. The Company did not purchase or acquire any of its Ordinary Shares during the year, nor did any nominee or third party with the Company's assistance acquire any shares on behalf of the Company The authority to make market purchases referred to above will expire at the 2025 AGM and it is proposed to seek renewal of this authority at the 2025 AGM.

At the Annual General Meeting in 2024, the Directors were granted authority: (i) to allot shares up to a maximum amount of £55,687,241, representing approximately one-third of the Company's issued Ordinary Share capital; and (ii) to allot shares up to a maximum nominal value of £16,706,172 (representing approximately 10% of the Company's issued share capital) without having to first offer those shares to existing shareholders ((ii) being referred to as the "Authority").

The Directors were also granted authority to allot further shares up to a maximum nominal value of £16,706,172 (representing approximately 10% of the Company's issued share capital) without having to first offer those shares to existing shareholders, where such authority is used in connection with the financing (or refinancing, if the authority is to be used within six months after the original transaction) of an acquisition or specified capital investment (the "Additional Authority").

In relation both to the Authority and the Additional Authority, the Directors were also granted authority to allot shares up to a nominal amount of 20% of any allotment pursuant to the Authority and for the purposes of a "follow-on offer" as defined in paragraph 3 of Section 2B of the Pre-Emption Group's Statement of Principles (November 2022), or a maximum of 2% of the Company's issued share capital in each case.

The Directors made no use of these powers during the year.

Rights attaching to shares under the Articles

The Company's Articles do not contain any specific restrictions on the size of a shareholder's holding.

Voting rights

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the Articles, on a show of hands every member who is present in person or by proxy and entitled to vote has one vote and on a poll every member who is present in person or by proxy and entitled to vote has one vote for every share of which he is the holder.

Restrictions on voting

There are no restrictions on exercising voting rights save in situations where the Company is legally entitled to impose such restrictions, such as if having been served with a notice under Section 793 of the Act, a shareholder fails to disclose details of any past or present beneficial interest. The Company is not aware of any arrangements between shareholders that may result in restrictions on the transfer of securities or voting rights.

Transfer

There are no restrictions on the transfer of Ordinary Shares, other than certain restrictions imposed by laws and regulations which restrict Directors and persons closely associated with them from dealing in the Company's securities without prior approval under the Company's share dealing code.

The rights and obligations attaching to the Ordinary Shares, in addition to those conferred by law, are set out in the Articles.

Amendment of the Company's Articles

Any amendments to the Company's Articles may be made by special resolution. There were no amendments made to the Articles in the year.

Change of control

Under the Group's financing agreements, including the terms of the £150 million 2.875% convertible bonds due 2025, repayment or termination of the outstanding amounts on a change of control may be required by the lenders or bondholders. There are no agreements between the Company and the Directors providing compensation for loss of office or employment or otherwise that occurs specifically because of a change of control.

The Company's share plans contain provisions that, as a result of a change of control, options and awards may vest or become exercisable, in accordance with the rules of the plans.

Suppliers

The Group has not signed up to any specific supplier payment code. It is PHP's policy to comply with the terms of payment agreed with its suppliers. Where specific payment terms are not agreed, the Group endeavours to adhere to the supplier's standard payment terms and aims to settle supplier accounts promptly in accordance with its individual terms of business. The number of creditor days outstanding as at 31 December 2024 was seven days (2023: eight days; 2022: ten days).

Annual General Meeting

The Annual General Meeting of PHP ("AGM") will be held on 7 May 2025 at 10.30 a.m. The Notice convening the AGM and explanatory notes for the resolutions sought will be sent to shareholders not less than 21 clear days before the date of the meeting.

Full details will be set out in the Notice of AGM, but may need to be altered at short notice, in which case the Company will update shareholders, as necessary, via a Regulatory Information Service and the Company's website at www.phpgroup.co.uk. Shareholders are advised to check the Company's website for updates.

Auditor

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint it will be put to shareholders at the AGM.

Directors' report continued

Employees
As at 31 December 2024, the Group had 60 employees in the UK and 27 in Ireland.

Employees are encouraged to maximise their individual contribution to the Group. In addition to competitive remuneration packages, they participate in an annual bonus scheme which links personal contribution to the goals of the business.

In addition, all employees are eligible to participate in the PHP Sharesave plan 2021 that was approved by shareholders at the 2021 AGM and seven staff members took up the offer to participate in the plan in 2024, a lower figure than in prior years due to the fact most employees are already participating. Employees are provided regularly with information regarding the business and other matters of concern to them at bi-weekly video-conference calls. In addition, all staff are eligible to participate in a defined contribution pension scheme. The views of employees are taken into account when making decisions that might affect their interests. The Company encourages openness and transparency, with staff having regular access to senior management and being given the opportunity to express views and opinions.

Further details of how the Directors engage with employees can be found on pages 39 and 40 and in the Corporate Governance section on page 66.

The Group is committed to the promotion of equal opportunities, supported by its Equality, Diversity and Inclusion policy which is informed by and aligned with the Listing Rules. The policy reflects both current legislation and best practice. It highlights the Group's obligations with respect to race, gender, socio-economic and disability equality.

Full and fair consideration is given to applications for employment from disabled persons and appropriate training and career development are provided.

Donations
The Group does not make any political donations. Details of the charitable donations made in the year are set out on page 38 in the Responsible Business section.

Share service
The Shareholder Information section on page 165 provides details of the share services available.

Financial instruments
The Group's financial risk management objectives and policies are discussed in Note 17.

Post balance sheet events
Details of events occurring since the year end are given in Note 25.

Going concern
The Group's business activities together with the factors likely to affect its future development, performance and position, along with the financial position of the Group, its cash flows, liquidity position and borrowing facilities, are set out in the Strategic Report.

The Group's property portfolio is 99.1% occupied with over 89% of its income funded directly or indirectly from government sources and the average WAULT across the Group's portfolio is 9.4 years.

As at 31 December 2024, the Group had £271 million of headroom on its debt facilities, after commitments to fund on properties under construction through the course of 2024 with a further £3 million of cash. The weighted Group average unexpired loan term was 5.7 years.

The Group's consolidated loan to value ratio, including drawn, unsecured debt, is 48.1% with all banking covenants being met during the year and subsequent to the year end. In summary, at a Group level values would need to fall by 37% and Group income by approximately 54% before the LTV ratio and income covenants across the Group are at risk of being breached.

The Directors believe that the Group is well placed to manage its business risks successfully. Having reviewed the Group's business activities, financial development, performance and position including its cash flows, liquidity position, borrowing facilities (including repayment of the convertible bond, if required) and covenant cover, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for a period of at least twelve months from the date of this report. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors' report continued

Regulatory disclosures

Additional information which is incorporated into this report by reference, including information required in accordance with the Companies Act 2006, Listing Rule 9.8.4 and the Disclosure and Transparency Rules ("DTRs"), can be found on the following pages:

All other sub-sections of LR9.8.4 are not applicable. Information that fulfils the requirements of LR 9.8.6(5) and 9.8.6(6) can be found in the Corporate Governance Statement on pages 66 to 75 and is incorporated into this Directors' Report by reference.

Directors' statement as to disclosure of information to auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 62 and 63. Having made enquiries of fellow Directors and of the Company's auditor, each of the Directors confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

The Directors' Report, Strategic Report and Corporate Governance Report were approved by the Board on 27 February 2025.

By order of the Board.

Toby Newman
Company Secretary and Chief Legal Officer
Primary Health Properties PLC
Registered office: 5th Floor, Burdett House,
15–16 Buckingham Street, London WC2N 6DU
Registered in England Number: 3033634

Directors' responsibility statement

Statement of Directors' responsibilities in respect of the Group and Company financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with United Kingdom-adopted International Accounting Standards. The financial statements also comply with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). The Directors have chosen to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 27 February 2025 and is signed on its behalf by:

Harry Hyman
Non-executive Chair
27 February 2025

Independent auditor's report

to the members of Primary Health Properties PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Primary Health Properties PLC (the 'company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the group statement of comprehensive income;
- the group and company balance sheets;
- the group and company statements of changes in equity;
- the group cash flow statement;
- the related notes 1 to 26 to the group financial statements, and
- the related notes 1 to 18 to the company financial statements

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and company for the year are disclosed in note 4 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Estimation of property yields, and rental values applied in the valuation of investment property.
Materiality	The materiality that we used for the group financial statements was £27.5 million which was determined on the basis of 2% of net assets. Further to net assets, we considered EPRA Earnings to be a critical financial performance measure for the group and we therefore applied a lower threshold of 5% (£4.8 million) for the specific items that impact EPRA Earnings.
Scoping	Our scope has remained consistent with the prior year. We performed full scope audit procedures across the entire group. The audit procedures to respond to the risks of material misstatement were performed directly by the group audit engagement team.
Significant changes in our approach	There were no significant changes in our approach in the current year.

Independent auditor's report continued

to the members of Primary Health Properties PLC

Report on the audit of the financial statements continued

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of relevant controls over management's process for evaluating the group and company's ability to continue as a going concern, including the identification and evaluation of the financial impact of relevant business risks and the method, model and assumptions applied by management in assessing going concern;
- obtaining an understanding of the financing facilities available to the group and the company, including maturity dates, interest costs and financial covenants such as loan to value and interest cover ratios;
- testing the mathematical accuracy of management's going concern model, including the recalculation of current and forecast covenant compliance, together with the impact on covenant compliance of the sensitivities applied;
- performing a retrospective review of management's historical forecasting accuracy;
- challenging the key assumptions applied in management's going concern model, including forecast valuation movements, rental income and capital expenditure with reference to market data and other external information;
- challenging the appropriateness of the sensitivity analysis performed by the directors, including the 'additional stress-testing' performed by management with reference to the forecasts, historical performance and other external data;
- assessing the level of headroom in the forecasts with reference to both liquidity and financial covenants such as loan to value and interest cover ratios, and in particular the level of facilities available to allow repayment of the £150m convertible bond in cash (if required) when it matures in July 2025.
- assessing whether any additional facts or information have become available since the date management made their assessment; and
- evaluating the appropriateness of management's going concern disclosures.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report continued

to the members of Primary Health Properties PLC

Report on the audit of the financial statements continued

5. Key audit matters continued

5.1. Estimation of property yields and rental values applied in the valuation of investment property

Key audit matter description	The group primarily owns and manages a portfolio of primary healthcare properties in the UK and Ireland. As stipulated by IAS 40 Investment Property, the properties are remeasured to their fair value at each balance sheet date. The portfolio is valued at £2,750.1 million as at 31 December 2024 (2023: £2,779.3 million). The group involves professionally qualified independent external valuers to perform the properties valuation bi-annually in accordance with Royal Institution of Chartered Surveyors ('RICS') Valuation – Global Standards. In determining the fair value of a property, assumptions for yields and rental values are determined by considering several factors. Valuers first consider property-specific factors, most notably the Weighted Average Unexpired Lease Term ('WAULT'), together with the age and specification of the asset. These factors are then considered in combination with prevailing market yields, comparable transactional evidence, and market sentiment in determining property specific assumptions for yields and rental values. The estimation of property yields and rental values is inherently subjective and a small change in these assumptions can materially impact the valuation of the property portfolio. We therefore consider these assumptions to constitute a key audit matter. Furthermore, given the high level of estimation involved, we have determined that there is potential for fraud through possible manipulation of these inputs and therefore the valuation. Please see the accounting policy in note 2.3 and investment property related disclosures including the sensitivity of significant unobservable inputs in note 10 to the financial statements. The consideration of this risk by the Audit Committee is described on page 78.
How the scope of our audit responded to the key audit matter	We carried out the following audit procedures to address the risk associated with the identified key audit matter: • We obtained an understanding and tested the relevant controls established by management to ensure the correct information is provided to the external valuers, and to oversee and review the work performed by the external valuers. • We assessed the competence, capabilities and objectivity of the external valuers and read their terms of engagement with the group to determine whether there were any matters that might affect their objectivity or may have imposed scope limitations on their work. This included whether there had been any change in their engagement terms in the year. • We obtained and assessed the external valuation reports for all properties and evaluated whether the valuation approach is consistent with the RICS guidelines and therefore suitable for use in determining the fair value recorded within the group's balance sheet. • We involved our real estate specialist to obtain an overall understanding of the primary healthcare property markets in the UK and Ireland, and to support our challenge of the work of the group's external valuers. We discussed and challenged the valuation process and assumptions used by the valuers, with a principal focus on the yields and rental values adopted. We compared these to publicly available information, including average yields quoted by competitors, external evidence and (where applicable) comparable property transactions. • We selected a sample of properties where the yields applied in the valuation were outside our expectations, and challenged the explanations provided by the external valuers with reference to transactional evidence or other relevant information. • To challenge the rental values, we tested the accuracy of rent reviews completed in 2024 and compared management's forecast rent reviews to the rental values adopted by the external valuers. Where the valuers had significantly increased their rental expectations, we obtained evidence to support those changes. • We assessed the integrity of the data provided to the external valuers. This included tracing a sample of information provided to the external valuers to underlying lease agreements. • We assessed the appropriateness of the disclosures included in the Financial Statements and considered whether the disclosures in relation to the key estimates are reasonable.
Key observations	Based on our work performed, we concluded that the assumptions applied in relation to yields and rental values in arriving at the fair value of the group's investment property were appropriate.

Independent auditor's report continued
to the members of Primary Health Properties PLC

Report on the audit of the financial statements continued

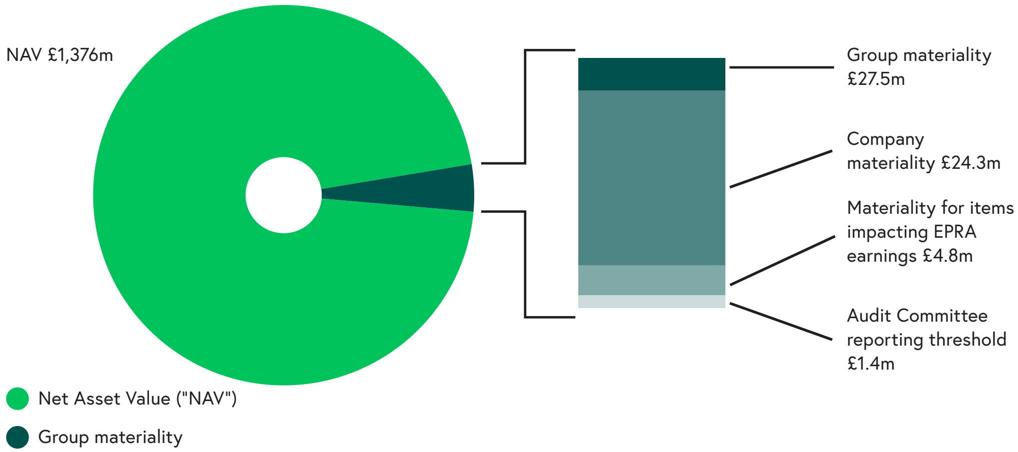
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	£27.5 million (2023: £28.5 million) and a lower materiality of £4.8 million (2023: £4.7 million) for balances impacting EPRA Earnings.	£24.3 million (2023: £24.8 million)
Basis for determining materiality	2% of net assets (2023: 2% of net assets) The lower materiality used for balances impacting EPRA earnings was determined using 5% (2023: 5%) of EPRA earnings.	2% of net assets (2023: 2% of net assets)
Rationale for the benchmark applied	The overall level of materiality was determined using net assets because this is the primary focus of investors in a listed real estate business. In addition to net assets, we considered EPRA Earnings to be a critical financial performance measure for the group and we applied a lower threshold of £4.8 million (2023: £4.7 million) for EPRA Earnings impacting items.	The overall level of materiality was determined using net assets as this is determined to be the most appropriate and stable base for setting materiality in line with our understanding that the Company is primarily an asset-based business.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Company financial statements
Performance materiality	70% (2023: 70%) of group materiality	70% (2023: 70%) of company materiality
Basis and rationale for determining performance materiality	We set performance materiality at a level lower than materiality in order to reduce to an appropriately low level the probability that the total of uncorrected and undetected misstatements would result in material misstatement of the financial statements. In determining performance materiality, we considered the following factors: • our understanding of the entity and the environment in which the entity operates; • our risk assessment; • our assessment of the group's overall control environment including the degree of centralization and common controls/processes; and • our assessment of the nature, cause, and number of misstatements that were accumulated in audits of the financial statements of prior periods, which has been historically low.	

Independent auditor's report continued
to the members of Primary Health Properties PLC

Report on the audit of the financial statements continued

6. Our application of materiality continued

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.4 million (2023: £1.4 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The group was audited as a single component. Our audit scope encompassed obtaining an understanding of the group and its environment, including group-wide controls and the financial reporting process, and assessing the risks of material misstatement at the group level. A single audit team, led by the Senior Statutory Auditor, performed the audit centrally at the registered office where the books and records for each entity within the group are maintained. For the audit of the parent company, management deconsolidated the Group financial information to identify the relevant parent company-only balances and transactions such as intercompany balances.

7.2. Our consideration of the control environment

As part of our risk assessment procedures, we explicitly obtained an understanding of the control environment which encompassed the entity's processes and controls related to key business cycles including the property valuations, revenue, cash, payroll, financial reporting and expenditure processes.

We performed procedures to evaluate the design and implementation of controls within these cycles. Furthermore, where controls were deemed to have been designed and implemented effectively, we tested the operating effectiveness of those controls to support our risk assessment and, ultimately, the nature, timing, and extent of our substantive procedures. We placed reliance on the operating effectiveness of controls where our assessment supported such reliance. Where we identified that control improvements could be made, we reported these to the Audit Committee.

We note the Audit Committee's discussion of the control environment, as presented in their report on page 79, including consideration of the changes to the UK Corporate Governance Code (through Provision 29) regarding the board's responsibility with regards to the control environment.

7.3. Our consideration of climate related risks

The group remains committed to assessing and managing the potential impacts of climate change on its operations and financial position. Management has undertaken an assessment of climate-related risks, quantified potential financial impacts, and developed plans to mitigate these risks. The group continues to strive towards its previously stated target of net zero carbon emissions by 2030 for all operational, development, and asset management activities. Additionally, the group aims to support its occupiers in achieving net zero carbon emissions by 2040, five years ahead of the NHS's target of becoming the world's first net zero carbon national health system by 2045 and ten years ahead of the UK and Irish Governments' target of 2050.

We considered as part of our risk assessment, the climate-related risks specific to the group, which could impact the overall engagement risk assessment. Our audit procedures encompassed discussions with management to understand any updates to their process for identifying, assessing, and mitigating climate-related risks, as well as the potential impact on the financial statements. We reviewed management's risk assessment process, considering the potential impact of climate change on the group's account balances and classes of transactions. Furthermore, with the assistance of our climate change specialists, we evaluated the group's climate-related financial disclosures for continued alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and assessed the consistency of these disclosures set out on pages 44 to 50 by the ESG Committee in their report, with the financial statements and our understanding of the group's operations.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report continued
to the members of Primary Health Properties PLC

Report on the audit of the financial statements continued

11. Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, those charged with governance and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including real estate specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the area of the estimation of property yields and rental values applied in the valuation of investment property. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, REIT legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified
As a result of performing the above, we identified the estimation of property yields and rental values applied in the valuation of investment property as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent auditor's report continued
to the members of Primary Health Properties PLC

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 110;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 59;
- the directors' statement on fair, balanced and understandable set out on page 79;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 54 to 58;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 79; and
- the section describing the work of the audit committee set out on pages 76 to 80.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were re-appointed by the Board on 18 October 2022 to audit the financial statements for the year ending 31 December 2023 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 12 years, covering the years ending 31 December 2013 to 31 December 2024.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Independent auditor's report continued
to the members of Primary Health Properties PLC

Report on other legal and regulatory requirements continued

16. Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Daryl Winstone, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP,
Statutory Auditor
London,
United Kingdom
27 February 2025

Group statement of comprehensive income

for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Rental and related income		**181.7**	169.8
Direct property expenses		**(26.0)**	(18.8)
Net rental and related income	3	**155.7**	151.0
Administrative expenses		**(13.0)**	(12.3)
Amortisation of intangible assets		**(0.9)**	(0.9)
Axis acquisition costs and JSE listing fees		**—**	(0.5)
Total administrative expenses	4	**(13.9)**	(13.7)
Revaluation deficit on property portfolio	10	**(38.4)**	(53.0)
Operating profit	4	**103.4**	84.3
Finance income	5	**—**	0.2
Finance costs	6a	**(46.8)**	(45.2)
Early termination on bonds		**(2.0)**	—
Fair value loss on derivative interest rate swaps and amortisation of hedging reserve	6b	**(7.0)**	(8.4)
Fair value loss on convertible bond	6c	**(0.6)**	(4.8)
Profit before taxation		**47.0**	26.1
Taxation (charge)/credit	7	**(5.6)**	1.2
Profit after taxation[1]		**41.4**	27.3
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Amortisation of hedging reserve	21	**2.5**	4.1
Exchange loss on translation of foreign balances		**(0.1)**	(0.3)
Other comprehensive income net of tax[1]		**2.4**	3.8
Total comprehensive income net of tax[1]		**43.8**	31.1
IFRS earnings per share			
Basic	8	**3.1p**	2.0p
Diluted	8	**3.1p**	2.0p
Adjusted earnings per share[2]			
Basic	8	**7.0p**	6.8p
Diluted	8	**6.7p**	6.6p

1 Wholly attributable to equity shareholders of Primary Health Properties PLC.

2 See Glossary of terms on pages 166 to 168.

The above relates wholly to continuing operations.

