



16 October 2024

# Capital Markets Day

Capturing the significant opportunity  
in Primary Care Property

# Welcome and Introductions



Chiswick Medical Centre, London

# Meet the Presentation Team

***Mark Davies***



CEO,  
PHP

***Richard Howell***



CFO,  
PHP

***David Austin***



Head of Asset Management,  
PHP

***Tony Coke***



Development Director,  
PHP

***James Buckley***



Managing Director,  
Axis PHP

***Dr. Arvind Madan***



Former National Director of Primary Care,  
NHS

# Agenda

12:30-13:00	Lunch
13:00-13:30	Welcome and Introductions: <b>Mark Davies</b>
13:30-14:00	New Government: 10 Year Plan for Primary Health: <b>Dr. Arvind Madan</b>
14:00-14:30	Primary Care Market in Ireland and Opportunities to Expand: <b>James Buckley</b>
14:30-15:00	Refreshment Break
15:00-15:20	Delivering Value Through Active Asset Management: <b>David Austin</b>
15:20-15:40	Delivering Value Through the Development Pipeline: <b>Tony Coke</b>
15:40-16:00	Rental Growth and Financing Strategy: <b>Richard Howell</b>
16:00	<b>Mark Davies</b> Look to the Future and Concluding Remarks
	Q&A followed by refreshments and opportunity to meet with the PHP team

**WiFi: Numis Guest wireless network**  
**Password: 26051999**

**Webcast Link:**  
**[https://brrmedia.news/PHP\\_CMD\\_24](https://brrmedia.news/PHP_CMD_24)**

# PHP: An introduction

## PHP today

- PHP is a healthcare sector focused REIT with a 30-year successful track record in Primary Care

## Resilience of the business model

- Earnings and rental growth backed by Government income
- High quality portfolio with high and growing demand for space
- High barriers to entry, no speculative development

## Growth drivers

- Political, economic, social and Tech growth drivers
- Asset management and risk-controlled development
- 50% of all Primary Care centres in the UK no longer fit for purpose
- Ireland is a growing Primary Care market
- Our knowledge, skills, expertise and relationships can be transferred to other geographies and adjacent healthcare sectors

## PHP and the future

- Continued dedication to dividend growth
- Significant opportunity ahead in Primary Care



Mark Davies  
CEO

# Significant Opportunity Ahead as a Focused Primary Care Property Business

## Strategic direction

- Our long-term goal remains to be the leading owner, manager and developer of Primary Care property
- Government-backed secure income will remain at the core of our business model
- We will increase the scale of our portfolio in the UK and Ireland and we will look at other health care markets where there are growing healthcare infrastructure needs
- We can increase our income in a capital light way through asset management, rent reviews, development and joint ventures
- Our base case scenario assumes an annual rental growth rate of 3% but there are a number of extremely positive tailwinds behind us that could enable us to outperform this scenario
- Dividend is sacrosanct and earnings growth will drive strategic decisions and future capital allocation

# Managing The Challenges

“ It will be at the heart of this Government’s plan to reimagine the NHS as much as a **Neighbourhood Health Service** as a **National Health Service**. In my first week as Health and Social Care Secretary, **I pledged to increase the proportion of NHS resources going to Primary Care**. And in our first month, the Government made a downpayment on that pledge, providing practices with their biggest funding increase in years.

”

Wes Streeting, Secretary of State for Health and Social Care, 4<sup>th</sup> October 2024

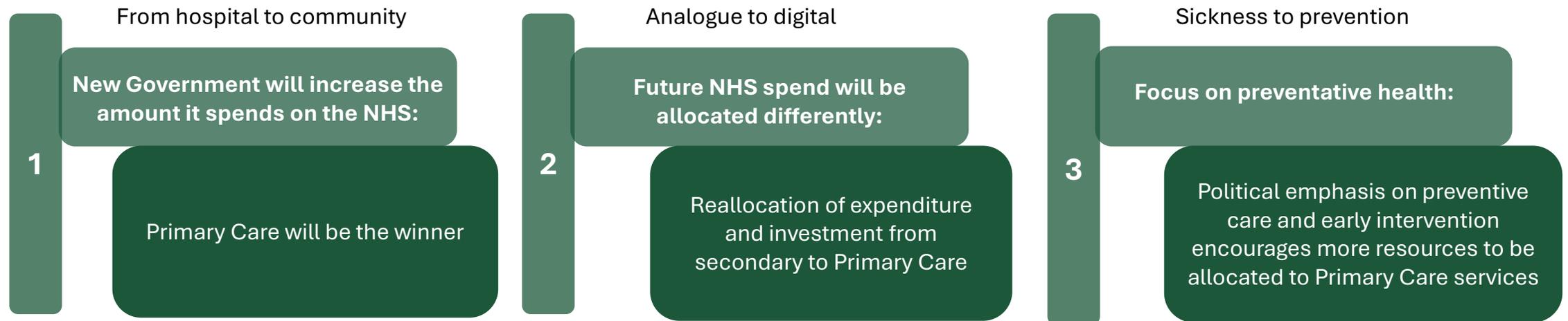
- Our long-term goal remains to be the leading owner, manager and developer of Primary Care property
- UK Government is still developing its 10-year plan
- Interest rates stay higher for longer
- Rents need to increase

# Political Drivers of our Growth

Strong political support for Primary Care referred to by the Government as the reformed NHS, the “Neighbourhood Health Scheme”

## Darzi report and 10-year plan:

- The NHS will deliver **3** big shifts in the focus of healthcare and Primary Care, they will have a key role in delivering a reformed health service



## Ireland

- Government aims to transform the Irish health system, emphasising Primary Care as the foundation for healthcare delivery, with a focus on accessibility and integrated services
- Government budget commitments to Primary Care, including funding for new facilities and services

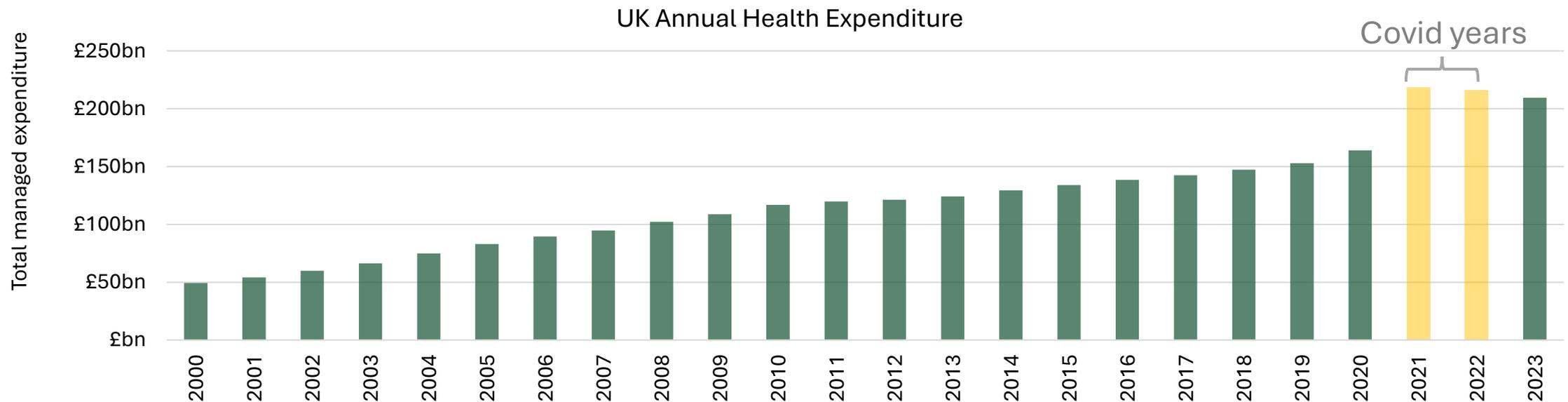
# Economic Drivers of our Growth

**Cost v benefit:** As per latest Government research cost per patient in Secondary care **£400+** whereas in Primary Care this is **£40+**. Government plan is to invest more into Primary Care

**Workplace development:** Policies aimed at increasing the number of GPs and other Primary Care professionals, such as the "Ten Point Plan for General Practice," will require new modern Primary Care centres to be developed and improved and PHPs experience shows this leads to wellbeing amongst the workforce and improved retention

**Health awareness:** Growing public awareness about preventive care and health maintenance encourages more people to seek Primary Care services regularly

**Property:** Its now estimated (Darzi Sept-24) that close to 50% of Primary Care centres in UK are no longer fit for purpose



