

Primary Health Properties

Trading update

Merger synergy underpins increased DPS

Primary Health Properties (PHP) ended a transformational year with strong momentum in both organic rental income and the integration of Assura into the enlarged group. In the two months since the Competition and Markets Authority gave clearance for the combination, 60% of the expected £9m cost synergies have been put in place and good progress has been made with plans to reduce leverage back to within the targeted range. Underlining management's confidence, and the robust and visible nature of underlying earnings, a Q126 DPS of 1.825p was declared, annualised to 7.3p, up from 7.1p in FY25, marking the 30th year of consecutive growth.

Year end	Net rental income (£m)	Earnings (£m)	EPS (£)	NAV/share (£)	DPS (p)	P/NAV (x)	Yield (%)
12/24	153.6	92.9	6.95	1.05	6.90	0.97	6.8
12/25e	223.6	130.8	7.30	1.01	7.10	1.01	7.0
12/26e	322.9	192.2	7.40	1.04	7.30	0.98	7.2
12/27e	306.9	197.4	7.61	1.07	7.50	0.95	7.4

Notes: Earnings and EPS are shown on PHP's adjusted basis, which is EPRA earnings excluding the amortisation of mark-to-market (MtM) adjustments for fixed-rate debt acquired. NAV per share is the company's adjusted net tangible assets (NTA) per share, which is EPRA NTA excluding the MtM adjustment of the acquired fixed-rate debt, net of amortisation.

The acquisition of Assura offers significant financial and strategic benefits. Cost synergies will underpin near-term growth in earnings and dividends, while increased scale and market presence strongly support the long-term outlook. The enlarged PHP is one of the largest REITs in the UK, with a c £6bn portfolio of long-leased, sustainable healthcare infrastructure assets. It is principally let to government tenants and leading UK providers, and benefits from increased income security, longevity, diversity of product type, geography and mix of rent review. It operates in a growth sector, underpinned by demographic trends and supported by government policy, which is placing a greater focus on primary care, increasing the demand for modern healthcare facilities.

Rent reviews completed in the year support PHP's positive rental growth outlook, generating an additional £8.3m of contracted income, an increase of 6.8% over the previous passing rent or 3.2% on an annualised basis. Annualised contracted rent roll now stands at £342m. Importantly, the company continues to see an improving tone in open market rent reviews, which represent 60% of rent roll.

The enlarged PHP is well placed to take advantage of the improving rental growth outlook across primary care and private hospitals, with six developments on site and an advanced pipeline of 51 asset management projects. The current weighted average rent of these projects is due to increase by around 15% post completion, providing important evidence for future rent review settlements across the wider portfolio.

Management signals good progress in plans to expand the existing primary care joint ventures and in establishing a new strategic joint venture for the private hospital portfolio. These will be key in releasing capital and reducing leverage back to within the medium-term 40–50% target range. Meanwhile, PHP enjoys significant liquidity headroom, with cash and collateralised undrawn loan facilities of more than £0.5bn after capital commitments.

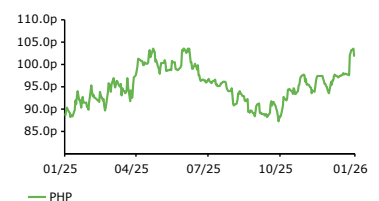
We will review our estimates with the release of FY25 results, which we expect will be in March.

Real estate

14 January 2026

Price	102.00p
Market cap	£2,689m
Shares in issue	2,595.1m
Code	PHP
Primary exchange	LSE
Secondary exchange	JSE

Share price performance



Business description

Primary Health Properties is a long-term investor in primary healthcare property in the UK and the Republic of Ireland. Assets are mainly let on long leases to GPs and the NHS or HSE, organisations backed by the UK and Irish governments, respectively. The tenant profile and long average lease duration provide an exceptionally secure rental income stream.

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