Group balance sheet
at 31 December 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Investment properties	10	**2,750.1**	2,779.3
Derivative interest rate swaps	16	**—**	0.9
Intangible assets		**5.3**	6.2
Property, plant and equipment		**0.6**	0.5
		2,756.0	2,786.9
Current assets			
Properties held for sale	10	**3.0**	—
Trade and other receivables	11	**27.7**	24.9
Cash and cash equivalents	12	**3.5**	3.2
Derivative interest rate swaps	16	**0.2**	10.5
Developments work in progress		**0.9**	1.4
		35.3	40.0
Total assets		**2,791.3**	2,826.9
Current liabilities			
Deferred rental income		**(31.4)**	(30.4)
Trade and other payables	13	**(30.6)**	(31.7)
Borrowings: term loans and overdraft	14a	**(3.4)**	(2.4)
Borrowings: bonds	14b	**(148.3)**	—
Derivative interest rate swaps	16	**—**	(6.7)
		(213.7)	(71.2)
Non-current liabilities			
Borrowings: term loans and overdraft	14a	**(757.2)**	(664.5)
Borrowings: bonds	14b	**(429.3)**	(656.4)
Head lease liabilities	15	**(3.0)**	(3.0)
Trade and other payables	13	**(3.1)**	(4.1)
Deferred tax liability		**(9.0)**	(3.8)
		(1,201.6)	(1,331.8)
Total liabilities		**(1,415.3)**	(1,403.0)
Net assets		**1,376.0**	1,423.9

	Notes	2024 £m	2023 £m
Equity			
Share capital	18	**167.1**	167.1
Share premium account	19	**479.4**	479.4
Merger and other reserves	20	**415.2**	415.3
Hedging reserve	21	**(4.5)**	(7.0)
Retained earnings	22	**318.8**	369.1
Total equity[1]		**1,376.0**	1,423.9
Net asset value per share			
IFRS net assets – basic and diluted	8	**103.0p**	106.5p
Adjusted net tangible assets[2] – basic	8	**105.0p**	108.0p
Adjusted net tangible assets[2] – diluted	8	**106.7p**	109.8p

1 Wholly attributable to equity shareholders of Primary Health Properties PLC.
2 See Glossary of terms on pages 166 to 168.

These financial statements were approved by the Board of Directors on 27 February 2025 and signed on its behalf by:

Richard Howell
Chief Financial Officer

Registered in England Number: 3033634

Group cash flow statement

for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Operating activities			
Profit on ordinary activities after tax		**41.4**	27.3
Adjustments to reconcile to operating profit before financing costs:			
Taxation charge/(credit)	7	**5.6**	(1.2)
Finance income	5	**—**	(0.2)
Finance costs including early termination fees	6a	**48.8**	45.2
Fair value loss on derivative interest rate swaps and amortisation of hedging reserve	6b	**7.0**	8.4
Fair value loss on convertible bond	6c	**0.6**	4.8
Operating profit before financing costs		**103.4**	84.3
Adjustments to reconcile Group operating profit before financing costs to net cash flows from operating activities:			
Revaluation deficit on property portfolio	10	**38.4**	53.0
Axis acquisition costs and JSE listings fees		**—**	0.5
Amortisation of intangible assets		**0.9**	0.9
Fixed rent uplift		**(0.4)**	(0.7)
Tax (paid)		**(0.1)**	(0.3)
Increase in trade and other receivables		**(3.4)**	(7.1)
(Decrease)/increase in trade and other payables		**(3.6)**	3.0
Net cash flow from operating activities		**135.2**	133.6
Investing activities			
Payments to acquire and improve investment properties and fixed assets		**(20.6)**	(39.5)
Cash paid for acquisition of Axis		**—**	(5.1)
Net cash flow used in investing activities		**(20.6)**	(44.6)

	Notes	2024 £m	2023 £m
Financing activities			
Term bank loan drawdowns	14	**306.6**	282.4
Term bank loan repayments	14	**(278.9)**	(300.0)
Proceeds from bond issues	14	**—**	41.2
Loan/bond arrangement and early termination fees		**(3.8)**	(1.8)
Purchase of derivative financial instruments		**—**	(1.9)
Net interest paid and similar charges		**(46.1)**	(45.3)
Equity dividends paid	9	**(92.1)**	(89.5)
Net cash flow from financing activities		**(114.3)**	(114.9)
Decrease in cash and cash equivalents for the year		**0.3**	(25.9)
Cash and cash equivalents at start of year		**3.2**	29.1
Cash and cash equivalents at end of year	12	**3.5**	3.2

Group statement of changes in equity
for the year ended 31 December 2024

	Share capital £m	Share premium £m	Merger and other reserves £m	Hedging reserve £m	Retained earnings £m	Total £m
1 January 2024	167.1	479.4	415.3	(7.0)	369.1	1,423.9
Profit for the year	—	—	—	—	41.4	41.4
Other comprehensive income						
Amortisation of hedging reserve	—	—	—	2.5	—	2.5
Exchange loss on translation of foreign balances	—	—	(0.1)	—	—	(0.1)
Total comprehensive income	—	—	(0.1)	2.5	41.4	43.8
Share-based awards ("LTIP")	—	—	—	—	0.4	0.4
Dividends paid	—	—	—	—	(92.1)	(92.1)
31 December 2024	**167.1**	**479.4**	**415.2**	**(4.5)**	**318.8**	**1,376.0**

	Share capital £m	Share premium £m	Merger and other reserves £m	Hedging reserve £m	Retained earnings £m	Total £m
1 January 2023	167.1	479.4	416.7	(11.1)	430.1	1,482.2
Profit for the year	—	—	—	—	27.3	27.3
Other comprehensive income						
Amortisation of hedging reserve	—	—	—	4.1	—	4.1
Exchange (loss)/gain on translation of foreign balances	—	—	(1.4)	—	1.1	(0.3)
Total comprehensive income	—	—	(1.4)	4.1	28.4	31.1
Share-based awards ("LTIP")	—	—	—	—	0.1	0.1
Dividends paid	—	—	—	—	(89.5)	(89.5)
31 December 2023	167.1	479.4	415.3	(7.0)	369.1	1,423.9

Notes to the financial statements

1. Corporate information

The Group's financial statements for the year ended 31 December 2024 were approved by the Board of Directors on 27 February 2025 and the Group Balance Sheet was signed on the Board's behalf by the Chief Financial Officer, Richard Howell. Primary Health Properties PLC is a public limited company incorporated in England and Wales and domiciled in the United Kingdom, limited by shares. The Company's Ordinary Shares are admitted to the Official List of the UK Listing Authority, a division of the Financial Conduct Authority, and traded on the London Stock Exchange.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and with International Financial Reporting Standards ("IFRS") as issued by the IASB. The Group's financial statements have been prepared on the historical cost basis, except for investment properties, including investment properties under construction and land, the convertible bond and derivative financial instruments that have been measured at fair value. The Group's financial statements are prepared on the going concern basis (see page 110 for further details) and presented in sterling rounded to the nearest million.

Statement of compliance

The consolidated financial statements for the Group have been prepared in accordance with United Kingdom-adopted International Accounting Standards and applied in accordance with the Companies Act 2006.

2.2 Standards adopted during the year

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRSs effective for the Group as of 1 January 2024.

Amendments to IAS 1 Non-current liabilities with covenants

On 31 October 2022, the IASB issued Non-current liabilities with covenants (Amendments to IAS 1) to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Under the amendments to the standard, the classification of certain liabilities as current or non-current may change and companies may need to provide new disclosures for liabilities subject to covenants.

Amendments to IFRS 16 Lease liability in a sale and leaseback

On 22 September 2022, the IASB issued Lease liability in a sale and leaseback (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

None of the above have had a significant effect on the consolidated financial statements of the Group.

2.3 Summary of significant accounting policies

Basis of consolidation

The Group's financial statements consolidate the financial statements of Primary Health Properties PLC and its wholly owned subsidiary undertakings. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtained control, and continue to be consolidated until the date that such control ceases. Control is exercised if and only if an investor has all the following: power over an investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of the subsidiary undertakings are prepared for the accounting reference period ending 31 December each year using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated on consolidation.

The individual financial statements of Primary Health Properties PLC and each of its subsidiary undertakings will be prepared under FRS 101. The use of IFRSs at Group level does not affect the distributable reserves available to the Group.

Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment property in the United Kingdom and Ireland leased principally to GPs, government healthcare organisations and other associated healthcare users.

Foreign currency transactions

Each Group company presents its individual financial statements in its functional currency. The functional currency of all UK subsidiaries (with the exception of PHP Euro Private Placement Limited and MXF Properties Ireland Limited which operate in euros) is sterling and the functional currency of Primary Health Properties ICAV and Axis Real Estate Group, our Irish domiciled subsidiaries, is the euro.

Transactions in currencies other than an individual entity's functional currency ("foreign currencies") are recognised at the applicable exchange rate ruling on the transaction date. Exchange differences resulting from settling these transactions, or from retranslating monetary assets and liabilities denominated in foreign currencies, are included in the Group Statement of Comprehensive Income.

Foreign operations

In preparing the Group's consolidated financial statements, the assets and liabilities of foreign entities are translated into sterling at exchange rates prevailing on the balance sheet date. The income, expenses and cash flows of a foreign entity are translated at the average exchange rate for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used.

The exchange rates used to translate foreign currency amounts in 2024 are as follows:

- Group Balance Sheet: £1 = €1.209 (2023: €1.15355).
- Group Statement of Comprehensive Income: £1 = €1.18153 (2023: €1.15977).

Investment properties and investment properties under construction

The Group's investment properties are held for long term investment. Investment properties and those under construction are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties and investment properties under construction are stated at fair value based on market data and a professional valuation made as of each reporting date. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect future benefits from this future expenditure.

Gains or losses arising from changes in the fair value of investment properties and investment properties under construction are included in the Group Statement of Comprehensive Income in the year in which they arise.

Notes to the financial statements continued

2. Accounting policies continued

2.3 Summary of significant accounting policies continued

Investment properties and investment properties under construction continued

Investment properties are recognised on acquisition upon completion of contract, which is when control of the asset passes to the Group. Investment properties cease to be recognised when control of the property passes to the purchaser, which is upon completion of the sales contract. Any gains and losses arising are recognised in the Group Statement of Comprehensive Income in the year of disposal.

All costs associated with the purchase and construction of investment properties under construction are capitalised including attributable interest and staff costs. Interest is calculated on the expenditure by reference to the average rate of interest on the Group's borrowings. When properties under construction are completed, the capitalisation of costs ceases and they are reclassified as investment properties.

The Group may enter into a forward funding agreement with third-party developers in respect of certain properties under development. In accordance with these agreements, the Group will make monthly stage payments to the developer based on certified works on site at that time. Interest is charged to the developer on all stage payments made during the construction period and on the cost of the land acquired by the Group at the outset of the development and taken to the Group Statement of Comprehensive Income in the year in which it accrues.

Property acquisitions and business combinations

Where a property is acquired through the acquisition of corporate interests, the Board considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where properties are acquired through the purchase of a corporate entity but the transaction does not meet the definition of a business combination under IFRS 3, the purchase is treated as an asset acquisition. Where the acquisition is considered a business combination, the excess of the consideration transferred over the fair value of assets and liabilities acquired is held as goodwill, initially recognised at cost with subsequent impairment assessments completed at least annually. Where the initial calculation of goodwill arising is negative, this is recognised immediately in the Group Statement of Comprehensive Income. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values on the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Where any excess of the purchase price of business combinations over the fair value of the assets, liabilities and contingent liabilities is acquired, goodwill is recognised. This is recognised as an asset and is reviewed for impairment at least annually. Any impairment is recognised immediately in the Group Statement of Comprehensive Income.

Gains on sale of properties

Gains on sale of properties are recognised on the completion of the contract, and are calculated by reference to the carrying value at the end of the previous reporting period, adjusted for subsequent capital expenditure and sale costs.

Net rental income

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease term. An adjustment to rental income is recognised from the rent review date of each lease in relation to unsettled rent reviews. Such adjustments are accrued at 100% (2023: 100%) of the additional rental income that is expected to result from the review. For leases which contain fixed or minimum deemed uplifts, the rental income is recognised on a straight line basis over the lease term. Incentives for lessees to enter into lease agreements are spread evenly over the lease terms, even if the payments are not made on such a basis. Rental income is measured at the fair value of the consideration receivable, excluding discounts, rebates, VAT and other sales taxes or duty. Net rental income is the rental income receivable in the period after payment of direct property costs.

Interest income

Interest income is recognised as interest accrues, using the effective interest method (that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Financial instruments under IFRS 9

Trade receivables

Trade receivables are recognised at their transaction price and carried at amortised cost as the Group's business model is to collect the contractual cash flows due from tenants which are solely the payment of principal and interest. A loss allowance is made based on the expected credit loss model which reflects the Group's historical credit loss experience over the past three years but also reflects the lifetime expected credit loss.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and short term deposits, with an original maturity of three months or less, measured at amortised cost.

Trade and other payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost inclusive of any VAT that may be applicable.

Bank loans and borrowings

All loans and borrowings are initially measured at fair value less directly attributable transaction costs. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method.

The interest due and unpaid is accrued at the end of the year and presented as a current liability within trade and other payables.

Borrowing costs

Borrowing costs that are separately identifiable and directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs the Group incurs in connection with the borrowing of funds.

Notes to the financial statements continued

2. Accounting policies continued

2.3 Summary of significant accounting policies continued

Financial instruments under IFRS 9 continued

Convertible bond

The convertible bond is designated as "at fair value through profit or loss" and so is presented on the Group Balance Sheet at fair value with all gains and losses, including the write-off of issuance costs, recognised in the Group Statement of Comprehensive Income. The fair value of the convertible bond is assessed in accordance with level 1 valuation techniques as set out within "Fair value measurements" within these accounting policies. The interest charge in respect of the coupon rate on the bond has been recognised within the underlying component of net financing costs on an accruals basis. Refer to Note 14b for further details. The amount of the change in fair value of the financial liability designated at fair value through profit or loss that is attributable to changes in credit risk will be recognised in other comprehensive income.

De-recognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised where:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- the cash flows are significantly modified.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

When the exchange or modification of an existing financial liability is not accounted for as an extinguishment, any costs or fees incurred adjust the liability's carrying amount and are amortised over the modified liability's remaining term and any difference in the carrying amount after modification is recognised as a modification gain or loss.

Hedge accounting

At the inception of a transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at inception and on an ongoing basis.

For cash flow hedging, the Group monitors the hedging instrument to check it continues to meet the criteria of IAS 39, having applied the practical expedient on transition, for being described as "highly effective" in offsetting changes in the fair values or cash flows of hedged items.

For net investment hedge relationships, the Group monitors the hedging instrument to check it continues to meet the criteria of IAS 39 for being described as "highly effective".

Derivative financial instruments (the "derivatives")

The Group uses interest rate swaps to help manage its interest rate risk.

All interest rate derivatives are initially recognised at fair value at the date the derivative is entered into and are subsequently remeasured at fair value. The fair values of the Group's interest rate swaps are calculated by Chatham (formally JCRA), an independent specialist which provides treasury management services to the Group.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as an effective hedging instrument:

- Where a derivative is designated as a hedge of the variability of a highly probable forecast transaction, such as an interest payment, the element of the gain or loss on the derivative that is an "effective" hedge is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in the cash flow hedging reserve are reclassified into the Group Statement of Comprehensive Income in the same period or periods during which the asset acquired or liability assumed affects the Group Statement of Comprehensive Income, i.e. when interest income or expense is recognised.
- The gain or loss on derivatives that do not meet the strict criteria for being "effective" and so do not qualify for hedge accounting and the non-qualifying element of derivatives that do qualify for hedge accounting are recognised in the Group Statement of Comprehensive Income immediately. The treatment does not alter the fact that the derivatives are economic hedges of the underlying transaction.

Notes to the financial statements continued

2. Accounting policies continued
2.3 Summary of significant accounting policies continued
De-recognition of financial assets and liabilities continued
Derivative financial instruments (the "derivatives") continued
For swaps that have been cancelled which previously qualified for hedge accounting, the remaining value within the cash flow hedging reserve at the date of cancellation is recycled to the Group Statement of Comprehensive Income on a straight line basis from the date of cancellation to the original swap expiry date where the hedged transaction is still expected to occur. If the swaps have been cancelled and the hedged transaction is no longer expected to occur, the amount accumulated in the hedging reserve is reclassified to profit and loss immediately.

Tax
Taxation on the profit or loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Taxation is recognised in the Group Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movements in equity, in which case it is also recognised as a direct movement in equity.

Current tax is the expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Fair value measurements
The Group measures certain financial instruments, such as derivatives, the Group's convertible bond and non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques at three levels that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

Leases – Group as a lessor
The vast majority of the Group's properties are leased out under operating leases and are included within investment properties. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Where the Group transfers substantially all the risks and benefits of ownership of the asset, the arrangement is classified as a finance lease and a receivable is recognised for the initial direct costs of the lease and the present value of the minimum lease payments. Finance income is recognised in the Group Statement of Comprehensive Income so as to achieve a constant rate of return on the remaining net investment in the lease. Interest income on finance leases is restricted to the amount of interest actually received.

Employee costs
Defined contribution pension plans
Obligations for contributions to defined contribution pension plans are charged to the Group Statement of Comprehensive Income as incurred.

Share-based employee remuneration
The fair value of equity-settled share-based payments to employees is determined with reference to the fair value of the equity instruments at the date of grant and is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares or options that will eventually vest. The fair value of awards is equal to the market value at grant date.

Capitalised salaries
Certain internal staff and associated costs directly attributable to the management of major projects are capitalised. Internal staff costs are capitalised from the start of the project until the date of practical completion.

Properties held for sale
Investment property (and disposal groups) classified as held for sale are measured at fair value consistent with other investment properties.

Notes to the financial statements continued

2. Accounting policies continued

2.3 Summary of significant accounting policies continued

Properties held for sale continued

Investment property and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Capitalised costs

A capitalised cost is an expense added to the cost basis of a fixed asset on the balance sheet. Capitalised costs are incurred when purchasing fixed assets following the matching principle of accounting to record expenses in the same period as related revenues or useful life of an asset. The historical costs are recorded on the balance sheet and depreciated over the useful life of an asset.

Intangible assets

Contract-based intangible assets comprise the value of customer contracts arising on business combinations. Intangible assets arising on business combinations are initially recognised at fair value. Intangible assets arising on business combinations are amortised on a straight line basis to the Group Statement of Comprehensive Income over their expected useful lives, and are carried at amortised historical cost.

2.4 Significant accounting estimates and judgements

The preparation of the Group financial statements requires management to make a number of estimates and judgements that affect the reported amounts of assets and liabilities and may differ from future actual results. The estimates and judgements that are considered most critical and that have a significant inherent risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

a) Estimates

Fair value of investment properties

Investment properties include: (i) completed investment properties; and (ii) investment properties under construction. Completed investment properties comprise real estate held by the Group or leased by the Group under a finance lease in order to earn rental income or for capital appreciation, or both. Investment properties under construction are not material and therefore there is no estimation uncertainty.

The fair market value of a property is deemed by the independent property valuer appointed by the Group to be the estimated amount for which a property should exchange, on the date of valuation, in an arm's length transaction. Properties have been valued on an individual basis, assuming that they will be sold individually over time. Allowances are made to reflect the purchaser's costs of professional fees and stamp duty and tax.

In accordance with RICS Appraisal and Valuation Standards, factors taken into account are current market conditions, annual rentals, state of repair, ground stability, contamination issues and fire and health and safety legislation. Refer to Note 10 of the financial statements which includes further information on the fair value assumptions and sensitivities.

Fair value of derivatives

In accordance with IFRS 9, the Group values its derivative financial instruments at fair value. Fair value is estimated by Chatham on behalf of the Group, using a number of assumptions based upon market rates and discounted future cash flows. The derivative financial instruments have been valued by reference to the mid price of the yield curve prevailing on 31 December 2024. Fair value represents the net present value of the difference between the cash flows produced by the contracted rate and the valuation rate. Refer to Note 16 of the financial statements.

b) Judgements

In the process of applying the Group's accounting policies, which are described above, the Directors do not consider there to be significant judgements applied with regard to the policies adopted.

2.5 Standards issued but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases have not yet been adopted by the UK:

- amendments to IAS 21 Lack of exchangeability;
- amendments to SASB standards;
- amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7); and
- amendments to IFRS 18 Presentation and disclosures in financial statements.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2025, but are not yet applicable to the Group and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

3. Rental and related income

Revenue comprises rental income receivable on property investments in the UK and Ireland, which is exclusive of VAT, plus facilities and properties management income. Revenue is derived from one reportable operating segment, with £139.8 million and £14.1 million of contracted rent roll derived from the UK and Ireland respectively. Details of the lease income are given below.

Group as a lessor

a) The future minimum lease payments under non-cancellable operating leases receivable by the Group are as follows:

	Less than one year £m	One to two years £m	Two to three years £m	Three to four years £m	Four to five years £m	More than five years £m	Total £m
2024	**146.3**	**139.0**	**131.3**	**123.8**	**113.6**	**773.2**	**1,427.2**
2023	145.0	139.9	135.4	128.0	120.7	862.8	1,531.8

Notes to the financial statements continued

3. Rental and related income continued

Group as a lessor continued

b) The rental income earned on operating leases is recognised on a straight line basis over the lease term.

The Group leases medical centres to GPs, NHS organisations, the HSE in Ireland and other healthcare users, typically on long term occupational leases which provide for regular reviews of rent on an effectively upwards-only basis.