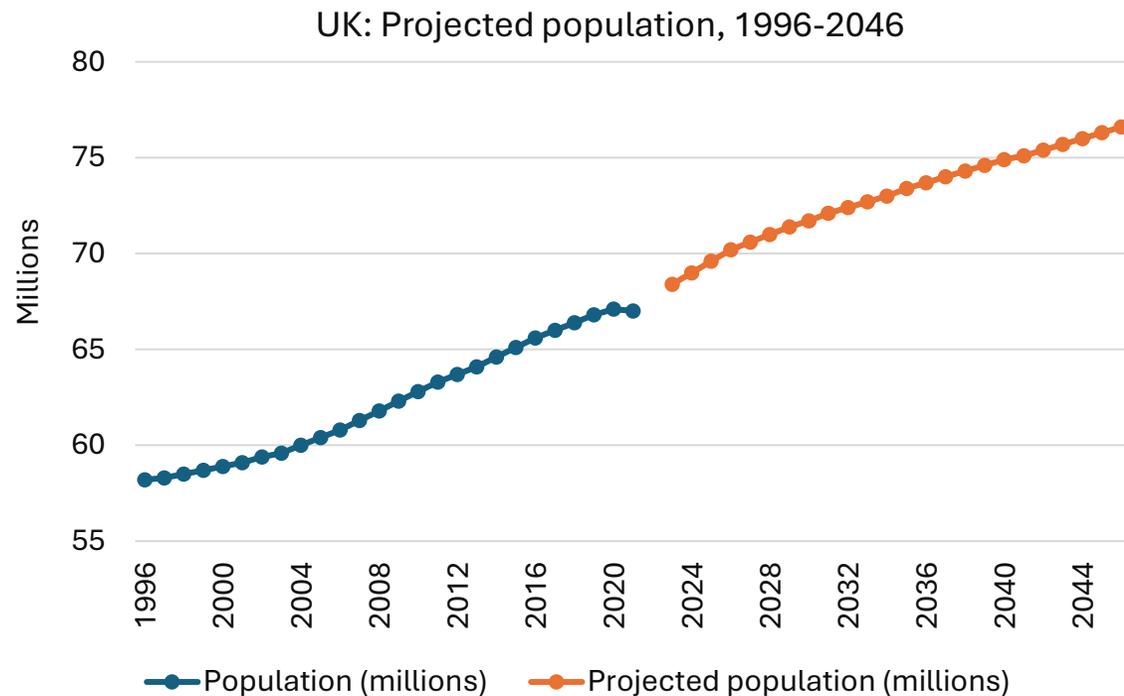
# Social Drivers of our Growth

**Growing and ageing population:** As populations age, there's an increasing demand for Primary Care services especially to manage chronic conditions and promote healthy aging

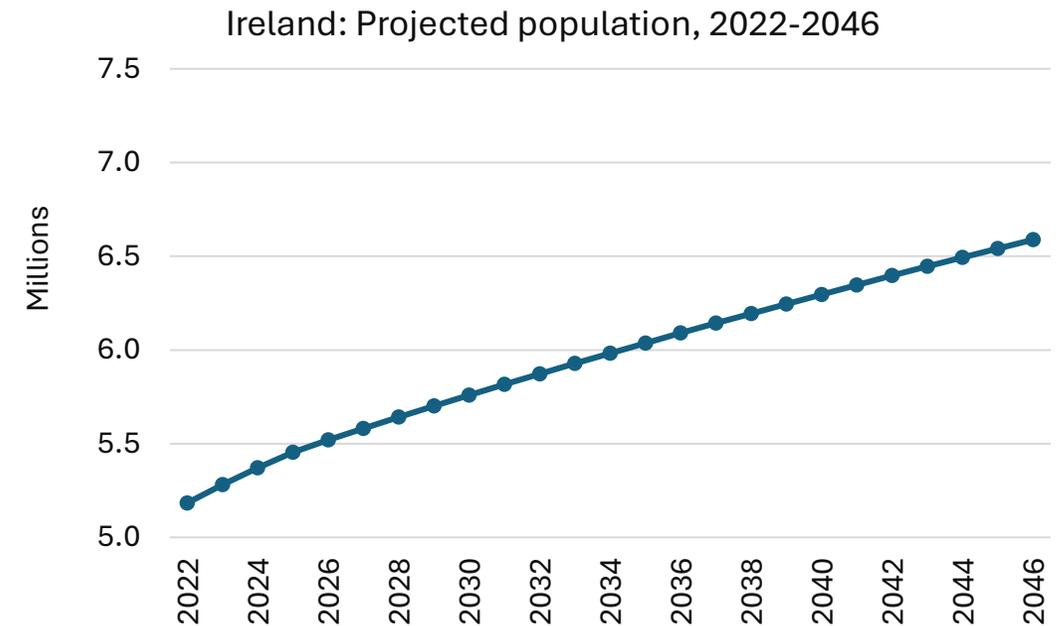
**Health awareness:** Growing public awareness about preventive care and health encourages more people to seek Primary Care services regularly

**Mental health:** Increasing recognition of the importance of mental health leads to more patients seeking integrated care in primary settings

**Population projected to rise:** In the UK, 74 million by 2036 and to 77 million by 2046; Ireland population projected to rise to from over 5m to almost 7m over the next 20 years



Source: Office for National Statistics



Source: Central Statistics Office, Ireland

# Technological Drivers of our Growth

## NHS of the future: Moving from analogue to digital and increase in diagnostics

### Investment in NHS technology:

- Innovations in health technology, including electronic health records and patient portals, make it easier for patients to access care and for providers to coordinate services locally

### Artificial Intelligence (AI) and machine learning:

- AI will assist in diagnosing conditions, predicting patient outcomes, and personalising treatment plans, thereby enhancing the quality of care in primary settings

### Preventative care focus:

- Tools that facilitate risk assessment and preventive screenings encourage patients to engage with Primary Care providers for early intervention, boosting demand for Primary Care services

### Remote monitoring and chronic disease management:

- Technology that facilitates remote monitoring of chronic conditions enables more frequent interactions between patients and Primary Care providers, fostering ongoing care and encouraging regular visits



# New Government: 10-Year Plan for Health: Dr. Arvind Madan



# New Government: 10-Year Plan

Introduction: Dr. Arvind Madan

## My background:

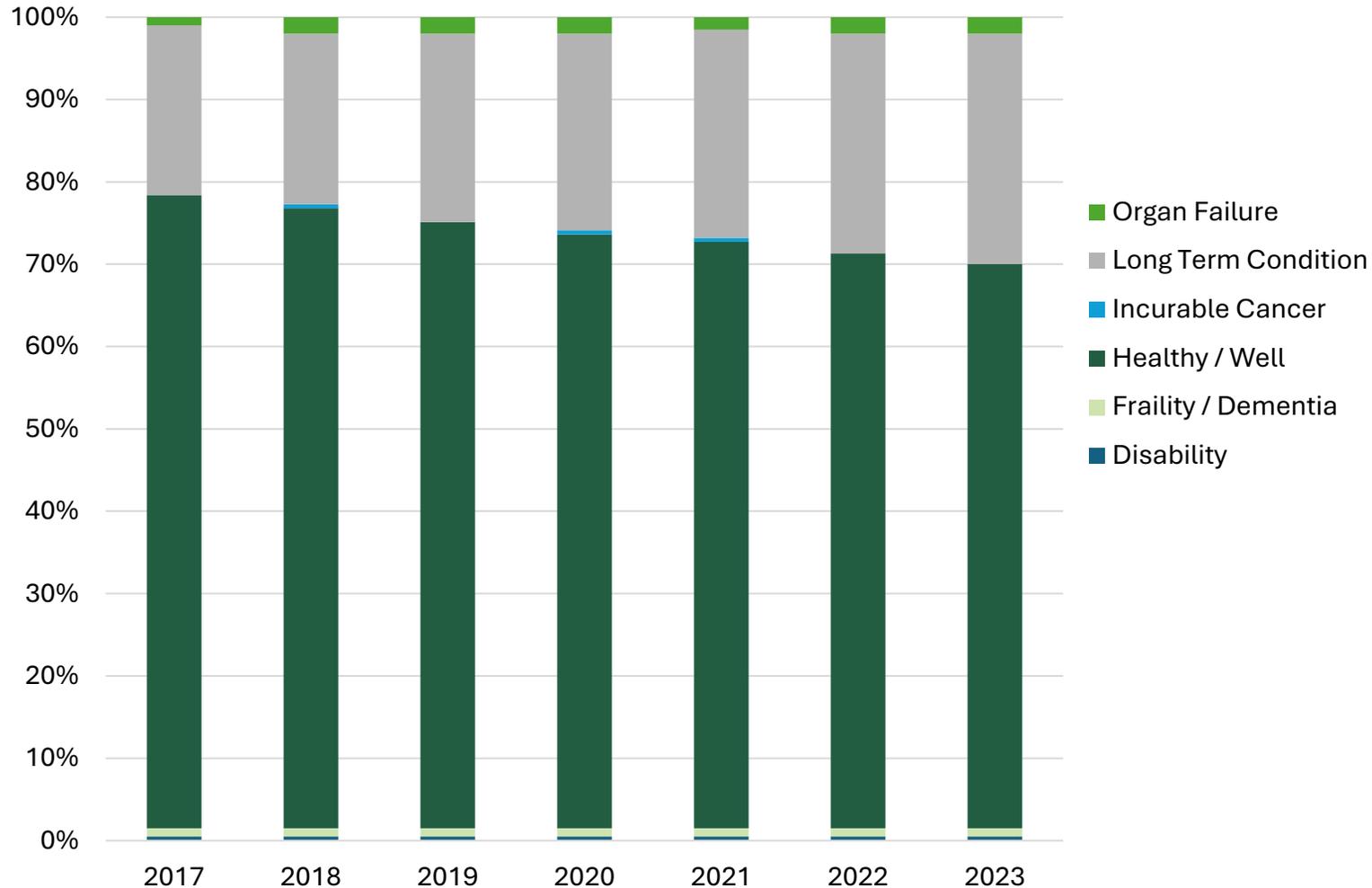
- Former National Director of Primary Care and National Deputy Medical Director NHS England (2015 - 2018)
- GP for 28 years
- Hurley Group Partner
- Co-founder eConsult (Huma)
- Director Hurley Partners Consultancy
- Primary Health Properties PLC Adviser



Dr. Arvind Madan  
MBChB, DRCOG, MRCGP

# Complexity of Need is Rising

Relative Proportions of Each Population Segment (2017-2023)