4. Group operating profit

Operating profit is stated after charging administrative expense of £13.0 million (31 December 2023: £12.3 million) and amortisation of intangible assets of £0.9 million (31 December 2023: £0.9 million). Administrative expenses as a proportion of rental and related income were 7.2% (31 December 2023: 7.2%). The Group's EPRA cost ratio has increased to 10.8%, compared to 10.7% for the same period in 2023.

Administrative expenses include staff costs of £7.9 million (31 December 2023: £7.5 million).

In 2023 PHP acquired Axis, an Irish property management business. In the period Axis contributed £11.3 million (2023: £5.7 million) of related income and incurred direct property expenses of £9.2 million (2023: £3.9 million), contributing £2.1 million (2023: £1.8 million) of net related income. After the deduction of £0.9 million (2023: £0.7 million) of administrative expenses Axis generated an operating profit of £1.2 million (2023: £1.1 million).

Group operating profit is stated after charging:

	2024 £m	2023 £m
Administrative expenses including:		
Staff costs (Note 4a)	**7.9**	7.5
Directors' fees	**0.5**	0.4
Audit fees		
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**0.5**	0.5
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	**0.1**	0.1
Total audit fees	**0.6**	0.6
Total audit and assurance services	**0.6**	0.6
Non-audit fees		
Fees payable to the Company's auditor and its associates for the interim review	**0.1**	0.1
Advisory services	**—**	—
Total non-audit fees	**0.1**	0.1
Total fees	**0.7**	0.7

Please refer to page 80 of the Audit Committee Report for analysis of non-audit fees.

a) Staff costs

	2024 £m	2023 £m
Wages and salaries	**8.0**	7.9
Less staff costs capitalised in respect of development and asset management projects	**(1.7)**	(1.5)
Social security costs	**0.7**	0.7
Pension costs	**0.3**	0.3
Equity-settled share-based payments	**0.6**	0.1
	7.9	7.5

In addition to the above, there were £0.9 million (31 December 2023: £0.9 million) of direct salaries recognised within property costs for Axis employees. The Group operates a defined contribution pension scheme for all employees. The Group contribution to the scheme during the year was £0.3 million (2023: £0.3 million), which represents the total expense recognised through the Group Statement of Comprehensive Income. As at 31 December 2024, there were no contributions (2023: £nil) due in respect of the reporting period that had not been paid over to the plan.

The average monthly number of Group employees during the year was 60 which included 55 full-time and five part-time employees (2023: 62 which included 60 full time and two part time), and as at 31 December 2024 was 60 (2023: 58). In addition to this, the average number of employees in the Axis team during the year was 28 (2023: 27), with 27 (2023: 28) employees as at 31 December 2024.

The Executive Directors and Non-executive Directors are the key management personnel. Full disclosure of Directors' emoluments, as required by the Companies Act 2006, can be found in the Remuneration Report on pages 87 to 107.

The Group's equity-settled share-based payments comprise the following:

Scheme	Fair value measure
Long Term Incentive Plan ("LTIP")	Face value at grant date
Save As You Earn ("SAYE")	Face value at grant date

The Group expenses an estimate of how many shares are likely to vest based on the market price at the date of grant, taking account of expected performance against the relevant performance targets and service periods, which are discussed in further detail in the Remuneration Report.

Notes to the financial statements continued

5. Finance income

	2024 £m	2023 £m
Interest income on financial assets		
Development loan interest	—	0.2
	—	0.2

6. Finance costs

	2024 £m	2023 £m
Interest expense and similar charges on financial liabilities		
a) Interest		
Bank loan interest	**29.5**	27.4
Swap interest	**(5.0)**	(4.6)
Bond interest	**20.5**	20.0
Bank facility non-utilisation fees	**2.2**	2.2
Bank charges and loan arrangement fees	**3.2**	3.3
	50.4	48.3
Interest capitalised	**(0.6)**	(0.1)
	49.8	48.2
Amortisation of MedicX debt MtM on acquisition	**(3.0)**	(3.0)
	46.8	45.2

	2024 £m	2023 £m
b) Derivatives		
Net fair value loss on interest rate swaps	**4.5**	4.3
Amortisation of cash flow hedging reserve	**2.5**	4.1
	7.0	8.4

The fair value movement on derivatives recognised in the Group Statement of Comprehensive Income has arisen from the interest rate swaps for which hedge accounting does not apply.

	2024 £m	2023 £m
c) Convertible bond		
Fair value loss on existing convertible bond	**0.6**	4.8
	0.6	4.8

The fair value movement in the convertible bond is recognised in the Group Statement of Comprehensive Income within profit before taxation and is excluded from the calculation of EPRA earnings and EPRA NTA. Refer to Note 14 for further details about the convertible bonds.

	2024 £m	2023 £m
Net finance costs		
Finance income (Note 5)	**—**	0.2
Finance costs (as per above)	**(50.4)**	(48.3)
	(50.4)	(48.1)
Interest capitalised	**0.6**	0.1
	(49.8)	(48.0)
Amortisation of MedicX debt MtM on acquisition	**3.0**	3.0
	(46.8)	(45.0)

7. Taxation

a) Taxation charge in the Group Statement of Comprehensive Income

The taxation charge is made up as follows:

	2024 £m	2023 £m
Current tax		
UK corporation tax	**—**	—
Irish corporation tax	**—**	0.1
Deferred tax on Irish activities	**5.6**	(1.3)
Total tax charge/(credit)	**5.6**	(1.2)

The UK corporation tax rate of 25% (2023: 25%) and the Irish corporation tax rate of 19% (2023: 19%) have been applied in the measurement of the Group's UK and Ireland related activities tax liability at 31 December 2024.

Notes to the financial statements continued

7. Taxation continued

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2023: lower than) the standard rate of corporation tax in the UK. The differences are explained below:

	2024 £m	2023 £m
Profit on ordinary activities before taxation	**47.0**	26.1
Standard tax at UK corporation tax rate of 25% (2023: 23.5%)	**11.8**	6.1
REIT exempt income	**(17.1)**	(16.5)
Transfer pricing adjustment	**9.0**	8.5
Fair value loss on convertible bond	**0.1**	0.5
Non-taxable items	**0.2**	0.8
Losses brought forward utilised	**0.9**	0.1
Difference in Irish tax rates	**0.7**	(0.7)
Taxation charge/(credit) (Note 7a)	**5.6**	(1.2)

The UK REIT rules exempt the profits of the Group's property rental business from corporation tax.

c) Basis of taxation

The Group elected to be treated as a UK REIT with effect from 1 January 2007. The UK REIT rules exempt the profits of the Group's property rental business from corporation tax. Gains on properties are also exempt from tax, provided they are not held for trading or sold in the three years post completion of development. The corporation tax rate for the Group as at 31 December 2024 was 25% (2023: 25%). The effective rate during the year was 25% (2023: 23.5%) as the rate for the whole year remained at 25% (2023: 23.5% – January to April 19%, 1 April 25%).

Acquired companies are effectively converted to UK REIT status from the date on which they become a member of the Group.

As a UK REIT, the Company is required to pay Property Income Distributions ("PIDs") equal to at least 90% of the Group's rental profit calculated by reference to tax rules rather than accounting standards.

To remain as a UK REIT there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activities and the balance of its business. The Group remains compliant as at 31 December 2024.

The Group's activities in Ireland are conducted via Irish companies, a Guernsey company and an Irish Collective Asset Vehicle ("ICAV"). The Irish companies pay Irish corporation tax on trading activities and deferred tax is calculated on the increase in capital values. The Guernsey company pays tax on its net rental income. The ICAV does not pay any Irish corporation tax on its profits but a 20% withholding tax is paid on distributions to owners.

8. Earnings per share

Performance measures

In the tables below, we present earnings per share and net assets per share calculated in accordance with IFRSs, together with our own adjusted measure and certain measures defined by the European Public Real Estate Association ("EPRA"), which have been included to assist comparison between European property companies. Two of the Group's key financial performance measures are adjusted earnings per share and adjusted net tangible assets per share.

Adjusted earnings, which is a tax adjusted measure of revenue profit, is the basis for the calculation of adjusted earnings per share. We believe adjusted earnings and adjusted earnings per share provide further insight into the results of the Group's operational performance to stakeholders as they focus on the net rental income performance of the business and exclude capital and other items which can vary significantly from year to year.

Earnings per share

	2024			2023		
	IFRS earnings £m	Adjusted earnings £m	EPRA earnings £m	IFRS earnings £m	Adjusted earnings £m	EPRA earnings £m
Profit after taxation	**41.4**	**41.4**	**41.4**	27.3	27.3	27.3
Adjustments to remove:						
Revaluation deficit on property portfolio	**—**	**38.4**	**38.4**	—	53.0	53.0
Fair value movement on derivatives	**—**	**7.0**	**7.0**	—	8.4	8.4
Fair value movement and issue costs on convertible bond	**—**	**0.6**	**0.6**	—	4.8	4.8
Taxation charge/(credit)	**—**	**5.6**	**5.6**	—	(1.2)	(1.2)
JSE listing fees	**—**	**—**	**—**	—	0.2	0.2
Amortisation of intangible assets	**—**	**0.9**	**0.9**	—	0.9	0.9
Axis acquisition costs	**—**	**—**	**—**	—	0.3	0.3
Early termination fees on bonds	**—**	**2.0**	**2.0**	—	—	—
Amortisation of MtM loss on debt acquired	**—**	**(3.0)**	**—**	—	(3.0)	—
Basic earnings	**41.4**	**92.9**	**95.9**	27.3	90.7	93.7
Dilutive effect of convertible bond	**—**	**4.3**	**4.3**	—	4.3	4.3
Diluted earnings	**41.4**	**97.2**	**100.2**	27.3	95.0	98.0

Notes to the financial statements continued

8. Earnings per share continued

Number of shares

	2024 weighted average			2023 weighted average		
	million	million	million	million	million	million
Ordinary Shares	1,336.5	1,336.5	1,336.5	1,336.5	1,336.5	1,336.5
Dilutive effect of convertible bond	—	119.4	119.4	—	113.9	113.9
Diluted Ordinary Shares	1,336.5	1,455.9	1,455.9	1,336.5	1,450.4	1,450.4

Profit/(loss) per share attributable to shareholders:

	2024			2023		
	IFRS pence	Adjusted pence	EPRA pence	IFRS pence	Adjusted pence	EPRA pence
Basic	3.1	7.0	7.2	2.0	6.8	7.0
Diluted	3.1	6.7	6.9	2.0	6.6	6.8

In the years ended 31 December 2024 and 31 December 2023 the effect of the convertible bond has been excluded from the diluted profit and weighted average diluted number of shares when calculating IFRS diluted profit per share because they are anti-dilutive.

Net assets per share

	31 December 2024			31 December 2023		
	IFRS pence	Adjusted pence	EPRA pence	IFRS pence	Adjusted pence	EPRA pence
Net assets attributable to shareholders	1,376.0	1,376.0	1,376.0	1,423.9	1,423.9	1,423.9
Derivative interest rate swaps liability	—	(0.2)	(0.2)	—	(4.7)	(4.7)
Deferred tax	—	9.0	9.0	—	3.8	3.8
Intangible assets	—	(5.3)	(5.3)	—	(6.2)	(6.2)
Cumulative convertible bond fair value movement	—	(1.7)	(1.7)	—	(2.3)	(2.3)
MtM on MedicX debt net of amortisation	—	25.4	—	—	28.5	—
Net tangible assets ("NTA")	1,376.0	1,403.2	1,377.8	1,423.9	1,443.0	1,414.5
Intangible assets	—	—	5.3	—	—	6.2
Real estate transfer taxes	—	—	181.4	—	—	184.4

	31 December 2024			31 December 2023		
	IFRS pence	Adjusted pence	EPRA pence	IFRS pence	Adjusted pence	EPRA pence
Net reinstatement value ("NRV")	1,376.0	1,403.2	1,564.5	1,423.9	1,443.0	1,605.1
Fixed rate debt and swap MtM value	—	—	149.3	—	—	137.0
Deferred tax	—	—	(9.0)	—	—	(3.8)
Cumulative convertible bond fair value movement	—	—	1.7	—	—	2.3
Real estate transfer taxes	—	—	(181.4)	—	—	(184.4)
Net disposal value ("NDV")	1,376.0	1,403.2	1,525.1	1,423.9	1,443.0	1,556.2

Ordinary Shares

	31 December 2024			31 December 2023		
	million	million	million	million	million	million
Issued share capital	1,336.5	1,336.5	1,336.5	1,336.5	1,336.5	1,336.5

Basic net asset value per share[1]

	31 December 2024			31 December 2023		
	IFRS pence	Adjusted pence	EPRA pence	IFRS pence	Adjusted pence	EPRA pence
Net tangible assets ("NTA")	103.0	105.0	103.1	106.5	108.0	105.8
Net reinstatement value ("NRV")	—	—	117.1	—	—	120.1
Net disposal value ("NDV")	—	—	114.1	—	—	116.4

1 The above are calculated on a "basic" basis without the adjustment for the impact of the convertible bond which is shown in the diluted basis table below.

Diluted net asset value per share[2]

	31 December 2024			31 December 2023		
	IFRS pence	Adjusted pence	EPRA pence	IFRS pence	Adjusted pence	EPRA pence
Net tangible assets ("NTA")	104.8	106.7	103.1	108.5	109.8	105.8
Net reinstatement value ("NRV")	—	—	117.1	—	—	120.1
Net disposal value ("NDV")	—	—	114.1	—	—	116.4

2 The Company assesses the dilutive impact of the unsecured convertible bond, issued by the Group on 15 July 2019, on its net asset value per share with a current exchange price of 125.64 pence (31 December 2023: 131.72 pence). This effect is anti-dilutive, with both basic and diluted IFRS NTA presented as equal on the balance sheet.

Notes to the financial statements continued

8. Earnings per share continued

Diluted net asset value per share continued

Conversion of the convertible bond would result in the issue of 119.4 million (31 December 2023: 113.9 million) new Ordinary Shares. The IFRS net asset value and EPRA NDV would increase by £148.3 million (31 December 2023: £147.7 million) and the EPRA NTA, adjusted NTA and EPRA NRV would increase by £150.0 million (31 December 2023: £150.0 million). The resulting diluted net asset values per share are anti-dilutive to all measures and are set out in the table above.

In accordance with IAS 33 Earnings per share the Company is required to assess and disclose the dilutive impact of the contingently issuable shares within the convertible bond. The impact is not recognised where it is anti-dilutive.

Headline earnings per share

The JSE listing conditions require the calculation of headline earnings (calculated in accordance with Circular 1/2021 – Headline Earnings as issued by the South African Institute of Chartered Accountants) and disclosure of a detailed reconciliation of headline earnings to the earnings numbers used in the calculation of basic earnings per share in accordance with the requirements of IAS 33 Earnings per share. Disclosure of headline earnings is not a requirement of IFRS.

Reconciliation of profit for the period to headline earnings	2024 £m	2023 £m
Basic earnings	**41.4**	27.3
Adjustments to calculate headline earnings:		
JSE listing fees and Axis acquisition costs	**—**	0.5
Amortisation of intangible assets	**0.9**	0.9
Revaluation deficit	**38.4**	53.0
Deferred tax on Irish activities	**5.6**	(1.3)
Headline earnings	**86.3**	80.4
Corporation tax	**—**	0.1
Fair value loss on derivative financial instruments and convertible bond	**7.6**	13.2
Non-recurring items	**(1.0)**	(3.0)
Adjusted earnings	**92.9**	90.7
Diluted basic earnings	**41.4**	27.3
Diluted headline earnings	**91.2**	89.5
Basic earnings per share	**3.1**	2.0
Headline earnings per share	**6.5**	6.0
Adjusted earnings per share	**7.0**	6.8
Diluted basic earnings per share	**3.1**	2.0
Diluted headline earnings per share	**6.3**	6.2

Reconciliation of profit for the period to headline earnings	2024	2023
Number of shares	**1,336.5**	1,336.5
Weighted average number of Ordinary Shares for headline, basic and adjusted earnings per share	**1,336.5**	1,336.5
Weighted average number of Ordinary Shares for diluted basic and headline earnings per share	**1,455.9**	1,450.4

9. Dividends

Amounts recognised as distributions to equity holders in the year:

	2024 £m	2023 £m
Quarterly interim dividend paid 23 February 2024	**23.1**	—
Quarterly interim dividend paid 17 May 2024	**23.0**	—
Quarterly interim dividend paid 16 August 2024	**23.0**	—
Quarterly interim dividend paid 22 November 2024	**23.0**	—
Quarterly interim dividend paid 23 February 2023	**—**	22.4
Quarterly interim dividend paid 19 May 2023	**—**	22.4
Quarterly interim dividend paid 18 August 2023	**—**	22.3
Quarterly interim dividend paid 24 November 2023	**—**	22.4
Total dividends distributed in the year	**92.1**	89.5
Per share	**6.9p**	6.7p

On 2 January 2025, the Board declared an interim dividend of 1.775 pence per Ordinary Share with regard to the year ended 31 December 2024, payable on 21 February 2025. This dividend will consist wholly of an ordinary dividend of 0.4 pence and Property Income Distribution ("PID") of 1.375 pence.

10. Investment properties and investment properties under construction

Properties have been independently valued at fair value by Avison Young (UK) Limited, Jones Lang LaSalle and CBRE Chartered Surveyors and Valuers, as at the balance sheet date in accordance with accounting standards. The valuers have confirmed that they have valued the properties in accordance with the Practice Statements in the RICS Appraisal and Valuation Standards 2024 (the "Red Book"). There were no changes to the valuation techniques during the year. The valuers are appropriately qualified and have sufficient market knowledge and relevant experience of the location and category of investment property and have had full regard to market evidence when determining the values. The properties are 99.1% let (2023: 99.3%). The valuations reflected a 5.22% (2023: 5.05%) net initial yield and a 5.27% (2023: 5.06%) true equivalent yield. Where properties have outstanding rent reviews, an estimate is made of the likely rent on review in line with market expectations and the knowledge of the valuers.

Notes to the financial statements continued

10. Investment properties and investment properties under construction continued

In accordance with IAS 40, investment properties under construction have also been valued at fair value by the valuers. In determining the fair value, the valuers are required to value development property as if complete, deduct the costs remaining to be paid to complete the development and consider the significant risks which are relevant to the development process including, but not limited to, construction and letting risks and the impact they may have on fair value. In the case of the Group's portfolio under construction, where the sites are pre-let and construction risk remains with the builder/developer, the valuers have deemed that the residual risk to the Group is minimal. As required by the Red Book, the valuers have deducted the outstanding cost to the Group through to the completion of construction of £2.5 million (2023: £5.4 million) in arriving at the fair value to be included in the financial statements.

In addition to the above, capital commitments have been entered into amounting to £33.9 million (2023: £7.1 million) which have not been provided for in the financial statements.

A fair value decrease of £1.2 million (2023: decrease of £4.2 million) in respect of investment property under construction has been recognised in the Group Statement of Comprehensive Income, as part of the overall total net valuation loss on the property portfolio in the year of £38.4 million (2023: £53.0 million loss).

Of the £2,750.1 million (2023: £2,776.3 million) valuation, £2,494.8 million (90.7%) (2023: £2,531.7 million) relates to investment properties in the UK and £255.3 million (9.3%) (2023: £244.6 million) relates to investment properties in Ireland.

In line with accounting policies, the Group assessed whether the acquisitions during the year were asset purchases or business combinations.

	Investment properties – freehold[1] £m	Investment properties – long leasehold £m	Investment properties – under construction £m	Total £m
As at 1 January 2024	2,195.1	583.2	1.0	2,779.3
Property additions	13.7	0.4	7.9	22.0
Impact of lease incentive adjustment	0.3	1.3	—	1.6
Foreign exchange movements	(9.4)	(2.0)	—	(11.4)
Lease ground rent adjustment	—	—	—	—
	2,199.7	582.9	8.9	2,791.5
Revaluations for the year	(31.4)	(5.8)	(1.2)	(38.4)
Properties held for sale (reclassified to current assets)	(3.0)	—	—	(3.0)
As at 31 December 2024	**2,165.3**	**577.1**	**7.7**	**2,750.1**

	Investment properties – freehold[1] £m	Investment properties – long leasehold £m	Investment properties – under construction £m	Total £m
As at 1 January 2023	2,214.5	577.3	4.5	2,796.3
Property additions	10.3	28.3	1.4	40.0
Reclassification of freehold and leasehold and land	2.1	(1.4)	(0.7)	—
Impact of lease incentive adjustment	0.4	0.5	—	0.9
Foreign exchange movements	(3.8)	(0.9)	—	(4.7)
Lease ground rent adjustment	—	(0.2)	—	(0.2)
	2,223.5	603.6	5.2	2,832.3
Revaluations for the year	(28.4)	(20.4)	(4.2)	(53.0)
As at 31 December 2023	2,195.1	583.2	1.0	2,779.3

1 Includes development land held at £0.7 million (31 December 2023: £0.7 million).

Bank borrowings, bonds and interest rate swaps are secured on investment properties with a value of £2,702.8 million (2023: £2,739.3 million).

Right of use assets

In accordance with IFRS 16 Leases, the Group has recognised a £3.0 million head lease liability and an equal and opposite finance lease asset which is included in non-current assets.

Fair value hierarchy

All of the Group's properties are level 3, as defined by IFRS 13, in the fair value hierarchy as at 31 December 2024 and 31 December 2023. There were no transfers between levels during the year or during 2023. Level 3 inputs used in valuing the properties are those which are unobservable, as opposed to level 1 (inputs from quoted prices) and level 2 (non-quoted observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices)).

Valuation techniques used to derive level 3 fair values

The valuations have been prepared on the basis of fair market value ("FMV") which is defined in the RICS Valuation Standards as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Notes to the financial statements continued

10. Investment properties and investment properties under construction continued

Valuation techniques

Under the market comparable approach, a property's fair value is estimated based on comparable transactions on an arm's length basis, using certain unobservable inputs. These inputs are detailed below.

Unobservable input: estimated rental value ("ERV")

The rent at which space could be let in the market conditions prevailing at the date of valuation. ERV is also used in determining expected rental uplift on outstanding rent reviews.

	2024	2023
ERV – range of the portfolio	**£29,000–£1,515,482 per annum**	£27,500–£1,515,482 per annum

Unobservable input: equivalent yield

The equivalent yield is defined as the internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review date, but with no further rental growth.

	2024	2023
True equivalent yield – range of the portfolio	**2.80%–13.43%**	2.77%–16.10%

Unobservable input: physical condition of the property

The properties are physically inspected by the valuers on a three-year rotating basis.

Unobservable input: net initial yield ("NIY")

The NIY is the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchaser's costs.

Unobservable input: rental growth

The estimated average increase in rent based on both market estimations and contractual situations.

Sensitivity of measurement of significant unobservable inputs

During 2024 the Group experienced a 17bps increase in the portfolio net initial yield, reducing investment property by £38.4 million (1.4% reduction), before reflecting gains as a result of rental growth and asset management projects. We have therefore applied the following sensitivities:

- A decrease in the estimated annual rent will decrease the fair value. A 2% decrease/increase in annual rent would result in an approximately £55.0 million decrease/increase in the investment property valuation.
- A decrease in the equivalent yield will increase the fair value. A 25bps shift of equivalent yield would have an approximately £124.1 million impact on the investment property valuation, either an increase or decrease.
- A deterioration in the physical condition of the property will decrease the fair value.
- An increase in the net initial yield will decrease fair value. A further 25bps shift in the net initial yield would have an approximately £125.6 million impact on the investment property valuation, either an increase or decrease.

11. Trade and other receivables

	2024 £m	2023 £m
Trade receivables (net of loss allowance)	**16.6**	16.3
Prepayments and accrued income	**10.3**	7.9
Other debtors	**0.8**	0.7
	27.7	24.9

The expected credit losses are estimated using a provision matrix by reference to past experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor on the recoverability, general economic conditions of the industry and an assessment of both the current and the forecast direction of conditions at the reporting date. Payment default is where PHP assesses there could be a probable failure of a tenant making a contractual payment of rent. The Group has therefore not recognised a significant loss allowance because historical experience has indicated that the risk profile of trade receivables is deemed low, and any loss allowance would therefore be insignificant.

The Group's principal customers are invoiced and pay quarterly in advance, usually on English, Scottish and Gale quarter days. There is no significant concentration of credit risk with respect to trade receivables, as the Group has a large number of tenants.

12. Cash and cash equivalents

	2024 £m	2023 £m
Cash held at bank	**3.5**	3.2
	3.5	3.2

Bank interest is earned at floating rates depending upon the bank deposit rate. Short term deposits may be made for varying periods of between one day and three months, dependent on available cash and forthcoming cash requirements of the Group. These deposits earn interest at various short term deposit rates.

Notes to the financial statements continued

13. Trade and other payables

	2024 £m	2023 £m
Non-current liabilities		
Other payables	**3.1**	4.1
	3.1	4.1
Current liabilities		
Trade payables	**1.8**	2.5
Bank and bond loan interest accrual	**7.5**	6.5
Other payables	**8.4**	8.6
VAT	**6.8**	6.7
Accruals	**6.1**	7.4
	30.6	31.7

14. Borrowings

a) Term loans and overdrafts

The table indicates amounts drawn and undrawn from each individual facility as at 31 December:

		Facility		Amounts drawn		Undrawn	
	Expiry date	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
Current							
RBS overdraft	Jun 2025	**5.0**	5.0	**0.9**	—	**4.1**	5.0
Aviva MXF loan	Sep 2033	**2.5**	2.4	**2.5**	2.4	**—**	—
		7.5	7.4	**3.4**	2.4	**4.1**	5.0
Non-current							
Aviva loan	Oct 2036	**200.0**	200.0	**200.0**	200.0	**0.0**	—
Aviva loan	Nov 2028	**75.0**	75.0	**75.0**	75.0	**0.0**	—
Barclays loan	Oct 2027	**170.0**	100.0	**105.0**	—	**65.0**	100.0
HSBC loan	Dec 2027	**100.0**	100.0	**39.0**	64.4	**61.0**	35.6
Lloyds loan	Oct 2027	**100.0**	100.0	**18.5**	1.8	**81.5**	98.2
NatWest loan	Oct 2026	**100.0**	100.0	**33.5**	31.8	**66.5**	68.2
Santander loan	Jan 2026	**50.0**	50.0	**24.4**	24.4	**25.6**	25.6
Aviva MXF loan	Sep 2033	**218.0**	220.5	**218.0**	220.5	**—**	—
Aviva MXF loan	Sep 2028	**30.8**	30.8	**30.8**	30.8	**—**	—
		1,043.8	976.3	**744.2**	648.7	**299.6**	327.6
Total		**1,051.3**	983.7	**747.6**	651.1	**303.7**	332.6

At 31 December 2024, total facilities of £1,630.4 million (2023: £1,642.5 million) were available to the Group. This included a £100.0 million secured bond, a £150.0 million nominal value convertible bond, £42.3 million, £57.9 million, £62.0 million and £39.5 million euro denominated bonds, a £50.0 million Ignis loan note, a £77.5 million Standard Life loan note and a £5.0 million overdraft facility. Of these facilities, as at 31 December 2024, £1,326.7 million was drawn (2023: £1,309.9 million). On 30 September 2024, the Group completed a new £170.0 million facility with Barclays with £70.0 million of the proceeds from the new facility being used to repay the variable rate bond ahead of maturity in December 2025. The new facility can be drawn in sterling and euros, and has an interest rate of 1.60% plus SONIA or EURIBOR and a term of three years with the option to extend by a further two years. The Group has also agreed terms with Lloyds to extend its £100.0 million facility for a further three years with an option to extend by a further two years as well as increase the size to £125.0 million. The £100.0 million HSBC facility was also extended for a further year.

Costs associated with the arrangement and extension of the facilities, including legal advice and loan arrangement fees, are amortised using the effective interest rate.

Any amounts unamortised as at the period end are offset against amounts drawn on the facilities as shown in the table below:

	2024 £m	2023 £m
Term loans drawn: due within one year	**3.4**	2.4
Term loans drawn: due in greater than one year	**744.2**	648.7
Total term loans drawn	**747.6**	651.1
Plus: MtM on loans net of amortisation	**22.5**	24.9
Less: unamortised borrowing costs	**(9.5)**	(9.1)
Total term loans per the Group Balance Sheet	**760.6**	666.9

The Group has been in compliance with all of the financial covenants of the above facilities as applicable through the year. Further details are shown in Note 17e.

The Group has entered into interest rate swaps to manage its exposure to interest rate fluctuations. These are set out in Note 16.

Notes to the financial statements continued

14. Borrowings continued

b) Bonds

	2024 £m	2023 £m
Unsecured:		
Convertible bond July 2025 at fair value	**148.3**	147.7
Less: unamortised costs	**—**	—
Total unsecured bonds	**148.3**	147.7
Secured:		
Secured bond December 2025	**—**	70.0
Secured bond March 2027	**100.0**	100.0
€51.0 million secured bond (Euro private placement) December 2028–30	**42.3**	44.2
€70.0 million secured bond (Euro private placement) September 2031	**57.9**	60.7
€75.0 million secured bond (Euro private placement) February 2034	**62.0**	65.0
€47.8 million secured bond (Euro private placement) December 2033	**39.5**	41.4
Ignis loan note December 2028	**50.0**	50.0
Standard Life loan note September 2028	**77.5**	77.5
Less: unamortised bond issue costs	**(2.7)**	(3.6)
Plus: MtM on loans net of amortisation	**2.8**	3.5
Total secured bonds	**429.3**	508.7
Total bonds	**577.6**	656.4

There were no bond conversions during the year (2023: £nil).

Secured bonds

On 18 December 2013, PHP successfully listed the floating rate guaranteed secured bonds issued on 4 November 2013 (the "secured bonds") on the London Stock Exchange. The secured bonds have a nominal value of £70.0 million and mature on 30 December 2025. The secured bonds incur interest at an annualised rate of 220bps plus a credit spread adjustment of 28bps above six-month SONIA, payable semi-annually in arrears. The secured bonds were fully redeemed on 25 September 2024.

On 21 March 2017, a £100.0 million secured bond was issued for a ten-year term at a fixed coupon of 2.83% that matures on 21 March 2027. Interest is paid semi-annually in arrears.

On 20 December 2018, senior secured notes for a total of €51.0 million (£42.3 million) were issued at a blended fixed rate of 2.4793% and a weighted average maturity of 10.4 years. Interest is paid semi-annually in arrears. The notes represent PHP's first euro denominated transaction in the private placement market. The secured notes were placed with UK and Irish institutional investors in two tranches:

- €40.0 million 2.46% senior notes due December 2028; and
- €11.0 million 2.633% senior notes due December 2030.

On 16 September 2019, new senior secured notes for a total of €70.0 million (£57.9 million) were issued at a fixed rate of 1.509% and a maturity of twelve years. Interest is paid semi-annually in arrears. The secured notes are guaranteed by the Company and were placed with UK and Irish institutional investors.

On 11 February 2022, the Group issued a new €75.0 million (£62.0 million) secured private placement loan note to MetLife for a twelve-year term at a fixed rate of 1.64%. The loan notes have the option to be increased by a further €75.0 million to €150.0 million over the next three years at MetLife's discretion.

On 19 December 2023, new senior secured notes for a total of €47.8 million (£39.5 million) were issued at a fixed rate of 4.195% and a maturity of ten years. Interest is paid semi-annually in arrears. The secured notes are guaranteed by the Company and were placed with UK and Canadian institutional investors.

Ignis and Standard Life loan notes

On 14 March 2019, the loan notes were added to the portfolio as a part of the MedicX acquisition. The Ignis loan note of £50.0 million incurs a fixed coupon of 3.99% payable semi-annually in arrears and matures on 7 December 2028.

The Standard Life loan note matures on 30 September 2028 and is split into two tranches, £50.0 million and £27.5 million at fixed coupon rates of 3.84% and 3.00% respectively. Interest is payable semi-annually in arrears.

Convertible bonds

On 15 July 2019, PHP Finance (Jersey No 2) Limited (the "issuer"), a wholly owned subsidiary of the Group, issued £150.0 million of 2.875% convertible bonds (the "bonds") for a six-year term and if not previously converted, redeemed or purchased and cancelled, the bonds will be redeemed at par on maturity in July 2025. The net proceeds were partially used to repay the Company's £75.0 million 5.375% senior unsecured retail bonds at maturity and otherwise for general corporate purposes.

Subject to certain conditions, the bonds will be convertible into fully paid Ordinary Shares of the Company and the initial exchange price was set at 153.25 pence, a premium of 15% above the volume weighted average price of the Company's shares on 18 June 2019, being 133.26 pence. Under the terms of the bonds, the Company will have the right to elect to settle exercise of any conversion rights entirely in shares or cash, or with a combination of shares and cash. The exchange price is subject to adjustment if dividends paid per share exceed 2.8 pence per annum and other certain circumstances and consequently the exchange price has been adjusted to 125.64 pence as at 31 December 2024 (2023: 131.72 pence).

	2024 £m	2023 £m
Opening balance – fair value	**147.7**	142.9
Issued in the year	**—**	—
Fair value movement in convertible bond	**0.6**	4.8
Closing balance – fair value	**148.3**	147.7

Notes to the financial statements continued

14. Borrowings continued

b) Bonds continued

Convertible bond continued

The fair value of the bonds at 31 December 2024 and 31 December 2023 was established by obtaining quoted market prices. The fair value movement is recognised in the Group Statement of Comprehensive Income within profit before taxation and is excluded from the calculation of EPRA earnings and EPRA NTA (replacing EPRA NAV).

c) Total borrowings

	2024 £m	2023 £m
Current liabilities:		
Term loans and overdrafts	**3.4**	2.4
Bonds	**150.0**	—
MtM on convertible bond	**(1.7)**	—
Total current liabilities	**151.7**	2.4
Non-current liabilities:		
Term loans	**744.2**	648.7
MtM on loans net of amortisation	**22.5**	24.9
Less: unamortised loan issue costs	**(9.5)**	(9.1)
Total non-current liabilities	**757.2**	664.5
Bonds	**429.2**	658.8
MtM on bonds net of amortisation	**2.8**	3.5
MtM on convertible bond	**—**	(2.3)
Less: unamortised bond issue costs	**(2.7)**	(3.6)
Total non-current bonds	**429.3**	656.4
Total borrowings	**1,338.2**	1,323.3

	2024 £m	2023 £m
Balance as at 1 January	**1,325.1**	1,299.1
Changes from financing activities		
Proceeds from bond issues	**—**	41.2
Term bank loan drawdowns	**306.6**	282.4
New facilities drawn	**306.6**	323.6
Repayments of mortgage principal	**(2.3)**	(2.3)
Repayments of term bank loans	**(276.6)**	(297.7)
Repayments of term loan borrowings	**(278.9)**	(300.0)
Loan and bond interest paid	**(50.0)**	(47.0)
Swap interest received	**6.0**	3.9
Non-utilisation fees paid	**(2.1)**	(2.2)
Purchase of derivative financial instrument	**—**	(1.9)
Loan arrangement fees & early termination fees	**(3.8)**	(1.8)
	(49.9)	(49.0)
Total changes from financing cash flows	**(22.2)**	(25.4)
Other non-cash changes		
Loan and bond interest expense	**50.0**	47.4
Swap interest income	**(5.0)**	(4.6)
Fair value movement on derivatives interest rate swaps	**4.5**	4.3
Fair value movement on convertible bond	**0.6**	4.8
MtM on loans net of amortisation	**(3.0)**	(3.0)
Amortisation of debt issue costs, non-utilisation & early termination fees	**6.5**	6.6
Exchange gain on translation of foreign balances	**(11.0)**	(4.1)
Total other changes	**42.6**	51.4
Balance as at 31 December	**1,345.5**	1,325.1

15. Head lease liabilities

The Group holds certain long leasehold properties which are classified as investment properties. The head leases are accounted for as finance leases. These leases typically have lease terms between 25 years and perpetuity and fixed rentals.

	2024 £m	2023 £m
Due within one year	**0.1**	0.1
Due after one year	**2.9**	2.9
Closing balance – fair value	**3.0**	3.0

Notes to the financial statements continued

16. Derivatives and other financial instruments

It is Group policy to maintain the proportion of floating rate interest exposure at between 20% and 40% of total debt facilities. The Group uses interest rate swaps to mitigate its remaining exposure to interest rate risk in line with this policy. The fair value of these contracts is recorded in the balance sheet and is determined by discounting future cash flows at the prevailing market rates at the balance sheet date.

	2024 £m	2023 £m
Fair value of interest rate swaps not qualifying as cash flow hedges under IAS 39:		
Current assets	**0.2**	10.5
Non-current assets	**—**	0.9
Current liabilities	**—**	(6.7)
Non-current liabilities	**—**	—
Total fair value of interest rate swaps	**0.2**	4.7

Changes in the fair value of the contracts that do not meet the strict IAS 39 criteria to be designated as effective hedging instruments are taken to the Group Statement of Comprehensive Income. For contracts that meet the IAS 39 criteria and are designated as "effective" cash flow hedges, the change in fair value of the contract is recognised in the Group Statement of Changes in Equity through the cash flow hedging reserve. The result recognised in the Group Statement of Comprehensive Income relates to the amortisation of the cash flow hedging reserve of £2.5 million (2023: £4.1 million).

Interest rate swaps and caps with a contract value of £49.6 million (2023: £152.0 million) were in effect at 31 December 2024. Details of all floating to fixed rate interest rate swap contracts held are as follows:

Contract value	Product	Start date	Maturity	Fixed interest per annum %
2024				
€20.0 million (£16.5 million)	**Euro cap**	**April 2023**	**October 2025**	**2.0000**
€20.0 million (£16.5 million)	**Euro cap**	**April 2023**	**October 2025**	**2.0000**
€20.0 million (£16.6 million)	**Euro cap**	**April 2023**	**October 2025**	**2.0000**
£49.6 million				
2023				
€20.0 million (£17.3 million)	Euro cap	April 2023	October 2025	2.0000
€20.0 million (£17.3 million)	Euro cap	April 2023	October 2025	2.0000
€20.0 million (£17.4 million)	Euro cap	April 2023	October 2025	2.0000
£100.0 million	Swap	October 2021	November 2024	0.0699
£(66.0) million	Reverse swap	October 2021	November 2024	2.5200
£66.0 million	Cap	October 2021	November 2024	1.2500
£(67.0) million	Reverse swap	October 2021	November 2024	2.5200
£67.0 million	Cap	October 2021	November 2024	1.2500
£(67.0) million	Reverse swap	October 2021	November 2024	2.5200
£67.0 million	Cap	October 2021	November 2024	1.2500
£152.0 million				

On 28 October 2021 the HSBC £100.0 million variable leg of the LIBOR swap was converted to SONIA. The term and fixed rate were unchanged at November 2024 expiry and 0.0699%. This expired and was not renewed in the reporting period.

On 27 October 2021 three new swap agreements were entered into totalling £200.0 million. All were effective until 29 November 2024 and received a fixed rate of 2.52%, with variable rates payable. These included a £66.0 million swap agreement with HSBC paying a variable of SONIA + 1.6275%, a £67.0 million swap agreement with Barclays paying a variable of SONIA + 1.575% and a £67.0 million swap agreement with NatWest paying a variable of SONIA + 1.5849%. A one-off payment of £1.8 million across all three new swap agreements was made to cap SONIA at 1.25% for the length of the agreement, equivalent to 0.1 pence per share on an adjusted net tangible asset value basis. Those expired and were not renewed in the reporting period.

On 18 April 2023, the Group converted €60.0 million (£51.6 million) of sterling equivalent denominated debt into euros across its various revolving credit facilities. The Group purchased 2.0% caps on €60 million nominal value for a period of 2.5 years until October 2025 for an all-in premium of €2.2 million (£1.9 million).

Notes to the financial statements continued

17. Financial risk management

In pursuing its investment objectives, the Group is exposed to a variety of risks that could impact net assets or distributable profits.

The Group's principal financial liabilities, other than interest rate swaps, are loans and borrowings hedged by these swaps. The main purpose of the Group's loans and borrowings is to finance the acquisition and development of the Group's property portfolio. The Group has trade and other receivables, trade and other payables and cash and short term deposits that arise directly from its operations.

A review of the Group's objectives, policies and processes for managing and monitoring risk is set out in the Strategic Report. This Note provides further detail on financial risk management and includes quantitative information on specific financial risks.

Financial risk factors

a) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating rates as the Group, generally, does not hold significant cash balances, with short term borrowings being used when required. To manage its interest rate risk, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon principal amount. Note 16 provides details of interest swap contracts in effect at the year end.

Interest rate exposure

The analysis of the Group's exposure to interest rate risk in its debt portfolio as at 31 December 2024 is as follows:

	Facilities		Net debt drawn	
	£m	%	£m	%
Fixed rate debt	1,105.4	67.8	1,105.4	83.5
Hedged by fixed rate interest rate swaps[1]	200.0	12.3	200.0	15.1
Hedged by fixed to floating rate interest rate swaps	49.6	3.0	49.6	3.8
Total fixed rate debt	1,355.0	83.1	1,355.0	102.4
Hedged by interest rate caps	—	—	—	—
Floating rate debt – unhedged	275.4	16.9	(31.8)	(2.4)
Total	**1,630.4**	**100.0**	**1,323.2**	**100.0**

1 Including the impact of post year-end hedging completed.

The following sensitivity analysis shows the impact on profit before tax and equity of reasonably possible movements in interest rates with all other variables held constant. It should be noted that the impact of movement in the interest rate variable is not necessarily linear.

The fair value is arrived at with reference to the difference between the contracted rate of a swap and the market rate for the remaining duration at the time the valuation is performed. As market rates increase and this difference reduces, the associated fair value also decreases.

		Impact on income statement £m	Total impact on equity £m
2024			
Sterling Overnight Index Average Rate	Increase of 50 basis points	(1.0)	(1.0)
Sterling Overnight Index Average Rate	Decrease of 50 basis points	1.0	1.0
2023			
Sterling Overnight Index Average Rate	Increase of 50 basis points	(1.0)	(1.0)
Sterling Overnight Index Average Rate	Decrease of 50 basis points	1.0	1.0

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under financial instruments or customer contracts, leading to a financial loss. The Group is exposed to credit risk from its principal financial assets, cash and cash equivalents, and trade and other receivables (see Notes 11 and 12).

Trade receivables

Trade receivables, primarily tenant rentals, are recognised and carried at amortised cost and presented in the balance sheet net of loss allowances and are monitored on a case-by-case basis. Impairment losses are recognised through the expected credit loss model. Credit risk is primarily managed by requiring tenants to pay rentals in advance.

The Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history.

Banks and financial institutions

One of the principal credit risks of the Group arises from financial derivative instruments and deposits with banks and financial institutions. The Board of Directors believes that the credit risk on short term deposits and interest rate swaps is limited because the counterparties are banks, which are committed lenders to the Group, with reputable credit ratings assigned by international credit rating agencies.

c) Liquidity risk

The liquidity risk is that the Group will encounter difficulty in meeting obligations associated with its financial liabilities as the majority of the Group's assets are property investments and are therefore not readily realisable. The Group's objective is to maintain a mixture of available cash and committed bank facilities that is designed to ensure that the Group has sufficient available funds for its operations and to fund its committed capital expenditure. This is achieved by continuous monitoring of forecast and actual cash flows.