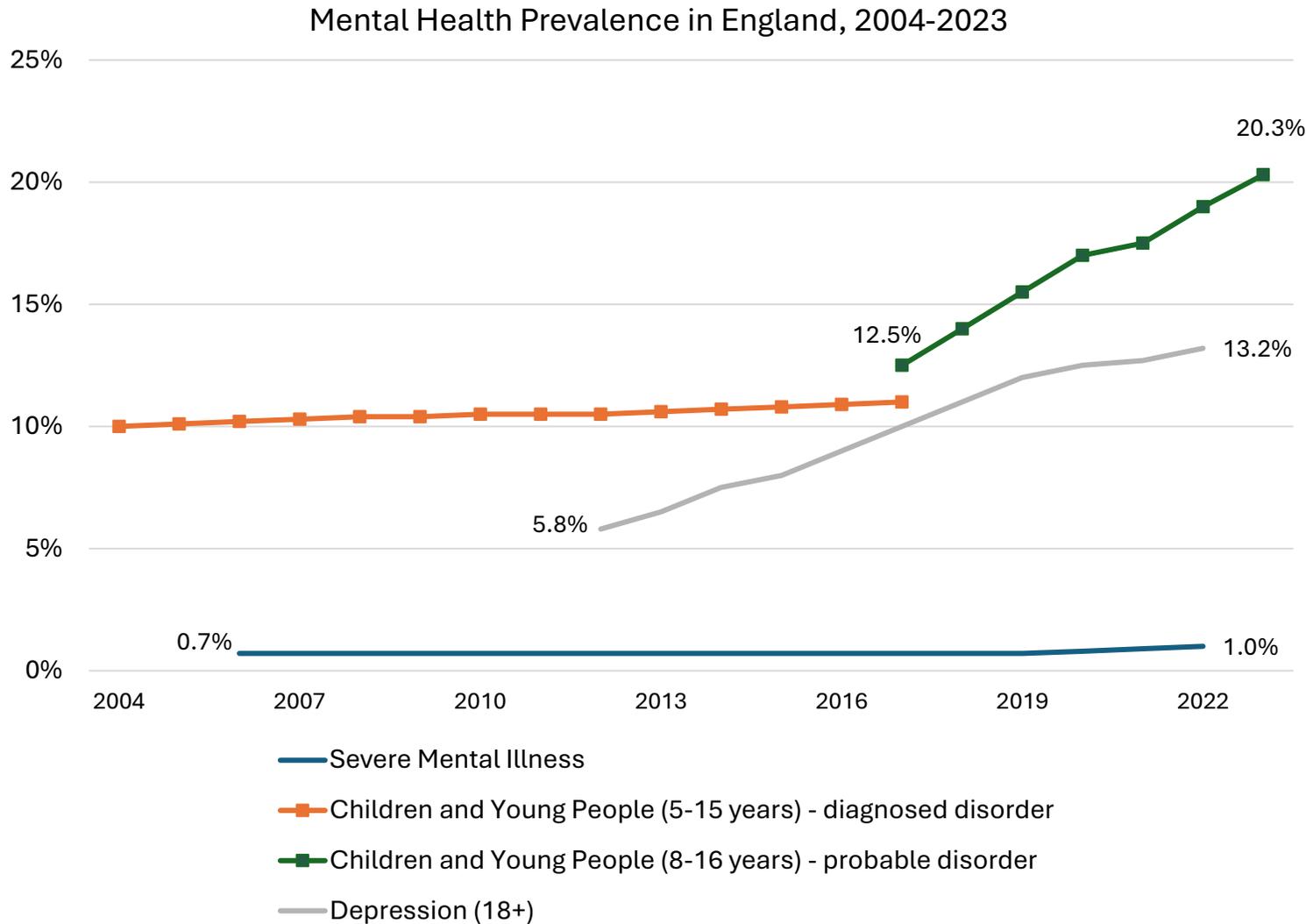
- **86% of GPs** feel that their workload is excessive, largely due to the complexity of cases
- **39% of GPs** have reported experiencing burnout, with the complexity of cases being a key factor

Annual growth 2017-23	
Incurable Cancer	+11.6% p.a.
Disability	+9.1% p.a.
Long Term Conditions	+5.3% p.a.
Organ Failure	+5.0% p.a.
Frailty / Dementia	+2.0% p.a.
Healthy / Well	-1.9% p.a.

Source: NHS (2023) Population and person insight database.

# Mental Illnesses are Rising

Over a third of GP appointments involve a mental health issue



**Adult depression:**  
 2012 – 1 in 17 people  
 2023 – 1 in 8 people

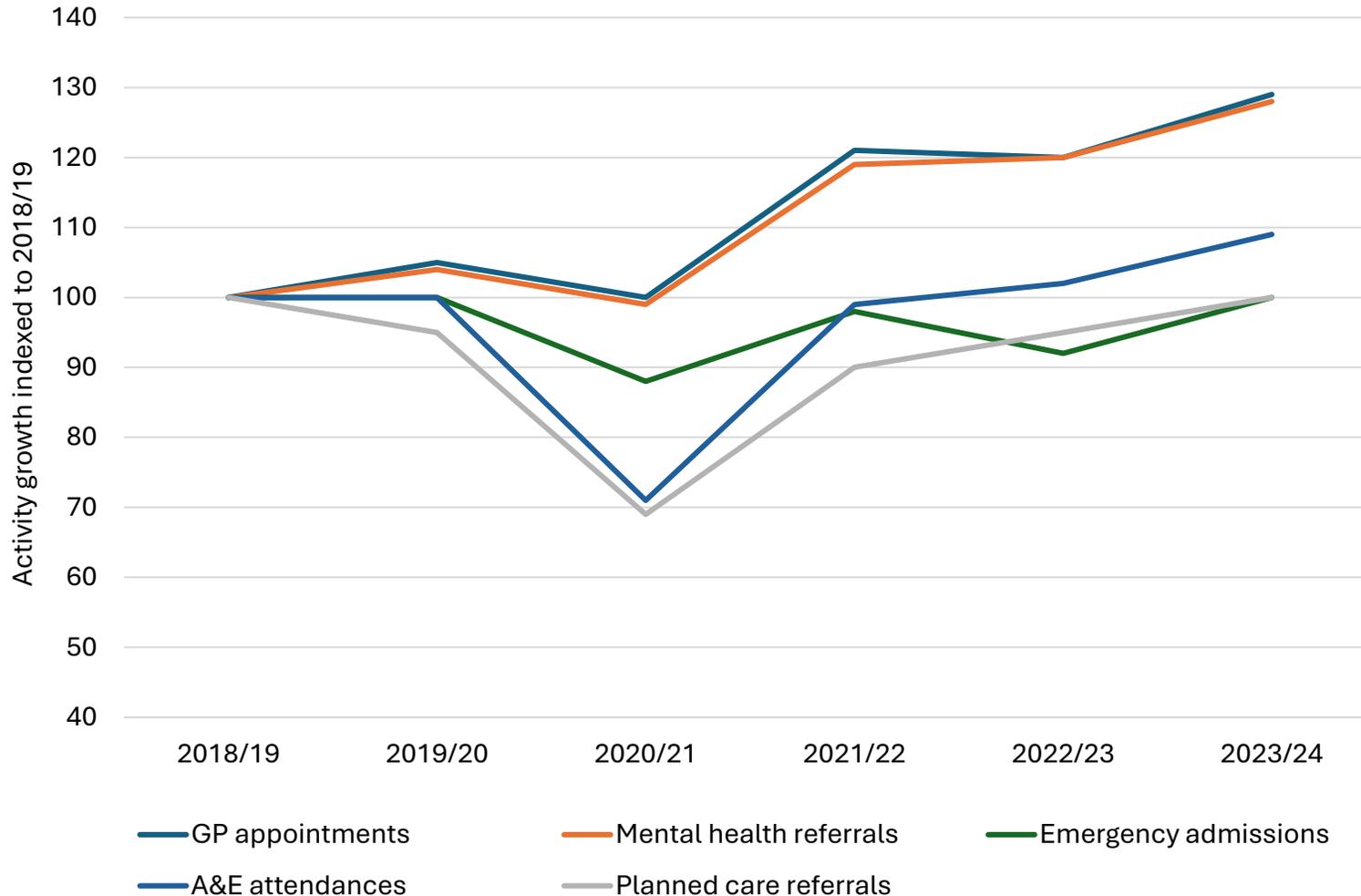
**Mental health issues in children:**  
 2016 – 1 in 10 children  
 2023 – 1 in 5 children

GP appointments involving mental health typically last **50% longer** than those for physical conditions, contributing to overall strain

Sources: NHS England (2023), Quality and Outcomes Framework (QOF) 2022/23, Accessed via Fingertips; CYP 8-16, probable disorder – NHS England (2023), Mental Health of Children and Young People in England, 2023; CYP 5-14, diagnosed disorder – NHS England (2018), Mental Health of Children and Young People in England, 2017 [PAS]

# Demand on Primary Care is Increasing

Changes in NHS Activities Over Time, 2018/19 to 2023/24,  
Indexed to 2018/19



GP practices handled over 367 million appointments in 2022, up from 309 million in 2019

Despite 5% (2,000 WTE) fewer GPs since 2015

Average of 7 attendances per annum for each patient

Increasing proportion by phone and online

Now more than 50% of patients are seen by practice nurses or an allied health professionals

# New Government Focus

National NHS policy under a new Government is focused on four fundamental changes:

1. A shift from treatment to prevention
2. A shift from hospitals to primary and community care
3. A shift from analogue to digital, with a focus on innovation
4. A heavy focus on improving clinical productivity