Notes to the financial statements continued

17. Financial risk management continued

Financial risk factors continued

c) Liquidity risk continued

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments including interest.

	On demand £m	Less than three months £m	Three to twelve months £m	One to five years £m	More than five years £m	Total £m
2024						
Interest-bearing loans and borrowings	**—**	**12.5**	**38.5**	**869.9**	**657.9**	**1,578.8**
Trade and other payables	**3.5**	**15.6**	**4.8**	**0.2**	**1.7**	**25.8**
Lease liabilities	**—**	**—**	**0.1**	**0.6**	**15.3**	**16.0**
	3.5	**28.1**	**43.4**	**870.7**	**674.9**	**1,620.6**
2023						
Interest-bearing loans and borrowings	—	12.7	38.6	848.9	688.4	1,588.6
Trade and other payables	2.0	18.3	4.5	1.4	1.3	27.5
Lease liabilities	—	—	0.1	0.6	15.4	16.1
	2.0	31.0	43.2	850.9	705.1	1,632.2

The Group's borrowings have financial covenants which, if breached, could result in the borrowings becoming repayable immediately. Details of the covenants are given under (e) Capital risk management and are disclosed to the facility providers on a quarterly basis. There have been no breaches during the year (2023: none).

d) Market risk

Market risk is the risk that fair values of financial instruments will fluctuate because of changes in market prices. The Board of Directors has identified two elements of market risk that principally affect the Group – interest rate risk and price risk.

Interest rate risk

Interest rate risk is outlined above. The Board assesses the exposure to other price risks when making each investment decision and monitors the overall level of market risk on the investment portfolio on an ongoing basis through a discounted cash flow analysis. Details of this analysis can be found in the Strategic Report and the previous pages.

Price risk

The Group is exposed to price risk in respect of property price risk including property rentals risk. Refer to Note 2.3 for more information. The Group has no significant exposure to price risk in respect of financial instruments other than the convertible bond and interest rate derivatives (see also Note 16), as it does not hold any equity securities or commodities.

Fair values

Set out below is a comparison by class of the carrying amount and fair values of the Group's financial instruments that are carried in the financial statements.

	Book value 2024 £m	**Fair value 2024 £m**	Book value 2023 £m	Fair value 2023 £m
Financial assets				
Trade and other receivables	**17.5**	**17.5**	17.0	17.0
Ineffective interest rate swaps	**0.2**	**0.2**	11.4	11.4
Cash and short term deposits	**3.5**	**3.5**	3.2	3.2
Financial liabilities				
Interest-bearing loans and borrowings	**(1,338.2)**	**(1,201.3)**	(1,323.3)	(1,203.8)
Ineffective interest rate swaps	**—**	**—**	(6.7)	(6.7)
Trade and other payables	**(25.8)**	**(25.8)**	(27.5)	(27.5)
Lease liabilities	**(3.0)**	**(3.0)**	(3.0)	(3.0)

The fair value of the financial assets and liabilities is included as an estimate of the amount at which the instruments could be exchanged in a current transaction between willing parties, other than a forced sale. The following methods and assumptions were used to estimate fair values:

- the fair values of the Group's cash and cash equivalents and trade payables and receivables are not materially different from those at which they are carried in the financial statements due to the short term nature of these instruments;
- the fair value of floating rate borrowings is estimated by discounting future cash flows using rates currently available for instruments with similar terms and remaining maturities. The fair value approximates their carrying values, gross of unamortised transaction costs;
- the fair value of fixed rate debt is estimated using the mid yield to maturity on the reporting date. The valuations are on a clean basis, which excludes accrued interest from the previous settlement date to the reporting date; and
- the fair values of the derivative interest rate swap contracts are estimated by discounting expected future cash flows using market interest rates and yield curves over the remaining term of the instrument.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Notes to the financial statements continued

17. Financial risk management continued

Financial risk factors continued

d) Market risk continued

Fair value hierarchy continued

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair value measurements at 31 December 2024 were as follows:

Recurring fair value measurements	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Derivative interest rate swaps	**—**	**0.2**	**—**	**0.2**
Financial liabilities				
Derivative interest rate swaps	**—**	**—**	**—**	**—**
Convertible bond	**(148.3)**	**—**	**—**	**(148.3)**
Fixed rate debt	**—**	**(831.7)**	**—**	**(831.7)**

Fair value measurements at 31 December 2023 were as follows:

Recurring fair value measurements	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets				
Derivative interest rate swaps	—	11.4	—	11.4
Financial liabilities				
Derivative interest rate swaps	—	(6.7)	—	(6.7)
Convertible bond	(147.7)	—	—	(147.7)
Fixed rate debt	—	(863.7)	—	(863.7)

The interest rate swaps whose fair values include the use of level 2 inputs are valued by discounting expected future cash flows using market interest rates and yield curves over the remaining term of the instrument. The following inputs are used in arriving at the valuation:

- interest rates;
- yield curves;
- swaption volatility;
- observable credit spreads;
- credit default swap curve; and
- observable market data.

e) Capital risk management

The primary objectives of the Group's capital management are to ensure that it remains a going concern, operates within its quantitative banking covenants and meets the criteria so as to continue to qualify for UK REIT status.

The capital structure of the Group consists of shareholders' equity and net borrowings. The type and maturity of the Group's borrowings are analysed further in Notes 14 and 16 and the Group's equity is analysed into its various components in the Group Statement of Changes in Equity. The Board monitors and reviews the Group's capital so as to promote the long term success of the business, to facilitate expansion and to maintain sustainable returns for shareholders.

Under several of its debt facilities, the Group is subject to a covenant whereby consolidated Group rental income must exceed Group borrowing costs by the ratio 1.3:1 (2023: 1.3:1). No debt facility has a Group loan to value covenant.

Facility-level covenants also operate with regard to specific pools of property assets provided to lenders to secure individual loan facilities. These range as follows:

- interest cover[1]: 1.15 to 2.25 (2023: 1.15 to 2.25); and
- loan to value[1]: 55% to 75% (2023: 55% to 75%).

UK REIT compliance tests include loan to property value and gearing tests. The Group must satisfy these tests in order to continue trading as a UK REIT. This is also an internal requirement imposed by the Articles of Association.

During the year the Group has complied with all of the requirements set out above.

1 See Glossary of terms.

Group loan to value ratio	2024 £m	2023 £m
Fair value of completed investment properties	**2,739.4**	2,775.3
Fair value of development properties	**7.7**	1.0
Ground rent recognised as finance leases	**3.0**	3.0
	2,750.1	2,779.3
Interest-bearing loans and borrowings (with convertible bond at nominal value)	**1,326.7**	1,309.9
Less cash held	**(3.5)**	(3.2)
Nominal amount of interest-bearing loans and borrowings	**1,323.2**	1,306.7
Group loan to value ratio	**48.1%**	47.0%

Notes to the financial statements continued

18. Share capital

Ordinary Shares issued, authorised and fully paid at 12.5 pence each

	2024		2023	
	Number – million	£m	Number – million	£m
Balance at 1 January	**1,336.5**	**167.1**	1,336.5	167.1
Balance at 31 December	**1,336.5**	**167.1**	1,336.5	167.1

19. Share premium

	2024 £m	2023 £m
Balance at 1 January	**479.4**	479.4
Balance at 31 December	**479.4**	479.4

20. Merger and other reserves

The merger and other reserves are made up of the capital reserve which is held to finance any proposed repurchases of Ordinary Shares, following approval of the High Court in 1998, the foreign exchange translation reserve and the premium on shares issued for the MXF Fund Limited merger and the Nexus merger.

	2024 £m	2023 £m
Capital reserve		
Balance at 1 January and 31 December	**1.6**	1.6
Foreign exchange translation reserve		
Balance at 1 January	**(0.4)**	1.0
Exchange differences on translation of foreign balances	**(0.1)**	(1.4)
Balance at 31 December	**(0.5)**	(0.4)
Merger reserve		
Balance at 1 January and 31 December	**414.1**	414.1
Balance of merger and other reserves at 31 December	**415.2**	415.3

21. Hedging reserve

Information on the Group's hedging policy and interest rate swaps is provided in Note 16.

The transfer to the Group Statement of Comprehensive Income can be analysed as follows:

	2024 £m	2023 £m
Balance at 1 January	**(7.0)**	(11.1)
Amortisation of cash flow hedging reserve	**2.5**	4.1
Balance at 31 December	**(4.5)**	(7.0)

The balance within the cash flow hedge reserve relating to cancelled swaps will be amortised through the Group Statement of Comprehensive Income over the remainder of the original contract period (see Note 6b).

22. Retained earnings

	2024 £m	2023 £m
Balance at 1 January	**369.1**	430.1
Retained profit for the year	**41.4**	27.3
Dividends paid	**(92.1)**	(89.5)
Exchange differences on translation of foreign balances	**—**	1.1
Share-based awards ("LTIP")	**0.4**	0.1
Balance at 31 December	**318.8**	369.1

23. Capital commitments

As at 31 December 2024, the Group has entered into forward funding development agreements with third parties for the development of primary healthcare properties in the UK and Ireland. The Group has acquired the land and advances funds to the developers as the construction progresses. Total consideration of £2.5 million (2023: £5.4 million) remains to be funded with regard to these properties.

Additionally as at 31 December 2024, the Group has capital commitments totalling £33.8 million (2023: £7.1 million), being the cost to acquire the Laya Healthcare facility in Cork with the cost to complete asset management projects on site.

24. Related party transactions

Harry Hyman, Chair, is a Director and the ultimate beneficial owner of a number of Nexus entities and is considered to be a related party. Following the acquisition of certain Nexus entities on the internalisation of management structure on 5 January 2021, the Group continued to share certain operational services with a Nexus entity, Nexus Central Management Services Limited, until April 2024. Harry Hyman is a current Director and ultimate controlling party of Nexus Central Management Services Limited.

Amounts paid during the period in relation to shared services totalled £nil (31 December 2023: £nil).

As at 31 December 2024, outstanding fees payable to Nexus totalled £nil (31 December 2023: £nil).

Notes to the financial statements continued

25. Subsequent events

Post year end, in January 2025, the Group fixed, for two years, £200 million of nominal debt at a rate of 3.0% for an all-in premium of £4.5 million. the hedges are effective until 20 January 2027 with a fixed rate of 3.0% payable across all agreements, receiving variable SONIA. In January 2025, the Group additionally entered into an FX forward hedge (fixed at 1.1459:£1) for a two-year period to cover approximate euro denominated net annual income of 10 million per annum.

On 26 February 2025 we acquired the Laya Healthcare facility, Cork, Ireland's second largest provider of private health insurance and clinical services for €22.0 million/£18.2 million excluding purchaser costs.

26. Audit exemptions taken for subsidiaries

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Act.

Name	Companies House registration number
GP Property One Ltd	10801028
PHP SPV Limited	12256431
PHP Primary Properties (Haymarket) Limited	08304612
MXF Properties Bridlington Limited	07763871
PHP Tradeco Holdings Limited	09642987
PHP Health Solutions Limited	06949900
PHP Tradeco Limited	07685933
PHP Property Management Services Limited	02877191
PHP Primary Care Developments Limited	11862233
PHP Croft Limited	13938144
PHP Bond Finance Limited	08684414
PHP St. Johns Limited	08192779
PHIP (Stourbridge) Limited	08155250
PHP (Project Finance) Limited	08188279
PHP Healthcare Investments Limited	07289496
PHP Clinics Limited	08188277
Gracemount Medical Centre Limited (Scotland)	SC262690
PHP AssetCo (2011) Limited	07652728
PHP Medical Properties Limited	04246742
PHP Development Holdings Limited	14158160

Company balance sheet
at 31 December 2024

	Notes	2024 £m	2023 £m
Non-current assets			
Investment in subsidiaries	8	**864.5**	866.3
Property, plant and equipment		**0.3**	0.4
Trade and other receivables	9	**797.5**	813.4
		1,662.3	1,680.1
Current assets			
Trade and other receivables	9	**0.3**	0.6
Cash and cash equivalents	10	**0.3**	0.3
		0.6	0.9
Total assets		**1,662.9**	1,681.0
Current liabilities			
Trade and other payables	11	**(295.7)**	(286.5)
Borrowings: bonds	12	**(150.5)**	—
		(446.2)	(286.5)
Non-current liabilities			
Borrowings: bonds	12	**—**	(153.4)
		—	(153.4)
Total liabilities		**(446.2)**	(439.9)
Net assets		**1,216.7**	1,241.1
Equity			
Share capital	14	**167.1**	167.1
Share premium		**479.4**	479.4
Merger and other reserves		**415.6**	415.6
Retained earnings	15	**154.6**	179.0
Total equity		**1,216.7**	1,241.1

In accordance with the exemption allowed by Section 408(3) of the Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income.

The Company's profit for the year was £59.1 million (2023: loss of £15.6 million).

These financial statements were approved by the Board of Directors on 27 February 2025 and signed on its behalf by:

Richard Howell
Chief Financial Officer

Registered in England Number: 3033634

Company statement of changes in equity

for the year ended 31 December 2024

	Share capital £m	Share premium £m	Merger and other reserves £m	Retained earnings £m	Total equity £m
1 January 2024	167.1	479.4	415.6	179.0	1,241.1
Profit attributable to equity holders	—	—	—	59.1	59.1
Exchange gain on translation of foreign balances	—	—	—	8.2	8.2
Total comprehensive income	—	—	—	67.3	67.3
Share-based awards ("LTIP")	—	—	—	0.4	0.4
Dividends paid	—	—	—	(92.1)	(92.1)
Scrip dividend in lieu of cash	—	—	—	—	—
31 December 2024	**167.1**	**479.4**	**415.6**	**154.6**	**1,216.7**

	Share capital £m	Share premium £m	Merger and other reserves £m	Retained earnings £m	Total equity £m
1 January 2023	167.1	479.4	415.6	285.7	1,347.8
Loss attributable to equity holders	—	—	—	(15.6)	(15.6)
Exchange loss on translation of foreign balances	—	—	—	(1.7)	(1.7)
Total comprehensive income	—	—	—	(17.3)	(17.3)
Share-based awards ("LTIP")	—	—	—	0.1	0.1
Dividends paid	—	—	—	(89.5)	(89.5)
Scrip dividend in lieu of cash	—	—	—	—	—
31 December 2023	167.1	479.4	415.6	179.0	1,241.1

Notes to the Company financial statements

1. Accounting policies

The Company is a public limited company incorporated in England and Wales in accordance with the Companies Act 2006, limited by shares. These financial statements are presented in Sterling because that is the currency of the primary economic environment in which the Company operates.

Basis of accounting/statement of compliance

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 ("FRS 100") issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 Reduced Disclosure Framework as issued by the Financial Reporting Council.

As permitted by FRS 101, exemptions from applying the following requirements have been adopted:

- IFRS 7 Financial instruments: disclosures;
- IFRS 13 Fair value measurement, paragraphs 91 to 99;
- IAS 1 Presentation of financial statements, paragraphs 10(d), 10(f), 38 to 40, 76, 79(d) and 134 to 136;
- IAS 7 Statement of cash flows;
- IAS 24 Related party disclosures, paragraphs 17 and 18A; and
- IAS 36 Impairment of assets, paragraphs 130(f)(ii), 130(f)(iii), 134(d) to (f) and 135(c) to (e).

The Company has also taken advantage of the exemption from the requirements in IAS 24 Related party disclosures to disclose related party transactions entered into between two or more members of the Group where those party to the transaction are wholly owned by a member of the Group.

The financial statements have been prepared under the historical cost convention except for the convertible bond.

Statement of comprehensive income

The Company has taken advantage of the exemption in the Companies Act from presenting a Company Statement of Comprehensive Income together with related notes.

Cash flow statement

The Directors have taken advantage of the exemption in FRS 101 from including a cash flow statement in the financial statements on the grounds that a Consolidated Cash Flow Statement is presented in the Group financial statements of PHP.

Income

Revenue is recognised in the financial statements as follows:

Interest income: Revenue is recognised as interest accrues using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividends: Dividend income is recognised in the period in which it received Board approval and, hence, when the Company's right to the payment is established.

Notes to the Company financial statements continued

1. Accounting policies continued

Investment in subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Investments in subsidiary undertakings are stated at cost in the Company's Statement of Financial Position less impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

Taxation on the profit or loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Taxation is recognised in the Group Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movements in equity, in which case it is also recognised as a direct movement in equity.

Current tax is the expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Employee costs

The fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares or options that will eventually vest. The fair value of awards is equal to the market value at grant date.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. No revisions were recognised in the period. There are no critical accounting judgements or key sources of estimation uncertainty in the Company's accounts.

3. Foreign currencies

The functional and presentation currency of the Company is Sterling. Transactions in currencies other than Sterling are recognised at the applicable exchange rate ruling on the transaction date. Exchange differences resulting from settling these transactions, or from retranslating monetary assets and liabilities denominated in foreign currencies, are included in the Group Statement of Comprehensive Income.

4. Revenue

The Company operates under one business segment and one geographical segment, being the holding company of subsidiaries that invest in primary healthcare property within the United Kingdom and the Republic of Ireland.

5. Staff costs

	2024 £m	2023 £m
Wages and salaries, pension and bonus	**2.7**	2.8
Social security costs	**0.1**	0.1
Equity-settled share-based payments	**0.5**	0.2
	3.3	3.1

The Company operates a defined contribution pension scheme for all employees. The Company contribution to the scheme during the year was £0.1 million (2023: £nil), which represents the total expense recognised through the income statement. As at 31 December 2024, there were no contributions (2023: £nil) due in respect of the reporting period that had not been paid over to the plan.

The average monthly number of Company employees was two (2023: two).

The Executive Directors and Non-executive Directors are the key management personnel. Full disclosure of Directors' emoluments, as required by the Companies Act 2006, can be found in the Remuneration Report on pages 87 to 107.

The Company's equity-settled share-based payments comprise the following:

Scheme	Fair value measure
Long Term Incentive Plan ("LTIP")	Face value at grant date
Save As You Earn ("SAYE")	Face value at grant date

The Company expenses an estimate of how many shares are likely to vest based on the market price at the date of grant, taking account of expected performance against the relevant performance targets and service periods, which are discussed in further detail in the Remuneration Report.

6. Taxation

a) Taxation charge/(credit) in the Group Statement of Comprehensive Income

The taxation charge is made up as follows:

	2024 £m	2023 £m
Deferred tax charge/(credit)	**3.6**	(0.6)

The Company holds an investment in an Irish Collective Asset Vehicle ("ICAV"). The ICAV does not pay any Irish corporation tax on its profits but a 20% withholding tax is paid on distributions to owners.

Notes to the Company financial statements continued

6. Taxation continued

b) Factors affecting the tax charge/(credit) for the year

The tax assessed for the year is lower than (2023: higher than) the standard rate of corporation tax in the UK. The differences are explained below:

	2024 £m	2023 £m
Profit/(loss) on ordinary activities before taxation	**62.7**	(16.2)
Standard tax at UK corporation tax rate of 25% (2023: 23.5%)	**15.7**	(3.8)
REIT exempt income	**—**	—
Transfer pricing adjustments	**0.5**	0.7
Fair value loss on convertible bond	**(1.0)**	0.5
Non-taxable items	**(17.2)**	1.3
Impact of taxes in the Republic of Ireland	**3.6**	(0.6)
Loss relief	**2.0**	1.3
Taxation charge/(credit) (Note 6a)	**3.6**	(0.6)

7. Dividends

Amounts recognised as distributions to equity holders in the year:

	2024 £m	2023 £m
Quarterly interim dividend paid 23 February 2024	**23.1**	—
Quarterly interim dividend paid 17 May 2024	**23.0**	—
Quarterly interim dividend paid 16 August 2024	**23.0**	—
Quarterly interim dividend paid 22 November 2024	**23.0**	—
Quarterly interim dividend paid 23 February 2023	**—**	22.4
Quarterly interim dividend paid 19 May 2023	**—**	22.4
Quarterly interim dividend paid 18 August 2023	**—**	22.3
Quarterly interim dividend paid 24 November 2023	**—**	22.4
Total dividends distributed in the year	**92.1**	89.5
Per share	**6.9p**	6.7p

8. Investment in subsidiaries

	£m
As at 1 January 2024	866.3
Incorporation of PHP Development Holdings Limited	—
Incorporation of PHP Finance (Jersey No. 3) Limited	—
ICAV Recapitalisation	1.7
Impairment of subsidiary undertakings	(3.5)
As at 31 December 2024	**864.5**
As at 1 January 2023	870.9
Acquisition of Axis Real Estate Group Limited	7.7
Liquidation of PHP Liverpool Holding Company Limited	(2.1)
Liquidation of PHP Chiswick Limited	(9.9)
Liquidation of PHP Cardiff Limited	(2.2)
ICAV Recapitalisation	2.1
Impairment of subsidiary undertakings	(0.2)
As at 31 December 2023	866.3

All subsidiaries of the Company are 100% owned and listed on the following pages. All are incorporated in the UK and their registered office is Burdett House, 15–16 Buckingham Street, London WC2N 6DU, except as noted.

Notes to the Company financial statements continued

8. Investment in subsidiaries continued

Subsidiaries held directly by the Company

Name	Principal activity	Name	Principal activity
Primary Health Investment Properties Limited	Property investment/financing company	PHP Bond Finance Limited	Issuer of bonds
Primary Health Investment Properties (No. 2) Limited	Property investment	PHP Medical Investments Limited	Property investment/financing company
Primary Health Investment Properties (No. 3) Limited	Property investment	PHP SB Limited	Investment holding/issuer of bonds
PHP Healthcare (Holdings) Limited	Investment holding	PHIP (Milton Keynes) Limited	Dormant
Primary Health Investment Properties (No. 4) Limited	Investment holding/financing company	Primary Health Properties ICAV[2]	Property investment/investment holding
PHIP (5) Limited	Property investment/financing company	Carden Medical Investments Limited[4]	Property investment
PHP Finance (Jersey No 2) Limited[1]	Issuer of bonds	Chelmsley Associates Limited	Property investment
PHP Euro Private Placement ML Ltd	Property investment/financing company	PHP STL Limited	Investment holding/financing company
PHP SPV Limited	Property investment	PHP Euro Private Placement Limited	Issuer of bonds
MXF Fund Limited[5]	Investment holding	PHP Primary Properties (Haymarket) Limited	Subletting of leased real estate
PHP Development Holdings Limited	Property investment	PHP Tradeco Holdings Limited	Investment holding
Axis Real Estate Group Limited[6]	Investment holding	PHP Health Solutions Limited	Property investment
PHP Croft Limited	Property investment	MXF Properties Bridlington Limited	Property investment
PHP Finance (Jersey No 3) Limited[1]	Issuer of bonds	PHPI Navan Road Limited[3]	Dormant

Subsidiaries held indirectly by the Company

Name	Principal activity	Name	Principal activity
PHP (Bingham) Limited	Property investment	PHP Investments No. 2 Limited	Property investment
Anchor Meadow Limited	Property investment	Leighton Health Limited	Property investment
PHP AV Lending Limited	Financing company	PHP Healthcare Investments Limited	Property investment
PHP Investments No. 1 Limited	Property investment	PHP St. Johns Limited	Property investment
PHP (Project Finance) Limited	Property investment	PHP Clinics Limited	Property investment
PatientFirst Partnerships Limited	Property investment	PHIP (Stourbridge) Limited	Property investment
PHP Glen Spean Limited	Property investment	Gracemount Medical Centre Limited[4]	Property investment
PHP Empire Holdings Limited	Property investment	PHP AssetCo (2011) Limited	Property investment
Health Investments Limited	Property investment	PHP Primary Properties Limited	Property investment
PHP Medical Properties Limited	Property investment/investment holding	Crestdown Limited	Property investment
PatientFirst (Hinckley) Limited	Property investment	Primary Health Investment Properties (No. 6) Limited	Property investment
PatientFirst (Burnley) Limited	Property investment	GP Property Limited[5]	Investment holding
PHP Investments (2011) Limited	Property investment	MXF Properties OM Limited	Property investment
PHIP (Chester) Limited	Property investment	GPG No. 5 Limited	Property investment
MXF Properties I Limited[5]	Property investment	GP Property One Ltd	Property investment
MXF Properties III Limited	Property investment	MXF Properties II Limited	Property investment

Notes to the Company financial statements continued

8. Investment in subsidiaries continued

Subsidiaries held indirectly by the Company continued

Name	Principal activity	Name	Principal activity
MXF Properties V Limited[5]	Property investment	MXF Properties IV Limited	Property investment
MXF Properties VII Limited[5]	Property investment/investment holding	MXF Properties VI Limited[5]	Property investment/issuer of bonds
Primary Medical Property Investments Limited	Property investment	MXF Properties VIII Limited[5]	Property investment/issuer of bonds
MXF Properties Ireland Limited[5]	Property investment	MXF GPG Holdings Limited[5]	Property investment
MXF Properties IX Limited	Investment holding/financing company	MXF (Fakenham) Limited	Property investment
PHP Property Management Services Limited	Operations management	PHP Tradeco Limited	Operations management
Axis Technical Services Limited[6]	Property and facility management	PHP Primary Care Developments Limited	Property investment

1 Subsidiary company registered in Jersey. Registered office: 3rd Floor, 44 Esplanade, St Helier, Jersey JE4 9WG.
2 An Irish Collective Asset-management Vehicle established in Ireland.
3 Subsidiary company registered in Ireland. Registered office: Riverside 1, Sir John Rogerson's Quay, Dublin 2, Ireland.
4 Subsidiary company registered in Scotland. Registered office: 4th Floor, 20 Castle Terrace, Edinburgh, Scotland EH1 2EN.
5 Subsidiary company registered in Guernsey. Registered office: Oak House, Hirzel Street, St Peter Port, Guernsey GY1 1NP.
6 Subsidiary company registered in Ireland. Registered office: 12 Eastgate Way, Little Island. Co. Cork, Ireland.

100% of all voting rights and Ordinary Shares are held directly or indirectly by the Company.

9. Trade and other receivables

	2024 £m	2023 £m
Non-current		
Amounts due from Group undertakings	**797.5**	813.4
Current		
Amounts due from Group undertakings	**—**	—
Other receivables	**0.3**	0.6
	797.8	814.0

Based on the IFRS 9 expected credit loss model, a £5.3 million (2023: £12.8 million) impairment provision was recognised on amounts due from Group undertakings. Expected credit loss is measured on a twelve-month basis.

Amounts due from Group undertakings are unsecured, interest free and repayable on demand.

10. Cash at bank and in hand

	2024 £m	2023 £m
Cash at bank and in hand	**0.3**	0.3

11. Trade and other payables

	2024 £m	2023 £m
Current		
Amounts owed to Group undertakings	**284.8**	276.4
Trade and other payables	**10.9**	10.1
	295.7	286.5

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

12. Borrowings

	2024 £m	2023 £m
Intra-group loan with PHP Finance (Jersey No 2) Limited (Note 13)	**149.5**	148.5
Option to convert (Note 13)	**1.0**	4.9
	150.5	153.4

Notes to the Company financial statements continued

13. Intra-group loan with PHP Finance (Jersey No 2) Limited

On 15 July 2019, PHP Finance (Jersey No 2) Limited (the "issuer"), a wholly owned subsidiary of the Group, issued £150.0 million of 2.875% convertible bonds (the "bonds") for a six-year term and if not previously converted, redeemed or purchased and cancelled, the bonds will be redeemed at par on maturity in July 2025. The proceeds have been loaned to the Company and the Company has unconditionally and irrevocably guaranteed the due and punctual performance by the Issuer of all of its obligations (including payments) in respect of the bonds.

Subject to their terms, the bonds are/were convertible into preference shares of the Issuer which are/were automatically transferred to the Company in exchange for Ordinary Shares in the Company or, at the Company's election, any combination of Ordinary Shares and cash.

The intra-group loan between the Issuer and the Company arising from the transfer of the loan proceeds was initially recognised at fair value, net of capitalised issue costs, and is accounted for using the amortised cost method.

In addition to the intra-group loan, the Company has effectively entered into a derivative contract due to its guarantee of the obligations of the Issuer in respect of the bonds and the commitment to provide shares or a combination of shares and cash on conversion of the bonds. This derivative contract is included within the balance sheet as a liability carried at fair value through profit and loss.

See Note 14 in the Group financial statements for further details about the convertible bond.

14. Share capital

Issued and fully paid at 12.5 pence each

	2024		2023	
	Number – million	**£m**	Number – million	£m
As at 1 January	**1,336.5**	**167.1**	1,336.5	167.1
As at 31 December	**1,336.5**	**167.1**	1,336.5	167.1

15. Retained earnings

	2024 £m	2023 £m
As at 1 January	**179.0**	285.7
Profit/(loss) for the year	**59.1**	(15.6)
Dividends paid	**(92.1)**	(89.5)
Exchange differences on translation of foreign balances	**8.2**	(1.7)
Long Term Incentive Plan	**0.4**	0.1
As at 31 December	**154.6**	179.0

16. Contingent liabilities

The Company has guaranteed the performance of its subsidiaries in respect of development agreements totalling £nil (2023: £nil). The Company is guarantor to several of its subsidiaries' debt facilities totalling £1.1 billion (2023: £1.1 billion).

17. Related party transactions

Details of related party transactions are provided in the Directors' Report, the Directors' Remuneration Report and Note 24 to the Group financial statements on page 144. The Directors are listed in the Board of Directors section.

The Company has also taken advantage of the exemption from the requirements in IAS 24 Related party disclosures to disclose related party transactions entered into between two or more members of the Group where those party to the transaction are wholly owned by a member of the Group.

18. Subsequent events

There have been no significant events affecting the Company since the period ended 31 December 2024.

Notice of Annual General Meeting 2025

Wednesday, 7 May 2025 at 10:30 a.m. (UK time)/12:30 p.m. (South Africa time)

To be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF

THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document or about what action you should take, you should seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act, 2000.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the Ordinary Shares.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed form.

The Form of Proxy must be received by the Registrar, Equiniti, by no later than 10:30 a.m. (UK time)/12:30 p.m. (South Africa time) on 2 May 2025.

Primary Health Properties PLC
(incorporated and registered in England and Wales under number 03033634)

A map showing the location of the venue and how to get there is set out below.

Venue

The offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF.

Travel information

Underground and rail
By train: Cannon Street station is serviced by the Southeastern train line.

By London Underground (tube)/Docklands Light Railway ("**DLR**"): It is approximately a three-minute walk from Bank Station underground (tube) station on the Central, Waterloo & City and Northern lines. Bank is also a DLR station. It is above Cannon Street underground (tube) station on the Circle and District lines.

Notice of Annual General Meeting 2025 continued

LETTER FROM THE CHAIR

To all shareholders

13 March 2025

Notice of Annual General Meeting

Dear shareholder,

I am pleased to invite you to our 2025 Annual General Meeting ("AGM"), which will be held on Wednesday, 7 May at 10:30 a.m. (UK time)/12:30 p.m. (South Africa time) as a hybrid meeting, with shareholders invited to join physically at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF or listen remotely via secure telephone line (please see further below).

The formal Notice of AGM, which sets out the resolutions to be proposed, can be found on pages 155 to 157 of our 2024 Annual Report. An explanation of the resolutions can be found on pages 157 to 162. A copy of our 2024 Annual Report, which includes the Notice of AGM, can also be found on our website (www.phpgroup.co.uk).

Your vote and participation in the AGM are important to us. We strongly encourage you to vote on all resolutions either electronically, in advance of the meeting, or by appointing the Chairman as your proxy. If you cast your vote by proxy in advance, this will not prevent you from voting on the day.

Actions to be taken in respect of the AGM

There is a secure telephone line so that shareholders can listen to the AGM and also ask any questions relating to the business of the meeting. Please note you will not be able to vote by telephone. If you would like to attend the meeting by telephone, please contact the Company Secretary at cosec@phpgroup.co.uk. Requests must be received by no later than 10:30 a.m. (UK time)/12:30 p.m. (South Africa time) on 2 May 2025.

The telephone line will open shortly before 10:30 a.m. (UK time)/12:30 p.m. (South Africa time) on the day of the meeting. In addition to your secure dial-in details, you will need your Shareholder Reference Number, which can be found on your Form of Proxy/Voting Instruction Form, Dividend Confirmation Statement or Share Certificate, in order to access the meeting.

Unfortunately, there will not be a facility to vote by telephone. We recommend that shareholders who would like to vote appoint the Chair of the meeting as their proxy and register a voting instruction using their Form of Proxy/Voting Instruction Form ahead of the meeting. Details about how to vote are included in the documents sent to you.

If you are unable to attend the AGM (whether in person or remotely) and vote on the day, the ways to vote are as follows:

1. Register your vote electronically by logging into Equiniti Limited's ("Equiniti") website, www.shareview.co.uk. If you have already registered with Equiniti's online portfolio service, Shareview, you can submit your proxy by logging on to your portfolio at www.shareview.co.uk and following the instructions. Please note that votes submitted electronically in this manner should be submitted by no later than 10:30 a.m. (UK time)/12:30 p.m. (South Africa time) on 2 May 2025.
2. Appoint a proxy to vote on your behalf. Fill in the Form of Proxy enclosed with this document ("Form of Proxy") and return it to Equiniti as detailed in Note 4 on page 162, appoint your proxy electronically as detailed in Note 4 on page 162, or if you are a CREST member, appoint your proxy through the CREST proxy appointment service as detailed in Note 5 on pages 162 to 163. Shareholders who wish to appoint a proxy are recommended to appoint the Chair of the meeting as their proxy.
3. If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by Equiniti. For further information regarding Proxymity, please go to www.proxymity.io. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's terms and conditions. It is important that you read these carefully, as you will be bound by them and they will govern the electronic appointment of your proxy.

Proxy appointments should be completed as soon as possible and must be received by 10:30 a.m. (UK time)/12:30 p.m. (South Africa time) on 2 May 2025, whether this is via Proxymity or otherwise.

Voting electronically or the completion and return of the Form of Proxy will not prevent you from attending and voting at the AGM, or any adjournment of the AGM, whether in person or remotely, should you wish to do so. As all our resolutions at the AGM will be taken on a poll vote, so as to accurately record all votes made either at the meeting or via proxy, shareholders attending the meeting will be asked to vote their shares by poll. Full guidance will be given on the day. The results of the AGM will be notified to the London and Johannesburg Stock Exchanges and posted on our website as soon as possible after the AGM.

Recommendation

The Directors consider that the resolutions are in the best interests of the Company and are most likely to promote the success of the Company for the benefit of shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of all the resolutions, as they intend to do so in respect of their own beneficial holdings, which, as at 11 March 2025 (being the last practicable date prior to publication of this document), amount in aggregate to 25,520,380 Ordinary Shares, representing approximately 1.91%. of the Ordinary Shares of the Company currently in issue.

On behalf of the Board, I thank you for your continued support.

Yours sincerely,

Harry Hyman
Non-executive Chair

Notice of Annual General Meeting 2025 continued

NOTICE OF ANNUAL GENERAL MEETING

PRIMARY HEALTH PROPERTIES PLC

(incorporated and registered in England and Wales with registered number 03033634)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Primary Health Properties PLC (the **"Company"**) will be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF, on 7 May 2025 at 10:30 a.m. (UK time)/12:30 p.m. (South Africa time) (the **"AGM"**). Shareholders will be asked to consider and, if thought fit, pass the resolutions as set out below (the **"resolutions"**). Resolutions 15 to 18 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions. Voting on the resolutions will be by way of a poll.

Ordinary resolutions

Resolution 1: Annual Report and Accounts

To receive the Company's Annual Report and Accounts of the Directors of the Company (the **"Directors"**) and of the auditor to the Company for the financial year ended 31 December 2024.

Resolution 2: Directors' remuneration report

To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) as contained in the Company's Annual Report and Accounts for the financial year ended 31 December 2024.

Resolution 3: Dividend policy

To approve the Company's dividend policy, as set out in the explanatory notes that accompany this Notice of AGM.

Resolution 4: Re-appointment of the auditor

To re-appoint Deloitte LLP as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which accounts are laid before the Company.

Resolution 5: Auditor's remuneration

To authorise the Audit Committee of the Company, for and on behalf of the Directors, to determine the remuneration of the auditor.

Resolution 6: Re-election of Harry Hyman

To re-elect Harry Hyman as a Director of the Company.

Resolution 7: Re-election of Mark Davies

To re-elect Mark Davies as a Director of the Company.

Resolution 8: Re-election of Richard Howell

To re-elect Richard Howell as a Director of the Company.

Resolution 9: Re-election of Laure Duhot

To re-elect Laure Duhot as a Director of the Company.

Resolution 10: Re-election of Ian Krieger

To re-elect Ian Krieger as a Director of the Company.

Resolution 11: Re-election of Ivonne Cantú

To re-elect Ivonne Cantú as a Director of the Company.

Resolution 12: Re-election of Dr Bandhana (Bina) Rawal

To re-elect Bina Rawal as a Director of the Company.

Resolution 13: Political expenditure or donations

To authorise the Company and all companies that are its subsidiaries at any time during the period for which this Resolution 13 has effect for the purposes of Sections 366 and 367 of the Companies Act 2006 (the **"2006 Act"**) to:

(A) make political donations to political parties or independent election candidates (as such terms are defined in the 2006 Act), not exceeding £40,000 in aggregate;

(B) make political donations to political organisations other than political parties (as such terms are defined in the 2006 Act), not exceeding £40,000 in aggregate; and

(C) incur political expenditure (as such term is defined in the 2006 Act), not exceeding £40,000 in aggregate,

during the period beginning with the date of the passing of this Resolution 13 and ending with the conclusion of the next Annual General Meeting of the Company (or, if earlier, on the date which is 15 months after the date of the AGM) provided that the maximum amounts referred to in (A), (B) and (C) may comprise one or more sums in different currencies which shall be converted at such rate as the Board of Directors of the Company (the **"Board"**) may in its absolute discretion determine to be appropriate.

Resolution 14: Authority to allot shares

That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the 2006 Act, in substitution for all existing authorities:

(A) to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together **"Relevant Securities"**) up to an aggregate nominal amount of £55,687,241; and

Notice of Annual General Meeting 2025 continued

NOTICE OF ANNUAL GENERAL MEETING continued

Ordinary resolutions continued

Resolution 14: Authority to allot shares continued

(B) to exercise all the powers of the Company to allot equity securities (as defined in Section 560(1) of the 2006 Act) up to an additional aggregate nominal amount of £55,687,241 provided that this authority may only be used in connection with a rights issue in favour of holders of Ordinary Shares of 12.5 pence each in the capital of the Company (**"Ordinary Shares"**) and other persons entitled to participate therein, where the equity securities respectively attributable to the interests of all those persons at such record dates as the Directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange by virtue of shares being represented by depositary receipts or any other matter whatsoever,

PROVIDED that such authorities shall expire (unless renewed, varied or revoked by the Company in a general meeting) at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution 14 or, if earlier, on the date which is 15 months after the date of the AGM, but in each case, prior to its expiry, the Company may make offers and enter into agreements which would, or might, require Relevant Securities or equity securities as the case may be to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot Relevant Securities or equity securities (and sell treasury shares) in pursuance of any such offer or agreement as if the authority in question had not expired.

Special resolutions

Resolution 15: Disapplication of pre-emption rights

That, subject to the passing of Resolution 14, the Directors be and are hereby authorised, pursuant to Sections 570 and 573 of the 2006 Act, to allot equity securities (as defined in Section 560(1) of the 2006 Act) for cash under the authority given by Resolution 14 and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if Section 561 of the 2006 Act did not apply to any such allotment or sale, provided that this power shall be limited to:

(A) the allotment of equity securities and/or sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities made (but in the case of the authority conferred by Resolution 14(B), by way of a rights issue only) to holders of Ordinary Shares at such record dates as the Directors may determine in proportion (as nearly as may be practicable) to their existing holdings and to holders of other equity securities as required by the rights of those securities or, if the Directors otherwise consider necessary, as permitted by the rights of those securities, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

(B) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to an aggregate nominal amount of £16,706,172; and

(C) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) or paragraph (B) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (B) above, such authority to be used only for the purposes of making a follow-on offer which the Board determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution 15 or, if earlier, on the date which is 15 months after the date of the AGM but in each case, prior to its expiry, the Company may make offers and enter into agreements which would, or might, require Relevant Securities or equity securities as the case may be to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) in pursuance of any such offer or agreement as if the authority in question had not expired.

Resolution 16: Further disapplication

That subject to the passing of Resolution 14, the Directors be and are hereby authorised, in addition to any authority granted under Resolution 15, to allot equity securities (as defined in Section 560(1) of the 2006 Act) for cash under the authority given by Resolution 14 and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if Section 561 of the 2006 Act did not apply to any such allotment or sale, provided that this power shall be limited to:

(A) the allotment of equity securities or sale of treasury shares up to an aggregate nominal amount of £16,706,172 and used only for the purposes of financing (or refinancing, if the authority is to be used within twelve months after the original transaction) a transaction which the Board determines to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and

(B) the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (A) above, such authority to be used only for the purposes of making a follow-on offer which the Board determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution 16 or, if earlier, on the date which is 15 months after the date of the AGM but in each case, prior to its expiry, the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) in pursuance of any such offer or agreement as if the authority in question had not expired.

Notice of Annual General Meeting 2025 continued

NOTICE OF ANNUAL GENERAL MEETING continued

Special resolutions continued

Resolution 17: Notice of general meetings

That the Company is authorised to call any general meeting of the Company, other than an Annual General Meeting, on not less than 14 clear days' notice during the period beginning on the date of the passing of this Resolution 17 and ending on the conclusion of the next Annual General Meeting of the Company.

Resolution 18: Purchase of own shares

That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 693(4) of the 2006 Act) of Ordinary Shares on such terms and in such manner as the Directors may from time to time determine, provided that:

(A) the maximum aggregate number of Ordinary Shares that may be purchased is 133,649,378 (representing approximately 10% of the issued Ordinary Share capital of the Company as at the latest practicable date prior to publication of this document);

(B) the minimum price (excluding expenses payable by the Company) which may be paid for each Ordinary Share is 12.5 pence;

(C) the maximum price (excluding expenses payable by the Company) which may be paid for each Ordinary Share is the higher of: i) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately prior to the day the purchase is made; and ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System; and

(D) this authority shall expire at the conclusion of the Company's next Annual General Meeting after the passing of this Resolution 18 or, if earlier, on the date which is 15 months after the date of the AGM, save that the Company may, before the expiry of this authority, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract.

By order of the Board

Toby Newman
Company Secretary
13 March 2025

Primary Health Properties PLC
Registered office: 5th Floor, Burdett House, 15-16 Buckingham Street, London WC2N 6DU

Registered in England & Wales No: 03033634

Important notes regarding your general right to appoint a proxy and voting can be found on pages 162 to 164.