“ The NHS is broken but not beaten, and together we will turn it around...  
Reform or die. **We choose reform.** ”

Wes Streeting,  
Secretary of State for Health and Social Care

# The Darzi Diagnosis – September 2024

Primary Care will be a winner

## Rising Demand

Population growth

Ageing and multi-morbidity

Worst patient satisfaction results ever

7.6m on waiting lists

1m waiting for mental health services

Reducing healthy life expectancy

## Reducing Supply

Staff shortages

Reducing productivity in hospitals

Low morale and risk of burnout

Loss of discretionary effort

Industrial action

Weakened infrastructure

Hospital beds occupied by patients needing social care

## Health Inequality Gap Growing

Housing

Income disparity growing

Insecure employment

Cancer care targets missed since 2015

Growing waits for Primary Care and ED

Fragile social care system reduces public health

## Call for Reform of Funding Allocation

No change to NHS principle but reform will be required

Focus on prevention, primary and social care

Hard wire in capital funding for Primary Care and technology

Reduce economic inactivity and long-term sickness

Further boost Primary Care productivity

Too much spent in hospitals with low productivity

# The 10-Year Plan for Health – Due Spring 2025

These are my top 10 ***predictions*** for what will change in Primary Care

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

# What Will the 10-Year Plan Mean for PHP?

The momentum is clearly towards a shift in the system, with greater emphasis on community-based care and increasing investment in Primary Care services and infrastructure. Talk now is of “hard-wiring in” preferential funding flows to Primary Care to achieve this

- 
- Mergers and consolidations of GP practices will continue
  - PCNs and further at scale models will be backed
  - Care will increasingly move into community settings
  - Government favours a hub and spoke model
  - Higher technology specification
  - Providing and hosting a wider range of services
  - Health and wellbeing focus
  - Potential co-location with diagnostics and hubs for urgent care activities

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

# Primary Care Market in Ireland and Opportunities to Expand: James Buckley



Enniscorthy Primary Care Centre, Wexford

# Primary Care Market in Ireland and Opportunities to Expand

Introduction: James Buckley

## My background

- Former Civil Engineer
- MBA at London Business School
- Career in Property and Construction
- Axis Technical Services – PHP in 2023
- Axis Health Care Assets – 5 assets to PHP



James Buckley  
Managing Director, Ireland

# Axis and PHP in Ireland

- Tipperary Town PCC in 2016
- Further 20 assets purchased – 74,000 sqm
- Mix of forward fund and straight purchase
- Strong relationships with the HSE and developers
- Rent roll of c.€17.3m with CPI indexation
- Irish average values of £11.6m versus UK of £5.1m
- Longer WAULT – 19.3 Yrs
- SLA/Maintenance – paid for by the tenants
- Pipeline agreement with Axis Health Care Assets
- Ambition to grow Ireland to 15% of the portfolio



**...Exciting opportunities ahead**



# Structure of PCC Market in Ireland

- 3-year period of inactivity – rents uneconomic
- HSE tender process – 50+ locations
- Public competition – market sets rents
- All HSE rent reviews - CPI including service charge
- 25 / 30-year leases from the HSE, 85%+ income
- Tenant structure - HSE, GP's and allied healthcare
- Enhanced Community Care (ECC) – Ballincollig, Mallow



...Community care evolving

# Next 5 Years – Public Space

- HSE – 6 Health Regions, governing acute and community care
- Sláintecare – Cross party support in Government
  - One of the main aims....for people to stay healthy in their own homes and communities for longer
  - We’re doing this by developing and improving primary and community care.  
This is the care people can get without having to go to hospital
- Rents increasing – from late teens to mid €20’s/sqft
- Increasing scale – “typical” lot size is circa 2,500 sqm
- CPI from Jan 2019 to Jan 2024 - 19%
- Enniscorthy Phase 1 versus Phase 2 - c.35%
- Rollout of ECC’s – scale & adjacent to existing PCC’s
- Constraints on HSE Capex – Private Lease Model will benefit



**...Increase in Primary Care schemes**

# Ireland's PCC Market

## What this means for us:

- 25+ year lease with the HSE
- Larger lot size, increased rent
- Euro Area interest rates
- CPI Rent reviews
- Modern building stock – “A” Energy rated
- Maintenance (SLA) payments increasing
- Solid pipeline of development opportunities
- Yield / valuation improvements



...An opportunity for growth

# Axis Technical Services

- Axis, 2023 - 28 people, Healthcare expertise
  - Mechanical
  - Electrical
  - Civil / Structural
  - Marine
  - Mobile Technicians
- Healthcare Experience
  - Primary Care
  - Theatres
  - Radiation Oncology
  - Diagnostics
  - Acute Hospital Wards
- Property, Facilities & Asset management for PHP and others
- Concierges on sites – Bray, Banagher, Carrigaline and Ballincollig
- Forecast €17.3m t/o and €1.5m profit



...Healthcare Technical  
Expertise

# Laya (part of AXA): Case Study

- Rise of private healthcare providers
- Health and Wellness Clinics
- Private Health Insurance – 47% of population or 2.44m people
- **Laya is 2nd largest in the market**
  - 700,000 members
  - AXA is the largest health insurer in Europe
- Laya - €20m invested with €11m via Axis on 3 Clinics
  - Urgent Care – Minor injuries – 10am to 10pm, 365 days.
  - Diagnostics
  - Consultation and Minor Operations
  - Wellness
- From site finding, planning, project management, management contracting, etc



...Understanding the Health Care market

# Drivers of Property Development: Pipeline Projects

- **Size** – Economies of scale
- **Rent** – key variable, increasing
- **Construction costs and Inflation**
- **Net Initial Yield / Interest Rates**
  
- Selection Criteria
  - Scale – 2, 000 sqm+
  - ECC's – HSE as single occupier
  - Minimal reliance on non-core revenue
  - Strong relationships / probability of success
  - Geography – South and East of Ireland
- Results



...A bright future ahead

# Youghal PCC

- Land acquired
- Planning permission underway
- Letter of intent from HSE
- Floor Area 3,834 sqm
- Indicative capital Value - €15m



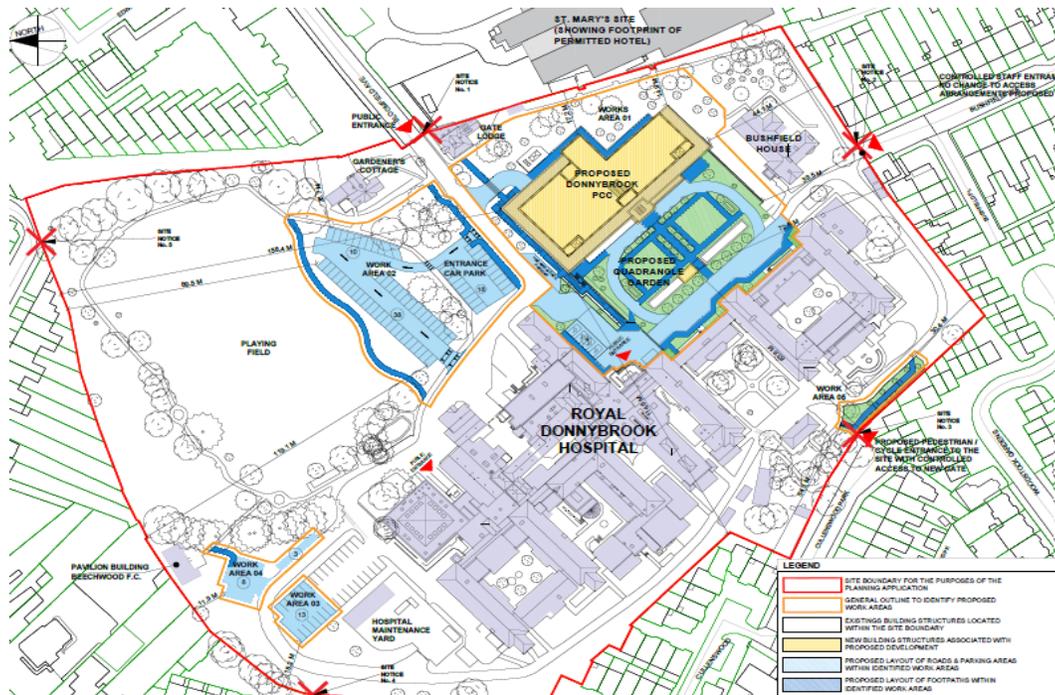
# Enniscorthy ECC

- Land acquired adjacent to the existing PCC
- Planning permission
- Floor area 4,641 sqm
- Procurement competition – Q4 2024
- Indicative capital Value - €20m



# Donnybrook PCC

- Dublin 4
- Planning permission, Fire Safety Certificate, etc
- Floor Area 7,088 sqm excluding basement
- Procurement competition - Q4 2024
- Indicative capital Value - €40m+



# Primary Care in Ireland – An Attractive Market with Long-Term Contracts

- Opportunity to deploy significantly more capital
- HSE moving services to Primary Care - more private lease opportunities
- Very high-quality assets with significant maintenance revenue.
- The Private Health market continues to grow



Refreshment Break:  
14:30 – 15:00



Westfield Integrated Primary Care Centre,  
Ballincollig

# Delivering Value Through Active Asset Management: David Austin



St. Catherine's Health Centre, Birkenhead

# Delivering Value Through Active Asset Management

Introduction: David Austin

## My background

- David Austin MRICS
- Lead the Asset Management business at PHP (incorporating the Property Management and Facilities Management functions)
- With over 30 years experience in real estate including JLL, AXA and Land Sec