EXPLANATORY NOTES TO THE RESOLUTIONS

These notes are intended to explain the business to be transacted at the AGM to be held at 10:30 a.m. (UK time)/12:30 p.m. (South Africa time) on 2 May 2025 at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF (the **"AGM"**). Resolutions 15 to 18 (inclusive) are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution. All other resolutions are proposed as ordinary resolutions, so that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Accounts (Resolution 1)

By company law the Directors must present to the AGM the Annual Report 2024 for adoption. The Board will welcome any questions and discussion on the Annual Report 2024 at the AGM.

Directors' Remuneration Report (Resolution 2)

Resolution 2 seeks shareholders' approval for the Directors' Remuneration Report as contained on pages 87 to 107 of the Annual Report 2024, which gives details of Directors' remuneration paid for the year ended 31 December 2024 in accordance with the Remuneration Policy approved by shareholders in 2023. The auditor has audited those parts of the Directors' Remuneration Report that are required to be audited.

This resolution is proposed as an ordinary resolution. The vote is advisory in nature, which means that the Directors' entitlement to remuneration is not conditional on it.

Dividend policy (Resolution 3)

Resolution 3 is proposed to seek shareholders' approval of the Company's dividend policy. Despite the continuing uncertainty and volatility in the economic environment, we have continued to deliver a strong and robust operational and financial performance over the course of 2024. This has allowed the Company to continue to pay an increasing level of dividend to its shareholders over the last 28 years.

The Company's policy is to make all of its dividend payments (currently four per annum) as interim dividends. This enables the fourth dividend payment to be made approximately two months earlier than would be the case if that dividend were categorised as a "final dividend" and therefore had to await shareholder approval at the Annual General Meeting. This arrangement is made in the interests of shareholders, enabling them to benefit from the earlier receipt of the fourth dividend. As we believe it is important for shareholders to have an opportunity to consider this policy annually, and in accordance with the principles of good corporate governance, a resolution to approve the Company's dividend policy is included as Resolution 3 in the accompanying Notice of AGM.

Notice of Annual General Meeting 2025 continued

EXPLANATORY NOTES TO THE RESOLUTIONS continued

Re-appointment and remuneration of auditor (Resolutions 4 and 5)

Resolution 4 proposes to re-appoint Deloitte LLP as auditor of the Company to hold office from the conclusion of the AGM until the conclusion of the next general meeting of the Company at which accounts are laid.

Resolution 5 proposes to authorise the Audit Committee, for and on behalf of the Directors, to determine the remuneration of the auditor.

Election and re-election of Directors (Resolutions 6 to 12)

In accordance with the recommendations of the UK Corporate Governance Code, all the Directors have resolved that they will offer themselves for re-election by shareholders at the AGM.

Separate resolutions are being proposed to elect or re-elect each of the Directors standing for election. Resolutions 6 to 12 are being proposed as ordinary resolutions.

Re-election of Harry Hyman (Resolution 6)

Outgoing Chief Executive Officer: Founder of the Company and Director since 1996, proposed for re-election as a Non-executive Director, as further explained in the Annual Report 2024 on page 61.

Biography

Details of Harry's background and experience are set out on page 62 of the Annual Report 2024.

Other external relationships

Non-executive Chair of Biopharma Credit PLC.

Contribution and reasons for re-election

Harry has extensive experience in investing in the primary healthcare sector, and the value of his contribution to the Company is demonstrated by his having developed the Company's business from inception 26 years ago to its current position in the FTSE 250, with an investment portfolio of over £2.5 billion. Harry brings to the Board a unique combination of experience in the primary healthcare sector, a background in finance and entrepreneurial flair having established a number of successful private companies. The Board believes that Harry Hyman's appointment as Non-executive Chair is in the best interests of the Group and all of its stakeholders, particularly as Harry's knowledge and expertise gained over nearly 30 years in the primary care property sector will continue to be invaluable and highly relevant to the Group's future success. On his appointment as Non-executive Chair in 2024, the Board determined that the term will be a maximum of three years, subject to: (a) annual review by the Company's experienced and robust group of independent Non-executive Directors; and (b) with the Board's recommendation following such review, re-appointment by shareholders at the Company's Annual General Meeting each year for that period.

Independent
No

Re-election of Mark Davies (Resolution 7)

Chief Executive Officer with effect from the conclusion of the Company's 2024 Annual General Meeting.

Biography

Details of Mark's background and experience are set out on page 62 of the Annual Report 2024.

Other external relationships

Senior Independent Non-executive Director of Palace Capital plc.

Contribution and reasons for re-election

Mark is a highly experienced FTSE 250 Executive, having held CEO and CFO roles in listed companies and private equity. He was a Co-founder Director of NewRiver REIT plc ("NewRiver") in 2009 and played an important role in taking the company from IPO to the FTSE 250 in seven years. He was CFO of NewRiver for over twelve years and, alongside his role as CFO, was also CEO/Executive Chair of Hawthorn Leisure Limited ("Hawthorn") for five years. Mark stood down from the board of NewRiver following the successful sale of Hawthorn in July 2021 to private equity at a premium price.

Mark has considerable capital markets experience and over the last 14 years has raised over £3 billion of equity and debt in public and private markets.

Independent
No

Re-election of Richard Howell (Resolution 8)

Chief Financial Officer: Appointed as a Director from 1 April 2017.

Biography

Details of Richard's background and experience are set out on page 62 of the Annual Report 2024.

Other external relationships

Non-executive Director of Life Science REIT plc.

Contribution and reasons for re-election

Richard has been Chief Financial Officer during a time of significant change for the Company's corporate group and has played a key role in effectively managing the Company's corporate group's capital raising activities from both financial institutions and the public markets. Richard's extensive finance experience and deep understanding of the markets in which the Company operates, having previously held senior accounting positions within listed property companies operating across the UK, mean he continues to contribute greatly to the long term success of the Company's corporate group.

Independent
No

Notice of Annual General Meeting 2025 continued

EXPLANATORY NOTES TO THE RESOLUTIONS continued

Re-election of Laure Duhot (Resolution 9)

Non-executive Director: Appointed as a Director on 14 March 2019.

Biography

Details of Laure's background and experience are set out on page 62 of the Annual Report 2024.

Other external relationships

Non-executive Director at Safestore Holdings plc and NB Global Monthly Income Fund Limited (until July 2024).

Contribution and reasons for re-election

Laure brings over 30 years of property and finance experience to the Board, including insights from her international property investment experience. Laure has specialised in investment in alternative real estate assets and was a Non-executive Director at MedicX Limited. Laure makes an effective and valuable contribution to the Board, including as Chair of the ESG Committee. Laure has demonstrated commitment, including devoting an appropriate amount of time, to the role.

Independent
Yes

Re-election of Ian Krieger (Resolution 10)

Senior Independent Non-executive Director: Appointed as a Director on 15 February 2017.

Biography

Details of Ian's background and experience are set out on page 63 of the Annual Report 2024.

Other external relationships

Senior Independent Non-executive Director and Chair of the Audit Committee at Safestore Holdings plc and Capital & Regional plc until his retirement from the board of each during 2024.

Contribution and reasons for re-election

Ian brings to the Board a wealth of specialised financial and accounting skills and expertise from his experience in the audit profession and in previously chairing the audit committees of two other listed companies in the property sector. His extensive financial expertise, coupled with his insight and governance experience of other listed companies, makes him ideally placed to serve as Chair of the Audit Committee. Ian makes an effective and valuable contribution to the Board, including through his role of Chair of the Audit Committee, and demonstrates a high degree of commitment, including devoting an appropriate amount of time, to the role.

Independent
Yes

Re-election of Ivonne Cantú (Resolution 11)

Independent Non-executive Director. Appointed as a Director on 1 January 2022.

Biography

Details of Ivonne's background and experience are set out on page 63 of the Annual Report 2024.

Other external relationships

Non-executive Director at Creo Medical Group plc.

Contribution and reasons for re-election

Ivonne has significant public company and corporate finance experience, having spent over 20 years advising listed businesses. She is currently the Director of Investor Relations, Communications and Sustainability as well as a Member of the Executive Management Team and the Sustainability Committee of Benchmark Holdings Limited, a biotechnology aquaculture company. She is also a Non-executive Director and Chair of the Remuneration Committee at Creo Medical Group plc.

Independent
Yes

Re-election of Dr Bandhana (Bina) Rawal (Resolution 12)

Independent Non-executive Director. Appointed as a Director on 27 February 2024.

Biography

Details of Bina's background and experience are set out on page 63 of the Annual Report 2024.

Other external relationships

Non-executive Director at Worldwide Healthcare Trust plc.

Contribution and reasons for re-election

Bina brings to the Board a wide breadth of experience spanning patient care, digital and population health, ESG, strategy, partnerships and EDI, alongside extensive networks in UK healthcare through her senior level executive and non-executive roles to date in large, complex organisations within the public, private and not-for-profit sectors.

Independent
Yes

Notice of Annual General Meeting 2025 continued

EXPLANATORY NOTES TO THE RESOLUTIONS continued

Political expenditure or donations (Resolution 13)

Under the 2006 Act, political donations made by a company and its subsidiaries to political parties, to other political organisations or to an independent election candidate, or political expenditure incurred by a company of more than £5,000 in any twelve month period, is prohibited unless they have been authorised in advance to make donations by the company's shareholders.

It is the policy of the Company not to make donations to political parties, other political organisations or independent election candidates and the Directors have no intention of changing that policy.

However, as a result of the wide definition of political organisations under the 2006 Act, normal expenditure (such as expenditure on organisations concerned with matters of public policy, law reform and representation of the business community) and business activities (such as communicating with the government and political parties at local, national and European level) might be construed as political expenditure or as a donation to a political party or other political organisation and therefore fall within the restrictions of the 2006 Act.

Consequently, the Directors have concluded that, in common with many other listed companies, it would be prudent to seek authority from shareholders to allow them to make political donations and incur political expenditure (up to £40,000 in the specified period) to ensure that the Group does not inadvertently breach the Companies Act 2006. Any political donation made or political expenditure incurred which is in excess of £200 will be disclosed in the Company's Annual Report and Accounts for next year, as required by the 2006 Act. Resolution 13 will not be used to make political donations within the normal meaning of that expression.

Directors' authority to allot shares (Resolution 14)

Further to the Articles of Association of the Company (the **"Articles"**) and the provisions of the 2006 Act, the Directors may only allot Ordinary Shares or grant rights over Ordinary Shares if authorised to do so by shareholders.

Accordingly, the authority in Resolution 14, paragraph (A) will allow the Directors to allot shares or grant rights to subscribe for, or convert any security into, shares in the Company, up to a maximum nominal amount of £55,687,241, representing approximately one-third of the Company's issued Ordinary Share capital calculated as at 11 March 2025 (being the latest practicable date prior to publication of this document). The authority in Resolution 14, paragraph (B) will allow the Directors, only in connection with a pre-emptive rights issue, to allot shares or grant rights to subscribe for, or convert any securities into, shares in the Company, up to a maximum nominal amount of £55,687,241 in addition to the nominal amount of any shares allotted or rights granted to subscribe for, or to convert any security into, shares under paragraph (A), together representing approximately two-thirds of the Company's issued Ordinary Share capital calculated as at 11 March 2025 (being the latest practicable date prior to publication of this document). This is in line with corporate governance guidelines.

This authority will last until the conclusion of the next Annual General Meeting of the Company or, if earlier, on the date which is 15 months after the date of the AGM. The Directors intend to renew this authority annually at each Annual General Meeting of the Company. The Directors have no present intention of exercising this authority other than pursuant to legally binding obligations to do so or, if applicable, on conversion of the 2.875% guaranteed convertible bonds due 2025 (the **"convertible bonds"**) issued by the Company's subsidiary PHP Finance (Jersey No. 3) Limited. However, it is considered prudent to maintain the flexibility that this authority provides.

As at 11 March 2025 (being the latest practicable date prior to the publication of this document), the Company held no Ordinary Shares in treasury and there were £150,000,000 convertible bonds outstanding, which at the current exercise price would require the issue of 119,388,730 Ordinary Shares if all the outstanding convertible bonds exercised the right to convert.[1]

Directors' authority to disapply pre-emption rights (Resolutions 15 and 16)

Under the 2006 Act, when new shares are proposed to be issued for cash, other than in connection with a company share option plan, they must first be offered to existing shareholders pro rata to their percentage holdings at such time, unless shareholders have waived this right either generally or in respect of a particular issue. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. The purpose of Resolution 16, therefore, is to enable shareholders to waive their pre-emption rights and allow the Directors to allot shares for cash without such shares being first offered to existing shareholders.

The Statement of Principles, as revised by the Pre-emption Group in November 2022, allows non-pre-emptive issues capped at 10% for an unrestricted purpose, and at 10% for use only in connection with an acquisition or specified capital investment. In addition, the Statement of Principles allows companies to seek a further disapplication of up to 2% in each case for the purposes of a "follow-on offer", as defined in paragraph 3 of Section 2B of the Statement of Principles. In summary, this constitutes an offer announced at the same time as, or as soon as reasonably practicable after, the non-pre-emptive placing, of shares not exceeding 20% of those issued in the non-pre-emptive placing, made only to existing shareholders as at a record date prior to announcement of the non-pre-emptive placing (excluding any shareholder allocated shares in that placing), entitling them to subscribe for shares up to a monetary cap of £30,000 per ultimate beneficial owner, at a price which is equal to, or less than, the offer price in the non-pre-emptive placing. This is designed to facilitate participation by retail investors in secondary issuances.

Accordingly, Resolution 15 will, if passed by special resolution, give the Directors authority to allot shares pursuant to the authority granted in Resolution 14 for cash on a non-pre-emptive basis. This authority will permit the Directors to allot shares for cash: (A) in connection with a rights issue or any other pre-emptive offer concerning equity securities; or (B) otherwise than in connection with a rights issue or any other pre-emptive offer for shares in the Company up to a maximum nominal value of £16,706,172, representing approximately 10% of the Company's issued Ordinary Share capital as at 11 March 2025 (being the latest practicable date prior to the publication of this document).

1 To be updated for any new CLN information when confirmed (assuming the new CLN arrangements are entered into prior to the latest practicable date of this document, which we understand to be as per the intended timeframe).

Notice of Annual General Meeting 2025 continued

EXPLANATORY NOTES TO THE RESOLUTIONS continued

Directors' authority to disapply pre-emption rights (Resolutions 15 and 16) continued

Resolution 15(C) will, if passed by special resolution, also give the Directors authority to allot shares (or sell treasury shares) pursuant to the authority granted in Resolution 14 for cash on a non-pre-emptive basis. This disapplication will permit the Directors to allot shares, or sell treasury shares, for cash otherwise than in connection with a rights issue or any other pre-emptive offer for shares in the Company up to a maximum nominal value representing approximately 20% of any allotment of equity securities (or sale of treasury shares) made from time to time pursuant to the authority granted in Resolution 15(B) to be used only for a follow-on offer which the Board determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group.

For the purposes of Resolution 15, the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

Resolution 16 additionally authorises the Directors to allot new shares (or sell treasury shares) for cash, without the shares being offered first to existing shareholders, in connection with the financing (or refinancing, if the authority is to be used within twelve months after the original transaction) of an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding twelve-month period and is disclosed in the announcement of the allotment. The authority under Resolution 16 is limited to a nominal value of £16,706,172, representing approximately 10% of the Company's issued Ordinary Share capital as at 11 March 2025 (being the latest practicable date prior to the publication of this document).

Resolution 16(B) also will, if passed by special resolution, give the Directors authority to allot shares (or sell treasury shares) pursuant to the authority granted in Resolution 14 for cash on a non-pre-emptive basis, provided that such allotment or sale is up to a maximum nominal value representing approximately 20% of any allotment of equity securities (or sale of treasury shares) made from time to time pursuant to the authority granted in Resolution 16(A) to be used only for a follow-on offer which the Board determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group.

The Board intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles, as updated in November 2022, and will seek to limit the discount applied to any non-pre-emptive issue to 5%, including expenses. Notwithstanding the above, the Directors consider it desirable and believe it appropriate to have the maximum flexibility permitted by corporate governance guidelines to enable non-pre-emptive allotments to take place to finance business opportunities.

The provisions of Resolutions 15 and 16 comply with the Share Capital Management Guidelines issued by the Investment Association in July 2016 and the disapplication of pre-emption rights resolutions follow the resolution templates issued by the Pre-emption Group in November 2022.

If Resolutions 15 and 16 are passed, the authorities will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the date which is 15 months after the date of the AGM. The Directors intend to renew this authority annually at each AGM of the Company. The Directors have no immediate plans to make use of this authority, other than in connection with the issue of Ordinary Shares under the scrip dividend scheme or if applicable on conversion of the convertible bonds.

As at 11 March 2025 (being the latest practicable date prior to the publication of this document), the Company did not hold any treasury shares. If the Company were to create treasury shares, for example through the market purchase of its own shares, the subsequent sale of any treasury shares would be counted as equivalent to the issue of new shares for the purpose of the limitations on the issue of new shares included in Resolution 18.

Notice of general meetings, other than Annual General Meetings (Resolution 17)

Under the 2006 Act, the minimum notice period for general meetings of listed companies is 21 days. Companies may reduce this period to 14 days (other than for Annual General Meetings) provided that two conditions are met: (i) the company offers a facility for shareholders to vote by electronic means (which is met if the company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website); and (ii) there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days.

The Board is therefore proposing, in common with many other listed companies, Resolution 17 as a special resolution to approve 14 days as the minimum period of notice for all general meetings other than Annual General Meetings. The approval will be effective until the Company's next Annual General Meeting, when it is intended that the approval be renewed. The Board will consider on a case-by-case basis whether the use of the flexibility offered by the shorter notice period is merited. The shorter notice period will be used in accordance with all relevant corporate governance guidelines applicable at the time. In particular, it will only be used where flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Purchase of own shares (Resolution 18)

Resolution 18 seeks authority for the Company to make market purchases of its own Ordinary Shares as permitted by the 2006 Act and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 133,649,378 of its Ordinary Shares, representing approximately 10% of the Company's issued Ordinary Share capital as at 11 March 2025 (being the latest practicable date prior to the publication of this document).

This authority is commonly sought by listed companies and the Board considers it prudent to obtain the flexibility this resolution provides. In considering whether to use this authority, the Board will take into account factors including the financial resources of the Company, the Company's share price and future funding opportunities. It will be exercised only if the Board believes that to do so would result in an increase in earnings per share and would be in the best interests of shareholders generally and that the purchase can be expected to result in an increase in earnings per Ordinary Share.

Notice of Annual General Meeting 2025 continued

EXPLANATORY NOTES TO THE RESOLUTIONS continued

Purchase of own shares (Resolution 18) continued

The Directors have no present intention of exercising the authority granted by Resolution 18.

The resolution specifies the minimum and maximum prices which may be paid for any Ordinary Shares purchased under this authority. The authority will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the date which is 15 months after the date of the AGM.

The Company may either cancel any Ordinary Shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). No dividends are paid on shares in treasury and no voting rights attach to treasury shares. If the Ordinary Shares that the Company buys back under this authority are held in treasury, this would give the Company the ability to re-issue treasury shares quickly and cost-effectively, providing the Company with additional flexibility in the management of its capital.

As at 11 March 2025 (being the latest practicable date prior to the publication of this document), save for the £150,000,000 convertible bonds outstanding, there are no warrants or options to subscribe for Ordinary Shares that are outstanding.

GUIDANCE NOTES FOR THE AGM AND ON APPOINTMENT OF PROXIES

1. General:

A copy of this Notice of AGM and other information regarding the AGM, required by Section 311A of the 2006 Act (including a copy of the Annual Report 2024 posted to shareholders with this notice), are available from the Company's website at www.phpgroup.co.uk. Shareholders who have not elected to receive these documents in printed form may obtain copies by writing to the Company Secretary at the Company's registered office. Shareholders who wish to receive the printed Annual Report and Accounts for future years should write to the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA.

2. Entitlement to vote:

Under the Articles, the holders of Ordinary Shares are entitled to attend the AGM and to speak and vote at the AGM. Duly appointed proxies are entitled also to attend, speak and vote at the AGM.

Only those holders of Ordinary Shares registered in the register of members of the Company as at 6:30 p.m. (UK time)/8:30 p.m. (South Africa time) on Friday 2 May 2025 (or, if the AGM is adjourned, 6:30 p.m. (UK time)/8:30 p.m. (South Africa time) on the day that is 48 hours before any adjourned meeting (excluding any part of any day that is not a working day)) shall be entitled to attend (either in person, remotely or by proxy) and vote at the AGM, or any adjourned meeting, in respect of the number of shares registered in their names at that time. Any changes to the register of members after the relevant deadline shall be disregarded in determining the right of any person to attend and vote at the AGM or an adjourned meeting.

3. Entitlement to appoint proxies:

Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If a proxy is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his or her discretion as to whether and, if so, how to vote. To appoint more than one proxy you may photocopy the Form of Proxy. A proxy need not be a shareholder of the Company.

The Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice of AGM. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA.

The return of a completed Form of Proxy, or other such instrument or any CREST Proxy Instruction (as described in Note 5 below), will not prevent a shareholder attending the AGM and voting.

In the case of joint shareholders, the signature of only one of the joint holders is required on the Form of Proxy but the vote of the first named on the register of members will be accepted to the exclusion of the other joint holders.

4. Validity of proxies:

To be valid a Form of Proxy or other instrument appointing a proxy must be received by one of the following methods:

a. by posting the reply-paid proxy or otherwise by post (in which case postage will be payable) or (during normal business hours only) by hand at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA;

b. in the case of CREST members, by utilising the CREST electronic proxy appointment services in accordance with the procedures set out in paragraph 5 below; or

c. as an alternative to completing and returning the printed Form of Proxy, you may submit your proxy electronically by accessing the Shareview website provided by Equiniti Limited. Shareholders may submit an electronic proxy online, using the reference numbers printed on the Form of Proxy, at www.shareview.co.uk, where details of the voting procedures are shown.