## Asset Management

- Is the systematic process of developing, operating, maintaining and disposing of assets in a cost-effective manner

## PHP and the future

- Working alongside the NHS / HSE (Ireland)
- Delivering best risk adjusted outcomes for PHP from its investments in Primary Health Real Estate
- Creating positive environmental and social outcomes (ESG)

## Creating sustainable value for all stakeholders



David Austin  
Director - Head of Asset Management

# Asset Management Highlights

## Completed deals

- 23 deals completed YTD (17 in 2023) and well set to surpass 2023 activity
- Securing £0.8m of existing rent and £0.35m of new rent for a new WAULT at post completion of c.18 years
- FYF 2024 Investing capex of c.£10-12Mn to achieve on target 6% yield on cost (weighted average)

## Advanced Asset Management pipeline

- Pro active with opportunities in most ICBs (42 in England) and the Health Boards in England and Wales being worked up
- Early engagement typically 5 years prior to lease expiry

Advanced Pipeline		Funding Requirement
Number	Est. cost	Estimated capex on projects over the next 2-3 years of £31m c.6% YOC = £1.9m of new income
39	£31m	

## On site works are low risk

- Limited number concurrently on site - 6 projects now on site (3 projects due to complete in 2024)
- Pre let basis via agreement for lease with tenant
- Specialist contractors used - medical centres remain operational throughout – no gap in PHP rent

# PHP is Well Positioned

## Key drivers for NHS

- Ageing stock
- Favorable change in Government
- Integration of healthcare services
- Scarcity of suitable alternative sites
- Changing demographics
- Housebuilding
- Net zero

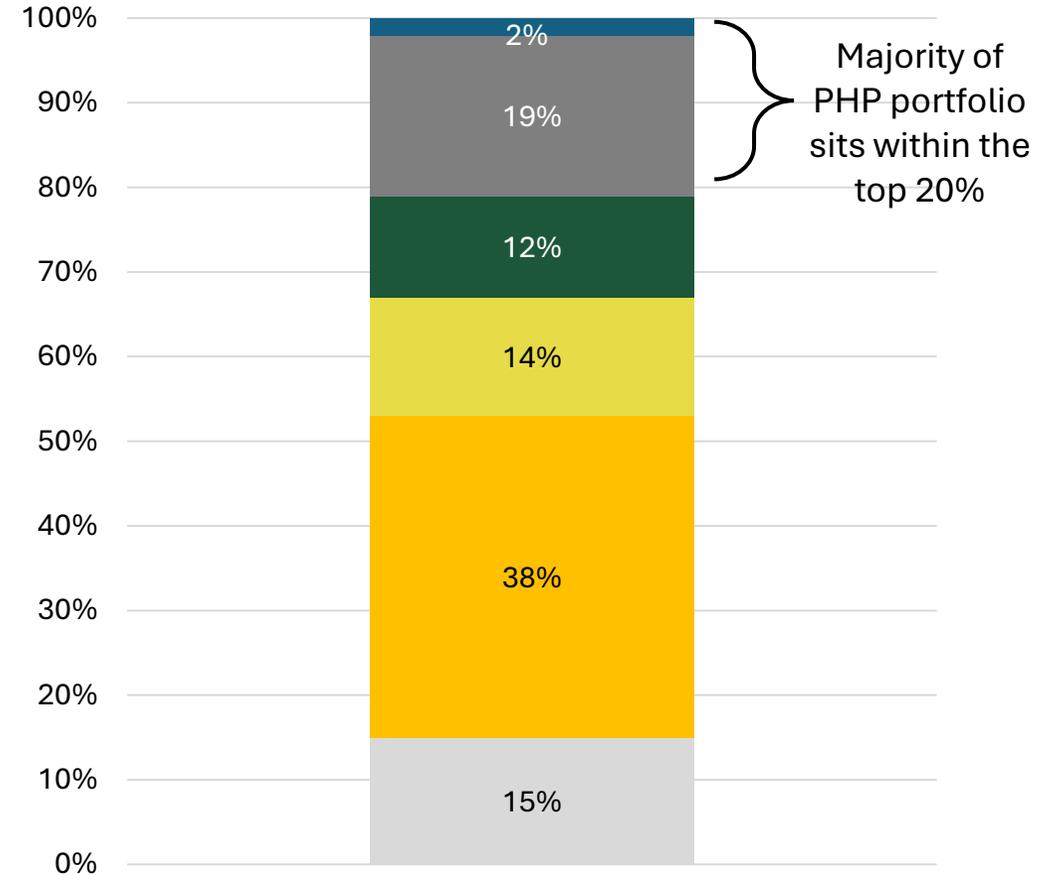
## Key drivers for PHP

- Maintain high quality premises
- Driving income
- Manage environmental risk

**With comparatively young, high quality, purpose-built assets**



NHS England - Age Profile of All Assets



# The Opportunity and Key Objectives

## Main areas of opportunity

- UK assets (495 of 516 assets)
- Lease renewals, capex expenditure, leasing voids, surrenders and re-letting
- Refits - refurbishment, reconfiguration and building extensions

## Key objectives

- Target 6% yield on cost
- Manage WAULT
- Maintain high occupancy
- Mitigate risk

## Summarising the Asset Management opportunity at PHP

- Asset Management opportunities abound in the portfolio
- Multi year opportunity to grow the PHP bottom line
- Disciplined approach employed to achieve best risk adjusted outcomes for PHP



Primrose Lane Surgery Rosyth Scotland.  
Asset Management project completed July 2024.  
New 25-year FRI lease +£42k p.a. rent

# How our Asset Management is Driving Rental Growth

## AM projects sets higher rental tone

- 4 completed/on-site projects increased rents on average by 10%
- 3 pipeline schemes at advanced stages, set to move rental tone on further
- This equates to on average **+15% uplift in rent PSM**

## These evidences sets wider benefits to future Asset Management projects and rent reviews

This is just one region – we are seeking to **replicate in all regions across England, Scotland and Wales**



**PHP assets in the Eastern region.  
Completed/on-site AM projects in blue**

Asset Management Projects	Year of Completion	Previous Rent PSM	Post Project Rent PSM	Rent PSM % Increase
Bradwell (refurb and extension)	2022	171	183	+7%
Norwich, St Stephen's Gate (refurb)	2023	186	199	+7%
Long Stratton (refurb and extension)	2024	180	210	+17%
Sprowston (refurb and fit out void space)	On-site, PC due 2025	198	221	+11%
Advanced pipeline scheme (refurb and fit out void space)	TBC	170	206	+21%
Advanced pipeline scheme (refurb)	TBC	179	217	+21%
Advanced pipeline scheme (refurb and fit out void space)	TBC	178	222	+25%
<b>Weighted Average</b>	-	<b>181</b>	<b>209</b>	<b>+15%</b>

# Delivering Value Through Asset Management for PHP

Our in-house team delivering sector leading risk adjusted total returns consistently



**Growing Income**



**Maintaining the Long-Term Security of PHP's income**



**Sustainability and ESG**



**Increasing Rental Tones**



**Developing Relationships**



**Keeping Assets High quality**



**Maintaining High Occupancy**



**Mitigating risks**



**Operational Efficiency and Cost Management**



# Delivering Value Through the Development Pipeline: Tony Coke



Victoria Medical Centre, Eastbourne

# Development: A Huge Unmet Need for New Primary Care Premises

Introduction: Tony Coke

## My background

- MRICS
- 20 years in Primary Care development
- GPI, Medicx, Octopus Healthcare, PHP
- 30 completed projects across England and Wales, two on site now

**PHP is well positioned to meet that need**



Tony Coke  
Development Director

# 50% of Today's Estate is Unfit for Purpose

- Government will drive change through its “three pillars”
- Service demand is at an all time high and will only increase

**The NHS needs to accelerate the commissioning of new premises to enable service change**



# Demand for New Estate

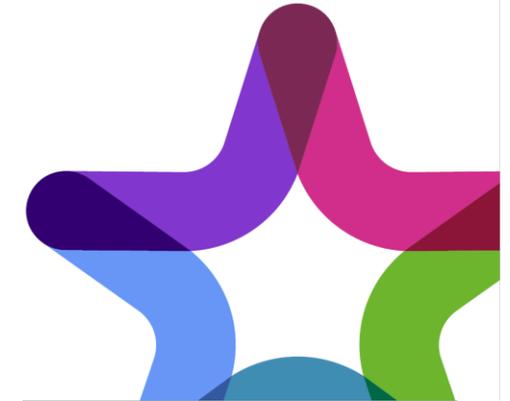
- Medium term opportunity of £3-£5bn
- The few Estate Strategies that have been published indicate very substantial requirements for new Primary Care estate:
  - Lancashire and South Cumbria: £220m in Primary Care estate
  - South East London: £125m in Primary Care estate
  - North East and North Cumbria: £500m in Primary Care estate

**50% of existing premises are “inadequate”**



## North Central London Estates and Infrastructure Strategy 2024

July 2024



## Infrastructure Strategy 2024 – 2034

July 2024

# How Commissioning Works

- GPs contract with the NHS through a contract for General Medical Services
- The cost of the space for GMS is reimbursed by the NHS
- The level of rent the NHS will now pay is significantly lower than the rent needed for new development
- Premises delivery has paused

**Rents need to reflect the cost of new premises**



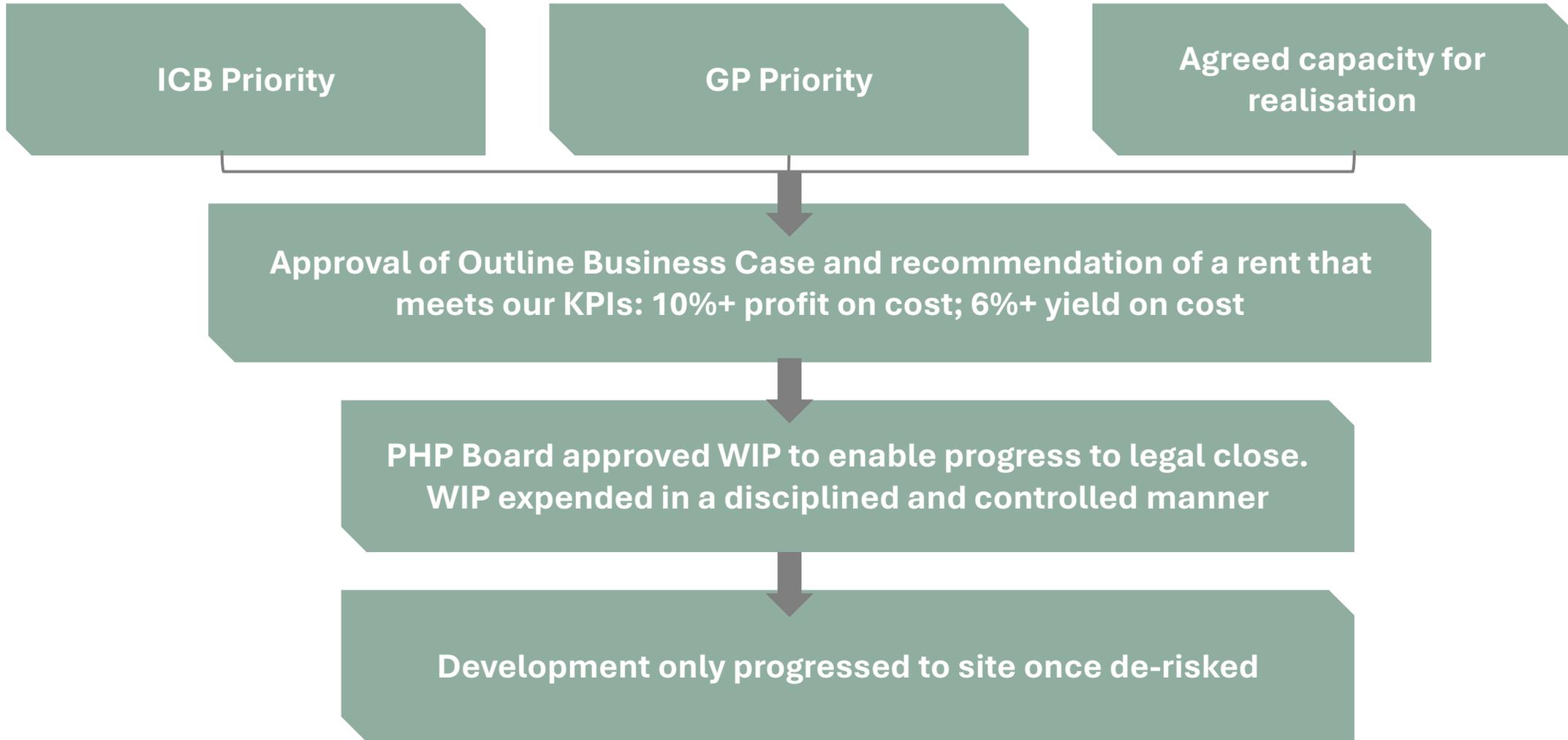
# Why Will Rents Increase?

- There will be more revenue. The Government and Darzi both say that Primary Care needs more of the NHS budget
- The Government's strategy will require the NHS to invest in better premises
- There are multiple other demands on public capital
- 10-year plan spring 2025

**PHP offers a proven and simple means to new premises**



# Disciplined Approach to Project Selection and Process



**We operate with discipline and controlled risk**

# What's Next? The Opportunity

- We will leverage our existing ICB relationships to ensure PHP has a significant share of the market
- Larger lot sizes with multiple occupiers such as diagnostics, local authorities, hospital Trusts and third sector
- Indicative output of six new schemes per year capital cost c.£45m cap, £2.5m+ p.a. rent
- Target profit on cost 10%+ target; yield on cost 6%+

**Primary Care will be a winner – PHP will enable that change**



# Rental Growth and Financing Strategy: Richard Howell



# Financing Strategy

Introduction: Richard Howell

## My background

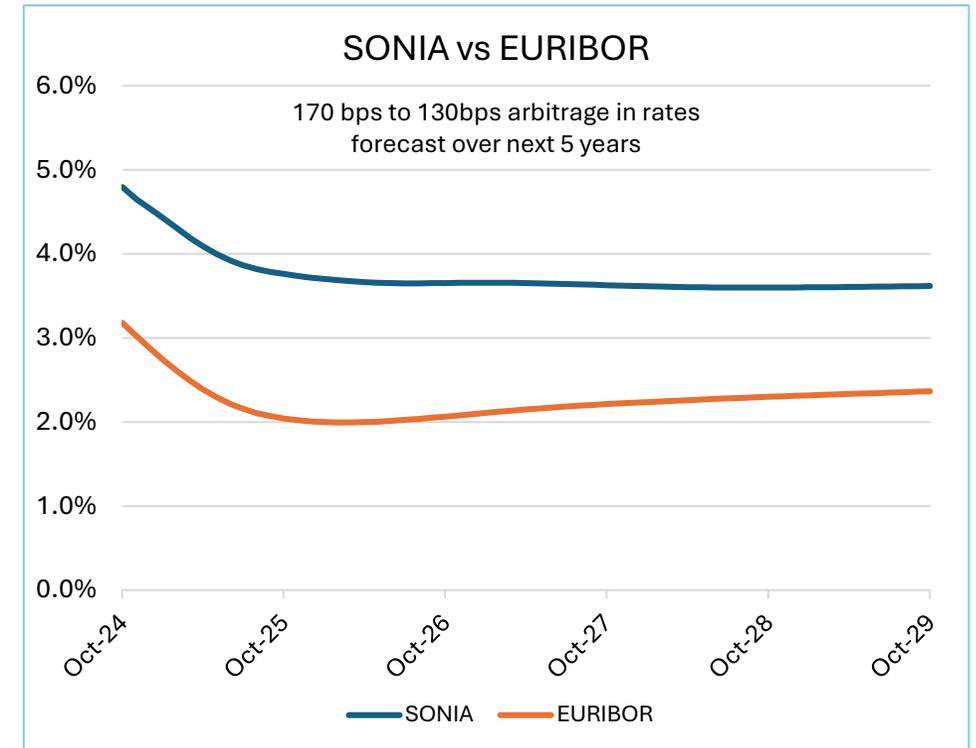
- CFO at PHP since 2017 to date - a period of significant growth:
  - Portfolio grown from £1.2bn to £2.8bn today
  - Acquisition of MedicX in 2019
  - Entered FTSE 250
  - Internalisation of management structure
- 30+ years experience with FTSE 250 listed real estate companies



Richard Howell  
CFO

# Disciplined Approach to Investment and Management

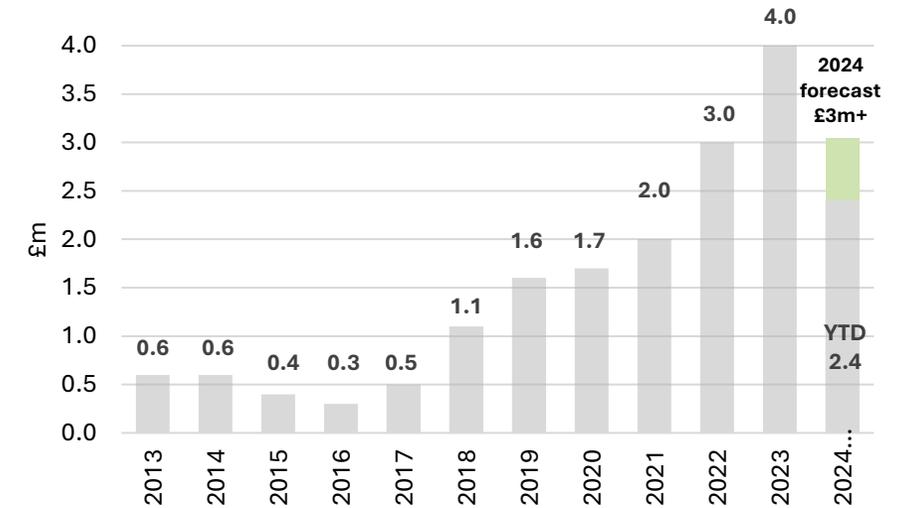
- Focus on income growth
- Transactions only undertaken if accretive to earnings
- Ireland continues to be preferred area of investment with attractive returns and a lower cost of finance
- Recycling of existing assets with lower rental growth outlook into higher returning opportunities
- Potential joint venture opportunities in adjacent sectors to drive returns leveraging the PHP platform
- 95% of net debt currently fixed or hedged out with the impact of higher interest rates at refinancing forecast to be offset by organic rental growth and future investment activity



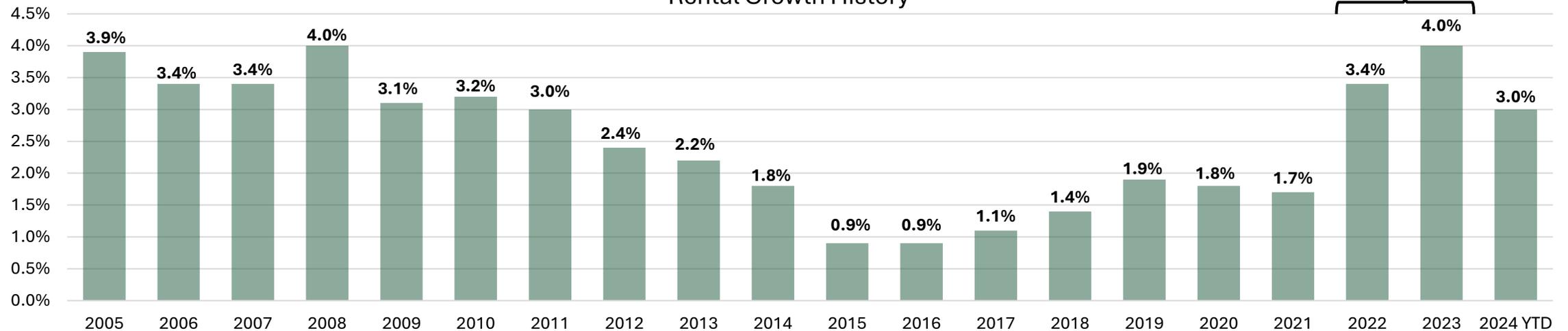
# Rental Growth – Improving OMV Outlook Projected to Increase to 3.0% p.a.