IMPORTANT: in any case, the Form of Proxy must be received by or lodged with the Company by 10:30 a.m. (UK time)/12:30 p.m. (South Africa time) on Friday 2 May 2025 (or, if the AGM is adjourned, not later than 48 hours before the time fixed for the adjourned meeting (excluding any part of any day that is not a working day)).

5. Electronic proxy appointment:

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Notice of Annual General Meeting 2025 continued

GUIDANCE NOTES FOR THE AGM AND ON APPOINTMENT OF PROXIES continued

5. Electronic proxy appointment: continued

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number RA19) not later than 10:30 a.m. (UK time)/12:30 p.m. (South Africa time) on Friday 2 May 2025 (or, if the AGM is adjourned, not later than 48 hours before the time fixed for the adjourned meeting (excluding any part of any day that is not a working day)). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service provider(s) should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by Equiniti Limited. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by not later than 10:30 a.m. (UK time)/12:30 p.m. (South Africa time) on Friday 2 May 2025 (or, if the AGM is adjourned, not later than 48 hours before the time fixed for the adjourned meeting) in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

6. Corporate representatives:

Any corporation which is a member may by resolution of its Directors or other governing body authorise one or more person(s) to act as its representative who may exercise, on its behalf, all its powers as a member, provided that they do not do so in relation to the same shares. A certified copy of any such resolution must be deposited at the registered office of the Company not less than 48 hours before the time appointed for the AGM to be valid (excluding any part of any day that is not a working day).

7. Nominated persons:

Any person to whom this document is sent who is a person nominated under Section 146 of the 2006 Act to enjoy information rights (a **"Nominated Person"**) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies at Notes 2, 3, 4, and 5 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by shareholders of the Company. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains the registered shareholder or custodian or broker who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holding (including any administration) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee to deal with matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the 2006 Act, writes to you directly for a response.

8. Electronic communication:

Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic Form of Proxy, that is found to contain any virus will not be accepted.

9. Voting and voting rights:

As at 5:00 p.m. on 11 March 2025 (being the latest business day prior to the publication of this document), the Company's issued share capital consists of 1,336,493,786 Ordinary Shares, carrying one vote each. Therefore, the total number of voting rights in the Company as at 5:00 p.m. on 11 March 2025 is 1,336,493,786. The website referred to in Note 1 will include information on the number of Ordinary Shares and voting rights.

Voting on the resolutions will be conducted by way of a poll rather than on a show of hands, as this is considered by the Board to reflect the views of shareholders more accurately. As soon as practicable following the AGM, the results of voting at the AGM and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each resolution will be announced via a Regulatory Information Service and also placed on the Company's website referred to in Note 1 above.

Notice of Annual General Meeting 2025 continued

GUIDANCE NOTES FOR THE AGM AND ON APPOINTMENT OF PROXIES continued

10. Right to ask questions:

Any shareholder attending the AGM has the right to ask questions. The secure telephone line will enable shareholders who attend the AGM remotely to ask questions during the meeting. Further details on how to ask a question via the phone line will be made available to shareholders who notify the Company Secretary at cosec@phpgroup.co.uk to request individual secure dial-in details.

The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if:

- to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; or
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

11. Audit concerns:

Under Section 527 of the 2006 Act a shareholder or shareholders meeting the threshold requirements set out in that Section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstance connected with the auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the 2006 Act. The Company cannot require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under Section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on a website.

The request may be in hard copy form or in electronic form (stating your name and address and in the case of an electronic communication stating Annual General Meeting in the subject line of the email); must either set out the statement in full or, if supporting a statement sent by another shareholder, clearly identify the statement which is being supported; must be authenticated by the person or persons making it; and must be received by the Company at least one week before the AGM.

12. Communication with the Company:

You may not use any electronic address provided either in this Notice of AGM or any related documents (including the Form of Proxy accompanying this document) to communicate with the Company for any purposes other than those expressly stated. All communication with the Company in relation to the AGM should be by writing to Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA or to the Company Secretary at the registered office of the Company set out at the foot of the Notice of AGM.

13. Shareholders' right to require the Company to give notice of a resolution and include a matter in the business of the meeting:

Under Sections 338 and 338A of the Companies Act 2006, shareholders meeting the threshold requirements set out in those sections may, subject to conditions, require the Company to give to shareholders notice of a resolution which may properly be moved and is intended to be moved at that meeting and/or to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may properly be included in the business at that meeting.

A resolution may properly be moved or a matter may properly be included in the business of the AGM unless: (i) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. Such a request may be in hard copy or electronic form; must identify the resolution of which notice is to be given or the matter to be included in the business; must be authenticated by the person or persons making it; must be sent to the Company at cosec@phpgroup.co.uk not later than 13 March 2025, being the date six clear weeks before the AGM; and (in the case of a matter to be included in the business at the meeting only) must be accompanied by a statement setting out the grounds for the request.

14. Inspection of documents:

The following documents, which are available for inspection at an agreed time during normal business hours at the registered office of the Company on any weekday (Saturdays, Sundays and public holidays excluded), will also be available for inspection at the place of the AGM from 9:30 a.m. on the day of the AGM until the end of the meeting:

i. copies of the service contracts of the Executive Directors under which they are employed by the Company and the letters of appointment (and other related documents) of the Non-executive Directors; and

ii. the Articles of Association of the Company.

Shareholder information

Corporate calendar 2025

Annual General Meeting	7 May 2025
Announcement of half year results	28 July 2025

Dividends

The Company intends to make quarterly dividend payments to shareholders in February, May, August and November. The first quarterly dividend in 2025 (for which the record date was 10 January 2025) was paid on 21 February 2025.

Further distributions are expected to be paid in May, August and November 2025.

Distributions from the Company may comprise PIDs (see below), ordinary cash dividends or a combination of the two. PIDs have been paid by the Group since 1 January 2007.

Payment of dividends

If you would like your dividend/interest paid directly into your bank or building society account, you should write to the Registrar including details of your nominated account. Although this will enable your dividend/interest to be paid directly into your account, your tax voucher will be sent to your registered address.

Dividend Reinvestment Plan ("DRIP")

The Company offers a DRIP, provided by Equiniti Financial Services Limited, enabling shareholders to use their cash dividend to buy further Ordinary Shares. For information on how to apply for the DRIP, as well as its terms and conditions, please visit www.shareview.co.uk.

Scrip dividend scheme

The optional scrip dividend scheme previously offered to shareholders has been suspended.

Investment account

The Company has made arrangements for Equiniti Financial Services Limited to provide an investment account to allow lump sum and regular savings to facilitate the purchase of the Company's Ordinary Shares. Details and the forms required for this service can be accessed from the Company's website or alternatively at: www.shareview.co.uk/dealing.

For details of the service please contact Equiniti on +44 (0) 371 384 2030.

Equiniti Financial Services Limited is authorised and regulated by the Financial Conduct Authority. As with all stock market investments, the price of shares can go down as well as up and on sale investors may not get back the full amount they invested.

Taxation status

The REIT regulations require an REIT to distribute at least 90% of its exempt rental income (as calculated for tax purposes) as a PID.

PIDs are paid out under deduction of withholding tax at the basic rate, currently 20%. Certain classes of shareholders, including UK companies, charities, local authorities and UK pension schemes, may receive PIDs without deduction of withholding tax, if a valid claim is lodged with the Company by a qualifying shareholder. Shareholders who wish to apply for a tax exemption form should contact the Registrar.

The above is a general guide only and shareholders who have any doubt about their tax position should consult their own appropriate independent professional adviser.

Registrar

The Company's Registrar is Equiniti. In the event of any queries regarding your holding of shares, please contact the Registrar free of charge on +44 (0) 371 384 2030 (lines are open 8:30 a.m. to 5:30 p.m. Monday to Friday), or in writing to: Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Changes of name or address must be notified to the Registrar in writing.

Equiniti Shareview dealing services

A quick and easy share dealing service is available to either sell or buy PHP shares. To deal online or by telephone all you need is your Shareholder Reference Number, full postcode and date of birth. Your Shareholder Reference Number can be found on your latest dividend statement. For further information on this service, or to buy and sell shares, please contact Equiniti customer services on +44 (0) 371 384 2030 (8:30 a.m. to 5:30 p.m. Monday to Friday) or access www.shareview.co.uk/dealing.

Forward-looking statements

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward looking in nature and are subject to risks and uncertainties. Actual future results may differ materially from those expressed in or implied by these statements. Many of these risks and uncertainties relate to factors that are beyond PHP's ability to control or estimate precisely, such as future market conditions, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, and changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. PHP does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document.

Information contained in this document relating to the Company should not be relied upon as a guide to future performance.

Glossary of terms

Adjusted earnings is EPRA earnings excluding the contract termination fee and amortisation of MtM adjustments for fixed rate debt acquired on the merger with MedicX.

Adjusted earnings per share is adjusted earnings divided by the weighted average number of shares in issue during the year.

Adjusted net tangible assets ("adjusted NTA") (which has replaced the former adjusted EPRA net asset value alternative performance measure) is EPRA net tangible asset value excluding the MtM adjustment of the fixed rate debt, net of amortisation, acquired on the merger with MedicX. The objective of the adjusted NTA measure is to highlight the value of net assets on a long term basis and it excludes assets and liabilities that are not expected to crystallise in normal circumstances and continues to be used as a measure to determine the PIF payment.

Adjusted NTA per share is adjusted NTA divided by the number of shares in issue at the balance sheet date.

Annualised rental income on a like-for-like basis is the contracted rent on a per annum basis assuming a consistent number of properties between each year.

Average cost of debt is the total interest cost of drawn debt and swaps, divided by the amount of drawn debt.

Axis is Axis Technical Services Limited.

Building Research Establishment Environmental Assessment Method ("BREEAM") assesses the sustainability of buildings against a range of criteria.

Clinical Commissioning Groups ("CCGs") are the groups of GPs and other healthcare professionals that are responsible for designing local health services in England with effect from 1 April 2013.

Company and/or **Parent** is Primary Health Properties PLC ("PHP").

CSRD is Corporate Sustainability Reporting Directive.

Direct property costs comprise ground rents payable under head leases, void costs, other direct irrecoverable property expenses, rent review fees and valuation fees.

District Valuer ("DV") is the District Valuer Service, being the commercial arm of the Valuation Office Agency ("VOA"). It provides professional property advice across the public sector and in respect of primary healthcare represents NHS bodies on matters of valuation, rent reviews and initial rents on new developments.

Dividend cover is the number of times the dividend payable (on an annual basis) is covered by adjusted earnings.

Earnings per Ordinary Share from continuing operations ("EPS") is the profit attributable to equity holders of the Parent divided by the weighted average number of shares in issue during the year.

EBITDA is operating profit excluding amortisation of intangibles, Axis acquisition costs and investment property revaluations.

EPC is an Energy Performance Certificate.

European Public Real Estate Association ("EPRA") is a real estate industry body, which has issued Best Practice Recommendations in order to provide consistency and transparency in real estate reporting across Europe.

EPRA cost ratio is the ratio of net overheads and operating expenses against gross rental income (with both amounts excluding ground rents payable). Net overheads and operating expenses relate to all administrative and operating expenses, net of any service fees, recharges or other income specifically intended to cover overhead and property expenses.

EPRA earnings is the profit after taxation excluding investment and development property revaluations, gains/losses on disposals, changes in the fair value of financial instruments and associated close-out costs and their related taxation and amortisation of non-monetary items such as intangible assets.

EPRA earnings per share is EPRA earnings divided by the weighted average number of shares in issue during the year.

EPRA net assets ("EPRA NAV") is the balance sheet net assets excluding own shares held, the MtM value of derivative financial instruments and the convertible bond fair value movement and intangible assets.

EPRA NAV per share is the balance sheet net assets excluding own shares held, the MtM value of derivative financial instruments and the convertible bond fair value movement and intangible assets, divided by the number of shares in issue at the balance sheet date.

EPRA NNNAV is adjusted EPRA NAV including the MtM value of fixed rate debt and derivatives.

EPRA net reinstatement value ("EPRA NRV") is the balance sheet net assets including real estate transfer taxes but excluding the MtM value of derivative financial instruments, deferred tax and the convertible bond fair value movement. The aim of the metric is to reflect the value that would be required to recreate the Company through the investment markets based on its current capital and financing structure. Refer to Note 8.

EPRA NRV per share is the EPRA net reinstatement value divided by the number of shares in issue at the balance sheet date. Refer to Note 8.

EPRA net disposal value ("EPRA NDV") (replacing EPRA NNNAV) is adjusted EPRA NRV including deferred tax and the MtM value of fixed rate debt and derivatives. The aim of the metric is to reflect the value that would be realised under a disposal scenario. Refer to Note 8.

EPRA net tangible assets ("NTA") (which has replaced the former EPRA net asset value alternative performance measure) is the balance sheet net assets but excluding the MtM value of derivative financial instruments, deferred tax and the convertible bond fair value movement. The aim of the metric is to reflect the fair value of the assets and liabilities of the Group that it intends to hold and does not intend in the long run to sell. Refer to Note 8.

EPRA NTA per share is the EPRA net tangible assets divided by the number of shares in issue at the balance sheet date. Refer to Note 8.

EPRA vacancy rate is, as a percentage, the ERV of vacant space in the Group's property portfolio divided by the ERV of the whole portfolio.

Equivalent yield (true and nominal) is a weighted average of the net initial yield and reversionary yield and represents the return a property will produce based upon the timing of the income received. The true equivalent yield assumes rents are received quarterly in advance. The nominal equivalent assumes rents are received annually in arrears.

Estimated rental value ("ERV") is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

Glossary of terms continued

Gross rental income is the gross accounting rent receivable.

Group is Primary Health Properties PLC ("PHP") and its subsidiaries.

Headline earnings is the profit after taxation excluding investment and development property revaluations, gains/losses on disposals and their related taxation.

HSE or the **Health Service Executive** is the executive agency of the Irish government responsible for health and social services for people living in Ireland.

IASs are International Accounting Standards as adopted by the United Kingdom.

IFRSs are International Financial Reporting Standards as adopted by the United Kingdom.

IFRS or **basic net asset value per share ("IFRS NAV")** is the balance sheet net assets, excluding own shares held, divided by the number of shares in issue at the balance sheet date.

Interest cover is the number of times net interest payable is covered by net rental income.

Interest rate swap is a contract to exchange fixed payments for floating payments linked to an interest rate, and is generally used to manage exposure to fluctuations in interest rates.

JSE is Johannesburg Stock Exchange, the largest stock exchange in Africa.

Like for like compares prior year to current year excluding acquisitions, disposals and developments.

London Interbank Offered Rate ("LIBOR") is the interest rate charged by one bank to another for lending money.

Loan to value ("LTV") is the ratio of net debt to the total value of properties.

Mark-to-market ("MtM") is the difference between the book value of an asset or liability and its market value.

MedicX is MXF Fund Limited and its subsidiaries.

MSCI (IPD) provides performance analysis for most types of real estate and produces an independent benchmark of property returns.

MSCI (IPD) Healthcare is the UK Annual Healthcare Property Index.

MSCI (IPD) total return is calculated as the change in capital value, less any capital expenditure incurred, plus net income, expressed as a percentage of capital employed over the period, as calculated by MSCI (IPD).

Net asset value ("NAV") is the value of the Group's assets minus the value of its liabilities.

Net debt is total drawn debt, less cash and cash equivalents.

Net initial yield ("NIY") is the annualised rents generated by an asset, after the deduction of an estimate of annual recurring irrecoverable property outgoings, expressed as a percentage of the asset valuation (after notional purchasers' costs).

Net related income is the related income after the payment of direct property costs, which include service charge payments.

Net rental and related income is the sum of net rental income and net related income.

Net rental income is the rental income receivable in the period after payment of direct property costs. Net rental income is quoted on an accounting basis.

Net zero carbon refers to the point at which a process, activity or system, etc. produces net zero carbon emissions, through emissions reduction, use of low or zero carbon energy and removal or offsetting of residual emissions. In the context of buildings and activities associated with the construction, refurbishment, maintenance and operation of buildings, PHP refers to the UK Green Building Council's "Net zero carbon, a framework definition".

NHSPS is NHS Property Services Limited, the company wholly owned and funded by the Department of Health, which, as of 1 April 2013, has taken on all property obligations formerly borne by primary care trusts.

Occupancy is the level of units occupied, after deducting the ERV vacancy rate.

Parity value is calculated based on dividing the convertible bond value by the exchange price.

Progressive returns is where returns are expected to continue to rise each year.

Progressive dividends is where dividends are expected to continue to rise each year on a per share basis.

Property Income Distribution ("PID") is the required distribution of income as dividends under the REIT regime. It is calculated as 90% of exempted net income.

Real Estate Investment Trust ("REIT") is a listed property company which qualifies for and has elected into a tax regime which exempts qualifying UK profits arising from property rental income and gains on investment property disposals from corporation tax, but which has a number of specific requirements.

Related income is the property and service charge income generated from the Axis business.

Rent reviews take place at intervals agreed in the lease and their purpose is usually to adjust the rent to the current market level at the review date.

Rent roll is the passing rent, being the total of all the contracted rents reserved under the leases.

Reversionary yield is the anticipated yield which the initial yield will rise to once the rent reaches the ERV and when the property is fully let. It is calculated by dividing the ERV by the valuation.

Retail Price Index ("RPI") is the official measure of the general level of inflation as reflected in the retail price of a basket of goods and services such as energy, food, petrol, housing, household goods, travelling fare, etc. RPI is commonly computed on a monthly and annual basis.

RICS is the Royal Institution of Chartered Surveyors.

RPI linked leases are those leases which have rent reviews which are linked to changes in the RPI.

Special reserve is a distributable reserve.

Sterling Overnight Interbank Average Rate ("SONIA") is the effective overnight interest rate paid by banks for unsecured transactions in the British Sterling market.

Glossary of terms continued

Total expense ratio ("TER") is calculated as total administrative costs for the year divided by the average total asset value during the year.

Total property return is the overall return generated by properties on a debt-free basis. It is calculated as the net rental income generated by the portfolio plus the change in market values, divided by opening property assets plus additions.

	£m
Net rental and related income (A)	155.6
Revaluation deficit and profit on sales (B)	(38.4)
Total return (C)	117.2
Opening property assets	2,779.3
Weighted additions in the period	9.1
Total weighted average closing property assets (D)	2,788.4
Income return (A/D)	5.5%
Property return (B/D)	(1.3)%
Total property return (C/D)	**4.2%**

Total adjusted NTA return is calculated as the movement in adjusted net tangible asset value for the period plus the dividends paid, divided by opening EPRA net tangible asset value.

	Adjusted NTA per share
At 31 December 2023	108.0p
At 31 December 2024	**105.0p**
Increase/(decrease)	**(3.0)p**
Add: dividends paid	
Q1 interim	1.725p
Q2 interim	1.725p
Q3 interim	1.725p
Q4 interim	1.725p
Total	**6.9p**
Total adjusted NTA return	**3.6%**

Total shareholder return is calculated as the movement in the share price for the period plus the dividends paid, divided by the opening share price.

Weighted average facility maturity is calculated by multiplying each tranche of Group debt by the remaining period to its maturity and dividing the result by total Group debt in issue at the year end.

Weighted average unexpired lease term ("WAULT") is the average lease term remaining to first break, or expiry, across the portfolio weighted by contracted rental income.

Yield on cost is the estimated annual rent of a completed development divided by the total cost of development, including site value and finance costs expressed as a percentage return.

Yield shift is a movement (usually expressed in basis points) in the yield of a property asset, or like-for-like portfolio, over a given period. Yield compression is a commonly used term for a reduction in yields.

Advisers and bankers

Stockbrokers

Deutsche Numis
45 Gresham Street
London EC2V 7BF

Peel Hunt LLP
7th Floor
100 Liverpool Street
London EC2M 2AT

JP Morgan Cazenove
25 Bank Street
London EC3M 7AU

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP
Cannon Place
78 Cannon Street
London EC4N 6AF

Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

TLT LLP
20 Gresham Street
London EC2V 7JE

McCann FitzGerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

Pinsent Masons
30 Crown Place
Earl Street
London EC24 4ES

Auditor

Deloitte LLP
1 New Street Square
London EC4A 3HQ

Bankers

Allied Irish Bank PLC
St Helens
1 Undershaft
London EC3A 8AB

Aviva Public Private Finance Limited
St Helens
1 Undershaft
London EC3P 3DQ

Barclays Bank PLC
1 Churchill Place
London E14 5HP

HSBC Bank PLC
8 Canada Square
London E14 5HQ

Lloyds Bank PLC
25 Gresham Street
London EC2V 7HN

Santander UK PLC
2 Triton Square
Regent's Place
London NW1 3AN

The Royal Bank of Scotland PLC
250 Bishopsgate
London EC2M 4AA

Building and environmental consultant

Simpson Hilder Associates Limited
67a High Street, Lyndhurst
Hampshire SO43 7BE

Property valuers

Avison Young (UK) Limited
65 Gresham Street
London EC2V 7NQ

Jones Lang LaSalle Limited
30 Warwick Street
London W1B 5NH

CBRE
Connaught House
Number One Burlington Road
Dublin 4

Financial risk management consultant

Chatham
12 St James's Square, St James's
London SW1Y 4LB

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Produced by
designportfolio

Primary
Health
Properties

Primary Health Properties PLC
Registered office:
5th Floor, Burdett House
15–16 Buckingham Street
London WC2N 6DU

Website:
www.phpgroup.co.uk

Registered in England Number:
3033634