- £2.4m additional rent YTD from rent reviews - 7.9% increase over previous passing rent
- Total weighted average rental growth: 3.0% p.a.
- Effectively upward only rent roll in UK
- 68% reviewed to open market (ave. 2.0% p.a.)
- 27% index linked (ave. 4.5% p.a.)
- 5% on fixed uplift (ave. 2.8% p.a.)
- Ireland – 100% index linked (ave. 4.4% p.a.) – capped at 25% over a 5 year cycle
- 25% of UK indexed reviews capped and collared, typically between 12% and 6% over a three-year review cycle
- Most reviews settled relate to 2021 – 2022 with recent build cost inflation still to feed through

Additional Income From Rent Reviews

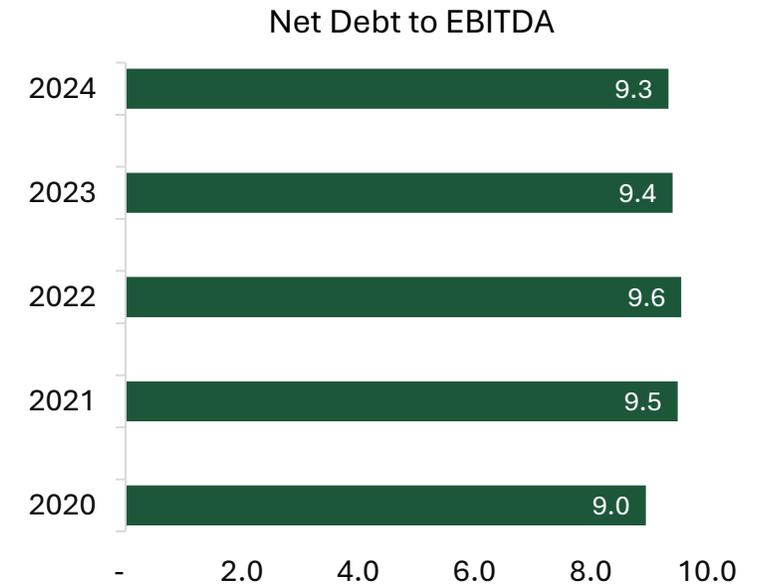
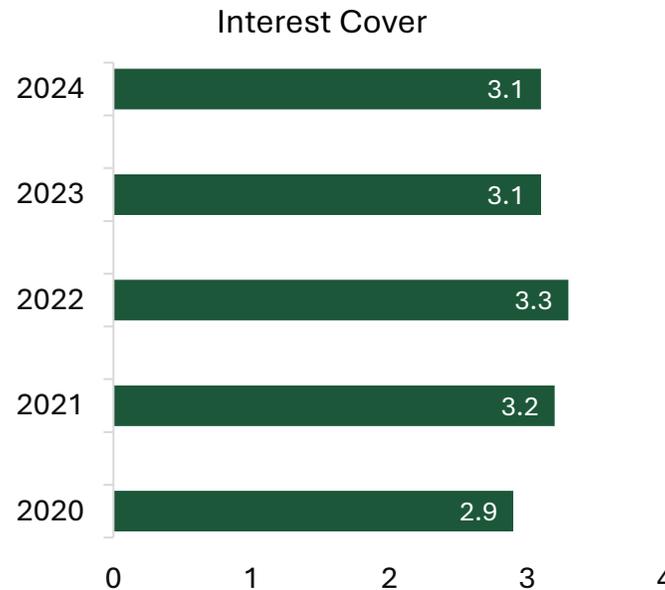
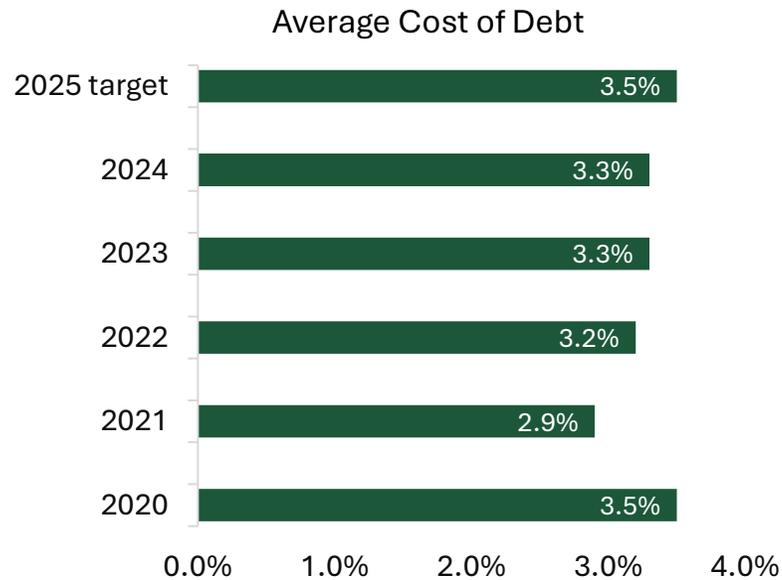


Rental Growth History



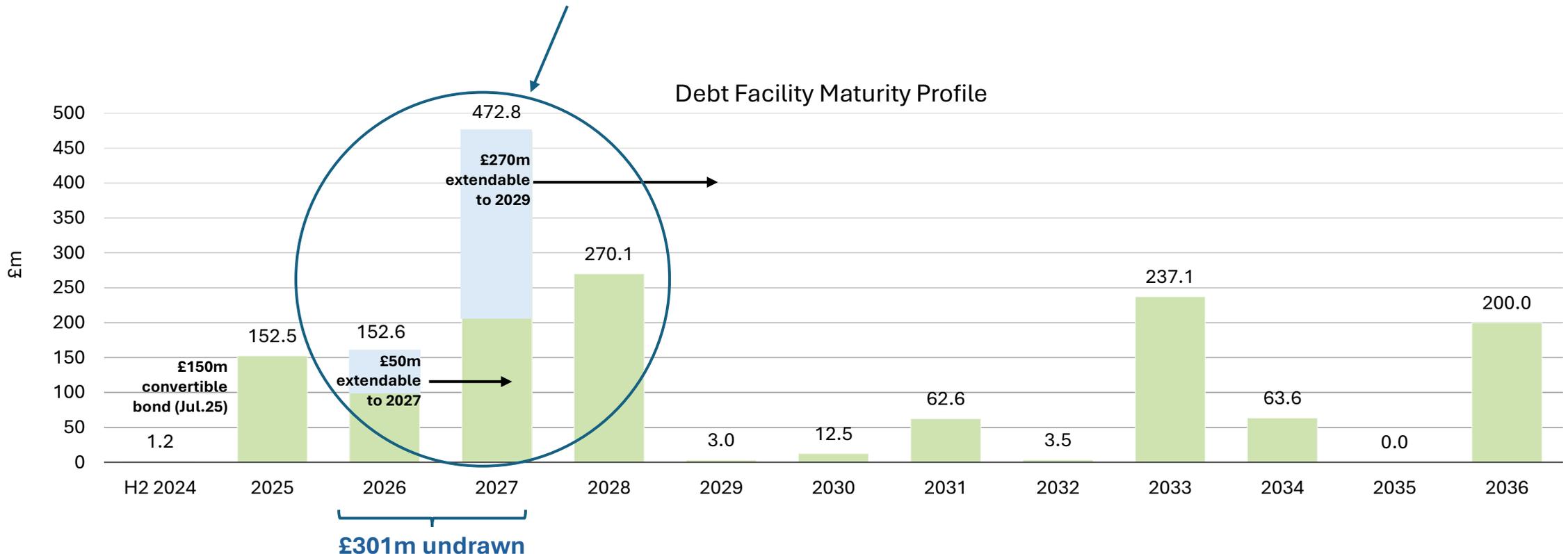
# Debt Summary – a Broad Range of Providers

- Total debt facilities of £1.64bn (91% secured / 9% unsecured) with £1.34bn drawn
- **£301m** undrawn headroom after capital commitments
- **95%** of net debt fixed or hedged
- Group LTV 48.1% (target range 40% - 50%)
- Average cost of debt 3.3% (2023: 3.3%)
- Average cost of debt forecast to rise to 3.5% in 2025
- Net debt / EBITDA **9.3x** (2023: 9.4x)
- Loan to value covenant headroom of £1.0bn or 38% decline in values across Group and 8.0% implied NIY



# Delivering Future Financial Management

- £301m undrawn headroom after capital commitments available to deal with future refinancings
- £170m term and RCF facility with Barclays used to refinance £70m variable bond with c.90 bps saving in margin
- £100m Lloyds RCF for a further three years with options to increase to £125m
- £50m Santander RCF extended by a further year to January 2026 with option to extend again to 2027
- Strong investor demand to issue a new convertible bond when market conditions favorable to PHP
- Potential for significant refinancing event in 2027 / 2028 when long-term rate outlook has stabilised with £1.6bn / (c.60%) portfolio



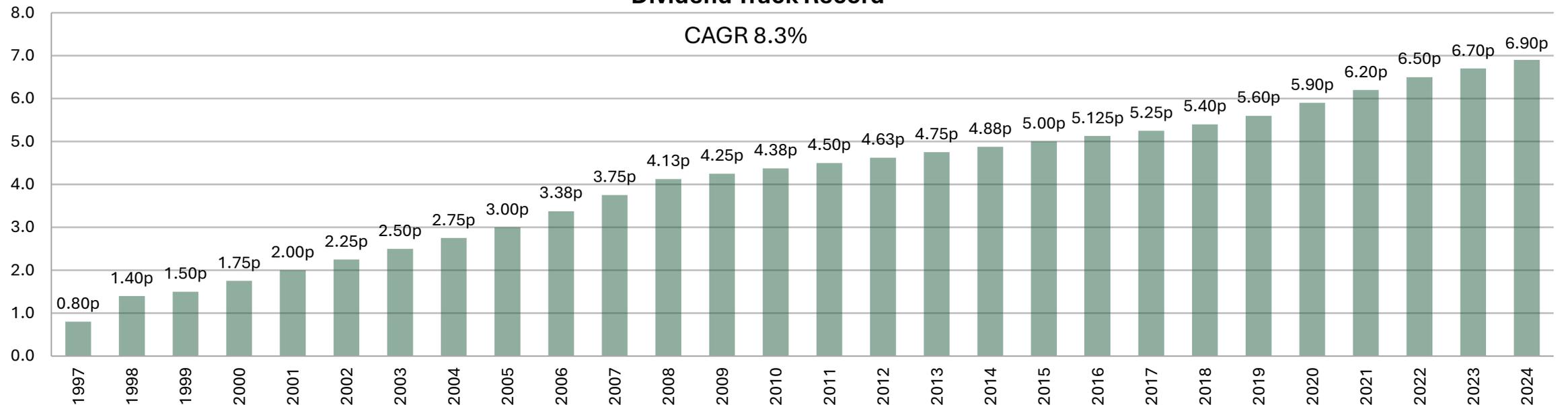
Key: Green – Existing maturities | Blue – Extendable facilities

# Robust Business Model

- PHP has a clear and consistent strategy with a responsible approach to business integrated into everything we do
- Ultimate aim is to deliver attractive progressive returns to investors
- This approach has delivered results... 28 years of consecutive dividend growth and sector outperformance
- Winner of MSCI UK 10-year risk adjusted total return award in 2023, 2022 and 2021
- Rental growth will continue to offset the impact of higher interest rates and drive values across the portfolio
- Sector leading EPRA cost ratio with £1m+ of cost savings to come in 2025

## Dividend Track Record

CAGR 8.3%



# Look to the Future and Concluding Remarks: Mark Davies:



# Conclusions and Opportunities

## 4 key conclusions from today's presentations:

1. Dedicated to continued dividend growth
2. Earnings and rental growth backed by secure Government backed income
3. Resilience of the business model
4. Significant opportunity ahead in Primary Care

## Current opportunities:



Ireland



Asset Management



Risk Controlled  
Development



Recycling Assets

## Future opportunities:



New Primary Care  
Markets



Community  
Diagnostics



Joint Ventures

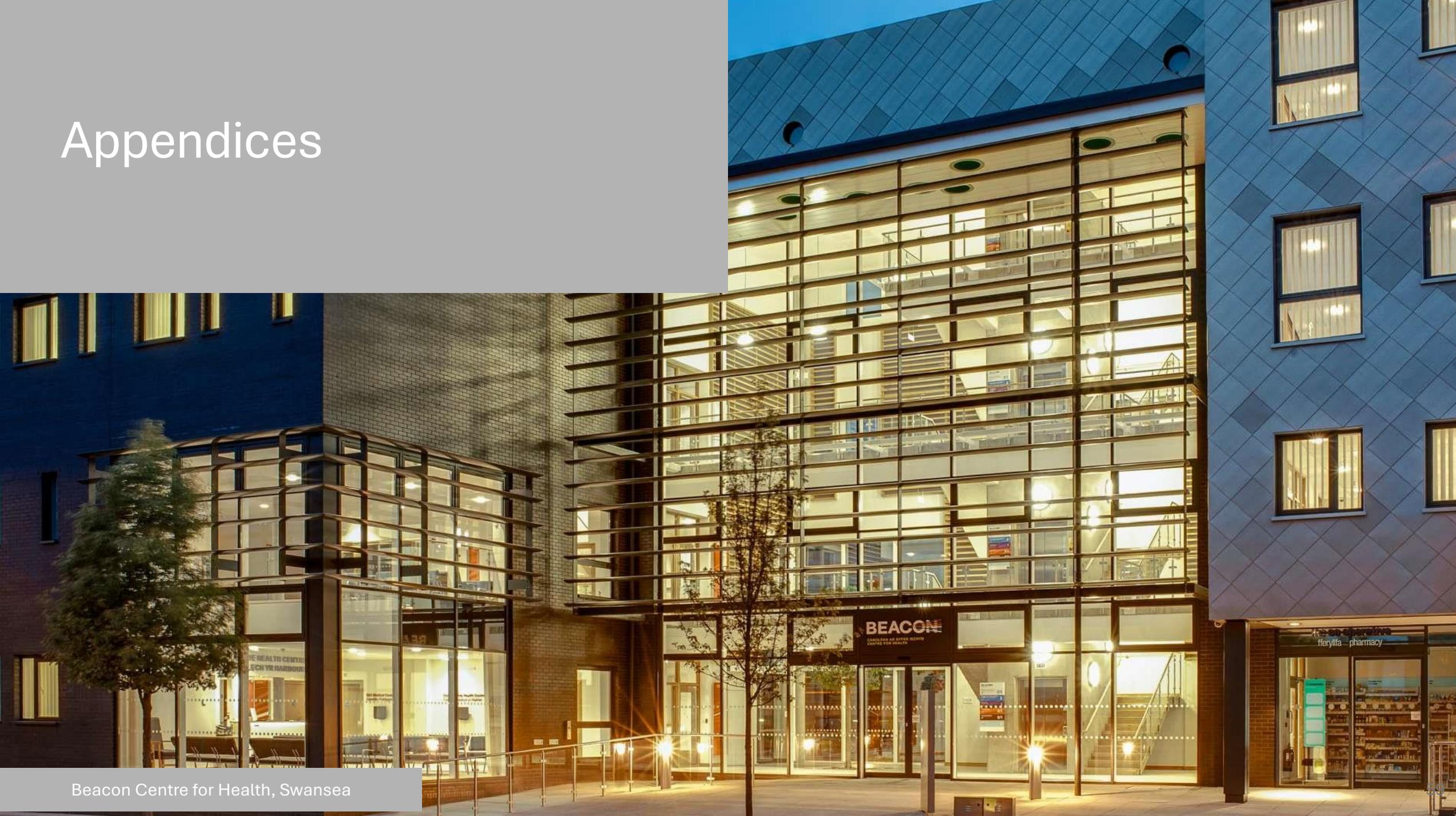


Adjacent Sectors



Mark Davies  
CEO

# Appendices



Beacon Centre for Health, Swansea

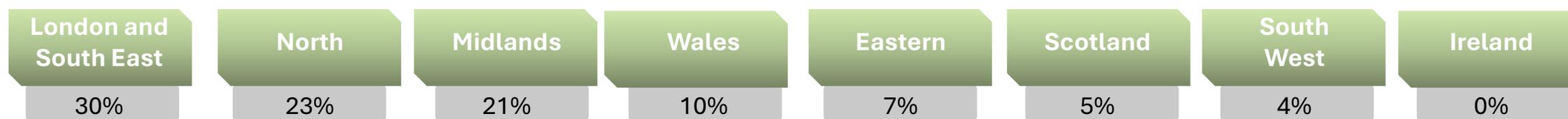
# Appendix – Rent Review Results

## Drivers of rental growth

- Typically 3-yearly review cycle
- Building cost inflation
- Completion of historic rent reviews
- Increased development activity
- Replacement cost
- Building regulations and specification creep
- Reducing the NHS carbon footprint
- £2.7m or 5.4% uplift expected on 342 open market value reviews triggered to date with ERV of £49.9m
- Further 255 reviews still to be actioned

Nine months to 30 September 2024	Open market rent reviews completed		Number of outstanding reviews (current rent)	
	No	%	No	£m
Reviews relating to calendar years:				
<=2019	11	2.4	46	6.3
2020	8	2.9	38	6.2
2021	26	1.9	79	11.0
2022	29	2.8	140	20.1
2023	11	2.4	152	23.1
2024	1	0.5	142	20.0
Open market increases	<b>86</b>	<b>2.4</b>	<b>597</b>	<b>86.7</b>
Nil increases	28	0.0		
Total open market reviews	<b>114</b>	<b>2.0</b>		

## Outstanding Reviews Focused by Region



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October 2024